ANNUAL REPORT 2013

بنك الدوحة
DOHA BANK

BANK OF THE YEAR 2013 IN QATAR

Going from strength to strength, Doha Bank has achieved the accolade of 'Bank of the Year 2013 – Qatar', awarded by The Banker magazine. 2013 was a landmark year for Doha Bank, with outstanding results, a successful rights issue, and an expanding global network, which now includes 13 strategic financial centres around the globe. Looking forward, the management is confident that it can sustain the performance of 2013 next year, underpinned by the ongoing strategy of placing the customer first.

www.dohabank.com.qa

2013 **BANK OF THE YEAR** The Banker Magazine

2013 **THE BIZZ WORLD BUSINESS LEADER AWARD** World Confederation of Businesses

2013 **BEST COMMERCIAL BANK** International Finance Magazine

2013 **BEST REGIONAL COMMERCIAL BANK IN THE MIDDLE EAST**

2013 **GOLDEN PEACOCK GLOBAL AWARD FOR CORPORATE SOCIAL RESPONSIBILITY**

2013 **BEST CORPORATE SOCIAL RESPONSIBILITY PROGRAMME** Emea Finance Magazine

2013 **BEST BANK IN QATAR** Emea Finance Magazine

بنك الدوحة
DOHA BANK
There's so much to look forward to.

His Highness
Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Father Emir

CONTENTS

DOHA BANK AWARDS

Due to the strong financial position enjoyed by Doha Bank and its pioneering role in delivering innovative banking products and services, Doha Bank has been recognised by numerous professional bankers and institutions.

The Bank is recognised for its strong financial as well as non-financial indicators. The categories in which Doha Bank scored high points were the development of innovative and quality products, the expansion of the Bank's distribution network, and the Bank's commitment to continually improving product and service quality, along with its unique approach to customer service.

In addition to the accolades awarded to the Bank, in recognition of his visionary leadership, Doha Bank Chairman H.E. Sheikh Fahad Bin Mohammad Bin Jabor Al Thani was honored in 2013 with the Business Excellence Award from the Asian Business Leadership Forum.

The Bank's key awards in 2013 include:

Bank of the Year 2013 - Qatar
The Banker

Best Regional Commercial Bank in the Middle East 2013
Banker Middle East

Best Commercial Bank - Qatar 2013
International Finance Magazine

Golden Peacock Global Award for Sustainability 2013
Institute of Directors

Most Innovative Retail Bank Middle East 2013
Global Banking and Finance

The BIZZ - Peak of Success Award 2013
World Confederation of Businesses

Best Credit Card 2013
Banker Middle East

eBanking Excellence Award 2013
Middle East Excellence Awards Institute

2013

The Banker
Bank of the Year 2013
QATAR

Bank of The Year - Qatar

2013

Best Regional Commercial Bank
In The Middle East

2013

The BIZZ - Peak of Success Award

2013

Golden Peacock Award
For Global Sustainability

2013

Best Commercial Bank in Qatar

2013

Most Innovative
Retail Bank

2012

Best Corporate Social
Responsibility Programme
in the Middle East

2012

Best Bank in Qatar

2012

The BIZZ - World
Business Leader Award

2012

The Golden Europe Award for
Quality & Commercial Prestige

2012

Best Corporate CSR Award

2012

Best Performing Trade
Correspondent

2012

Most Innovative Bank
in the Middle East

2012

Best Bank in Qatar

2011

Best Bank in Qatar

2011

Bank of the Year in Qatar

2011

WORLD FINANCE
BANKING
AWARDS
2011

Best Commercial Bank in Qatar

2011

Golden Peacock Global Award
for Corporate Social Responsibility

2011

Golden Peacock Global Award
for Sustainability

2010

Best Customer Care Centre

2010

Best Commercial Bank
in the Middle East

2009

Best Commercial Bank
in the Middle East

2008

EUROMONEY

Best Bank in Qatar

2008

Best Green Bank


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FINANCIAL HIGHLIGHTS

Key Financials (QAR Million)	2008	2009	2010	2011	2012	2013	Variance % '13 Vs '12
Total Assets	38,970	45,996	47,230	52,744	55,212	66,970	21.30%
Net Loans & Advances	23,933	25,896	26,547	31,028	33,775	41,109	21.71%
Customer Deposits	23,244	27,890	30,822	31,699	34,401	42,522	23.61%
Total Equity	4,913	5,851	6,034	7,081	7,551	11,271	49.26%
Total Revenue	2,930	3,375	3,264	2,945	3,095	3,208	3.64%
Net Profit	947	974	1,054	1,241	1,305	1,313	0.61%

Key Ratios (%)	2008	2009	2010	2011	2012	2013
Return on Average Equity	25.78%	21.66%	21.40%	21.98%	20.63%	17.92%
Return on Average Assets	2.74%	2.29%	2.26%	2.48%	2.42%	2.18%
Total Capital Ratio	13.48%	14.41%	13.57%	13.22%	13.59%	15.90%
Total Equity to Total Assets	12.60%	12.72%	12.78%	13.43%	13.68%	16.83%
Net Loans to Total Assets	61.41%	56.30%	56.21%	58.83%	61.17%	61.38%
Net Loans to Total Deposits	102.96%	92.85%	86.13%	97.88%	98.18%	96.68%

BOARD OF DIRECTORS

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani
Chairman of the Board of Directors

Graduate of the Royal Academy, Sandhurst, UK

Board Member,
Al Khaleej Takaful Group

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

Chairman of the Board of Directors,
Qatar Industrial Manufacturing Co.
Board Member, National Leasing Holding
Chairman of the Board of Directors
Qatar Oman Investment Company
"State of Qatar representative"

Mr. Ahmed Abdul Rahman Yousuf Obaidan
Vice Chairman

General Manager,
Al Waha Contracting & Trading Est.

Sheikh Abdulla Bin Mohamed Bin Jabor Al Thani
Board Member

Chairman of the Board of Directors
Al Khaleej Takaful Group

Sheikh Falah Bin Jassim Bin Jabor Bin Mohammad Al Thani - Representative of Jassim and Falah Trading and Contracting Co.
Board Member

Chairman of the Board of Directors
National Leasing Holding

Mr. Ahmed Abdullah Ahmed Al Khal
Board Member

Businessman

Mr. Hamad Mohammed Hamad Abdulla Al Mana
Board Member

Vice Chairman,
Al Mana Group
Board Member, Qatar General Insurance & Reinsurance Co.
Board Member, Qatar Navigation Co

Mr. Khalid Abdulaziz Al Baker - Representative of Al Khaleej Takaful Group
Board Member

Board Member,
Al Khaleej Takaful Group

CHAIRMAN'S STATEMENT

On behalf of myself and the members of the Board of Directors (BOD), I would like to thank you all on this occasion for attending this meeting. I also would like to extend my thanks to the BOD and the Executive Management Team for the achievements accomplished during the year 2013 in the midst of fierce competition in the market and the challenges and difficulties faced by capital markets worldwide.

As you are all aware, the challenges faced by capital markets still linger on, and the economies of European Union countries are still facing great difficulties other than the political events experienced in the Middle East which led to a slowdown of the economies of various countries across the Globe including the economies of the developed countries forcing some of those countries to make economical reforms to exit from the crisis.

Despite of all these events and due to the wise leadership of His Highness, Sheikh Tamim Bin Hamad Al-Thani, The Emir of Qatar, and the strength and durability of Qatar's economy, in addition to Qatar being the hosting nation for the FIFA World Cup in the year 2022, we are still optimistic about the future where we anticipate that Qatar will witness exceptional boom in all economic sectors with subsequent launching of many development projects in the coming years that will reflect positively on the performance of the banking industry in Qatar in general and of Doha Bank in particular.

By the end of year 2013, we achieved extraordinary growth rates in all financial indicators. The total assets rose by 21.3% reaching to QAR 67 billion, total portfolio of loans and advances rose by 21.7%, total customers' deposits rose by 23.6% and the total shareholders' equity rose by 49.3% reaching to QAR 11.3 billion. We also achieved a growth rate of 0.6% in net profit whereas the net profit achieved by the end of the year was QAR 1,313 million compared to QAR 1,305 million in 2012 in addition to a growth rate equivalent to 5% in total operational income. These robust results were reflected in strong performance ratios particularly the return on average shareholders' equity and the return on average assets which were 17.9% and 2.18% respectively.

In the same year, we approved bank's three-year strategic plan and incorporated some amendments on the bank's business strategy especially with regards to the activities of overseas branches and representative offices. The future plan of the bank includes implementation of an effective Risk Management strategy at both the local and international levels, recruiting Qatari nationals, enhancing the levels of staff performance by recruiting highly experienced and qualified human resources, improving banking services delivery channels, upgrading the level of Corporate Governance in the bank, diversifying its income sources and strengthening its financial position with a view to achieving the highest level of effective operational performance.

In order to achieve bank's strategic goals at the local, regional and international levels, and strengthening bank's lending capacity, improve its competitive edge and achieving the highest levels of performance, we had, at the end of last December, implemented the resolution of the Extraordinary General Assembly of the Shareholders which was issued on 24/11/2013 by issuing Tier 1 Capital instruments amounting to QAR 2 billion qualifying as additional Tier 1 Capital as per the terms and requirements of Qatar Central Bank. At the end of Q1 2013, Doha Bank had successfully completed raising its capital to 258 million shares through a rights issue equivalent to 51.7 million shares. The issue generated an overwhelming response and the new shares were listed at Qatar Exchange on April 8, 2013.

We also improved bank's Corporate Governance system whereby we approved the Corporate Governance Policy Manual in addition to the policies and procedures manual on the roles, responsibilities and terms of reference of the Board of Directors, the BOD committees, and the Executive Management committees in addition to the code of ethics. This only complements our efforts to enhance the internal controls in the bank, promote the concepts of transparency and disclosure, improve shareholders relations and protect the rights of stakeholders. Our report on Corporate Governance for the year 2013 has been made available to you that reflects the Corporate Governance standards followed by the Bank.

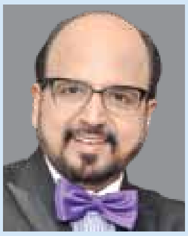
Finally, on behalf of the Board of Directors and myself, I would like to extend my sincere thanks and gratitude to H.H. The Emir, Sheikh Tamim Bin Hamad Al-Thani, H.E. The Prime Minister, Sheikh Abdullah Bin Nasser Al-Thani, H.E. The Minister of Finance, Mr. Ali Sharif El-Emadi, H.E. The Minister of Economy & Commerce, Sheikh Ahmed Bin Jassim Bin Mohammad Al-Thani, and H.E. The QCB Governor, Sheikh Abdullah Bin Saoud Al-Thani, H.E. The Deputy QCB Governor, Sheikh Fahad Bin Faisal Al-Thani, and to all officials of Qatar Central Bank, the Ministry of Economy and Commerce, Qatar Financial Markets Authority and Qatar Exchange for their continued cooperation and support.

Many thanks and appreciation to all the shareholders, customers for their confidence in the bank and to the Executive Management and all the staff of the bank for their continuous cooperation and efforts which led to achieving impressive results for Doha Bank.

Al Salamu Alaykum…

Fahad Bin Mohammad Bin Jabor Al-Thani
Chairman

EXECUTIVE MANAGEMENT



Dr. R. Seetharaman
Group Chief Executive Officer

Mr. Abdul Rahman Ali A. Al Mohammed
Head of Human Resources

Mr. David Challinor
Head of Group Finance

Mr. Dag Reichel
Head of Wholesale Banking

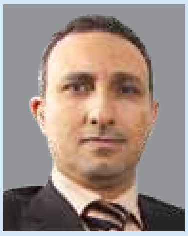
Mr. Khalid Latif
Head of Credit Risk Management

Mr. Samuel K.V.
Acting Head of Treasury and Investments

Mr. Ganesan Ramakrishnan
Acting Head of International Banking

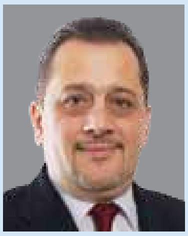
Mr. Suresh Bajpai
Head of Retail Banking

Mr. David Dougan
Head of Global Governance



Mr. Mokhtar Abdel Monem Elhenawy
Legal Advisor & Secretary to the Board of Directors

Mr. Jamal Eddin H. Al Sholy
Head of Compliance



Mr. Samer Fares Dababneh
Head of Internal Audit

INTERNATIONAL BANKING OFFICES

Mr. Ahmed Yusuf Ahmed Al-Mehza
Chief Country Manager
Kuwait Branch

Mr. Pierre Matar
Head of Business
Abu Dhabi Branch

Mr. Nael Zahi Rashed El - Zagha
Acting Head of Branch
Dubai Branch

Mr. Hilton Wood
Chief Representative
Australia
Representative Office

Mr. Kanji Shinomiya
Chief Representative
Japan
Representative Office

Mr. K. S. Kwon
Chief Representative
South Korea
Representative Office

Mr. Peter Lo
Chief Representative
China
Representative Office

Mr. M. Sathyamurthy
Regional Manager - Asia
Singapore
Representative Office

Mr. Ivan Lew Chee Beng
Chief Representative
Hong Kong
Representative Office

Mr. Nezih Akalan
Chief Representative
Turkey
Representative Office

Mr. Maik Gellert
Chief Representative
Germany
Representative Office

Mr. Richard Whiting
Chief Representative
United Kingdom
Representative Office

Mr. S. Krishna Kumar
Chief Representative
Sharjah
Representative Office

Mr. Venkatesh Nagoji
Acting Chief Representative
Canada
Representative Office

MANAGEMENT REPORT

Board Members

Global economy

Global economic growth in 2013 was challenged as emerging economies slowed down even though advanced economies showed indications of recovery. Global growth is still weak and had averaged only 2.5% during the first half of 2013. The advanced economies have gained momentum, while the emerging market economies had slowed down. The emerging market economies, however, continue to account for the bulk of global growth. The emerging economies witnessed significant challenges such as slowing growth, rising inflation and currency weakening on account of concerns on the tapering of the US Federal Reserve.

The year 2013 saw the beginning of "Abenomics" in Japan. It involved a combination of measures such as aggressive quantitative easing from the Bank of Japan, a surge in public infrastructure spending and the devaluation of the yen. Japanese yen had breached 100 as against the US dollar in 2013 and the Nikkei index had gone up close to 50% before coming down. In March 2013 the Euro crisis entered a new stage with the Cyprus bailout, which involved levying tax on depositors. In April 2013, G20 meeting called for a coordinated effort to stop international tax evasion, urging governments to systematically share bank data. The impetus for this new approach came from the US Foreign Account Tax Compliance Act (FATCA).

In 2013, the UAE economy showed signs of recovery and confidence has emerged in trade, tourism and services sector of Dubai. The property transactions in Dubai went up in the first half of 2013. The IMF had warned Dubai on debt and surging property prices and have suggested a hike in real estate-related fees to support fiscal consolidation efforts. The IMF estimated that about USD 64 billion of debt held by Dubai and the Government Related Entities (GREs) and will come due between 2014 and 2016 on account of debt restructuring deals done in the wake of the last crisis. The concerns of an attack on Syria and possible tapering by the US Federal Reserve had created panic in the financial markets in August- September 2013. The rapid fall in Asian currencies in August - September 2013 revived fears of 1997 Asian Financial Crisis. The pain was more for countries such as India and Indonesia with high current account deficits. The volatility was regulated after the US and Russia agreed on a deal in relation to Syria chemical weapons. US Fed tapering had been postponed by the Federal Reserve based on economic data.

The UAE had won the honour of hosting "World Expo 2020" in Dubai under the theme – "Connecting Minds, Creating the Future" in Nov 2013. Dubai World Expo 2020 will be an ideal platform for connectivity and would enable links between people, societies and ideas in various countries.

The IMF World Economic Outlook update, Oct 2013 predicted that the global economy would grow at 2.9% in 2013. U.S. economic growth has been brought down by the IMF to 1.6% for 2013. However growth has been revised up by the IMF for Japan and UK to 2% and 1.4% respectively for 2013. Emerging economies growth has been revised downwards by the IMF to 4.5% for 2013 from its earlier forecast of 5%. The impulse to global growth is expected to come mainly from the US. Major advanced economies should maintain a supportive macroeconomic policy, combined with credible plans for reaching medium-term debt sustainability and reforms to restore balance sheets and credit channels. Many emerging market and developing economies face a trade-off between macroeconomic policies to support weak activity and those to contain capital outflows. Exit of monetary policies by advanced economies can challenge emerging economies growth. Structural reforms are required from emerging market economies. Growth in some economies in the Middle East and North Africa remained weak because of difficult political and economic transitions. In contrast to oil GDP, non-oil GDP is holding up well in most countries, supported by high government spending and recovering credit growth.

The US Debt ceiling issue persisted during the year and the US Government went through a 16 day shutdown in October 2013.The shutdown ended with a debt deal and increased the current debt ceiling of USD 16.7 trillion to prevent the US from a debt default. The deal also funds the government until 15 January 2014 and raises the debt ceiling until 7 February 2014.

The year 2014 will begin with focus on developments in the US economy. The progress in US fiscal developments and economic data will determine the direction of US Federal Reserve tapering which would weigh on financial institutions and the markets.

Domestic trend

The year 2013 was one of the most significant years in the history of Qatar as His Highness Sheikh Tamim bin Hamad Al Thani became the Emir of the State of Qatar after his father His Highness Sheikh Hamad bin Khalifa Al Thani handed power to him in June 2013.

Qatar's macroeconomic performance has sustained and remained stable. According to the Qatar Economic Outlook 2013-14, General Secretariat for Development Planning, "Qatar's gross domestic product (GDP) will grow at 5.3% in 2013 however can come down to 4.5% in 2014. Qatar's fiscal surplus is expected to be at 8.1% of nominal GDP and current account surplus as a percentage of nominal GDP is expected to be at 26.5%. Growth will continue apace in the non-oil and gas economy as diversification picks up. Growth in the non-oil and gas economy will rise to 10.3% in 2014."

The Gross Domestic Product (GDP) in Qatar expanded 0.60% in the second quarter of 2013 over the previous quarter. Qatar's annual inflation had reached 2.8% in October 2013. Qatar Central Bank had issued Government Bonds and Sukuk for the durations of 3 years and 5 years on a quarterly basis from March 2013. Another significant milestone was, in June 2013, wherein MSCI has decided to upgrade Qatar and United Arab Emirates from frontier markets to emerging markets with effect from May 2014. This was largely due to the Qatar and UAE exchanges improving their market accessibility.

As per the Global Competitiveness Report 2013-14 released by Global Economic Forum, Qatar was ranked 13th in the world and continues to be the most competitive economy in the Gulf Cooperation Council (GCC). The Qatar Central Bank (QCB), QFC Regulatory Authority (QFCRA) and Qatar Financial Markets Authority (QFMA) have jointly launched a strategic plan for the future of financial sector regulation in Qatar. The strategic plan positions Qatar as a leader in the region in financial sector regulation, and supports Qatar's ambition to be a global financial centre. The strategic plan is a comprehensive document containing six mutually re-enforcing goals, each supported by specific strategies and work plans within the QCB, QFCRA and QFMA

Qatar's strong performance and continuing regulatory reforms have been recognized by S&P, which has affirmed its sovereign rating as "AA" which is one of the highest in terms of credit ratings. The outlook for Qatar remains very positive with further economic growth aided by infrastructure development plans to be in line with the hosting of the FIFA World Cup in 2022, as well as the convergence towards achieving the Qatar National Vision 2030.

Wholesale Banking Group

Wholesale Banking Group (WBG) is and always has been a key contributor to the success of the Bank. It is evident from the fact that it has once again delivered two digit growth rates in assets and revenues. The year 2013 was a year for the execution of the defined strategy for WBG, heading towards stronger growth, enhanced operational efficiency and integrated advisory services.

WBG is always considered as the key integrator in the channeling of customer bespoken solutions, products and services from across the Bank, aiming to be the driving force in its client's competitiveness.

WBG has filtered five key areas of transformation for executing the Bank's business strategy:

- Development of new products and services grouped under newly established business divisions, having repositioned Structured Finance within Corporate Finance and established Equipment & Special Assets Finance as a vertical under Transaction Banking. The new business lines implementation is expected to contribute a minimum of 30% of new asset growth and new revenue growth in the next three years. Specialized banking will play a more dominant role to counterbalance the margin pressure on standard loans and other banking products.
- Intensified the Bank's focus on geographical coverage and successfully expanded from a local base into a regional corporate bank with 30.7% asset growth contribution from the GCC (outside of Qatar) during 2013.

Dr. R. Seetharaman, CEO of Doha Bank Group during the launch of Al Hayer Fund

- Capitalizing on the Bank's distinctive international network to lead initiatives to connect Multinational Corporations and Foreign Companies, from each of the fourteen countries represented, to Doha Bank and business opportunities arising in the GCC.
- The Bank has also established, through International Banking Group and Wholesale Banking Group, the governance and process architecture to support corporate banking business growth across its international network.
- WBG progressed in transitioning cross-selling into a programmed process with a developing culture of "integrated sales" adding cross-functional contributions in driving a competitive advantage in relationships. The building of high performing deal teams offering multiple ties to relationships generates a stronger performance overall and greater customer satisfaction. Relationship Management effectiveness under this approach leads to measurable success through: (i) deep dive analysis, (ii) wallet sizing of business opportunities and (iii) creating strong value propositions led by customer KPIs and operating ecosystem; all contributing to go beyond core financial services to help the customer to better perform.

WBG segments the market top-down broadly into (a) Enterprise Clients, which are pre-selected customers to whom the Bank aims to be the preferred strategic banking partner and (b) Large and Mid-Sized clients, who are served with tailored solutions on a larger scale with a stronger scope for standardization and faster response time. For better responding to the specific needs of a fragmented market, WBG has built specialized coverage groups catering to various client requirements.

WBG is categorized into five divisions: Corporate and Commercial Banking (CCB), Corporate Finance, Transaction Banking, Real Estate Services and Mortgage Finance and, Private Banking.

CCB division offers a broad range of lending products, including working capital finance, overdrafts, bill discounting and term loans on the funded side as well as non-funded facilities like advance payment guarantees, performance and retention bonds along with LCs and LGs for cross-border financing. CCB has consecutively created an increased contribution in earnings to WBG and is rightly considered as the growth engine of the bank. CCB followed a proven and well balanced growth strategy, responding to the market challenges with flexibility and an enhanced spread of advisory capabilities and consolidation. CCB focused on effective credit monitoring in order to ensure strong asset quality, managing to broaden the base of its clientele by selectively establishing new relationships with prominent local and international companies. The corporate banking customer events hosted in Qatar, Dubai and Kuwait were very well received by everyone alike.

MANAGEMENT REPORT

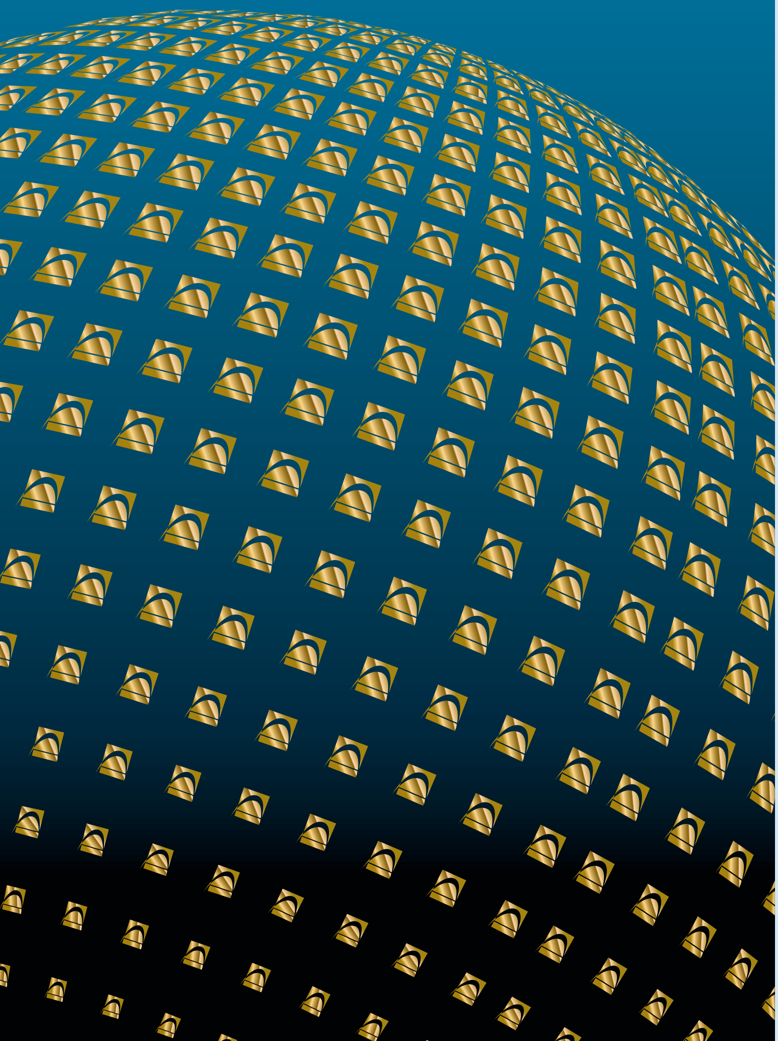
Corporate Finance division was formally established during the year as a new division within WBG. Through the latter part of the year, this new division primarily focused on Structured Finance activities (encompassing Corporate Syndications, Project Finance, Aircraft Financing, and Structured Bi-Laterals). The division successfully completed a number of transactions as Mandated Lead Arranger both within the GCC and internationally by leveraging Doha Bank's extensive international footprint. Corporate Finance division adds a new dimension to the business lines available to the bank's customers by offering sophisticated client driven solutions staffed by a highly qualified and knowledgeable team. The division takes a holistic and research driven approach to the raising of capital for clients and has the ability to effectively leverage the bank's balance sheet but also use alternative sources of funds and risk distribution models to optimize the outcome for the client. Corporate Finance division will be additionally focusing on Advisory business in 2014 (encompassing Debt Advisory, Private Placements, Mergers and Acquisitions, Equity Capital Markets and Debt Capital Markets) having in 2013 successfully acted as Selling Agent in Qatar for the Damac IPO and been mandated on a select number of debt advisory and capital raising transactions. As a sign of its dedication and commitment to supporting the Qatar global investment strategy and regional cooperation, Doha Bank also participated in a loan deal for Qatar Petroleum International Upstream O.P.C.

Transaction banking division incorporates services and financing throughout the trade cycle including letters of credits, guarantees, collections, receivables and supply chain finance, commodity and structured trade finance. Under this division, WBG has grouped Cash Management Services, Factoring, Treasury Sales and Trade Finance. This division has launched on-line banking and introduced cash management services to the Bank's clients. It is important to note that the Cash Management Services and Online Banking have been launched across the region. A trade finance desk was also established in Dubai to support the growing need.

Mortgage Finance and Real Estate Services division responded well to the challenging market environment, increased revenues constantly and explored options for providing value added services to its customers. The division focuses on both standard real estate lending and customized solutions through a variety of tailored products. Building long-standing relationships and repetitive transactions is mainly driven by assisting clients in shaping their strategy through advisory capacities, which includes asset analysis, valuation and appraisal, property operations analysis, specifying asset buy-sell strategy. The comprehensive valuation service is designed to meet region specific requirements, drawing its extensive experience and expert knowledge to deliver leading-edge solutions. With co-operations established, the division can quickly apply resources to meet customers' objectives. The divisions' strength is its deep industry knowledge together with a strategic business advisor approach, forming a part of clients' decision making team when pursuing their agenda.

Private Banking division focused on customized solutions to its high net-worth clients for managing their investments. Having segmented the market in order to be more responsive to the distinctive needs of its clientele this division offers financial solutions through a comprehensive advisory approach. Private wealth-advisors work closely with clients, accessing global resources and specialists across the bank to develop personalized strategies for all aspects of the client's financial interests. Programs have been initiated which will help in putting more attention and emphasis on WBG's human capital in developing new leaders, retaining key performers and attracting new talents to the bank. With an extreme lean organization, focus was on reducing cycle times and increasing perfection in execution. Attention has been put on people, building high performing teams and establishing growth driven values with unyielding integrity.

MANAGEMENT REPORT



Another priority to WBG is to develop a digital strategy that establishes more straight through processing, ultimately enhancing customer satisfaction. The Bank intends to make it easier and more streamlined to its customers to communicate and to process their transactions. Standard business requirements will be executed through e-portals and individual needs will receive a stronger personal attention.

Retail Banking Group

Doha Bank's key strengths in Retail Banking Group (RBG) originate from its competitive product offerings, and the fact that it has the second largest distribution network in Qatar with 31 branches, 22 pay-offices including e-branches, more than 120 ATMs and 2 mobile banking units.

Maintaining a focused approach on being positioned as one of the leading banks in the GCC region; Doha Bank officially inaugurated its third fully fledged overseas branch in Abu Dhabi in February 2013, thus increasing the bank's footprint in the UAE.

Improving branch architecture and outlook was just one of the forward measures adopted in 2013 towards transforming branches to a more sales centric network by RBG. With a view to enhancing and delivering a world class customer experience, several branches in Qatar underwent face lifts, while many were relocated in order to take advantage of Qatar's booming real estate industry and mall culture. The Abu Hamour Branch was relocated within the premises of the impressive new Dar al Salam Mall while the busy and bustling Mirqab Branch moved to new building premises in the vicinity to enhance customer service and sales delivery within the familiar locality of the lively Al Nasr Street. The Al Khor Branch situated on the outskirts of the capital underwent a full refurbishment to better facilitate customer experience in the Al Khor community, while Abu Samra Branch and the drive through teller machines, close to the Saudi border, also underwent a similar refurbishment. Standalone ATM's were also installed in the Al Matar Commercial Centre. The ATM network has undergone substantial transformation as well.

It is important to note that the performance of the entire retail sales units improved continuously during the year, getting stronger every month thanks to the introduction of sales competitions focused on growing the retail asset book. Record sales were achieved in Personal Loans, Housing Loans and Credit Cards month on month. The Personal loan portfolio has been on an increasing trend owing to competitive rates and various attractive schemes.

With the launch of attractive and innovative credit card promotions and merchant tie-ups and the strongest summer and Ramadan campaigns the credit card spending peaked during the peak summer periods, while card sales for the year crossed the 10,000 mark, backed by aggressive sales of the Lulu Doha Bank shopping card, which incidentally also crossed the 20,000 issuance mark. The card was awarded the best credit card product for 2013 in the Middle East Region by the Banker Magazine, further strengthening the co-branded relationship and positioning of the product in the market. The one of a kind LULU Hypermarkets shopping credit card continued its resounding success with customers reaping consistent 5% savings throughout the year with attractive promotions during specific periods of the year. RBG rolled out the credit cards Summer Campaign for the fourth consecutive year, which was a resounding success. The annual summer credit card campaign provided eligible cardholders using Doha Bank credit cards with double earnings on all their local and overseas spending throughout the months of June to August 2013, representing up to 3.33% earnings on their eligible spending. This was preceded by attractive offer of 0% financing for over 6 months on Lulu-Doha Bank Credit card purchases. RBG also launched a well received Car Loan campaign offering the best car loan solutions during Ramadan.

The Senior Management Group

Doha Bank had also announced its participation as one of the Receiving Bank for the Initial Public Offering (IPO) of Mesaieed Petrochemical Holding Company (MPHC) as well as offering upto a 100% finance option for IPO subscribers and their families.

Doha Bank and Kotak Mahindra Bank Ltd (KMBL) announced a new strategic alliance that made India-based products available to the NRI community in Qatar. This facilitated customers of Doha Bank to seamlessly access the products and services of KMBL in Qatar.

Al Dana savings scheme, a household name in Doha celebrated its 10th anniversary this year with giveaways of 10 holiday packages, Mercedes Benz cars and cash prizes. Winners hailed from a cross section of the population signifying the banks diversified customer base.

Al Riyada, the private banking arm of RBG, underwent a transformation in terms of selection criteria, products and pricing. Dedicated service centres now operate in flagship branches like Musheireb, West Bay, Al Mirqab, City Centre, Abu Hamour and the Head Office Tower. Similarly, in terms of service enhancements, the Banks Call Centre was also re-located in order to improve the infrastructural facilities to help provide enhanced customer service.

In terms of payments, digital banking and the eco system, several system enhancements were orchestrated in order to improve turnaround time and customer satisfaction. E-channels (online, mobile and ATM's) for example were integrated with Kahramaa systems to facilitate real time bill payments for customers while a one-time password solution was implemented for secure transfer of funds via e-remittances.

The Bank at School programme continues to gather momentum generating fee income via the payment of school fees online and at point of sale. Doha Sooq – Qatar's only e-mall operated by a financial institution brought some of the largest brand names in Qatar to the table, thus substantiating the round-the-clock shopping experience and value addition for merchant business partners. A greater emphasis was also placed this year on strengthening merchant relationships to optimize customer product offerings. The retail event held in June this year, focused on the 'power of collaborations' and saw the attendance of over 200 key merchants and VIPs. Partners were rewarded for their loyalty and commitment to the acquiring business. The event, as witnessed by the huge turnout was one of the most well attended gatherings of the year, signaling the bank's strength in the field, being the country's third largest acquirer. The business grew from strength to strength with over 2,500 POS machines now deployed across the country, in some of the biggest retail chains and malls.

Doha Sooq, the award winning e-commerce portal powered by Doha Bank, also announced a new extension of its long-term partnership with popular retailers including EMKE Group's Lulu Hypermarkets to bring the shopping experience online via DohaSooq.com the e-commerce portal of the Bank.

With regard to reducing variable costs, RBG continued to utilize social and digital media and developed complete 360° communication platforms across all touch points, even adopting social media usage for listening to customer feedback and suggestions.

Given the high per capita income of the local population and the continued influx of expatriates to Qatar, the bank is seeking to consolidate and extend its strength in the retail sector through innovative products, leveraging technology and the expansion of conventional and self service distribution channels. Currently, RBG is working on restructuring its operational procedures with leading consultants to come up with established best practices intended to streamline processes so as to deliver an unprecedented customer experience in coming years in accordance with the Bank's slogan, "there is so much to look forward to"

Treasury and Investments Group

Treasury and Investments (T&I) Group provides a broad range of financial risk management services and treasury and investment products, including foreign exchange, money market, fixed income, mutual funds, equity brokerage, commodities and notably precious metals.

The Global Financial Markets during 2013 witnessed considerable volatility off the back of the numerous Federal Reserve statements, on anticipation of stimulus tapering. Eurozone economies came out of recession; emerging market economies faced strong headwinds on increasing inflation expectations and sharp depreciation in currencies on account of strengthening dollar. Middle East economies witnessed slower growth in the first half of 2013 on account of lower global growth. The US economy reported stronger economic growth and an increase in housing prices. The unemployment rate also fell to the lows of 6.7%. The latest statements from Federal Reserve states an accommodative policy until growth momentum picks up and the unemployment rate falls below their expectations of 6.25%, this will ensure the beginning of tapering of the stimulus. The US 10 year yields moved up sharply from 1.62% in April 2013 to as high as 3% on anticipation of tapering in September 2013, it came off its highs on the announcement of a delay in tapering until March 2014 (as per market expectations)

Growth in Qatar remained moderate during the first half of 2013 and picked up later in the year but, remains off the highs of recent years. Growth is expected to be supported by infrastructure spending aligned to the Qatar National Vision 2030 and its 2022 World Cup preparations. The local stock market from the beginning of 2013 was flattish until April 2013 but then started performing as it gained on the announcement of the "Emerging Market Status" on MSCI upgrade from its "Frontier Market Status". The index remains up by 21.3% on YTD basis. IMF expects Qatar to report 5.1% and 5.0% GDP growth during 2013 and 2014 respectively. It also expects the inflation to pick up from 3.7% in 2013 to 4.0% in 2014.

Doha Bank remains committed to providing a first class service to its clients and the Bank's T&I Group is no exception to that. T&I Group has, throughout the year, focused on improving all aspects of its client servicing ethos through a dedicated and skilled sales team with a broad and diverse knowledge of both local and international markets. It remains T&I's main objective to be customers' trusted partner in providing appropriate risk management solutions as well.

The T&I Group successfully launched the regional fund "Al - Hayer Fund" for Qatari investors only, acting as Sponsor and Founder with ING Asset Management appointed as the Fund Manager. The fund reflects Doha Bank's commitment to its customers in providing investment opportunities within the region. T&I Group have also been instrumental in developing the Bank's Gold Bullion initiatives and in particular providing an innovative range of both retail and corporate Gold products. During the year, with its "Go for Gold" campaign, Doha Bank offered Gold bars and coins to its clients at a very competitive price. The drop in gold prices attracted huge buying interest in gold from retail HNWI investors as well as jewelers.

The Bank's financial investment philosophy remains prudent and cautious. There has been only a minimal increase in equity exposure during the year, whether locally or internationally, while in Fixed Income, T&I's effort and focus has been toward increasing its holdings of local sovereign debt, issued by the State of Qatar and including Treasury Bills. Doha Bank continues to participate in the local bond market at all levels. Fixed Income investment activity outside of the GCC remains at a minimal level.

Doha Bank will be evolving and aligning its investment activity to accommodate the requirements of Basel III.

International Banking Group

International Banking Group (IBG) integrates the Bank's international operations, facilitates and further develops substantial cross-border trade and is responsible for the overall relationship management with circa 800 financial institutions worldwide. IBG also arranges loans and participates in syndicated loans to financial institutions, mainly in the GCC and the Asian regions. IBG offers trade advisory services with intent to provide active advice to companies engaged in the business of Imports/Exports with cost efficient, appropriate risk-mitigation and trade finance solutions.

During 2013, new Representative Offices were opened in Hong Kong, Sharjah and Canada. Doha Bank also received a branch license to start operations in India from the Reserve Bank of India, which is yet another milestone and testimony to our objective to expand internationally. Doha Bank is the only Qatari Bank to obtain such a license. This will pave the way for the Bank to support all expatriates with the best in class solutions especially remittance solutions through all its existing branches. The international presence of the Bank at the end of 2013 comprises of Branches in Dubai, Abu Dhabi and Kuwait.

Doha Bank Group CEO, Dr. R. Seetharaman, receiving the "Best Regional Commercial Bank in the Middle East 2013" award at the Banker Middle East Industry Awards in Dubai, UAE.

The Representative Offices in Australia, Japan, Korea, China, Hong Kong, Singapore (South East Asia), Turkey, Germany (Central Europe), United Kingdom, Sharjah (UAE) and Canada cover all relevant trade and infrastructure related transactions with the partner countries of Qatar, Kuwait and the UAE.

The Dubai Branch has been operating since 2007 being the only Qatari bank to operate in the United Arab Emirates. The establishment of a Branch in the State of Kuwait in 2008 and in Abu Dhabi in 2012 has strengthened the branch network across the GCC. These branches offer the entire range of Wholesale, Retail, Treasury and Trade Finance products and services to domestic customers and also meet the cross border banking needs of Doha Bank customers in these other countries.

The overseas expansion of the Bank is in line with the strategic vision of the Board to have a pan GCC operative presence to cater and serve the growing customer base across GCC. The Representative Offices complement Doha Bank's existing branch network both within and outside Qatar by better understanding the various international markets, thus enabling enhanced customer experience with globalized expertise for GCC companies with activities abroad and international companies with activities in the GCC. The international network aims to facilitate customers to conduct and optimize cross border trade transactions between Qatar, Kuwait, UAE and other overseas countries and also helps to better understand the activities of large international companies in the GCC especially engaged in infrastructure projects.

In line with the vision of the Board of Directors to expand the Bank's overseas operation, the Bank constantly assess the potential opportunities to expand the bank's operations globally in select countries and regions.

Doha Bank Assurance

Doha Bank Assurance Company LLC (DBAC) was established as a 100% owned subsidiary of Doha Bank in pursuit of its strategic vision to offer the choice of general insurance risk carrier solutions as an additional offering to the clientele of the Bank. Doha Bank is the first GCC bank to establish a fully owned insurance subsidiary. DBAC commenced business in December 2007 with authorization from, Qatar Financial Centre Regulatory Authority.

Licensed by Qatar Financial Center Regulatory Authority to underwrite all lines of non–life general insurance business DBAC provides Commercial Lines and Personal Lines general insurance protection covers insurance including, but not limited to Fire, Engineering, Marine, Liability, Motor, Travel, Medical , Personal Accident for Corporate entities as well as for individual retail customers.

Crossing a milestone of QAR 100 million in Gross Written Premium in 2013, DBAC bears testimony to the fact that it has established itself as one of the preferred general insurance

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risk carriers for leading corporates in Qatar as well as steadily gaining the confidence of an expanding number of individuals for their personal insurance needs pertaining to general insurance. DBAC has been empanelled by leading enterprises in Qatar such as Qatar Petroleum, Ministry of Interior, Ooredoo, Ashgal, etc. as one of their approved insurance vendors. DBAC is one of the active players in Qatar's expanding general insurance sector. The twin objectives of Client Satisfaction and Customer Delight are the main differentiators with which it wants to distinguish itself and carve a niche as the most customer friendly general insurer in Qatar. Governed by best in class Regulatory practices, DBAC is managed by customer champions who strive to actuate the very best to each one of its customers.

Qatar's current and forecast strong economic growth together with the rapid infrastructural development will reinforce the growth in insurance industry which DBAC is fully prepared to exploit. DBAC, effectively showcasing its business potential, strong capitalization and liquidity, has achieved a renewal of its S&P rating of "BBB/Stable" in October 2013. DBAC had earlier in 2013, achieved the renewal of ISO: 9001: 2008 certification.

Islamic Banking

Islamic banking services have been discontinued in 2011 further to QCB directive No. 313 /273 /2011 dated January 31, 2011 which prohibits conventional banks from entering into any new Islamic banking business.

Doha Bank's management has decided to keep the Islamic portfolio until the maturity as per the Islamic sharia contract.

Risk Management Group

Doha Bank's Risk Management Group (RMG) operates through an independent enterprise-wide risk management framework. To optimize the same, the group consistently and continually monitors risks and processes across the organization to identify, assess, measure, manage and report on potential threats that could impact the achievement of Bank's objectives. Risk Management policies, models, tools and systems are regularly reviewed to improve the framework and reflect market changes. RMG reports to the CEO with a dotted line reporting to Audit Compliance and Risk committee which in turn reports to the Board of directors of the bank. The RMG is also independently empowered to escalate issues to the Board and Audit, Risk and Compliance Committee

The Board and the Executive Management are ultimately responsible for all the Risks assumed by the Bank which includes, identifying, assessing, communicating and monitoring Risks on enterprise-wide basis. The Board has laid Risk appetite aligned with business strategy of the bank. The risk appetite sets out the qualitative and quantitative thresholds for Risk capacity and tolerance. The risk strategy seeks to balance the risk profile against sustainable returns to achieve the business goals of the Bank. The Bank has engaged qualified professionals, and has

The General Assembly Meeting of Shareholders was held at Doha Bank Tower in West Bay, on 20 February 2013.

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set policies and procedures, limits, thresholds, authority levels, committees, review mechanism, controls and accountabilities to manage risk through a common framework.

Implementation of the Risk Management framework is entrusted to a highly competent team and is controlled and implemented through various senior level management committees chaired by CEO, mainly Credit, Operational Risk, Investment and Asset and Liability Committees. In addition, the Board level committees viz. Audit, Risk and Compliance Committee reviews the observations and findings of Internal auditors, External auditors, Compliance and the Regulators to prevent deviations.

The major risks associated with the banking business relate to Strategic, Reputation, Legal, Credit, Liquidity, Market, and Operational risks, all of which are discussed in the following sections:

Strategic Risk: This risk can arise from adverse business decisions, poor implementation of decisions, absence of clearly defined strategic business direction and goals; failure to have adequate product programs, inadequate preparations for continuity of business should disaster strike, and incorrect assessment of external factors. The Bank has mitigated these risks by implementing a well-defined strategy and growth plans. In addition, the Bank's Disaster Recovery Plan (DRP) has been documented and tested with the assistance of a renowned external consultant and detailed manuals have been made available to the employees. The employees are regularly updated on the developments through ongoing training, education and system updates.

Reputation Risk: It is the possibility for negative perception of the Bank's reputation which could result in significant loss of income or severe implications on market capitalization or customer base. This could be a direct adverse response by stakeholders to the actions or inaction of the Bank or its officials.

This risk could arise from poor customer service delivery, a high incidence of customer complaints, non-adherence to regulations, imposition of penalties and adverse publicity in the media. The Bank has established customer service units and call centers to monitor the services rendered through its delivery points and undertakes timely corrective measures. Additionally, the Bank has a robust Compliance Department, which is responsible for monitoring stringent compliance on all regulatory provisions stipulated by the Qatar Central Bank (QCB) and other regulatory authorities wherever applicable. The department also creates awareness of the related regulatory circulars among staff and provides guidance on business decisions that could have regulatory implications.

The Executive Management Committee provides Bank-wide oversight on reputational risk, sets policy and monitors material risks that could have negative reputational consequences. At the business level and across its subsidiaries and Representative Offices, the relevant Senior Management is responsible for the management of reputational risk in their respective businesses.

Legal Risk: Legal risk is the possibility of loss resulting from the Bank's failure to comply with local laws, breach of ethical standards and contractual obligations with counterparties or customers. The Bank also faces the risk of litigation due to unenforceable contracts with vendors, counterparties or regulators. The Bank maintains a highly qualified team of legal advisors who are responsible for validating all the Bank's agreements. They also review the legal implications of standard/specific documents for all Bank's products and services that are being offered to customers and counter parties.

Credit Risk: This refers to risk arising from the potential that an obligor is either unwilling to honor his obligation or has become unable to meet such obligation, which leads to economic loss to the bank or the possibility of losses associated with diminution in the credit quality of borrowers or counter

Doha Bank Vice Chairman, Mr. Ahmed Abdul Rahman Yousuf Obaidan Fakhroo , along with Board members and senior Doha Bank officials cutting the ribbon at the inauguration of Doha Bank's new Al Mirqab branch.

parties and/or in the value of the collateral held by the Bank as security. Identification, measurement and management of risk are strategic priorities for the Bank and its Credit risk is managed by a thorough and well-structured credit assessment process complemented with appropriate collaterals wherever necessary and continuous monitoring of the advances at account and portfolio levels.

Although the overall responsibility for identifying and managing the risks lies with the Board, the responsibility for managing the Bank's credit exposure has been delegated to the Management Credit Committee.

The Management Credit committee shall review and decide on the following.

- The extent to which the Bank should assume credit risk, taking into account the capital base, the Bank's ability to absorb losses, the risk-reward ratio, probability of default etc;
- The credit portfolio, including concentration trends, provisions, quality of portfolio and requirements vis-à-vis credit strategy and risk appetite;
- Portfolio concentration limits against Regulatory and Internal Limits set for counterparties, industry sectors, geographic regions, foreign country or class of countries, and classes of security;
- Business Strategies to ensure consistency with the Bank's business/growth plan and other asset/liability management considerations;
- Significant delinquent credits (watch list and under settlement accounts) and follow up actions taken to safeguard the interests of the Bank;
- Adequacy of loan loss provisioning requirements;
- Establishment of an authorization structure and limits for the approval and renewal of credit facilities;
- Detailed credit policies, procedures and guidelines, proper segregation of duties, well defined authority matrix for credit approval and periodic audit and examinations by internal and external auditors to ensure that a rigorous environment of checks and balances exist within the Bank;

Credit Risk Management (CRM) Structure:

The CRM function is independent of the Business functions.

Such functions include policy formulation, limit setting, exposure and exception monitoring, reporting, custody and monitoring of documentation, input of credit limits, classification of advances, remedial asset management, recovery of delinquent loan and determination of provision requirements.

The key objectives of CRM are to ensure:

- Bank wide Credit risks are identified, assessed, monitored and reported on a continuous basis at individual and portfolio level;
- The Bank's exposure is within the risk appetite limits established and approved by the Board of Directors, which covers group and single obligor limits, borrower ratings, portfolio analysis, counter party limits and concentration of the limits to effectively measure and manage its credit risk;
- Review and assessment of credit exposures in accordance with the authorization structure and limits prior to facilities being committed to customers;
- Ensure completion of documentation and security creation as per approval terms before release of credit facilities to the clients.
- Monitoring the concentration of exposure to industry sectors, geographic locations and counter parties;
- Proactive and dynamic monitoring of the accounts as to the quality of the assets and to spot any adverse features/ warning signs which can eventually lead to deterioration in the recovery prospects.
- Engage the Business Units at an early stage itself to take corrective steps so that the exposure does not become unmanageable.
- Review of compliance with exposure limits agreed for counter parties, industries and countries, on an ongoing basis, and review of limits in accordance with the risk management strategy and market trends;
- Prior to launching of new products, vetting the business proposals from risk perspective especially in light of delinquent reports;

Further, the Bank has a well-established Remedial Asset Management Unit under the supervision of the Credit Risk Department whose responsibility is to adopt corrective action on delinquent credits so as to recover the bank dues.

Risk Management Committees: A number of committees / Task Force have been established to manage various risks in an efficient and objective manner and these include:

- Executive Management committee
- Risk Management Committee
- Operational risk committee
- Retail Credit committee
- Management Credit committee
- Asset and Liability committee
- Capital and Liability committee and Basel 3 taskforce
- Recovery taskforce

Liquidity Risk: Liquidity risk can be defined as the potential inability of the Bank to meet its maturing obligations.

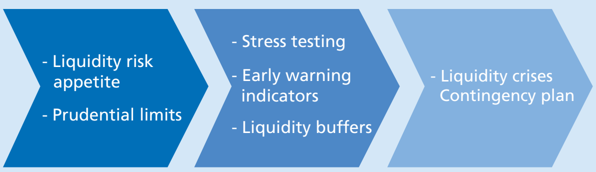
Liquidity risk is inherent in banking operations and liquidity planning and management are necessary to ensure that the Bank meets its obligations at all times. The Treasury division, in conjunction with other departments, manages the liquidity on a daily basis. The Asset and Liability Committee (ALCO), which meets weekly, sets the broad framework for Treasury to operate so that the Bank is always in a position to meet its financial commitments. During crisis, the bank's ability to manage liquidity requirements could be impacted due to increased cost of funds or accessibility to wholesale funding. The market disruption could impact liquidity of investments. Doha bank has a comprehensive Liquidity management framework for managing the Group's liquidity risk. The framework sets the group's risk appetite for liquidity risk by setting limits and benchmarks.

The Bank's approach to manage the liquidity risk is to ensure that it has adequate funding from diverse sources at all times. Diversification of the Bank's depositor base, reducing dependence on large depositors for reducing concentration risk and maintaining a suitable mix of deposits including low-cost deposits are some of the measures that the Bank is regularly taking to maintain a suitable deposit base. The Bank relies on many quantitative indicators to manage its liquidity risk positions.

The Bank maintains high quality liquid assets, which can be liquidated at short notice to raise cash, if required. The bank's liquidity policy requires the bank to maintain a pool of liquidity assets which can be accessed at the time of liquidity crises. The Bank also has in place credit lines with several international banks to make funds available in case of need. The Bank's liquidity position is subjected to diverse stress scenarios in order to evaluate the impact of unlikely but potentiality plausible events on liquidity. Scenarios are based both on historical and hypothetical events. The results obtained from such stress testing provide meaningful input when defining target liquidity risk positions.

In addition bank maintains contingency Liquidity plan which details how liquidity stress events would be managed during a crisis situation. Since nature of any such event cannot be ascertained in advance, the plans are designed to be flexible and hence provide various options that could be used during liquidity crisis situation.

The tools under Bank's Liquidity risk framework could be summarized as below:



QCB through its guidelines issued in Jan 2014 on LCR has asked all the banks to submit Basel 3 LCR ratio results starting from the month of Jan 2014. Earlier through various circulars the local banks have been submitting results to QCB for Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio under Basel 3. The results of these ratios are reported in the Asset and Liability Committee on a monthly basis.

DR. R. Seetharaman, Doha Bank Group CEO, speaking at the Qatar Exchange Venture Market workshop.

While final guidelines on NSFR and Leverage ratio are awaited, it is important to note that the Bank is comfortably placed and meets the proposed QCB LCR benchmarks.

Market Risk: This is the risk of loss arising from unexpected changes in financial indicators, including interest rates, exchange rates, bonds, equities and commodity prices. Bank has an active Management Information System to keep the Management and Investment Committees informed about the changes in market risk on the investments book. The prominent risks affecting the Bank are currency and interest rate risk.

Currency Risk: The major foreign currency to which the Bank is exposed to is the US Dollar. The established parity between the US Dollar and Qatari Riyal substantially reduces this risk unless the parity between the two currencies is revised. To control currency exposures, the Bank has the following measures in place:

- Intraday and overnight limits have been set up for each currency;
- Stop loss limits have been setup for Foreign Exchange proprietary trading;
- Currency exposure is monitored daily;
- Transaction limits have been setup for Foreign Exchange dealers to avoid excess exposure;
- Currency gap analysis is produced at month end – it includes forward purchases and sales;
- Total foreign currency assets and liabilities excluding contingent exposure is produced daily;
- Transaction limits have been set up for foreign exchange dealers to avoid excess exposure; the limits are monitored on online real time basis.
- All outstanding Forex exposure - including spot, swap and forwards - is revalued daily;

Interest Rate Risk: This risk largely arises due to the probability of changes in interest rates, which may affect the value of financial instruments or future profitability. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the quantum of Assets and Liabilities and Off-Balance sheet instruments that mature or re-price in a given period. Since most of the Bank's financial assets such as loans and advances contain an option to re-price, majority of the banks interest rate risk is hedged naturally due to simultaneous re-pricing of deposits and loans.

Further, the Bank manages the interest rate risk by matching the re-pricing of the assets and liabilities through various means and by operating within the set gap limits. Foreign currency loans are linked to the London Interbank Offered Rates (LIBOR – which is among the most common of benchmark interest rate indexes used to make adjustments to adjustable rate mortgage) and are re-priced regularly to reduce the attendant interest rate risks.

The Bank's fixed-income bond portfolio is analyzed daily, to assess the interest rate risk based on its portfolio modified duration Bank keeps its portfolio duration within the risk appetite of the bank. The risk department analyzes each investment proposal separately; potential market risks are identified and mitigated before placing the proposal for Investment committee review and approval. The Bank's hedging policy sets the framework to be followed for hedging the interest rate risk if certain thresholds are triggered.

QCB through its Circular 60 / 2013 instructed all the banks in Qatar to initiate implementation of Basel II Pillar II. At the time of writing this report, Doha Bank is in the process of completing ICAAP implementation. The implementation involves assessing various quantitative and qualitative risks to form a part of capital adequacy calculations.

Stress testing:

Bank wide stress tests form an integral part of the risk review process and provide sufficient insight into the financial health and risk profile of the bank. Stress tests also provide early warning signs of potential threats to the Bank's capital. Doha Bank adopts a comprehensive stress testing framework in line with circular 1 / 2013 of QCB. The stress testing policy of the Bank is aligned to risk appetite and works towards regulatory and internal stress test models. The internal models supplement the regulatory models and measure impact of changes in macroeconomic indicators on various parameters including but not limited to:

- Asset quality during crises
- Concentration risk
- Liquidity risk including Liquidity buffers
- Interest rate risk
- Market risk in investments
- Currency risk
- Collateral coverage under falling real estate prices scenario
- Regulatory ratios under crises situations

The stress testing process is regular, detailed and uses both plausible and severe scenarios. The results of these stress tests are shared with ALCO on monthly basis and QCB on semiannual basis. In case the ALCO find that impact falls beyond the risk appetite of the bank, appropriate amendments are made to business plans.

Operational Risk: Operational Risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Bank has detailed policies and procedures and Operational Risk Management tools that are regularly updated to ensure a robust internal control mechanism for the Bank. The Bank is closely reviewing the various recommendations issued by the Basel Committee on 'Sound Practices for the Management and Supervision of Operational

Dr. R. Seetharaman, Doha Bank Group CEO, with Senior Doha Bank staff at the inauguration of Doha Bank's Canada representative office, on 16th October 2013.

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Risk' for implementation. The Bank continues to invest in risk management and mitigation strategies, such as a robust control infrastructure, business continuity management or through risk transfer mechanisms such as insurance and outsourcing.

The Bank has a well-defined operational risk framework and an independent operational risk function. The Head of Operational Risk is a member of the Operational Risk Management Committee and reports to the Head of Risk Management. The Operational Risk Management Committee oversees the implementation of an effective risk management framework that encompasses appropriate systems, practices, policies and procedures to ensure the effectiveness of risk identification, measurement, assessment, reporting and monitoring within the group.

In addition, the Internal Audit department carries out an independent assessment of the actual functioning of the overall Operational Risk Management Framework. Each business segment must implement an operational risk process which is consistent with the requirements of this framework.

The process of Operational Risk Management includes the following steps:

- Effective staff training, documented processes/ procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, introduction process of new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by the Bank to manage the Bank-wide operational risk;
- Reporting of any risk event (losses, near missed and potential losses), which is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are analyzed, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors;
- Introduction of a bottom-up 'Control Risk Self-Assessment' across business and support units including subsidiaries and overseas branches. This approach results in detailed understanding of inherent and residual risks with evaluation of controls across the Bank. Therefore, it enhances the determination of specific operational risk profile for the business units while corrective action points are captured and the changes on the operational risk profile is monitored on an ongoing basis; and
- The Bank's blanket insurance policy adequately covers high severity losses and stress losses.

International Rating

Below is the summary of Doha Bank's rating from International Rating agencies:

Standard & Poor's	Moody's	Capital Intelligence	Fitch
Long Term A- Short Term A2 Outlook- Stable	Bank Deposits - LT - A2 Bank Deposits - ST - P-1 Bank Financial Strength D+ Senior Unsecured MTN-A2 Subordinated debt -A3 Outlook - Stable	Foreign Currency LT - A Foreign Currency ST - A2 Financial Strength - A Support Rating - 2 Outlook - Positive	Foreign Currency LT – IDR - A Foreign Currency ST – IDR - F1 Viability Rating - BBB Support Rating - 1 Outlook – FC – Stable

International Rating Agencies maintained the usual strong ratings during the year, recognizing the Bank's strength and performance.

Dr. R. Seetharaman, Doha Bank Group CEO, receiving the "Bank of the Year 2013 - Qatar" Banker award at the awards ceremony in London.

- S&P, reaffirmed Doha Bank's ratings and opined that Doha Bank's ratings reflected its good market position, sound financial performance, good capitalization levels and high systematic importance;
- Moody's, confirmed Doha Bank's existing ratings and mentioned that rating captured the Bank's good franchise in Qatar, good profitability levels and comfortable liquidity position;
- Capital Intelligence, reaffirmed their existing rating on the Bank's foreign currency and financial strength ratings at 'A', recognizing DB's strong business franchise, good international network and improved profitability.
- Fitch, reaffirmed their Foreign Currency Long-term - Issuer Default Rating (LT - IDR) and Foreign Currency Short-term – Issuer Default Rating (ST – IDR) of 'A' and 'F1' respectively and their 'Stable' Outlook during their review and mentioned Doha bank's robust earning and steady asset quality ratios

Information Technology

The Bank's Information Technology (IT) division has been major contributor in aligning People, Process and Technology to bring major transformation in the way the Bank works. The Bank has undertaken major transformational initiatives to keep pace with the latest technology trends to innovate banking services in support of its customers' needs.

IT division is responsible for developing the Bank's Information Technology strategy and planning as well as the delivery of all related services to employees and customers. Doha Bank has always been on the forefront of new and innovative products and has introduced a variety of banking products including Mobile Banking for its local and International Branches. Doha Bank has been a pioneer in providing its e-remittance product integrated online and real-time with its partner correspondent banking relationship network in key countries. Enhanced services like utility bill payments for telecoms, electricity and water authority, school fee payments for several key schools operating in the country have been offered through all banking touch points and alternate channels covering Internet Banking, Mobile Banking, SMS Banking, ATMs and online cash deposit machines to facilitate anywhere and anytime banking. The Bank has also achieved business to business (B2B) integration with the multiple utility companies and schools network.

The Bank has incorporated Technology as an innovation driver to provide state-of-the-art product and services to its customers and has leveraged on Information Technology for efficiency and effectiveness of banking services delivery. In testament to Doha Bank's drive and resolve to support multiple service offerings using e-banking channels, it was honored with "eBanking 2013 Excellence Award" at the 18th Middle East eGovernment and eServices Awards Ceremony held on 22nd May 2013 in Dubai – UAE by Middle East Excellence Award Institute.

The Bank believes in technology being the key driver for enhanced and improved service delivery to the customers and therefore, the Bank has been continuously keeping the technology up-to-date in order to ensure best in class and latest technology in place. In line with this strategy, the Bank has improved its technology infrastructure and implemented more virtualization and consolidation as well as centralized management and monitoring solutions for both Production and Disaster Recovery sites. Doha Bank has implemented enhanced features in its internal and customer facing applications to improve processes and to reduce turn-around time as part of continuous improvement strategy. Accordingly, the Electronic Cheque Clearing system was upgraded to its latest version with key enhancements and integrations and several new modules were also implemented in banking systems. Doha Bank has improved the transaction screening and fraud monitoring solutions for compliance, governance and security. As part of the compliance mandate, Doha Bank has also successfully implemented IBAN (International Bank Account Number) for all Doha Bank customers including its international branches in-line with regulatory guidelines. Doha Bank has successfully completed its security surveillance CCTV project for all local branches as well as the complete ATM network and is currently under review for certification by the relevant authorities.

Doha Bank is supported by the high quality of IT resources for delivery of technology projects and to support its architecture to maximize availability, scalability, reliability, security and manageability. Doha Bank's Information Security Management System is to ensure the confidentiality, integrity and availability of the information assets of the Bank through the implementation of various controls and processes of global standards. The network and security architecture is built to ensure maximum security covering end point security solutions,application firewalls, intrusion prevention systems and virtual private network with encryption of its internal and external communication networks. Doha Bank has resilience in its network to ensure high-availability and auto-failovers for continuity and uninterrupted delivery of services.

Doha Bank was the first organisation in the GCC to have achieved the ISO/IEC 20000 certification for its IT Service Management System in 2007. As part of this journey, IT Processes were recertified regularly by relevant authorities against ISO 20000-1:2011 standards. It is important to note that Doha Bank has successfully been recertified in December 2013. Doha Bank is also proud to be the only financial institution in the country to be accredited with the same. To further enhance the services to the customers, Doha Bank has implemented many solutions to improve the overall turn-around-time and customer experience through applications such as Loan Origination System and eRemittance integration to internet banking with additional features and enhanced security with two factor authentication methods. To support an internal communication and collaborative culture, Doha Bank has deployed a unified collaboration and communication solution across its network for better interactions and enhanced employee productivity.

As part of its "Green" initiatives, the Bank continues its drive toward ensuring that all systems and technologies that are implemented have less carbon footprint, less carbon emission and low energy consumption. In line with this many initiatives have been taken up internally like printers consolidation, duplex printing to reduce papers usage as well as automatic systems to switch internal systems to consume less power and energy.

The Bank has provided its customers with different channels in terms of e-banking and m-banking, ATMs, Online Cash Deposit Machines, Cheque Deposit Machines using various and latest technology solutions to perform their day to day banking anywhere and anytime with fully secured solutions and enhanced features. This has been the key differentiator and has given the Bank edge over its competitors. The strong technology foundation that the Bank has laid over the last decade for providing world-class banking solutions is now focused towards more effective real-time services to its customers by way of providing new banking services through new channels of distribution and also by enhancing the internal services allowing the Bank to better serve its customers.

Human Resources

Human Resources (HR) Management has always been an integral part of Doha Bank's business strategy and an important line management responsibility. Doha Bank continuously aims to have the right person with the right experience at the right place. HR aspires to foster an inclusive and collaborative workplace culture wherein people can contribute to the sustained growth of the organization. The high expectations of clients and the tough competition within the financial sector must be met with proven capabilities. Doha Bank's employees are professional, creative, result-oriented and guided by personal integrity. They strive for the success of their respective units, in the interest of the whole bank.

HR has continued to implement new electronic technology solutions to increase efficiency in its services, which not only cut down on time and provide online services, but also encouraged a paperless environment.

The Bank strongly believes that employee engagement is of utmost importance for its success. With a view of maintaining a higher level of employee engagement, HR consistently reviews rewards and benefits and also carries out structured activities such as Knowledge Sharing sessions, Business Quiz, Sports Activities, Talent Shows, Recognition Awards, and Long Service Awards. Doha Bank also participated in CNA-Q Education and Career Expo 2013 as well as welcomed students and graduates to its pavilion at the Qatar Career Fair.

Knowledge and Learning is the key to Doha Bank's ability to achieve its mission. The Doha Bank Academy is an initiative by the Bank complementing Qatar National Vision 2030 to use learning technology to develop and continuously increase the talent of their human capital especially its local talent. The state of the art academy at Grand Hamad Street has a formal

Doha Bank Vice Chairman, Mr. Ahmed Abdul Rahman Yousuf Obaidan Fakhroo, with senior Doha Bank officials, cutting the ribbon at the inauguration of Doha Bank Training Academy.

learning setup, such as interactive classroom-based instruction rooms, and informal learning, such as virtual classrooms, mock branch and a free zone activity room all of which is blended to produce a more effective and productive learning culture at the Bank. The idea is to link strategic business goals with the dedicated learning function. The Bank wants to seize this period of change to recreate the way training is fun and, in return, to generate quantifiable impact on worker performance, productivity, and organizational growth.

As part of the corporate strategy to assign higher responsibilities to the senior Qatari employees and groom them into future leaders, HR focused on the Qatari succession plan for Branch Managers. Apart from a recruitment campaign to recruit prospective Branch Managers, HR also launched programs to identify high potential locals and impart them with an intensive development program to take up key positions in the Bank. Further, HR also strengthened the existing Management Trainee Program, Scholarship Program, ICP Program, Basic Banking program and Cross Border Training. The above initiatives and programs have contributed to the Qatari development campaign on a large scale.

Corporate Social Responsibility

Since its early days, Doha Bank has taken great pride in being a dynamic entity with strong values and a customer-centric approach and has sustained the same over a period of time. Doha Bank's functional model with Social, Environmental, and Business goals, contributing towards the welfare of the community has always been a welcome approach towards a bright future.

Doha Bank is and continues to be one of the pioneers of "Green Banking" in the State of Qatar. It has thus sustained its position with its utmost care for public welfare and social consciousness. This is one of the main reasons why Doha Bank has successfully won the 'Golden Peacock Global Award for Corporate Social Responsibility' for the third consecutive year. This award is also in recognition of Doha Bank's society driven initiatives like Educational and Health benefits and commitment to Social causes, which has seen it introduce new and innovative products even during tough market conditions resulting from the global financial crisis.

Doha Bank has been on the forefront of environmental advocacy supporting sustainable development, environmental conservation and educational awareness which reaches out to both public and private sectors to support local and global environmental issues and key challenges. Part of the Bank's social responsibility is to support ambitious students and the youth in general, which was also applauded by Kuwait's Minister of Commerce.

Doha Bank now looks forward to a promising future, with better banking experiences for its customers, better returns for its shareholders and an even more progressive and prosperous environment for its employees. Doha Bank, as one of the main pillars supporting sustainable development in Qatar, was also recognized as one of the proactive supporters on Clean and Green Qatar Programme, School Exhibition for Arabic Schools in coordination with Ministry of Education, Climate Change - School Competition in coordination with Qatar Petroleum DG/HSE, promoting the ECO-Schools Programme to schools in the State of Qatar. Green activities provide a venue for building global awareness, cooperation and participation of international organizations and companies specialized in environment technologies and sustainable energy.

The Board of Directors of Doha Bank has reiterated their continued support for environmental development, which will eventually support the development drive in the country as a whole. Doha Bank also looks forward to increasing its role in preserving the environment and supporting the endeavors of other national organizations aimed at curbing the deterioration of environmental systems and preserving the changing as well as the unchanging resources. It is customary for Doha Bank to find itself occupying a distinguished position in the programs drawn up for celebrating the Qatari Environment Day for this year as it is at the core of the strategies designed for protecting the health and safety of humans as well as their environmental security.

Doha Bank maintains a well-defined Environmental Policy with the principles of "Reduce, Reuse and Re-cycle". Some of the Initiatives to support the State of Qatar's "Go Green Qatar" are:

- Dedicated Green Bank Website
- ECO-Schools Programme
- Beach Clean-up
- Green Accounts, Environment Friendly and Biodegradable Credit Cards, Paperless Banking
- Green Bank - Task Force Committee
- Participation in Earth Hour global event
- Annual Marathon - Al Dana Green Run
- Public Awareness Campaigns through ATMs
- Green Forms
- Green System for Auto-shutdown of PCs

Doha Bank has reached out to the larger community through its long standing Corporate Social Responsibility activities where it is committed to raise awareness on environmental issues and focus on the economic challenges facing the world and the region.

A dedicated Doha Green Bank website is available on the internet showing the Bank's various initiatives taken, planned activities, projects, products and services. It also includes other environment-related articles and video clips. Planned activities are lined up such as Tree Planting, Adopt-a-Beach campaign, Recycling and Waste Management programs. Promotional flyers, brochures, mupis were designed with a catchy phrase, "GO Green with Doha Bank! It's simply the right thing to do!" to convey its message to the public and gain joint-effort cooperation amongst various sectors of the society for a better world.

Dr. R. Seetharaman, Doha Bank Group CEO, in a group photo with the winners of Al Dana Green Run 2013

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Doha Bank's ECO-Schools Programme (www.ecoschools.com.qa website) is dedicated to the environment which encourages schools of any discipline; whether pre-school, primary, secondary, and collegiate, universities, Arabic schools etc. to proactively participate in the implementation of good environmental practices, reduction of carbon footprint, increase eco-consciousness and support children to become environmental advocates at a young age. The ECO-Schools is an award programme that guides schools on sustainability initiatives which provides substantial opportunities to schools to explore various environmental concepts that can be implemented, improved, developed or retrofitted at their respective premises. Joining the ECO-Schools Programme is easy and free of charge.

With the ECO-Schools Programme, the Bank is committed to provide a platform for schools to contribute to the socio-environmental improvement and intellectual development of the human society, encourage the schools to reduce their carbon footprint and create a long-term impact in Qatar with a perspective to replicate the idea in other countries. Doha Bank envisions the school children in Qatar to become young leaders in promoting environmental awareness and the schools continuously endeavoring to become eco-friendly advocates for a better world by empowering them to make a difference for the environment and the society.

Doha Bank has taken various proactive measures in addressing Global Warming and its ramifications. It is propagating energy saving as a corporate habit. Doha Bank encourages ideas from staff on energy savings and suitably rewards them. Doha Bank is committed to be a carbon neutral entity. Doha Bank Branches and HO Departments were encouraged to practice energy efficiency in their respective premises by switching off the lights, air conditioning system and other office equipment when not in use, conserve water, carpooling, eliminate usage of non-biodegradable materials, encourage recycling and proper waste disposal and buying of fair-traded and environment-friendly goods. These are small steps that will make a big difference.

The current Guinness World Record-holding soccer ball was commissioned by Doha Bank to commemorate the State of Qatar's growing role in world soccer and to help generate significant awareness prior to Qatar Hosting the FIFA World Cup in 2022. Doha Bank during the year displayed the world's largest soccer ball at Aspire Zone for families and individuals to witness and share photographs with their friends and family. The Bank also submitted the official Guinness World Record Certificate to the Qatar Central Bank Governor, H.E. Sh. Abdullah Saud Al-Thani, in February to dedicate it to the State of Qatar.

ECO-consciousness was integrated into Doha Bank's daily operations through knowledge sharing, paperless banking and awareness campaigns on social responsibility to gradually instill the value of "green culture" within the organization. The Electronic Banking products and services of Doha Bank greatly help reduced paper usage/wastage, reduce carbon footprint and encourages customers to be environmentally-conscious of their activities. Social Responsibility initiatives focuses on seminars, knowledge sharing and awareness; support for cultural events, e-Newsletters, educational visits, charitable donations and similar activities.

Doha Bank and ILoveQatar.net (ILQ) support each other in engaging with the local communities residing in Qatar. Doha Bank and Qatar Charity (QC) "Dirhams Program" allows all Doha Bank customers to sign an arrangement to transfer automatically the excess dirhams in their account end of each day to Qatar Charity to carry out humanitarian projects inside and outside Qatar. During the year, Doha Bank continued its efforts of knowledge sharing by conducting sessions in Qatar, UAE and Turkey. Doha Bank also actively participated in the Annual IMF meeting held in Washington D.C, United States.

H.E. Sheikh Fahad Bin Mohammad Bin Jabor Al Thani, Doha Bank's Chairman, accepting the Business Excellence - Finance award at the ABLF grand awards ceremony in Dubai

Doha Bank participated in the COP19 UN Climate Change Conference hosted by Poland. The Bank also conducted the Annual "Al Dana Green Run". Doha Bank was also awarded with a "Certificate of Merit" from Ministry of Environment for its environment conscious beach clean-up activity during the year.

Green Banking Awards: The Leading Bank in Every Domain

- Golden Peacock Global Award for CSR 2013 - IOD
- Golden Peacock Global Award for Sustainability 2013 - IOD
- Certificate of Merit from Ministry of Environment 2013
- Best Corporate Social Responsibility Programme in the Middle East 2013 - EMEA Finance
- Excellence Award for the Best Corporate CSR Programme by a Bank in Qatar 2012 - The Arab Organisation for Social Responsibility
- Golden Peacock Global Award for CSR 2012 - IOD
- Golden Peacock Global Award for CSR 2011 - IOD
- Golden Peacock Global Award for Sustainability 2011 - IOD
- Golden Peacock Global Award for Sustainability 2010 - IOD
- Green Systems Implementation of the Year - Arab Technology Awards 2010 - Arabian Computer News
- Best Environmental Leadership Award 2010 - Qatar Today
- Best Public Awareness Campaign Award 2010 - Qatar Today
- Best Public Awareness Campaign Green Award 2009 - Qatar Today
- Best Green Bank 2008 - Banker Middle East
- Best Internet Banking Service in Middle East 2008 - Banker Middle East

Corporate Governance

Overview

As part of the compliance requirement of the Corporate Governance code for listed companies; issued by Qatar Financial Markets Authority; Doha Bank as a Qatari shareholding company listed on the Qatar Exchange is required to disclose the extent to which it complies with the provisions of the code. The Code adopted by the QFMA is based on the principle of comply or explain.

During the year, the Bank was keen on enhancing the corporate governance framework by approving a corporate governance policies and procedures manual and adopting best practices. This report summarizes Doha Bank's governance processes for 2013 in accordance with QFMA disclosure requirements as illustrated below.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Roles and Responsibilities:

The Board of Directors is responsible for the stewardship of the Bank and to provide effective leadership and supervision of Doha Bank's business, whilst growing value in a profitable and sustainable manner.

The roles and responsibilities of the Board are defined in the Board Charter. The Board Charter shall be published to the public through the Doha Bank website and will be available to shareholders before the Shareholder's meeting and also will be included as an AGM Agenda Item. The Board's roles and responsibilities are compliant with the requirements of the Code, and cover the following areas:

- Strategy
- Governance
- Compliance
- Risk Management
- Authorities and Delegations
- Internal and External Audit
- Board Committees
- Board Code of Conduct
- Board Composition
- Board Meetings
- Board Membership Requirements.

Each Board Member duties have been updated and defined in Job Descriptions prepared for this purpose. Moreover, each Board Member is also required to provide sufficient time to perform his duties. Currently, time commitments are not contractually set but are understood by all Directors. Director Appointment forms have been developed and approved by the Board of Directors and will be put in place as a matter of course. Each Director shall be required to sign this form upon enrollment in the Board.

Composition

The Board currently consists of eight members:

- Chairman;
- Vice Chairman;
- Managing Director;
- 5 Non-Executive directors including two independent members

Briefs of each Board Member's education and experience profile are depicted below:

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani

- Chairman
- Chairman of the Executive Committee
- Date of Appointment on Board: June 3, 1996
- Education/ Experience: Graduate of the Royal Academy, Sandhurst, UK
- Other Board Memberships: Board Member at Al Khaleej Takaful Group
- Ownership: 1.68% (December 31, 2013)

Mr. Ahmed Abdul Rehman Yousef Obeidan

- Vice Chairman
- Member in the Executive Committee and member in the Audit, Compliance and Risk Committee
- Date of Appointment on Board: April 20, 1982
- Education/ Experience: General Manager, Al Waha Contracting & Trading Est.
- Ownership: 1.67% (December 31, 2013)

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani

- Managing Director
- Chairman of Policies, Development and Remuneration committee and Chairman of Nomination and Governance committee
- Member of Executive Committee
- Date of Appointment on Board: December 21, 1978
- Education/ Experience: Bachelor of Civil Engineering, Missouri University, USA
- Other Board Memberships: Chairman of the Board of Directors, Qatar Industrial Manufacturing Co. Chairman of the Board of Directors (State of Qatar representative): Qatari Oman Investment Company and Board Member: National Leasing Holding
- Ownership: 1.72% (December 31, 2013)

Sheikh Abdulla Mohamed Jabor Al-Thani

- Non-Executive Board Member
- Chairman of Audit, Compliance and Risk Committee
- Member of Policies, Development and Remuneration committee and member of Nomination and Governance committee
- Date of Appointment on Board: April 20, 1982
- Other Board Memberships: Chairman of Al Khaleej Takaful Group
- Ownership: 0.8% (December 31, 2013)

Mr. Jabor Bin Sultan Towar Al Kuwari

- Non-Executive Board Member
- Date of Appointment on Board: April 12, 1993
- Education/ Experience: Businessman
- Ownership: 1.1% (December 31, 2013)

Mr. Hamad Mohammed Hamad Abdulla Al Mana

- Non-Executive Board Member
- Member of Nomination and Governance committee

Dr. R. Seetharaman, Doha Bank Group CEO, participating in the panel discussion during the Bloomberg Doha Conference at St. Regis Hotel in Doha.

- Date of Appointment on Board: April 13, 1999
- Other Board Memberships: Vice Chairman: Mohammad Hamad Al Mana Group Companies,
- Board Member: Qatar General Insurance & Re Insurance Co, Board Member: Qatar Navigation Co., Board Member: Arab Qatari Co. for Dairy Products
- Ownership: 1.57% (December 31, 2013)

Messrs. Jassim and Falah Trading and Contracting Co. – represented by Sh. Falah Bin Jassim Bin Jabor Bin Mohammad Al - Thani

- Non-Executive Board Member and Independent
- Member of Policies, Development and Remuneration committee
- Date of Appointment on Board: 27th Feb 2011
- Education: Bachelor of Finance
- Experience: EX- Minster of Civil Servant Affair Housing : 1996 to 2006
- Other Board Membership : Chairman of Board of Directors : National Leasing Holding
- Ownership: 1% (December 31, 2013)

Messrs. Al Khaleej Takaful Group – represented by Mr. Khalid Abdulaziz Al-Baker

- Non-Executive Board Member and Independent
- Date of Appointment on Board: 20th Feb 2013
- Education: Bachelor of Business Administration, Alexandria University - 1980
- Ownership: 0.77% (December 31, 2013)

Independent Board Members

The current composition of the Board does not include independent directors as required by the Code except for two. This is due to the fact that Board Members have been involved in the stewardship of the Bank over previous terms, and current market and social conditions.

Duties of Non-Executive Board Members

Non-Executive Board Members perform their role "as defined in the Bank's approved Job Description" contributing by considering strategy objectively and providing effective stewardship of the governance framework in safeguarding shareholders' interests.

The Non-Executive Board Members are actively involved in providing input to the Board's activities as stipulated in the Board Charter, and review the Bank's performance periodically and scrutinize the performance of management in achieving agreed goals. Where conflicts of interest arise they should have oversight in ensuring that Bank and Shareholders' interests are maintained.

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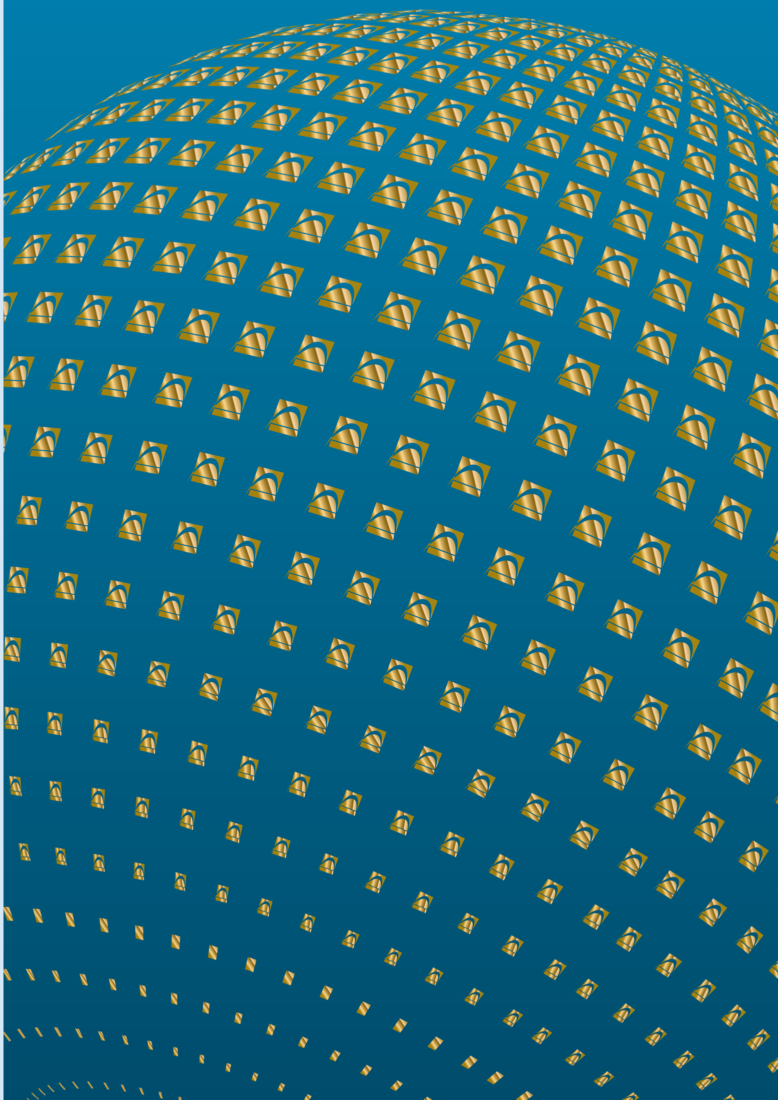

Duties of the Chairman of the Board

The role of the Chairman is to lead Doha Bank in achieving its strategic goals and to provide its shareholders with sustainable gains. The Chairman also leads the Board and oversees all aspects of its role and in setting its agenda. He may delegate specific duties to Board Members, Board Committees, Managing Director and CEO as appropriate. Additionally, he discusses with board members recommendations, improvements, strategic initiatives, annual budgets, new investment opportunities available and ensures that the board has performed its assigned duties. He also discusses general bank issues periodically with the members, ensures that there is a mechanism for evaluating board members, and communicates with shareholders. The Chairman also coordinates regularly with the CEO to retain the necessary financial and human resources to achieve the Bank's goal, whilst monitoring performance periodically through the CEO.

Fiduciary Responsibilities

Each Board member owes the Bank by employing diligence, loyalty and integrity in support of the Bank's overall vision and in line with the Board Charter and the Bank's Code of Ethics. Board members act on an informed basis in the best interests of the Bank and in fulfillment of their responsibilities to the Bank. Board members therefore require to possess the required knowledge, experience and skills.

Board Meetings

The Board meets based on the invitation of the Chairman or two members of the Board. Each Board meeting has an agenda which is submitted to all members prior to the meeting giving enough time for preparation purposes. As per the Board Charter, the Board meets a minimum of 6 times (once every two months at a minimum). The Board met a total of seven times in 2013, last meeting was held on 24th November 2013.

Board Remuneration

The Bank has adopted a policy which regulates the disbursement of remuneration, bonuses and benefits. At the end of each year prior to the General Assembly meeting, the proposed remuneration for board members and the chairman is made available to the shareholders for discussion and approval. Additionally, other benefits provided to board members are reviewed by the Qatar Central Bank and the External Auditors, and subsequently sent to Qatar Central Bank and thereafter presented to the shareholders.

Senior Management Remuneration

The Bank has adopted a policy which regulates the process for assessing the performance of Senior Management according to strategic goals which are set on a 3 year basis. Based on the performance assessment and the Bank's results the additional benefits and bonuses are set. With regard to salaries, the Bank has adopted a salary scale which is approved by the Board.

Board Secretary

The Board appointed the current Board Secretary in July 2007, holding a Bachelor degree in law from Ain Shams University since 1987 and a Diploma in Law, 1988. It is in Doha Bank's view that the Board Secretary meets all the requirements of the Code.

The Board Secretary maintains all Board documentation and manages the overall processes related to Board Meetings. The Board Secretary reports directly to the Chairman, however, all members have access to the secretary's services.

Separation of Positions of Chairman and CEO

The Chairman and CEO duties and responsibilities are separated in the Bank and each position has clearly defined roles and responsibilities under its own Job Description.

Conflict of Interest and Insider Trading

Doha Bank has set in place several controls to prevent conflict of interest situations from occurring. Specifically, the bank

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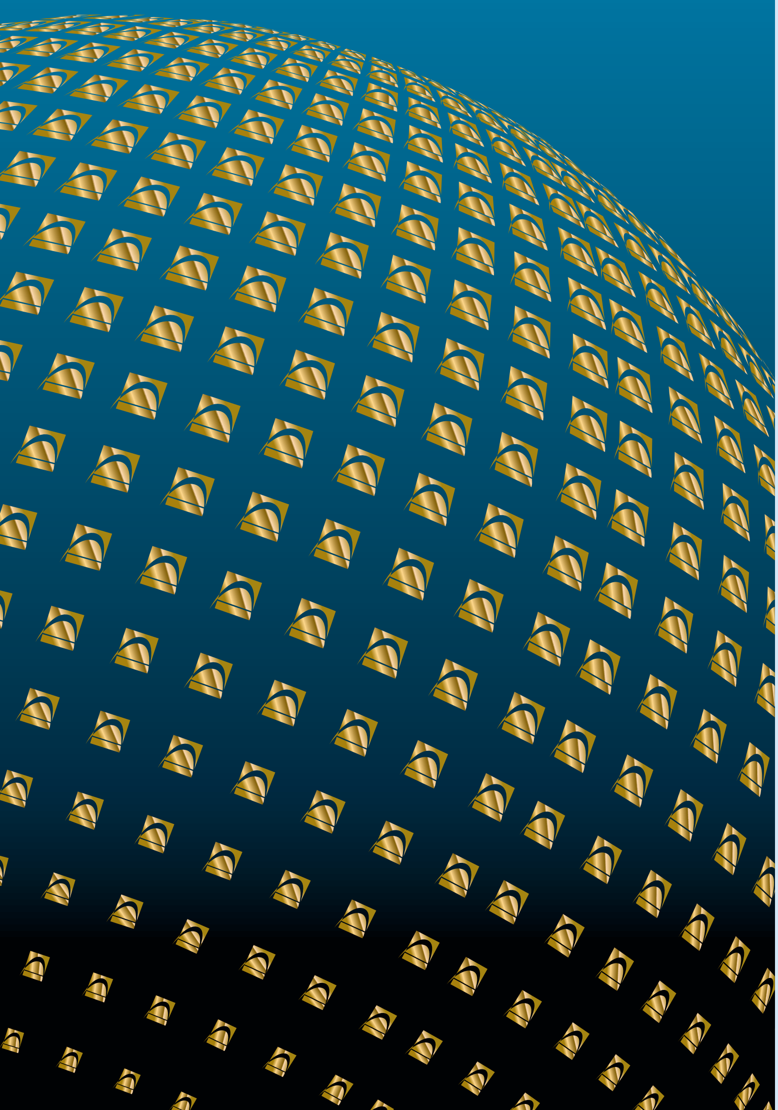


has adopted a related party policy which will be published to shareholders in the near future. Related party transactions are approved by the Board/ Management based on materiality. As per Commercial Companies Law, if a board member has a conflict, he does not participate in the board meeting. It is also worth noting that the Bank has adopted a conflict of interest policy which must be complied with by all employees of the Bank.

Currently, monitoring and controls on insider trading are done by Qatar Exchange directly. A policy on insider trading has been adopted by the Bank.

Disclosure of Related Party Transactions

During the year, the bank has engaged with companies belonging to members of the Board of Directors. The bank has dealt with these companies in accordance with the bank's internal policy for dealing with related parties. These transactions were disclosed at the General Assembly Meeting of the bank held on February 20, 2013.

With regard to trading in the bank's shares, we would like to note that the bank's policy prevents the Chairman, Board members and executive managers from concluding any deals to buy or sell the bank's shares during the period of announcing to the public the date of the meeting of the Board of Directors to discuss the financial statements until the convention of the Board meeting and the disclosure of the financial statements to the public.

Other Board Practices and Duties

Consultancy: The Board may consult at the Bank's expense any independent expert or consultant. The Bank will consider including a clause in its Board Charter to allow non-executive members to seek consultancy services without obtaining Chairman/ Managing Director approval.

Access to documentation: As defined in the Board Charter, Board Members shall have full and immediate access to information, documents, and records pertaining to the Bank. The Bank's executive management shall provide the Board and its committees with all requested documents and information pertaining to Board decisions.

Nominations: the Bank has established a system for the nomination/ appointment of Board Members. As per the Nomination and Governance Committee roles and responsibilities, the committee should consider terms, qualifications and experience required for a nominee to take an active role as a Board Member. Hence, the committee will determine the standards necessary to elect the new Board Member.

Induction: Though a formal induction program has not yet been implemented, the Bank has put in place Corporate Governance Policies which include guidelines on Board induction program and formal trainings.

Governance: the Board will be kept up to date on governance practices through Management and the Board Nomination and Governance Committee.

Termination: Members whom do not attend Board meetings on a regular basis can be removed based on the Articles of Association of Doha Bank.

Self-Assessment: Templates and tools have been approved to perform an annual self-assessment which will be implemented in due course.

Remuneration: Doha Bank has adopted a Remuneration Policy for the Board and estimates Executive Management remunerations based on the Bank's overall performance and achievements of goals as stipulated in the Bank's strategy.

Board Committees

Board Committees are established to assist the Board of Directors in conducting their duties. Each committee has developed terms of reference that defines the committee's

Vice Chairman of Doha Bank, Mr. Ahmed Abdul Rahman Yousuf Obaidan Fakhroo, along with senior Doha Bank officials cutting the ribbon at the inauguration of Doha Bank's representative office in Sharjah

roles and responsibilities in accordance with QFMA regulations and leading governance practices. Board Committee Terms of Reference will be published in the near future.

The following four Board Committees have been established at Doha Bank:

Audit, Compliance and Risk Committee

Membership: Non-Executive Board Member (Chairman), Vice Chairman (Member), Independent Member – not a member of the board and not a bank employee.

Roles and Responsibilities: The Committee is responsible for reviewing the financial statements, the work of external and internal auditors, the internal control environment, the compliance with regulations and laws and the management of risk at the Bank. The Audit Committee may seek independent professional advice for risk management and may hire consultants to assist it in performing its functions, and exercising its powers and responsibilities soundly. The Committee discusses with the external auditors the nature, scope and efficiency of the undertaken audits in accordance with International Audit Standards and International Financial Reporting Standards, and it also ensures the independence and objectivity of the external auditors by collecting information from them on their relationship with the bank, including the non-auditing services.

The Committee also reviews the annual and quarterly financial statements and inspects the bank's annual report and the notes contained therein, and in the other related control reports. It also reviews the important financial and accounting reports, including the complex cases and the unusual operations and the areas that require a high level of diligence and good judgment.

The Committee considers the effectiveness of the bank's risk management and internal control over annual, interim and regulatory financial reporting and other regulatory reporting, including information technology security. It also seeks clarifications from the management and the internal and external auditors as to whether the financial and operational controls are adequate and effective. The Committee ensures that the financial statements and the issued reports are in compliance with the accounting standards and practices accepted by QCB and QFMA, and with the listing regulations enforced by QE, as well as the disclosure rules and any other requirements governing the preparation of financial reports.

The Committee meets regularly during the year to discuss the reports of the Internal Audit Department, the Compliance Department and the Risk Management in addition to the reports issued by the External Auditors and QCB's inspection reports.

The Committee also reviews the quotations submitted by the external auditors for auditing the bank's accounts every year and submits recommendations thereof to the Board of Directors to select the most suitable auditor or to renew the term of the current auditor so as to submit a Board recommendation to the General Assembly of Shareholders.

The bank has approved a whistle-blowing policy to encourage the bank's employees to detect/ disclose any violations that may adversely affect the Bank. The critical issues are then reported to the Audit, Compliance & Risk Evaluation Committee which in turn ensures taking the necessary actions to rectify the violations.

The Audit Committee has met a total of seven times in 2013, which is above the requirements of quarterly meetings as defined by the code.

There has been no conflict between the Committee's recommendations and the Board's resolutions during the year.

Nomination and Governance Committee

Membership: Managing Director (Chairman of Committee) and 2 Non-executive Board Members (Members)

Roles and Responsibilities: The Committee reviews the nominations for the Board of Directors' membership and monitors the adherence to corporate governance principles at Doha Bank. It also identifies and nominates new members for the Board who have the ability to make sound decisions on behalf of the bank and shareholders. The Committee takes into account the availability of a sufficient number of potential candidates who can perform their duties as Board Members.

It also assesses their skills, knowledge and experience as well as their professional, technical, and academic qualifications and their personality. The Committee evaluates the candidates for the membership of the Board based on criteria including integrity, insight, acquired experience and the ability to devote sufficient time to manage the bank's affairs.

Policies, Development and Remuneration Committee

Membership: Managing Director (Chairman), 2 Non-Executive Board Members

Roles and Responsibilities: The Committee approves the bank's policies and strategies, and reviews the remuneration framework for the executive management and the Board. The Committee is also responsible for drawing up the general policy of bonuses and benefits of the Board of Directors, CEO and senior executives based on the achievement of the bank's long-term strategic goals. The Committee also reviews the pay scale and other employment benefits of the bank's employees and makes recommendations to the Board of Directors for approval. The allowances and benefits of the Chairman, Board members and Board committees are presented to the shareholders at the General Assembly Meeting at the end of each financial year for approval.

Executive Committee

Membership: Chairman (Chairman of Committee), Vice Chairman (Member) and Managing Director (Member)

Roles and Responsibilities: providing assistance to the Board and reviewing/ approving credit facilities within delegated authority

Due to the current Board composition, Doha Bank has been unable to fulfill the requirement of having a majority of members being independent in the Audit, Compliance and Risk Committee and in the Policies, Development and Remuneration Committee, and the Nomination and Governance Committee. Doha Bank will consider changes in the composition of these committees in the future taking into consideration market considerations.

INTERNAL CONTROL, COMPLIANCE, RISK MANAGEMENT AND INTERNAL AUDIT

Internal Control

The general objective of the internal controls procedures of Doha Bank is to safeguard assets and capital and to ensure the reliability of Doha Bank's and its subsidiaries' financial recordkeeping. Doha Bank has adopted a process of internal controls that allow Management to detect errors in procedures or financial recordkeeping. Doha Bank's internal control framework includes the establishment of strong finance, risk management, compliance and internal audit departments which support in establishing a strong internal control framework.

The Internal Control Framework is overseen by the Audit, Compliance and Risk Committee. The Internal Audit, Compliance and Risk Departments respectively provide periodic reports to the Audit, Compliance and Risk Committee on:

- The major risks associated with the banking business related to Strategic, Reputation, Compliance, Legal, Credit, Liquidity, Market, and Operational Risks;
- Overall compliance of the Bank with rules and regulations;
- Internal Audit and External Audit recommendations and findings.

The Board of Directors has approved policies related to Internal Audit Department, Compliance Department and Risk Management Department.

Compliance

The main responsibility of the Compliance Department at the Bank is to assist the Board and Bank's Executive Management in managing and controlling the Compliance risks efficiently and to protect the Bank from financial losses "if any" due to failure of compliance. Compliance risks include risk of

Inauguration of Doha Bank's Hong Kong representative office in the presence of Dr. R. Seetharaman, Doha Bank Group CEO

legal/ regulatory sanctions, material financial loss, or loss of reputation. Compliance also assists the board of directors and executive management in improving the internal controls procedures that will mitigate Compliance, AML and Anti – Terrorist Financing (ATF) risks. Moreover, Compliance acts as a liaison between the Bank and the respective regulators and updates management with new laws and regulations.

Internal Audit

The Bank has an independent Internal Audit Department that reports to the Board of Directors through the Audit, Compliance and Risk Evaluation Committee on a periodic basis. The Internal Audit is carried out by operationally independent, appropriately trained and competent staff. The Internal Audit employees have access to all the bank's activities, documents and reports that are needed to accomplish their missions. The Internal Audit team does not perform any activities in relation to bank's daily regular activities and all their bonuses and benefits are directly determined by the Board of Directors.

The Internal Audit Department operates in accordance with an audit plan that is approved by the Audit, Compliance and Risk Evaluation Committee. This plan includes a review and evaluation of the internal control systems of the various branches and departments of the bank.

Risk Management

The Bank has consistently and continually monitored risks and processes across the organization to identify, assess, measure, manage and report on opportunities and threats that could impact the achievement of the Bank's objectives. The Board and the Executive Management are ultimately responsible for all the risks assumed by the Bank. They seek to balance the risk profile against sustainable returns to achieve the business goals of the Bank. The Board has engaged qualified professionals and has set policies and procedures, risk limits, organizational framework, committees, authority levels and accountability. Currently, the process of identifying and assessing risk is performed through periodic risk assessments.

Implementation of the Risk Management Framework is entrusted to a highly competent team and is controlled and implemented through various senior level management committees chaired by the Chief Executive Officer covering Credit, Investment and Asset & Liability Management.

INTERNAL CONTROL ASSESSMENT

The Board receives periodic reports on the internal control framework from Senior Management and control functions such as Internal Audit, Compliance and Risk Management. Such reports are assessed and scrutinized by the Board to ensure that the internal control framework is being implemented according to management prerogatives. The Board views that the current processes adopted for internal control by the Board and Senior Management are robust for Doha Bank's operations.

No major breach of control or internal control failure has taken place which has affected or may affect Bank's financial performance during 2013.

VIOLATIONS OF LISTING REQUIREMENTS

The Bank complies with the rules and conditions which control the disclosure and listing operations in the market. For the financial year 2013, the Company did not have any violations.

EXTERNAL AUDIT

Annually, the external account auditors are appointed by the General Assembly of Shareholders based on a recommendation submitted by the Board of Directors. The bank takes into consideration the instructions of the regulatory authorities related to the appointment of external auditors in terms of the number of times for the appointment of any auditor. The Board of Directors also takes QCB's prior approval for the nomination of an external auditor/ more than one external auditor for the approval of the General Assembly of Shareholders. After choosing an external auditor by the General Assembly of Shareholders, an engagement letter is signed between the two parties. Under this engagement, the external auditor shall be required to comply with the best professional standards and exert the necessary professional due diligence upon conducting any audit assignment, and to inform the regulatory authorities in the event of the failure of the Bank (the Board) to take appropriate actions towards the material issues that have been raised by them. The external auditor also reviews the balance sheet and profit & loss accounts.

Qatar Financial Markets' Authority stipulated that the external auditor cannot conclude any contracts to provide any consultancy or other services apart from its audit missions for the bank (Article 19 of QFMA's Code). However, the bank believes that more value will be achieved for the bank if the external auditor performs at certain times some advisory tasks in addition to their auditing tasks, and that this doesn't involve any conflict of interests.

DISCLOSURE AND SHAREHOLDERS RIGHTS

Doha Bank considers its shareholders as key stakeholders. Doha Bank has established a Shareholder Relations function which is responsible for addressing shareholder queries. Currently, the shareholder register details are maintained by the Qatar Exchange, while Doha Bank can provide general information such as financial statements, articles of association and by-laws of the Bank to its shareholders.

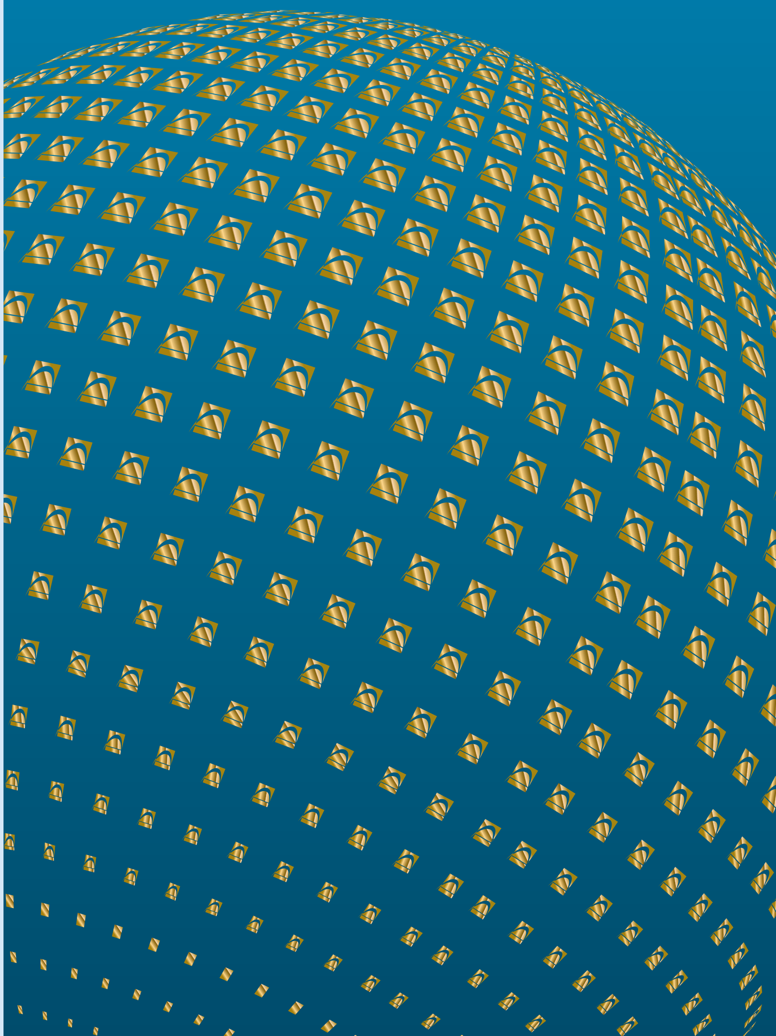
Doha Bank strives to provide shareholders with sufficient data to analyze Doha Bank performance and to take decisions on Board Member elections and other matters such as dividends (a dividend policy is adopted). Doha Bank ensures that its assembly meetings and the mechanism for voting adopted is in accordance with commercial companies' law.

Disclosure Duty

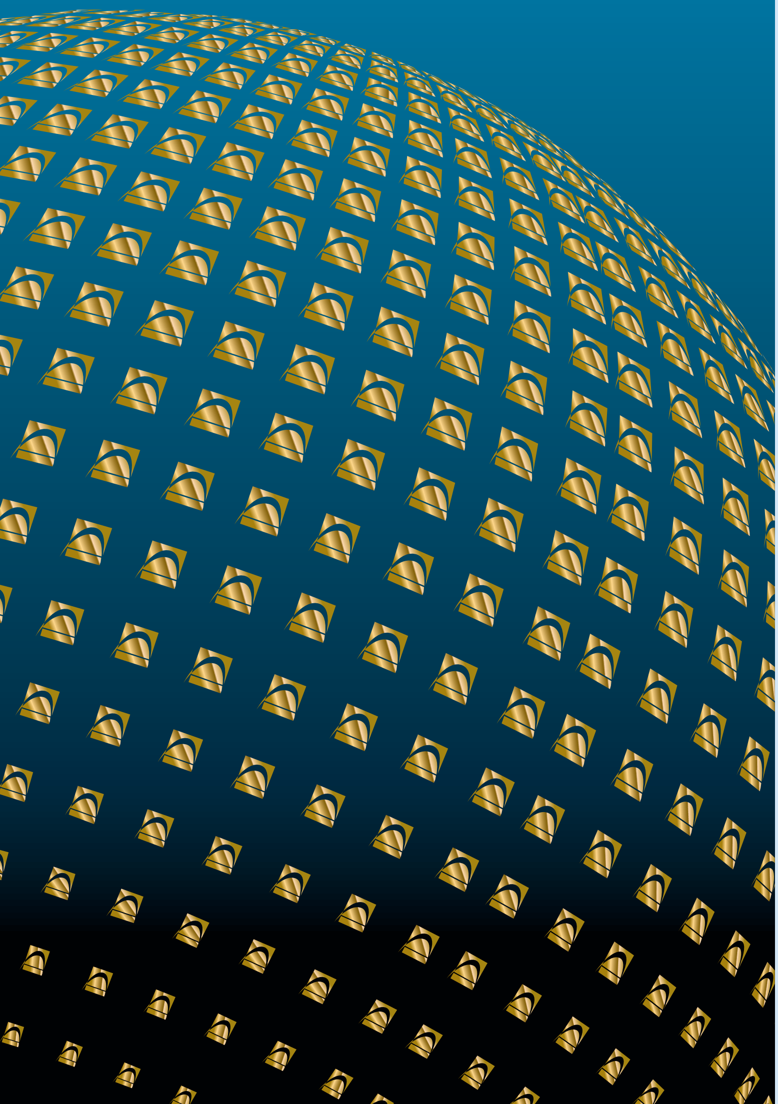
Doha Bank adheres to all the disclosure requirements issued by Qatar Financial Markets' Authority, where the bank discloses all its financial information and any activities carried out by the bank in a transparent manner to its shareholders and the public through Qatar Exchange and the local newspapers and the Bank's website. The bank's Board is keen to ensure that all information is accurate, correct and not misleading. The Corporate Governance Report contains details on the composition of the Board of Directors as well as information about the Board members and the Board committees.

Doha Bank confirms that all financial statements are prepared in accordance with the International Financial Reporting Standards and the relevant QCB regulations, and that the external auditor of the Bank prepares its reports in

MANAGEMENT REPORT



MANAGEMENT REPORT



accordance with the International Standards on Auditing (ISA) after obtaining all the necessary information, evidences and confirmations and following the appropriate audit procedures. The bank has provided the shareholders with all the interim and annual financial reports.

Access to Information

Doha Bank has a web site through which all information about the bank is published, such as the annual and quarterly financial statements and the Board of Directors' Report and the Corporate Governance Report in addition to the annual report and any other information relating to the management of the Bank and the Board of Directors and the products, services and branches of the bank.

Shareholders' Rights and Shareholders' Meetings

The bank's Articles of Association include provisions that ensure the shareholders' right to attend the General Assembly meetings. The General Assembly shall meet at the invitation of the Board of Directors at least once a year at the time and place determined by the Board of Directors after the approval of the Commercial Affairs Department at the Ministry of Business and Trade. The Assembly should be convened within four months as of the end of the financial year of the bank. The Board may call the General Assembly for convention whenever necessary, but it should call for a meeting if such a request has been submitted for serious reasons by the auditor or by a number of shareholders holding not less than 10% of the capital within fifteen days as of the date of the request. The Extraordinary General Assembly may be convened based upon an invitation from the Board of Directors itself, but the Board should also call for such a meeting if requested to do so by a number of shareholders holding at least 25% of the bank's share capital.

Equitable Treatment of Shareholders

According to the bank's Articles of Association, each shareholder shall have the right to vote on the General Assembly's resolutions and shall have a number of votes equal to the number of his shares. Minors and incompetent shareholders shall be represented by their legal proxies at the meeting.

Voting at the General Assembly shall take place by raising hands or as decided by the General Assembly. Voting must be by secret ballot if the decision relates to the election of the Board members, or their dismissal or initiating legal procedures against them; or if the Chairman of the Board of Directors or a number of shareholders comprising at least one tenth of the voters present at the meeting so request.

Proxy for attending the General Assembly is permissible, but it is stipulated that the proxy must be a shareholder and it should be private and confirmed in writing. Moreover, a shareholder may not appoint one of the board members to attend the meetings of the General Assembly on his behalf.

Under all circumstances, the number of shares which the proxy possesses in this capacity may not exceed 5% of the bank share capital except in the case where the proxy represents Qatar Investment Authority.

Shareholders' Concerning Board Members' Elections

After obtaining the approval of the competent regulatory authorities, the bank shall announce that nominations are open for the membership of the Board of Directors in the local newspapers, and then the Nomination & Corporate Governance Committee, after the closure of the nomination period, shall study the applications received from shareholders. After obtaining Qatar Central Bank approval and the Ministry of Business and Trade, these names shall be submitted to the Ordinary General Assembly of Shareholders to elect new Board members from the nominees. Each share shall have one vote and there is nothing stated in the bank's Articles of Association providing for the cumulative voting of shareholders.

Dr. R. Seetharaman, Doha Bank Group CEO, and other key presenters at the Qatar & International Trade knowledge sharing session

Shareholders' Rights Concerning Dividend Distribution

The Board of Directors shall propose the distribution of dividends to the General Assembly every year according to the bank's policy for dividend distribution as approved by the Board of Directors under the governance policy and the bank's Articles of Association. The Articles of Association of the bank allow the distribution of dividends to the shareholders after deducting 10% of the net profit of the bank to be appropriated for the legal reserve. The General Assembly may suspend this deduction once the reserve reaches 100% of the paid up capital. But if this reserve becomes less than the mentioned percentage, then the deduction should be resumed until the reserve reaches that percentage. The legal reserve may not be distributed to the shareholders except in the cases permitted by the Qatari Commercial Companies Law and after obtaining the approval of Qatar Central Bank. Upon a proposal from the Board of Directors, the General Assembly may annually decide to deduct a portion of the net profits to the optional reserve account. This reserve may be used as deemed fit by the General Assembly. A portion of the profits as determined by the General Assembly shall be deducted to meet the obligations imposed on the company by virtue of the Labor Law. The remaining profit amount shall then be distributed to the shareholders or shall be brought forward to the next year, based upon a proposal from the Board of Directors and subject to the approval of the General Assembly.

Shareholders' Rights and Major Transactions

Doha Bank is a Qatari shareholding company with a capital of QAR 2,583,722,520 divided into 258,372,252 ordinary nominal shares, at a value of QAR (10) per share, listed on Qatar Exchange. With the exception of Qatar Holding "The Government of Qatar", which owns 16.68% of the shares, any natural or legal person neither shall possess more than 2% of the bank's shares nor less than 100 shares, with the exception of ownership by way of inheritance. However, Qatar Investment Authority may buy and own up to 20% of the bank's share capital. The Extraordinary General Assembly may approve the registration of a number of shares, not exceeding 20% of the share capital, in the name of a trusted depositary agent in the event of a capital increase through the issuance of global depositary receipts. The investment funds shall be considered as a single investment group, regardless of their number, if each is managed by one natural or judicial person, or if the founder in each is a natural or judicial person. In these two cases, the investment group shall not own more than 2% of the capital shares. Foreigners, on the other hand, may invest in the shares of the bank up to 25% of the issued capital. Doha Bank hereby confirms that there are no shareholder agreements related to capital structuring and the exercise of shareholder rights.

STAKEHOLDER RIGHTS

Doha Bank endeavors to maintain equitable and fair treatment of all its stakeholders. To enhance ethical conduct by the Bank's employees, each employee must abide by Doha Bank's Code of Ethics which stipulates ethical principles that each employee must demonstrate. Any breaches of ethical conduct are investigated and, as appropriate, disciplinary and corrective action is taken. Moreover,

Doha Bank has established a whistle-blowing policy, whereby employees can report concerns without fear of retribution. Such concerns are reviewed and, as necessary, investigated and reported to the Audit, Compliance and Risk Committee.

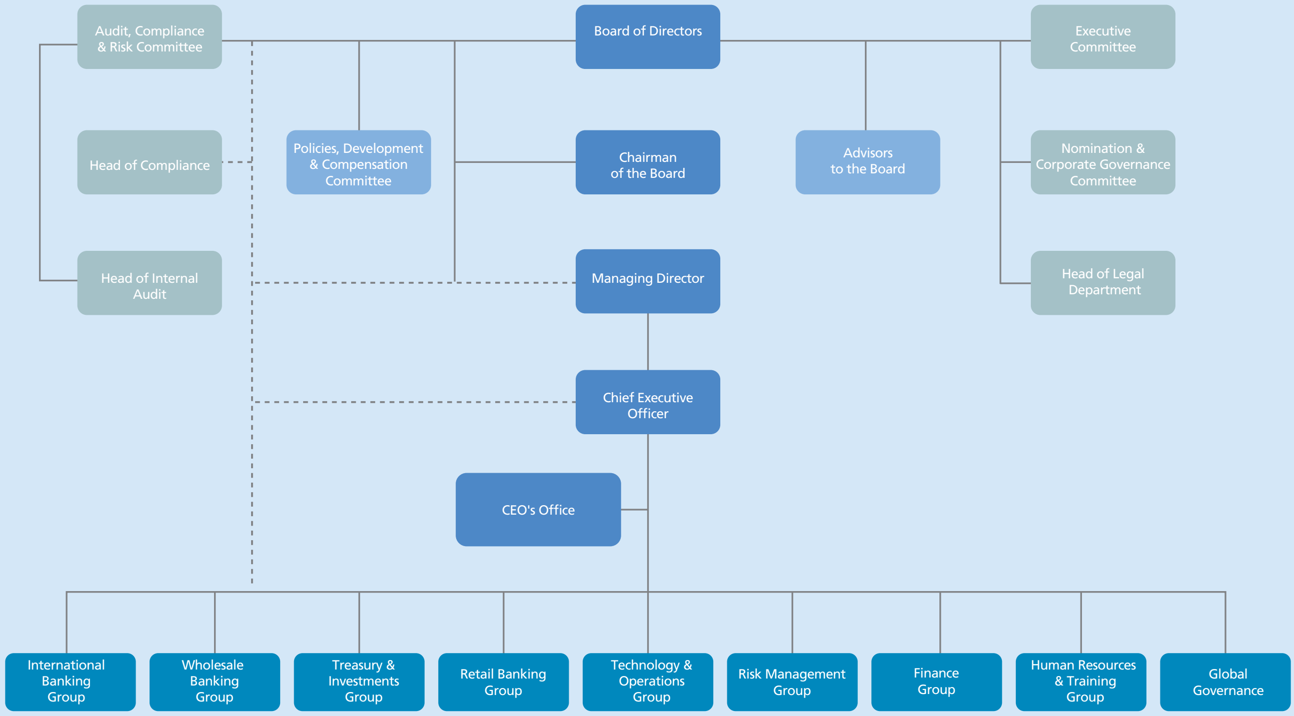
It is also worth noting, that Doha Bank has standardized its processes related to compensation and assessment of employees by adopting a performance appraisal scheme and a staff compensation and benefits structure.

BANK BRANCHES, REPRESENTATIVE OFFICE AND SUBSIDIARIES

Doha Bank has 31 local branches, three overseas branches in the United Arab Emirates (Dubai and Abu Dhabi) and the State of Kuwait, and eleven representative offices in the London, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Canada, Hong Kong and Sharjah. In addition, the Bank fully owns Doha Bank Assurance Company L.L.C., a company registered under the Qatar Financial Centre and owns Doha Finance Limited registered in the Cayman Islands and primarily used for debt issuance on behalf of the Bank's Shareholders.

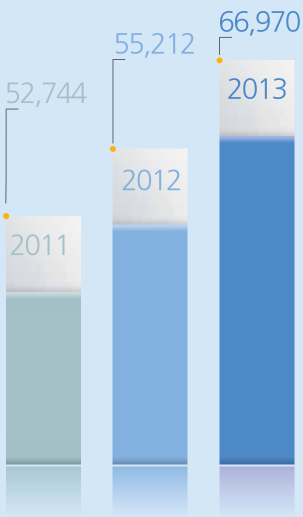
Fahad Bin Mohammed Bin Jabor Al Thani
Chairman

DOHA BANK CORPORATE ORGANISATIONAL STRUCTURE

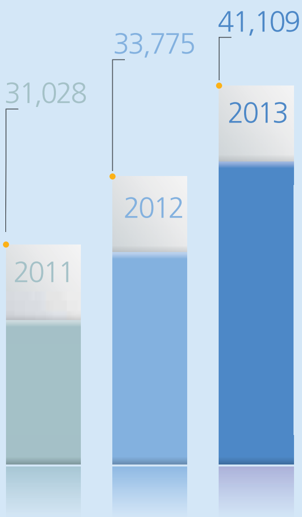


FINANCIAL RESULTS

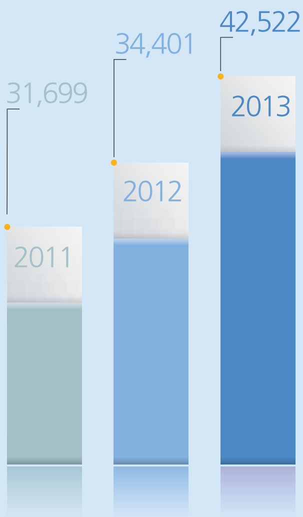
TOTAL ASSETS
(QAR Million)



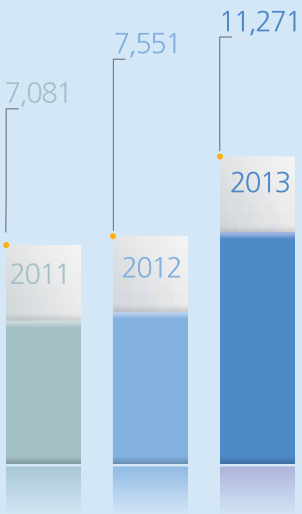
NET LOANS & ADVANCES
(QAR Million)



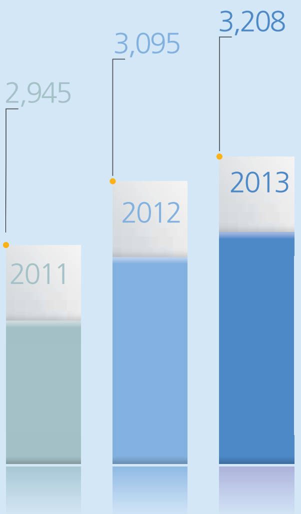
CUSTOMER DEPOSITS
(QAR Million)



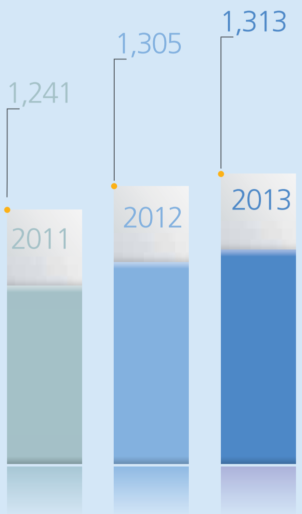
TOTAL EQUITY
(QAR Million)



TOTAL REVENUE
(QAR Million)



NET PROFIT
(QAR Million)



* Graphs are indicative and not drawn to scale

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DOHA BANK Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Doha Bank Q.S.C. (the 'Bank') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Central Bank regulations, and for such internal control as board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Central Bank regulations.

Report on other legal and regulatory matters

We have obtained all the information and explanations which we considered necessary for the purpose of our audit. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Group and that we are not aware of any contravention by the Bank of its Articles of Association, the applicable provisions of Qatar Central Bank Law No.33 of 2006 and amendments thereto and of the Qatar Commercial Companies Law No. 5 of 2002 during the financial year that would materially affect its activities or its financial position.

Firas Qoussous
Ernst & Young
Qatar Auditors' Registry No. 236
20 January 2014
Doha

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	2013 QAR'000	2012 QAR'000
ASSETS			
Cash and balances with central banks	8	**3,435,761**	2,598,365
Due from banks	9	**9,180,420**	7,786,587
Loans and advances to customers	10	**41,109,116**	33,774,849
Investment securities	11	**11,703,577**	9,581,013
Investment in an associate	12	**9,382**	10,532
Property, furniture and equipment	13	**759,471**	794,822
Other assets	14	**772,097**	666,296
TOTAL ASSETS		**66,969,824**	55,212,464
LIABILITIES			
Due to banks	15	**7,719,781**	8,716,479
Customer deposits	16	**42,522,489**	34,401,083
Debt securities	17	**2,575,831**	2,571,968
Other borrowings	18	**455,188**	-
Other liabilities	19	**2,425,632**	1,971,769
TOTAL LIABILITIES		**55,698,921**	47,661,299
EQUITY			
Share capital	20 (a)	**2,583,723**	2,066,978
Legal reserve	20 (b)	**4,311,133**	3,283,600
Risk reserve	20 (c)	**960,650**	773,650
Fair value reserves	20 (d)	**(43,355)**	126,856
Foreign currency translation reserve	20 (e)	**(4,647)**	(3,467)
Proposed dividend	20 (f)	**1,162,675**	930,140
Retained earnings		**300,724**	373,408
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		**9,270,903**	7,551,165
Instrument eligible as additional capital	20 (g)	**2,000,000**	-
TOTAL EQUITY		**11,270,903**	7,551,165
TOTAL LIABILITIES AND EQUITY		**66,969,824**	55,212,464

These consolidated financial statements were approved by the Board of Directors on 20 January 2014 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 36 form an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 QAR'000	2012 QAR'000
Interest income	21	2,394,462	2,275,919
Interest expense	22	(572,211)	(596,833)
Net interest income		1,822,251	1,679,086
Fee and commission income	23	409,153	354,316
Fee and commission expense	24	(3,806)	(4,478)
Net fee and commission income		405,347	349,838
Gross written premium		107,777	92,161
Premium ceded		(56,820)	(37,498)
Net claims paid		(33,591)	(37,048)
Net income from insurance activities		17,366	17,615
Foreign exchange gain	25	88,654	83,783
Income from investment securities	26	149,094	231,098
Other operating income	27	58,453	57,653
		296,201	372,534
Net operating income		2,541,165	2,419,073
Staff costs	28	(458,213)	(411,630)
Depreciation	13	(81,873)	(73,401)
Impairment loss on investment securities and due from banks	9,11	(10,769)	(85,939)
Net impairment loss on loans and advances to customers	10	(318,158)	(189,643)
Other expenses	29	(354,536)	(349,937)
		(1,223,549)	(1,110,550)
Share of results of the associate	12	143	246
Profit for the year before tax		1,317,759	1,308,769
Tax expense	30	(5,107)	(3,797)
Profit for the year		1,312,652	1,304,972
Earnings per share			
Basic earnings per share (QAR per share)	31	5.29	5.91
Diluted earnings per share (QAR per share)	31	5.29	5.91

The attached notes 1 to 36 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 QAR'000	2012 QAR'000
Profit for the year		**1,312,652**	1,304,972
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation differences for foreign operations		**(1,180)**	414
Net change in fair value of cash flow hedge	20	**-**	23,576
Available-for-sale investment securities:			
Net change in fair value	20	**(78,357)**	250,507
Reclassified during the year to the consolidated income statement	20	**(91,854)**	(146,743)
Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods		**(171,391)**	127,754
Items not to be reclassified to profit or loss in subsequent periods		**-**	-
Other comprehensive (loss) income		**(171,391)**	127,754
Total comprehensive income for the year		**1,141,261**	1,432,726

The attached notes 1 to 36 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Equity attributable to shareholders of the Bank									
	Share capital QAR' 000	**Legal reserve** QAR' 000	**Risk reserve** QAR' 000	**Fair value reserves** QAR' 000	**Foreign currency translation reserve** QAR' 000	**Proposed dividend** QAR' 000	**Retained earnings** QAR' 000	**Total** QAR' 000	**Instrument eligible as additional capital** QAR' 000	**Total equity** QAR' 000
Balance as at 1 January 2013	2,066,978	3,283,600	773,650	126,856	(3,467)	930,140	373,408	7,551,165	-	**7,551,165**
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	-	1,312,652	1,312,652	-	**1,312,652**
Other comprehensive income	-	-	-	(170,211)	(1,180)	-	-	(171,391)	-	**(171,391)**
Total comprehensive income for the year	-	-	-	(170,211)	(1,180)	-	1,312,652	1,141,261	-	**1,141,261**
Transfer to legal reserve	-	2,845	-	-	-	-	(2,845)	-	-	**-**
Transfer to risk reserve	-	-	187,000	-	-	-	(187,000)	-	-	**-**
Contribution to social and sports fund	-	-	-	-	-	-	(32,816)	(32,816)	-	**(32,816)**
Issuance of instrument eligible as additional capital (Note 20g)	-	-	-	-	-	-	-	-	2,000,000	**2,000,000**
Transactions with equity holders, recognised directly in equity:										
Dividends paid (Note 20f)	-	-	-	-	-	(930,140)	-	(930,140)	-	**(930,140)**
Proposed dividends (Note 20f)	-	-	-	-	-	1,162,675	(1,162,675)	-	-	**-**
Increase in share capital (Note 20a)	516,745	1,024,688	-	-	-	-	-	1,541,433	-	**1,541,433**
Total contributions by and distributions to equity holders	**516,745**	**1,024,688**	-	-	-	**232,535**	**(1,162,675)**	**611,293**	-	**611,293**
Balance as at 31 December 2013	**2,583,723**	**4,311,133**	**960,650**	**(43,355)**	**(4,647)**	**1,162,675**	**300,724**	**9,270,903**	**2,000,000**	**11,270,903**

	Share capital QAR'000	**Legal reserve** QAR'000	**Risk reserve** QAR'000	**Fair value reserves** QAR'000	**Foreign currency translation reserve** QAR'000	**Proposed dividend** QAR'000	**Retained earnings** QAR'000	**Total equity** QAR'000
Balance as at 1 January 2012	2,066,978	3,283,600	597,650	(484)	(3,881)	930,140	207,200	7,081,203
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	1,304,972	1,304,972
Other comprehensive income	-	-	-	127,340	414	-	-	127,754
Total comprehensive income for the year	-	-	-	127,340	414	-	1,304,972	1,432,726
Transfer to risk reserve	-	-	176,000	-	-	-	(176,000)	-
Contribution to social and sports fund	-	-	-	-	-	-	(32,624)	(32,624)
Transactions with equity holders, recognised directly in equity:								
Dividends paid (Note 20f)	-	-	-	-	-	(930,140)	-	(930,140)
Proposed dividends (Note 20f)	-	-	-	-	-	930,140	(930,140)	-
Total contributions by and distributions to equity holders	-	-	-	-	-	-	(930,140)	(930,140)
Balance as at 31 December 2012	2,066,978	3,283,600	773,650	126,856	(3,467)	930,140	373,408	7,551,165

The attached notes 1 to 36 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 QAR'000	2012 QAR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		**1,317,759**	1,308,769
Adjustments for:			
Net impairment loss on loans and advances to customers	10	**318,158**	189,643
Impairment loss on investment securities & due from banks	9 &11	**10,769**	85,939
Depreciation	13	**81,873**	73,401
Amortisation of financing cost		**3,863**	5,254
Net gain on sale of available-for-sale investment securities	26	**(122,136)**	(212,605)
Share of results of the associates	12	**(143)**	(246)
Profit before changes in operating assets and liabilities		**1,610,143**	1,450,155
Change in due from banks		**838,159**	(885,305)
Change in loans and advances to customers		**(7,440,592)**	(2,446,519)
Change in other assets		**(105,801)**	(71,530)
Change in due to banks		**(996,698)**	(2,919,044)
Change in customer deposits		**8,121,406**	2,702,230
Change in other liabilities		**243,546**	(106,641)
Social & sports fund contribution		**(32,624)**	(31,029)
Income tax paid		**(5,522)**	(5,565)
Net cash from/(used in) operating activities		**2,232,017**	(2,313,248)
Cash flows from investing activities			
Acquisition of investment securities		**(8,595,582)**	(6,397,205)
Proceeds from sale of investment securities		**6,412,994**	4,634,609
Acquisition of property and equipment	13	**(46,704)**	(80,979)
Proceeds from the sale of property and equipment		**182**	73,050
Net cash used in investing activities		**(2,229,110)**	(1,770,525)
Cash flows from financing activities			
Proceeds from rights issue	20	**1,541,433**	-
Proceeds from Issuance of instrument eligible as additional capital	20	**2,000,000**	-
Proceeds from other borrowings	18	**455,188**	-
Proceeds from issue of debt securities		**-**	1,797,335
Dividends paid		**(930,140)**	(930,140)
Net cash from financing activities		**3,066,481**	867,195
Net increase (decrease) in cash and cash equivalents		**3,069,388**	(3,216,578)
Cash and cash equivalents as at 1 January		**5,228,991**	8,445,569
Cash and cash equivalents at 31 December	33	**8,298,379**	5,228,991
Interest received		**2,410,718**	2,250,054
Interest paid		**567,486**	559,899
Dividends received		**26,958**	18,493

The attached notes 1 to 36 form an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2013

1. REPORTING ENTITY

Doha Bank Q.S.C. ("Doha Bank" or the "Bank") is an entity domiciled in the State of Qatar and was incorporated on 15 March 1979 as a Joint Stock Company under Emiri Decree No. 51 of 1978. The commercial registration of the Bank is 7115. The address of the Bank's registered office is Doha Bank Tower, Corniche Street, West Bay, P.O. Box 3818, Doha, Qatar.

Doha Bank is engaged in conventional banking activities and operates through its head office in Doha and 31 local branches, three overseas branches in the United Arab Emirates (Dubai & Abu Dhabi) and the State of Kuwait, and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Hongkong, Sharjah and Canada. In addition, the Bank owns 100% of the issued share capital of Doha Bank Assurance Company L.L.C., an insurance company registered under Qatar Financial Centre, and Doha Finance Limited, a special purpose vehicle set up for the issuance of debt. The consolidated financial statements for the year ended 31 December 2013 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 (QAR'000)	Company's activities	Percentage of ownership 2013	Percentage of ownership 2012
Doha Bank Assurance Company L.L.C	Qatar	100,000	General Insurance	100%	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	100%	100%

The consolidated financial statements for the year ended 31 December 2013 were authorized for issue in accordance with a resolution of the Board of Directors on 20 January 2014.

2. BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the applicable provisions of Qatar Central Bank ("QCB") regulations.

Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments and available-for-sale financial assets that have been measured at fair value. In addition, the carrying values of recognised assets that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risk that are being hedged.

Functional and presentation currency
These consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Group's functional and presentation currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousand.

Use of estimates and judgements
The preparation of the consolidated financial statements in conformity with IFRS 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.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2013 :

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment has no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. These amendments will not impact the Group's financial position or performance.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. This amendment does not have any impact on the Group's consolidated financial statements.

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

IFRS 10: Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
IFRS 10: Consolidated Financial Statements (CONTINUED)

raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. At the date of initial application of IFRS 10 (1 January 2013), the Group assessed that it controls its subsidiaries as per IFRS 10.

IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013)
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This amendment does not have any impact on the Group's consolidated financial statement.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are not required as the Group has no subsidiaries with material non-controlling interests.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

Other amendments resulting from improvements to the following IFRSs did not have any impact on the the accounting policies, financial position and performance of the Group:

- IAS 1 Presentation of Financial Statements
  This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

- IAS 16 Property plant and equipment
  This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- IAS 32 Financial Instruments, Presentation
  This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Topic	**Effective date**
IFRS 9 Financial Instruments	
Investment Entities (Amendments to IFRS-10, IFRS-12 and IAS-27)	**1 January 2014**
IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32	**1 January 2014**
IFRIC Interpretation 21 Levies (IFRIC 21)	**1 January 2014**
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39	**1 January 2014**

Early adoption of standards
The Group did not early adopt new or amended standards in 2013.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries ("the Group") as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Basis of consolidation (CONTINUED)

of control, is accounted for as an equity transaction.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost including transaction costs directly related to acquisition of investment in associate.

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated income statement; its share of post-acquisition movements in equity is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Intergroup gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group's share of the results of associates is based on financial statements and adjusted to conform to the accounting policies of the Group. Intergroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intergroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The consolidated financial statements of the Group include the associate stated below:

Company Name	Country of incorporation and operation	Ownership Interest (%)		Principal activity
		2013	2012	
Doha Brokerage and Financial Services Limited	India	44.02%	44.02%	Brokerage and assets management

Foreign currency

Foreign currency transactions and balances

Foreign currency transactions that are transactions denominated, or that require settlement in a foreign currency are translated into the respective functional currencies of the operations at the spot exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in shareholders' equity as 'foreign currency translation reserve'.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to 'Other comprehensive income'. When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Financial assets and financial liabilities

Recognition and initial measurement

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

Financial assets

At inception a financial asset is classified in one of the following categories:

- loans and receivables;
- held to maturity
- available-for-sale ; or
- Fair value through profit of loss

Financial liabilities

The Group has classified and measured its financial liabilities at amortised cost.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a sepa-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Derecognition (CONTINUED)

rate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received including any new asset obtained less any new liability assumed is recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Measurement principles

Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For the financial instruments that are not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

The fair value of investments in mutual funds and portfolios whose units are unlisted are measured at the net asset value provided by the fund manager.

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.

The fair value of unquoted derivatives is determined by discounted cash flows.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in note 5.

Identification and measurement of impairment
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets including equity securities are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Group considers evidence of impairment loss for loans and advances to customers and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances to customers and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and advances to customers and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances to customers and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances to customers and held-to-maturity investment securities with similar risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Identification and measurement of impairment (CONTINUED)

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances to customers.

In assessing collective impairment the Group uses historical experience and credit rating in addition to the assessed inherent losses which are reflected by the economic and credit conditions for each identified portfolio.

For listed equity investments, generally a decline in the market value by 20% from cost or more, or for a continuous period of 9 months or more, are considered to be indicators of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses recognised in the consolidated income statement on equity instruments are not revised through the consolidated income statement. In case of debt instruments, if in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated income statement, the impairment loss is reversed through the consolidated income statement.

Cash and cash equivalents
Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

Due from banks and loans and advances to customers
Due from banks and loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Due from banks and loans and advances to customers are initially measured at the transaction price which is the fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Investment securities
Subsequent to initial recognition investment securities are accounted for depending on their classification as either 'held to maturity 'or 'available-for-sale'.

Held-to-maturity financial assets
Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available-for-sale. Held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets
Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Where the fair value is not reliably available, unquoted equity securities are carried at cost less impairment, and all other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in the consolidated income statement.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, where upon the cumulative gains and losses previously recognised in consolidated statement of comprehensive income are reclassified to consolidated income statement.

Derivatives

Derivatives held for risk management purposes and hedge accounting
Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value on the statement of financial position. The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be *highly effective* in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss. These hedging relationships are discussed below.

Fair value hedges
When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in consolidated income statement together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued pro-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Fair value hedges (CONTINUED)

spectively. Any adjustment up to that point to a hedged item, for which the effective interest method is used, is amortised to consolidated income statement as part of the recalculated effective interest rate of the item over its remaining life.

Cash flow hedges
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedge reserve. The amount recognised in other comprehensive income is reclassified to consolidated income statement as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the consolidated statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in consolidated income statement. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to consolidated income statement as a reclassification adjustment when the forecast transaction occurs and affects consolidated income statement. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to consolidated income statement.

Other non-trading derivatives
When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in consolidated income statement.

Derivatives held for trading purposes
The Group's derivative trading instruments includes forward foreign exchange contracts. The Group sells these derivatives to customers in order to enable them to transfer, modify or reduce current and future risks. These derivative instruments are fair valued as at the end of reporting date and the corresponding fair value changes is taken to the consolidated income statement.

Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

Subsequent costs
The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciable amount is the cost of property and equipment, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land and Capital working progress are not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Buildings	20 years
Leasehold improvements, furniture and equipment	3-7 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given, being the premium received. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the statement of income any fee income earned over the period, and the best estimate of the expenditure required settling any financial obligation arising as a result of the guarantees at the reporting date.

Employee benefits
The Group provides for end of service benefits in accordance with the employment policies of the Group. The provision is calculated on the basis of the individual's final salary and period of service at the reporting date. This provision is included in other provisions within other liabilities.

With respect to Qatari employees, the Group makes a contribution to the Qatari Pension Fund calculated on a percentage of the employees' salaries, in accordance with the Retirement and Pension Law No. 24 of 2002. The Group's obligations are limited to these contributions.

With respect to Expatriate employees, the Group makes a contribution to the Provident Fund calculated on a percentage of the employees' salaries, in accordance with the Group policy and procedures. The Group's obligations are limited to these contributions.

Short term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share capital and reserves

Share issue costs
Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position are dealt with in the subsequent events note.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income and expense
For all financial instruments measured at amortised cost and interest bearing financial assets classified as available -for-sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a short period, where appropriate, to the net carrying amount of the financial assets or financial liability. Interest that is 90 days or more overdue is excluded from income. Interest on impaired loans and advances and other financial assets is not recognised in consolidated statement of income.

Premium on insurance
Premium on insurance contracts are recognized as revenue (earned premiums) proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as unearned premium liability on a 1/365 days basis.

Fees and commission income and expense
Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, sales commission and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

Income from investment securities
Gains or losses on the sale of investment securities are recognised in profit or loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

Income from held to maturity investment securities is recognised based on the effective interest rate method.

Dividend income
Dividend income is recognised when the right to receive income is established.

Tax expense
Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax expense (CONTINUED)

or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Taxes are calculated based on applicable tax laws or regulations in the countries in which the Group operates. The provision for deferred taxation is made based on the evaluation of the expected tax liability. Currently there is no corporate tax applicable to the bank in the State of Qatar. However, corporate tax is applicable on foreign branches operating outside the State of Qatar and to one subsidiary in the Qatar Financial Center.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Temporary differences arising on the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Fiduciary activities

Assets held in a fiduciary capacity are not treated as assets of the Group and accordingly are not part of the consolidated statement of financial position.

Repossessed collateral

Repossessed collaterals against settlement of customers' debts are stated within the consolidated statement of financial position under "Other assets" at their acquisition value net of allowance for impairment.

According to QCB instructions, the Group should dispose of any land and properties acquired against settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended after obtaining approval from QCB.

Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Parent bank financial information

Statement of financial position and income statement of the Parent bank as disclosed in Note 36 are prepared following the same accounting policies as mentioned above except for investment in subsidiaries, associates which are not consolidated and carried at cost.

4. FINANCIAL RISK MANAGEMENT

Introduction and overview

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. The Group is exposed to credit risk, liquidity risk, operating risk and market risk, which include trading and non-trading risks. The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies such as the risk management department, internal audit committee, the credit committee, assets and liabilities committee responsible for managing and monitoring those risks.

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept.

As part of its overall risk management, the Group also uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions. The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of authority within the Group.

The Group applies an internal methodology to estimate the market risk of positions held and the maximum losses expected,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Introduction and overview (CONTINUED)

based upon a number of assumptions for various changes in market conditions. The Group has a set of limits of risks that may be accepted, which are monitored on a daily basis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

The risks arising from financial instruments to which the Group is exposed are financial risks, which include credit risk, liquidity risk, market risks and operational risk.

Credit risk
Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations in accordance with the agreed terms. Credit risk makes up the largest part of the Group's risk exposure; therefore, the Group carefully manages its exposure to credit risk. Credit risk is attributed to financial instruments such as loans, overdrafts, debt securities and other bills, investments, acceptances and credit equivalent amounts related to off-balance sheet financial instruments.
Note 10 to the consolidated financial statements disclose the distribution of the loans and advances and financing activities by economic sectors. Note 4 to the consolidated financial statements disclose the geographical distribution of the Group's credit exposure.

Credit risk measurement
All credit policies are reviewed and approved by the Risk Management Department and the Board of Directors. The Risk Management team centrally approves all significant credit facilities and limits for all corporate, treasury and capital markets, financial institutions and SME clients of the Group. Such approvals are carried out in pursuance to a set of delegated Credit authority limits and in accordance with the Group's approved credit policy.

Furthermore, all credit facilities are independently administered and monitored by the Credit Administration Department, which separately reports into Operations.

The Group further limits risk through diversification of its assets by geography and industry sectors. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. The Group also follows the guidelines issued by Qatar Central Bank with regard to the granting of loans which limits exposure to counterparties.

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Whenever possible, loans are secured by acceptable forms of collateral in order to mitigate credit risk. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are cash, mortgages, local and international equities and debt securities, financial guarantees and other tangible securities. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values.

The Group has a credit administration process that ensures compliance with terms of approval, documentation and continuous review to ensure quality of credit and collaterals. While securities such as listed equities are valued regularly, credit policy mandates securities obtained by way of legal mortgage over real estate to be valued at least once in 3 years or more frequently if situation warrants.

Analysis of maximum exposure to credit risk before taking account of collateral held or other credit enhancements
The table below represents credit risk exposure to the Group, without taking account of any collateral held or other credit enhancements attached. For assets recorded on the statement of financial position, the exposures set out below are based on the net carrying amounts as reported in the consolidated statement of financial position.

	2013 QAR'000	2012 QAR'000
Credit risk exposures relating to assets recorded on the statement of financial position are as follows:		
Balances with central banks	**2,939,974**	2,118,449
Due from banks	**9,180,420**	7,786,587
Loans and advances to customers	**41,109,116**	33,774,849
Investment securities - debt	**10,809,569**	8,859,342
Other assets	**587,072**	536,312
Total as at 31 December	**64,626,151**	53,075,539
Other credit risk exposures are as follows:		
Guarantees	**17,779,104**	14,128,617
Letters of Credit	**2,786,771**	3,916,532
Unutilised credit facilities	**6,132,747**	4,480,753
Total as at 31 December	**26,698,622**	22,525,902
	91,324,773	75,601,441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Credit risk (CONTINUED)

Analysis of concentration of risks of financial assets with credit risk exposure

Geographical sectors
The following table breaks down the Group's credit exposure based on carrying amounts without taking into account any collateral held or other credit support, as categorized by geographical region. The Group has allocated exposures to regions based on the country of domicile of its counterparties.

	Qatar QAR'000	**Other GCC QAR'000**	**Other Middle East QAR'000**	**Rest of the World QAR'000**	**2013 Total QAR'000**
Balances with central banks	**2,382,418**	**557,556**	**-**	**-**	**2,939,974**
Due from banks	**809,282**	**1,791,900**	**4,596**	**6,574,642**	**9,180,420**
Loans and advances to customers	**34,027,179**	**4,024,521**	**319,773**	**2,737,643**	**41,109,116**
Investment securities - debt	**9,751,796**	**602,000**	**-**	**455,773**	**10,809,569**
Other assets	**560,463**	**26,609**	**-**	**-**	**587,072**
	47,531,138	**7,002,586**	**324,369**	**9,768,058**	**64,626,151**

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2012 Total QAR'000
Balances with central banks	1,527,964	590,485	-	-	2,118,449
Due from banks	2,307,698	601,383	94,298	4,783,208	7,786,587
Loans and advances to customers	29,169,308	1,598,710	358,587	2,648,244	33,774,849
Investment securities - debt	7,902,424	670,686	-	286,232	8,859,342
Other assets	518,022	18,290	-	-	536,312
	41,425,416	3,479,554	452,885	7,717,684	53,075,539

	Qatar QAR'000	**Other GCC QAR'000**	**Other Middle East QAR'000**	**Rest of the World QAR'000**	**2013 Total QAR'000**
Guarantees	**10,105,035**	**3,586,223**	**688,979**	**3,398,867**	**17,779,104**
Letters of Credit	**1,285,761**	**366,176**	**99,200**	**1,035,634**	**2,786,771**
Unutilised credit facilities	**5,679,688**	**453,059**	**-**	**-**	**6,132,747**
	17,070,484	**4,405,458**	**788,179**	**4,434,501**	**26,698,622**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Credit risk (CONTINUED)

Analysis of concentration of risks of financial assets with credit risk exposure (CONTINUED)

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2012 Total QAR'000
Guarantees	8,422,838	2,979,995	142,041	2,583,743	14,128,617
Letters of Credit	1,480,042	386,348	73,499	1,976,643	3,916,532
Unutilised credit facilities	4,126,365	354,388	-	-	4,480,753
	14,029,245	3,720,731	215,540	4,560,386	22,525,902

Industry sectors
The following table breaks down the Group's credit exposure based on the carrying amounts, before taking into account collateral held or other credit enhancements, as categorized by the industry sectors of the Group's counterparties.

	Gross exposure 2013 QAR'000	Gross exposure 2012 QAR'000
Funded and unfunded		
Government and related agencies	**15,665,361**	11,953,403
Industry	**1,058,435**	838,760
Commercial	**6,431,529**	7,151,970
Services	**13,817,882**	10,668,327
Contracting	**7,017,003**	5,297,334
Real estate	**9,408,561**	6,847,422
Personal	**9,881,336**	9,143,979
Others	**1,346,044**	1,174,344
Contingent liabilities	**26,698,622**	22,525,902
	91,324,773	75,601,441

Credit risk exposure
The tables below presents an analysis of financial assets by rating agency designation based on Standard & Poor's ratings or their equivalent:

	2013 QAR'000	2012 QAR'000
Equivalent grades		
Sovereign	**11,874,521**	9,502,351
AAA to AA-	**564,560**	815,702
A+ to A-	**4,879,675**	3,802,816
BBB+ to BBB-	**3,221,688**	2,073,467
BB+ to B-	**1,925,580**	1,364,043
Below B-	**87,917**	68,449
Unrated (equivalent internal grading)	**68,770,832**	57,974,613
	91,324,773	75,601,441

Unrated exposure represents credit facilities granted to corporations and individual which do not have external credit ratings. Also, the ratings used by the Group are in line with the ratings and definitions published by the international rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Credit risk (CONTINUED)

Credit quality for class of assets

The table below shows the credit quality by class of asset for consolidated statement of financial position lines, based on the Group's credit rating system.

	Loans and advances to customers		*Due from banks*		*Investment securities – debt (classified as HTM and AFS)*	
	2013 QAR'000	2012 QAR'000	**2013 QAR'000**	2012 QAR'000	**2013 QAR'000**	2012 QAR'000
Neither past due nor impaired (low risk):						
Standard monitoring	**37,746,491**	31,518,119	**9,126,466**	7,732,633	**10,805,170**	8,823,336
Special monitoring	**105,027**	105,616	-	-	-	-
	37,851,518	31,623,735	**9,126,466**	7,732,633	**10,805,170**	8,823,336
Past due but not impaired (special mentioned):						
Standard monitoring	**2,519,326**	1,015,497	**-**	-	**-**	-
Special monitoring	**695,647**	1,006,758	-	-	-	-
Carrying amount	**3,214,973**	2,022,255	-	-	-	-
Impaired						
Substandard	**147,064**	109,507	**-**	-	**-**	25,897
Doubtful	**223,022**	430,843	**102,821**	102,821	**18,593**	45,052
Loss	**902,697**	433,168	-	-	**13,983**	13,983
	1,272,783	973,518	**102,821**	102,821	**32,576**	84,932
Less: Impairment allowance-specific	**(1,177,893)**	(796,295)	**(48,867)**	(48,867)	**(28,177)**	(48,926)
Less: Impairment allowance-collective	**(52,265)**	(48,364)	-	-	-	-
	(1,230,158)	(844,659)	**(48,867)**	(48,867)	**(28,177)**	(48,926)
Carrying amount – net	**41,109,116**	33,774,849	**9,180,420**	7,786,587	**10,809,569**	8,859,342
Investment securities - debt						
Held to maturity	-	-	-	-	**6,109,454**	5,085,931
Available for sale	-	-	-	-	**4,728,292**	3,822,337
Less: Impairment allowance	-	-	-	-	**(28,177)**	(48,926)
Carrying amount – net	-	-	-	-	**10,809,569**	8,859,342
Total carrying amount	**41,109,116**	33,774,849	**9,180,420**	7,786,587	**10,809,569**	8,859,342

Impaired loans and advances to customers and investment in debt securities
Individually impaired loans and advances to customers and investment debt securities for which the Group determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan/investment security agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Credit risk (CONTINUED)

Credit quality for class of assets (CONTINUED)

Loans and advances to customers past due but not impaired
Past due but not impaired loans and advances to customers are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

	2013 QAR'000	2012 QAR'000
Up to 30 days	**1,524,687**	946,228
30 to 60 days	**410,218**	215,474
60 – 90 days	**1,280,068**	860,553
Gross	**3,214,973**	2,022,255

Rescheduled loans and advances to customers
Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans – in particular, customer finance loans.

Collateral
The determination of eligible collateral and the value of collateral are based on QCB regulations and are assessed by reference to market price or indexes of similar assets.

The Group has collateral in the form of blocked deposits, pledge of shares or legal mortgage against the past dues loans and advances to customers.

The aggregate collateral in respect to the past due but no impaired loans are QAR 5,313 million as of 31 December 2013. (2012: QAR 5,140 million).

Repossessed collateral
As at 31 December 2013, the Group had assets by taking possession of collateral held as security amounting to QAR 31.4 million (2012 : QAR 31.4 million)

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified in the consolidated statement of financial position within other assets.

Write-off policy
The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is uncollectible and after QCB approval.

This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions generally are based on a product-specific past due status. The amount written off during the year was QAR 19 million (2012: QAR 173 million).

Liquidity risk
Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to cease immediately. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. To mitigate this risk, the Group has diversified funding sources and assets are managed with liquidity in mind, in order to maintain a healthy balance of cash, cash equivalents and readily marketable securities.

Exposure to liquidity risk
The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities, other borrowings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by the Group's lead regulator, QCB.

Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the year were as follows:

At 31 December	2013	2012
Average for the year	**109.72%**	108.64%
Maximum for the year	**120.05%**	120.03%
Minimum for the year	**105.17%**	100.77%

Maturity analysis of assets and liabilities
The table below summarizes the maturity profile of the Group's assets and liabilities based on contractual maturity dates. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date, and do not take account of the effective maturities as indicated by the Group's deposit retention history and the availability of liquid funds. The Group routinely monitors assets and liabilities maturity profiles to ensure adequate liquidity is maintained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Exposure to liquidity risk (CONTINUED)
Maturity analysis of assets and liabilities (CONTINUED)

	Carrying amount QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months – 1 year QAR'000	Subtotal 1 year QAR'000	Above 1 year QAR'000	Undated QAR'000
31 December 2013							
Cash and balances with central banks	3,435,761	1,294,172	283,240	57,818	1,635,230	-	1,800,531
Due from banks	9,180,420	2,665,398	3,337,281	2,758,968	8,761,647	418,773	-
Loans and advances to customers	41,109,116	17,441,471	2,118,642	5,091,183	24,651,296	16,457,820	-
Investment securities	11,703,577	2,310,127	744,514	418,990	3,473,631	7,335,938	894,008
Investment in an associate	9,382	-	-	-	-	-	9,382
Property, furniture and equipment	759,471	-	-	-	-	-	759,471
Other assets	772,097	772,097	-	-	772,097	-	-
Total	66,969,824	24,483,265	6,483,677	8,326,959	39,293,901	24,212,531	3,463,392
Due to banks	7,719,781	6,862,027	713,498	38,800	7,614,325	105,456	-
Customer deposits	42,522,489	26,132,873	11,676,798	4,590,300	42,399,971	122,518	-
Debt securities	2,575,831	-	-	-	-	2,575,831	-
Other borrowings	455,188	-	-	182,075	182,075	273,113	-
Other liabilities	2,425,632	2,425,632	-	-	2,425,632	-	-
Total equity	11,270,903	-	-	-	-	-	11,270,903
Total	66,969,824	35,420,532	12,390,296	4,811,175	52,622,003	3,076,918	11,270,903
Maturity gap	-	(10,937,267)	(5,906,619)	3,515,784	(13,328,102)	21,135,613	(7,807,511)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Exposure to liquidity risk (CONTINUED)
Maturity analysis of assets and liabilities (CONTINUED)

	Carrying amount QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months – 1 year QAR'000	Subtotal 1 year QAR'000	Above 1 year QAR'000	Undated QAR'000
31 December 2012							
Cash and balances with central banks	2,598,365	914,538	129,250	77,410	1,121,198	-	1,477,167
Due from banks	7,786,587	2,850,510	1,208,585	3,208,578	7,267,673	518,914	-
Loans and advances to customers	33,774,849	14,193,273	1,606,023	4,495,916	20,295,212	13,479,637	-
Investment securities	9,581,013	30,034	457,854	260,875	748,763	8,110,579	721,671
Investment in an associate	10,532	-	-	-	-	-	10,532
Property, furniture & equipment	794,822	-	-	-	-	-	794,822
Other assets	666,296	666,296	-	-	666,296	-	-
Total	55,212,464	18,654,651	3,401,712	8,042,779	30,099,142	22,109,130	3,004,192
Due to banks	8,716,479	7,348,502	457,867	910,110	8,716,479	-	-
Customer deposits	34,401,083	21,564,536	9,764,404	2,745,440	34,074,380	326,703	-
Debt securities	2,571,968	-	-	-	-	2,571,968	-
Other liabilities	1,971,769	1,971,769	-	-	1,971,769	-	-
Total equity	7,551,165	-	-	-	-	-	7,551,165
Total	55,212,464	30,884,807	10,222,271	3,655,550	44,762,628	2,898,671	7,551,165
Maturity gap	-	(12,230,156)	(6,820,559)	4,387,229	(14,663,486)	19,210,459	(4,546,973)

The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted repayment obligations

	Carrying amount QAR'000	**Gross undiscounted cash flows QAR'000**	**Less than 1 month QAR'000**	**1-3 months QAR'000**	**3 months-1 year QAR'000**	**1-5 years QAR'000**	**More than 5 years QAR'000**
31 December 2013							
Non-derivative financial liabilities							
Due to banks	**7,719,781**	**7,908,143**	**6,869,875**	**737,043**	**101,588**	**199,637**	**-**
Customer deposits	**42,522,489**	**42,620,281**	**26,142,969**	**11,692,586**	**4,645,042**	**139,684**	**-**
Debt securities	**2,575,831**	**2,871,505**	**-**	**19,015**	**57,596**	**2,794,894**	**-**
Other borrowings	**455,188**	**464,143**	**-**	**1,110**	**185,934**	**277,099**	**-**
Other liabilities	**2,406,622**	**2,406,622**	**2,406,622**	**-**	**-**	**-**	**-**
Total liabilities	**55,679,911**	**56,270,694**	**35,419,466**	**12,449,754**	**4,990,160**	**3,411,314**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Exposure to liquidity risk (CONTINUED)
Maturity analysis of assets and liabilities (CONTINUED)

Derivative financial instruments:
Generally, forward foreign exchange contracts are settled on a gross basis and interest rate swaps are settled on a net basis.

	Total QAR'000	Up to 1 Year QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivatives Held for Trading:				
Forward foreign exchange contracts				
Outflow	**(3,248,760)**	**(3,248,760)**	-	-
Inflow	**3,253,599**	**3,253,599**	-	-

The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted repayment obligations

	Carrying amount QAR'000	Gross undiscounted cash flows QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months-1 year QAR'000	1-5 years QAR'000	More than 5 years QAR'000
31 December 2012							
Non-derivative financial liabilities							
Due to banks	8,716,479	8,958,798	7,358,599	488,157	990,883	121,159	-
Customer deposits	34,401,083	34,539,525	21,572,425	9,786,415	2,814,062	366,623	-
Debt securities	2,571,968	2,887,706	-	18,111	54,734	2,814,861	-
Other borrowings	-	-	-	-	-	-	-
Other liabilities	1,959,749	1,959,749	1,959,749	-	-	-	-
Total liabilities	**47,649,279**	**48,345,778**	**30,890,773**	**10,292,683**	**3,859,679**	**3,302,643**	**-**

Derivative financial instruments:
Generally, forward foreign exchange contracts are settled on a gross basis and interest rate swaps are settled on a net basis.

	Total QAR'000	Up to 1 Year QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivatives Held for Trading:				
Forward foreign exchange contracts				
Outflow	**(2,106,108)**	**(2,106,108)**	-	-
Inflow	**2,111,455**	**2,111,455**	-	-

Market risks
The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by market risk team. Regular reports are submitted to the Board of Directors and ALCO.

Management of market risks
Overall authority for market risk is vested in ALCO. Financial Risk management department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO) and for the day-to-day review and monitoring.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Market risks (CONTINUED)

The Group has adopted a detailed policy framework drafted in accordance with the Qatar Central Bank guidelines for governing investments portfolio including proprietary book. The governance structure includes policies including Treasury and Investment manual, Financial Risk policy and Hedging policy etc. These policies define the limit structure along with the risk appetite under which the investment activities are undertaken. The limits structure focuses on total investment limits which in accordance with QCB guidelines are 70% of Group's capital and reserves along with various sub limits such as position and stop loss limits for trading activities. The policies also define various structured sensitivity limits such as VaR and duration for different asset classes within the investment portfolio. The performance of the portfolio against these limits is updated regularly to senior management including ALCO and investment committee.

Investment committee and Board of directors approve all the investment decision for the group. Financial Risk department is vested with the responsibility of measuring, monitoring risk and reporting risk in the portfolio.

Exposure to interest rate risk – non-trading portfolios
The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group central Treasury in its day-to-day monitoring activities.

A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

		Repricing in:			
	Carrying amount QAR'000	**Less than 3 months QAR'000**	**3-12 months QAR'000**	**1-5 years QAR'000**	**Non-interest sensitive QAR'000**
2013					
Cash and cash equivalents	**3,435,761**	**1,081,625**	**57,818**	**-**	**2,296,318**
Due from banks	**9,180,420**	**6,064,267**	**3,028,152**	**-**	**88,001**
Loans and advances to customers	**41,109,116**	**17,869,547**	**6,607,494**	**14,318,959**	**2,313,116**
Investment securities	**11,703,577**	**3,127,161**	**418,990**	**7,263,418**	**894,008**
Investment in an associate	**9,382**	**-**	**-**	**-**	**9,382**
Property, furniture and equipment	**759,471**	**-**	**-**	**-**	**759,471**
Other Assets	**772,097**	**-**	**-**	**-**	**772,097**
Total	**66,969,824**	**28,142,600**	**10,112,454**	**21,582,377**	**7,132,393**
Due to banks	**7,719,781**	**7,393,450**	**326,331**	**-**	**-**
Customer deposits	**42,522,489**	**24,959,455**	**5,318,600**	**122,518**	**12,121,916**
Debt securities	**2,575,831**	**773,273**	**-**	**1,802,558**	**-**
Other borrowings	**455,188**	**455,188**	**-**	**-**	**-**
Other liabilities	**2,425,632**	**-**	**-**	**-**	**2,425,632**
Total equity	**11,270,903**	**-**	**-**	**-**	**11,270,903**
Total	**66,969,824**	**33,581,366**	**5,644,931**	**1,925,076**	**25,818,451**
Interest rate sensitivity gap	**-**	**(5,438,766)**	**4,467,523**	**19,657,301**	**(18,686,058)**
Cumulative interest rate sensitivity gap	**-**	**(5,438,766)**	**(971,243)**	**18,686,058**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Market risks (CONTINUED)
Exposure to interest rate risk – non-trading portfolios (CONTINUED)

		Repricing in:			
	Carrying amount QAR'000	Less than 3 months QAR'000	3-12 months QAR'000	1-5 years QAR'000	Non-interest sensitive QAR'000
2012					
Cash and cash equivalents	2,598,365	219,450	77,410	-	2,301,505
Due from banks	7,786,587	4,059,095	3,727,492	-	-
Loans and advances to customers	33,774,849	13,997,233	4,495,916	13,479,637	1,802,063
Investment securities	9,581,013	487,888	260,875	8,110,579	721,671
Investment in an associate	10,532	-	-	-	10,532
Property, furniture and equipment	794,822	-	-	-	794,822
Other assets	666,296	-	-	-	666,296
	55,212,464	18,763,666	8,561,693	21,590,216	6,296,889
Due to banks	8,716,479	7,806,369	910,110	-	-
Customer deposits	34,401,083	20,824,458	2,745,440	326,703	10,504,482
Debt securities	2,571,968	770,794	-	1,801,174	-
Other liabilities	1,971,769	-	-	-	1,971,769
Total equity	7,551,165	-	-	-	7,551,165
	55,212,464	29,401,621	3,655,550	2,127,877	20,027,416
Interest rate sensitivity gap	-	(10,637,955)	4,906,143	19,462,339	(13,730,527)
Cumulative interest rate sensitivity gap	-	(10,637,955)	(5,731,812)	13,730,527	-

Sensitivity analysis
The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and nonstandard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bp) parallel fall or rise in all yield curves worldwide and a 50 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

	50 bp parallel increase QAR'000	**50 bp parallel decrease QAR'000**
Sensitivity of net interest income		
2013		
At 31 December	**(27,080)**	**27,080**
2012		
At 31 December	(53,190)	53,190

	50 bp parallel increase QAR'000	**50 bp parallel decrease QAR'000**
Sensitivity of reported equity to interest rate movements		
2013		
At 31 December	**(94,670)**	**94,670**
2012		
At 31 December	(136,228)	136,228

Overall non-trading interest rate risk positions are managed by Group Treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's non-trading activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to other market risks - non trading portfolios

Currency risk
The Group is exposed to fluctuations in foreign currency exchange rates. The Board of Directors sets limits on the level of exposure by currency, and in total for both overnight and intra-day positions, which are monitored daily. The Group had the following significant net exposures :

Net foreign currency exposure:	2013 QAR'000	2012 QAR'000
Pound Sterling	**3,335**	(465)
Euro	**(20,765)**	(8,797)
JPY	**(2,572)**	(1,326)
Other currencies	**2,454,300**	740,371

Foreign currency sensitivity analysis
The following table details the Group's sensitivity to a percentage increase or decrease in the Qatari Riyals against the relevant foreign currencies except for US Dollars which is pegged to the Qatari Riyal. The sensitivity analysis includes only outstanding foreign currency denominated items and the impact of a change in the exchange rates are as follows :

	Increase / (decrease) in profit or loss	
	2013 QAR'000	2012 QAR'000
5% increase / (decrease) in currency exchange rate		
Pound Sterling	**167**	23
Euro	**1,038**	440
JPY	**129**	66
Other currencies	**122,715**	37,019

Equity price risk
Equity price risk is the risk that the fair value of equities decreases as a result of changes in the equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as available- for-sale.

The Group is also exposed to equity price risk and the sensitivity analysis thereof is as follows:

	2013 QAR'000	2012 QAR'000
5% increase / (decrease) in Qatar Exchange:		
Increase / (decrease) in other comprehensive income	**(14,418)/14,418**	4,617/(4,617)

The above analysis has been prepared on the assumption that all other variables such as interest rate, foreign exchange rate, etc. are held constant and is based on historical correlation of the equity securities to the relevant index. Actual movement may be different from the one stated above.

Operational risks
Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Group has detailed policies and procedures that are regularly updated to ensure a robust internal control mechanism. The Group closely reviews the various recommendations issued by the Basel Committee on 'Sound Practices for the Management and Supervision of Operational Risk' for implementation. The Group continues to invest in risk management and mitigation strategies, such as a robust control infrastructure, business continuity management or through risk transfer mechanisms such as insurance and outsourcing.

The Group has a well-defined Operational Risk Management Framework and an independent Operational risk function. The Operational risk Management Committee oversees the implementation of an effective risk management framework that encompasses appropriate systems, practices, policies and procedures to ensure the effectiveness of risk identification, measurement, assessment, reporting and monitoring within the group.

In addition, the Internal Audit department carries out an independent assessment and provides assurance of the actual functioning of the overall Operational Risk Management Framework.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Operational risks (CONTINUED)

The Group manages operational risk based on a framework that enables the determination of operational risk profile of business units and how it relates to risk measurement, risk mitigation and priorities.

A number of techniques are applied to effectively manage the operational risk across the Group. These include:

- Effective staff training, documented processes/procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, introduction process of new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by the Group to manage Group-wide operational risk;

- Reporting of any operational risk event, which is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are analyzed, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors; and

- Introduction of a bottom-up 'Control Risk Self-Assessment' across business and support units including subsidiaries and overseas branches. This approach results in detailed understanding of inherent and residual risks with evaluation of controls across the Group. Therefore, it enhances the determination of specific operational risk profile for the business and support units while corrective action points are captured and the changes of the operational risk profile are monitored on an ongoing basis.

Capital management

Regulatory capital
The Group maintains an actively managed capital base to cover the risks inherent in the business. The adequacy of the Group's capital is monitored using among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Qatar Central Bank.

The primary objective of the Group's capital management is to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximizes shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders or issue capital securities.

The Group's regulatory capital position under Basel II and QCB regulations at 31 December was as follows:

	2013 QAR'000	2012 QAR'000
Tier 1 capital	**9,188,659**	5,664,339
Tier 2 capital	**1,009,612**	1,394,424
Total regulatory capital	**10,198,271**	7,058,763

Tier 1 capital includes share capital, legal reserve, retained earnings and tier 1 capital notes issued amounting to QAR 2,000 million at 31 December 2013.

Tier 2 capital includes risk reserve (up to 1.25% of the risk weighted asset), fair value reserves (45% if positive and 100 % if negative), and subordinated debt.

Risk weighted assets

	2013 Basel II Risk weighted amount QAR'000	2012 Basel II Risk weighted amount QAR'000
Total risk weighted assets for credit risk	**53,604,564**	43,979,533
Risk weighted assets for market risk	**6,304,425**	4,028,605
Risk weighted assets for operational risk	**4,236,676**	3,939,291
	64,145,665	51,947,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
Capital management (CONTINUED)

	2013 QAR'000	2012 QAR'000
Risk weighted assets	**64,145,665**	51,947,429
Regulatory capital	**10,198,271**	7,058,763
Risk weighted assets as a percentage of regulatory capital		
Tier 1 capital ratio	**14.32%**	10.90%
Total capital ratio	**15.90%**	13.59%

The minimum ratio limit determined by QCB is 10% and the Basel II capital adequacy requirement is 8%.

5. USE OF ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty
The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reason able under the circumstances.

Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy.

The specific counterparty component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function. Minimum impairment on specific counter parties is determined based on the QCB regulations.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances to customers and investment securities measured at amortised cost with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In assessing the need for collective loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on the estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the Group's accounting policies

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- 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.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)
Critical accounting judgements in applying the Group's accounting policies (CONTINUED)

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.

Fair value measurement
The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2013:

	Date of valuation	Level 1 QAR'000	Level 2 QAR'000	Level 3 QAR'000	Total QAR'000
Assets measured at fair value:					
Available-for-sale investment securities	31 Dec 2013	**4,442,482**	**1,116,413**	-	**5,558,895**
Derivative instruments:					
Interest rate swaps	31 Dec 2013	-	**39,009**	-	**39,009**
Forward foreign exchange contracts	31 Dec 2013	-	**19,844**	-	**19,844**
		4,442,482	**1,175,266**	-	**5,617,748**
Assets for which fair values are disclosed (note 7)					
Cash and balances with central banks	31 Dec 2013	-	**3,435,761**	-	**3,435,761**
Due from banks	31 Dec 2013	-	**9,180,420**	-	**9,180,420**
Loans and advances to customers	31 Dec 2013	-	**41,109,116**	-	**41,109,116**
Held to maturity investment securities	31 Dec 2013	**2,292,041**	**3,893,761**	-	**6,185,802**
Liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2013	-	**4,005**	-	**4,005**
Forward foreign exchange contracts	31 Dec 2013	-	**15,005**	-	**15,005**
		-	**19,010**	-	**19,010**
Liabilities for which fair values are disclosed (note 7)					
Due to banks	31 Dec 2013	-	**7,719,781**	-	**7,719,781**
Customer deposits	31 Dec 2013	-	**42,522,489**	-	**42,522,489**
Debt securities	31 Dec 2013	**2,619,622**	-	-	**2,619,622**
Other borrowings	31 Dec 2013	-	**455,188**	-	**455,188**
Other liabilities	31 Dec 2013	-	**1,040,336**	-	**1,040,336**

There have been no transfers between Level 1 and Level 2 fair value measurement during the year.

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2012:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Fair value measurement (CONTINUED)

During the reporting period 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

All unquoted available for sale equity investments amounting to QAR 63.4 million (2012: QAR 70 million) are recorded at cost since the fair value cannot be reliably measured.

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- in classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policies.

- in designating financial assets at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in accounting policies.

- in classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policies.

Details of the Group's classification of financial assets and liabilities are given in Note 7.

Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship.

In accounting for derivatives as cash flow hedges, the Group has determined that the hedged cash flow exposure relates to highly probable future cash flows.

Impairment of investments in equity and debt securities

Investments in equity and debt securities are evaluated for impairment on the basis described in the significant accounting policies section.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Useful lives of property and equipment

The Group's management determines the estimated useful life of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.
The Group organizes and manages its operations by 2 business segments, which comprise conventional banking and insurance activities.

6. OPERATING SEGMENTS

The Group or 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

6. OPERATING SEGMENTS

Details of each segment as of and for the year ended 31 December 2013 are stated below:

	2013					
	Corporate Banking QAR'000	Retail Banking QAR'000	Unallocated QAR'000	Total QAR'000	Insurance QAR'000	Total QAR'000
Interest/similar income	1,983,217	411,245	-	2,394,462	-	**2,394,462**
Net income from insurance activities	-	-	-	-	17,366	**17,366**
Other income	517,626	116,332	58,453	692,411	9,137	**701,548**
Segmental revenue	2,500,843	527,577	58,453	3,086,873	26,503	**3,113,376**
Net impairment loss on loans and advances to customers	297,575	20,583	-	318,158	-	**318,158**
Impairment loss on investment securities	10,769	-	-	10,769	-	**10,769**
Segmental profit				1,308,683	3,826	**1,312,509**
Share of results of associates						**143**
Net profit for the year						**1,312,652**
Other information						
Assets	55,234,965	6,935,248	4,535,871	66,706,084	254,358	**66,960,442**
Investments in an associate	-	-	-	-	-	**9,382**
Total						**66,969,824**
Liabilities	46,114,803	8,864,432	599,300	55,578,535	120,386	**55,698,921**
Contingent items	26,463,508	235,114	-	26,698,622	-	**26,698,622**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

6. OPERATING SEGMENTS (CONTINUED)

	2012					
	Corporate Banking QAR'000	Retail Banking QAR'000	Unallocated QAR'000	Total QAR'000	Insurance QAR'000	Total QAR'000
Interest/similar income	1,845,792	430,127	-	2,275,919	-	2,275,919
Net income from insurance activities	-	-	-	-	17,615	17,615
Other income	565,035	99,684	54,292	719,011	3,361	722,372
Segmental revenue	2,410,827	529,811	54,292	2,994,930	20,976	3,015,906
Net impairment loss on loans and advances to customers	207,365	(17,722)	-	189,643	-	189,643
Impairment loss on investment securities	49,524	-	-	49,524	-	49,524
Segmental profit				1,305,058	(332)	1,304,726
Share of results of associates						246
Net profit for the year						1,304,972
Other information						
Assets	44,570,631	6,726,265	3,663,480	54,960,376	241,556	55,201,932
Investments in an associate	-	-	-	-	-	10,532
Total						55,212,464
Liabilities	38,661,008	8,377,273	510,950	47,549,231	112,068	47,661,299
Contingent items	22,331,969	193,933	-	22,525,902	-	22,525,902

Geographical areas

The following table shows the geographic distribution of the Group's operating income based on the geographical location of where the business is booked by the branch.

	Qatar QAR'000	Other GCC QAR'000	Total QAR'000
2013			
Net operating income	**2,379,369**	**161,796**	**2,541,165**
Net profit	**1,276,151**	**36,501**	**1,312,652**
Total assets	**60,502,713**	**6,467,111**	**66,969,824**
Total liabilities	**49,347,737**	**6,351,184**	**55,698,921**
2012			
Net operating income	2,317,952	101,121	2,419,073
Net profit	1,287,379	17,593	1,304,972
Total assets	52,088,179	3,124,285	55,212,464
Total liabilities	44,582,498	3,078,801	47,661,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

7. FINANCIAL ASSETS AND LIABILITIES

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

	Fair value through profit or loss QAR'000	Held to maturity QAR'000	Loans and receivables QAR'000	Available-for-sale QAR'000	Other amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
31 December 2013							
Cash and balances with central banks	-	-	3,435,761	-	-	3,435,761	3,435,761
Due from banks	-	-	9,180,420	-	-	9,180,420	9,180,420
Positive fair value of derivatives	58,853	-	-	-	-	58,853	58,853
Loans and advances to customers	-	-	41,109,116	-	-	41,109,116	41,109,116
Investment securities:			-				
Measured at fair value	-	-	-	5,622,300	-	5,622,300	5,622,300
Measured at amortised cost	-	6,081,277	-	-	-	6,081,277	6,185,802
	58,853	6,081,277	53,725,297	5,622,300	-	65,487,727	65,592,252
Negative fair value of derivatives	19,010	-	-	-	-	19,010	19,010
Due to banks	-	-	-	-	7,719,781	7,719,781	7,719,781
Customer deposits	-	-	-	-	42,522,489	42,522,489	42,522,489
Debt securities	-	-	-	-	2,575,831	2,575,831	2,619,622
Other borrowings	-	-	-	-	455,188	455,188	455,188
Other liabilities	-	-	-	-	1,040,336	1,040,336	1,040,336
	19,010	-	-	-	54,313,625	54,332,635	54,376,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

7. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)
Accounting classifications and fair values (CONTINUED)

	Fair value through profit or loss QAR'000	Held to maturity QAR'000	Loans and receivables QAR'000	Available-for-sale QAR'000	Other amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
31 December 2012							
Cash and balances with central banks	-	-	2,598,365	-	-	2,598,365	2,598,365
Due from banks	-	-	7,786,587	-	-	7,786,587	7,786,587
Positive fair value of derivatives	16,821	-	-	-	-	16,821	16,821
Loans and advances to customers	-	-	33,774,849	-	-	33,774,849	33,774,849
Investment securities:							
Measured at fair value	-	-	-	4,544,008	-	4,544,008	4,544,008
Measured at amortised cost	-	5,037,005	-	-	-	5,037,005	5,158,721
	16,821	5,037,005	44,159,801	4,544,008	-	53,757,635	53,879,351
Negative fair value of derivatives	12,020	-	-	-	-	12,020	12,020
Due to banks	-	-	-	-	8,716,479	8,716,479	8,716,479
Customer deposits	-	-	-	-	34,401,083	34,401,083	34,401,083
Debt securities	-	-	-	-	2,571,968	2,571,968	2,661,625
Other liabilities	-	-	-	-	828,545	828,545	828,545
	12,020	-	-	-	46,518,075	46,530,095	46,619,752

Investment securities – unquoted equity securities at cost
The above table includes to QAR 63.4 million (2012 : QAR 70 million) at 31 December 2013 of unquoted equity investments in both the carrying amount and fair value columns that were measured at cost and for which disclosure of fair value was not provided because their fair value was not considered to be reliably measureable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

8. CASH AND BALANCES WITH CENTRAL BANKS

	2013 QAR'000	2012 QAR'000
Cash	495,787	479,916
Cash reserve with QCB*	1,699,496	1,445,176
Cash reserve with other central banks*	101,035	31,991
Other balances with central banks	1,139,443	641,282
	3,435,761	2,598,365

*The cash reserve with QCB and other central banks are mandatory reserves that are not available for use in the Group's day to day operations.

9. DUE FROM BANKS

	2013 QAR'000	2012 QAR'000
Current accounts	744,501	286,298
Placements	3,298,923	3,498,476
Loans to banks	5,185,863	4,050,680
Impairment against due from banks (Note i)	(48,867)	(48,867)
	9,180,420	7,786,587

Note i:

	2013 QAR'000	2012 QAR'000
Balance at 1 January	48,867	12,452
Provisions made during the year	-	36,415
	48,867	48,867

10. LOANS AND ADVANCES TO CUSTOMERS

	2013 QAR'000	2012 QAR'000
Loans	37,536,919	28,514,155
Overdrafts	2,853,496	3,428,038
Bills discounted	181,140	189,503
Other loans*	1,841,872	2,559,171
(Note-i)	42,413,427	34,690,867
Less :		
Deferred profit	(74,153)	(71,359)
Specific impairment of loans and advances to customers	(1,177,893)	(796,295)
Collective impairment allowance	(52,265)	(48,364)
Net loans and advances to customers	41,109,116	33,774,849

The aggregate amount of non-performing loans and advances to customers amounted QAR 1,272.8 million, which represents 3.01% of total loans and advances to customers (2012: QAR 973.5 million, 2.81% of total loans and advances to customers).

Specific impairment of loans and advances to customers includes QAR 177.7million of interest in suspense (2012: QAR 109.1 million)

*This includes acceptances pertaining to trade finance amounting to QAR 1,040.3 million (2012 : QAR 828.5 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Note-i:

	2013 QAR'000	2012 QAR'000
Government and related agencies	**3,423,104**	2,958,690
Corporate	**28,733,752**	22,469,337
Retail	**10,256,571**	9,262,840
	42,413,427	34,690,867

By industry

At 31 December 2013	Loans QAR'000	Overdrafts QAR'000	Bills discounted QAR'000	Other loans QAR'000	Total QAR'000
Government and related agencies	**3,220,742**	**45,363**	**-**	**156,999**	**3,423,104**
Non-banking financial institutions	**247,337**	**72,815**	**-**	**-**	**320,152**
Industry	**788,462**	**17,572**	**28,809**	**16,023**	**850,866**
Commercial	**5,099,485**	**774,116**	**93,581**	**693,163**	**6,660,345**
Services	**2,809,757**	**111,066**	**32,092**	**334,504**	**3,287,419**
Contracting	**6,496,011**	**711,306**	**18,781**	**368,452**	**7,594,550**
Real estate	**8,676,613**	**480,569**	**-**	**88,712**	**9,245,894**
Personal	**9,669,723**	**437,234**	**608**	**149,006**	**10,256,571**
Others	**528,789**	**203,455**	**7,269**	**35,013**	**774,526**
	37,536,919	**2,853,496**	**181,140**	**1,841,872**	**42,413,427**
Less: Deferred profit					**(74,153)**
Specific impairment of loans and advances to customers					**(1,177,893)**
Collective impairment allowance					**(52,265)**
					41,109,116

At 31 December 2012	Loans QAR'000	Overdrafts QAR'000	Bills discounted QAR'000	Other loans QAR'000	Total QAR'000
Government and related agencies	1,584,375	1,237,987	-	136,328	2,958,690
Non-banking financial institutions	242,596	217	-	-	242,813
Industry	676,445	23,038	29,275	3,338	732,096
Commercial	4,683,760	816,208	113,652	950,726	6,564,346
Services	1,796,349	110,859	8,088	37,122	1,952,418
Contracting	4,658,446	504,470	24,015	354,123	5,541,054
Real estate	6,071,685	178,371	200	672,605	6,922,861
Personal	8,416,546	468,428	2,062	375,804	9,262,840
Others	383,953	88,460	12,211	29,125	513,749
	28,514,155	3,428,038	189,503	2,559,171	34,690,867
Less: Deferred profit					(71,359)
Specific impairment of loans and advances to customers					(796,295)
Collective impairment allowance					(48,364)
					33,774,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movement in impairment loss on loans and advances to customers

	2013 QAR'000	2012 QAR'000
Balance at 1 January	**844,659**	785,815
Foreign currency translation	**(56)**	(96)
Provisions made during the year	**473,506**	336,141
Recoveries during the year	**(81,612)**	(104,575)
Net allowance for impairment during the year*	**391,894**	231,566
Written off/transfers during the year	**(6,339)**	(172,626)
Balance at 31 December	**1,230,158**	844,659

*The movement includes the effect of interest suspended on loans and advances to customers as per QCB regulations amounting to QAR 73.7 million during the year (2012: QAR 41.9 million).

Reconciliations of the allowance for impairment losses for loans and advances to customers, by class, is as follows:

	Corporate lending QAR'000	SME lending QAR'000	Retail lending QAR'000	Real Estate Mortgage lending QAR'000	Total QAR'000
Balance at 1 January 2013	**547,694**	**8,634**	**224,631**	**63,700**	**844,659**
Foreign currency translation	**-**	**-**	**(56)**	**-**	**(56)**
Provisions made during the year	**388,616**	**14,299**	**70,335**	**256**	**473,506**
Recoveries during the year	**(34,737)**	**(564)**	**(36,494)**	**(9,817)**	**(81,612)**
Written off/transfers during the year	**(14,414)**	**-**	**8,298**	**(223)**	**(6,339)**
Balance at 31 December 2013	**887,159**	**22,369**	**266,714**	**53,916**	**1,230,158**

	Corporate lending QAR'000	SME lending QAR'000	Retail lending QAR'000	Real Estate Mortgage lending QAR'000	Total QAR'000
Balance at 1 January 2012	344,825	3,251	372,332	65,407	785,815
Foreign currency translation	-	-	(96)	-	(96)
Provisions made during the year	267,541	5,945	59,830	2,825	336,141
Recoveries during the year	(13,312)	(562)	(89,326)	(1,375)	(104,575)
Written off during the year	(51,360)	-	(118,109)	(3,157)	(172,626)
Balance at 31 December 2012	547,694	8,634	224,631	63,700	844,659

11. INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

	2013 QAR'000	2012 QAR'000
Available-for-sale	**5,771,668**	4,699,459
Held to maturity*	**6,109,454**	5,085,931
Total	**11,881,122**	9,785,390
Impairment losses	**(177,545)**	(204,377)
Total	**11,703,577**	9,581,013

*The Group has pledged State of Qatar Bonds amounting to QAR 168.0 million (2012: QAR 96.7 million) against repurchase agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

11. INVESTMENT SECURITIES (CONTINUED)

Available-for-sale

	2013		2012	
	Quoted QAR'000	Unquoted QAR'000	Quoted QAR'000	Unquoted QAR'000
Equities	854,239	70,048	571,184	78,387
State of Qatar debt securities	1,732,964	1,106,724	1,529,244	943,589
Other debt securities	1,878,915	9,689	1,349,504	-
Mutual funds	119,089	-	227,551	-
Less: Impairment losses	(142,725)	(6,643)	(147,089)	(8,362)
Total	4,442,482	1,179,818	3,530,394	1,013,614

Fixed rate securities and floating rate securities amounted to QAR 4,728 million and QAR Nil million respectively as of 31 December 2013 (2012: QAR 3,822 million and QAR Nil million respectively).

Held to maturity

	2013		2012	
-By issuer	Quoted QAR'000	Unquoted QAR'000	Quoted QAR'000	Unquoted QAR'000
State of Qatar debt securities	2,046,358	3,857,346	1,284,641	3,476,274
Other debt securities	169,335	36,415	325,016	-
Less: Impairment losses	(28,177)	-	(48,926)	-
Total	2,187,516	3,893,761	1,560,731	3,476,274
-By interest rate				
Fixed rate securities	2,157,693	3,893,761	1,457,051	3,476,274
Floating rate securities	58,000	-	152,606	-
Less: Impairment losses	(28,177)	-	(48,926)	-
Total	2,187,516	3,893,761	1,560,731	3,476,274

The fair value of held to maturity investments amounted to QAR 6,185 million at 31 December 2013 (2012: QAR 5,159 million).

Movement in impairment losses on investment securities

	2013 QAR'000	2012 QAR'000
Balance at 1 January	204,377	171,303
Provision for impairment loss during the year	10,769	49,524
Transferred to consolidated income statement on disposal	(37,601)	(16,450)
Balance at 31 December	177,545	204,377

12. INVESTMENT IN AN ASSOCIATE

	2013 QAR'000	2012 QAR'000
Balance at 1 January	10,532	10,846
Foreign currency translation	(1,180)	(414)
Share of results	143	246
Cash dividend	(113)	(146)
Balance at 31 December	9,382	10,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

12. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The financial position and results of the associates based on audited financial statements, as at and for the year ended 31 December is as follows:

31 December 2013	QAR'000
Total assets	42,746
Total liabilities	21,431
Total revenue	10,816
Net profit	324
Share of net profit	143

31 December 2012	QAR'000
Total assets	47,164
Total liabilities	26,032
Total revenue	14,501
Net profit	559
Share of net profit	246

13. PROPERTY, FURNITURE AND EQUIPMENT

	Land and buildings QAR'000	Leasehold improvements QAR'000	Furniture and equipment QAR'000	Vehicles QAR'000	Total QAR'000
At 31 December 2013					
Cost:					
Balance at 1 January	742,485	118,253	342,488	12,639	1,215,865
Additions/ transfers	25,935	13,065	7,259	445	46,704
Disposals	-	(1,012)	(711)	(344)	(2,067)
	768,420	130,306	349,036	12,740	1,260,502
Depreciation:					
Balance at 1 January	99,631	85,288	226,147	9,977	421,043
Depreciation for the year	31,316	12,850	36,531	1,176	81,873
Disposals		(833)	(710)	(342)	(1,885)
	130,947	97,305	261,968	10,811	501,031
Net Book Value	637,473	33,001	87,068	1,929	759,471

	Land and buildings QAR'000	Leasehold improvements QAR'000	Furniture and equipment QAR'000	Vehicles QAR'000	Total QAR'000
At 31 December 2012					
Cost:					
Balance at 1 January	759,228	159,295	246,632	11,804	1,176,959
Additions	14,672	11,402	53,439	1,466	80,979
Transferred (to)/from other assets	(31,415)	-	70,871	-	39,456
Disposals	-	(52,444)	(28,454)	(631)	(81,529)
	742,485	118,253	342,488	12,639	1,215,865
Depreciation:					
Balance at 1 January	69,362	81,039	196,572	9,148	356,121
Depreciation for the year	30,269	10,069	31,603	1,460	73,401
Disposals	-	(5,820)	(2,028)	(631)	(8,479)
	99,631	85,288	226,147	9,977	421,043
Net Book Value	642,854	32,965	116,341	2,662	794,822

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

14. OTHER ASSETS

	2013 QAR'000	2012 QAR'000
Interest receivable	**214,750**	231,006
Prepaid expenses	**134,653**	84,780
Repossessed collaterals*	**31,415**	31,415
Positive fair value of derivatives (Note 34)	**58,853**	16,821
Deferred tax asset	**17,819**	11,257
Sundry debtors	**1,138**	2,532
Others	**313,469**	288,485
	772,097	666,296

*This represents the value of the properties acquired in settlement of debts which are stated at their acquisition value net of provision. The estimated market values of these properties as at 31 December 2013 are not materially different from the carrying values.

15. DUE TO BANKS

	2013 QAR'000	2012 QAR'000
Balances due to central banks	**2,646**	1,833
Current accounts	**636,082**	175,401
Deposits	**95,821**	158,684
Short-term loan from banks*	**6,985,232**	8,380,561
	7,719,781	8,716,479

*Includes amount held under repurchase agreements amounting to QAR 144 million (2012: QAR 75 million)

16. CUSTOMER DEPOSITS

By type

	2013 QAR'000	2012 QAR'000
Current and call deposits	**10,238,013**	8,806,601
Saving deposits	**1,876,042**	1,684,748
Time deposits	**30,408,434**	23,909,734
	42,522,489	34,401,083

By sector

	2013 QAR'000	2012 QAR'000
Government and semi government agencies	**14,709,153**	12,301,234
Individuals	**8,745,595**	8,284,545
Corporates	**17,265,296**	11,937,604
Non-banking financial institutions	**1,802,445**	1,877,700
	42,522,489	34,401,083

17. DEBT SECURITIES

The Group has issued subordinated debt notes and senior guaranteed notes as follows:

	2013 QAR'000	2012 QAR'000
Subordinated debt notes (a)	**771,447**	770,794
Senior guaranteed notes (b)	**1,804,384**	1,801,174
	2,575,831	2,571,968

Note (a)

On 12 December 2006, the Group issued USD 340 million subordinated floating rate step up notes at a nominal value of USD 100,000 per note. The notes mature in 2016 and carry interest at three months USD LIBOR plus 1.32 percentage per annum payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

17. DEBT SECURITIES (CONTINUED)

Note (b)
On 14 March 2012, the Group issued USD 500 million senior guaranteed notes at 98.964% of the nominal value. The notes have a minimum nominal denomination of USD 200,000. The notes mature in 2017 and carry interest at fixed rate of 3.50% payable semi-annually.

18. OTHER BORROWINGS

	2013 QAR'000	2012 QAR'000
Term loan facility (i)	**455,188**	-

Note (i)
During the year, the Group borrowed USD 50 million or QAR 182 million and USD 75 million or QAR 273 million at floating rate against the term loan facility agreement. The term loans mature in December 2014 and December 2015 respectively.

19. OTHER LIABILITIES

	2013 QAR'000	2012 QAR'000
Interest payable	**118,663**	113,938
Accrued expense payable	**90,295**	123,583
Provision for end of service benefits (Note-i)	**171,864**	147,675
Staff provident fund	**79,508**	68,132
Tax payable	**10,568**	5,522
Negative fair value of derivatives (Note 34)	**19,010**	12,020
Unearned income	**48,053**	46,204
Cash margins	**296,676**	189,443
Dividend payable	**23,148**	27,529
Unclaimed balances	**8,731**	7,854
Proposed transfer to social and sport fund	**32,816**	32,624
Others*	**1,526,300**	1,197,245
Total	**2,425,632**	1,971,769

*This includes acceptances pertaining to trade finance amounting to QAR 1,040.3 million (2012: QAR 828.5 million).

Note-i
Provision for end of service benefits

	2013 QAR'000	2012 QAR'000
Balance at 1 January	**147,675**	125,165
Provision for the year	**42,533**	32,724
Provisions used during the year	**(18,344)**	(10,214)
Balance at 31 December	**171,864**	147,675

20. EQUITY

a. Share capital

	Ordinary shares	
	2013	2012
In thousands of shares		
On issue at the beginning of the reporting period	**206,698**	206,698
New shares issued (note i)	**51,674**	-
On issue at 31 December	**258,372**	206,698

At 31 December 2013 the authorised share capital comprised 258,372 thousands ordinary shares (2012:206,698 thousands). These

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

20. EQUITY (CONTINUED)
a. Share capital (CONTINUED)

instruments have a par value of QAR 10. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

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

These shares were listed on Qatar Exchange on 8 April 2013 and the paid up capital of the Bank was increased by QAR 516,744,504 to QAR 2,583,722,520. The share premium amounting to QAR 1,033.5 million net of transaction cost of QAR 8.8 million was transferred to the legal reserve in accordance with provisions of Qatar Commercial Companies Law no. 5 of 2002.

b. Legal reserve
In accordance with Qatar Central Bank's Law No. 33 of 2006 as amended, 10% of the net profit for the year is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in the Qatar Commercial Companies' Law No. 5 of 2002 and is subject to the approval of QCB.

The legal reserve includes share premium received on issuance of new shares in accordance with Qatar Commercial Companies Law (5) of 2002.

c. Risk reserve
In accordance with the Qatar Central Bank regulations, a minimum requirement of 2.5% of the net loans and advances and financing activities to customers except for facilities granted to Government, is required as risk reserve to cover any contingencies.

For the year ended 31 December 2013 the Group has transferred QAR 187 million (2012: QAR 176 million) into the risk reserve which is 2.5% of the net loans and advances and financing activities to customers except for facilities granted to Government.

d. Fair value reserves
This reserve comprises the fair value changes recognised on available-for-sale financial assets and the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

	Fair value reserves		
	Cash flow hedge QAR'000	**Available- for-sale investments QAR'000**	**Total QAR'000**
2013			
Balance at 1 January	**-**	**126,856**	**126,856**
Net change in fair value	**-**	**(78,357)**	**(78,357)**
Reclassification during the year to the consolidated income statement	**-**	**(91,854)**	**(91,854)**
Net change during the year	**-**	**(170,211)**	**(170,211)**
Balance at 31 December	**-**	**(43,355)**	**(43,355)**

	Fair value reserves		
2012	Cash flow hedge QAR'000	Available- for-sale investments QAR'000	Total QAR'000
Balance at 1 January	(23,576)	23,092	(484)
Net change in fair value	-	250,507	250,507
Reclassification during the year to the consolidated income statement	23,576	(146,743)	(123,167)
Net change during the year	23,576	103,764	127,340
Balance at 31 December	-	126,856	126,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

20. EQUITY (CONTINUED)

e. Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

f. Proposed dividend

The Board of Directors of the Group has proposed a cash dividend of 45% of paid up share capital amounting to QAR 1,162.7 million - QAR 4.50 per share (2012: 45% of paid up share capital amounting to QAR 930.1 million - QAR 4.50 per share) which is subject to approval at the Annual General Meeting of the shareholders.

g. Instrument eligible as additional capital

During the year, the Group issued regulatory Tier I capital notes amounting to QAR 2 billion. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate for the first six years and on a floating rate basis thereafter. The Bank can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and the event is not considered an event of default. The notes carry no maturity date and have been classified under equity.

21. INTEREST INCOME

	2013 QAR'000	2012 QAR'000
Balance with central banks	3,069	2,614
Due from banks and non-banking financial institutions	95,722	101,319
Debt securities	460,343	372,130
Loans and advances to customers	1,835,328	1,799,856
	2,394,462	2,275,919

22. INTEREST EXPENSE

	2013 QAR'000	2012 QAR'000
Due to banks	73,815	93,769
Customer deposits	422,151	437,919
Debt securities	76,245	65,145
	572,211	596,833

23. FEE AND COMMISSION INCOME

	2013 QAR'000	2012 QAR'000
Credit related fees	74,034	73,923
Brokerage fees	1,540	1,701
Bank services fee	102,503	94,530
Commission on unfunded facilities	173,762	140,398
Others	57,314	43,764
	409,153	354,316

24. FEE AND COMMISSION EXPENSE

	2013 QAR'000	2012 QAR'000
Bank fees	1,069	1,587
Others	2,737	2,891
	3,806	4,478

25. FOREIGN EXCHANGE GAIN

	2013 QAR'000	2012 QAR'000
Dealing in foreign currencies	25,953	14,194
Revaluation of assets and liabilities	57,862	64,242
Revaluation of derivative financial instruments	4,839	5,347
	88,654	83,783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

26. INCOME FROM INVESTMENT SECURITIES

	2013 QAR'000	2012 QAR'000
Net gains on investment securities	122,136	212,605
Dividend income	26,958	18,493
	149,094	231,098

27. OTHER OPERATING INCOME

	2013 QAR'000	2012 QAR'000
Recoveries from the loans and advances previously written-off	33,234	20,209
Rental income	14,149	13,454
Others	11,070	23,990
	58,453	57,653

28. STAFF COSTS

	2013 QAR'000	2012 QAR'000
Staff cost	412,514	368,177
Staff pension fund costs	9,899	9,618
End of service benefits	32,484	32,724
Training	3,316	1,111
	458,213	411,630

29. OTHER EXPENSES

	2013 QAR'000	2012 QAR'000
Advertising	28,164	24,339
Professional fees	12,378	9,804
Communication and insurance	38,103	31,505
Board of Directors' remuneration	14,207	46,283
Occupancy and maintenance	70,867	61,310
Computer and IT costs	17,673	20,880
Printing and stationery	14,223	12,472
Travel and entertainment costs	8,886	8,489
Others	150,035	134,855
	354,536	349,937

30. TAX EXPENSE

	2013 QAR'000	2012 QAR'000
Current tax expense		
Current year	10,993	5,524
Adjustments for prior years	673	41
	11,666	5,565
Deferred tax expense		
Temporary differences	(6,559)	(1,768)
	(6,559)	(1,768)
Total tax expense	5,107	3,797

Earnings per share of the Group is calculated by dividing profit for the year attributable to the equity holders of the Bank by the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

31. BASIC AND DILUTED EARNINGS PER SHARE

weighted average number of ordinary shares in issue during the year:

	2013 QAR'000	2012 QAR'000
Profit for the year attributable to the equity holders of the Group	**1,312,652**	1,304,972
Weighted average number of outstanding shares	**248,363**	220,709
Earnings per share (QAR)	**5.29**	5.91

The weighted average number of shares has been calculated as follows:

	2013 QAR'000	2012 QAR'000 *(Restated)*
Weighted average number of shares at 1 January	**206,698**	206,698
Effect of rights issue	**41,665**	14,011
Weighted average number of shares at 31 December	**248,363**	220,709

During the year, the Bank increased its share capital by right issue. Therefore, the basic and diluted earnings per share of QAR 6.31 previously reported as at 31 December 2012 have been restated to effect of this transaction.

32. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2013 QAR'000	2012 QAR'000
Contingent liabilities		
Unused facilities	**6,132,747**	4,480,753
Guarantees	**17,779,104**	14,128,617
Letters of credit	**2,786,771**	3,916,532
Others	**1,937,207**	885,393
Total	**28,635,829**	23,411,295
Other commitments		
Forward foreign exchange contracts	**3,233,755**	2,095,120
Interest rate swaps	**711,549**	243,980
Total	**3,945,304**	2,339,100

Unused facilities
Commitments to extend credit represent contractual commitments to make loans and revolving credits. The majority of these expire within a year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Guarantees and Letters of credit
Guarantees and letters of credit commit the group to make payments on behalf of customers in the event of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

Lease commitments
The Group has entered into commercial leases on certain buildings. These leases have an average duration between three and five years. There are no restrictions placed upon the Group by entering into these leases.
Future minimum lease payments under non-cancellable leases as at December 31 are as follow:

	2013 QAR'000	2012 QAR'000
Less than one year	**9,416**	9,571
Between one and five years	**26,308**	26,301
More than five years	**3,496**	3,256
	39,220	39,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

33. CASH AND CASH EQUIVALENTS

	2013 QAR'000	2012 QAR'000
Cash and balances with central banks	**1,635,230**	1,121,198
Due from banks and other financial institutions maturing within 3 months	**6,663,149**	4,107,793
	8,298,379	5,228,991

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

34. DERIVATIVES

At 31 December 2013:	Positive fair value QAR'000	Negative fair value QAR'000	Notional amount QAR'000	Notional / expected amount by term to maturity: within 3 months QAR'000	3 - 12 months QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivatives held for trading:							
Forward foreign exchange contracts	**19,844**	**15,005**	**3,233,755**	**3,233,755**	**-**	**-**	**-**
Derivatives held for fair value hedges:							
Interest rate swaps	**39,009**	**4,005**	**711,549**	**-**	**-**	**176,613**	**534,936**

At 31 December 2012:	Positive fair value QAR'000	Negative fair value QAR'000	Notional amount QAR'000	Notional / expected amount by term to maturity: within 3 months QAR'000	3 - 12 months QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivatives held for trading:							
Forward foreign exchange contracts	16,335	10,988	2,095,120	2,033,957	61,163	-	-
Derivatives held for fair value hedges:							
Interest rate swaps	486	1,032	243,980	-	-	14,566	229,414

35. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, Related parties include entities over which the Group exercises significant influence, major shareholders, directors and key management personnel of the Group. The Group enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates.

The related party transactions and balances included in these consolidated financial statements are as follows:

	2013 Board of directors QAR'000	2013 Others QAR'000	2012 Board of directors QAR'000	2012 Others QAR'000
Assets:				
Loans	**1,350,905**	**-**	1,155,230	**-**
Other assets	**-**	**-**	-	**-**
Liabilities:				
Deposits	**379,284**	**1,421**	212,974	3,056
Other liabilities	**-**	**-**	-	-
Unfunded items:				
Contingent Liabilities and other commitments	**621,880**	**-**	294,759	-
Income statement items:				
Interest , commission and other income	**44,678**	**-**	35,357	-
Interest, commission and other expense	**7,389**	**24**	4,573	124

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AT 31 DECEMBER 2013

35. RELATED PARTIES (CONTINUED)

Key management personnel compensation for the year comprised:

	2013 QAR'000	2012 QAR'000
Salaries and other benefits	**49,788**	39,885
End of service indemnity benefits and provident	**4,340**	3,316
	54,128	43,201

36. FINANCIAL STATEMENTS OF THE PARENT

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

Statement of Financial Position – Parent Bank

As at 31 December	2013 QAR'000	2012 QAR'000
ASSETS		
Cash and balances with central banks	**3,435,761**	2,598,365
Due from banks	**9,124,582**	7,731,888
Loans and advances to customers	**41,109,116**	33,774,849
Investment securities	**11,715,629**	9,620,786
Investment in an associate	**9,382**	10,532
Property, furniture and equipment	**758,931**	793,679
Other assets	**700,913**	613,753
TOTAL ASSETS	**66,854,314**	55,143,852
LIABILITIES		
Due to banks	**7,719,781**	8,716,479
Customer deposits	**42,557,018**	34,449,945
Debt securities	**2,575,831**	2,571,968
Other borrowings	**455,188**	-
Other liabilities	**2,309,566**	1,883,783
TOTAL LIABILITIES	**55,617,384**	47,622,175
EQUITY		
Share capital	**2,583,723**	2,066,978
Legal reserve	**4,304,339**	3,277,571
Risk reserve	**960,650**	773,650
Fair value reserves	**(43,377)**	127,493
Foreign currency translation reserve	**(4,647)**	(3,467)
Proposed dividend	**1,162,675**	930,140
Retained earnings	**273,567**	349,312
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	**9,236,930**	7,521,677
Instrument eligible as additional capital	**2,000,000**	-
TOTAL EQUITY	**11,236,930**	7,521,677
TOTAL LIABILITIES AND EQUITY	**66,854,314**	55,143,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2013

36. FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)
Supplementary Information to the financial statement (CONTINUED)

Income Statement – Parent Bank

For the year ended 31 December	**2013 QAR'000**	2012 QAR'000
Interest income	**2,394,462**	2,275,919
Interest expense	**(572,616)**	(597,537)
Net interest income	**1,821,846**	1,678,382
Fee and commission income	**409,153**	354,316
Fee and commission expense	**(3,806)**	(4,478)
Net fee and commission income	**405,347**	349,838
Foreign exchange gain	**88,654**	83,783
Income from investment securities	**142,693**	231,098
Other operating income	**59,386**	58,915
	290,733	373,796
Net operating income	**2,517,926**	2,402,016
Staff costs	**(445,489)**	(400,986)
Depreciation and amortisation	**(80,839)**	(71,627)
Impairment loss on investment securities and due from banks	**(10,769)**	(85,939)
Net impairment loss on loans and advances to customers	**(318,158)**	(189,643)
Other expenses	**(349,306)**	(344,966)
	(1,204,561)	(1,093,161)
Profit for the year before tax	**1,313,365**	1,308,855
Tax expense	**(4,682)**	(3,797)
Profit for the year	**1,308,683**	1,305,058

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Pay Offices

Office Name	Telephone No.	Fax No.
QP, Ras Abu Aboud, Doha	44402997 / 44402580	44402439
QP, NGL, Mesaieed	44774359	44774359
QP, Central Office Bldg	44771309	44771309
QP, Pay Office, Dukhan	44712298	44712660
Umm Baab, Dukhan	44712236	44712678
Chamber of Commerce (D Ring Rd.)	44674515	44674035
QPost - Main	44839210	44839157
QPost - Teyseer	44621299	44621552
QPost - Muntaza	44352894	44354284
Woqod	77846485 / 44114375	44114372
Pakistan Embassy	55629705 / 44176196	44176196

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Parco Mall	Tel : +974 40153126 / 27 Fax : +974 40153130
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Exchange Counter Doha International Airport	Tel : +974 44621741 Fax : +974 44621746
QP Al Handasa	Tel : +974 44374870 / 44375738 Fax : +974 44376022