بنك الدوحة
DOHA BANK

ANNUAL REPORT 2019

THERE'S SO MUCH
TO LOOK FORWARD TO

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

CONTENTS

DOHA BANK **AWARDS**

Doha Bank has been recognized by various professional institutions for its consistent and strong financial performance as well as its innovative banking products and services. Doha Bank's international expansion strategy has also been identified as one of the key factors of its success and recognized by the Awarding institutions. The awards stand testament to the commitment of Doha Bank to ensure continuous improvement in its product and service quality as well as offer the best possible customer service.

Few of the key awards received in 2019 are as below:

Best Partner Bank - 2019
Qatar Development Bank

Best Talent Acquisition Team - 2019
LinkedIn

The Golden Peacock Global Award for Corporate Governance - 2019
Institute of Directors

Qatar Domestic Cash Management Bank of the Year - 2019
Asian Banking & Finance

Corporate & Investment Bank of the Year – Qatar - 2019
Asian Banking & Finance

Best Customer Services & Alternative Banking Channels - 2019
World Union of Arab Bankers

The BIZZ – World Business Leader Award - 2019
World Confederation of Businesses

Best Trade Finance Bank in Qatar - 2019
Global Banking & Finance

3G Financial Services Award - 2019
Global Good Governance (3G) Awards

Best Partner Bank
Qatar Development Bank

2019

Best Talent Acquisition Team
LinkedIn

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The Golden Peacock Global Award
for Corporate Governance
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2019

Qatar Domestic Cash Management
Bank of the Year
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Corporate & Investment
Bank of the Year – Qatar
Asian Banking & Finance

2019

Best Customer Services & Alternative
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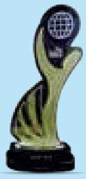
World Union of Arab Bankers

2019



The BIZZ – World Business
Leader Award
World Confederation of Businesses

2019

Best Trade Finance Bank in Qatar
Global Banking & Finance

2019

3G Financial Services Award
**Global Good Governance
(3G) Awards**

2019

US Dollar Payments Straight Through
Processing Excellence Award
Citibank

2018

Best Trade Finance Bank in Qatar
Global Banking & Finance

2018

Best Wholesale Banking
Group in Qatar
Global Banking & Finance

2018

Business Excellence Awards
Qatar Today

2018

The Golden Peacock Global Award
for Corporate Governance
Institute of Directors

2018

Best Bank in Capital Position
New Age Banking Awards 2018

2018

Corporate Excellence Awards 2018's
Most Outstanding Business Bank- Qatar
CV Magazine

2018

Qatar Domestic Trade Finance
Asian Banking & Finance

2018

Doha Bank "QETF" The first
Exchange Traded Fund (ETF) in Qatar
Qatar Stock Exchange

2018

Best Arab Customers Services 2018
World Union of Arab Bankers

2018

GOBAL
NETWORK

1	Qatar	12	Shanghai
2	Dubai	13	Seoul
3	Abu Dhabi	14	Tokyo
4	Kuwait City	15	Hong Kong
5	Mumbai	16	Sydney
6	Kochi	17	Toronto
7	Chennai	18	Johannesberg
8	London	19	Dhaka
9	Frankfurt	20	Colombo
10	Istanbul	21	Kathmandu
11	Singapore		

FINANCIAL **HIGHLIGHTS**

Key Figures	2015 (QAR Mn)	2016 (QAR Mn)	2017 (QAR Mn)	2018 (QAR Mn)	2019 (QAR Mn)	Variance % '19 Vs '18
Total Assets	83,289	90,365	93,495	96,132	108,208	12.56%
Net Loans & Advances	55,595	59,186	59,804	59,844	65,784	9.93%
Customer Deposits	52,767	55,730	59,468	55,785	58,464	4.80%
Total Equity	13,187	13,381	14,807	12,733	13,318	4.59%
Total Revenues	3,708	3,950	4,428	4,628	5,261	13.68%
Net Profit	1,354	1,054	1,110	830	754	-9.19%

Key Ratios (%)	2015	2016	2017	2018	2019
Return on Shareholders' equity	13.9%	9.6%	9.5%	6.5%	6.0%
Return on Average Assets	1.70%	1.21%	1.21%	0.88%	0.74%
Total Capital Ratio	15.73%	15.57%	17.51%	17.01%	17.75%
Total Equity to Total Assets	15.83%	14.81%	15.84%	13.25%	12.31%
Net Loans to Total Assets	66.75%	65.50%	63.96%	62.25%	60.79%
Net Loans to Total Deposits	105.36%	106.20%	100.56%	107.28%	112.52%

CHAIRMAN'S **MESSAGE**

In the Name of God, Most Gracious, Most Merciful,
Dear Shareholders,
Ladies & Gentlemen,
Al Salamu Alaykum…

On behalf of myself and the members of the Board of Directors (BOD's), I would like on this occasion to give you all my sincere thanks for attending the Ordinary and Extraordinary General Assembly Meetings to discuss the topics on the agenda.

Please let me share with you the financial results of the bank for this year. The Bank's audited financial statements for 2019 showed that the bank has achieved an increase of QR 12 billion in total assets which stood by the end of the year at QR 108.2 billion. Net loans and advances reached to QR 65.8 billion compared to QR 59.8 billion in 2018. The investment portfolio amounted to QR 26.6 billion, registering an increase of 28.1%. Total customer deposits stood at QR 58.5 billion as at 31 December 2019 compared to QR 55.8 billion in 2018, and total shareholder's equity by the end of 2019 reached QR 13.3 billion.

The income statement shows that the net profit at the end of the year amounted to QR 754 million compared to QR 830 million in 2018 due to significant provisions taken in Qatar and overseas branches and to meet the requirements of IFRS9 and Qatar Central Bank to strengthen the financial position of the bank. Moreover, the average return on share stood at QR 0.17 and the return on average shareholders' equity reached 6% and the return on average assets amounted to 0.74%. Based on these results, the BOD, in consultation and coordination with Qatar Central Bank and external auditor, decided to present a recommendation to the AGM to carry forward the net profit after deductions to the following year for the following reasons:

Increasing the capital adequacy ratio: Retaining the profit of 2019 will strengthen the Bank's shareholders' equity which will have a positive impact on increasing the capital adequacy ratio and would enhance the bank's capacity and its ability to grow its investments and credit portfolios in different business areas and that will increase the income of the bank in the coming years.

Improving the earnings per share: supporting the Bank's shareholders' equity by carrying forward the profit will enhance earnings per share from the net profit in the coming years as the profit retention would have a positive impact on increasing the Bank's investment capacity without increasing the number of shares.

Maximizing shareholders' wealth: Retaining the profit of 2019 is considered self-financing and it will strengthen the bank's investment ability which will have a positive impact on maximizing shareholders' wealth that will result in increasing in the market value of the share.

Raising the risk reserves coverage: Risk reserves usually play as defense lines for any credit risks to which the banking sector may be exposed in light of the changing banking environment at the local, regional and international levels.

Continuing to maintain high credit ratings from global rating agencies: Positive impact on the capital adequacy ratio, the bank's profitability, risk reserves and stability in the market on the share's prices will be positively reflected on the bank's continued ratings from rating agencies within high investment grades.

It is worth mentioning here that Doha Bank's team made concerted efforts during the past year to carry out a comprehensive plan to adopt a digital and technological transformation strategy in light of the digital revolution and technological development in the world today. We have engaged international leading firm for the purpose of enhancing the services and products provided to our retail and corporate customers to enhance the level of excellence and professionalism compared with the competitive international and local banks, in addition to reducing the costs to achieve the highest returns and profitability which will ultimately serve the interests of the shareholders.

In order to strengthen the Corporate Governance framework in the bank, we have approved several policies including the policies mentioned in the AGM's agenda for review and approval. These policies have been uploaded on the bank's website under the shareholders' section. Moreover, the BOD's also enhanced the concept of internal controls, transparency, disclosures, shareholders relations and stakeholders' rights, etc. The BOD's report on Corporate Governance for the year 2019 is readily available to you in this meeting for your review and approval.

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 Khaled Bin Khalifa Al-Thani, H.E. The Minister of Finance, Mr. Ali Sharif El-Emadi, H.E. The Minister of Commerce and Industry, Mr. Ali Bin Ahmad Ali Al Kuwari, and H.E. The QCB Governor, Sheikh Abdullah Bin Saoud Al-Thani, and to all officials of Qatar Central Bank, the Ministry of Commerce and Industry, Qatar Financial Markets Authority and Qatar Exchange for their continued cooperation and support.

Many thanks and appreciation to all the shareholders and customers for their confidence in the bank and to the Executive Management and all staff of the bank for their continuous cooperation and efforts during the year.

Fahad Bin Mohammad
Bin Jabor Al-Thani
Chairman

BOARD OF DIRECTORS

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani
Chairman of the Board of Directors
• Representative of Fahad Mohammad Jabor Holding Co.

Mr. Ahmed Abdul Rahman Yousuf Obaidan
Vice Chairman

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

Sheikh Abdulla Bin Mohammad Bin Jabor Al Thani
Member of Board of Directors

Sheikh Falah Bin Jassim Bin Jabor Bin Mohammad Al Thani
Member of Board of Directors
• Representative of Jassim & Falah Trading & Contracting Co.

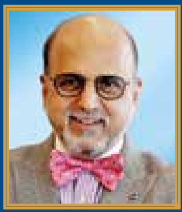
Mr. Ahmed Abdullah Ahmed Al Khal
Member of Board of Directors

Mr. Hamad Mohammed Hamad Abdulla Al Mana
Member of Board of Directors

Mr. Ali Ibrahim Abdullah Al-Malki
Independent Member

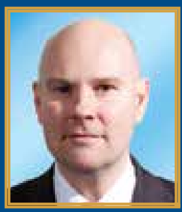
Mr. Nasser Khalid Nasser Abdullah Al-Mesnad
Independent Member

EXECUTIVE **MANAGEMENT**



Dr. R. Seetharaman
Chief Executive Officer

Sheikh Mohamed Fahad J Al-Thani
Acting Chief Human Resources Officer



David Challinor
Chief Financial Officer

Sheikh Mohammad Abdulla M.J. Al Thani
Chief Strategy, Corporate Performance and Marketing Officer

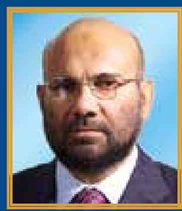
Ala Abumughli
Chief Wholesale Banking Officer

Braik Ali HS Al-Marri
Chief Retail Banking Officer

Mr. Gudni Stiholt Adalsteinsson
Chief Treasury and Investments Officer

Hassan Ali Kamal
Corporate Branch Manager

Khalid Alnaama
Head of Public Sector



Khalid Latif
Chief Risk Officer

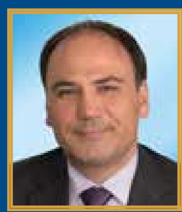
Peter Clark
Chief Operating Officer

Abdullah Al-Asadi
Executive Manager Shareholders Affairs

Ahmad Ali Al-Hanzab
Head of Administration

M. Sathyamurthy
Acting Chief International Banking Officer

Yousuf Ahmed Mandani
Main Branch Manager



Ahmad Bassam Sami Alnaji
Head - Corporate & Commercial Banking

Rowan Luke
Head of Treasury

Maher Ahmed Ali Ahmed
Al Mirqab Branch Manager

Dharnendra Kothari
Head of Investments

Mokhtar Abdel Monem Elhenawy
Legal Advisor to the Board and Company Secretary

Jamal Eddin H. Al Sholy
Chief Compliance Officer

Dr. Mohammad Omar Abdelaziz Daoud
Chief Internal Auditor

INTERNATIONAL **NETWORK**

Mr. M. Sathyamurthy
Acting Chief International Banking Officer

Mr. Loai Fadel Muqames
Chief Country Manager
Kuwait

Mr. Alaga Raja
Country Head
United Arab Emirates

Mr. Manish Mathur
Country Manager
India

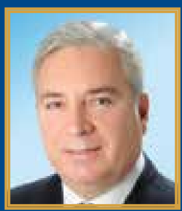
Mr. Hilton Wood
Chief Representative
Australia

Mr. Kanji Shinomiya
Chief Representative
Japan

Mr. Young Joon Kwak
Chief Representative
South Korea

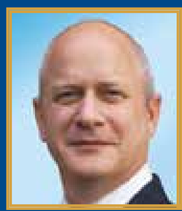
Mr. Peter Lo
Chief Representative
China

Mr. IP Wa Hing, Terence
Chief Representative
Hong Kong



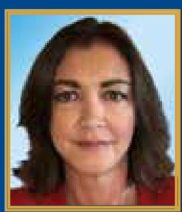
Mr. Nezih Akalan
Chief Representative
Turkey

Mr. Maik Gellert
Chief Representative
Germany



Mr. Richard Whiting
Chief Representative
United Kingdom

Mr. Venkatesh Nagoji
Chief Representative
Canada



Mrs. Annerie Visser
Chief Representative
South Africa

Mr. Ajay Sarker
Chief Representative
Bangladesh

Mr. Eranda Weerakoon
Chief Representative
Sri Lanka

Mr. Suraj Shahi
Chief Representative
Nepal


DOHA BANK
بنك الدوحة

MANAGEMENT **REPORT**

Global Economy

According to IMF's April 2020 outlook, as a result of the pandemic COVID-19, global growth is projected to contract sharply by 3 percent in 2020. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support.

The immediate priority is to contain the fallout from the COVID-19 outbreak - increasing health care expenditures to strengthen the capacity and resources of the health care sector while adopting measures that reduce contagion. The fiscal response in affected countries has been swift and sizable in many advanced economies (such as Australia, France, Germany, Italy, Japan, Spain, the United Kingdom, and the United States). Many emerging market and developing economies (such as China, Indonesia, and South Africa) have also begun providing or announcing significant fiscal support to heavily impacted sectors and workers.

The significant actions of large central banks in recent weeks include monetary stimulus and liquidity facilities to reduce systemic stress. These actions have supported confidence and contribute to limiting the amplification of the shock, thus ensuring that the economy is better placed to recover.

Growth in the advanced economy group—where several economies are experiencing widespread outbreaks and deploying containment measures—is projected at (-) 6.1 percent in 2020 and 4.5 percent in 2021. The group of emerging market and developing economies is projected to contract by 1.0 percent in 2020 and grow at 6.6 percent in 2021.

Wholesale Banking Group

Wholesale Banking Group's (WSB) strategy is vibrant, designed with the notion of prioritizing customer satisfaction, and system digitization. Focusing on projects to enhance customer experience, WSB has begun building processes that allow clients to be up to date on the status of their requests.

Despite the continued geo-political situation with regional neighbors, WSB has succeeded to maintain its market share across various sectors. Furthermore, the unit has consistently made progress in developing business in line with the risk appetite endorsed by the Bank's Board of Directors.

The continuing success of Wholesale Banking and the resilience of its business divisions illustrate the effectiveness of WSB strategy to successfully counterbalance external shocks, economic cycles and shifting capital flows.

The organization under WSB is operated through following divisions:

- Corporate and Commercial Banking
- SME Banking
- Corporate and Structured Finance
- Public Sector Unit
- Cash Management Services
- Trade Finance - Sales & Relationship Management
- Mortgage Finance and Real Estate Services
- Corporate Branches and Service Centers

Corporate and Commercial Banking (CCB) offers a broad range of lending products including working capital finance, overdrafts, bill-discounting, term loans and project loans. Non-funded facilities include Letters of Credit and Letters of Guarantees for local and cross-border financing. As the growth engine for the bank, CCB follows a proven and well-balanced growth strategy, responding to market challenges with flexibility and an enhanced spread of advisory capabilities. CCB focuses its attention on effective credit monitoring to ensure superior asset quality and selectively establishing new relationships with prominent local and international companies who are of high credit quality. Doha Bank actively associates with selective large ticket infrastructure projects, real estate financing and other landmark financings.

The Small-and-Medium Enterprise (SME) banking continues to concentrate on the profitable medium-sized enterprises. SME's operations are supported by strong digitization, transforming the interaction with clients and guiding them on how to integrate new technologies and adapting to straight-through-processing (STP).

Corporate Finance provides services for large-cap and mid-cap corporates, governments and financial institutions. Corporate Finance's highly qualified team takes a holistic and research driven approach to the raising of capital for clients and can effectively leverage the bank's balance sheet. Additionally, the team uses alternative sources of funds and risk distribution models to optimize the outcome for the client.

Public Sector unit (PSU) provides support, services and banking solutions to government and semi-government institutions and corporations operating in Qatar. PSU has strong business relationships with these entities of various economic sectors including aviation, hospitality, oil & gas, education, health, transportation and specializes in financing the development of infrastructure projects in line with the State of Qatar's National Vision 2030. The bank is seeking to develop a greater share of the public sector financing market.

The Cash Management Services (CMS) unit provides Doha Bank customers with rapid, reliable and cost -effective solutions tailor made to meet their cash needs. CMS' customized online platform contributes to customers' operational efficiency and promoting reduction in operating costs. CMS offers services ranging from receivables management to secured cash pickup, to payables and liquidity management. They have successfully launched International and Local Fund Transfer services for corporate clients through the Corporate Online Banking platform, "Tadbeer". CMS continued to digitize existing service channels to provide efficient service to banks corporate clientele.

Trade Finance sales and relationship management unit is a dedicated unit offering trade finance business advisory, relationship support, product development services for companies engaged in the business of trade like imports or exports, or multi-national companies engaged in Infrastructure projects. The unit advises the clients with best in class & efficient solutions to structure and handle trade finance business, advisory for risk-mitigation and short-term financing solutions for trade finance business.

Doha Bank successfully concludes its 14th edition of Al Dana Green Run

Mortgage Finance and Real Estate Services (MFRES) offers a variety of products to meet individual and corporate needs, whether for the purchase of real estate, or the development of residential, commercial or hospitality projects. MFRES works closely with leading regional and international institutions to ensure that the process of securing a mortgage is completed in an effective and timely manner.

The geo-political turmoil continued to affect macro-economic environment during 2019. One of the most important threat faced by WSB is the budget deficits of the largest economies within GCC affecting government spending and private consumption, which potentially resulted in weakening credit qualities, while also affecting the liquidity in the market. For protecting the asset quality, more regular portfolio reviews are being done, while a risk monitoring and distribution desk will also help to manage industry and peak exposures for individual and group borrowers. Liability Management has also been institutionalized to support cost efficient fund-raising.

Treasury and Investments Group

The Treasury and Investments (T&I) Group competitively offers a broad range of products to customers including foreign exchange, money market, fixed income, mutual funds, equity brokerage and commodities, notably precious metals.

T&I continues to focus on improving all aspects of its client servicing ethos through a dedicated and skilled sales team with diverse knowledge of both local and international markets. It remains T&I's main objective to be a trusted partner in providing corporate risk management solutions in currency, commodities and interest rate products.

T&I continues to execute on strategies to widen and diversify sources of funding for the Bank. Shareholder approvals are in place to issue up to USD2Bn under the Euro Medium Term Note (EMTN) Program (with issuance capability in several currencies).

In November, the Bank announced the launch of its new Global Markets platform to complement its comprehensive portfolio of Treasury and investment product offerings. The new state-of-the-art online platform provides easy and seamless access to global financial markets in a fast, secure and reliable way via desktops and mobile devices. The clients are empowered to invest or trade in major US and European stock markets, foreign exchange markets, and commodity markets while managing their multi asset portfolios from a one single account.

The Bank's investment philosophy remains prudent and cautious. The focus has been on increasing holdings of high-quality Sovereign debt to ensure stable flow of interest income and a ready source of liquidity. Doha Bank will continue to evolve and align its investment and liquidity management activity to meet the regulatory and prudential requirements.

T&I strives to optimize balance sheet usage. The asset and liability management team continue to assess the funding mix, managing cost of funds lower while increasing balance sheet size, to enhance profitability and ensure compliance with regulatory metrics. At the same time, we continue to review and develop our hedging strategies to manage interest rate risk.

International Banking Group

International Banking Group (IBG) covers Doha Bank's international operations, facilitates domestic & cross-border trade through its branches and representative offices spread across 17 countries. IBG is responsible for the overall relationship management with over 400 financial institutions worldwide. As part of its operations, IBG lead arranges loans and participates in syndicated loans to financial institutions across all the strategic international locations. Recently, Doha Bank received an overwhelming response to its senior unsecured term loan facility with a group of leading international institutions selling USD 290 million for two years. IBG also supports the bank's funding resources and treasury management by arranging cost-effective borrowings for the bank. The Representative Offices in Australia, Japan, South Korea, China, Hong Kong, Singapore, Bangladesh, Sri Lanka, Nepal, Turkey, Germany, United Kingdom, South Africa and Canada facilitate/liaise trade and infrastructure related transactions with Qatar, Kuwait, UAE and India.

A network of a full-fledged branches in Kuwait, UAE (Dubai and Abu Dhabi) and three branches in India (Mumbai, Kochi and Chennai) offer the entire range of Wholesale, Retail, Treasury and Foreign Exchange besides Trade Finance products and services to domestic customers. The branches also meet the cross-border banking needs of Doha Bank customers in these countries.

Doha Bank's operations in India pave the way for the Bank to support all Non-Resident Indian expatriates in the GCC countries with the best-in class solutions including remittance solutions through all its existing branches in Mumbai, Chennai and Kochi. We launched new products in India such as home loans, mutual funds, forwards against FCNR, Foreign Exchange conversion tie-up, enhanced salary accounts product, etc.

The overseas expansion of the Bank is in line with the strategic vision of the Board, to have a worldwide operative presence, to cater and serve the growing customer base in Kuwait and India with a synergy to the Qatar market. 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 companies. The international network aims to facilitate customers to conduct and optimize cross-border trade transactions between Qatar, Kuwait, India and other overseas countries.

In line with the vision of the Board of Directors to expand the Bank's overseas operations, the Bank constantly assesses the potential opportunities to expand the bank's operations globally in select countries. Doha Bank also organized various knowledge sharing sessions and forums across various countries in which it operates.

Retail Banking

The Bank has focused on building a profitable and sustainable retail banking business in order to capitalise upon the high per capita income of the local population and the influx of expatriates into Qatar. The retail business strategy continues to be customer-centric with an approach to sustaining market leadership built upon offering what the Bank believes to be the most innovative products and providing the highest levels of customer service and convenience.

Retail Banking group offers a wide range of products and services to its customers through diverse delivery channels such as branches, electronic branches, pay offices, mobile banking, internet banking, SMS banking, call centres, ATMs & Mobile Van ATMs etc. Doha Bank is one of the first banks in Qatar to introduce phone banking, SMS banking, internet banking, mobile banking, D-Payroll cards, an E-commerce marketplace and WhatsApp chat service for customers. The Bank has a merchant acquisition programme enrolling over 3,223 merchants and has installed over 5,609 point of sale machines as of Dec 2019.

The Retail Banking Group strategy has been highly geared to enhance the operational efficiency, with core focus on transaction offloading, online fulfillment of services, enhancing online sourcing origination of products and branch network rationalization, and continue its plans to optimize the footprint through digital transformation in 2020.

The unit targets both the local Qatari and the large and diverse expatriate population by offering a wide range of products, multiple delivery channels and a focus on customer service. The Bank's customer base comprises of Qatari nationals and expatriates; 60% of the Bank's Retail Asset book is to its Qatari national customers.

The Bank believes that its retail banking offering enjoys a significant competitive edge over its competition through its use of innovative products and its investment in self-service electronic channels including internet banking, mobile banking, SMS banking, Watch Banking, Electronic branches, What's App chat platform, E-Statement, E-Commerce and channels.

Retail Banking continued to utilize social and digital media and developed complete 360° communication platforms across all touch points, adopting social media usage for listening to customer feedbacks and suggestions. With a view to reach out to its customers, and also as a part of digital and customer experience journey, Doha Bank launched the new e-statement service, also a green banking initiative, and added new functionalities to digital channels such as debit and credit card activations, loan postponements, insurance payments and activation of credit cards for international use. Doha Bank has introduced in-app notifications for mobile app in order to customize and send rich customized messages to customers as well as to reduce the overall cost. In 2019, Retail Banking has increased the number of active digital channel users by 38%, by simplifying the login and registration processes and launching activation campaigns. During the year, Doha Bank has also launched a new Complaint Management System to improve the complaint resolution time and service quality.

Several digital initiatives are lined up to enhance customer experience, customer service delivery and online security such as enhancement of digital/e-Commerce platform, new innovative payment methods, service differentiators such as ITM, enhanced IVR & new enhanced Q-matic system with mobile appointment making capability.

The core objective for monetizing branches has been strategically driving the transaction offloading, which will reflect in enhanced ROI from branch operations by customers' migration to utilizing alternative networks for transactional banking. In this respect, the bank launched an online banking & mobile banking platform.

Marketing has focused on enhancing search related marketing and ranking, retargeting initiatives, geo fencing efforts, GDNs (Google Display Network), and on creating avenues on social platforms for digital dominance.

During the year, a branch was opened in the newly opened mall – North Gate Mall. The existing branches in India continue to boost the NRI acquisition through the GCC corridor.

In order to support its strategy of offering cross-border banking services to expatriates living in the State of Qatar, the Bank has entered into collaboration agreements with Global IME Bank, Nepal; Habib Bank, Pakistan; Mutual Trust Bank, Bangladesh; National Savings Bank, Sri Lanka; Bank Philippine Islands; and Al Baraka Turk from Turkey. The Bank also collaborates

Doha Bank marks World Health Day 2019 with its annual 'Beach Clean-up' event themed 'Save the Beaches for the Future' in collaboration with Ministry of Municipality and Environment and Al Wakra Municipality

Doha Bank hosts "Qatar, Land of Opportunities" - a knowledge sharing event discussing Qatar's economy, climate change and sustainable development

with Doha Brokerage and Financial Services from India; Bank of Beirut, Lebanon; Philippine National Bank, Philippines; and Bank of Ceylon from Sri Lanka.

For the NRI segment; Doha Bank has launched new products in India such as home loans, mutual funds, forwards against Foreign-Currency-Non-Resident, Foreign Exchange conversion tie-up, enhanced salary accounts product, etc. in 2019. In addition, the Bank also offers 4-in-1 accounts for investment in Indian capital markets and wealth management offerings in India.

The retail business strategy continues to be customer focused with an approach to sustaining market share by offering what the Bank believes to be the most innovative retail banking products and providing the highest levels of customer service and convenience. The Bank's range of retail financial products and services includes transactional and deposit accounts, mortgages, personal loans and credit cards.

A. Transactional and deposit accounts

The Bank offers a wide range of transactional accounts and deposit products to its customers, including current accounts, vanilla fixed deposits, Al Dana savings accounts, call accounts, payroll accounts, flexi save accounts, Al Dana Young Saver accounts for children and various other deposit products of different maturities and yields.

The Bank has adopted various initiatives to attract new customers through deposit product initiatives providing an option to select multi-currency, flexibility and high returns:

- The Upfront Interest Deposit Account - customer is paid the interest up front for the term of the deposit
- Smart Saver Deposit - encourages regular saving for customer inspirations such as children's educational needs, retirement planning etc.
- Al Jana Series 7 - offering high interest rates for tenors ranging from 2 years to 5 years.

The Al Dana Saving Scheme was launched in 2004, which has seen unprecedented success. Highlights of the 2019 scheme encompass highest individual prize, maximum number of winners and biggest prize scheme in Qatar i.e. 2 Million. Several innovative "segments based" and "branch based" prizes add glamour to the product. As the flagship product of Doha Bank, we look forward to Al Dana scheme in the upcoming year and make a difference in the market.

B. Mortgages

The Bank offers home loan facilities to both Qatari nationals and expatriates to finance property acquisition, construction or renovations. Changes to Qatari law, allowing for foreign ownership of land in certain areas, has created new opportunities in the local real estate market. This fact, combined with the initiation of several new projects open to foreign investment and an increase in Qatar's population, has led to an overall increase in demand.

C. Personal Loan

The Bank offers a suite of personal loan products to its retail customers geared to the specific needs of its customers. Personal loans are made for a period of up to six years to Qatari national individuals and up to four years to expatriates. Loans are generally granted on an unsecured basis to salaried individuals but can also be extended to non-salaried individuals against their deposits which will be held as collateral or regular cash flows of rental income from government institutes. The Bank's latest personal loan product offering is the "loan against cross border deposits" to leverage its presence in multiple countries and provide unique value-added product options to its customers.

D. Vehicle Loans

The Bank offers vehicle loans, with repayment periods extending to six years for Qatari national individuals and four years for Expatriate individuals. The vehicle remains registered under the name of the Bank until the loan is repaid. The Bank seeks to augment its product offering with tie-ups with various automobile dealers and special promotions for vehicle loans during the festive seasons of Ramadan and Eid.

E. Credit Cards

The Bank offers an extensive range of credit and debit cards. Currently, credit and debit cards are issued to the Bank account holders only. The Bank's credit cards offer a multitude of features and benefits, including a loyalty programme, the convenience to remit money via credit cards, payment of school fees in equated monthly instalments, zero interest rate payment plans, dining and spa offers as well as travel related benefits such as complimentary travel insurance, airport lounge access, etc.

The credit cards acquisition strategy is positioned towards high income and premium customers, and the Bank has launched several credit card products that have been instrumental in attracting new customers. For example, in June 2011, the Bank launched a co-branded card with Lulu Hypermarket, a major local retail chain that rewards cardholders when they shop at LuLu Hypermarket. Bank also launched the Al Riyada Infinite card, which is a premium credit card that allows high net worth cardholders to earn loyalty points at the fastest rate in town. The Bank is also intending to launch metal cards for ultra-high net worth individuals.

With the launch of Doha Miles - Qatar's best new Loyalty Program, complimented with 1 Million Doha Miles lucky draw summer campaign, Doha Bank My Book Qatar Mobile App and Global Cashback Platform, Doha Bank has proven its commitment to introducing new and exciting products and laying the foundation and platform for digital payment products as part of Doha Bank's strategy to provide customer centric products.

F. D-payroll cards

The Bank offers comprehensive payroll solutions for corporate clients following a nation-wide direction by the QCB and the Ministry of Labour. The payroll card is issued to low income workers pursuant to their respective company's request and can be used by the workers on all of the Bank's ATM and POS machines. The workers may remit money to their home countries via SMS subject to the registration of the beneficiary. The Bank currently provides payroll solutions for over 256,000 workers and 2,234 employers. This has contributed to raising the Bank's liability balances and has created new avenues for the Bank to offer comprehensive insurance and remittance solutions

Doha Bank Assurance Company LLC

Doha Bank Assurance Company LLC ('DBAC') was established in 2007 by Doha Bank, which was the first GCC bank to establish a 100% owned insurance subsidiary. The strategic vision of the company is to offer customers a wide range of insurance products to

Doha Bank recognizes its long-serving employees as part of its 40th anniversary celebrations meet their holistic insurance needs and provide financial security in times of need via a very efficient claims handling service.

DBAC is licensed by the Qatar Financial Centre to provide insurance products classified under the non-life insurance category, which includes:

- Fire / Property All Risks
- Business Interruption / Loss of Profits
- Contractors All Risks / Erection All Risks
- Money / Fidelity Guarantee
- Motor – Personal / Commercial
- Liability – Public / Products / Employers
- Workers Compensation
- Aviation
- Marine – Hull / Cargo
- Medical
- Personal Accident
- Travel

With this diverse product suite, DBAC provides insurance protection to both corporate entities and individuals. It has established itself as one of the preferred general insurance risk carriers for leading corporates in Qatar and is steadily expanding its customer base via its bank, broker and direct channels.

To increase market share and revenue, DBAC continues to capitalize on its strong parent branding. With identified critical success factors, it will clearly communicate and execute its robust strategy. To facilitate the execution of sustainable and profitable growth, DBAC's diverse and competitive product suite is effectively integrated within its multi-channel distribution network i.e. via the bank, its broking partners and its direct customers.

Since inception, DBAC's shareholder equity has steadily increased, due to DBAC's prudent Underwriting, Risk, AML and Investment management. In alignment with the current growth strategy, it has significant aspirations to increase its market share and fully optimize its return on capital.

With a clear, well-defined and realistic strategy executed with excellence, there continues to be significant growth opportunity for DBAC, even in this challenging & highly competitive insurance market.

Islamic Banking

Islamic banking services have been discontinued in 2011 further to Qatar Central Bank (QCB) directive No. 313/273/2011 dated January 31, 2011 which prohibits conventional banks from entering any new Islamic banking business. Doha Bank's management has decided to keep the Islamic portfolio until maturity as per the Islamic sharia contract.

Risk Management Group

Doha Bank's Risk Management Group (RMG) operates through an enterprise-wide risk management framework (ERMF). ERMF in Doha Bank sets out activities, tools, techniques and Governance structure to ensure that all identified risks are understood, and appropriate measures are in place to mitigate the same. RMG consistently and continually monitors risks and processes across the organization to identify, assess, measure, manage and report on potential threats that could negatively impact the desired results of Bank's objectives. Risk Management policies, models, tools and systems are regularly reviewed/revised to improve the framework and reflect market changes. RMG reports to the CEO, with a dotted line of reporting to Board Level 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 directly to the Board and Audit, Risk and Compliance Committee.

Responsibility for risk management resides at all levels of the Bank, from the Board and the Executive Committee down through the organization to each business manager and risk specialist. These responsibilities are distributed so that risk/return decisions are taken at the most appropriate level, as close as possible to the business, and are subject to robust and effective review and challenge. The ERMF lays down a clear, consistent, comprehensive and effective approach for the management of all risks. It also sets out the key activities required for all employees to operate Doha Bank risk and control environment, with specific requirements for key individuals, including the Chief Risk Officer (CRO) and Chief Executive Officer (CEO), and the overall governance framework designed to support its effective operation.

The Board has laid down the risk appetite of the Bank since the Board and the Executive Management are ultimately responsible for all the risks assumed by the Bank. The risk appetite framework 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. Doha Bank has engaged qualified professionals, and has set out 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 the CEO - mainly in Executive Management Committee, Management Credit Committee, Investment Committee and Asset and Liability Committee. In addition, the Board level committees viz. Audit, Risk and Compliance Committee, reviews the observations and findings of internal audit, Risk management, external auditors, compliance and the regulator's reports to take stock of the overall risk exposures across the organization in all spectrums of the business & support areas.

Risk Management Committee:

A number of committees / Task Force have been established to measure & manage various risks in an efficient and objective manner which includes:

- Executive Management committee
- Management Credit Committee
- Asset and Liability committee (ALCO)
- Risk Management committee
- Retail Credit committee
- Investment committee
- Senior Debt Restructuring committee
- Audit, Compliance and Risk committee

Over the last few years, new regulatory changes have been introduced to test the bank's ability to respond to severe stress conditions as well as bank's governance framework around capital planning.

Implementation of Internal Capital Adequacy Assessment Process (ICAAP) & Stress Testing Framework as well as International Financial Reporting Standards (IFRS) - as per QCB guidelines:

Bank prepares a comprehensive report on the Internal Capital Adequacy Assessment Process (ICAAP) with all its forms and tables according to the new guidelines based on the consolidated and audited financial statements as at 30th September of each year. Each year the Bank provides QCB with this report by 15th December. Based on this report, QCB reviews and assesses the additional capital charge approved for the following year which the bank is required to maintain within the overall minimum limit of the Capital Adequacy Ratio (CAR) during the whole period.

The ICAAP encompasses internal assessment of material risks such as Liquidity risk, Interest rate risk, Country risk, Credit concentration risk, Sector concentration risk, Counterparty credit risk, Residual risk, Strategic risk and Reputational risk. The assessment also involves calculation of quantitative impact of these risks on capital adequacy of the bank. Furthermore, ICAAP includes capital planning and financial projections, defining and aligning risk appetite, stress testing & scenario analysis and defining the risk universe for the bank. Considering the nature of operations of the Bank and the material risks, a comprehensive assessment of capital was conducted to determine the level of extra capital required to meet such risks identified under Basel Pillar 2.

Implementation of Capital and Recovery planning framework:

QCB instructs all banks in Qatar to place credible recovery actions that could be implemented to restore the businesses to a stable and sustainable condition in the event of severe stress. In preparing recovery plans, the bank is not expected to rely on public funding available from QCB or from other authorities in case of severe stress or default. QCB also instructs all the banks in the country to put in place sound capital planning processes and develop detailed, comprehensive, and forward-looking capital plans that are proportionate to the bank's profile and complexity.

Basel III: QCB has outlined detailed instructions for Basel III Capital Adequacy calculations in accordance with the rules of Basel Committee on Banking Supervision (BCBS). The bank has adopted Basel III framework and accordingly started reporting Capital Adequacy Ratio on a quarterly basis to QCB.

The Bank also submits a detailed Internal Capital Adequacy Assessment Process (ICAAP) document covering quantitative impact of various identified risks in the balance sheet.

Implementation of IFRS 9:

IFRS 9 introduces a new impairment model which results in the early recognition of credit losses in contrast to the previous standard which required the recognition of losses when incurred. The new accounting standard provides guidance in the following three areas;

1. Classification and Measurement of financial instruments
2. Impairment of financial statements
3. Hedging

Under the new model, the Bank is expected to maintain provisions against all financial assets that are debts in nature (including placements, investments, trade receivables, loans and advances and off-balance sheet items) upon initial recognition (i.e. day 1 of recording). This will also include healthy assets that are expected to be recoverable in full.

The QCB has issued its regulatory implementation guidelines of IFRS 9 with the instruction to the banks to regularly calculate Expected Credit Loss (ECL) and submit quarterly report on adopting IFRS 9 on the assets classified under stage 1 and stage 2 of the ECL model based on quarter end figures.

- The adoption of IFRS 9 has brought about changes to the business processes and policies of a number of functions within the Bank, especially front offices, Finance, Risk, IT, etc. and the way these departments collaborate in the Bank's adoption and implementation of IFRS 9. The implementation also requires the amendment of certain policies and procedures to include guidance on IFRS 9 implementation. The Bank has engaged a consultant (one of the big four) to review the lending policies and procedures of the Bank and revise the credit manuals, which include all aspects of lending across the group. The consultants also has the mandate to review the entire Credit Risk Governance in light of the IFRS-9 and Basel guidelines. The bank is also in the process of implementing the pricing tool to price the risk at the time of granting the credit facilities.

- IFRS 9 also requires extensive qualitative and quantitative disclosures around the expected loss model adopted by the Bank including the assumptions, inputs and techniques used for estimating the expected credit losses, the provision movement and additional credit risk disclosures.
- IFRS 9 requires the involvement of those charged with governance and senior management to ensure that the Bank has appropriate credit risk practices including an effective system of internal control, to determine adequate expected credit loss (ECL) allowances in accordance with IFRS 9 as well as the bank's stated policies and relevant QCB regulatory guidance.

The major risks associated with the banking business have been discussed in detail in the following sections:

Strategic Risk: This risk can arise from adverse business decisions, poor implementation of decisions, absence of clearly defined strategic business directions 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 well-documented, and detailed manuals have been made available to the employees. The employees are regularly updated on the developments through ongoing trainings, Business Continuity Management (BCM) drills education and system updates.

Reputation Risk: It is a risk of loss resulting from damages to a firm's reputation due to failure to meet stakeholder expectations. This could arise as a result of behavior, action or inaction, either by Doha Bank itself, our employees or those whom we are associated with. It could lead to lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value. The bank has a zero tolerance for knowingly engaging in any business, activity or association where foreseeable reputational risk or damage has not been considered and mitigated.

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 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, overseas branches and representative offices, the relevant Senior Management is responsible for the management of reputational risk in their respective business / functional operations.

Compliance Risk: Compliance Risk is the risk of regulatory sanctions, material financial loss or loss to the reputation the bank may suffer as a result of its failure to comply with laws and regulations applicable to its banking activities in jurisdictions where the bank is operating. Compliance risk is managed by Compliance Department that includes Compliance control unit and AML/CFT unit and works independently and reports to the Audit, Compliance and Risk Committee and the Board of Directors.

Compliance and AML /CFT units assists the Board of Directors and Executive management to manage Compliance and AML/CFT risks associated with noncompliance to applicable laws and regulations in each jurisdiction by providing proper recommendations to enhance/ improve the internal controls procedures to mitigate Compliance and AML/CFT risks, reviewing new products in terms of Compliance and AML/CFT, managing FATCA & CRS activities, developing and updating Compliance, AML/CFT , FATCA & CRS Policy & Procedures, filing of Suspicious Transaction Reports (STRs) with respective Regulatory Authorities in each jurisdiction, ensuring that there are respective Online and Offline Screenings as a preventive and detective controls, have automated systems for monitoring transactions to identify suspicious transactions, ensuring that business units are doing proper Know Your Customer, Enhanced Due Diligence and FATCA & CRS procedures, conducting AML Due Diligence for Correspondent relationships, Conducting Staff Trainings on Compliance, AML/CFT and FATCA & CRS issues on regular intervals.

Doha Bank's mega Al Dana draw winners take home over QAR 3 million in cash prizes

The Compliance staff possesses relevant qualifications, experience and skills to perform their day to day tasks. They have sound understanding of laws, regulations, banking activities and internal policy/procedures and keep themselves abreast with the new rules and regulations. They are being provided with necessary systems, tools, etc. to perform their duties and opportunities to attend necessary trainings/conferences to enhance their capabilities.

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 an in-house qualified team of legal advisors, in addition to local & International Law firms on retainership basis, who are responsible for validating all the Bank's agreements and pursue the cases filed by the bank against clients or external parties filed against Doha Bank. They also review the legal implications of standard / specific documents for all the 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/her 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 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 equipped with qualified team of analysts and complemented with appropriate collaterals wherever necessary and continuous monitoring of the advances at account and portfolio levels.

Although the overall responsibility for managing the risks at macro level lies with the Board, the responsibility for identifying risk in Bank's credit exposure is entrusted to the Management Credit Committee. The Management Credit Committee shall review and decide on the following:

Doha Bank participates in the third edition of "Majd Qatar" nationwide campaign's launching ceremony and celebrates publication of its book

- The extent to which the Bank should assume credit risk, considering 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;
- Individual Obligor and 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;
- 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 authority structure and limits for the approval and renewal of credit facilities;
- Detailed credit policies, procedures and guidelines, proper segregation of duties between approval and processing of the credit transactions, well defined authority matrix for credit approval and periodic audit and examinations by internal and external auditors to ensure that an environment of checks and balances exist within the Bank;
- In order to take the bank to the next stage, to comply with IFRS 9 and Basel Accords, the Bank has engaged the vendor and procured the software to calculate Expected Credit Loss, which is up and running.
- During the year 2019, Bank has initiated the upgrade of existing internal rating system for corporate lending with advance features of rating workflow and approval process with necessary portfolio reports for analysis. The Bank has also appointed one of the big four consulting firm to review the existing lending policies and practices and recommend improvements in having a robust, well-structured and well-integrated credit environment as the cornerstone of DB Credit Risk Management Infrastructure covering local and international operations to achieve the Bank's strategic goals more efficiently. As a part of the engagement, the Consultants are also required to review the Risk Appetite statement of the Bank in order to develop a revised statement in the back drop of market norms.

Credit Risk Management (CRMD) Structure:

The CRMD function is independent of the business functions, which include policy formulation, credit underwriting, technical evaluation, limit setting, exposure and exception monitoring, portfolio analysis, classification of advances and compiling reports for the management.

The key objectives of CRMD are to ensure:

- Bank-wide credit risks are identified, assessed, mitigated (wherever possible), monitored and reported on a continuous basis at customer 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 authority structure and limits prior to facilities being committed to customers;
- Ensure completion of documentation and security creation through Credit Administration 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 with the Business Units at an early stage itself to take timely corrective steps so that the risk exposure is well contained at a manageable level and within the risk tolerance level.
- 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 proposals from risk perspective in light of portfolio performance and according to severity of the risk and recommend appropriate mitigations to book quality business.

REMEDIAL ACCOUNT MANAGEMENT

Doha Bank has a disciplined and rigorous remedial account management process. Effective workout programs are critical to managing risk in the portfolio; it is important to segregate the workout function from the area that originated the credit.

Doha Bank has established a robust portfolio monitoring process by establishing a credit control unit to identify the early warning signs in customers' accounts. Based upon severity of the problem it is decided to transfer the account to Remedial Asset Management Unit to act jointly with business units in order to prevent further deterioration in Corporate or SME accounts. This includes facts finding, client's meetings and visits, negotiating rescheduling deals and settlement proposals with customers for special mentioned accounts recommended to downgrade to NPL and to ascertain the reasons for delinquency.

The objectives of this unit are as follows:

1. Revisit the Bank's relationship with the borrower.
2. Analyze the financial and economic condition of the borrower and continuity of its future business prospects.
3. Proactively undertake restructuring and rescheduling of distressed loans.
4. Suggest appropriate measures to turnaround, restructure, rehabilitate with the objective of eventually upgrading delinquent accounts to save provision.

DEBT RECOVERY DEPARTMENT

Non-performing loans seriously affect profitability of the Bank. Some borrowers do not follow discipline of payment of their loans and default, while others fail due to numerous reasons beyond their control. Profitability of the Bank gets negatively impacted when loans become non-performing resulting in not only suspension of interest income but also forces to create loan loss provision from the income of the Bank. Moreover, Non-Performing Loans (NPL) reflects badly on the image of the Bank. Thus, recovery of stuck-up loans is a major concern for the Bank.

The Debt Recovery function of the Bank handles non-performing loans/ portfolio with a clear objective to recover stuck-up loans and advances to contain NPL ratio and to increase the profitability through reversal of provision and suspended interest.

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 always meets its obligations. The Treasury division works closely in conjunction with Market & Liquidity Risk Management (MLRM), and the business, to analyze and understand the underlying liquidity requirements. These parties are engaged in regular and frequent dialogue to understand changes in the Bank's position arising from business activities and market circumstances.

ALCO, which meets regularly, sets the broad framework for Treasury to operate so that the Bank is always able 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 non-accessibility to wholesale funding markets. Moreover, any market disruption may also impact liquidity of marketable investments. Doha Bank has a comprehensive Liquidity Management framework for managing the liquidity risk. The framework sets the group's risk appetite for liquidity risk by setting limits and benchmarks. In addition to the risk appetite limits, the ALCO also monitors the Liquidity coverage ratio (LCR), Net stable funding ratio (NSFR) and liquidity mismatch as key liquidity review parameters. Treasury has their own daily, weekly, monthly and yearly liquidity blotters to know their maturity profile and fund planning. Liquidity stresses are also monitored through half yearly stress reports. The ALCO is informed of performance against the liquidity risk limits, via a weekly Liquidity Dashboard.

The Bank's approach to managing the liquidity risk is to ensure that it always has adequate funding from diverse sources. Diversification of the Bank's depositor base, reducing dependence on large depositors for reducing concentration risk and maintaining a suitable mix of long, medium- and short-term 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 as noted above and forecasts to manage its liquidity risk positions.

The Bank maintains sufficient 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 liquid assets which can be accessed at the time of liquidity crises. 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 and regularly evaluated by ALCO. 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. Furthermore, QCB through its guidelines has mandated all the banks in Qatar to comply with LCR and NSFR.

In addition, the Bank maintains the Funding Mix and Liquidity plan forecast for every quarter, which details how liquidity would be managed under stress events and the liquidity potions the Bank has planned for. Post diplomatic crisis, we have submitted Liquidity Contingency Plan to QCB for remaining period of the year to mitigate liquidity risk. 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 a liquidity crisis. Furthermore, the bank has also implemented an Asset-Liability Management system, which provides guidance on maturity mismatch and assist in LCR, NSFR, computations, etc. which aids towards the Bank's balance sheet management.

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

- **Liquidity Risk Appetite**
- **Prudential Limits**

- Stress Testing
- Early Warning Indicators
- Liquidity Buffers

- **Liquidity Crises Contingency Plan**

Market Risk: This is the risk of loss arising from unexpected changes in financial indicators, including interest rates, exchange rates, as well as equity and commodity prices. Bank has an active Management Information System (MIS) to keep the Management and the Investment Committee / ALCO informed about the changes in market risks and their effects on the Bank's financial results. The prominent market risks affecting the Bank are currency risk and interest rate risk, which are detailed below.

Currency Risk: The major foreign currency to which the Bank is exposed is the US Dollar. The established parity between the US Dollar and Qatari Riyal substantially reduces this risk unless the currency peg between the two currencies is revised or removed altogether. 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;
- Currency gap analysis is produced at month end – it includes forward purchases and sales;
- A report on 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 Foreign Exchange exposures – including spot, swap and forwards - are 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 of the Bank. It is evaluated from two different perspectives: with respect to the Fixed Income Investment Portfolio of the Bank, and with respect to the entire Bank's Assets and Liabilities.

Doha Bank donates QAR 200,000 to "Dreama" Orphans Care Center

- **Interest Rate Risk of Fixed Income Portfolio** arises from fluctuating interest rates, which contribute to the change in the Fair Value of the Fixed Income Investment Portfolio of the Bank.

  The Bank's Bond Portfolio is analyzed daily, and its interest rate risk is based on desired portfolio modified duration as considered appropriate by Investment Committee. Bank keeps its portfolio duration within its risk appetite. The risk department analyzes each investment proposal separately, and 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 and regularly reports the hedge ratio to Investment Committee to decide upon the hedge adequacy and to keep the Fair Value of the Portfolio within agreed limits.

- **Bank-wide Interest Rate Risk:** 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. The Market & Liquidity (MAL) unit regularly evaluates the Earnings at Risk (EAR) and Economic Value of Equity (EVE) and reports to ALCO, specifically during interest rate movements by US & local regulators and adjust the pricing of its Assets / Liabilities as considered appropriate. Since most of the Bank's financial assets such as loans and advances contain an option to re-price, majority of the bank's 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 inherent interest rate risks.

Additionally, Interest rate Risk on Banking Book Pillar 2 Capital Charge is required to be calculated for 200 bps change in interest rates as per NII (Net Interest Income) and EVE (Economic value of equity) approach as defined in the QCB circular (ICAAP) of March 2016. The Bank has implemented EAR and EVE in the bank's assets and liability management system. The Bank measures, monitors and reports the EAR and EVE of the bank to the management in the ALCO as per the market movements.

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 QCB instructions. 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 crisis situations

In particular, the bank measures the impact of different stress scenarios on its capital adequacy ratio, net interest margin, profit after tax, return on assets, liquidity asset ratio and additional liquidity requirements. 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. Internal stress testing framework is revised based on QCB requirements defined in the QCB circular (ICAAP) issued in March 2016 which includes enterprise wide stress testing and reverse stress testing.

Operational Risk: Operational Risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Group is exposed to many types of operational risk. This includes:

- internal and external fraudulent activities;
- inadequate processes, controls or procedures or any breakdowns in them;
- Failures in the key systems of the Bank leading to disruption of services;
- an attempt by an external party, to make a service or supporting infrastructure unavailable to its intended users, and
- the risk of cyber-attacks which destabilizes or destroys the Bank's information technology;
- Risk of business disruption arising from events wholly or partially beyond control, for example, natural disasters, acts of terrorism or utility failures etc. which may give rise to losses or reductions in service to customers and/or economic loss to the Group.

The operational risks that Doha Bank is exposed to keeps on changing and the Bank endeavors to rapidly adapt to those changes to avoid the risk of losses.

In the current scenario, one of the top emerging risk is "Threat from Cyber Attacks". The Bank may be a target of cyber-attacks which could jeopardize the sensitive information and financial transactions of the Bank, its clients, counterparties, or customers, or cause disruption to systems performing critical functions. This could potentially have below two impacts:

- Regulatory breaches which could result in fines and penalties; and
- Significant reputational damage which could adversely affect customer and investor confidence in Doha Bank.

However, to mitigate the above risks Doha Bank has taken various measures to secure our Bank's IT infrastructure. The key steps taken by the Bank in this direction are as below:

- The Bank has laid out a roadmap to enhance control framework and technology infrastructure to strengthen our ability to prevent, detect and respond to the ever increasing and sophisticated threat of cyber-attacks;
- Protection of Sensitive information is being the utmost priority for the Bank, and it has High Level Management committee for review and monitoring the Information Security posture of the Bank;
- As mandated by Qatar Central Bank (QCB), Doha Bank has actively participated in Cyber Security Maturity Assessment by Third party and carried out periodic penetration testing and vulnerability assessment for all the Bank's critical assets. Additionally, the bank has completed a full-scale implementation of Security Operations Center to augment our Information Security monitoring activities.
- The Bank has realigned the information Security Governance architecture across the Board for effective cyber and information risk management and initiated various security improvement programs within IT infrastructure and process.
- The bank has acquired a comprehensive Cyber Security Insurance policy

Doha Bank receives "THE BIZZ" award at THE BIZZ EUROPE 2019 event

The prime responsibility for management of operational risk and the compliance with control requirements rests with the business and functional units where the risk arises. The Bank has a well-defined operational risk framework and an independent operational risk function. The Operational Risk function is responsible for establishing and maintaining the Operational Risk Management Framework and monitoring the level of operational losses and the effectiveness of the control environment. The Head of Operational Risk is a member of the Risk Management Committee and reports to the Chief Risk Officer. The 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.

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 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. There have been significant efforts to streamline operational risk management processes, procedures and tools to provide more forward-looking risk insights and strengthen the control culture in the organization.

We have implemented an Operational Risk Management (ORM) System to support operational risk identification and assessment, control evaluation, loss management, issue remediation, Key Risk Indicators (KRI) monitoring, and risk reporting activities. The system enabled the Bank to replace the manual and silo ORM processes with a highly automated, efficient, and collaborative approach. The ORM system assists in gathering and transforming operational risk data into critical risk intelligence to strengthen decision-making.

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 key steps in management of Operational Risk are described as follows:

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

- Investigation and Reporting of any risk event (losses, near misses and potential losses), which is used to help identify the root cause and lay down the corrective action plans to reduce the recurrence of risk events. Risk events are analyzed to identify the root cause of incidents, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors;
- Preparation of '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.
- The Bank has implemented Key Risk Indicators program to enable proactive monitoring of all the key risks across the Bank's processes. The Bank has identified top Entity Level KRIs which are being monitored and reported to the Risk Management Committee on monthly basis.

Doha Bank receives ISO "27001" for entire banking operations in the State of Qatar

Doha Bank categorizes Operational Risks into the following risk types for self-assessment process:

- Origination and Execution Risk
- Fraud Risk
- Business Continuity Risk
- Regulatory Risk
- Information Security Risk
- Vendor Risk
- Financial Reporting and recording Risk
- Staff Risk, and
- Transaction Processing Risk

The Bank's blanket insurance policy adequately covers high severity losses and stress losses.

DB Business Continuity Management:

Doha Bank is committed to ensure that all critical business activities are maintained during disruptive incidents. Business Continuity Management (BCM) scope is to cover Doha Bank's critical business units, staff and vendors/ partners who are engaged in Bank's operation both directly or indirectly.

Doha Bank's regional Business Continuity Management Policy and Plan documents have been developed with the objective to ensure that our key operations will continue to function, and our customers' accounts will be secure and accessible regardless of the incident scope. In the event of a prolonged disruption to our branches or any facility/premises, our BCP provides an alternate work location, where our staff will continue to provide the best service possible. (All local & international branches and HO premises are identified with alternative work locations). Doha Bank is using the state-of-the-art data center facility (tier 3 certified facility) as a Disaster Recovery (DR) site. This assures our technology continuity.

Our Business Continuity planning handles periodic mock drills, critical data backup, protection and recovery; protecting people and assets; communication arrangements to contact customers, employees, and regulators; alternate work location for employees; Identification of critical supplier and assuring our customers prompt access to their accounts if we are unable to continue our operations.

DB Business Continuity Management Readiness:

1. All critical business units' readiness via BCM mock drills have been tested at our alternative work sites.
2. Doha Bank staff are trained on business continuity and Crisis Management handling.
3. Business critical applications are tested as part of DR drills (i.e, enabling the application from DR site)
4. All critical applications source codes are protected via Escrow process outside the country.
5. Emergency Communication tool is available for crisis communications.

Business Interruption (BI) insurance has been obtained to protect our business losses against catastrophic events.


Doha Bank hosts Chinese business delegation and discusses bilateral relations

International Rating

Below is the summary of Doha Bank's rating from International Rating agencies as on 31st December 2019:

Rating Agency	Foreign Currency LT	Foreign Currency ST	Local Currency LT	Local Currency ST	Financial Strength / Viability	Support	Outlook
Moody's	A3	P-2	A3	P-2	WR	-	Stable
Fitch	A	F1	A	F1	bb+	1	Stable

Information Technology

The Bank's Information Technology (IT) division has been a major contributor in aligning people, process and technology to bring major transformation to the way the Bank operates. The division is responsible for developing the Bank's IT strategy and the delivery of all related services to employees and customers. Doha Bank has undertaken several transformational initiatives through innovation and utilizing cutting edge technology to support the needs of our customers.

Doha Bank has incorporated technology as an innovation driver to provide state-of-the-art products and services to its customers and has leveraged state of the art technology to bring increased efficiency and effectiveness to its service delivery. Doha Bank has been a pioneer and is renowned as prime mover of banking technology and has provided its customers with several innovative products and 'firsts' in the country.

The Bank is supported by highly efficient and qualified IT resources for delivery of technology projects and to support its technical architecture to maximize availability, scalability, reliability, security and manageability. Doha Bank's Information Security Management System (ISMS) ensures 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.

In line with its strategy, the Bank continues to deliver Digital Transformation projects to improve customer services and make available self-service anytime/ anywhere banking channels. As part of this Digital Transformation, Doha Bank has enhanced its mobile banking channel with new look and feel and provided multi language support in order to enhance customer experience and services. In addition to the above, Doha Bank has also revamped its online portal for Retail and Corporate customers to provide all customer segments an enhanced customer experience and enhanced security. The Bank's IT and business partnership is focusing on end to end straight through processing which is going to further enhance the overall customer experience and bring cost efficiency and move towards a Brick to Click Transformation.

Carrying on the theme of innovation and increased convenience for our customers, Doha Bank has launched new initiatives i.e. Global markets platform, Real time remittances for our international partner banks, local & international funds transfers for retail and corporate customers, Online Loans Portals, e-statements, Doha Sooq, Instant Cards issuance, NRI Accounts opening and Whatsapp / Facebook chat services.

Given the demands of the business; the growth in local, regional and international competition as well as the request of new clients to consume 'always-on' services and to bank 'on-the-move', Doha Bank has embarked on an Infrastructure and Secure services transformation by implementing "Always-On Active/Active" software-defined datacenter using emerging technologies and implementing the Security Operations Center.

Doha Bank was the first bank in Qatar to complete and achieve ISO27001 certification. This is a testament of Doha Bank's commitment towards information security and implementation of standards to secure customer information. Doha Bank was the first organization in the GCC to have achieved the ISO/IEC 20000 certification for its IT Service Management System in 2007.

For the 12th year in a row, Doha Bank achieved recertification to ISO20000-2011. Doha Bank is also proud to be the only financial institution in the country to be accredited with this certificate. Doha Bank was also the first bank in Qatar to achieve accredited certification for ISO 9001:2015, the newly revised international standards for Quality Management systems. These certifications demonstrate the bank's commitment to high standards of integrity within its processes and procedures and its aim to always achieve world class benchmarks in operational risk management.

The Bank has provided its customers with new innovative channels for e-banking and m-banking which include ATMs, Cheque and Cash Deposit Machines using the latest technology. This has been a key differentiator and has given the Bank an edge over its competitors.

The Bank will build on these strong technology foundations to provide more convenience and exciting products to its customers using the latest digital technology and Fintech solutions. It will also use these technologies to streamline its internal processes to create enhanced value for staff, customers and shareholders.

More will follow in 2020 and beyond, as the Bank continues to implement its medium-term plans based on utilizing the latest technology and implementing the Digital Transformation platforms. These will bring a step change in the way the bank operates providing market leading customer service and products, greater operational efficiency and enhanced security to its operations.

Doha Bank hosted a special Suhoor banquet at the Sheraton Hotel – Doha for its corporate and individual clients. During the event, the Bank announced the winners of Al Dana Savings' draw

Human Resources

Human capital development and employee engagement have always been one of the key priorities for Doha Bank. Within the corporate guidelines, every business partner is responsible for 'people management' within the unit. Professional support is provided by the Human Resources (HR) Department of the Bank. Last year, the Bank launched "Taeleem", an e-learning application for its employees to align human capital development and learning strategies. During the year, the Bank launched a fully-responsive "smart device enabled" digital content in English and Arabic. In addition, the Bank launched Doha Bank toastmasters club to support talent development through well-designed communication and leadership skills development program. Continuing efforts are also being made to design and develop custom online content, in-house, for cost saving.

Doha Bank is highly committed to Qatarization, which is a prominent aspect of its corporate objective. With a view of grooming future leaders amongst the Qatari nationals, the Bank implemented various initiatives, designed various programs and strengthened on the existing initiatives to attract and retain Qatari resources. Qatari Career Development has been given more focus with a view of grooming Qataris in the bank. Bank also conducted the first ever certification program for branch managers, which covered 15 Qatari Branch Managers.

Equal Employment Opportunity and Diversity are key variables, which are woven into each step of the recruitment process at Doha Bank. Doha Bank's experienced recruitment team ensures through careful evaluation that well qualified and suitable candidates are selected for each role and team. To attract local as well as international talent and to strengthen employee branding, the bank uses recruitment channels such as Doha Bank's Career Website, Advertisements, Internal Referrals, Overseas Recruitment Drives, Social Network / Media. For assessment of a good quality and high potential candidate, Psychometric Testing skills are also applied. During the year, Doha Bank closed 97 recruitments including three C-level officers.

One of the key achievements of Doha Bank over the years has been the high level of employee satisfaction. Doha Bank believes in creating an environment where employees enjoy working and striving towards excellence in every aspect of their roles. The key word for successful employee engagement is 'Association'. The bank strongly believes employee engagement is of high importance and mutually beneficial to employees as well as the bank. For example, the bank organized 'Breast Cancer Awareness' session with Hamad Medical Corporation, 'Cervical Cancer Awareness' session with Qatar Cancer Society, 'World Diabetes Day' with Primary Healthcare Corporation and other staff-related events. Employees are encouraged to participate in events that are organized by the HR Department that require physical, emotional as well as intellectual involvement. During the course of the year, the bank sponsored several social activities such as knowledge sharing sessions, sports activities, blood donation drives, recognition awards and long service awards.

In line with Doha Bank's commitment to high performance and green banking, HR strives continuously to implement the latest electronic solutions by providing efficient online services; thereby increasing productivity and encouraging a paperless environment.

In previous years, Doha Bank's learning strategy has clearly communicated that learning is critical to the bank's success. Leaders take an excellent leading role in creating and sustaining a supportive learning culture in Doha Bank. The bank uses interactive training programs to encourage learning and sharing of experiences and knowledge. Annual training goals are set for employees to encourage continuous learning and development. Knowledge and learning skills of Doha Bank employees are the most important assets to realize its ambition.

Corporate Social Responsibility (CSR)

Doha Bank is one of the leading integrated financial institutions in the GCC and one of the most active advocates of Corporate Social Responsibility (CSR), constantly supporting environmental protection, engagement with community, stakeholder groups and sustainability practices. The Bank's selection in the FTSE4Good Emerging Index and its top ranking of listed companies in Qatar by ESG Invest reinforced its position as a global sustainability leader. Building upon decades of strong commitment to environmental issues and community engagement, Doha Bank is the first financial institution in Qatar to issue an annual Sustainability Report explaining its approach to stakeholder engagement including the environment.

As a fundamental aspect of the Group's CSR Charter, the Bank strives to incorporate the values and ethics of sustainability into its everyday operations, in the use of environmentally efficient business practices and overall products and services that reduce the impact on the environment and in coordination with all sectors of the society to address the issues both in the local and global settings. This is one of the main reasons why Doha Bank has successfully won the 'Golden Peacock Global Award for Corporate Social Responsibility' for many years. This award is also in recognition of Doha Bank's society-driven initiatives like educational, health benefits and commitment to social causes, which has seen it introduce innovative products even during tough market conditions.

As a pioneer in raising awareness for environmental and climate change issues in Qatar, the Bank's vision is to lead the way as a Green Banking institution in encouraging account holders to opt for Paperless Banking, Green Accounts, 'Go Green' Credit Cards and Green loans. Alongside these products, the Bank has become the leading bank in Qatar and the Middle East for environmental advocacy through numerous CSR initiatives. Doha Bank is proactively hosting and conducting green-related activities to promote customer participation and engaging the society's eco-consciousness by encouraging them to go green and support the environment.

Doha Bank's ECO-Schools Programme is dedicated to the environment and encourages schools to proactively participate in the implementation of good environmental practices. The overall objective is to increase eco-consciousness and support children to become environmental advocates at a young age. The programme guides, assists, supports and works with the student action teams within schools on their journey towards sustainability by providing a framework to help embed these principles into the heart of students. It offers flexibility, allows creativity and encourages innovation on how the school plans to transform itself into becoming an eco-friendly institution.

The ECO-Schools Programme is an ideal way to deliver ECO-curricular activities for the next generation, which provides a creative learning environment for children to become resourceful, innovative, artistic, and proactive in saving the environment through various educational methods and approaches whether at school, home or society at large. The academic value gained from hands-on experimental learning will assist establishing valuable information as a simple step to make a big difference.

Part of the Bank's social responsibility is to support ambitious students and the youth in general. Doha Bank envisions the school children 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 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, became the first Qatari bank to sign up to United Nations (UN) Global Compact, a UN policy initiative encouraging businesses worldwide to adopt sustainable and socially responsible policies. The Bank is also 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 environmental technologies and sustainable energy.

Doha Bank hosts Tri Sports championship for its employees

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.

Doha Bank maintains a well-defined Environmental Policy with the principles of 'Reduce, Reuse and Recycle'. Doha Bank has reached out to the larger community through its long standing CSR activities where it is committed to raise awareness on environmental issues and focus on the economic challenges facing the world and the region. 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 and e-Statements, Environment-friendly and Biodegradable Credit Cards
- Paperless Banking
- Green Banking Products including Green Mortgage and Green Car Loan
- Tree Planting activity
- Green Banking Task Force Committee
- ECO-Schools Committee
- Participation in Earth-related global event
- Annual Marathon - Al Dana Green Run
- Public Awareness Campaigns through ATMs
- Green Forms
- Green System for Auto-shutdown of Personal Computers (PCs)
- Recycling of Papers
- Earth Hour
- Use of natural lighting, LED lights, power stabilizers, auto-shutters, etc.

A dedicated Doha Green Bank website (www.dohagreenbank.com) 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, Beach Cleaning campaign, Recycling and Waste Management programs. Promotional flyers and brochures 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.

Doha Bank has taken various proactive measures in addressing global warming and its ramifications. It is propagating energy saving as a corporate habit. The Bank encourages ideas from staff on energy savings and suitably rewards them. Doha Bank is committed to being a carbon neutral entity. The departments at the Bank 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, eliminating 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.

ECO-consciousness is 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 reduce paper usage/wastage, reduce carbon footprint and encourage 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 regularly conducts its 'Al Dana Green Run'. The 'Al Dana Green Run' is one of the Bank's major campaigns, which is aimed to raise awareness and motivate people to become advocates of environmental issues as they go about their daily lives. People across age groups, nationalities and social backgrounds came forward enthusiastically to take part in the run. Participants included professionals, males and females from different age groups, sports enthusiasts and members of various socio-cultural groups.

Doha Bank signed an MoU with Gulf Organization for Research & Development (GORD) to explore areas of mutual collaboration in areas of sustainability and carbon neutrality. GORD, a subsidiary of Qatari Diar, has established its Center of Excellence Global Carbon Trust ("GCT"), which is the MENA region's first and only voluntary carbon offsetting program. This strategic milestone places Doha Bank amongst the first banks in Qatar to research and work on carbon neutrality, incorporate sustainability further into banking, and doing its part making Qatar "Carbon Neutral".

Doha Bank is keen to support all initiatives and social centers that have a positive impact on the lives of less fortunate in communities. As part of its commitment, the Bank provides financial assistance to leading non-profit organizations in Qatar, which has become an integral part of its social responsibility program. In continuation of its national and community role and commitment to its social responsibilities, Doha Bank made donations to "Dreama" Orphans Care Center – a center, which provides care for orphans and families whose breadwinners passed away. The Center, founded by Her Highness Sheikha Moza bint Nasser in 2003, operates under the umbrella of Qatar Social Work Foundation.

Sustainability Awards: The Leading Bank in Every Domain

- Golden Peacock Global Excellence in Corporate Governance – IOD – 2019, 2018, 2016, 2015
- Best Customer Services & Alternative Banking Channels – World Union of Arab Bankers - 2019
- 3G Financial Services Award - Global Good Governance (3G) Awards - 2019
- Best Arab Customers Services – World Union of Bankers – 2018
- Golden Peacock Global Award for Sustainability – IOD – 2017, 2014, 2013, 2012, 2011, 2010
- 3G Environmental Responsibility Award - Global Good Governance (3G) Awards – 2017
- Best Bank in Governance – Capital Finance International - 2017

- Golden Peacock Global Award for CSR - Institute of Directors (IOD) - 2016, 2015, 2014, 2013, 2012, 2011
- Environmental Award - The Arab Organization for Social Responsibility – 2016, 2015, 2014
- Certificate of Merit - Ministry of Environment 2013
- Best Corporate Social Responsibility Programme in the Middle East - EMEA Finance - 2012
- Best Corporate CSR Programme - Arab Organization for Social Responsibility - 2012
- Green Systems Implementation of the Year - Arab Technology Awards - 2010 - Arabian Computer News
- Best Customer Service Award – Bankers Middle East - 2010
- Best Environmental Leadership Award - Qatar Today - 2010
- Best Public Awareness Campaign Award - Qatar Today - 2010
- Best Public Awareness Campaign Green Award - Qatar Today - 2009
- Best Green Bank - Banker Middle East - 2008
- Best Internet Banking Service in Middle East - Banker Middle East - 2008

Transformation

Doha Bank embarked on a transformation program in the year 2019. The transformation journey is built around 7 strategic themes of:

a. Customer experience,

b. Empowerment,

c. Talent development,

d. Cost reduction,

e. Revenue enhancement,

f. Risk & Capital Management and

g. Process reengineering & Digitisation.

The objective of this program encompasses a series of strategic initiatives to enhance customer experience, redefine credit risk management framework and strengthen the overall talent management practices. One of the key pillars of our transformation program is customer centricity; the bank is looking forward to adopting emerging / smart processing technologies and innovative banking solutions to create value for customers and its stakeholders.

The bank has executed many transformation initiatives during the year, which includes both Retail and Corporate. On the Retail Banking front, some of the key accomplishments are as follows:

- Introduction of face and voice authentication for mobile banking – an innovative proposition, which is built leveraging artificial intelligence technology.
- Strengthened mobile and online banking, which enabled customer migration from "brick to click" channels and facilitated the bank in optimizing its physical footprint.
- Introduced a new digital platform named 'DB Global markets' - a unique proposition where customers can access global capital markets to trade in foreign exchange, equities and commodities.
- To redefine customer experience, Doha Bank introduced a metal credit card for the premium customer segments. In addition, the bank launched a co-branded 'Doha Bank Entertainer' app offering buy one get one deals across multiple geographies.

There were several value-added features for corporate customers. The key features introduced are as follows:

- The bank upgraded its corporate internet banking platform, which allows customers to execute online local and international payments at the convenience of their fingertips.
- Furthermore, the bank strengthened its corporate payroll solution through integration of its back-office payroll solutions – this implementation enhanced the transaction turnaround time.

During the year, Doha Bank also reassessed its talent management program and is currently in process of implementing few key initiatives to attract and retain talent. The bank welcomed new professionals to its leadership team, who are effectively contributing towards our transformation journey. Another key highlight of our transformation program is the update of our core banking platform to the latest version, which offers better security and enhanced operational efficiency.

Given the changing market dynamics, the banking industry is going through disruptive times with new set of challenges. In this transformative age, Doha Bank remains fully committed towards its customers, shareholders and society.

Doha Bank SME customer wins Qatar Entrepreneurship Rowad Award

BOARD MEMBERS

CORPORATE
GOVERNANCE REPORT

INTRODUCTION

As part of the compliance requirement of the Corporate Governance code for listed companies and legal entities issued by Qatar Financial Markets Authority, and the instructions of Qatar Central Bank, Doha Bank as a Public Qatari Shareholding Company listed in Qatar Stock Exchange is required to disclose the extent to which it complies with the provisions of the code. Doha Bank believes that applying a proper corporate governance framework is essential to assist the Bank in achieving its goals in addition to improving its internal and external working environment, protecting stakeholders' interests, and distributing roles and responsibilities in an ideal way.

During the year, the bank was keen to enhance the corporate governance framework in accordance with the requirements of QFMA's Governance Code and QCB's Corporate Governance instructions through the following:

1. Updating and enhancing the Articles of Association of the Company.
2. Updating and enhancing the policies and procedures' manuals of governance.
3. Updating and applying the Charter of the Board of Directors and the Board Committees.
4. Following the best practices adopted in Qatar in this regard.

As illustrated in this report, we at Doha Bank confirm our compliance with the requirements of Corporate Governance code issued by Qatar Financial Markets Authority and the instructions issued by Qatar Central Bank. The compliance assessment performed by the bank on 31 December 2019 has concluded that the bank complies with Qatar Financial Markets Authority's Governance Code and related regulations including provisions of the Governance Code, except the following:

- **Article (6) – Board Composition:** The bank received QCB's approval for two independent members only. However, the board's new composition incudes three independent members based on the procedures taken so far (2020-2022).
- **Article (18) – The Board Committees:** The Chief of Audit Committee is not considered as independent in accordance to the Governance Code issued by Qatar Financial Markets Authority. The bank will take into account that the Committee Chief is an independent member when reforming the committee after the General Assembly meeting in March 2020 and approving the board's new composition.

Moreover, there are no penalties imposed on the bank for the non – compliance with the Governance Code's instructions or provisions.

KPMG, the external auditor of the Bank has issued a limited assurance report (page 48) on the management assessment on compliance with the QFMA's relevant regulations including the Code as of 31 December 2019.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Roles and Responsibilities:

The Board of Directors is responsible for the stewardship of the Bank and for providing 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 has been published to the public through Doha Bank website and will be available to shareholders before the Shareholders' meeting. The Board's roles and responsibilities are compliant with the requirements of the Governance Code of QFMA and QCB, and cover the following areas:

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

Each Board Member's duties have been updated and defined in the 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.

The following are the main objectives of the Board of Directors as stated in the approved Corporate Governance Policies' Manual of the Bank:

1. To approve the bank's strategic plan and the main objectives and supervise their implementation:
   1.1 To develop and review the bank's overall strategy, primary action plans, and risks management policy, and provide necessary guidance;
   1.2 To determine the bank's ideal capital structure, strategy and financial objectives, and approve annual budgets;
   1.3 To supervise the bank's capital expenditures and assets ownership and disposal;
   1.4 To identify the objectives and supervise the implementation, as well as the bank's overall performance;
   1.5 To approve and perform a periodic review to the bank's organizational structure in relation to the distribution of positions, roles, and powers in the bank, especially the internal control units;
   1.6 To approve the implementation procedures manual of the bank's strategy and objectives, which is prepared by the senior management and shall determine the methods and modalities of prompt communication with QFMA, other regulators, and other related parties in the governance process including appointing the Communication Officer; and
   1.7 To approve the bank's training and awareness annual plan, and to include governance orientation programmes and training.
2. To develop and supervise the internal controls and regulations:
   2.1 To establish a written policy, which regulates exposures and rectifies potential exposures for each board member, the senior management, and the shareholders including the misusing of the bank's assets and facilities and the misconduct resulting from dealing with related parties;
   2.2 To develop a full disclosure system, which ensures equity and transparency, prevents exposures and misusing the information that are not available to the public provided to include the principles to be followed when dealing with securities by the informed persons and determine trading ban periods for such persons in the bank's securities or any of the group's company in addition to prepare and update a list of the informed persons, and provide QFMA and the Stock Exchange with a copy of the same once approved or updated;
   2.3 To ensure the integrity of financial and accounting systems including financial reporting related regulations;
   2.4 To ensure the implementation and enforcement of appropriate controls to risk management through identifying the overall perception of the risks facing the company and discussing them with transparency; and
   2.5 To review the effectiveness of the bank's internal controls on annual basis.
3. To develop a specialized governance system to the bank, monitor its effectiveness, and amend as needed;
4. To develop clear and specific policies, standards, and procedures to the board membership and put them into practice after being approved by the General Assembly;
5. To ensure that the bank's policies and procedures conform with the rules and regulations issued by the regulators and information of shareholders, creditors, and other stakeholders are disclosed properly;
6. To send invitations to all shareholders to attend the General Assembly meeting via legal methods. The invitation and the meeting announcement should include a sufficient summary on the General Assembly meeting agenda including the item related to discussing and approving the governance report;
7. To approve the nominations to senior management positions and their succession plan;
8. To develop a policy on dealing and cooperating with financial services, financial analysis, credit classification, etc. and other providers and specify related standards and indicators to ensure providing their services promptly and efficiently to all shareholders;
9. To develop necessary awareness programmes to disseminate the culture of self-censorship and risk management at the bank and to ensure that these are added to the bank's training plan;
10. To develop and approve a clear written policy which specifies how to determine the Board's remuneration and the incentives and rewards of senior management and the bank staff in accordance to the principles of this code without any discrimination based on race, or gender, or religion and submit the same to the annual General Assembly for approval;
11. To develop a clear policy on contracting with the related parties and submit the same to the annual General Assembly for approval; and
12. To set out the performance assessment criteria of the board members and senior management.
13. The board shall be formed once elected, board committees shall be determined in the board's first meeting, and a resolution to nominate the chief of each committee and along with its competencies, duties, and powers to be issued.
14. Without prejudice to the General Assembly competencies, the Board shall handle all the necessary powers to manage the General Assembly

and may assign some of its competencies to the board committees and form one committee or more to perform specified duties provided that the resolution of its formation stipulates the nature of these duties.

15. The Board must avoid issuing general or open-ended delegations.
16. In addition, the board approves the audit committee's proposal on the bank's internal controls provided to include the control mechanism, specify the duties and competencies of the bank's departments and sections and the provisions and procedures of accountability, and raise the staff awareness about the importance of self-censorship and internal controls.

Financial Statements

The financial statements are prepared by the Executive Management. The Board shall review and assess Doha Bank's Financial Statements and other releases prior to announcement to shareholders. The financial position and income statements shall be signed by the Chairman, or the Managing Director and the CEO.

Review of the Performance of Board, Board Committees, and Executive Management

The Board undertakes ongoing self-assessment (through the Policies, Nomination, and Governance Committee) and an annual review of the Board as a whole, the Board Committees, and individual Board members.

During 2019, the Board undertook the necessary assessments, and the results were as follows:

Assessed Party	Assessment Results
Board Members	The results of the performance assessment of the Board members is "meet expectation" in accordance with Bank's performance assessment policy which includes: meetings held, attendance at meetings, discussions, work, recommendations, etc.
Board Committees	The results of the performance assessment of the Board Committees "meet expectation" in accordance with Bank's performance assessment policy which includes: meetings held, attendance at meetings, discussions, work, recommendations, etc.
Executive Management	The results of the performance assessment of the Executive Management is "satisfactory" in accordance with the bank's performance assessment policy.

Main Transactions that Require Board Approval:

Board authorities include, but not limited to, approval of the following transactions:

- Credit facilities with values above the authorized limits set for the Board Executive Committee.
- Credit limits for countries and correspondent banks.
- Investments with values above the authorized limits set for the Board Executive Committee.
- Annual budget of the bank.
- Expenses above the authorized limits set for the Board Executive Committee.
- Credit facilities granted to the Board members and their families.

BOD's Tasks & Other Duties:

Consultancy: The Board may consult at the Bank's expense any independent expert or consultant. It is permitted for the Board Members to obtain professional advice at the cost of the Bank with the approval of the Board.

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 to nominate Board Members. As per the Policies, Nomination, and Governance Committee's 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 any new Board Member.

Training Programs: The Bank has put into place Corporate Governance Policies which include principles for guiding and training new Board Members, as well as the training plan.

Governance: The Board will be continuously updated on governance practices through the Management and the Board Policies, Nomination, and Governance Committee.

Dismissal: A member who does not attend three consecutive meetings or five non-consecutive meetings shall be deemed as have resigned from his position, unless his reasons for absence are accepted by the Board, and the Board member may withdraw from the Board provided in proper time, otherwise shall be accountable to the Bank.

Self-Assessment: Necessary templates and tools have been approved to perform an annual self-assessment by the Board.

Remuneration: The Board estimates the Executive Management's remuneration based on the Bank's overall performance and on the extent to which the goals stated in the Bank's strategy are achieved.

Passing of Board Resolutions by Circulation: From time to time Board Resolutions may be passed by circulation with the approval of the Board Members in writing and submitted to the Board of Directors for endorsement in the following meeting. With regard to such resolutions passed by circulation, the Bank's Articles of Association have been amended to be in line with the Commercial Companies Law.

Board Composition

The Board currently consists of nine members, i.e. 4 executive members and 5 non-executive members, two of them are independent. The current term of the Board of Directors started on March 6th, 2017 and continues for a period of three years through election at the shareholders' Ordinary General Assembly.

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

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani Representing Fahad Mohammad Jabor Holding Company.

- Chairman
- Executive, Non-Independent
- Chairman of the Executive Committee
- Date of Appointment on Board: June 3, 1996 (acting in his own capacity) and March 6th, 2017 (acting as the company's representative)
- Education: Graduate of the Royal Academy, Sandhurst, UK
- Experience: He is considered as one of the most well-known businessmen in Qatar and GCC
- Other Board Memberships: Deputy Chairman at Al Khaleej Takaful Group
- Ownership: 62,008,420 shares; i.e. 2% as at December 31, 2019 & 5,986,786 shares; i.e. 1.93% as at December 31, 2018
- Attendance: Attended six Board meetings

Mr. Ahmed Abdul Rehman Yousef Obeidan

- Vice Chairman
- Executive, Non-Independent
- Member in the Executive Committee
- Date of Appointment on Board: April 20, 1982
- Experience: Former member of Qatar Chamber of Commerce and Industry, Chairman of the Board of Directors of Adekhar Trading and Contracting Company
- Ownership: 39,345,084 shares; i.e. 1.27% as at December 31, 2019 & 5,741,858 shares; i.e. 1.85% as at December 31, 2018
- Attendance: Attended five Board meetings

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani

- Managing Director
- Executive, Non-Independent
- Chairman of Policies, Nomination, and Governance Committee and Member of the Executive Committee
- Date of Appointment on Board: December 21, 1978
- Education: Bachelor of Civil Engineering, Missouri University, USA
- Experience: He is considered as one of the most well-known businessmen in Qatar and GCC
- Other Board Memberships: Chairman of the Board of Directors of Qatar Industrial Manufacturing Co.; Chairman of the Board of Directors of Qatari Oman Investment Company
- Ownership: 35,263,400 shares; i.e. 1.14% as at December 31, 2019 & 6,026,340 shares; i.e. 1.94% as at December 31, 2018
- Attendance: Attended six Board meetings

Sheikh Abdulla Mohammad Jabor Al-Thani

- Board Member
- Non-Executive, Non-Independent
- Chairman of Audit, Compliance, and Risk Committee
- Date of Appointment on Board: April 20, 1982
- Experience: A businessman managing a group of privately held companies, and a former Chairman of the Board of Directors and Board member in other public shareholding companies' boards.
- Ownership: 23,255,500 shares; i.e. 0.75% as at December 31, 2019 & 2,325,350 shares; i.e. 0.75% as at December 31, 2018
- Attendance: Attended four Board meetings

Sheikh Falah Bin Jassim Bin Jabor Al-Thani representative of Jassim and Falah Trading and Contracting Co.

- Board Member
- Executive, Non-Independent
- Member of Executive Committee
- Date of Appointment on Board: Feb 27, 2011
- Experience: Ex-Minster of Civil Service Affairs and Housing
- Other Board Membership: Chairman of Board of Directors, National Leasing Holding
- Ownership: 31,004,660 shares; i.e. 1% as at December 31, 2019 & 3,100,466 shares; i.e. 1% as at December 31, 2018
- Attendance: Attended four Board meetings

Mr. Hamad Mohammad Hamad Abdullah Al Mana

- Board Member
- Non-Executive, Non-Independent
- Member of the Policies, Nomination and Governance Committee
- Date of Appointment on Board: April 13, 1999
- Education: Bachelor's Degree
- Experience: Vice Chairman, Mohammed Hamad Al Mana Group of Companies
- Other Board Memberships: Board Member of Qatar General Insurance & Re-insurance Company as well as Qatar Navigation Company;
- Ownership: 23,256,510 shares; 0.75% as on December 31, 2019 & 2,325,651 shares; i.e. 0.75% as at December 31, 2018
- Attendance: Attended six Board meetings

Mr. Ahmed Abdullah Al Khal

- Board Member
- Non-Executive, Non-Independent
- Member in Policies, Nomination and Governance Committee
- Date of Appointment on Board: March 3, 2014
- Education: Economics & Political Science
- Experience: He previously assumed the position of the Head of Economic Planning Section of the Ministry of Foreign Affairs, and he worked in the Ministry of Economy and as ambassador to Germany and Japan.
- Ownership: 25,507,610 shares; i.e. 0.82% as on December 31, 2019 & 2,482,075 shares; i.e. 0.8% as at December 31, 2018
- Attendance: Attended five Board meetings

Mr. Ali Ibrahim Abdullah Al-Malki

- Non-Executive, Independent Member
- Member in Audit, Compliance & Risk Committee
- Date of Appointment on Board: March 6, 2017
- Education: Bachelor of Science Degree in Aviation Administration
- Experience: Businessman
- Ownership: 1,233,780 shares; i.e. 0.04% as on December 31, 2019 & 123,378 shares; i.e. 0.04% as on December 31, 2018
- Attendance: Attended six Board meetings

Mr. Nasser Khaled Nasser Abdullah Al-Misnad

- Non-Executive, Independent Member
- Member in Audit, Compliance & Risk Committee, and Policies, Nomination and Governance Committee
- Date of Appointment on Board: March 6, 2017
- Education: Bachelor's Degree of Political Science from George Town University in Qatar
- Experience: Vice President, Al Khor Holding Company and former Financial Analyst in Qatar Investment Authority
- Ownership: 200,000 shares; i.e. 0.01% as on December 31, 2019 & 20,000 shares; i.e. 0.01% as on December 31, 2018
- Attendance: Attended five Board meetings

Independent Board Members

The current composition of the Board includes two independent Board members who meet the requirements of QFMA's Corporate Governance Code and QCB's instructions. The independent member's ownership of Doha Bank's shares shouldn't exceed 0.25% of the bank's capital.

Board Members Responsibilities

Each Board members responsibilities 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 interest of the Bank and in fulfillment of their responsibilities to the Bank. Board members therefore have the required knowledge, experience and skills.

Duties of the Chairman of the Board

- Chairman of the Board should, through authorizing the concerned department/staff, set a plan arranging a training program for the Members of the Board.
- Representing the bank before other parties and judiciary.
- Effectively and productively managing the bank, and act towards the achievement of the interest of the bank, partners, shareholders and stakeholders.
- Ensuring the effective and timely discussion of all main issues by the Board.
- Approving the Board's meeting agenda with taking into consideration any issue raised by any member.
- Encouraging the members to collectively and effectively participate in the management of the Board's affairs ensuring that the Board's responsibilities are carried out in the interest of the bank.
- Making available all data and information and documents and records of the Bank, Board and Board Committees to the members of the Board.
- Finding channels to effectively communicate with the shareholders and pass on their opinions to the Board.
- Enabling the effective participation of the non-executive members, in particular, and instill the

constructive relations between the executive and non-executive members.

- Keeping the members posted always on the implementation of the provisions of this Code, and the Chairman may authorize the Audit Committee or others to do so.

Duties of the Vice Chairman

The Bank should appoint Vice Chairman who shall assume the role of the Chairman in his absence. The Chairman may delegate some of his authorities to any Board member other than Vice Chairman.

Duties of the Managing Director

- Supervise the implementation of the Board resolutions in accordance with Doha Bank's strategy and objectives.
- Oversee that the Board receives timely, accurate and complete information to enable sound decision-making, effective monitoring and advising.
- Sign/ countersign (endorse) correspondence, reports, contracts or other documents on behalf of Doha Bank.
- Supervise the implementation of strategic initiatives and investments within the level of authority delegated by the Board.
- Approve investments, credit facilities and expenditures within the level of authority delegated by the Board.
- Oversee the implementation of key initiatives within Doha Bank in coordination with the CEO and Executive Management.
- Provide the Board and the Board Committees with the required reports and disclosures in a timely manner for review and approval.
- Update the Board with periodic reports on Doha Bank's performance and activities.
- Participate in various board-level committees.
- Any additional responsibility entrusted to him by the Board/ the Chairman of the Board.

Duties of the Non-Executive/ Independent Board Member

- Work actively on providing information required for the Board to undertake its activities as stipulated in the Board of Directors' Terms of Reference.
- Assist in Doha Bank's strategic planning and business planning processes and constructively challenge and develop strategic proposals.
- Review Doha Bank's performance periodically and scrutinize the performance of management in achieving agreed goals and objectives.
- Review the integrity of financial information and monitor that financial controls and systems of risk management are robust and defensible.
- Spearhead the development of Doha Bank's Corporate Governance policies and monitor compliance to the same.
- Assist the Board to properly attend to the External Auditor's report.
- Oversee that Bank and Shareholder interests are maintained, especially in conflict of interest situations between executive members and other members.
- Be available to shareholders if they have concerns which have not or cannot be resolved through contact with the Chairman, MD and the CEO or if such contact is not appropriate.
- Act as a supplier to the Board for the communication of shareholder concerns when other channels of communication are inappropriate.
- Any additional responsibility entrusted by the Board/ Board Chairman.
- Be collectively responsible for the Board decisions and actions.
- Participate in various Committees including the Audit, Compliance and Risk Committee & Policies, Nomination and Governance Committee.

Board Meetings

As per the Bank's Articles of Association, the Board meetings are held at the Head Office or any other location inside Qatar as decided by the Chairman provided that the quorum is complete. The Board meets a minimum of six times during a financial year (once every two months at least). The holding of the Board meetings is decided in accordance with the major events and the closure of a specific financial period. The Board met six times in 2019 as follows:

Meeting No.	Meeting Date
Meeting No. (1)	27/01/2019
Meeting No. (2)	06/03/2019
Meeting No. (3)	30/04/2019
Meeting No. (4)	12/06/2019
Meeting No. (5)	15/09/2019
Meeting No. (6)	04/12/2019

Board Remuneration

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. The total remuneration of the Board for the year 2018 was QR 14.9 million, including the allowances paid to the members for attending the meetings of the Board and Board Committees. The remuneration of the Board for the year 2019 will be determined and then approved in the General Assembly Meeting of Shareholders during 2020.

Departments Reporting to the Board

Legal Advisor and Secretary to the Board:

Mr. Mukhtar Al Henawy

Mr. Mukhtar Al Henawy has joined Doha Bank in 2002 as Legal Advisor to the Board. He was also appointed as a Secretary to the Company in 2007. He has more than 32 years of experience, and he worked at law firms before joining the bank.

Mr. Mukhtar obtained a Bachelor's Degree in Law from Ain Shams University in 1987 and a Diploma in Law in 1988. It is in Doha Bank's view that the Company's Secretary meets all the requirements of the Code.

Legal Advisor to the Board is also performing the duties of Company's secretary and maintains all Board documentation and manages the overall processes related to board meetings. The Company's Secretary reports directly to the Chairman, however, all members may use the Company's secretary's services.

Chief Compliance Officer: Mr. Jamal Al Sholy

Mr. Jamal Al Sholy has joined Doha Bank in 1997 as Head of the Internal Audit Department and in 2002 he has become Chief Compliance Officer to date. He has more than 39 years of experience, and he worked in external audit before joining the bank. The Compliance Department includes the Compliance Control Unit and the AML/CTF Unit. Chief Compliance Officer works independently from the Executive Management and reports directly to the Board of Directors.

Mr. Jamal holds a Bachelor's Degree in Accounting and Business Administration from the University of Jordan, 1981.

Chief Internal Auditor: Mr. Mohammad Daoud

Mr. Mohammad Daoud has joined Doha Bank in 2012 as an Acting Head of Internal Audit Department. In 2016, he was appointed as a Head of Internal Audit Department. He has more than 27 years of experience in the field of banking and financial institutions before joining Doha Bank.

Mr. Mohammad Daoud has got a PhD in Finance.

Executive Management

Doha Bank's Executive Management consists of the CEO, his assistants and the heads of the executive departments. Following are the profiles of the CEO and the department heads, noting that none of them is a holder of Doha Bank shares.

Chief Executive Officer: Dr. Raghavan Seetharaman

Dr. R. Seetharaman has joined Doha Bank in 2002 as Assistant General Manager. In 2007, he was appointed as CEO of the bank. He has an extensive experience of more than 39 years during which he worked in a number of banks and institutions before joining Doha Bank, including Bank Muscat.

Dr. R. Seetharaman has a Bachelor of Commerce from India, and he is a Chartered Accountant. He is a recipient of multiple honorary doctorate degrees from leading universities of the world including three PhDs.

Chief Risk Officer: Mr. Khalid Latif

Mr. Khalid Latif has joined Doha Bank in 1990 and has held several positions since then. He has more than 36 years of experience and has worked for several years in the banking sector and other sectors in Pakistan before joining the bank.

Mr. Latif holds a Master's Degree in Business Administration from Pakistan.

Chief Wholesale Banking Officer: Mr. Ala Azmi Masoud Abumughli

Mr. Ala joined Doha Bank in 2019 as Assistant General Manager. He has more than 26 years of experience and has worked at a number of banks and financial institutions before joining Doha Bank.

Mr. Ala Azmi Masoud Abumughli holds a Bachelor's Degree of Business Administration.

Chief Financial Officer: Mr. David Challinor

Mr. David Challinor has joined Doha Bank in 2008 as Head of Group Finance. He has more than 25 years of experience and has worked at several financial institutions in Australia before joining Doha Bank.

Mr. Challinor holds a Bachelor's Degree in Economics from England, and he is a fellow of the Institute of Chartered Accountants in England and Wales.

Chief Operating Officer: Mr. Peter John Clark

Mr. Peter joined Doha Bank in 2019 as Chief Operating Officer. He has experience of more than 19 years as he worked in several banks and financial institutions before joining Doha Bank.

Mr. Peter holds a Bachelor's Degree in Electronic Engineering.

Chief Strategy, Corporate Performance & Marketing Officer: Sheikh Mohamed Abdulla M.J. Al-Thani

Sheikh Mohamed joined Doha Bank in 2019 as Chief Strategy, Corporate Performance & Marketing Officer. He has experience of more than 25 years and held several positions in the financial sector and other sectors before joining Doha Bank.

Sheikh Mohamed Abdulla M.J. Al-Thani holds a Bachelor's Degree in Science.

Acting Chief Human Resources Officer: Sheikh Mohamed Fahad Mohamed Al Thani

Sheikh Mohamed Fahad Al Thani joined Doha Bank in 2013 as Head of Financing Unit. He has banking experience in several financial institutions. He held the position of Acting Head of Human Resources Department in 2017.

Sheikh Mohamed Fahad Al Thani holds a Bachelor's Degree in Public Administration.

Chief Retail Banking Officer: Mr. Braik Ali H S Al- Marri

Mr. Braik has joined Doha Bank in 2015 as a Head of Branch Control Department. He has experience of more than 23 years as he worked in several financial and banking institutions before joining the bank. He has held the position of the Chief Retail Banking Officer in 2019.

Chief Treasury & Investment Officer: Mr. Gudni Stiholt Adalsteinsson

Mr. Gudni joined Doha Bank in 2019 as Chief Treasury & Investment Officer. He has experience exceeding 21 years out of which 12 years spent in several financial and banking institutions before joining the bank.

Mr. Gudni holds a Master's Degree in Business Administration.

Senior Management Remuneration

The Bank adopts a policy, which regulates the process for assessing the performance of Senior Management based on the achievement of the bank's strategic goals. Based on the performance assessment and the Bank's results, the additional benefits and bonuses are set and approved by the Board. Total remuneration of the Senior Management for the performance of the year 2018 was QR 4,649,403 which was paid in 2019. The Senior Management Remuneration for 2019 will be determined and approved by the Board of Directors during 2020.

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. The role of the Chairman and any other executive role in the bank may not be held together. The Chairman may not be a member of any of the Board Committees stipulated in QFMA's Governance Code.

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 has adopted a conflict of interest policy within Governance policies in order to prevent any situation in which the objectivity and independence of the resolutions of the board members or CEO or employees during the performance of their duties are affected by a personal or moral interests that he personally or one of his relatives or close friends cares about or when the performance of his job is affected by direct or indirect personal considerations, or by his knowledge of the information relating to the decision.

The Bank also adopted a policy to define guidelines and policies related to insider trading activities as Doha Bank shares are listed on the Qatar Exchange, and this policy is an extension of the confidentiality policy and applies to all employees and their families (first degree) and board members who are familiar with the bank information before disclosing it.

Related Party Transactions

In general, any staff or board member shall be considered as a related party upon carrying out commercial operations for Doha Bank with one of the family members or any business running by one of the family members.

Approvals of Related Party Transactions

The staff or board member shall disclose the related party transactions and shall obtain a written approval from the bank's Executive Committee. Regarding the board members, the related parties shall be disclosed and discussed during the board meeting in the absence of the concerned member, and the related parties' transaction shall be made available to shareholders before the General Assembly Meeting in accordance with the Commercial Companies Law.

Disclosure of Related Party Transactions

The bank's policy prohibits the Chairman, board members and executive managers from carrying out any selling or buying transactions for the bank's shares during the period set by Qatar Exchange and even publishing financial statements to the public, knowing that no related party has concluded any transactions in the prohibition periods during the year.

Board Commitees

Board Committees are established to assist the Board of Directors in conducting their duties. Each committee has developed Terms of Reference that define the committee's roles and responsibilities in accordance with QCB's instructions and QFMA regulations and leading governance practices.

The Bank has three Board committees as follows:

- Audit, Compliance and Risk Committee
- Policies, Nomination, & Governance Committee
- Executive Committee

Audit, Compliance and Risk Committee

Membership:

- Sheikh Abdulla Mohammad Bin Jabor Al Thani – Non-Executive Board Member (Chairman). He attended all the meetings of the Committee.
- Mr. Ali Ibrahim Abdullah Al Malky – Independent Board Member. He attended all the meetings.
- Mr. Nasser Khalid Abdullah Al Misnad – Independent Board Member. He attended all the meetings of the Committee.

Meetings:

Seven meetings were held during the year, noting that only six meetings are required as per the Governance Code.

Roles and Responsibilities:

Reviewing the bank's internal control system upon setting or updating it or when required, and then submitting its relevant recommendations to the Board and executing the Board's assignments concerning the bank's internal controls.

- To supervise the financial and internal controls and the risk management especially the training programs prepared by the bank, and to ensure compliance with the best international auditing standards, and with the requirements of the International Financial Reporting Standards and the International Standards on Auditing.
- To review the Bank's transactions with the relevant parties and their compliance with the relevant controls.
- To coordinate between the bank's Internal Audit Department and the external auditor.
- To check the accuracy of the figures, data and financial reports presented by the bank to the General Assembly.
- To study and review the reports and observations of the auditor on the bank's financial statements and follow up on what has been done about them.
- To consider the basis for hiring and nominating external auditors and ensuring their independence in the performance of their functions.
- To review the Bank's financial and accounting policies and procedures and give relevant opinion and recommendation to the Board.
- To periodically develop and review the Bank's policies on risk management, considering the bank's business, market variables, and the bank's investment and expansion trends.
- To review the Bank's periodic risk reports and its management, and to submit them to the Board, with its recommendations, and prepare reports on specific risks based on the assignment of the Board or its Chairman.
- To hold a discussion with the external auditor and Senior Executive Management on the audit risks, primarily the appropriateness of accounting decisions and estimates, and present them to the Board for inclusion in the annual report.

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 also 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 and to get clarifications in this regard.

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 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. There has been no conflict between the Committee's recommendations and the Board's resolutions or any other issues of material impact during the year 2019.

Major Resolutions:

Assigning Executive Management to:

- Fully comply with the requirements of the Governance Code, in particular the examination and evaluation of regulatory controls and the submission of reports on time.
- Continue to monitor and assess the risks facing the Bank in the international exposures, and take the necessary measures to control the risks and protect the bank's rights.
- Follow up reports issued by the Internal Audit Department, Compliance Department, and Risk Department to rectify all the observations and gaps in the bank's departments and branches.
- Rectify all regulatory observations and gaps

highlighted by the external auditor, and establish adequate controls to prevent their recurrence.

- Conduct a comprehensive assessment of the Bank's strategy for representative offices.
- Follow up the bank's competent departments to complete the updating of all customer data, especially those related to AML/ CFT requirements.
- Rectify all observations contained in the reports issued by regulators, namely, Qatar Central Bank, Central Bank of Kuwait, Central Bank of the UAE and the Reserve Bank of India.
- Follow up customers to get tax declaration forms, submit progress reports as well as update the relevant policies and procedures manuals to meet FATCA requirements.
- Make the required efforts to improve the quality of the credit portfolio, and address the credit concentration at the level of customer or his group as well as non-performing facilities, especially credit with large limits.
- Fully comply with the IFRS (9) requirements in accordance with QCB's instructions, and to estimate the expected credit losses.
- Complete all aspects of the business continuity project for the bank and its overseas branches.
- Address gaps related to information security technology and cybersecurity framework, as well as all other related risks.

Remuneration:

The total allowances of the Audit, Compliance and Risk Committee for 2019 was QR 315,000, which is part of the remuneration of the Board of Directors mentioned under the Board Remuneration section.

Policies, Nomination, & Governance Committee

Membership:

- Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani – Managing Director (Chairman). He attended all the Committee's meetings.
- Mr. Hamad Mohammad Hamad Al Mana – Non-Executive Board Member (Member). He attended three meetings of the committee.
- Mr. Ahmed Abdullah Hamad Al Khal – Non-Executive Board Member (Member). He attended all the meetings of the committee.

Meetings:

Four meetings were held during the year, noting that two meetings are required as per the Governance Code.

Major 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.

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.

Major Resolutions:

- Approve (32) new and updated policies and procedures manuals for the bank's Head Office, including (10) manuals on governance frameworks, as well as 37 manuals for overseas branches during the year 2019.
- Consider restructuring the membership of the Policies, Nomination and Governance Committee.

Remunerations:

The total allowances of the Policies, Nomination and Governance Committee for 2019 was QR 180,000, which is part of the remuneration of the Board of Directors mentioned under the Board Remuneration section.

Executive Committee

Membership:

- Sheikh Fahad Bin Mohammad Bin Jabor Al Thani – Chairman of the Board of Directors (Committee Chairman). He attended all the Committee meetings.
- Mr. Ahmed Abdul Rehman Yousef Obeidan – Vice Chairman. He attended all the meetings.
- Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani – Managing Director. He attended all the committee meetings.
- Sheikh Falah Bin Jassim Bin Jabor Al Thani – Executive Board Member. He didn't attend any of the Committee's meetings.

Meetings:

The required number of meetings as per the Code is at least four times a year, or whenever requested by the Committee Chairman. Four meetings were held during the year.

Major Roles and Responsibilities:

- Review changes relating to Doha Bank's capital structure and significant changes to the management and control structure of Doha Bank, recommend to the Board for approval.
- Facilitate the effective supervision and overall control of the business of the Bank by receiving and reviewing overall customer credit, inter-group and investment exposures.
- Approve credit facilities above the authorized limit set for management up to the Executive Committee limit delegated by the Board of Directors.
- Review credit proposals above the Executive Committee limit and provide recommendations on reviewed proposals to the Board of Directors.
- Recommend to the Board of Directors appropriate action pertaining to the impaired indebtedness cases or obligation above the delegated limit.
- Review on a quarterly basis the status of pending litigation matters.
- Approve purchase and expenditure for amounts within the limit delegated to the Committee by the Board of Directors.
- Approve donations for charity activities and corporate social responsibility expenditures on a case-by-case basis in line with the delegated limits to the Committee as approved by the Board of Directors and the corporate social responsibility strategy.
- Review and approve strategic and commercial investments within the Committee's delegation.
- Oversee the performance of strategic investments by periodically receiving reports from management and reporting to the Board.

Major Resolutions:

- Approving the recommendations of the Credit Committee to grant LCs to some customers, as well as approving the recommendations of the IT Department and the Bidding Committee for some projects ranging from QR 10 million to QR 80 million.

Remuneration:

The total allowances of the Executive Committee for 2019 was QR 135,000, which is part of the remuneration of the Board of Directors mentioned under the Board Remuneration section.

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 Compliance, Legal Risks, Credit, Liquidity, Market, and Operational Risks;
- Overall compliance of the Bank with rules and regulations;
- Internal Audit and External Audit recommendations and findings.

Internal Control Evaluation:

The Bank, through the Audit, Compliance and Risk Committee, reviews the internal control framework, and the Committee receives reports on internal controls in the bank's managment, and then submits recommendations to the Board of Directors to evaluate them and to ensure that the internal control framework is applied in accordance with the management's authorities.

The Bank's management has taken the below steps to ensure compliance with the Governance Code's requirements:

- Adopt and implement an internationally recognized framework for internal control, which is COSO framework.
- Perform scoping exercise to identify the significant accounts having material impact on financials and map these accounts to the various business processes to determine the processes that are in scope;
- Completed documentation such as Business process understanding and Risk and control matrix for all the in scope processes;
- Assessed the design effectiveness of key controls;
- Issued management assessment on design and operating effectiveness of Internal controls over financial reporting.

No major breach of control or internal control failure has taken place which has affected or may affect Bank's financial performance during 2019.

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 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 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 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.

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, Risk, and Asset & Liability Management.

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.

KPMG reviews and audits the Bank's accounts since 2019 to date, including overseas branches' accounts, Doha Bank Assurance Company's accounts in addition to investment fund accounts and periodic reports pertaining to QCB requirements. The external audit fee for 2019 was QR 2,700,000.

We have received a number of quotations from well-known auditing firms. These quotations were presented to the Ordinary General Assembly of shareholders and KPMG were selected to review the bank's accounts for 2019.

Disputes and Litigations:

The number of lawsuits filed with value of QR. 30 million and above during 2019 are four lawsuits.

MEANS OF COMMINICATION WITH SHAREHOLDERS:

Doha Bank considers its shareholders as key stakeholders. Doha Bank has established a Shareholder Relations function and an Investor Relations function which are responsible for addressing shareholder queries. It is also responsible for communicating with any investors in the markets, and acts as a liaison between them and the Chairman of the Board.

DISCLOSURE AND SHAREHOLDERS RIGHTS

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 Doha Bank ensures that its assembly meetings and the mechanism for voting adopted is in accordance with commercial companies' law. Doha Bank can provide general information such as financial statements, articles of association and by-laws of the Bank to its shareholders.

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 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, including Governance Report.

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. The bank has internal procedures allowing shareholders to obtain the company's documents and the relevant data, however shareholder register details are maintained by the Qatar Central Securities Depository Company.

Shareholders' Rights and Shareholders' Meetings

The Bank's Articles of Association include provisions that ensure the shareholder's right to attend the General Assembly meetings and vote on the General Assembly's resolutions and 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. Each shareholder has the right to discuss the topics listed in the agenda of General Assembly and raise questions to the board members. 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's share capital except in the case where the proxy represents the State of Qatar (Qatar Investment Authority).

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 competent government authorities. 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

The bank's Articles of Association include that each shareholder of the same class shall have equal right in the Bank assets titles and the profits distributed according to the number of shares he owns.

Shareholders' Rights Concerning Board Members' Elections

After notifying 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 the bank's website, and then the Policies, Nomination & Governance Committee, after the closure of the nomination period, shall study the applications received from shareholders. All information on the nominees may be obtained by shareholders by visiting the Bank and the Bank's website before the General Assembly. After obtaining approval of the competent authorities, these names shall be submitted to the Ordinary General Assembly of Shareholders to elect new Board Members from the nominees. The Bank's Articles of Association gives shareholders the right to vote on the Assembly's resolutions and also on the nominees for Board membership, pursuant to Commercial Companies Law No. (11) of 2015 which refers to QFMA's Governance Code with regard to public shareholding companies.

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 public shareholding company with a capital of QR 3,100,467.020 divided into 3,100,467.020 ordinary nominal shares, at a value of QR (1) per share, listed on Qatar Exchange. With the exception of what is owned by the government, institutions, companies, and governmental agencies, which may buy and own up to 20% of the Bank's share capital, 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. 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 49% of the issued capital. Doha Bank hereby confirms that there are no shareholder agreements related to capital structuring and the exercise of shareholder rights.

Ownership of Shares:

The ownership of Doha Bank's shares distributed by nationality as at December 31, 2019 is as follows:

Nationality	No. of Shares	Percentage
Qatar	2,724,730,734	87.87%
GCC	76,188,690	2.46%
Arab countries	39,022,583	1.26%
Asia	8,549,583	0.28%
Europe	104,468,098	3.37%
Africa	1,215,191	0.04%
USA	123,133,436	3.97%
Other	23,158,705	0.75%
Total	**3,100,467,020**	**100%**

The number of shareholders reached 3,195 as at 31/12/2019. No shareholder possesses more than 2% of the Bank's shares except Qatar Investment Authority (the Government of State of Qatar) which owns directly and indirectly 17.15% of the shares as per bank's Articles of Association.

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 OFFICES AND SUBSIDIARIES

Domestically, Doha Bank's network inside Qatar includes a total of 24 branches, 4 e-branches, and 3 pay offices. The number of ATMs reached 100 ATMs of which 3 ATMs in UAE, 2 ATMs in Kuwait, and 3 ATMs in India. Globally, the bank has six branches, Dubai and Abu Dhabi branches in UAE, a branch in Kuwait and three branches in India in Mumbai, Kochi and Chennai. Furthermore, we have fourteen representative offices located in Singapore, Turkey, Japan, China, UK, South Korea, Germany, Australia, Canada, Hong Kong, South Africa, Bangladesh, Sri Lanka and Nepal.

The Bank also fully owns Doha Bank Assurance Company, and has a strategic share of 44.02% of the capital of one of the Indian brokerage companies, which was later re-named as Doha Brokerage and Financial Services and positioned to practice brokerage and asset management businesses.

Fahad Bin Mohammad
Bin Jabor Al-Thani
Chairman

INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Doha Bank (Q.P.S.C)

Report on Compliance with the Qatar Financial Markets Authority's Governance Code for Companies & Legal Entities Listed on the Main Market

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market ("the Code") Issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Doha Bank (Q.P.S.C.) ("the Bank") to carry out a limited assurance engagement over the Board of Director's assessment of compliance of the Bank with QFMA's law and relevant legislations including the Code as at 31 December 2019.

Responsibilities of the Board of Directors

The Board of Directors of the Bank is responsible for preparing the corporate governance report that covers at the minimum the requirements of Article 4 of the Code. The Board of Directors provided its 'Report on compliance with QFMA's law and relevant legislations including the Code' (the 'Statement'), which was shared with KPMG on 17 February 2020, which is to be included as part of the annual corporate governance report.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Bank and to issue a report thereon including an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Statement is fairly presented, in all material respects, in accordance with the Code, as the basis for our limited assurance conclusion.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of Parts A and B of the Code of Ethics for Professional Accountants, including independence, issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Bank's compliance with the Code and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Bank's compliance with QFMA's law and relevant legislations including the Code and other engagement circumstances, we have considered the process used to prepare the Statement in order to design assurance procedures that are appropriate in the circumstances.

Our engagement included assessing the appropriateness of the Bank's compliance with QFMA's law and relevant legislations including the Code, and evaluating the appropriateness of the methods, policies and procedures, and models used in the preparation of the Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by the Board of Directors to comply with the requirements of the Code.

The procedures performed over the Statement include, but are not limited to:

- Reviewed the assessment completed by the Board of Directors to validate the Bank's compliance with QFMA's law and relevant legislations including the Code;
- Reviewed supporting evidence provided by the Board of Directors to validate the Bank's compliance with QFMA's law and relevant legislations including the Code; and
- Conducted additional procedures as deemed necessary to validate the Bank's compliance with QFMA's law and relevant legislations including the Code (e.g. review governance policies, procedures and practices, etc.).

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

Other Information

The other information comprises the information to be included in the Bank's annual corporate governance report which is expected to be made available to us after the date of this report. The Statement and our limited assurance report thereon will be included in the corporate governance report. When we read the corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement is assessment of compliance with QFMA's law and relevant legislations including the Code.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on our limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Board of Directors' Statement, does not present fairly, in all material respects, the Bank's compliance with QFMA's law and relevant legislations including the Code as at 31 December 2019.

Emphasis of Matter

We draw attention to the introduction section of the Bank's Governance Report for the year 2019, which describes how the Bank is not in compliance with Articles 6 and 18 of the Code. Our conclusion is not modified in respect of this matter.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Bank and QFMA for any purpose or in any context. Any party other than the shareholders of the Bank and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Bank and QFMA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Bank and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Bank's own internal purposes) or in part, without our prior written consent.

24 February 2020	Gopal Balasubramaniam
Doha	KPMG
State of Qatar	Auditor's Registration No. 251
	Licensed by QFMA: External
	Auditor's License No. 120153

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

General

The Board of Directors of Doha Bank Q.P.S.C. (the "Bank") and its consolidated subsidiaries (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR") as required by the Qatar Financial Markets Authority (QFMA"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS) and the applicable provisions of Qatar Central Bank regulations (QCB regulations). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

Risks in Financial Reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence / Occurrence assets and liabilities exist and transactions have occurred;
- Completeness all transactions are recorded, account balances are included in the consolidated financial statements;
- Valuation / Measurement assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;
- Rights and Obligations and ownership rights and obligations are appropriately recorded as assets and liabilities; and
- Presentation and disclosures classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Organization of the Internal Control System

Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business functions and infrastructure functions with an involvement in reviewing the reliability of the books and records that underlie the financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

Measuring Design, Implementation and Operating Effectiveness of Internal Control

For the financial year 2019, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

- The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Lending and Credit Risk (Corporate and Retail), Deposit Taking, Treasury (Hedging and Risk management and Investment Funding), Procure to Pay, Human Resources, Premiums, Compliance and General Ledger and Financial Reporting. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Disclosures and Information Technology General Controls.

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of December 31, 2019.

David Challinor

Chief Financial Officer

Dr. Raghavan Seetharaman

Group Chief Executive Officer

INDEPENDENT REASONABLE ASSURANCE REPORT

To the Shareholders of Doha Bank (Q.P.S.C)

Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market ("the Code") Issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Doha Bank (Q.P.S.C.) (the "Bank") and its subsidiaries (together "the Group") to carry out a reasonable assurance engagement over the Board of Directors' description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of the Group's internal controls over financial reporting ("ICOFR") as at 31 December 2019 (the "Statement").

Responsibilities of the Board of Directors

The Board of Directors is responsible for fairly stating that the Statement is free from material misstatement and for the information contained therein.

The Statement, signed by the Group Chief Executive Officer, which was shared with KPMG on 17 February 2020, is to be included in the annual report of the Group and includes:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
- the description of the process and internal controls over financial reporting for the processes of Lending and Credit Risk (Corporate and Retail), Deposit Taking, Treasury (Hedging and Risk management and Investment Funding), Procure to Pay, Human Resources, Premiums, Compliance, General Ledger, Financial Reporting, Entity Level Controls, Disclosures and Information Technology General Controls;
- designing, implementing and testing controls to achieve the stated control objectives;
- identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and
- planning and performance of the management's testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO" or "COSO Framework").

This responsibility includes designing, implementing, maintaining and testing internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and testing controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Group's ICOFR.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Group and to issue a report thereon including an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements

Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Statement is fairly presented, in all material respects, in accordance with the control objectives set out therein.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of Parts A and B of the Code of Ethics for Professional Accountants, including independence, issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement whether due to fraud or error.

Our engagement included assessing the appropriateness of the Group's ICOFR, and the suitability of the control objectives set out by the Group in preparing and presenting the Statement in the circumstances of the engagement. Furthermore, evaluating the overall presentation of the Statement, and whether the internal controls over financial reporting are suitably designed and implemented and are operating effectively as of 31 December 2019 based on the COSO Framework. Reasonable assurance is less than absolute assurance.

The procedures performed over the Statement include, but are not limited to, the following:

- Conducted inquiries with management of the Group to gain an understanding of the risk assessment and scoping exercise conducted by management;
- Examined the in-scope areas using materiality at the Group's consolidated financial statement level;
- Assessed the adequacy of the following:
  - Process level control documentation and related risks and controls as summarized in the Risk & Control Matrix ("RCM");
  - Entity level controls documentation and related risks and controls as summarized in the RCM;
  - Information Technology risks and controls as summarized in the RCM;
  - Disclosure controls as summarized in the RCM.
- Obtained an understanding of the methodology adopted by management for internal control design and implementation testing;
- Examined the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;
- Assessed the significance of any internal control weaknesses identified by management;
- Assessed the significance of any additional gaps identified through the procedures performed;
- Examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;

- Examined the management's testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and
- Re-performed tests on key controls to gain comfort on the operating effectiveness of management testing.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

Other information

The other information comprises the information to be included in the Group's annual report. We have not obtained the other information to be included in the annual report which is expected to be made available to us after the date of this report. The Statement and our reasonable assurance report thereon will be included in the annual report. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

The Group's internal controls over financial reporting, because of their nature, may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

Historic evaluation of design, implementation and operating effectiveness of an internal control system may not be relevant to future periods if there is a change in conditions or that the degree of compliance with policies and procedures may deteriorate.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls are measured or evaluated. The control objectives have been internally developed by the Group, based on the criteria established in the COSO Framework.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors' Statement fairly presents that the Group's ICOFR was properly designed and implemented and is operating effectively as at 31 December 2019.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Bank and QFMA for any purpose or in any context. Any party other than the shareholders of the Bank and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Bank and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

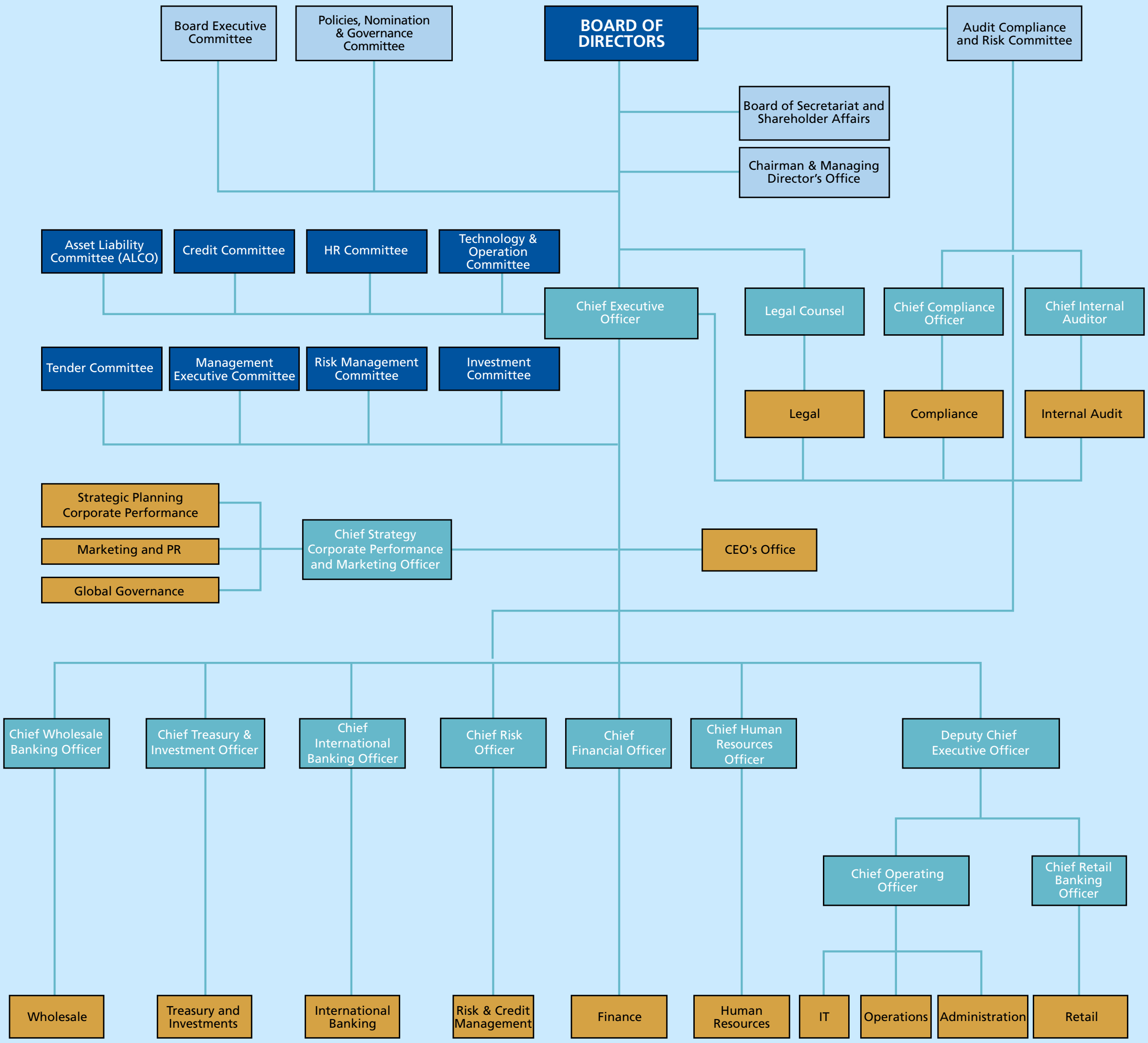
Our report is released to the shareholders of the Bank and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Bank's own internal purposes) or in part, without our prior written consent.

24 February 2020	Gopal Balasubramaniam
Doha	KPMG
State of Qatar	Auditor's Registration No. 251
	Licensed by QFMA: External
	Auditor's License No. 120153


GLOBAL PRESENCE
WITH A STRONG
BANKING EXPERIENCE
FROM QATAR
TO THE GLOBE
FRANKFURT
ISTANBUL
LONDON
DOHA
KUWAIT
SEOUL
MUMBAI
ABU DHABI
KATHMANDU
SHANGHAI
TORONTO
DUBAI
DHAKA
KOCHI
CHENNAI
COLOMBO
HONG KONG
TOKYO
JOHANNESBURG
SINGAPORE
SYDNEY

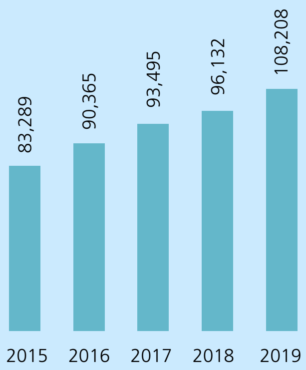
DOHA BANK CORPORATE **ORGANISATIONAL STRUCTURE**

(as at 31st December 2019)

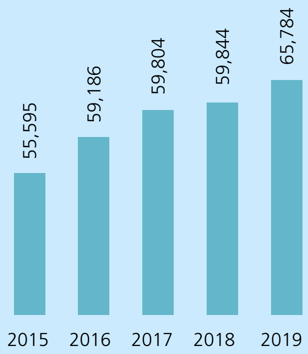


FINANCIAL
RESULTS

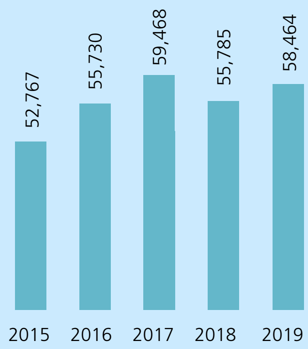
TOTAL ASSETS
(QAR Million)



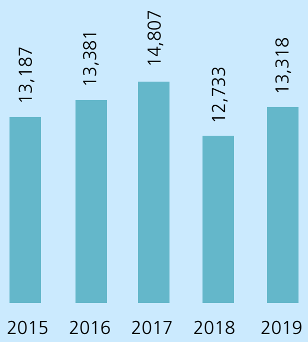
NET LOAN ADVANCES
(QAR Million)



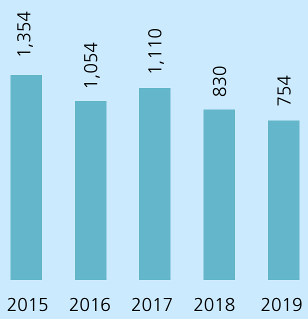
TOTAL DEPOSITS
(QAR Million)



TOTAL EQUITY
(QAR Million)



NET PROFIT
(QAR Million)



INDEPENDENT AUDITOR'S REPORT **TO THE SHAREHOLDERS** OF DOHA BANK (Q.P.S.C.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Doha Bank (Q.P.S.C.) (the 'Bank') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS') and the applicable provisions of Qatar Central Bank regulations ('QCB regulations').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section in this audit report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters (Continued)

<table>
<tr><th>Description of key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2"><u>Impairment of financial assets subject to credit risk</u> - refer to notes 3(g), 4(b), 5(a), 5(b), 8, 9, 10, 11, 14 and 19 in the consolidated financial statements</td></tr>
<tr><td>We determined this to be a key audit matter because:
• Impairment of financial assets involves:
- complex accounting requirements, including assumptions, estimates and judgements underlying the determination of impairment;
- Expected Credit Loss ("ECL") modelling risk over methodology and design decisions;
- susceptibility to management bias when making judgements to determine expected credit loss outcomes; and
- complex disclosure requirements.
• The Group's financial assets, both on and off-balance sheet, subject to credit risk were QAR 130,507 million, as at 31 December 2019 (2018: QAR 122,484 million), hence a material portion of the consolidated statement of financial position. Furthermore, the net impairment recognized by the Group on these financial assets amounted to QAR 1,123 million, in the year ended 31 December 2019 (2018: QAR 864 million), which represents 148.9% (2018: 104.09%) of the net profit of the Group, hence a material portion of the consolidated statement of income.</td><td>Our audit procedures in this area included the following, among others:
• Evaluating the appropriateness of the accounting policies adopted based on the requirements of IFRS 9 and relevant QCB regulations, our business understanding and industry practice.
• Confirming our understanding of management's processes, systems and controls implemented, including controls over ECL model development.
• Identifying and testing the relevant controls.
• Involving information risk management (IRM) specialists to test IT systems and relevant controls.
• Evaluating the reasonableness of management's key judgements and estimates made in ECL calculations, including selection of methods, models, assumptions and data sources.
• Involving Financial Risk Management (FRM) specialists
○ to challenge significant assumptions / judgements relating to credit risk grading, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates.
○ for evaluating the appropriateness and testing the mathematical accuracy of ECL models applied.
• Involving valuation specialists to evaluate the inputs, assumptions and techniques used by the valuers engaged by the Group for the valuation of real estate collateral, relating to the determination of ECL.
• Assessing the completeness, accuracy and relevance of the input data used for ECL calculations.
• Evaluating the reasonableness of and testing the post-model adjustments.
• Performing detailed credit risk assessment of a sample of performing and non-performing loans and advances.
• Assessing the adequacy of the Group's disclosures in relation to impairment of financial assets by reference to the requirements of the relevant accounting standards and QCB regulations.</td></tr>
</table>

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's annual report (the "Annual Report"), including the report of Board of Directors, but does not include the Bank's consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors, which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and when it becomes available, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter with those charged with governance.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and QCB regulations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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

Auditor's responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Bank has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Bank. We are not aware of any violations of the applicable provisions of the Qatar Central Bank Law No. 13 of 2012 and of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Bank's Articles of Association and the amendments thereto, having occurred during the year which might have had a material effect on the Bank's consolidated financial position or performance as at and for the year ended 31 December 2019.

24 February 2020 Doha State of Qatar	Gopal Balasubramaniam Qatar Auditor's Registry Number 251 KPMG Licensed by QFMA: External Auditor's License No. 120153

DOHA BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**
As at 31 December 2019

	Notes	**2019 QAR'000**	2018 QAR'000
ASSETS			
Cash and balances with central banks	8	**5,803,844**	7,586,122
Due from banks	9	**7,756,944**	6,238,998
Loans and advances to customers	10	**65,784,258**	59,844,059
Investment securities	11	**26,560,585**	20,727,215
Investment in an associate	12	**10,478**	10,510
Property, furniture and equipment	13	**723,597**	621,469
Other assets	14	**1,568,719**	1,104,038
TOTAL ASSETS		**108,208,425**	96,132,411
LIABILITIES			
Due to banks	15	**24,036,948**	19,528,535
Customer deposits	16	**58,463,833**	55,785,338
Debt securities	17	**473,059**	747,573
Other borrowings	18	**6,859,049**	4,844,137
Other liabilities	19	**5,057,622**	2,493,599
TOTAL LIABILITIES		**94,890,511**	83,399,182
EQUITY			
Share capital	20 (a)	**3,100,467**	3,100,467
Legal reserve	20 (b)	**5,092,948**	5,092,948
Risk reserve	20 (c)	**849,600**	137,200
Fair value reserve	20 (d)	**155,043**	(227,271)
Foreign currency translation reserve	20 (e)	**(58,846)**	(56,180)
Retained earnings		**178,702**	686,065
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**9,317,914**	8,733,229
Instruments eligible as additional capital	20 (g)	**4,000,000**	4,000,000
TOTAL EQUITY		**13,317,914**	12,733,229
TOTAL LIABILITIES AND EQUITY		**108,208,425**	96,132,411

The consolidated financial statements were approved by the Board of Directors on 17 February 2020 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.

DOHA BANK Q.P.S.C.
CONSOLIDATED
INCOME STATEMENT
For the year ended 31 December 2019

	Notes	2019 QAR'000	2018 QAR'000
Interest income	21	**4,216,670**	3,920,755
Interest expense	22	**(2,236,448)**	(1,839,809)
Net interest income		**1,980,222**	2,080,946
Fee and commission income	23	**520,703**	489,682
Fee and commission expense	24	**(126,607)**	(102,050)
Net fee and commission income		**394,096**	387,632
Gross written premium		**37,855**	44,578
Premium ceded		**(16,638)**	(11,323)
Net claims paid		**(98,463)**	(39,978)
Net loss from insurance activities		**(77,246)**	(6,723)
Net foreign exchange gain	25	**111,524**	115,392
Net income / (loss) from investment securities	26	**305,724**	(9,843)
Other operating income	27	**68,469**	67,194
		485,717	172,743
Operating income		**2,782,789**	2,634,598
Staff costs	28	**(493,291)**	(496,325)
Depreciation	13	**(121,840)**	(90,059)
Net impairment reversal / (loss) on investment securities		**260**	(16,207)
Net impairment loss on loans and advances to customers	10	**(1,161,537)**	(951,683)
Net impairment reversal on other financial assets		**38,113**	103,699
Other expenses	29	**(319,893)**	(350,327)
		(2,058,188)	(1,800,902)
Profit before share of results of associate and tax		**724,601**	833,696
Share of results of the associate	12	**187**	340
Profit before tax		**724,788**	834,036
Income tax reversal / (expense)	30	**29,144**	(3,814)
Profit		**753,932**	830,222
Earnings per share:			
Basic and diluted earnings per share (QAR)	31	**0.17**	0.20

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

DOHA BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**
For the year ended 31 December 2019

	Notes	2019 QAR'000	2018 QAR'000
Profit		**753,932**	830,222
Other comprehensive income:			
Items that are or may be subsequently reclassified to income statement:			
Foreign currency translation differences for foreign operations		**(2,666)**	(18,724)
Movement in fair value reserve (debt instruments – IFRS 9):			
Net change in fair value	20 (d)	**714,850**	12,766
Net amount transferred to consolidated statement of income	20 (d)	**(341,475)**	(7,276)
		370,709	(13,234)
Items that will not be reclassified subsequently to statement of income			
Net change in fair value of equity investments designated at FVOCI (IFRS 9)	20 (d)	**8,939**	47,367
Total other comprehensive income		**379,648**	34,133
Total comprehensive income		**1,133,580**	864,355

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

DOHA BANK Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Total equity attributable to equity holders of the Bank								
	Share capital QAR'000	Legal reserve QAR'000	Risk reserve QAR'000	Fair value reserve QAR'000	Foreign exchange translation reserve QAR'000	Retained earnings QAR'000	**Total QAR'000**	Instrument eligible as additional Tier 1 capital QAR'000	**Total equity QAR'000**
Balance at 1 January 2019 (Audited)	3,100,467	5,092,948	137,200	(227,271)	(56,180)	686,065	**8,733,229**	4,000,000	**12,733,229**
Total comprehensive income:									
Profit	-	-	-	-	-	753,932	**753,932**	-	**753,932**
Other comprehensive income	-	-	-	382,314	(2,666)	-	**379,648**	-	**379,648**
Total comprehensive income	-	-	-	382,314	(2,666)	753,932	**1,133,580**	-	**1,133,580**
Transfer to legal reserve	-	-	-	-	-	-	**-**	-	**-**
Transfer to risk reserve	-	-	712,400	-	-	(712,400)	**-**	-	**-**
Distribution for Tier 1 capital notes	-	-	-	-	-	(220,000)	**(220,000)**	-	**(220,000)**
Contribution to social and sports fund	-	-	-	-	-	(18,848)	**(18,848)**	-	**(18,848)**
Transactions with shareholders:									
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(310,047)**	**(310,047)**	-	**(310,047)**
Balance at 31 December 2019	**3,100,467**	**5,092,948**	**849,600**	**155,043**	**(58,846)**	**178,702**	**9,317,914**	**4,000,000**	**13,317,914**

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

DOHA BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Total Equity attributable to shareholders of the Bank								
	Share capital QAR'000	Legal reserve QAR'000	Risk reserve QAR'000	Fair value reserve QAR'000	Foreign exchange translation reserve QAR'000	Retained earnings QAR'000	**Total QAR'000**	Instrument eligible as additional Tier 1 capital QAR'000	**Total equity QAR'000**
Balance at 1 January 2018 (Audited) (note 36)	3,100,467	5,092,762	1,372,000	(67,555)	(13,451)	1,322,774	10,806,997	4,000,000	14,806,997
Effect of restatement	-	-	-	-	(24,005)	24,005	-	-	-
Balance at 1 January 2018 (restated)	3,100,467	5,092,762	1,372,000	(67,555)	(37,456)	1,346,779	10,806,997	4,000,000	14,806,997
Impact of adoption of IFRS 9	-	-	(1,372,000)	(212,573)	-	(182,654)	(1,767,227)	-	(1,767,227)
Restated balance at 1 January 2018	3,100,467	5,092,762	-	(280,128)	(37,456)	1,164,125	9,039,770	4,000,000	13,039,770
Total comprehensive income:									
Profit	-	-	-	-	-	830,222	830,222	-	830,222
Other comprehensive income	-	-	-	52,857	(18,724)	-	34,133	-	34,133
Total comprehensive income	-	-	-	52,857	(18,724)	830,222	864,355	-	864,355
Transfer to legal reserve	-	186	-	-	-	(186)	-	-	-
Transfer to risk reserve	-	-	137,200	-	-	(137,200)	-	-	-
Distribution for Tier 1 capital notes	-	-	-	-	-	(220,000)	(220,000)	-	(220,000)
Contribution to social and sports fund	-	-	-	-	-	(20,756)	(20,756)	-	(20,756)
Transactions with shareholders:									
Dividends paid	-	-	-	-	-	(930,140)	(930,140)	-	(930,140)
Balance at 31 December 2018	3,100,467	5,092,948	137,200	(227,271)	(56,180)	686,065	8,733,229	4,000,000	12,733,229

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

DOHA BANK Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 QAR'000	2018 QAR'000
Cash flows from operating activities			
Profit before tax		**724,788**	834,036
Adjustments for:			
Net impairment loss on loans and advances to customers	10	**1,161,537**	951,683
Net impairment loss on investment securities		**(260)**	16,207
Net impairment losses on other financial assets		**(38,113)**	(103,699)
Depreciation	13	**121,840**	90,059
Amortisation of financing cost		**14,630**	13,141
Net Income / (loss) from investment securities	26	**(270,097)**	46,757
(Loss) / gain on sale of property, plant and equipment		**40**	(183)
Share of results of an associate	12	**(187)**	(340)
Profit before changes in operating assets and liabilities		**1,714,178**	1,847,661
Change in due from banks		**(2,316,713)**	132,999
Change in loans and advances to customers		**(5,146,264)**	(2,132,784)
Change in other assets		**(464,681)**	(325,619)
Change in due to banks		**4,508,413**	8,499,610
Change in customer deposits		**2,678,495**	(3,948,471)
Change in other liabilities		**446,434**	435,451
Social and sports fund contribution		**(20,756)**	(27,752)
Income tax paid		**21,696**	(29,606)
Net cash from operating activities		**1,420,802**	4,451,489
Cash flows from investing activities			
Acquisition of investment securities		**(13,453,006)**	(11,581,363)
Proceeds from sale of investment securities		**8,272,339**	8,264,137
Acquisition of property, furniture and equipment	13	**(31,666)**	(2,960)
Proceeds from the sale of property, furniture and equipment		**135**	195
Net cash used in investing activities		**(5,212,198)**	(3,319,991)
Cash flows from financing activities			
Proceeds from / (repayment of) other borrowings	18	**2,014,912**	(595,942)
(Repayment of) / proceeds from issue of debt securities		**(274,514)**	88,631
Distribution on Tier 1 capital notes		**(220,000)**	(220,000)
Dividends paid		**(310,047)**	(930,140)
Net cash used in financing activities		**1,210,351**	(1,657,451)
Net decrease in cash and cash equivalents		**(2,581,045)**	(525,953)
Cash and cash equivalents as at 1 January		**9,779,722**	10,305,675
Cash and cash equivalents at 31 December		**7,198,677**	9,779,722
Operational cash flows from interest and dividend:	33		
Interest received		**4,166,727**	3,878,639
Interest paid		**2,142,581**	1,731,955
Dividends received		**35,627**	36,914

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at and for the year ended 31 December 2019

1. REPORTING ENTITY

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

Doha Bank is engaged in conventional banking activities and operates through its head office in Qatar (Doha) and has 24 local branches, six overseas branches in the United Arab Emirates (Dubai & Abu Dhabi), State of Kuwait, the Republic of India (one branch each in Mumbai, Kochi and Chennai) and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Hong Kong, Canada, Bangladesh, South Africa, Sri Lanka and Nepal. The condensed consolidated interim financial statements for the year ended 31 December 2019 comprises of the Bank and its subsidiaries (together referred to as "the Group").

The principal subsidiaries of the Group are as follows:

Company's name	Country of incorporation	Company's capital	Company's activities	Percentage of ownership	
				2019	2018
Doha Bank Assurance Company L.L.C	Qatar	100,000	General Insurance	**100%**	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	**100%**	100%
DB Securities Limited	Cayman Island	182	Derivatives Transactions	**100%**	100%

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of measurement

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

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

c) Functional and presentation currency

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

d) 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, and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the effects of adoption of IFRS 16 on 1 January 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

a) New and amended standards and interpretations adopted by the Group

The following standards, amendments and interpretations, which became effective as of 1

January 2019, are relevant to the Group:

IFRIC 23 Uncertainty over Income Tax Treatments	1-Jan-19
IFRS 16 Leases	1-Jan-19
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1-Jan-19

The adoption of the above did not result in any changes to previously reported net profit or equity of the Group except as mentioned below.

i) IFRS 16 Leases

The Group has adopted IFRS 16 as issued by the IASB in January 2016 with a date of transition of 1 January 2019, which resulted in almost all leases being recognized on the balance sheet by the lessee, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only recognition exemptions are short-term and low-value leases.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the year, prior to date of adoption of the standard. As allowed under IFRS 16, right-of-use assets has been measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Further the Group has used the following practical expedients on initial application:

- used the Group's previous assessment of which existing contracts are, or contain, lease;

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

- exclude initial direct costs from the measurement of right of use asset at the date of initial application;

- use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease; and

- elected not to separate lease component from any associated non-lease components and taken this option to account for the lease component and the associated non-lease components as a single lease component.

The Group's activities as a lessor are not material and hence it does not have any significant impact on the financial statements.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

The following amounts have been recognised under the new standard and included with in the respective headings of the consolidated statement of financial position and consolidated income statement:

1 January 2019	QAR'000
Right of use asset (Property & Equipment)	137,262
Lease liability (Other Liabilities)	137,262
Operating lease commitments at 31 December 2018 under IAS 17	150,228
Discounted using the incremental borrowing rate at 1 January 2019	137,262
Lease liabilities recognised at 1 January 2019	137,262

Standards issued but not yet effective

A number of standards and amendments to standards are issued but not yet effective and the Group has not adopted these in the preparation of these consolidated financial statements. The below standards may have a significant impact on the Group's consolidated financial statements, however, the Group is currently evaluating the impact of these new standards. The Group will adopt these new standards on the respective effective dates.

- IFRS 17 – "Insurance Contracts" (Effective on 1 January 2021)
- Amendments to IFRS 10 – Consolidated Financial Statements"and IAS 28 – "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely / available for optional adoption)

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries ("the Group") as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of consolidation (continued)

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 of control, is accounted for as an equity transaction.

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value with the changes in fair value recognised in the income statement.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) 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
		2019	2018	
Doha Brokerage and Financial Services Limited	India	**44.02%**	44.02%	Brokerage and assets management

e) 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 income statement.

f) 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;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Foreign operations (continued)

- 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.

g) Financial assets and financial liabilities

i) 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.

ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and financial liabilities (continued)

for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest ("the SPPI test"), the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers contingent events that would change the amount and timing of cash flows, prepayment and extension terms, terms that limit the Group's claim to cash flows from specified assets and features that modify consideration of the time value of money. Instruments failing SPPI will be measured at FVTPL.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The reclassification takes place from the start of the first reporting period following the change.

Financial liabilities

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

iii) 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 separate 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.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated income statement on derecognition of such securities.

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 expired.

iv) Modification of financial assets and liabilities

Financial Assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and financial liabilities (continued)

modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value, and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purpose, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial assets and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial Liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated income statement.

v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a currently enforceable 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.

vi) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and financial liabilities (continued)

vii) Identification and measurement of impairment

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Loan commitments and financial guarantee contracts.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition

12-month ECL are the portion of ECL that result from default events on financial instruments that are possible with the 12 months after the reporting date.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties

h) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Cash and cash equivalents (continued)

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

i) 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, except for the financial assets which are classified to be measured at FVTPL.

Write-off of loans and advances to customers

Loans and advances to customers (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. All write- offs of loans and advances to customers are recorded after obtaining approvals from the QCB for such write-offs.

j) Investment securities

The ‘investment securities’ includes:

- Debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
- Debt securities measured at FVOCI; and
- Equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest income using the effective interest method;
- Expected credit losses and reversals; and
- Foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated income statement.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument by instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never subsequently reclassified to consolidated income statement, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated income statement, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

k) 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 consolidated 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Derivatives (continued)

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.

Hedge Accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. The Group has also elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

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 prospectively. 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.

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.

l) 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Property and equipment (continued)

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. Land and capital work-in-progress are not depreciated.

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

Buildings	20 - 30 years
Leasehold improvements, furniture and equipment	3 - 10 years
Vehicles	5 - 8 years

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

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

With respect to Qatari and other GCC 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.

r) 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.

s) Share capital and reserves

i) Share issue costs

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

ii) 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.

t) 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 and fair value through profit or loss, 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 liabilities.

For the financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income on investment (debt) securities measured at FVOCI and measured at amortised cost is calculated using effective interest rate method and is also included in interest 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 of a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised over time 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 over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer is benefited from these services over the tenure of the service period. Other fee and commission expense relate mainly to transaction 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.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated income statement on derecognition of such securities.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Revenue recognition (continued)

Dividend income

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

u) 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 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.

v) 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 year. 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.

w) 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.

x) 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.

y) Repossessed collateral

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y) Repossessed collateral (continued)

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.

z) Comparatives

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

aa) Leases

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has decided to separate the lease and non-lease component in the underlying contracts based on their relative standalone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any prepaid and accrued lease expenses. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. In addition, the right of-use asset is periodically reduced by impairment losses, if any, and is adjusted for extension in lease terms or cancellation of the leases.

The lease liability is initially measured at the present value of the lease payments which are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate, which is based on the weighted average rate applied in the Group's principal markets adjusted for the nature of the asset, lease term, security and any other relevant assumptions. The lease liability is subsequently measured at amortised cost using the effective interest method. The finance cost incurred related to the lease liabilities is included in the 'interest expense' in the consolidated income statement.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the consolidated statement of financial position. The deferred tax impact, if any, is recognized in accordance with the relevant tax regulations and is accounted under IAS 12.

Policy applicable upto 31 December 2018

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease. As a lessee the Group classified all leases as operating leases under IAS 17. Payments made under operating leases were recognised in consolidated income statement on a straight-line basis over the term of the lease.

4. FINANCIAL RISK MANAGEMENT

a) 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 key risks Group is exposed are to credit risk, liquidity risk, operational risk and market risk, which includes 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.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Introduction and overview (continued)

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

b) 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 balance with central banks, due from banks, loans and advances to customers, debt securities and other bills, certain other assets 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 to customers by economic sectors. Note 4 (b) (iii) to the consolidated financial statements disclose the geographical distribution of the Group's credit exposure.

i) 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 Control Department.

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, 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.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

ii) Analysis of maximum exposure to credit risk before taking account of collateral held or other credit enhancements, net of impairment

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.

	2019 QAR'000	2018 QAR'000
Credit risk exposures relating to assets recorded on the statement of financial position are as follows:		
Balances with central banks	**5,331,026**	7,156,046
Due from banks	**7,756,944**	6,238,998
Loans and advances to customers	**65,784,258**	59,844,059
Investment securities - debt	**25,943,856**	20,111,514
Other assets	**1,213,696**	675,664
Total as at 31 December	**106,029,780**	94,026,281
Other credit risk exposures are as follows:		
Guarantees	**12,896,949**	16,046,400
Letters of Credit	**4,679,118**	5,273,014
Unutilised credit facilities	**1,737,863**	1,868,006
Total as at 31 December	**19,313,930**	23,187,420
	125,343,710	117,213,701

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

iii) 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	2019 Total QAR'000
Balances with central banks	**3,044,982**	**2,230,318**	**-**	**55,726**	**5,331,026**
Due from banks	**1,596,929**	**640,889**	**1,120,148**	**4,398,978**	**7,756,944**
Loans and advances to customers	**51,739,728**	**9,569,457**	**925,668**	**3,549,405**	**65,784,258**
Investment securities - debt	**23,353,201**	**1,608,705**	**302,007**	**679,943**	**25,943,856**
Other assets	**1,144,361**	**6,416**	**-**	**62,919**	**1,213,696**
	80,879,201	**14,055,785**	**2,347,823**	**8,746,971**	**106,029,780**

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2018 Total QAR'000
Balances with central banks	4,888,437	2,241,194	-	26,415	7,156,046
Due from banks	2,847,199	349,354	191,929	2,850,516	6,238,998
Loans and advances to customers	47,221,573	7,507,114	1,066,775	4,048,597	59,844,059
Investment securities - debt	17,791,352	1,682,996	232,999	404,167	20,111,514
Other assets	618,598	7,873	-	49,193	675,664
	73,367,159	11,788,531	1,491,703	7,378,888	94,026,281

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2019 Total QAR'000
Guarantees	**6,788,764**	**2,482,822**	**154,820**	**3,470,543**	**12,896,949**
Letters of Credit	**3,924,787**	**75,442**	**149,350**	**529,539**	**4,679,118**
Unutilised credit facilities	**1,363,043**	**295,301**	**-**	**79,519**	**1,737,863**
	12,076,594	**2,853,565**	**304,170**	**4,079,601**	**19,313,930**

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2018 Total QAR'000
Guarantees	8,844,056	2,709,350	344,894	4,148,100	16,046,400
Letters of Credit	4,405,331	30,137	267,539	570,007	5,273,014
Unutilised credit facilities	1,375,987	316,246	-	175,773	1,868,006
	14,625,374	3,055,733	612,433	4,893,880	23,187,420

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

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

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.

	2019 QAR'000	2018 QAR'000
Funded and unfunded		
Government and related agencies	**34,400,874**	28,404,621
Industry	**683,489**	639,569
Commercial	**11,952,111**	11,589,237
Services	**22,830,029**	17,327,366
Contracting	**9,318,310**	9,637,882
Real estate	**16,845,058**	16,865,644
Personal	**7,758,749**	8,286,571
Others	**2,241,160**	1,275,391
Guarantees	**12,896,949**	16,046,400
Letters of credit	**4,679,118**	5,273,014
Unutilised credit facilities	**1,737,863**	1,868,006
	125,343,710	117,213,701

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

iv) Credit quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings. The Group follows an internal risk rating mechanism linked to credit ratings published by international rating agencies. The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

The following table sets out information about the credit quality of financial assets, commitments and financial guarantees.

Cash and Balances with Central Banks (Excluding Cash on Hand) and Due from Banks	2019				2018
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade – Aaa to Baa3	11,595,300	-	-	11,595,300	12,978,829
Sub-investment grade – Ba1 to Ca3	883,146	618,042	-	1,501,188	428,493
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Loss allowance	(7,909)	(609)	-	(8,518)	(12,278)
Carrying amount	**12,470,537**	**617,433**	**-**	**13,087,970**	**13,395,044**

Loans and Advances to Customers	2019				2018
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade – Aaa to Baa3	24,952,174	1,633,901	-	26,586,075	27,799,083
Sub-investment grade – Ba1 to Ca3	22,538,251	17,667,068	-	40,205,319	33,476,303
Substandard	-	-	1,020,876	1,020,876	1,128,116
Doubtful	-	-	830,465	830,465	980,260
Loss	-	-	2,271,094	2,271,094	1,693,721
Loss allowance	(144,711)	(1,425,438)	(3,559,422)	(5,129,571)	(5,233,424)
Carrying amount	**47,345,714**	**17,875,531**	**563,013**	**65,784,258**	**59,844,059**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

iv) Credit quality (continued)

Investment Securities	2019 Stage 1 QAR'000	2019 Stage 2 QAR'000	2019 Stage 3 QAR'000	2019 Total QAR'000	2018 Total QAR'000
Investment grade – Aaa to Baa3	24,752,620	-	-	24,752,620	19,559,573
Sub-investment grade – Ba1 to Ca3	936,514	242,374	-	1,178,888	537,551
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	37,735	37,735	38,972
Loss allowance	(355)	-	(25,032)	(25,387)	(24,582)
Carrying amount	**25,688,779**	**242,374**	**12,703**	**25,943,856**	**20,111,514**

Loan commitments and financial guarantees	2019 Stage 1 QAR'000	2019 Stage 2 QAR'000	2019 Stage 3 QAR'000	2019 Total QAR'000	2018 Total QAR'000
Investment grade – Aaa to Baa3	10,222,225	546,945	-	10,769,170	14,138,295
Sub-investment grade – Ba1 to Ca3	3,860,568	4,423,187	-	8,283,755	8,831,700
Substandard	-	-	261,005	261,005	217,425
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Loss allowance	(17,595)	(101,148)	(125,543)	(244,286)	(161,937)
Carrying amount	**14,065,198**	**4,868,984**	**135,462**	**19,069,644**	**23,025,483**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

Collateral

The Group obtains collateral and other credit enhancements in ordinary course of business from counterparties. On an overall basis, during the year there was no discernable deterioriation in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group.

The fair value of the collateral held against credit-impaired loans and advances as at 31 December 2019 is QR 1,129 million (2018: QR 456 million).

The aggregate collateral in respect to the loans and advances to customers are QAR 76,375 million as of 31 December 2019 (2018: QAR 73,749 million).

Repossessed collateral

The group has acquired properties held as collateral in settlement of debt of carrying value of QAR 134 million as at 31 December 2019 (2018: QAR 134 million).

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 are generally based on a product-specific past due status. The amount written off during the year was QAR 1,680 million (2018: QAR 389 million).

v) Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience. The Group may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

In determining whether credit risk has increased significantly since initial recognition following criteria's are considered:

i. Two notches downgrade for ratings from Aaa to Baa or one notch downgrade for ratings from Ba to Caa
ii. Facilities restructured during previous twelve months
iii. Facilities overdue by 60 and 30 days as at the reporting date for corporate and retail loans respectively

Credit risk grades

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

Generating the term structure of Probability of Default (PD)

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

Renegotiated financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

v) Inputs, assumptions and techniques used for estimating impairment Significant increase in credit risk *(continued)*

have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. Where possible, the Group seeks to restructure loans rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

The accounts which are restructured due to credit reasons in past 12 months will be classified under Stage 2.

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is rated 9 or 10.

In assessing whether a borrower is in default, the Group also considers indicators that are:

- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward looking information

Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the stage 1 and stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on credit risk vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are updated from the World economic outlook: IMF country data and other reliable sources which provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP) over a period of two to five years. The impact of these economic variables on the level of expected credit loss has been determined by performing statistical analysis to understand the impact changes in these variables have had historically on default rates.

In addition to the base economic scenario, the Bank's Credit risk team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure plausible events are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2019 and 31 December 2019, for all portfolios the Bank concluded that three scenarios representing the Base, Upside and Downside cases has been determined appropriate for capturing forward looking component in ECL. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The weightings assigned to each macro-economic scenario as at 31 December 2019, were 70% to Base Case and 15% each to Downside and Upside Case. The assessment of SICR is performed based on credit risk assessment following QCB rule and management assessment under each of the base, and the other scenarios, multiplied by the associated scenario weightings. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Bank

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

v) Inputs, assumptions and techniques used for estimating impairment Significant increase in credit risk *(continued)*

measures ECL as either a 12 month ECL (Stage 1), or lifetime ECL (Stage 2). These ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes.

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2019 were GDP and Oil prices (Oil price 2020: $61.30/Barrel, 2021: $64.00/ Barrel) and (GDP 2020:2.48%, 2021: 2.49%).

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are primarily based on internally compiled data comprising both quantitative and qualitative factors and are supplemented by external credit assessment data where available.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the forecasted collateral value and recovery costs of any collateral that is integral to the financial asset.

LGD estimation includes:

1) Cure Rate: Defined as the ratio of accounts which have fallen to default and have managed to move backward to the performing accounts.
2) Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.
3) Discounting Rate: Defined as the opportunity cost of the recovery value not being realized on the day of default adjusted for time value.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

v) *Inputs, assumptions and techniques used for estimating impairment* Significant increase in credit risk *(continued)*

	2019				2018
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Gross exposures subject to ECL – as at 31 December					
- Loans and advances to customers	47,490,425	19,300,969	4,122,435	70,913,829	65,077,483
- Investment securities (debt)	25,689,134	242,374	37,735	25,969,243	20,136,096
- Loan commitments and financial guarantees	14,082,793	4,970,132	261,005	19,313,930	23,187,420
- Due from banks and balances with central Banks	12,478,446	618,042	-	13,096,488	13,407,322
	99,740,798	**25,131,517**	**4,421,175**	**129,293,490**	121,808,321
Opening balance of ECL / impairment - as at 1 January					
- Loans and advances to customers	223,709	1,301,896	3,707,819	5,233,424	4,302,608
- Investment securities (debt)	18,359	793	22,832	41,984	25,777
- Loan commitments and financial guarantees	27,575	126,204	8,158	161,937	260,925
- Due from banks and balances with central Banks	11,886	392	-	12,278	16,989
	281,529	**1,429,285**	**3,738,809**	**5,449,623**	4,606,299
Net charge and transfers for the year (net of foreign currency translation)					
- Loans and advances to customers*	(78,998)	123,542	1,619,397	1,663,941	1,320,251
- Investment securities (debt)	(8,930)	6,470	2,200	(260)	16,207
- Loan commitments and financial guarantees	(9,980)	(25,056)	75,645	40,609	(98,988)
- Due from banks and balances with central Banks	(3,977)	217	-	(3,760)	(4,711)
	(101,885)	**105,173**	**1,697,242**	**1,700,530**	1,232,759
Write offs/transfers during the year					
- Loans and advances to customers**	-	-	(1,767,794)	(1,767,794)	(389,435)
- Investment securities (debt)	-	-	-	-	-
- Loan commitments and financial guarantees**	-	-	41,740	41,740	-
- Due from banks and balances with central Banks	-	-	-	-	-
	-	**-**	**(1,726,054)**	**(1,726,054)**	(389,435)
Closing balance of ECL / impairment - as at 31 December					
- Loans and advances to customers	144,711	1,425,438	3,559,422	5,129,571	5,233,424
- Investment securities (debt)	9,429	7,263	25,032	41,724	41,984
- Loan commitments and financial guarantees	17,595	101,148	125,543	244,286	161,937
- Due from banks and balances with central Banks	7,909	609	-	8,518	12,278
	179,644	**1,534,458**	**3,709,997**	**5,424,099**	5,449,623

* stage 3 provision includes interest in suspense
** stage 3 provision includes a transfer of provision from loans and advances to loan commitments and financial guarantees

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) 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.

The Group monitors its liquidity risk through two key ratios, the Liquidity Coverage Ratio (LCR) as per Basel III guidelines adopted by QCB to monitor the short term (30 days) resilience of the bank's liquidity and the Liquidity Ratio as per QCB's guidelines.

The Liquidity Coverage Ratio (LCR) computed as per Basel III guidelines adopted by QCB was 134.63% as at 31 December 2019 (31 December 2018: 102.9%).

The Liquidity Ratio (LR) computed as per QCB guidelines was 126.94% as at 31 December 2019 (31 December 2018: 120.5%).

i) 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 during the year were as follows:

	2019	2018
Average for the year	**124.10%**	108.96%
Maximum for the year	**129.27%**	117.82%
Minimum for the year	**112.25%**	102.60%

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

i) Exposure to liquidity risk (continued)

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.

	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 2019							
Cash and balances with central banks	5,803,844	3,069,998	300,000	-	3,369,998	-	2,433,846
Due from banks	7,756,944	1,848,493	1,898,766	2,986,672	6,733,931	1,023,013	-
Loans and advances to customers	65,784,258	5,556,047	3,146,225	8,204,181	16,906,453	48,877,805	-
Investment securities	26,560,585	481,194	144,674	2,027,043	2,652,911	23,290,945	616,729
Investment in an associate	10,478	-	-	-	-	-	10,478
Property, furniture and equipment	723,597	-	-	-	-	-	723,597
Other assets	1,568,719	1,568,719	-	-	1,568,719	-	-
Total	108,208,425	12,524,451	5,489,665	13,217,896	31,232,012	73,191,763	3,784,650
Due to banks	24,036,948	10,668,405	8,190,494	4,216,592	23,075,491	961,457	-
Customer deposits	58,463,833	19,838,967	15,087,192	17,796,331	52,722,490	5,741,343	-
Debt securities	473,059	-	138,565	264,526	403,091	69,968	-
Other borrowings	6,859,049	749,200	162,489	2,400,539	3,312,228	3,546,821	-
Other liabilities	5,057,622	5,057,622	-	-	5,057,622	-	-
Total equity	13,317,914	-	-	-	-	-	13,317,914
Total	108,208,425	36,314,194	23,578,740	24,677,988	84,570,922	10,319,589	13,317,914
Maturity gap	-	(23,789,743)	(18,089,075)	(11,460,092)	(53,338,910)	62,872,174	(9,553,264)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

i) 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 2018							
Cash and balances with central banks	7,586,122	5,584,683	-	-	5,584,683	-	2,001,439
Due from banks	6,238,998	2,801,106	1,368,063	1,964,184	6,133,353	105,645	-
Loans and advances to customers	59,844,059	3,628,656	2,953,624	8,071,625	14,653,905	45,190,154	-
Investment securities	20,727,215	577,732	128,556	1,568,604	2,274,892	17,836,625	615,698
Investment in an associate	10,510	-	-	-	-	-	10,510
Property, furniture and equipment	621,469	-	-	-	-	-	621,469
Other assets	1,104,038	1,104,038	-	-	1,104,038	-	-
Total	96,132,411	13,696,215	4,450,243	11,604,413	29,750,871	63,132,424	3,249,116
Due to banks	19,528,535	10,622,371	4,984,529	2,731,689	18,338,589	1,189,946	-
Customer deposits	55,785,338	24,983,137	12,167,304	14,546,384	51,696,825	4,088,513	-
Debt securities	747,573	-	74,406	377,185	451,591	295,982	-
Other borrowings	4,844,137	291,670	145,660	2,487,978	2,925,308	1,918,829	-
Other liabilities	2,493,599	2,493,599	-	-	2,493,599	-	-
Total equity	12,733,229	-	-	-	-	-	12,733,229
Total	96,132,411	38,390,777	17,371,899	20,143,236	75,905,912	7,493,270	12,733,229
Maturity gap	-	(24,694,562)	(12,921,656)	(8,538,823)	(46,155,041)	55,639,154	(9,484,113)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities (continued)

The table below summarises contractual expiry dates of the Group's contingent liabilities:

	Carrying amount QAR'000	Upto 3 months QAR'000	3 months to 1 year QAR'000	Above 1 year QAR'000
31 December 2019				
Guarantees	**12,896,949**	4,849,738	4,598,397	3,448,814
Letters of credit	**4,679,118**	1,055,023	341,830	3,282,265
Unutilised credit facilities	**1,737,863**	543,911	1,152,167	41,785
Total	**19,313,930**	**6,448,672**	**6,092,394**	**6,772,864**
31 December 2018				
Guarantees	16,046,400	5,361,933	6,344,019	4,340,448
Letters of credit	5,273,014	994,178	401,153	3,877,683
Unutilised credit facilities	1,868,006	147,040	1,487,981	232,985
Total	23,187,420	6,503,151	8,233,153	8,451,116

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	Above 1 year QAR'000
31 December 2019						
Non-derivative financial liabilities						
Due to banks	**24,036,948**	**24,280,750**	**10,674,639**	**8,203,361**	**4,292,206**	**1,110,544**
Customer deposits	**58,463,833**	**58,920,263**	**19,853,723**	**15,143,143**	**18,052,729**	**5,870,668**
Debt securities	**473,059**	**478,523**	**-**	**138,780**	**266,830**	**72,913**
Other borrowings	**6,859,049**	**7,052,506**	**750,098**	**163,030**	**2,448,009**	**3,691,369**
Other liabilities	**4,543,346**	**4,543,346**	**4,543,346**	**-**	**-**	**-**
Total liabilities	**94,376,235**	**95,275,388**	**35,821,806**	**23,648,314**	**25,059,774**	**10,745,494**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

i) 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.

31 December 2019	**Total QAR'000**	**Up to 1 Year QAR'000**	**Above 1 year QAR'000**
Derivative financial instruments:			
Outflow	**(6,345,766)**	**(6,345,766)**	-
Inflow	**6,342,123**	**6,342,123**	-

	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	Above 1 year QAR'000
31 December 2018						
Non-derivative financial liabilities						
Due to banks	19,528,535	19,578,259	10,632,482	4,995,468	2,748,118	1,202,191
Customer deposits	55,785,338	56,170,428	25,014,787	12,207,216	14,799,920	4,148,505
Debt securities	747,573	760,652	-	73,324	378,747	307,005
Other borrowings	4,844,137	4,762,466	-	146,860	2,560,579	2,042,051
Other liabilities	2,354,711	2,354,711	2,354,711	-	-	-
Total liabilities	83,260,294	83,626,516	38,001,980	17,422,868	20,487,364	7,699,752

Derivative financial instruments:

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

31 December 2018	Total QAR'000	Up to 1 Year QAR'000	Above 1 year QAR'000
Derivative financial instruments:			
Outflow	(8,151,612)	(8,151,612)	-
Inflow	8,146,299	8,146,299	-

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) 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.

i) 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.

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 approve all the investment decision for the Group. Financial Risk Management department is vested with the responsibility of measuring, monitoring risk and reporting risk in the portfolio.

ii) Exposure to interest rate risk

The principal risk to which the banking and trading portfolios are exposed is the risk of loss from fluctuations in
The principal risk to which the banking and 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 Treasury in its day-to-day monitoring activities.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk (continued)

ii) Exposure to interest rate risk (continued)

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

		Repricing in:			
	Carrying amount QAR'000	Less than 3 months QAR'000	3-12 months QAR'000	Above 1 year QAR'000	Non-interest sensitive QAR'000
31 December 2019					
Cash and cash equivalents	5,803,844	1,202,900	-	-	4,600,944
Due from banks	7,756,944	5,429,625	2,047,474	-	279,845
Loans and advances to customers	65,784,258	59,243,176	202	11,574	6,529,306
Investment securities	26,560,585	632,750	2,025,456	23,285,650	616,729
Investment in an associate	10,478	-	-	-	10,478
Property, furniture and equipment	723,597	-	-	-	723,597
Other assets	1,568,719	-	-	-	1,568,719
Total	108,208,425	66,508,451	4,073,132	23,297,224	14,329,618
Due to banks	24,036,948	18,149,725	4,850,369	698,145	338,709
Customer deposits	58,463,833	38,265,660	17,920,796	2,277,377	-
Debt securities	473,059	338,847	134,212	-	-
Other borrowings	6,859,049	6,859,049	-	-	-
Other liabilities	5,057,622	-	-	-	5,057,622
Total equity	13,317,914	-	-	-	13,317,914
Total	108,208,425	63,613,281	22,905,377	2,975,522	18,714,245
Interest rate sensitivity gap	-	2,895,170	(18,832,245)	20,321,702	(4,384,627)
Cumulative interest rate sensitivity gap	-	2,895,170	(15,937,075)	4,384,627	-

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk (continued)

ii) Exposure to interest rate risk (continued)

		Repricing in:			
	Carrying amount QAR'000	Less than 3 months QAR'000	3-12 months QAR'000	Above 1 year QAR'000	Non-interest sensitive QAR'000
31 December 2018					
Cash and cash equivalents	7,586,122	2,825,350	-	-	4,760,772
Due from banks	6,238,998	5,083,161	1,019,678	34,688	101,471
Loans and advances to customers	59,844,059	55,015,730	500,029	74,804	4,253,496
Investment securities	20,727,215	508,733	1,862,958	17,739,826	615,698
Investment in an associate	10,510	-	-	-	10,510
Property, furniture and equipment	621,469	-	-	-	621,469
Other assets	1,104,038	-	-	-	1,104,038
Total	96,132,411	63,432,974	3,382,665	17,849,318	11,467,454
Due to banks	19,528,535	16,709,291	2,364,856	214,226	240,162
Customer deposits	55,785,338	40,012,833	14,661,982	1,110,523	-
Debt securities	747,573	383,621	363,952	-	-
Other borrowings	4,844,137	4,844,137	-	-	-
Other liabilities	2,493,599	-	-	-	2,493,599
Total equity	12,733,229	-	-	-	12,733,229
Total	96,132,411	61,949,882	17,390,790	1,324,749	15,466,990
Interest rate sensitivity gap	-	1,483,092	(14,008,125)	16,524,569	(3,999,536)
Cumulative interest rate sensitivity gap	-	1,483,092	(12,525,033)	3,999,536	-

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk (continued)

ii) Exposure to interest rate risk (continued)

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 non-standard 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 10 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:

	10 bp parallel increase QAR'000	10 bp parallel decrease QAR'000
Sensitivity of net interest income		
At 31 December 2019	**(1,730)**	**1,730**
At 31 December 2018	(2,125)	2,125

	10 bp parallel increase QAR'000	10 bp parallel decrease QAR'000
Sensitivity of reported equity to interest rate movements		
At 31 December 2019	**(39,378)**	**39,378**
At 31 December 2018	(37,453)	37,453

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.

iii) Exposure to other market risks

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:	2019 QAR'000	2018 QAR'000
Pound Sterling	**5,287**	2,035
Euro	**3,392**	147,197
Kuwaiti Dinar	**49,550**	10,524
Japanese Yen	**2,775**	624
Other currencies	**55,101**	2,917,677

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk (continued)

iii) Exposure to other market risks

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	
	2019 QAR'000	2018 QAR'000
5% increase / (decrease) in currency exchange rate		
Pound Sterling	**264**	102
Euro	**170**	7,360
Kuwaiti Dinar	**2,478**	526
Japanese Yen	**139**	31
Other currencies	**2,775**	145,884

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 equity price risk exposure arises from equity securities classified as fair value through other comprehensive income and fair value through profit or loss.

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

	2019		2018	
	Effect on OCI QAR'000	**Effect on income statement QAR'000**	Effect on OCI QAR'000	Effect on income statement QAR'000
5% increase / (decrease) in Qatar Exchange	**± 10,381**	-	± 6,906	-
5% increase / (decrease) in Other than Qatar Exchange	**± 2,340**	-	± 1,803	-
	± 12,721	-	± 8,709	-

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.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) 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.

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.

f) Capital management

Regulatory capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Capital management (continued)

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

	2019 Basel III QAR'000	2018 Basel III QAR'000
Common Equity Tier 1 Capital	**9,143,194**	8,224,942
Additional Tier 1 Capital	**4,000,000**	4,000,000
Additional Tier 2 Capital	**927,323**	899,329
Total Eligible capital	**14,070,517**	13,124,271

Risk weighted assets

	2019 Basel III Risk weighted amount QAR'000	2018 Basel III Risk weighted amount QAR'000
Total risk weighted assets for credit risk	**73,399,101**	71,134,820
Risk weighted assets for market risk	**252,621**	526,394
Risk weighted assets for operational risk	**5,635,707**	5,511,995
Total risk weighted assets	**79,287,429**	77,173,209

	2019 QAR'000	2018 QAR'000
Regulatory capital	**14,070,517**	13,124,271
Common equity tier 1 (CET1) ratio	**11.53%**	10.66%
Tier 1 Capital Ratio	**16.58%**	15.84%
Total capital adequacy ratio	**17.75%**	17.01%

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Capital management (continued)

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations for the year ended 31 December 2019 are as follows:

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Total capital ratio including capital conservation buffer	Total capital including capital conservation buffer and domestic systematic important bank buffer	Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge
Actual	11.53%	11.53%	16.58%	17.75%	17.75%	17.75%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	12.50%	13.50%

The Group is currently analysing the new capital requirements in relation to the Interest Rate Risks on the Banking Book (IRRBB) and will start allocating capital based on the new standards in Pillar II as of 30/06/2020 in accordance with the instructions and directions of the Qatar Central Bank (QCB).

5. USE OF ESTIMATES AND JUDGEMENTS

a) 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 reasonable under the circumstances.

i) Impairment allowances for credit losses

Assessment of whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of ECL, refer to note 4(b)(v).

ii) 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.

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

b) Critical accounting judgements in applying the Group's accounting policies

i) Valuation of financial instruments

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.

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

b) Critical accounting judgements in applying the Group's accounting policies (continued)

- 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 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.

ii) Fair value measurement

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2019:

	Date of valuation	Level 1 QAR'000	Level 2 QAR'000	Level 3 QAR'000	Total QAR'000
Financial assets measured at fair value:					
Investment securities measured at FVOCI	31 Dec 2019	**17,367,095**	**-**	**52,813**	**17,419,908**
Investment securities measured at FVTPL	31 Dec 2019	**23,237**	**41,571**	**-**	**64,808**
Derivative instruments:					
Interest rate swaps	31 Dec 2019	**-**	**36,459**	**-**	**36,459**
Forward foreign exchange contracts	31 Dec 2019	**-**	**3,970**	**-**	**3,970**
		17,390,332	**82,000**	**52,813**	**17,525,145**
Financial liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2019	**-**	**506,663**	**-**	**506,663**
Forward foreign exchange contracts	31 Dec 2019	**-**	**7,613**	**-**	**7,613**
		-	**514,276**	**-**	**514,276**

There have been no transfers between Level 1, level 2 and Level 3 fair value measurement during the year.

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

b) Critical accounting judgements in applying the Group's accounting policies (continued)

ii) Fair value measurement (continued)

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2018.

	Date of valuation	Level 1 QAR'000	Level 2 QAR'000	Level 3 QAR'000	Total QAR'000
Financial assets measured at fair value:					
Investment securities measured at FVOCI	31 Dec 2018	15,005,296	300,000	52,781	15,358,077
Investment securities measured at FVTPL	31 Dec 2018	43,716	58,641	-	102,357
Derivative instruments:					
Interest rate swaps	31 Dec 2018	-	77,417	-	77,417
Forward foreign exchange contracts	31 Dec 2018	-	10,388	-	10,388
		15,049,012	446,446	52,781	15,548,239
Financial liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2018	-	123,187	-	123,187
Forward foreign exchange contracts	31 Dec 2018	-	15,701	-	15,701
		-	138,888	-	138,888

During the reporting period 31 December 2018, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

iii) Financial asset and liability classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 3 (g) for further information.

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

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

b) Critical accounting judgements in applying the Group's accounting policies (continued)

iv) 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 fair value hedges, the Group has determined that the hedged interest rate exposure relates to highly probable future cash flows.

v) Impairment of investments debt securities

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to note 4b(vi) Inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

vi) 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.

vii) 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.

6. OPERATING SEGMENTS

The Group organizes and manages its operations by two 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 centralised 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.

6. OPERATING SEGMENTS (CONTINUED)

a) By operating segment

Details of each segment as of and for the year ended 31 December 2019 are stated below:

	2019					
	Corporate Banking QAR'000	Retail Banking QAR'000	Unallocated QAR'000	Total QAR'000	Insurance QAR'000	Total QAR'000
Net Interest income	1,746,172	234,050	-	**1,980,222**	-	**1,980,222**
Net income from insurance activities	-	-	-	-	**(77,246)**	**(77,246)**
Other income	682,234	123,376	68,469	874,079	5,734	**879,813**
Segmental revenue	2,428,406	357,426	68,469	**2,854,301**	(71,512)	**2,782,789**
Total Expense				**(874,420)**	6,653	**(867,767)**
Net impairment loss on loans and advances to customers				**(1,161,537)**	-	**(1,161,537)**
Impairment loss on investment securities				**260**	**-**	**260**
Segmental profit				**818,604**	**(64,859)**	**753,745**
Share of results of associates						**187**
Net profit						**753,932**
Other information						
Assets	93,962,105	5,819,749	8,096,160	**107,878,014**	319,933	**108,197,947**
Investments in an associate						**10,478**
Total						**108,208,425**
Liabilities	83,740,903	9,341,693	1,584,852	**94,667,448**	223,063	**94,890,511**
Contingent items	19,229,223	84,707	-	**19,313,930**	-	**19,313,930**

6. OPERATING SEGMENTS (CONTINUED)

a) By operating segment (continued)

Details of each segment as of and for the year ended 31 December 2018 are stated below:

	2018					
	Corporate Banking QAR'000	Retail Banking QAR'000	Unallocated QAR'000	Total QAR'000	Insurance QAR'000	Total QAR'000
Net Interest income	1,804,948	275,998	-	2,080,946	-	2,080,946
Net income from insurance activities	-	-	-	-	(6,723)	(6,723)
Other income	485,713	128,416	67,194	552,907	7,468	560,375
Segmental revenue	2,290,661	404,414	67,194	2,633,853	745	2,634,598
Total Expense				(837,011)	185	(836,826)
Net impairment loss on loans and advances to customers				(951,683)	-	(951,683)
Impairment loss on investment securities				(16,207)	-	(16,207)
Segmental profit				828,952	930	829,882
Share of results of associates						340
Net profit						830,222
Other information						
Assets	80,503,999	5,885,511	9,311,629	95,701,139	420,762	96,121,901
Investments in an associate						10,510
Total						96,132,411
Liabilities	73,886,496	8,106,697	1,144,158	83,137,350	261,832	83,399,182
Contingent items	23,133,637	53,783	-	23,187,420	-	23,187,420

6. OPERATING SEGMENTS (CONTINUED)

b) 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 Group.

	Qatar QAR'000	Other GCC QAR'000	India QAR'000	Total QAR'000
2019				
Net operating income	**2,650,099**	**109,979**	**22,711**	**2,782,789**
Net profit	**847,602**	**(94,282)**	**612**	**753,932**
Total assets	**98,194,341**	**9,234,320**	**779,764**	**108,208,425**
Total liabilities	**86,115,875**	**8,150,056**	**624,580**	**94,890,511**
2018				
Net operating income	2,417,021	185,922	31,655	2,634,598
Net profit	1,019,847	(197,310)	7,685	830,222
Total assets	88,314,914	7,091,234	726,263	96,132,411
Total liabilities	76,878,176	5,957,648	563,358	83,399,182

7. FINANCIAL ASSETS AND LIABILITIES

a) Account 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			Fair Value though other comprehensive income		Amortised cost	Total carrying amount	Fair value
31 December 2019	**Debt**	**Equity**	**Derivatives**	**Debt**	**Equity**			
Cash and balances with central banks	-	-	-	-	-	5,803,844	5,803,844	5,803,844
Due from banks	-	-	-	-	-	7,756,944	7,756,944	7,756,944
Positive fair value of derivatives	-	-	40,429	-	-	-	40,429	40,429
Loans and advances to customers	-	-	-	-	-	65,784,258	65,784,258	65,784,258
Investment securities:								
Measured at FVOCI	-	-	-	16,867,987	551,921	-	17,419,908	17,419,908
Measured at FVTPL	-	64,808	-	-	-	-	64,808	64,808
Measured at amortised cost	-	-	-	-	-	9,075,869	9,075,869	9,204,426
Other assets	-	-	-	-	-	1,173,267	1,173,267	1,173,267
	-	64,808	40,429	16,867,987	551,921	89,594,182	107,119,327	107,247,884
Negative fair value of derivatives	-	-	514,276	-	-	-	514,276	514,276
Due to banks	-	-	-	-	-	24,036,948	24,036,948	24,036,948
Customer deposits	-	-	-	-	-	58,463,833	58,463,833	58,463,833
Debt securities	-	-	-	-	-	473,059	473,059	473,059
Other borrowings	-	-	-	-	-	6,859,049	6,859,049	6,859,049
Other liabilities	-	-	-	-	-	4,029,697	4,029,697	4,029,697
	-	-	514,276	-	-	93,862,586	94,376,862	94,376,862

7. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

a) Account Classifications and fair values (continued)

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			Fair Value though other comprehensive income		Amortised cost	Total carrying amount	Fair value
31 December 2018	**Debt**	**Equity**	**Derivatives**	**Debt**	**Equity**			
Cash and balances with central banks	-	-	-	-	-	7,586,122	7,586,122	7,586,122
Due from banks	-	-	-	-	-	6,238,998	6,238,998	6,238,998
Positive fair value of derivatives	-	-	87,805	-	-	-	87,805	87,805
Loans and advances to customers	-	-	-	-	-	59,844,059	59,844,059	59,844,059
Investment securities:								
Measured at FVOCI	-	-	-	14,844,733	513,344	-	15,358,077	15,358,077
Measured at FVTPL	-	102,357	-	-	-	-	102,357	102,357
Measured at amortised cost	-	-	-	-	-	5,266,781	5,266,781	5,275,056
Other assets	-	-	-	-	-	817,893	817,893	817,893
	-	102,357	87,805	14,844,733	513,344	79,753,853	95,302,092	95,310,367
Negative fair value of derivatives	-	-	138,888	-	-	-	138,888	138,888
Due to banks	-	-	-	-	-	19,528,535	19,528,535	19,528,535
Customer deposits	-	-	-	-	-	55,785,338	55,785,338	55,785,338
Debt securities	-	-	-	-	-	747,573	747,573	747,573
Other borrowings	-	-	-	-	-	4,844,137	4,844,137	4,844,137
Other liabilities	-	-	-	-	-	2,163,471	2,163,471	2,163,471
	-	-	138,888	-	-	83,069,054	83,207,942	83,207,942

8. CASH AND BALANCES WITH CENTRAL BANKS

	2019 QAR'000	2018 QAR'000
Cash	**472,818**	430,076
Cash reserve with QCB*	**2,169,707**	1,882,593
Cash reserve with other central banks*	**208,413**	92,431
Other balances with central banks	**2,952,906**	5,184,863
Allowance for Impairment	**-**	(3,841)
	5,803,844	7,586,122

*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

	2019 QAR'000	2018 QAR'000
Current accounts	**252,088**	371,088
Placements	**4,817,102**	4,373,350
Loans to banks	**2,692,350**	1,494,017
Interest receivable	**3,922**	8,980
Allowance for impairment	**(8,518)**	(8,437)
	7,756,944	6,238,998

10. LOANS AND ADVANCES TO CUSTOMERS

a) By type

	2019 QAR'000	2018 QAR'000
Loans	**57,676,395**	57,559,469
Overdrafts	**10,276,514**	6,240,831
Bills discounted	**308,927**	367,679
Other loans*	**2,666,157**	924,002
(Note-i)	**70,927,993**	65,091,981
Less:		
Deferred profit	**(14,164)**	(14,498)
Expected credit losses of loans and advances to customers - Performing (Stage 1 and 2)	**(1,570,149)**	(1,525,605)
Allowance for impairment of loans and advances to customers - Non performing (Stage 3)	**(2,659,105)**	(3,041,187)
Interest in suspense	**(900,317)**	(666,632)
Net loans and advances to customers	**65,784,258**	59,844,059

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

a) By type (continued)

The aggregate amount of non-performing loans and advances to customers amounted QAR 4,122 million, which represents 5.81 % of total loans and advances to customers (2018: QAR 3,802 million, 5.84% of total loans and advances to customers).

During the year, the Group has written-off fully provided non-performing loans amounting to QAR 1,680 million (2018: QAR 389 million) as per Qatar Central Bank circular no. 68/2011.

Specific impairment of loans and advances to customers includes QAR 900 million of interest in suspense (2018: QAR 667 million).

*This includes acceptances pertaining to trade finance amounting to QAR 2,407 million (2018: QAR 451 million).

Note-i:

	2019 QAR'000	2018 QAR'000
Government and related agencies	**7,512,713**	4,164,155
Corporate	**54,958,293**	52,571,539
Retail	**8,456,987**	8,356,287
	70,927,993	65,091,981

b) By industry

At 31 December 2019	**Loans QAR'000**	**Overdrafts QAR'000**	**Bills discounted QAR'000**	**Other loans QAR'000**	**Total QAR'000**
Government and related agencies	**604,249**	**6,908,464**	**-**	**-**	**7,512,713**
Non-banking financial institutions	**1,596,265**	**5,530**	**-**	**-**	**1,601,795**
Industry	**658,189**	**38,955**	**45,741**	**756**	**743,641**
Commercial	**9,406,154**	**1,239,464**	**58,169**	**2,300,198**	**13,003,985**
Services	**9,541,746**	**293,273**	**189,798**	**231**	**10,025,048**
Contracting	**9,124,308**	**863,216**	**9,689**	**141,177**	**10,138,390**
Real estate	**17,872,103**	**455,443**	**-**	**-**	**18,327,546**
Personal	**8,077,081**	**379,114**	**792**	**-**	**8,456,987**
Others	**796,300**	**93,055**	**4,738**	**223,795**	**1,117,888**
	57,676,395	**10,276,514**	**308,927**	**2,666,157**	**70,927,993**
Less: Deferred profit					**(14,164)**
Net impairment of loans and advances to customers					**(5,129,571)**
					65,784,258

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

b) By industry (continued)

At 31 December 2018	Loans QAR'000	Overdrafts QAR'000	Bills discounted QAR'000	Other loans QAR'000	Total QAR'000
Government and related agencies	1,240,116	2,924,039	-	-	4,164,155
Non-banking financial institutions	1,726,029	-	-	10,329	1,736,358
Industry	468,659	17,595	25,510	187,953	699,717
Commercial	12,188,678	1,006,096	108,985	100,824	13,404,583
Services	6,766,261	314,882	203,532	-	7,284,675
Contracting	9,181,416	980,872	18,667	363,312	10,544,267
Real estate	18,037,217	390,270	200	24,070	18,451,757
Personal	7,890,941	464,176	1,170	-	8,356,287
Others	60,152	142,901	9,615	237,514	450,182
	57,559,469	6,240,831	367,679	924,002	65,091,981
Less: Deferred profit					(14,498)
Specific impairment of loans and advances to customers					(5,233,424)
					59,844,059

c) Movement in ECL / impairment loss on loans and advances to customers

	2019 QAR'000	2018 QAR'000
Balance at 1 January	**5,233,424**	2,817,973
Foreign currency translation	**3,635**	(2,694)
ECL impact of initial application of IFRS 9	**-**	1,484,635
Net charge for the year	**1,709,699**	1,404,303
Recoveries on credit impaired loans during the year	**(49,393)**	(81,358)
Net impairment losses recorded during the year *	**1,660,306**	1,322,945
Written off/transfers during the year	**(1,767,794)**	(389,435)
Balance at 31 December	**5,129,571**	5,233,424

*The movement includes the effect of interest suspended on loans and advances to customers as per QCB regulations amounting to QAR 498.8 million during the year (2018: QAR 371.3 million).

DOHA BANK Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at and for the year ended 31 December 2019

10. LOANS AND ADVANCES TO CUSTOMERS

c) Movement in impairment loss on loans and advances to customers – sector wise (continued)

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

	Corporate lending			SME lending			Retail lending			Real estate mortgage lending			Total		
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000
	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired
Balance at 1 January 2019	187,287	1,119,197	3,164,776	2,308	43,277	107,793	24,359	37,532	404,799	9,755	101,890	30,451	223,709	1,301,896	3,707,819
Transfer between Stages	(4,294)	(31,117)	35,411	(369)	(7,680)	8,049	(1,232)	(7,596)	8,828	(711)	(2,724)	3,435	(6,606)	(49,117)	55,723
Net charge for the year	(90,044)	204,168	1,494,321	(311)	(2,210)	29,096	(6,612)	18,098	73,008	24,575	(47,397)	16,642	(72,392)	172,659	1,613,067
Recoveries on credit impaired loans during the year	-	-	(13,073)	-	-	(2,290)	-	-	(29,343)	-	-	(4,687)	-	-	(49,393)
Net impairment losses recorded during the year	**(94,338)**	**173,051**	**1,516,659**	**(680)**	**(9,890)**	**34,855**	**(7,844)**	**10,502**	**52,493**	**23,864**	**(50,121)**	**15,390**	**(78,998)**	**123,542**	**1,619,397**
Written off during the year	-	-	(1,634,918)	-	-	(25,082)	-	-	(107,129)	-	-	(665)	-	-	(1,767,794)
Balance at 31 December 2019	**92,949**	**1,292,248**	**3,046,517**	**1,628**	**33,387**	**117,566**	**16,515**	**48,034**	**350,163**	**33,619**	**51,769**	**45,176**	**144,711**	**1,425,438**	**3,559,422**

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

c) Movement in impairment loss on loans and advances to customers – sector wise (continued)

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

	Corporate lending			SME lending			Retail lending			Real estate mortgage lending			Total		
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000
	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired
Balance at 1 January 2018	-	111,563	2,215,454	-	-	88,190	-	-	376,135	-	-	26,631	-	111,563	2,706,410
Adjustments as a result of adopting IFRS 9	216,076	1,027,354	-	10,254	31,281	-	24,719	49,320	-	93,880	31,751	-	344,929	1,139,706	-
Adjusted balance at beginning of the year	216,076	1,138,917	2,215,454	10,254	31,281	88,190	24,719	49,320	376,135	93,880	31,751	26,631	344,929	1,251,269	2,706,410
Transfer between Stages	(57,096)	(392,027)	449,123	(1,203)	(1,427)	2,630	-	(20,668)	20,668	(3,856)	3,856	-	(62,155)	(410,266)	472,421
Net charge for the year	28,307	372,307	917,901	(6,743)	13,423	18,110	(360)	8,880	44,221	(80,269)	66,283	19,549	(59,065)	460,893	999,781
Recoveries on credit impaired loans during the year	-	-	(45,720)	-	-	(971)	-	-	(33,041)	-	-	(1,626)	-	-	(81,358)
Net impairment losses recorded during the year	28,307	372,307	872,181	(6,743)	13,423	17,139	(360)	8,880	11,180	(80,269)	66,283	17,923	(59,065)	460,893	918,423
Written off during the year	-	-	(371,982)	-	-	(166)	-	-	(3,184)	-	-	(14,103)	-	-	(389,435)
Balance at 31 December 2018	187,287	1,119,197	3,164,776	2,308	43,277	107,793	24,359	37,532	404,799	9,755	101,890	30,451	223,709	1,301,896	3,707,819

11. INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

	2019 QAR'000	2018 QAR'000
Investment Securities measured at FVOCI*	**17,259,232**	15,215,927
Investment Securities measured at FVTPL	**64,808**	102,357
Investment Securities measured at amortized cost	**9,033,190**	5,258,181
Interest receivable	**228,742**	175,332
	26,585,972	20,751,797
Net Impairment losses on investment securities measured at amortized cost	**(25,387)**	(24,582)
Total	**26,560,585**	20,727,215

*Includes QAR 16.3 million ECL on debt securities (2018: QAR 17.4 million)
**The Group has pledged State of Qatar Bonds amounting to QAR 7,747 million (2018: QAR 7,401 million) against repurchase agreements.

11. INVESTMENT SECURITIES (CONTINUED)

a) Fair Value Through Other Comprehensive Income

	2019		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
Equities	499,108	52,813	551,921
State of Qatar Debt Securities	11,841,437	-	11,841,437
Other Debt Securities	4,865,874	-	4,865,874
	17,206,419	52,813	17,259,232

b) Fair Value Through Profit or Loss

	2019		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
Mutual Funds and Equities	23,237	41,571	64,808
	23,237	41,571	64,808

c) Amortised Cost

	2019		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
By Issuer			
State of Qatar Debt Securities	8,084,648	-	8,084,648
Other Debt Securities	282,898	665,644	948,542
Net impairment loss	(18,863)	(6,524)	(25,387)
	8,348,683	659,120	9,007,803
By Interest Rate			
Fixed Rate Securities	8,348,683	659,120	9,007,803
Floating Rate Securities	-	-	-
	8,348,683	659,120	9,007,803

11. INVESTMENT SECURITIES (CONTINUED)

a) Fair Value Through Other Comprehensive Income

	2018		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
Equities	460,563	52,781	513,344
State of Qatar Debt Securities	10,186,516	300,000	10,486,516
Other Debt Securities	4,216,067	-	4,216,067
	14,863,146	352,781	15,215,927

b) Fair Value Through Profit or Loss

	2018		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
Mutual Funds and Equities	100,536	1,821	102,357
	100,536	1,821	102,357

c) Amortised Cost

	2018		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
By Issuer			
State of Qatar Debt Securities	3,892,429	426,470	4,318,899
Other Debt Securities	148,475	790,807	939,282
Net impairment loss	(23,255)	(1,327)	(24,582)
	4,017,649	1,215,950	5,233,599
By Interest Rate			
Fixed Rate Securities	4,017,649	1,215,950	5,233,599
Floating Rate Securities	-	-	-
	4,017,649	1,215,950	5,233,599

11. INVESTMENT SECURITIES (CONTINUED)

d) Movement in ECL / impairment losses on investment securities

	2019 QAR'000	2018 QAR'000
Balance at 1 January	**24,582**	261,156
Provision for impairment loss created during the year	**2,201**	10,387
Impact of adoption of IFRS 9 (re-classification and re-measurement)	**-**	(246,961)
Recoveries during the year	**(1,396)**	-
Balance at 31 December	**25,387**	24,582

12. INVESTMENT IN AN ASSOCIATE

	2019 QAR'000	2018 QAR'000
Balance at 1 January	**10,510**	11,126
Foreign currency translation	**(219)**	(956)
Share of results	**187**	340
Cash dividend	**-**	-
Balance at 31 December	**10,478**	10,510

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

31 December	2019 QAR'000	2018 QAR'000
Total assets	**50,931**	45,567
Total liabilities	**36,543**	31,237
Total revenue	**10,583**	10,262
Profit	**424**	773
Share of profit	**187**	340

13. PROPERTY, FURNITURE AND EQUIPMENT

	Land and building QAR'000	Leasehold improvements QAR'000	Furniture and equipment QAR'000	Vehicles QAR'000	Total QAR'000
At 31 December 2019 Cost:	**792,216**	**195,810**	**525,626**	**5,742**	**1,519,394**
Balance at 1 January	**811,579**	**195,651**	**509,719**	**8,078**	**1,525,027**
'Recognition of Right-of-use asset on initial application of IFRS 16 - note 3 (aa)	**130,656**	**-**	**1,502**	**5,104**	**137,262**
Adjusted balance as at 1 January	**922,872**	**195,810**	**527,128**	**10,846**	**1,656,656**
Additions/ transfers	**52,052**	**7,883**	**25,055**	**1,983**	**86,973**
Disposals/Write-off	**-**	**(1,848)**	**(10,644)**	**(469)**	**(12,961)**
	974,924	**201,845**	**541,539**	**12,360**	**1,730,668**
Depreciation:					
Balance at 1 January	**282,611**	**156,482**	**453,991**	**4,841**	**897,925**
Depreciation	**72,456**	**13,293**	**33,295**	**2,796**	**121,840**
Disposals/Write-off	**-**	**(1,780)**	**(10,445)**	**(469)**	**(12,694)**
	355,067	**167,995**	**476,841**	**7,168**	**1,007,071**
Net Book Value	**619,857**	**33,850**	**64,698**	**5,192**	**723,597**

	Land and buildings QAR'000	Leasehold improvements QAR'000	Furniture and equipment QAR'000	Vehicles QAR'000	Total QAR'000
At 31 December 2018 Cost:					
Balance at 1 January	811,579	195,651	509,719	8,078	1,525,027
Additions/ transfers	176	2,710	18,996	32	21,914
Disposals	(19,539)	(2,551)	(3,089)	(2,368)	(27,547)
	792,216	195,810	525,626	5,742	1,519,394
Depreciation					
Balance at 1 January	252,522	143,968	413,249	6,708	816,447
Depreciation:	32,512	13,877	43,181	489	90,059
Disposals	(2,423)	(1,363)	(2,439)	(2,356)	(8,581)
	282,611	156,482	453,991	4,841	897,925
Net Book Value	509,605	39,328	71,635	901	621,469

The Group leases branches, ATM machines, vehicles and computer equipment. Information about leases for which the Group is a lessee is presented below.

13. PROPERTY, FURNITURE AND EQUIPMENT (CONTINUED)

	Land and buildings QAR'000	Furniture and equipment QAR'000	Vehicles QAR'000	Total QAR'000
At 31 December 2019				
Recognition of right-of-use asset at 1 January	**130,656**	**1,502**	**5,104**	**137,262**
Additions	**52,052**	**1,272**	**1,983**	**55,307**
Depreciation charge for the year	**(40,748)**	**(1,420)**	**(2,401)**	**(44,569)**
Balance at 31 December	**141,960**	**1,354**	**4,686**	**148,000**

14. OTHER ASSETS

	2019 QAR'000	2018 QAR'000
Prepaid expenses	**43,173**	41,469
Repossessed collaterals*	**134,000**	134,000
Positive fair value of derivatives (Note 34)	**40,429**	87,805
Deferred tax asset	**177,850**	139,310
Sundry debtors	**55,816**	65,103
Collateral margin	**755,133**	196,002
Others	**362,318**	440,349
	1,568,719	1,104,038

*This represents the value of the properties acquired in settlement of debts which are stated at their carrying value. The fair values of these properties as at 31 December 2019 are not materially different from the carrying values.

15. DUE TO BANKS

	2019 QAR'000	2018 QAR'000
Balances due to central banks	-	1,638,675
Current accounts	247,837	207,875
Short-term loan from banks	13,850,187	8,556,599
Repo borrowings	9,895,525	9,059,768
Interest payable	43,399	65,618
	24,036,948	19,528,535

16. CUSTOMER DEPOSITS

a) By type

	2019 QAR'000	2018 QAR'000
Current and call deposits	9,496,990	8,701,561
Saving deposits	2,379,553	2,131,203
Time deposits	46,167,095	44,627,127
Interest payable	420,195	325,447
	58,463,833	55,785,338

b) By sector

	2019 QAR'000	2018 QAR'000
Government and semi government agencies	23,801,730	28,682,303
Individuals	11,681,945	9,807,764
Corporates	20,820,404	15,592,725
Non-banking financial institutions	1,739,559	1,377,099
Interest payable	420,195	325,447
	58,463,833	55,785,338

17. DEBT SECURITIES

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

	2019 QAR'000	2018 QAR'000
Senior guaranteed notes	**471,908**	745,997
Interest payable	**1,151**	1,576
	473,059	747,573

Note

During current year, the Group issued USD 55 million (2018: USD Nil) and JPY 8.1 billion (2018: JPY 5.4 billion) senior unsecured debt under its updated EMTN programme.

18. OTHER BORROWINGS

	2019 QAR'000	2018 QAR'000
Term loan facilities	**6,824,310**	4,831,161
Interest payable	**34,739**	**12,976**
	6,859,049	4,844,137

The table below shows the maturity profile of other borrowings.

	2019 QAR'000	2018 QAR'000
Up to 1 year	**3,030,356**	2,918,583
Between 1 and 3 years	**3,828,693**	**1,925,554**
	6,859,049	4,844,137

19. OTHER LIABILITIES

	2019 QAR'000	2018 QAR'000
Accrued expense payable	**72,984**	64,521
Provision for end of service benefits (note-i)	**143,039**	133,524
Staff provident fund	**46,338**	47,306
Tax payable	**1,437**	8,885
Negative fair value of derivatives (note 34)	**514,276**	138,888
Unearned income	**125,664**	116,851
Cash margins	**387,985**	480,006
Dividend payable	**48,533**	64,059
Unclaimed balances	**12,327**	12,219
Proposed transfer to social and sport fund	**18,848**	20,756
Lease liabilities (note-ii)	**146,283**	-
Allowance for Impairment for Loan Commitments and Financial Guarantees	**244,286**	161,937
Others*	**3,295,622**	1,244,647
Total	**5,057,622**	2,493,599

*This includes acceptances pertaining to trade finance amounting to QAR 2,407 million (2018: QAR 451 million).

Note-i

Provision for end of service benefits

	2019 QAR'000	2018 QAR'000
Balance at 1 January	**133,524**	131,020
Provision for the year	**18,366**	17,670
Provisions used during the year	**(8,851)**	(15,166)
Balance at 31 December	**143,039**	133,524

Note-ii

Lease liabilities include current and non-current liabilities amounting to QAR 9.6 million and QAR 136.7 million, respectively.

20. EQUITY

a) Share capital

	Ordinary shares	
	2019	2018
Authorised number of ordinary shares (in thousands)		
On issue at the beginning of the reporting year	**3,100,467**	310,047
On issue at 31 December	**3,100,467**	310,047

At 31 December 2019, the authorised share capital comprised 3,100,467 thousands ordinary shares (2018: 310,047 thousands). These instruments have a par value of QAR 1 (2018: QAR 10). All issued shares are fully paid.

As per the instructions from the Qatar Financial Markets Authority, the Extraordinary General Assembly on 6 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QAR 1 each were exchanged for 1 old share with a par value of QAR 10 each. This has led to an increase in the number of authorised and outstanding shares from 310,046,702 to 3,100,467,020. The listing of the new shares on the Qatar Exchange was effective from 16 June 2019, as decided by Qatar Exchange. Consequently, the weighted average number of shares outstanding has been retrospectively adjusted.

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.

b) Legal reserve

In accordance with Qatar Central Bank's Law No. 13 of 2012, 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 the Bank for distribution except in circumstances specified in the Qatar Commercial Companies' Law No. 11 of 2015 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 11 of 2015.

c) Risk reserve

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

The Group has transferred QAR 712.4 million (including an additional QAR 38 million) to its risk reserve during the year ended 31 December 2019 in order to build up the balance of QAR 1.37 billion that the bank had utilized for recognizing the ECL impact of initial application of IFRS 9 on 1 January 2018 as agreed with the QCB (2018: QAR 137 million).

20. EQUITY (CONTINUED)

d) Fair value reserve

This reserve comprises the fair value changes recognised on available-for-sale/ fair value through other comprehensive income (FVOCI) financial assets.

	Total 2019 QAR'000	Total 2018 QAR'000
Balance as at 1 January	**(227,271)**	(67,555)
Changes due to adoption of IFRS 9	**-**	(212,573)
Restated balance at beginning of the year	**(227,271)**	(280,128)
Impact of revaluation	**723,789**	60,133
Reclassified to Income Statement	**(341,475)**	(7,276)
Net Movement during the Year	**382,314**	52,857
Balance as at 31 December *	**155,043**	(227,271)

*Includes net realised loss on equity investments classified as FVOCI.

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 Nil cash dividend for the year ended 2019 (2018: 10% of paid up share capital amounting to QAR 310 million - QAR 0.10 per share post-split) which is subject to approval at the Annual General Meeting of the shareholders.

g) Instrument eligible as additional capital

	2019 QAR'000	2018 QAR'000
Issued on 31 December 2013	**2,000,000**	2,000,000
Issued on 30 June 2015	**2,000,000**	2,000,000
	4,000,000	4,000,000

The Group has issued regulatory Tier I capital notes totaling to QAR 4 billion. These notes are perpetual, subordinated, unsecured and each has been priced at a fixed rate for the first six years and shall be re-priced thereafter. The coupon is discretionary and the event on non-payment is not considered as an event of default. The notes carry no maturity date and have been classified under Tier 1 capital.

21. INTEREST INCOME

	2019 QAR'000	2018 QAR'000
Balance with central banks	29,690	9,950
Due from banks and non-banking financial institutions	82,576	106,612
Debt securities	931,660	721,813
Loans and advances to customers	3,172,744	3,082,380
	4,216,670	3,920,755

The amounts reported above include interest income, calculated using the effective interest method,that relate to the following items:

	2019 QAR'000	2018 QAR'000
Financial assets measured at amortised cost	3,553,151	3,378,482
Financial assets measured at fair value	663,519	542,273
Total	4,216,670	3,920,755

22. INTEREST EXPENSE

	2019 QAR'000	2018 QAR'000
Due to banks	838,756	614,435
Customer deposits	1,383,848	1,214,761
Debt securities	10,023	10,613
Others	3,821	-
	2,236,448	1,839,809

23. FEE AND COMMISSION INCOME

	2019 QAR'000	2018 QAR'000
Credit related fees	99,703	88,996
Brokerage fees	481	505
Bank services fee	286,032	265,332
Commission on unfunded facilities	118,506	119,179
Others	15,981	15,670
	520,703	489,682

24. FEE AND COMMISSION EXPENSE

	2019 QAR'000	2018 QAR'000
Bank fees	**365**	204
Others	**126,242**	101,846
	126,607	102,050

25. NET FOREIGN EXCHANGE GAIN

	2019 QAR'000	2018 QAR'000
Dealing in foreign currencies	**4,780**	12,192
Revaluation of assets and liabilities	**106,744**	103,200
	111,524	115,392

26. NET INCOME / (LOSS) FROM INVESTMENT SECURITIES

	2019 QAR'000	2018 QAR'000
Net gain / (loss) from sale of investments measured at FVOCI	**273,657**	(45,555)
Dividend income	**35,627**	36,914
Changes in fair value of financial assets measured at FVTPL	**(3,560)**	(1,202)
	305,724	(9,843)

27. OTHER OPERATING INCOME

	2019 QAR'000	2018 QAR'000
Recoveries from loans and advances to customers previously written-off	**43,804**	29,677
Rental income	**12,908**	14,500
Others	**11,757**	23,017
	68,469	67,194

28. STAFF COSTS

	2019 QAR'000	2018 QAR'000
Staff cost	**468,418**	472,738
Staff pension fund costs	**4,943**	4,681
End of service benefits	**18,366**	17,670
Training	**1,564**	1,236
	493,291	496,325

29. OTHER EXPENSES

	2019 QAR'000	2018 QAR'000
Advertising	**27,477**	24,857
Professional fees	**35,294**	27,223
Communication and insurance	**49,283**	41,666
Board of Directors' remuneration	**164**	14,887
Occupancy and maintenance	**36,747**	86,725
Computer and IT costs	**46,353**	31,389
Printing and stationery	**8,848**	9,158
Travel and entertainment costs	**4,396**	6,744
Others	**111,331**	107,678
	319,893	350,327

30. TAX EXPENSE

	2019 QAR'000	2018 QAR'000
Current tax expense	**1,439**	9,022
Current year	**(30,583)**	1,786
Adjustments for prior years	**(29,144)**	10,808
Deferred tax expense		
Temporary differences	**-**	(6,994)
Income tax (reversal) / expense	**(29,144)**	3,814

31. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share of the Group is calculated by dividing profit for the year attributable to the equity holders (further adjusted for interest expense on Tier 1 capital notes) of the Bank by the weighted average number of ordinary shares in outstanding during the year:

	2019 QAR'000	2018 QAR'000
Profit for the year attributable to the equity holders of the Group	**753,932**	830,222
Deduct : Interest on Tier 1 capital notes	**(220,000)**	(220,000)
Net profit attributable to equity holders of the Group	**533,932**	610,222
Weighted average number of outstanding shares (in thousands)	**3,100,467**	3,100,467
Basic and diluted earnings per share (QAR)	**0.17**	0.20

The earnings per share for comparative has been restated to reflect share split. Refer Note 20(a).

The weighted average number of shares are as follows:

	2019	2018
In thousands of shares		
Weighted average number of shares at 31 December	**3,100,467**	3,100,467

32. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2019 QAR'000	2018 QAR'000
Contingent liabilities		
Unused facilities	**1,737,863**	1,868,006
Guarantees	**12,896,949**	16,046,400
Letters of credit	**4,679,118**	5,273,014
Others	**49,819**	190,294
Total	**19,363,749**	23,377,714
Other commitments		
Forward foreign exchange contracts	**6,338,153**	8,135,927
Interest rate swaps	**7,110,363**	6,737,362
Total	**13,448,516**	14,873,289

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.

33. CASH AND CASH EQUIVALENTS

	2019 QAR'000	2018 QAR'000
Cash and balances with central banks*	**3,425,724**	5,611,097
Due from banks and other financial institutions maturing within 3 months	**3,772,953**	4,168,625
	7,198,677	9,779,722

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

34. DERIVATIVES

At 31 December 2019:	Positive fair value QAR'000	Negtive 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	**3,970**	**7,613**	**6,338,153**	**1,844,301**	**4,493,852**	**-**	**-**
Derivatives held for fair value hedges:							
Interest rate swaps	**36,459**	**506,663**	**7,110,363**	**72,830**	**36,415**	**2,967,681**	**4,033,437**
Total	**40,429**	**514,276**	**13,448,516**	**1,917,131**	**4,530,267**	**2,967,681**	**4,033,437**

At 31 December 2018:	Positive fair value QAR'000	Negtive 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	10,388	15,701	8,135,911	6,577,048	1,558,863	-	-
Derivatives held for fair value hedges:							
Interest rate swaps	77,417	123,187	6,737,362	-	-	2,887,710	3,849,652
Total	87,805	138,888	14,873,273	6,577,048	1,558,863	2,887,710	3,849,652

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.

35. RELATED PARTIES (CONTINUED)

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

	2019		2018	
	Board of directors QAR'000	**Others QAR'000**	Board of directors QAR'000	Others QAR'000
Assets:				
Loans and advances to customers	**2,368,267**	**-**	2,444,110	-
Liabilities:				
Customer deposits	**711,121**	**3,219**	449,486	2,220
Unfunded items:				
Contingent Liabilities and other commitments	**661,588**	**-**	827,653	-
Other assets	**8,305**	**-**	8,305	-
Income statement items:				
Interest , commission and other income	**65,747**		73,314	-
Interest, commission and other expense	**15,144**	**80**	10,611	248

No impairment losses have been recorded against balances outstanding during the year with key management personnel.

Key management personnel (including Board of Directors) compensation for the year comprised:

	2019 QAR'000	2018 QAR'000
Salaries and other benefits	**41,528**	59,823
End of service indemnity benefits and provident fund	**2,974**	3,010
	44,502	62,833

36. RESTATEMENT OF COMPARATIVES RECLASSIFICATION

a) Reclassifications

The comparative figures have been reclassified where necessary to preserve consistency with the current year. However, such reclassifications did not have any effect on the consolidated net profit or equity for the comparative year.

b) Restatement of comparatives

Prior year figures have not been restated for the adoption of IFRS 16 as permitted by the transitional provisions of IFRS 16 and QCB regulations.

FINANCIAL STATEMENTS OF THE PARENT
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
Statement of Financial Position – Parent Bank

As at 31 December	2019 QAR'000	2018 QAR'000
ASSETS		
Cash and balances with central banks	**5,803,844**	7,586,122
Due from banks	**7,710,358**	6,183,091
Loans and advances to customers	**65,784,258**	59,844,059
Investment securities	**26,613,540**	20,736,600
Investment in an associate	**10,478**	10,510
Property, furniture and equipment	**720,611**	621,030
Other assets	**1,455,021**	880,120
TOTAL ASSETS	**108,098,110**	95,861,532
LIABILITIES		
Due to banks	**24,036,948**	19,528,535
Customer deposits	**58,563,777**	55,832,365
Debt securities	**473,059**	747,573
Other borrowings	**6,859,049**	4,844,137
Other liabilities	**4,844,233**	2,234,623
TOTAL LIABILITIES	**94,777,066**	83,187,233
EQUITY		
Share capital	**3,100,467**	3,100,467
Legal reserve	**5,080,853**	5,080,853
Risk reserve	**849,600**	137,200
Fair value reserves	**154,172**	(225,746)
Foreign currency translation reserve	**(58,846)**	(56,180)
Retained earnings	**194,798**	637,705
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	**9,321,044**	8,674,299
Instrument eligible as additional capital	**4,000,000**	4,000,000
TOTAL EQUITY	**13,321,044**	12,674,299
TOTAL LIABILITIES AND EQUITY	**108,098,110**	95,861,532

FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (CONTINUED)
Income Statement – Parent Bank

For the year ended 31 December	2019 QAR'000	2018 QAR'000
Interest income	4,216,670	3,920,755
Interest expense	(2,237,655)	(1,840,377)
Net interest income	1,979,015	2,080,378
Fee and commission income	520,703	489,682
Fee and commission expense	(126,607)	(102,050)
Net fee and commission income	394,096	387,632
Net foreign exchange gain	111,524	115,392
Net income / (loss) from investment securities	305,521	(10,566)
Other operating income	68,159	64,085
	485,204	168,911
Net operating income	2,858,315	2,636,921
Staff costs	(483,112)	(485,627)
Depreciation	(119,616)	(89,837)
Net impairment reversal / (loss) on investment securities	260	(16,207)
Net impairment loss on loans and advances to customers	(1,161,537)	(951,683)
Net impairment reversal on other financial assets	38,113	103,699
Other expenses	(342,963)	(364,579)
	(2,068,855)	(1,804,234)
Profit for the year before tax	789,460	832,687
Tax reversal / (expense)	29,144	(3,735)
Profit for the year	818,604	828,952

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