Annual Report **2011**

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

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

His Highness
Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani
Heir Apparent

At Doha Bank, we strongly believe in co-existing harmoniously with the environment by adopting environment-friendly processes in our day-to-day operations.

Contents

Doha Bank
Awards (2011)

Due to the strong financial position enjoyed by Doha Bank and its pioneering role in delivering innovative banking products and services which expanded the banking experience in Qatar to a new horizon, the Bank has been conferred with appreciation and recognition from a number of professional bankers and institutions. In addition to the accolades awarded to the Bank in previous years, it has been conferred with the award for the 'Best Bank in Qatar' by EMEA Finance, 'Best Commercial Bank in Qatar' by World Finance, 'Asia's Best Brand' by CMO Asia, 'The Golden Peacock Global Award for Sustainability', 'Best Trade Finance Provider in Qatar' by Global Finance, 'The Diamond Eye Award for Quality Commitment & Excellence' by OMAC, and 'Best Retail Internet Banking Service' by Banker Middle East Product Awards, to mention a few.

Best Bank in Qatar
EMEA Finance

Bank of the Year
Arabian Business Awards

Best Commercial Bank in Qatar
World Finance

Asia's Best Brand Award
CMO Asia

The Golden Peacock Global Award for Corporate Social Responsibility
World Council for Corporate Governance

The Golden Peacock Global Award for Sustainability
World Council for Corporate Governance

GTR Best Trade Finance Bank in Qatar
Global Trade Review (GTR)

Best Trade Finance Provider in Qatar
Global Finance

The Diamond Eye Award for Quality Commitment & Excellence
OMAC - Paris

Best Technical website Award
Pan Arab Web Banking Awards

Best Retail Internet Banking Service
Banker Middle East Product Awards

Performance Excellence Award for STP
Citi Bank

Euro Straight Through Processing Excellence Award
Deutsche Bank

2011

GOLDEN PEACOCK GLOBAL AWARD
FOR SUSTAINABILITY

2011

GOLDEN PEACOCK GLOBAL AWARD
FOR CORPORATE SOCIAL RESPONSIBILITY

2011

WORLD FINANCE
BANKING AWARDS
2011

BEST COMMERCIAL BANK IN QATAR
WORLD FINANCE

2011

BANK OF THE YEAR IN QATAR
ARABIAN BUSINESS AWARDS

2011

BEST BANK IN QATAR
EMEA AWARDS

2010

BEST COMMERCIAL BANK
IN THE MIDDLE EAST

2010

BEST CUSTOMER CARE CENTRE
IN THE MIDDLE EAST

2009

BEST COMMERCIAL BANK
IN THE MIDDLE EAST

2008

BEST GREEN BANK

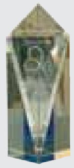
2008

EUROMONEY
BEST BANK IN QATAR

2007

BEST BANK IN QATAR

2007



BEST COMMERCIAL BANK
IN THE MIDDLE EAST

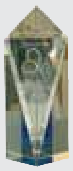
2006

The Banker
Bank of the Year 2006
Qatar

2006

BEST BANK
IN THE MIDDLE EAST

2005



BEST COMMERCIAL BANK
IN THE MIDDLE EAST

2005

EUROMONEY
BEST BANK IN QATAR


90
70

	2006 QR Mn	2007 QR Mn	2008 QR Mn	2009 QR Mn	2010 QR Mn	2011 QR Mn	Variance % ’11 vs ’10
Total Assets	21,696	30,058	38,970	45,996	47,230	52,420	10.99%
Net Loans & Advances	13,630	19,140	23,933	25,896	26,547	30,704	15.66%
Customer Deposits	15,190	20,043	23,244	27,890	30,822	31,699	2.84%
Total Equity	2,768	3,619	4,913	5,851	6,034	7,081	17.35%
Total Revenues	1,651	2,499	2,930	3,375	3,264	2,945	-9.76%
Net Profit	744	926	947	974	1,054	1,241	17.73%

Financial Highlights

Key Ratios in Percentages (%)	2006	2007	2008	2009	2010	2011
Return on Average Equity	32.24%	32.47%	25.78%	21.66%	21.40%	21.98%
Return on Average Assets	4.03%	3.58%	2.74%	2.29%	2.26%	2.49%
Capital Adequacy Ratio	18.47%	15.54%	13.48%	14.41%	13.57%	13.22%
Shareholders’ Equity to Total Assets	12.76%	12.04%	12.60%	12.72%	12.78%	13.51%
Net Loans to Total Assets	62.82%	63.68%	61.41%	56.30%	56.21%	58.57%
Net Loans to Total Deposits	89.73%	95.49%	102.96%	92.85%	86.13%	96.86%

Board of Directors

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

Graduate of the Royal Academy,
Sandhurst, UK
Board Member,
Al Khaleej Insurance & Re Insurance Co.

Mr. Ahmed Abdul Rahman Yousuf Obaidan Fakhroo
Vice Chairman

General Manager,
Al Waha Contracting & Trading Est.

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

Chairman of the Board of Directors
and Managing Director,
Qatar Industrial Manufacturing Co.
Chairman of the Board of Directors
Qatari Omani Investment Company
Board Member, National Leasing Holding

Sheikh Abdulla Mohamed Jabor Al-Thani
Board Member

Chairman of
Al Khaleej Insurance & Re Insurance Co.

Sheikh Abdulla Bin Nasser Bin Abdulla Al Ahmed Al-Thani
Board Member

Board Member,
Al Khaleej Insurance & Re Insurance Co.
Board Member, Qatar Shipping Co.
Chairman, Nasser Bin Abdulla & Sons Group
General Manager, Abdulla Bin Nasser Trading Co.

Mr. Jabor Bin Sultan Towar Al Kuwari
Board Member

Businessman

Mr. Hamad Mohammed Hamad Abdulla Al Mana
Board Member

Vice Chairman,
Mohammad Hamad Al Mana Group Companies
Board Member,
Qatar General Insurance & Reinsurance Co.
Board Member, Al Ahli Hospital
Board Member, Qatar Navigation Co.
Board Member, Arab Qatari Co. for Dairy Products

Sh. Falah Bin Jassim Bin Jabor Bin Mohammad Al-Thani
Board Member

Chairman of the Board of Directors,
National Leasing Holding

On behalf of myself and the Members of the Board of Directors (BOD), I would like to thank you all on this occasion for attending this meeting. I would also like to extend my thanks to the BOD and the Executive Management Team for the achievements realized during the past year in the midst of the fierce competition in the market and the continuing effects of the global financial crisis that rocked the capital markets worldwide.

Chairman's Statement

As you are all aware, the implications of the global financial crisis which began in 2008 still exist, and the economies of the European Union countries are still facing great difficulties threatening some of these countries with the danger of entire collapse. In addition, the political events experienced in the Middle East led to a slowdown in the economies of various countries across the Globe including the economies of the developed countries, forcing some of those countries to make unprecedented reforms to exit from crisis.

We, as bankers must be very cautious because the financial markets in this region would be unpredictable if other disasters occurred in due course. However, despite of all these events and due to the wise leadership of His Highness, Sheikh Hamad Bin Khalifa Al-Thani, The Emir of Qatar, and the strength and durability of Qatar's economy, in addition to Qatar being the hosting nation for FIFA World Cup in the year 2022, we are being optimistic about the future where we anticipate that Qatar will witness exceptional booming in all economic sectors and subsequently launching of many development projects in the coming years that will reflect positively on the performance of the banking industry in Qatar in general and of Doha Bank's in particular.

By the end of year 2011, we achieved high growth rates in all financial indicators. The total assets rose by 11% reaching to QR 52.4 billion, total portfolio of loans and advances rose by 15.7%, total customers' deposits rose by 2.8% and the total shareholders' equity rose by 17.3% reaching to QR 7.1 billion. We also achieved a growth rate of 17.7% in net profit whereas the net profit realized by the end of the year was QR 1.24 billion compared to QR 1.05 billion in 2010 in addition to a growth rate equivalent to 11.4% in total operational income. These robust results were reflected into strong performance ratios particularly the return on average shareholders' equity which was 22% and the return on average assets that was 2.49%.

In the same year, we carried out few amendments on the bank's business strategy especially with regards to the activities of Doha Islamic Bank and overseas branches. Doha Islamic and New York branch activities were ceased. We have already started the process of obtaining the necessary license for the incorporation of a representative office for the bank in New York and incorporation of another full fledged branch in the Emirate of Abu Dhabi. The future plan of the bank also includes implementation of an effective Risk Management, recruiting Qatari Nationals, enhancing the levels of staff performance and banking channels' services in addition to diversifying the bank's income sources and strengthening its financial position towards achieving the highest effective levels of operational performance.

We also improved the bank's Corporate Governance system whereby we approved a number of policies and procedures such as terms of reference for the Board, BOD committees, Executive Management's committees as well as code of ethics and the roles and responsibilities of Directors. This is a part of promoting the concepts of internal control, transparency, disclosures, shareholders relations and the rights of shareholders.

Finally, on behalf of myself and the Board of Directors of Doha Bank, I would like to extend my sincere thanks and gratitude to H. H. The Emir, Sheikh Hamad Bin Khalifa Al-Thani, H. H. The Heir Apparent, Sheikh Tamim Bin Hamad Al-Thani, H. E. The Prime Minister and Foreign Minister, H.E. Sheikh Hamad Bin Jassim Al-Thani, H. E. Minister of Economy and Finance, Mr. Yousef Hussain Kamal, The Minister of Business & Trade, H.E. Sheikh Jassim Bin Abdul Aziz Bin Jassim Bin Hamad Al-Thani, , and H. E. The QCB Governor, Sheikh Abdullah Bin Saud Al-Thani, H. E. The Deputy QCB Governor, Sheikh Fahad Bin Faisal Al-Thani, and to all supervisors of Qatar Central Bank, Ministry of Business and Trade, Qatar Financial Markets Authority and Qatar Exchange for their continued cooperation and support.

My thanks and appreciation are also extended to the Shareholders, Customers, members of the Sharia'a Board of Doha Islamic, Executive Management team and all staff of the bank for their exerted efforts in achieving impressive results for Doha Bank.

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Executive Management

R. Seetharaman
Group Chief Executive Officer

Anthony Lee
Head of Treasury & Investment

David Challinor
Head of Group Finance

Gerard Terence Fitzgerald
Head of Technology and Operations

Chris Fellner
Head of International Banking

Dag Reichel
Head of Wholesale Banking

Abdul Rahman Ali A. Al Mohammed
Head of Human Resources

Nael Zahi El Zagha
Acting Head of Islamic Division

David Dougan
Head of Global Governance

Advisors to the Board of Directors

Jamal Eddin H. Al Sholy
Head of Compliance Department

Samer Fares Dabbnah
Head of Internal Audit

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

International
Banking Offices

Ahmed Yusuf Ahmed Al Mehza
Chief Country Manager
Kuwait Branch

Zaid Al Halbouni
Chief Country Manager
Dubai Branch

Peter Lo
Chief Representative
China
Representative Office

Nezih Akalan
Chief Representative
Turkey
Representative Office

Kanji Shinomiya
Chief Representative
Japan
Representative Office

M. Sathyamurthy
Chief Representative
Singapore
Representative Office

K. S. Kwon
Chief Representative
South Korea
Representative Office

Richard Whiting
Chief Representative
United Kingdom
Representative Office

M. Maik Gellert
Representative
Germany
Representative Office


Green
DOHA BANK
بنك الدوحة
NAME SURN
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Global Economy

The global economy stagnated during 2011, adversely affected by a number of fiscal and geopolitical events, compounded by several natural disasters. In a continuation of the 2008-2009 financial crisis, these events combined to further impact both the financial economics as well as the real economies. Politicians and central bankers have struggled to contain the damage and the consequences are expected to continue well into 2012.

The year opened with some optimism amid signs that economic growth was rebounding. The MSCI World Index continued the gains made during 2010 which saw most equity markets initially move higher. However, indications that underlying growth in the major economies remained subdued, the start of the Arab Spring as well as the earthquake in New Zealand followed by earthquake/tsunami disaster in Japan, with its resultant damage to the Fukushima nuclear plant, hit that early optimism hard. The oil supply shock combined with disruptions to the component supply chain in the electronics and automobile industries were felt globally.

Management Report

The high indebtedness of several European countries, notably Ireland, Greece, Portugal and Spain was emerging as a major concern to the markets. That concern echoed as consideration was given to European banks' exposure to those countries, particularly the sovereign debt. In early May, European leaders created the European Financial Stability Facility (EFSF) in an attempt to provide a rescue package.

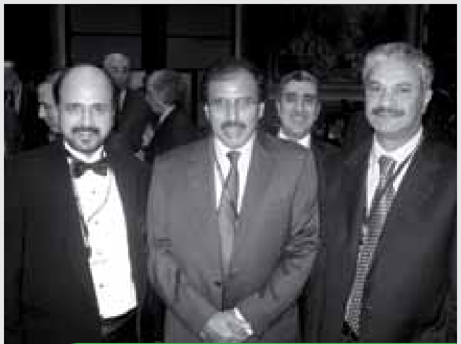
Meanwhile, in the US, the debt-ceiling crisis emerged to add further to the pessimism. The debate in Congress lasted until an agreement was reached in late July which was signed into law on August 2011. Just 3 days later the rating agency, Standard & Poor's, downgraded America's AAA credit rating for the first time in its history. There followed a sharp increase in volatility in all global markets. Ironically, in a sustained flight to quality, US Treasury bond yields fell substantially as investors bought heavily, perceiving it to be the only remaining asset class with depth and liquidity. Later in the year the US Dollar, in a similar move, also began to appreciate. Gold bullion prices were also a major beneficiary of this uncertainty.

The Emerging Markets and BRIC country's (grouping acronym that refers the countries Brazil, Russia, India and China) economies were also slowing along with a slowdown, in general, across Asia and South America. The MENA region (Middle East and North Africa) suffered from the ongoing political and social unrest as the Arab Spring continued apace following major regime changes, including Egypt and Libya.

The European problems continued well into Q4-2011 as politicians and regulators struggled to find a workable, long term solution. Social unrest, strikes and protest demonstrations, together with increased speculation of a break-up of the Euro currency union continued to pressure sovereign bond yields and the currency. Downgrades of several European countries by rating agencies, with talk of several more to come, added to the uncertainty. The beneficiary was the US Dollar in a continued flight to quality - particularly so as there were nascent signs of a real recovery in the US economy.

GDP has been revised lower on a number of occasions as Europe derails global growth. Overall, the IMF* has forecasted the global economy to slow to 4.0% in 2011 and again at 4.0% in 2012, from a 2010 rate of 5.1%. Advanced economies will contribute just 1.6% in 2011 and 1.9% in 2012 of this forecasted growth. Emerging and Developing Economies will also slow down from 7.3% in 2010 to 6.4% in 2011 and then further to 6.1% in 2012. Growth in world trade volumes, in line with this slowdown, is expected to fall to 5.8% in 2012 from 7.5% in 2011. Interest rates in the major economic blocks will remain stimulative for the foreseeable future.

Market moves over the year saw Emerging Market



During Annual International Arab Banking Summit

The Financial Thoughts Leadership Summit in Qatar

equities down between 20-25%, Europe down by 10-20% and the US down by 5%, although the Dow Jones is up circa 1.6% at time of writing. Global currencies have depreciated against the US Dollar, with the Japanese YEN and Swiss CHF the main exceptions. In the MENA region the Qatar Exchange (QE) was the outperformer that fought against the general downtrend. However, while the Qatar Exchange was up less than 1%, all other MENA markets fell as the Arab Spring and contagion from the European crisis effected activity and performance with the worst performer being Egypt going down by 40% with the rest down between 10 to 20%.

The outlook for 2012 remains highly uncertain. The lack of a long term resolution of the European debt crisis, alongside the imposition of severe austerity packages, will keep much of Europe and its peripheral nations' economies subdued. Sovereign risks remain at the forefront of market thinking. The ongoing search for capital, liquidity, and the refinancing of maturing debt, will lower the ability of many financial institutions to intermediate to stimulate these economies.

A global tightening of regulatory oversight, whether at national or international level, will also weigh on these institutions and the markets.

* Sources:
IMF World Economic Outlook September 2011
IMF Qatar – 2011 Article IV Consultation Concluding Statement of the IMF Mission December 2011
QCB
Doha Bank Internal Research

Domestic Trend

Under the wise leadership of H.H. The Emir Sheikh Hamad Bin Khalifa Al-Thani and The Heir Apparent H.H. Sheikh Tamim Bin Hamad Al-Thani, Qatar's macroeconomic performance has been sustained and has remained strong and stable once again. Qatar's economy is forecast* to grow at 18.7% in 2011 and at 6.0% in 2012, outperforming all peers in the GCC and all except Iraq in the MENA region.

The fiscal surplus for FY2010/11 will continue and is forecast to be at 2.7% of GDP in 2011*. The current account will remain in surplus, buoyed by increased revenues from gas and condensate exports and is forecast to stand at 26% of GDP in 2011*.

The Qatar Central Bank (QCB) continued to strengthen the regulatory environment through several measures. Notable was the clear separation of Islamic and conventional banking activities as well as measures to clarify and tighten lending criteria to the retail sector to mitigate risk in the banking sector. The banking sector remains very well capitalized, as measured by total the Capital Adequacy Ratio (CAR), with high profitability and strong return ratios.

The QCB also reduced its benchmark lending rate (Repo), twice lowering it to 4.5%. In addition it has taken measures to eliminate the systemic risk created by short-term arbitrage funds and has done so by placing caps on interest rates paid by the QCB, successfully driving these out of the system. Other measures included the issuance of QAR denominated bonds and Sukuk (Islamic Bonds) as well as the introduction of Treasury Bills to drain surplus liquidity.

It should be noted that the authorities have begun work on establishing a single regulator under the auspices of the QCB.

During the year the Qatar Exchange has continued to develop its platform for investors and will also continue to work on product diversification initiatives, including bond trading as well as providing investors access to the international bourses.

The outlook for Qatar remains very positive with fiscal and current account surpluses expected to grow in the period ahead, supported by ongoing high oil and gas production and robust economic growth further aided by the infrastructure development required to host the football World Cup in 2022 as well as working towards achieving the Qatar National Vision 2030.

Qatar's strong performance and continuing regulatory reforms have been recognized by Standard and Poor's, the leading global rating agency, who have affirmed its sovereign rating as "AA" which is one of the highest of credit ratings.

* Sources:
IMF World Economic Outlook September 2011
IMF Qatar – 2011 Article IV Consultation Concluding Statement of the IMF Mission December 2011
QCB
Doha Bank Internal Research

Summer Cashback Offers from Qatar Duty Free

Al Dana Winner

Retail Banking Group

The Retail Banking Group (RBG) had a very successful year despite the challenging market dynamics. However the cornerstone for success continued to focus on innovation, especially in leveraging the investment in pioneering technology and providing a unique customer experience coupled with a stronger commitment to overall excellence. The extensive segmented product suite, exciting promotions, collaborations and customer relationship building activities had catered to the diverse and demanding population in the State of Qatar. These various strategic activities helped in strengthening our competitive leadership within the retail arena. Our guiding principle has always been to provide the right products to the right customers at the right point of their financial life cycle. Our customer-centric products and services are need-based and have positioned us as a leading player in the retail market.

The year 2011 witnessed an extraordinary improvement in the form of new product delivery and technological enhancements. Essentially, Doha Bank premiered this year its cutting-edge smart solutions which elevated the caliber for customer convenience with its latest Mobile Banking application that has been completely outfitted and customized for its customer's sophisticated lifestyle needs of instant and straightforward access to their finances. The fully transactional service and for the first time ever is applicable on all mobile handsets including Apple iPhone, Blackberry, Androids and all web enabled phones. Through Mobile banking, immediate, economical and risk free outward remittances are being offered to more than thirteen countries. Perpetually, the option to purchase recharge vouchers for Q-Tel Hala and Vodafone Red has been included in the mobile banking solution. In the interest of customer protection and information security and to safeguard the interests of mobile banking users, stringent security measures have

Inauguration of Umm Salal Branch

been put in place to ensure a secured delivery and confirmation of transaction authorizations.

This year has marked another milestone for Doha Bank with an avant-garde partnership agreement marked with the launch of a fully-fledged payment terminal network in the country for pre-paid and post-paid services for all Qtel customers. Qtel and Doha Bank have successfully concluded arrangements to enable Qtel self-service bill payments through the vast network of Doha Bank ATMs dispersed all over Qatar. Through this service Doha Banks' debit cardholders or any Qtel customer can perform Qtel Bill inquiries and make payments on any Doha Bank ATM with the exclusive cash deposit facility through the cardless service.

Doha Sooq, the Banks' pioneering online e-trading marketplace in Qatar has brought some of the country's leading merchants like Aqua Park, Patchi, Al Sulaiman Rent-A-Car, Al Muftah Trading & Contracting, Blue Salon, Shater Abbas Restaurant and Marhaba Jewellery on board. Also, to substantiate the round-the-clock shopping experience and value addition for merchant business partner, Doha Sooq has signed an agreement with Q-Post for offering delivery services as an additional value option for customers and merchants. Doha Sooq has also successfully implemented the offerings of Payment Gateways which has augmented our income sources. In addition to our unique e-banking services provided to our customers through DBank, like the D-Cardless banking service which is an online instant money transfer service that allows the beneficiary to withdraw the transferred amount through any of the local Doha Bank ATMs, without being a Doha Bank customer, offering facilities along with wide range of banking choices is one of our priorities at Doha Bank, such as e-remittance, SMS messages, mobile services, online banking, and e-branches.

Doha Bank has expanded its distribution network this year with the inauguration of 2 new branches at Aspire Zone and Um Salal. The bank has further extended its e-branches presence with the addition of 3 electronic branches in Moaither, Qatar Petroleum Handassa and Parco mall. Correspondingly Doha Bank has founded the first Payroll Card Centre, which is designed as a one-stop solution provider customized to cater to the employees of corporate customers who benefit from the Payroll Card solution package. Doha Bank has also increased its ATM network to a total of 117 ATMs with multiple functionalities like cash deposit and many e-commerce initiatives for a heightened customer experience. Doha Banks' overall distribution coverage at the end of 2011 comprised of 31 branches, 7 Islamic branches, 9 e-branches, 13 pay-offices, 117 ATMs, and 2 mobile banking units and is one the largest in the country.


Customer Advantage Event held in Doha

In 2011, Doha Bank has launched one of the most innovative and successful products, the first ever shopping credit card co-branded with LULU hypermarket, which instantly turned into a massive success across the country and made it a landmark initiative in the GCC credit card industry. Many promotions were also introduced which gave the customers a greater spending power and many valuable benefits and reasons to celebrate. Following its huge success, we partnered with Regency Travels in Qatar to launch he first ever Travel Prepaid card in late December 2011. The card which will also be known as the Traveller card will stand true to its name, with acceptance at over 30 million MasterCard merchants and 1.5 million ATM locations worldwide as well as for online transactions over the Internet. With the dazzling summer campaign Doha Bank rewarded more than 6000 customers with up to 25% cash back on their local spending, overseas usage and at Qatar Duty Free. Also the bank has endorsed many ongoing 0% promotions on credit cards throughout the year to enable customers to enjoy extended credit and to give them the best flexibility for re-payments. 2011 also marked the soft launch of the most prestigious Al Riyada VISA Infinite Credit Card which is aimed at conveying the epitome of status and service to the discerning lifestyle oriented clientele of Doha Bank.

On the loan front, Doha Bank launched the best personal loan deal in Qatar with the lowest interest rates of 2.22% and 3.33% on Personal Loans for the first year. Doha Bank has continuously been an enthusiastic supporter of educational causes. In view of this, we launched the new "Education Pack" following the splendid accomplishments of the "Education for a New Era" initiative set by the

Qatari Government. Doha Bank strongly believes that education has a foundational effect on the mind, character and ability of people. Doha Banks' program supports all the promising potentials with education suites tailored to fulfill the diverse desires of Qataris and Expatriates seeking the best education for their children in Qatar and overseas. With the current list of elite international schools and universities from around the globe present in Doha and an advanced public education system, the Education Pack from Doha Bank comes along to service educational needs. Whether a customer is planning for a child's schooling or university or for his own personal development and higher education, the Education Pack is the ultimate tool for success. The pack comprises the Child Education Plan, Education Loan, Smart Saver and the Al Dana Young Saver Schemes.

For the car loan division, the year 2011 was hailed with an extended car loan offer to customers with free Garmin Nuvi Smart phone with embedded Middle East navigation roadmaps. Later during the year, a remarkable zero percent car loan promotion has been offered by Doha Bank which has resulted in increased sales in the second half of the year in comparison to 2010. The zero percent car loan has been later upgraded and geared with exceptional valuable benefits to become a full fledge package designed to suit all the customer's vehicle related needs. This includes a comprehensive 3 years insurance coverage at extra affordable rates with an extended warranty up to five years or 100,000 Km, in addition to a free road assistantship membership with its car loan. Likewise, it is the first to propose discounts on a variety of valuable car accessories and services such as Garmin Navigation system, Titanium products and Hi-Wash waterless car wash. This was deliberate in alignment with the banks' strategic choice to offer valuable benefits and create synergy in business with the dealers.

The Al Dana Saving Scheme, one of the pioneering flagship products of Doha bank, has built upon the 2022 World cup theme with the objective of

Doha Bank conducted a knowledge sharing session titled 'Customer Advantage' at Dubai

Launch of Doha Bank Lulu Co-branded Card

changing customer lives by creating more winners with bigger prizes and better chances of winning. The recurring draws were designed to give customers a prize of 2022 grams of gold every other month and a mega prize of 10.11 Kilograms of gold at the year end.

In-line to the strategic realignment of Bancassurance services with RBG, various innovative products and distribution arrangements have been developed to distribute Insurance products through the country wide retail branch network as well as the electronic distribution channels. A unique electronic insurance platform has been developed to offer a range of simple and attractive insurance products online through the Doha Sooq shopping portal. Insurance Services especially the Vehicle Insurance renewal facility has been successfully implemented in all the domestic branches and e-branches. This year Bancassurance has finalized the tie-up requirements with the Multi-Billion Swiss Insurance Conglomerate Zurich International. Zurich is a household name in Europe and North America and provides a unique range of global Insurance and Wealth management products. With Zurich products, Doha Bank customers can now take benefits of the unique protection features offered as well as invest in more than 400 renowned global mutual funds in 7 different currencies.

Overall RBG can look back with pride at what has been accomplished in 2011 and looks forward to exploiting the opportunities ahead in the light of the optimistic promises for the market with a keen confidence to make a difference in 2012.

Wholesale Banking Group

The Wholesale Banking Group (WBG) has successfully positioned its business for double digit growth and increased profitability in all business units.

WBG consists of seven primary divisions namely Public Sector Finance, Corporate and Commercial Banking, Small & Medium Enterprises (SME), Project Finance, Mortgage Finance & Real Estate Services, Overseas Operations, and Private Banking supported by service units such as Cash Management and Advisory Services.

Corporate and Commercial Banking again made an increased contribution in earnings to WBG and is considered the growth engine of the bank. The business followed a well balanced growth strategy, responding to the market challenges with an enhanced spread of advisory capabilities and consolidation. The division focused on effective credit monitoring in order to ensure strong asset quality, managing to broaden the base of its clients by selectively establishing new relationships with prominent local and international companies. Further, the growth was diversified, with primary focus on contract financing, and was in line with the economic growth of the country.

Doha Bank launched a program to enhance the efficiency of the SME business operating model. With investments to recruit front end, predominantly in customer coverage and strategic initiatives there has been a strong momentum which continued to see exciting opportunities while operating in one of the most vibrant economy of the world. "Tatweer", the Arabic word for development, is our unique product offering to the SME customers, doubled the number of clients the second year in a row and increased lending by 140%. Seeking to be the preferred financing solution provider to small and medium-sized enterprises, this business unit provides working capital finance, corporate term loans, cash management services and trade financing. With branches in Dubai and Kuwait, and a new branch opening planned in Abu Dhabi, this business aims to be the leading financial services provider, using the Banks GCC network to support customers growing out of their traditional economies.

Project Finance had again a strong year and managed to establish new relationships with large

Launch of Doha Banks' Al Riyada Visa Infinite Credit Card multi-national enterprises, in addition to sourcing syndicated transactions as a participant and co-arranger predominately with large regional business houses.

Mortgage Finance and Real Estate Services responded well to the challenging market environment, protected its market share, and increased revenues constantly exploring options for providing value added services to its customers.

Private Banking focuses on customized solutions to its high net-worth clients for managing their investments. Having segmented the market in order to be more responsive to the distinctive needs of its clients this division offers financial solutions through a comprehensive advisory approach. Private wealth-advisors work closely with clients, accessing global resources and specialists across the bank to develop personalized strategies for all aspects of the client's financial interests.

WBG's future activities will center on a balanced market approach built on a personalized corporate customer relationship and integrated financial servicing.

Treasury and Investment Group

The Treasury and Investments Group (T&I) is responsible for activities such as foreign exchange, treasury products and managing the Bank's proprietary trade book. As one of Qatar's leading banks, Doha Bank provides a complete dealing service in Treasury & Investment products to the corporate, commercial and retail sector. The achievement of this role authenticates Doha Bank's continued presence in all of the world's major capital markets where the bank is an active contributor in both the management of its client risk's and in its proprietary trading. T&I is primarily responsible for managing any asset and liability gaps and the day-to-day liquidity managing the Bank's short and medium term liability structure and funding costs.

During 2011, the financial markets continued to be in turmoil and the crisis which engulfed markets continued to create a high degree of volatility. Fears of a collapse of the Eurozone precipitated by bailouts required by Ireland, Portugal and Greece compounded, by issues over the levels of Government debt in Italy and Spain pervaded the markets. The inability of the authorities to create a framework to solve the problem (at the time of writing) merely added to the problems.

Economic growth remained sluggish despite major monetary easing including further rounds of quantitative easing in the United States. The Japanese economy was badly affected by an earthquake and tsunami which also created a major nuclear alert in the country. Growth in the emerging markets also saw a slowdown, including China, Brazil & India. Growth in Qatar was impressive amid continued optimism in the wake of the award of the 2022 football World Cup added was evident.

During the first half of the year, the US dollar weakened as markets were concerned with the level of Government debt in the United States. Following an agreement over a rising of the debt ceiling, focus shifted to Europe and the three major issues that had developed during the year; Greece and its likely default, Sovereign Debt in other European countries and the requirement to recapitalize the European banks. The Euro fell against all G7 currencies while the dollar remained weak, trading below its longer term average for the whole year.

There was a general flight to quality during 2011 with US Treasuries, the Swiss Franc (CHF), the Japanese Yen (YEN) and gold being the primary, safe haven, beneficiaries. The Swiss National Bank, fearful for the effect on its exporters of a strong currency intervened and effectively pegged the Swiss Franc to the Euro, setting a maximum exchange rate for EUR and CHF. The Bank of Japan intervened several times as the Yen reached highs not seen since the end of World War II. Their intervention has, so far, proved less successful as exporter and repatriation flows continue to push the Yen higher.

Commodity related currencies, such as the Australian and Canadian dollar, reached all-time highs during 2011 but fell back marginally in the second half of the year as the U.S. dollar began to recover.

The Banks' treasury department continues to focus on all aspects of the business processes, systems and team skills and core competencies. Doha Bank remained committed to providing first class service to the clients. The treasury sales team is a proactive group concentrating on becoming our clients' trusted adviser in foreign exchange and interest rate risk management. The team has a broad and diverse knowledge of both local and international

Doha Bank Enters in Agreement with AKBank for Remittance to Turkey

Inauguration of the First Payroll Card Centre e-Branch at Grand Hamad Avenue markets. Their skillsets are being constantly updated using both e-learning software and external courses to ensure that they are up to date with both market and product developments. Doha Bank remain active market makers in GCC currencies with the trading teams in Doha, Dubai and Kuwait providing efficient and competitive pricing to the relationship banks both in local and international markets.

Qatar with its strong economic fundamentals continues to be among the best performing stock markets in the region. However, Doha Bank continued with prudent measures in reaction to the high volatility witnessed in the markets. In the Fixed Income markets Doha Bank continued to be a major participant and investor in all local debt issues, particularly the debt issued by the State of Qatar. Fixed Income investment activity outside of Qatar has been minimal with overall focus has been to lower the risk profile and non-Qatari exposures.

International Banking Group

The International Banking Group (IBG) integrates the Banks' international operations, facilitates cross border trade and is responsible for the relationship management with financial institutions globally and currently have correspondent relationships with more than 350 financial institutions worldwide. In 2011 new Representative Offices were opened in Abu Dhabi and Germany. The Bank has also received the licence for a branch in Abu Dhabi and intends to become fully operative in early 2012. While the New York Branch has been closed, the Bank is in the process of setting up a Representative Office there. The group also arranges loans and participates in syndicated loans to financial institutions and corporate entities mainly in the GCC and Asian regions. The international presence of the bank at the end of 2011 comprises of branches in Dubai and Kuwait and representative offices in Abu Dhabi, China, Germany, Japan, South Korea, Singapore, Turkey and United Kingdom.

Inauguration of Aspire Branch


Launch of the first ever Pre-Paid Travel Co-Branded Doha Bank-Regency Travel Master Card in Qatar

The Dubai Branch has been operating since 2007 being the only Qatari bank to operate in the United Arab Emirates. The establishment of a branch in the State of Kuwait in June 2008 has strengthened the branch network across the GCC. Both branches offer an entire range of wholesale, retail, treasury and trade finance products and services to domestic customers and also meet the cross border banking needs of Doha Bank customers in other countries. The overseas expansion of the bank is in line with the strategic vision of the Board to have a pan GCC operative presence to cater and serve the growing customer base across GCC. The representative offices complement our existing branch network both within and outside Qatar by better understanding the various international markets, thus enabling enhanced customer experience with globalized expertise. The international network aims to facilitate customers to conduct cross border trade transactions between Qatar, Kuwait, UAE and other overseas countries. It also helps to better understand the activities of large international companies in the GCC especially in infrastructure projects.

Further expanding the horizon of the product offerings, the bank established strategic alliances with various banks and mutual fund houses in selected countries. With these arrangements, Doha Bank is uniquely positioned to facilitate the expatriate community in Qatar to meet their remittances, quick funds transfers and investment needs locally as well as with their home countries. The Bank is expanding the number of these alliances given the growing number of expatriates living in Qatar.

Islamic Banking

Doha Islamic (DI) is the Islamic banking segment of Doha Bank. Since its foundation in 2005, DI has developed as a strong brand name with diversified customer base and product mix to cater to everyone's need. However, Islamic banking services have been discontinued by the end of 2011 as a result of QCB directive No. 313/273/2011 dated January 31, 2011 which prohibits conventional banks from entering into any new Islamic banking business.

DI offered both retail banking and corporate banking products and services. Islamic branch accounts are prepared in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the QCB's' Instructions.

The management is currently considering available options for its Islamic banking operations given the QCB's directive. The future of the Banks' Islamic business will be decided within the combination of the following three options:

i) Convert the existing Islamic business to conventional business, or

ii) Selling the Islamic business to one of the Islamic banks in Qatar, or

iii) Continue to operate a portion of the existing Islamic business in a special portfolio until the contractual expiry of that business.

Doha Bank Assurance

Doha Bank Assurance Company LLC (DBAC) was established as a 100% owned subsidiary, by Doha Bank in pursuit of its strategic vision to be a "One-stop Financial Service Provider". Doha Bank is the first GCC bank to establish a 100% insurance subsidiary.

Licensed by Qatar Financial Center Authority to underwrite General Insurance business, DBAC provides all lines of General Insurance including, but not limited to, Fire, Engineering, Marine and Motor Insurance to Corporate customers and effectively from 28th December, 2011 DBAC can now offer Retail Insurance to all.

DBAC, whilst only in its fourth year of operation, has already become the 'Insurer of Choice' amongst the large Corporates in Qatar by providing a wide range of insurance products and customer service of exceptional quality. DBAC's customers include various

Inauguration of the Central European Representative Office in Germany

Launch of the Doha Bank-Regency Travel Pre-Paid Master Card

government departments of the State of Qatar as well as other Corporates and institutions.

DBAC, effectively showcasing its business potential, strong capitalization and liquidity, has achieved a renewal of Standard and Poor's rating of "BBB / Stable" in October 2011. The Company has also earlier achieved the renewal of ISO: 9001: 2008 for "Providing General Insurance Services under Regulatory Framework" during October 2011.

Risk Management Group

The Risk Management Group has developed into an independent enterprise-wide risk management framework. To optimize this, we consistently and continually monitor risks and processes across the organization to identify, assess, measure, manage and report on opportunities and threats that could impact the achievement of the Banks' 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, set policies and procedures, risk limits, organizational framework, committees, monitoring, measuring and review mechanism, 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 Group Chief Executive Officer, covering Credit, Investment and Asset & Liability Management. In addition, the Board Audit Committee reviews the recommendations and findings of the internal, external and QCB auditors to obviate deviations.

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

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

Reputation Risk: This risk arises from poor standards of customer service, a high incidence of customer complaints, non-adherence to regulations, imposition of penalties and adverse publicity in the media. The Bank has established a customer service unit "Tawasol" to monitor the services rendered through delivery points and ensures timely corrective measures are taken. Additionally, the Bank has established a separate Compliance Department, which is responsible for ensuring stringent compliance procedures across the Bank.

The Compliance Department is responsible for ensuring bank-wide adherence to instructions from Qatar Central Bank and other regulatory authorities, in addition to developing and strengthening the internal control systems in the Bank. Moreover, it also creates awareness of the related policies and procedures among the Bank staff through ongoing training, education and system updates.

The Board has also established a high level Risk Management Committee, comprising senior executives of the Bank. The objective of the committee is to oversee the implementation of an enterprise-wide risk management framework approved by the Board of Directors. Through a periodic review of the Banks' risk mitigation and control framework

Doha Islamic receives ISO Certificate for its Quality Management System the committee proposes strategies to identify and address risk issues as warranted by changes in the operating sphere, and to optimize the risk profile in line with the Banks' overall risk appetite.

Legal Risk: This includes legal action and vulnerability to legal issues. The Bank maintains a highly qualified team of in-house corporate lawyers who are responsible for validating all the Banks' agreements and are continuously reviewing the standard/specific documents for all the products and services being offered to customers and counter parties. The Department also coordinates with outside legal firms for more effectiveness.

Credit Risk: This refers to risk arising from the potential that an obligor is either unwilling to honor his obligation or has become unable to meet such obligation, which leads to economic loss to the bank or the possibility of losses associated with diminution in the credit quality of borrowers or counter 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 credit risk is managed by a thorough and well-structured credit assessment process complemented with appropriate collaterals wherever necessary and continuous monitoring of the advances at account and portfolio level.

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

The Management Credit shall review and decide on the following.

- The extent to which the Bank should assume credit risk, taking into account the capital base, the Banks' 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;

Al Dana Mega Draw

Enterprise Risk Management Seminar Hosted by Doha Bank

- Portfolio concentration limits against Regulatory and Internal Limits set for counterparties, industry sectors, geographic regions, foreign country or class of countries, and classes of security;
- Business Strategies to ensure consistency with the Banks' business/growth plan and other asset/liability management considerations;
- Significant delinquent credits (watch list & under settlement accounts) and follow up actions taken to safeguard the interests of the Bank;
- Adequacy of loan loss provisioning requirements;
- Establishment of an authorization structure and limits for the approval and renewal of credit facilities;
- Detailed credit policies, procedures and guidelines, proper segregation of duties, well defined authority matrix for credit approval and periodic audit and examinations by internal and external auditors to ensure that a rigorous environment of checks and balances exist within the Bank;

Credit Risk Management (CRM) Structure: The Credit Risk Management function is independent of the Business functions. Such functions include policy formulation, limit setting, exposure and exception monitoring, reporting, custody and monitoring of documentation, input of credit limits, classification of advances, remedial asset management, recovery of delinquent loan and determination of provision requirements.

The key objectives of Credit Risk Management are to ensure:

- Bank wide Credit risks are identified, assessed, monitored and reported on a continuous basis at individual and portfolio level;
- The Banks' exposure is within the risk appetite limits established and approved by the Board of Directors, which covers group and single obligor limits, borrower ratings, portfolio analysis, counter party limits and concentration of the limits to effectively measure and manage its credit risk;
- Review and assessment of credit exposures in accordance with the authorization structure and limits prior to facilities being committed to customers;
- Ensure completion of documentation and security creation as per approval terms before release of credit facilities to the clients.
- Monitoring of the concentration of exposure to industry sectors, geographic locations and counter parties;


Inauguration of E-Branch at Parco Mall

- Proactive and dynamic monitoring of the accounts as to the quality of the assets and to spot any adverse features/warning signs which can eventually lead to deterioration in the recovery prospects.
- Engage the Business Units at the early stage itself to take corrective steps so that the exposure does not become unmanageable.
- Review of compliance with exposure limits agreed for counter parties, industries and countries, on an ongoing basis, and review of limits in accordance with the risk management strategy and market trends;
- Prior to launching of new products, vetting the business proposals from risk perspective especially in light of delinquent reports;

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

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

- Management Executive Committee
- Management Credit Committee
- Asset and Liability Committee
- Staff policies and Remuneration Committee
- Operational Risk Committee

Liquidity Risk: This is the potential inability of the Bank to meet its maturing obligations. Liquidity planning and management are necessary to ensure that the Bank meets its obligations at all times. The Treasury division, in conjunction with other departments, manages the liquidity on a daily basis. The Asset and Liability Committee (ALCO), which meets weekly, sets the broad framework for Treasury to operate so that the Bank is always in a position to meet its financial commitments.

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

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

Market Risk: This is the risk of loss arising from unexpected changes in financial indicators, including interest rates, exchange rates, bonds, equities and commodity prices. The two prominent risks affecting the Bank are currency and interest rate risk.

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

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

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

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


Tie-up with Renaissance Doha City Center Hotel


Inauguration of the Central European Representative Office in Germany


Doha Bank holds its International Offices Annual Summit in Doha

The Banks' fixed-income bond portfolio is analyzed weekly to assess the interest rate risk based on its portfolio modified duration. Bank keeps its portfolio duration within the allowed limits.

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

The Bank has a well-defined operational risk framework and an independent operational risk function. The Head of Operational Risk is a member of the Risk Management Committee and reports to the Head of Risk Management. 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.

In addition, the Internal Audit department carries out an independent assessment of the actual functioning of the overall Risk Management framework and there is a recognized ownership of operational risks by the business.

Each business segment must implement an operational risk process consistent with the requirements of this framework. The process of Operational Risk Management includes the following steps:

- Effective Risk awareness programs for staff,
- Documented processes/procedures and new products are designed with appropriate controls to safeguard the Banks' assets and records and operational risks are considered,
- Regular and effective reconciliation and settlement of accounts and transactions,
- Reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by the Bank to manage organization-wide operational risk;


Enterprise Risk Management Seminar Hosted by Doha Bank

- Reporting of any risk event (losses, near missed and potential losses), which is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are analyzed, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors;
- Identify and assess key operational risks through bottom-up 'self-assessment', resulting in a specific operational risk profile for the business lines, highlighting the areas with high risk. Action points resulting from 'self-assessments' are captured and the progress of the operational risk profile is monitored on an ongoing basis; and
- Establish Key Risk Indicators
- The Banks' insurance policy adequately covers high severity losses and stress losses.

International Rating

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

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

International Rating Agencies maintained the usual strong ratings during the year despite challenging market conditions recognizing the Banks' strength and performance.

- Standard & Poor's reaffirmed Doha Banks' ratings and opined that Doha Banks' ratings reflected its good market position, sound financial performance and good capitalization levels;
- Moody's also confirmed Doha Banks' existing ratings and mentioned that rating captured the Banks' good franchise in Qatar, good profitability levels and comfortable liquidity position;
- Capital Intelligence reaffirmed their existing rating on the Banks' foreign currency and financial strength ratings at 'A', recognizing DB's strong business franchise focused on retail, commercial banking and trade finance;
- Fitch Ratings also reaffirmed their Foreign Currency Long-term - Issuer Default Rating (LT - IDR) and Foreign Currency Short-term – Issuer Default Rating (ST – IDR) of 'A' and 'F1' respectively and their 'Stable' Outlook during their review.

Information Technology

Doha Bank has introduced variety of banking products like ATMs, Phone Banking, Mobile Banking, SMS Banking, Internet Banking, e-Remittance and Card Management System. The Bank has leveraged on Information Technology to efficiently and effectively deliver these banking services to its customers. In order to achieve this, Doha Banks' Information Technology (IT) Department is on a journey of continuous improvement for its IT support services to all the users of Doha Bank.

IT is the backbone for efficient delivery of Banks' services. Doha Bank has state of art completely integrated architecture, running enterprise wide system on Oracle Unix and Windows platforms and is heavily dependent on the high quality of IT resources for delivery of services. The architecture is designed to maximize availability, scalability, reliability, reusability, security and manageability. The network architecture is in line with increasing deployment of electronic channels covering Firewalls, Antivirus, Zoning and Virtual Private Networking (VPN). A state of the art Disaster Recover (DR) site has been commissioned with alternate processing capabilities for all critical systems. Automation moves the bank closer to a paperless environment and has been the driver for improving internal efficiency. The Information Technology department has successfully implemented the ITIL Service Management System and has achieved the ISO: 20000 Certification in Service Management, being the first and only Bank in Qatar to have achieved this. Information Security Management System has been established to ensure the confidentiality, integrity and availability of the information assets of the bank through the implementation of various controls and processes of the global ISO standards of and has been the first bank in Qatar to have awarded ISO: 27001 Certification in 2007.

Doha Bank participates in the Qatar Career Fair

Doha Bank participated in the Qatar International Environment protection Exhibition and Conference

In the past the bank has received the Green Systems Implementation of the Year from the Arabian Computer News, Dubai, and U.A.E. for the implementation of the Green System. It is a policy-based power management solution that helps reduce power consumption cost and carbon footprints for enterprise systems.

The various technology solutions provided to our customers for their banking needs have always been the edge the Bank is having over its competitors. The strong technology foundation we have laid over a decade for providing world-class banking solutions is now focused towards better real-time services to our customers by way of providing new banking services through new channels of distribution and also by enhancing the internal services allowing our staff to better serve our customers.

The deployment of innovative products for our customers and the enhancement of internal systems have been the pillars of our sustainable performance. We have extended our Data Centre to house an increasingly sophisticated IT environment with new and improved servers for faster processing turnaround.

The pro-active assessment of the need for deploying advanced systems to support the challenging market conditions has led to the process for infrastructure and systems enhancement for our Treasury and Investments and will ensure that the Bank provides the most advanced banking solutions in this region. These key measures will further improve the customer convenience the Bank is already providing.

Human Resources

Group Human Resources Management (HR) continued to contribute to the business towards the corporate strategy of the Human Capital management in the Bank. Emphasis has been mainly given to areas of Qatari Development, Productivity & Optimization, Policies, Efficiency in HR Services and Compensation & Rewards, within the framework of "Best Fit" and "Best Practice".

Qatari Development

As part of the corporate strategy to assign higher responsibilities to the selected Qatari employees and groom them into future leaders, the Bank focused on the Qatari succession plan for Branch Managers. Apart from a recruitment campaign to recruit prospective Branch Managers, the Bank also launched a program to identify the cream of locals and impart them with an intensive development program to take up these positions. Further, the Bank also strengthened the existing Management Trainee Program, Scholarship Program, Individual Career Path (ICP) Program and Basic Banking program. It is also important to highlight that the Bank has achieved in excess of the required level of Qatarisation percentage, which currently stands at 25.6%. The above initiatives and programs have contributed to the Qatari development campaign at a large scale.

Productivity & Optimization

Staff productivity maximization is a key priority in the Bank in order to maintain sustainable growth. With this objective, HR has re-deployed employees in various other positions and departments, taking into consideration their existing skills and competencies against the required skills and competencies of available vacancies. During the year, around 55 employees have been re-deployed, which has given a significant impact to the Banks' operation. Further, as a result of discontinuation of Islamic Banking operations within conventional banking, approximately 45 employees from Doha Islamic were re-deployed against manpower requirements within the Bank. Business units have been re-defined and re-aligned in terms of strengthening the business focus and also we have identified non-core banking units which could be managed with outsourced manpower.

Compensation & Rewards

The bank has taken various initiatives to develop and enhance the total remuneration of staff within the year. HR had reviewed and made required revisions on the Banks' salary bands for Doha, Dubai and Kuwait. Further reviews and revisions were made on the variable bonus structure, sales incentives and job related allowances. During the year, the Bank has made significant compensation revisions for the expatriate employees taking into account the cost of living increase in Qatar. In accordance to the government decree, the Banks' management was obliged to adjust the salaries of Qatari employees by giving them a 60% salary increase.

Policies

With the close co-operation between HR and top management, a number of HR policies relating to staff benefits such as, insurance, medical and airfare were enhanced, in order to strengthen employee stability and moral.

Efficiency of HR Services

HR continued to implement new electronic technology solutions to increase efficiency in HR services, which not only cut down on time and provide online services, but also encourages a paperless environment. Launching of the HR Help Desk, one stop HR benefit call center and the fully automated appraisal process have greatly contributed to the efficiency in HR Services. The Bank has also developed an e-testing module to test and evaluate candidates online.

Doha Bank Annual Inter-Staff Football Tournament 2011

National Level Flagship event 'India SME Leadership Summit' at Mumbai hosted primarily by SME Chamber of India.

Training & Development

During the year, the key focus was on customer service and sales skills development. The sales workforce and frontline employees have gone through skills development and customer service oriented training programs, which were designed and structured objectively. E-learning also has been enhanced which has contributed to employee development to a larger extent.

Business Process Re-engineering and Quality Assurance

Business Process Reengineering (BPR) is the analysis and design of workflows and processes within an organization. A business process is a set of logically related tasks performed to achieve a defined business outcome. Re-engineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed. Business Process Reengineering as it relates to the banking industry is the systematic, comprehensive re-conception of what goes on in the consolidated bank. BPR is a pioneering attempt to change the way work is performed by simultaneously addressing all the aspects of work that impact performance, including the process activities, the people's jobs and their reward system and the organization structure. The BPR methodology includes the five activities:

- Prepare for re-engineering;
- Map and analyze as-is process;
- Design to-be process;
- Implement the revised process;
- Improve continuously.

As one of the major BPR initiatives in Doha Bank, optimization exercises incorporating the above activities were carried out for rationalization of processes and human capital deployment to improve productivity and control cost. BPR is the basis for many recent developments in the organization.

Our Quality Assurance, being an integral part of the BPR division, involves performing a constant review of the new processes that are being integrated within the Bank. In addition, the team also performs regular reviews of various IT systems like the Banks website reviews with a view to keep pace with the technological advancements.

Continuously reviewing the changes to the divisional manuals and comply with the Quality Management System requirements. Ensuring readiness for the ISO audits with punctual coordination with all stake holders to freeze all the areas for scope is one of the key attributes of the team.

BPR and Quality Assurance activities in 2011 made significant strides in re-engineering and process improvements in the following business interfaces:

Management Group

- Ensuring business realignment to identified strategies through process enhancements in the operational efficiencies of our key division;
- Review and enhancing the functions of all the Business unit (Retail, Wholesale, International Banking);
- Productivity review across all functional units (Information Technology, Operations, Risk Management);
- Internal Customer-relationship management;
- Benchmarking and Value Engineering;
- Project Governance;
- Process Development of New products;
- IT systems review and upgrade (Mobile Banking, Al Riyada, E-Insurance);
- Review and Optimizing Central operations.

Enhancing the competitive edge of Doha Bank in terms of cost efficiency, service quality, speedy response and achieving excellence, optimizing operational flexibility through reduced turnaround time will be the prime focus of the re-engineering efforts in 2012.

Corporate Social Responsibility

Doha Bank is a forerunner in environmental advocacy and supports sustainable development, environmental conservation and educational awareness; reaching out to both public and private sectors to support local and global environmental issues and key challenges.

Doha Bank is keen to be one of the main pillars supporting the sustainable development in Qatar, which was also recognized as one of the proactive supporters on Clean and Green Qatar Programme. Green activities provide a venue for building global awareness, cooperation and participation of international organizations and companies specialized in environment technologies and sustainable energy.

As one of Qatar's leading financial services company, Doha Bank is committed to making banking work for customers and clients like it never has before. Through innovative technologies and the ingenuity of its people, Doha Bank provides individuals and commercial, corporate and institutional clients across Qatar and even internationally, new and better ways to manage their financial lives. The company enables customers to do their banking and investing whenever, wherever and however they choose through an extensive network, and multiple access channels.

The Bank has achieved very impressive results in over three decades of its history. Doha Bank aims to be recognized as a dynamic, modern bank with enduring age-old values. This has been a combined result of the Management's foresight, employee dedication and tremendous customer response.

The Bank is vision-driven in supporting its future activities, progress and expansion with more diverse portfolio by integrating environmental and social considerations into its product design, mission policy and strategies. It also embarks to cultivate the young minds by visiting schools and educate them on environmental responsibility to make them green advocates at a young age. The Bank has various campaigns on environmental issues and key challenges on sustainability.

"GO Green with Doha Bank! It's simply the right thing to do!" is the catchy phrase chosen by Doha Bank to convey its message to the public and gain joint-effort cooperation amongst various sectors of the society for a better world.

Doha Bank is promoting the concept of 3 R's: Reduce, Re-use and Recycle within the organization. For efficient use of paper resources, the organization implemented the use of inter-office mail reusable envelopes, established a baseline for white paper usage, reduce unnecessary photocopying and printing, encourage double-sided printing and copying, etc. These are just some measures introduced on paper utilization. Doha Bank also tied-up with Paper Recycling Company to further utilize its waste papers and save trees.

Doha Bank has always been a pioneer in introducing new concepts and technology in Qatar. It was the first Bank to introduce conveniences such as SMS Banking, comprehensive Internet Banking, Mobile Branches, real time straight through processing E-Remittance services etc. Doha Bank Internet Banking suit of services - for retail as well as corporate customers consists of a comprehensive set of online and request based processing.

The electronic Banking products and services of Doha Bank greatly help reduced paper usage/wastage, reduce carbon footprint and encourages customers to be environmentally-conscious of their activities.

Social Responsibility initiatives focuses on seminars, knowledge sharing and awareness; support for cultural events, e-Newsletters, educational visits, charitable donations and similar activities.

The Board of Directors of Doha Bank is keen to exert all efforts needed to support 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

Doha Bank holds its International Offices Annual Summit in Abu Dhabi

Knowledge sharing session titled 'Customer Advantage in the Contemporary Financial market' in Doha

at curbing the deterioration of environmental systems and preserving the changing as well as the unchanging resources. It is customary for Doha Bank to find itself occupying a distinguished position in the programs drawn up for celebrating the Qatari Environment Day for this year as it is at the core of the strategies designed for protecting the health and safety of humans as well as their environmental security.

Doha Banks' vision is to lead as a Green Banking institution, be the pioneer in uplifting awareness to help save the environment, encourage and convert existing normal Account Holders to Paperless Banking by opening Green Accounts and Go Green Credit Cards, actively take part in Environmental Campaigns and encourage children at schools to become environmental advocates at a young age.

Doha Bank Branches and HO Departments were encouraged to practice energy efficiency in their respective premises by switching off the lights, air conditioning system and other office equipment when not in use, conserve water, carpooling, eliminate usage of non-biodegradable materials, encourage recycling and proper waste disposal and buying of fair-traded and environment-friendly goods. These are small steps that will make a big difference'.

Doha Bank launched the ECO-Schools Programme www.ecoschools.com.qa website, dedicated to the environment which encourages schools of any discipline; whether pre-school, primary, secondary, and collegiate, universities, Arabic schools etc. to proactively participate in the implementation of good environmental practices, reduction of carbon footprint, increase eco-consciousness and supporting children to become environmental advocates at a young age.

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

Doha Bank was recognized globally for its efforts on green-related initiatives whereby having been awarded the Golden Peacock Global Award for Sustainability 2011 and Golden Peacock Global Award for Corporate Social Responsibilities 2011. Recently Doha Bank was recognized and awarded by the Green Qatar Centre for its proactive participation in the National campaign on Qatar green and clean. These awards reflects Doha Banks' global quest in saving the trees, saving the environment and saving the world.

Corporate Governance

OVERVIEW

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

The 2nd Annual Arab Investment Summit 2011 in Abu Dhabi

During the period, Doha Bank has enhanced its governance structure by formalizing and documenting governance practices adopted by the Bank and was keen on explaining the reasons for non-compliance “where applicable” and the actions taken for compliance in the future. This report summarizes Doha Bank’s governance processes for 2011 in accordance with QFMA disclosure requirements as illustrated below.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Roles and Responsibilities:

The Board of Directors is responsible for the stewardship of the Bank and providing effective leadership to supervise Doha Bank’s business to grow value in a profitable and sustainable manner.

The roles and responsibilities of the Board are defined in the Board Charter. This document will be available to shareholders before the Shareholder’s meeting and it will be added to AGM Agenda. The Board’s roles and responsibilities are compliant with the requirements of the Code, and cover the following areas:

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

Each Board Member duties have been updated and defined in job descriptions prepared for this purpose. Moreover, each Board Member is also required to provide sufficient time to perform his duties.

Business Forum Perth 2011

Doha Bank won the prestigious Golden Peacock Global Award for Sustainability World Council for Corporate Governance

Currently, time commitments are not contractually set but are understood by all directors. Director appointment forms have been developed and will be put in place after being approved by the Board of Directors. In the future, every director is required to sign this form upon enrollment in the Board.

Composition

The Board consists of 8 members; the breakdown of the current composition of the Board is as follows:

- Chairman;
- Vice Chairman;
- Managing Director;
- 5 Non-Executive directors including one independent member

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

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

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani

- Chairman
- Date of Appointment on Board: June 3, 1996
- Education/ Experience: Graduate of the Royal Academy, Sandhurst, UK
- Other Board Memberships: Board Member at Al Khaleej Takaful Insurance & Re Insurance Co.
- Ownership: 1.66% (December 31, 2011)

Mr. Ahmed Abdul Rehman Yousef Obeidan Fakhroo

- Vice Chairman
- Date of Appointment on Board: April 20, 1982
- Education/ Experience: General Manager, Al Waha Contracting & Trading Est.
- Ownership: 1.67% (December 31, 2011)

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani

- Managing Director
- Date of Appointment on Board: December 21, 1978
- Education/Experience: Bachelor of Civil Engineering, Missouri University, USA
- Other Board Memberships: Chairman of the Board of Directors, Qatar Industrial Manufacturing Co. Chairman of the Board of Directors (State of Qatar representative): Qatari Oman Investment Company and Board Member: National Leasing Holding
- Ownership: 1.71% (December 31, 2011)

Sheikh Abdulla Mohamed Jabor Al-Thani

- Non-Executive Board Member.
- Date of Appointment on Board: April 20, 1982
- Other Board Memberships: Chairman of Al Khaleej Takaful Insurance & Re-Insurance Co.
- Ownership: 1.04% (December 31, 2011)

Sheikh Abdulla Bin Nasser Bin Abdulla Al Ahmed Al-Thani

- Non-Executive Board Member
- Date of Appointment on Board: June 3, 1996

Staff Recognition Awards

- Other Board Memberships: Board Member, Al Khaleej Insurance & Re-Insurance Co., General Manager Nasser Bin Abdulla & Sons Group, General Manager Abdulla Bin Nasser Trading Co.
- Ownership: 1% (December 31, 2011)

Mr. Jabor Bin Sultan Towar Al Kuwari

- Non-Executive Board Member
- Date of Appointment on Board: April 12, 1993
- Education/ Experience: Businessman
- Ownership: 1.17% (December 31, 2011)

Mr. Hamad Mohammed Hamad Abdulla Al Mana

- Non-Executive Board Member
- Date of Appointment on Board: April 13, 1999
- Other Board Memberships: Vice Chairman: Mohammad Hamad Al Mana Group Companies,
- Board Member: Qatar General Insurance & Re Insurance Co, Board Member: Qatar Navigation Co., Board Member: Arab Qatari Co. for Dairy Products
- Ownership: 1.57% (December 31, 2011)

Sheikh Falah Bin Jassim Bin Jabor Al-Thani

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

Board Meetings

The Board meets based on the invitation of the Chairman or two members of the Board. Each Board meeting has an agenda which is submitted to all members at least one week prior to the meeting for preparation purposes. As per the Board Charter, the Board meets a minimum of 6 times (once every two months at a minimum). The Board met a total of seven times in 2011 to conduct its duties and responsibilities.

Board Remuneration

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

Senior Management Remuneration

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

Board Secretary

The Board has appointed Mr. Mokhtar Abdel Monem Elhenawy as Board Secretary since July 2007. Mr. Elhenawy holds a Bachelor degree in law from Ain Shams University since 1987 and a Diploma in Law, 1988; and has over 23 years experience with in his field and as a legal advisor to Bank's Board of Directors since the year 2000 . It is in Doha Bank's view that Mr. Elhenawy meets all the Board Secretary requirements of the Code.

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

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

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

National Level Flagship event 'India SME Leadership Summit' at Mumbai hosted primarily by SME Chamber of India.

Other Board Matters

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

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

Nomination: The Bank has established a system for nomination/ appointment of BOD. Going forward, as per the Nomination and Governance Committee Terms of Reference, the committee will convene in the coming year and establish written procedures in this regard.

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

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

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

Self Assessment: The board has adopted templates and tools to perform an annual self-assessment which will be implemented in due course.

Remuneration: Doha Bank has adopted a Remuneration Policy for the Board. The Bank will consider establishing a Remuneration Policy for Executive Management and present the same to the General Assembly.

Board Committees

Board Committees are established to assist the Board of Directors in conducting their duties. Each committee has developed terms of reference that defines the committee's roles and responsibilities in accordance with QFMA regulations and leading governance practices. Board Committee Terms of Reference will be published in the near future.

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

Doha Bank winning the 'Bank of the Year 2011 in Qatar' award from Arabian Business

Audit, Compliance and Risk Committee

Membership: Non-Executive Board Member (Chairman), Vice Chairman (Member), Independent Member (not part of Board)

Roles and Responsibilities: responsible for reviewing financial statements, work of external and internal audit, internal control environment, compliance with regulations and risk management aspects of the Bank.

The Audit Committee has met a total of ten times in 2011, which is above the requirements of quarterly meetings as defined by the Code. Also the committee has overseen the development of whistle-blowing framework and an external audit appointment policy which have been developed as part of Doha Bank's Governance Manual.

The Committee has had no disagreements with the Board during 2011.

Nomination and Governance Committee

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

Roles and Responsibilities: Reviewing nominations to the BOD membership and monitoring Doha Bank's corporate governance structure.

Policies, Development and Remuneration Committee

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

Roles and Responsibilities: reviewing and approving bank policies, strategies and reviewing the remuneration framework for executive management and the Board.

Executive Committee

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

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

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

Board Members and CEO

INTERNAL CONTROL, COMPLIANCE, RISK MANAGEMENT AND INTERNAL AUDIT

Internal Control

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

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

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

Internal Audit, Compliance and Risk Management all have developed policies and procedures which have been approved by management and the board/ board committees.

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 established an internal audit function staffed with 14 Auditors, which periodically conduct extensive internal audits on both operational and financial aspects as agreed with the Audit, Compliance and risk Committee. Internal Audit periodically reports its findings and recommendations and the progress against the Internal Audit Plan to the Audit, Compliance and Risk Committee. In 2011, a total of 48 reports were issued. Internal Audit Reports were prepared based on Institute of Internal Audit Standards.

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.

Launch of the first ever Shopping Co-Branded Doha Bank-Lulu MasterCard Credit Card

Currently, the process of identifying and assessing risk is performed through periodic risk assessments.

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

INTERNAL CONTROL ASSESSMENT

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

No major breach of control or internal control failure has taken place which has affected or may affect Bank's financial performance during 2011.

VIOLATIONS OF LISTING REQUIREMENTS

The Bank complies with the rules and conditions which control the disclosure and listing operations in the market. For the financial year 2011, the Company did not have any violations.

EXTERNAL AUDIT

The external auditor is recommended by the Board and approved by the general assembly. The external auditor provides in his report that the consolidated financial statements give a true and fair view of the financial position of the bank as of December 31, of every year. He also reports significant financial issues and provides a management letter on the financial controls in place. Doha Bank's financials are prepared in accordance with IFRS and Qatar Central Bank regulations and are audited on a semi-annual basis and reviewed quarterly. The current external auditors are Deloitte, one of the big 4 audit firms. Doha Bank has adopted a rotation policy in accordance with QCB regulation. The external auditor attends the Annual General Assembly meeting to present to the shareholders his report on the Bank's consolidated financial statements. Doha Bank financial statements are published on the Qatar Exchange website for the access of all shareholders and concerned stakeholders.

SHAREHOLDER RELATIONS

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

Doha Bank achieves re-certification to ISO 20000

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

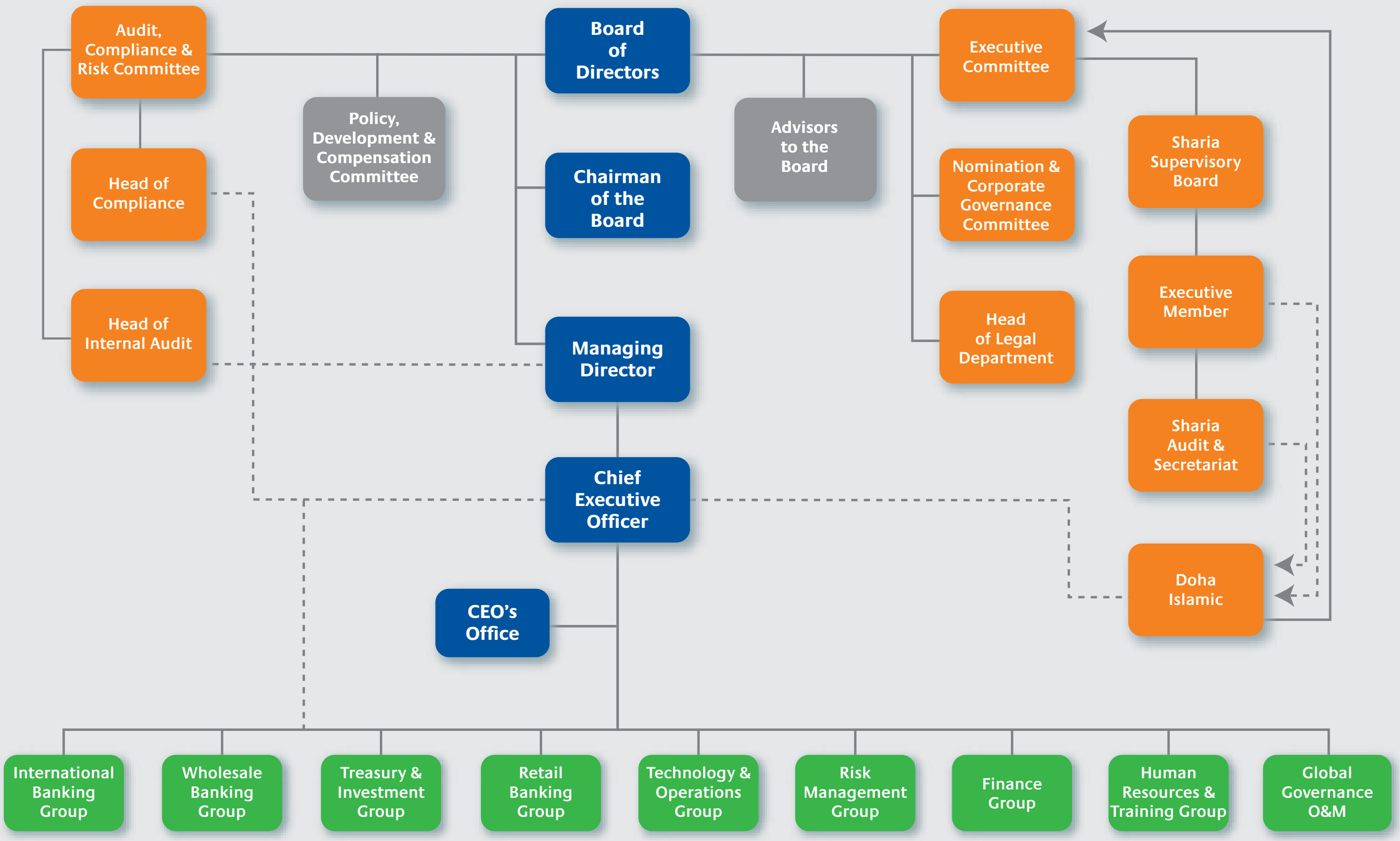
STAKEHOLDER RIGHTS

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.

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Doha Bank Corporate Organisational Structure



Financial Results

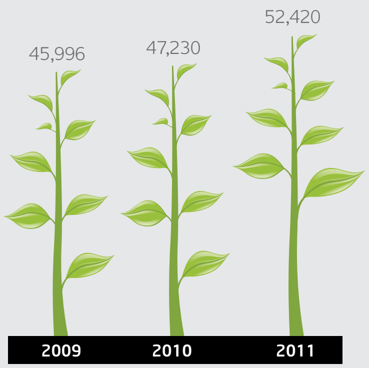
Net profit for the year rose to QR 1,241.2 million compared to QR 1,054.2 million for the year 2011, an increase of 17.7%. The earnings per share for 2011 was reported as QR 6.03. Net interest income rose by 15.9% to QR 1,563.3 million compared to QR 1,349.1 million during the year 2011. The net operating income during the same period increased from QR 2,095.8 million to QR 2,334.1 million, reflecting an increase of 11.4%.

In 2011 deposits grew by 2.8% to QR 31.7 billion from QR 30.8 billion for the corresponding period in 2010. Net loans & advances increased to QR 30.7 billion from QR 26.5 billion compared to last year, registering a growth of 15.7%. Total assets increased to QR 52.4 billion from QR 47.2 billion last year, a growth of 11.0%.

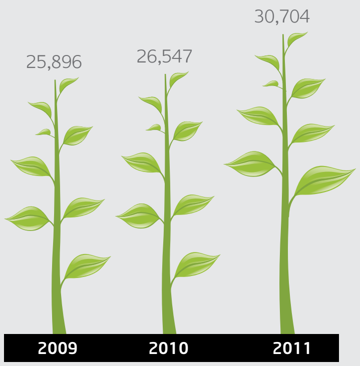
The shareholders' funds at the end of the year 2011 was QR 7.1 billion showing an increase of 17.3%. The shareholders' funds at the end of 2010 was QR 6.0 billion. The excellent operational efficiency has resulted in a return on average equity of 21.98%. The Banks' achievement of a 2.49% return on average assets is a clear indication of the supremacy of the Bank's asset allocation model and operational efficiency.

The capital adequacy ratio calculated as per Basel-II guidelines and guidelines issued by Qatar Central Bank was 13.22% in 2011 compared to 13.57% in 2010.

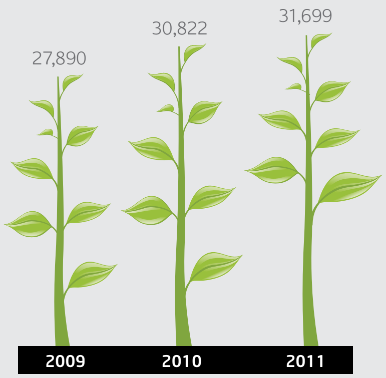
Total Assets
(QR Million)



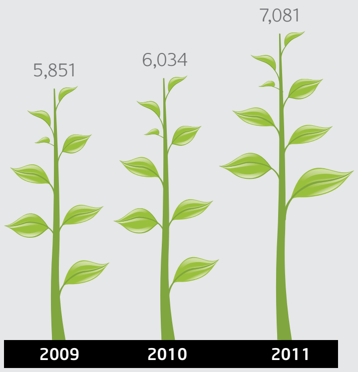
Net Loans & Advances
(QR Million)



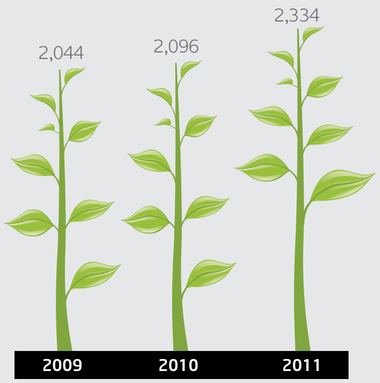
Customer Deposits
(QR Million)



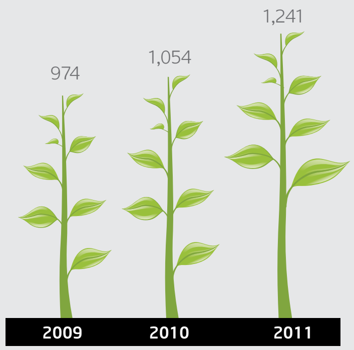
Total Shareholders' Equity
(QR Million)



Total Operating Income
(QR Million)



Net Profit
(QR Million)



Independent
Auditor's Report

To
The Shareholders
Doha Bank (Q.S.C.)
Doha, Qatar

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Doha Bank Q.S.C. and its subsidiaries (the "Bank"), which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Bank as at December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Qatar Central Bank regulations.

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

For Deloitte & Touche

Muhammad Bahemia
License No. 103

Doha, Qatar
January 18, 2012

Consolidated Statement of Financial Position

As at December 31, 2011

	Notes	2011 QR '000	2010 QR '000
ASSETS			
Cash and balances with central banks	5	2,605,276	10,378,704
Due from banks and other financial institutions	6	10,147,364	3,634,244
Loans and advances and financing activities to customers	7	30,704,039	26,546,918
Financial investments	8	7,576,622	5,216,631
Investment in associate company	8	10,846	14,031
Property, furniture and equipment	9	820,838	737,442
Other assets	10	555,307	701,641
Total assets		**52,420,292**	**47,229,611**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to banks and other financial institutions	11	11,635,523	8,683,403
Customer deposits	12	31,091,813	28,946,743
Subordinated debt	13	769,379	767,606
Other liabilities	14	1,235,334	922,133
		44,732,049	**39,319,885**
Unrestricted investment depositors' accounts	16	**607,040**	**1,875,233**
Shareholders' equity			
Paid up share capital	17(a)	2,066,978	1,894,730
Statutory reserve	17(c)	3,283,600	2,717,814
Risk reserve	17(d)	597,650	377,650
Fair value reserve	17(e)	23,092	(5,053)
Hedge reserve	17(f)	(23,576)	(44,039)
Foreign currency translation reserve	17(g)	(3,881)	(2,001)
Proposed dividends	17(h)	930,140	947,365
Retained earnings		207,200	148,027
Total shareholders' equity		**7,081,203**	**6,034,493**
Total liabilities, unrestricted investment depositors' accounts and shareholders' equity		**52,420,292**	**47,229,611**

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

Raghavan Seetharaman
Chief Executive Officer

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Income

For the year ended December 31, 2011

	Notes	2011 QR '000	2010 QR '000
Interest income	18	2,074,425	2,299,245
Interest expense	19	(511,147)	(950,104)
Net interest income		**1,563,278**	**1,349,141**
Fees and commission income	20	389,083	399,453
Fees and commission expense		(7,179)	(4,925)
Net fees and commission income		**381,904**	**394,528**
Income from Islamic financing and investing activities		212,160	249,380
Unrestricted investment depositors' share of profit		(33,609)	(95,585)
Net Islamic financing and investing income		**178,551**	**153,795**
Gross written premium		82,430	97,858
Premium ceded		(29,241)	(40,119)
Net claims paid		(29,977)	(34,143)
Net income from Insurance activities		**23,212**	**23,596**
Dividend income	21	17,420	16,290
Gain on foreign exchange activities	22(a)	78,303	81,556
Net income from financial investments	22(b)	57,140	38,481
Other operating income	23	34,319	38,386
Total other income		**187,182**	**174,713**
Net operating income		**2,334,127**	**2,095,773**
General and administrative expenses	24	(737,377)	(682,400)
Depreciation of property, furniture and equipment	9	(58,123)	(40,791)
Impairment of financial investments		(35,475)	(47,387)
Impairment of loans and advances, net	7(d)	(256,864)	(311,838)
Other income	25	–	43,062
Net profit for the year before taxes		**1,246,288**	**1,056,419**
Income tax expense		(5,134)	(2,174)
Net profit for the year		**1,241,154**	**1,054,245**
Basic and diluted earnings per share (QR)	26	**6.03**	**5.56**

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2011

	Notes	2011 QR '000	2010 QR '000
Net profit for the year		**1,241,154**	**1,054,245**
Other comprehensive income			
Net movement in fair value of available for sale investments	17(e)	28,145	75,398
Net movement in fair value of cash flow hedge	17(f)	20,463	8,650
Foreign currency translation adjustment	17(g)	(1,880)	416
Total other comprehensive income		**46,728**	**84,464**
Total comprehensive income for the year		**1,287,882**	**1,138,709**

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2011

	Note	Share capital QR '000	Advance capital QR '000	Statutory reserve QR '000	Risk reserve QR '000	Fair value reserve QR '000	Hedge reserve QR '000	Foreign currency translation reserve QR '000	Proposed dividends QR '000	Retained earnings QR '000	Total QR '000
Balance at January 1, 2011		**1,894,730**	**–**	**2,717,814**	**377,650**	**(5,053)**	**(44,039)**	**(2,001)**	**947,365**	**148,027**	**6,034,493**
Total comprehensive income		**–**	**–**	**–**	**–**	**28,145**	**20,463**	**(1,880)**	**–**	**1,241,154**	**1,287,882**
Net profit for the year		–	–	–	–	–	–	–	–	1,241,154	1,241,154
Other comprehensive income		–	–	–	–	28,145	20,463	(1,880)	–	–	46,728
Increase in share capital	17(b)	172,248	–	564,974	–	–	–	–	–	–	737,222
Dividends paid		–	–	–	–	–	–	–	(947,365)	–	(947,365)
Net movement in risk reserve	17 (d)	–	–	–	220,000	–	–	–	–	(220,000)	–
Transfer to statutory reserve	17 (c)	–	–	812	–	–	–	–	–	(812)	–
Proposed dividend		–	–	–	–	–	–	–	930,140	(930,140)	–
Contribution to social & sports fund for 2011		–	–	–	–	–	–	–	–	(31,029)	(31,029)
Balance at December 31, 2011		**2,066,978**	**–**	**3,283,600**	**597,650**	**23,092**	**(23,576)**	**(3,881)**	**930,140**	**207,200**	**7,081,203**

	Note	Share capital QR '000	Advance capital QR '000	Statutory reserve QR '000	Risk reserve QR '000	Fair value reserve QR '000	Hedge reserve QR '000	Foreign currency translation reserve QR '000	Proposed dividends QR '000	Retained earnings QR '000	Total QR '000
Balance at January 1, 2010		**1,808,606**	**368,611**	**2,433,631**	**364,650**	**(80,451)**	**(52,689)**	**(2,417)**	**904,303**	**106,539**	**5,850,783**
Total comprehensive income		**–**	**–**	**–**	**–**	**75,398**	**8,650**	**416**	**–**	**1,054,245**	**1,138,709**
Net profit for the year		–	–	–	–	–	–	–	–	1,054,245	1,054,245
Other comprehensive income		–	–	–	–	75,398	8,650	416	–	–	84,464
Contribution to social & sports fund for 2009		–	–	–	–	–	–	–	–	(24,340)	(24,340)
Increase in share capital		86,124	(368,611)	282,487	–	–	–	–	–	–	–
Dividends paid		–	–	–	–	–	–	–	(904,303)	–	(904,303)
Net movement in risk reserve	17 (d)	–	–	–	13,000	–	–	–	–	(13,000)	–
Transfer to statutory reserve	17 (c)	–	–	1,696	–	–	–	–	–	(1,696)	–
Proposed dividend		–	–	–	–	–	–	–	947,365	(947,365)	–
Contribution to social & sports fund for 2010		–	–	–	–	–	–	–	–	(26,356)	(26,356)
Balance at December 31, 2010		**1,894,730**	**–**	**2,717,814**	**377,650**	**(5,053)**	**(44,039)**	**(2,001)**	**947,365**	**148,027**	**6,034,493**

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2011

	Notes	2011 QR '000	2010 QR '000
OPERATING ACTIVITIES			
Net profit for the year before taxes		1,246,288	1,056,419
Adjustments for:			
Depreciation of property, furniture and equipment		58,123	40,791
Subordinated debt amortisation		1,773	1,555
Provision for impairment of loans and advances		256,864	311,838
Profit on sale of property, furniture and equipment		–	53
Profit on sale of financial investments		(57,140)	(38,481)
Provision for impairment of investments		35,475	47,387
Subordinated debt repurchased		–	(57,254)
Profits before changes in operating assets and liabilities		1,541,383	1,362,308
Net (increase)/decrease in assets			
Due from banks and other financial institutions		(1,103,688)	61,651
Loans and advances and financing activities to customers		(4,413,985)	(962,901)
Other assets		146,334	(162,944)
Net increase/(decrease) in liabilities			
Due to banks and other financial institutions		2,952,120	(1,805,453)
Customer deposits		876,877	2,931,619
Other liabilities		327,111	(38,038)
Cash generated from operating activities		**326,152**	**1,386,242**
Tax paid		(5,134)	(2,174)
Social and sports fund contribution paid		(26,356)	(24,340)
Net cash from operating activities		**294,662**	**1,359,728**
INVESTING ACTIVITIES			
Purchase of financial investments		(4,138,340)	(2,839,283)
Proceeds from sale of financial investments		1,831,344	1,512,720
Purchase of property, furniture and equipment		(141,541)	(208,055)
Proceeds from sale of property, furniture and equipment		22	235
Net cash used in investing activities		**(2,448,515)**	**(1,534,383)**
FINANCING ACTIVITIES			
Capital subscription		737,222	–
Dividends paid		(947,365)	(904,303)
Net cash used in financing activities		**(210,143)**	**(904,303)**
Net decrease in cash and cash equivalents during the year		(2,363,996)	(1,078,958)
Cash and cash equivalents – Beginning of the year		10,809,565	11,888,523
Cash and cash equivalents – End of the year	31	**8,445,569**	**10,809,565**
Operational cash flows from interest and dividend			
Interest/profit paid		554,115	1,055,315
Interest/profit received		2,048,428	2,543,786
Dividends received		17,420	16,290

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2011

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Doha Bank Q.S.C. ("Doha Bank") was incorporated on March 15, 1979, as a Joint Stock Company under Emiri Decree No. 51 of 1978.

Doha Bank is engaged in conventional banking activities and operates through its head office in Doha and 38 local branches, two overseas branches in the United Arab Emirates (Dubai) and the State of Kuwait and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, the United Arab Emirates (Abu Dhabi) & Germany. In addition, the Bank owns 100% of the issued share capital of Doha Bank Assurance Company L.L.C, an insurance company registered under Qatar Financial Centre and DBank Tech L.L.C, an information technology company with operations in the United Arab Emirates. During the year, the Bank has incorporated DB Capital, a 100% owned subsidiary, registered in the State of Qatar. The operation of DB Capital has not started yet. Doha Bank and its subsidiaries are referred to as "the Bank".

Islamic banking

Until December 31, 2011 the Bank provided Islamic banking activities through 7 Islamic branches, carrying out Islamic banking services through various Islamic modes of financing.

In accordance with the Qatar Central Bank directives, all Islamic branches of conventional Banks operating within Qatar are required to be closed with effect from December 31, 2011. Based on these directives, the Bank requested the Qatar Central Bank to transfer the licenses of its Islamic branches to conventional branches which have now been duly approved.

Based on the above, all Islamic financing balances that remain outstanding as at December 31, 2011 are being maintained separately in the Bank's books until those balances are fully settled. As for the Unrestricted Investment Depositors' Accounts, all customers concerned have been requested to transfer their account balances to conventional banking accounts. As at the reporting date, the total balance that has not yet been transferred by the customers from Islamic banking to conventional banking deposits is left in Unrestricted Investment Depositors' accounts balance, until such time that the entire balance is transferred to conventional banking deposits.

The consolidated financial statements for the year ended December 31, 2011 were authorized for issue in accordance with a resolution of the Board of Directors on January 18, 2012.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 Revised IFRSs affecting presentation and disclosures

The following revised IFRS has been applied in the current year and has affected the presentation and disclosure in these consolidated financial statements. Details of other new and revised IFRSs applied in these consolidated financial statement that have had no material effect on the consolidated financial statements are set out in section 2.2.

Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in May 2010)	The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The amendments have been applied retrospectively.

2.2 New and revised IFRSs applied with no material effect on the consolidated financial statements

i) Revised Standards

The following new and revised standards and interpretations have also been adopted in these consolidated financial statements. The application of these new and revised standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

• IFRS 1 (Revised)	First time adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters – Amendments resulting from May 2010 Annual Improvements to IFRSs
• IFRS 3 (Revised)	Business combinations - Amendments resulting from May 2010 Annual Improvements to IFRSs
• IAS 1 (Revised)	Presentation of Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs
• IAS 24 (Revised)	Related Party Disclosures - Revised definition of related parties
• IAS 27 (Revised)	Consolidated and Separate Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs
• IAS 32 (Revised)	Financial Instruments: Presentation - Amendments relating to classification of rights issues
• IAS 34 (Revised)	Interim Financial Reporting - Amendments resulting from May 2010 Annual Improvements to IFRSs

ii) Revised Interpretations

• IFRIC 13	Customer Loyalty Programmes – Amendments resulting from May 2010 Annual Improvements to IFRSs
• IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – November 2009 Amendments with respect to voluntary prepaid contributions
• IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these standards and Interpretations had no significant effect on the financial statements of the bank for the year ended December 31, 2011, other than certain minor presentation and disclosure changes.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

2.3 Standards and Interpretations in issue not yet effective

At the date of authorization of these financial statements, the following Standards and Interpretations applicable to the Bank were in issue but not yet effective:

i) Revised Standards

Effective for annual periods beginning on or after July 1, 2011

- IFRS 1 (Revised) — First time adoption of International Financial Reporting Standards
  – Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'
  – Additional exemption for entities ceasing to suffer from severe hyperinflation
- IFRS 7 (Revised) — Financial Instruments Disclosures – Amendments enhancing disclosures about transfers of financial assets

Effective for annual periods beginning on or after January 1, 2012

- IAS 12 (Revised) — Income Taxes – Limited scope amendment (recovery of underlying assets)

Effective for annual periods beginning on or after July 1, 2012 (Early adoption allowed)

- IAS 1 (Revised) — Presentation of Financial Statements
  – Amendments to revise the way other comprehensive income is presented

Effective for annual periods beginning on or after January 1, 2013

- IFRS 7 (Revised) — Financial Instruments Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
- IAS 19 (Revised) — Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects
- IAS 27 (Revised) — Consolidated and Separate Financial Statements (Early adoption allowed) – Reissued as IAS 27 Separate Financial Statements
- IAS 28 (Revised) — Investments in Associates (Early adoption allowed) – Reissued as IAS 28 Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after January 1, 2015

- IFRS 7 (Revised) — Financial Instruments Disclosures – Amendments requiring disclosures about the initial application of IFRS 9

ii) New Standards:

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

- IFRS 10 — Consolidated Financial Statements
- IFRS 11 — Joint Arrangements
- IFRS 12 — Disclosure of Interests in Other Entities
- IFRS 13 — Fair Value Measurement

Effective for annual periods beginning on or after January 1, 2015 (Early adoption allowed)

- IFRS 9 — Financial Instruments
  – Classification and measurement of financial assets
  – Accounting for financial liabilities and de-recognition

The application of the above new standards and interpretations in future periods may have significant impact on amounts reported in the consolidated financial statements. Management of the Bank has, however, not yet performed a detailed analysis of the impact of the application of these Standards and hence has not yet quantified the extent of the impact.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are prepared under the historical cost basis, except for available-for-sale investments and derivative financial instruments which are measured at fair value. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and Qatar Central Bank regulations.

The consolidated financial statements have been presented in Qatari Riyals (QR) the functional and presentational currency and all values are rounded to the nearest QR thousand except when otherwise indicated.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Bank in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Inter-company transactions, balances and unrealized gains on transactions with subsidiary companies are eliminated. Unrealized losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Bank.

The consolidated financial statements of the Bank include the financial statements of Doha Bank and its controlled subsidiaries listed below.

Company Name	Country of Incorporation and Operation	Capital QR '000	Ownership Interest %	Principal Activity
Doha Bank Assurance Company L.L.C	Qatar	100,000	100%	General Insurance
Dbank Tech L.L.C	UAE	991	100%	Information Technology
DB Capital	Qatar	126,000	100%	Brokerage

Associates

An associate is an entity over which the Bank has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or have joint control over those policies.

The Bank's share of its associate's post-acquisition profit or loss is recognized in the statement of income; and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealized gains on transactions between the Bank and its associate are eliminated to the extent of the Bank's interest in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Bank.

The consolidated financial statements of the Bank include the associate stated below.

Company Name	Country of incorporation and operation	Ownership Interest (%)		Principal activity
		2011	2010	
Doha Brokerage and Financial Services Limited	India	44.02%	49%	Brokerage and assets management

Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into Qatari Riyals at the rates of exchange ruling at the reporting date. Any resultant exchange gains or losses are taken to the statement of income under 'Gain on foreign exchange activities'.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

Financial instruments

Date of recognition

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 are recognized on the settlement date. Deposits, amounts due to banks and customers and loans are recognized when the cash is received by the Bank or advanced to the customers.

Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

Derivatives

Derivatives include interest rate swaps, credit default swaps, total return swaps and forward foreign exchange contracts. Derivatives are re-measured at fair value at each reporting date and included in other assets when their fair value is positive and in other liabilities when their fair value is negative. The resultant gains or losses arising from the changes in fair value of derivatives held for trading purposes are included in the statement of income.

For the purpose of hedge accounting, hedges are classified as either fair value or cash flow hedges. Fair value hedges, hedge the exposure to changes in the fair value of a recognized asset or liability. Cash flow hedges will hedge exposure to the variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction.

In order to qualify for hedge accounting, the hedge is required to be highly effective at inception i.e. the changes in the fair value or the cash flows of the hedging instrument should effectively offset corresponding changes in the hedged instrument, and should be reliably measurable. At the inception of the hedge, the risk management objective and strategy is documented including the identification of the hedging instrument, the related hedged item, the nature of the risk being hedged, and how the Bank will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivatives (continued)

In relation to cash flow hedges which meet the conditions for hedge accounting, any gain or loss on the hedging instrument that is determined to be an effective hedge is recognized initially in other comprehensive income. The gains or losses on cash flow hedges previously recognized in other comprehensive income and accumulated in equity are reclassified to the statement of income in the period in which the hedged transaction impacts the statement of income. Where the hedged transaction results in the recognition of an asset or a liability, the associated gains or losses that were previously recognized in other comprehensive income and accumulated in shareholders› equity are included in the initial measurement of the cost of the related asset or liability. In relation to fair value hedges, any gains or losses arising from changes in the fair value of the hedging instrument is taken directly to the statement of income for the period together with any changes in the fair value of the hedged item attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires, is terminated or exercised, or no longer qualifies for hedge accounting. For effective fair value hedges of financial instruments with fixed maturities, any adjustment arising from hedge accounting is amortized over the remaining term to maturity. For effective cash flow hedges, any cumulative gain or loss on the hedging instrument recognized in equity is held therein until the forecasted transaction occurs. When the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the statement of income.

Loans and advances and financing activities to customers

Loans and advances are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale. This accounting policy relates to the statement of financial position captions 'Due from Banks and financial institutions' and 'Loans and advances. After initial measurement, those financial assets are subsequently measured at amortised cost less any provision for the impairment.

Islamic financing activities such as Murabaha which is a sale of goods with an agreed upon profit mark up and Ijara which is the transfer of ownership of a service or leased assets for an agreed upon consideration, are stated at their gross principal amounts less any amount received, provision for impairment and unearned profit. Loans and advances are stated at their principal amount less specific provisions for impairment.

Available-for-sale financial investments

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and advances. They may be sold in response to liquidity needs or changes in market conditions. They include both equity and debt instruments.

After initial measurement, available-for sale financial investments are subsequently measured at fair value on an individual basis. Unrealized gains and losses are recognized directly in the other comprehensive income and accumulated in equity under the 'Fair value reserve'. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When the security is disposed of, the cumulative gain or loss previously accumulated in equity is recognized in the statement of income in 'Net gain/loss on sale of financial investments'. Interest earned whilst holding available-for-sale financial investments are reported as interest income using the effective interest rate. Dividends earned whilst holding available-for-sale financial investments are recognized in the statement of income as 'Dividend income'.

Held to Maturity Financial Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the bank has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Subordinated debt

After initial measurement, subordinated debt issued is subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Derecognizing of financial assets and financial liabilities

Financial assets

A financial asset is derecognized where:

- the right to receive cash flows from the asset has expired or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and
- either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in the statement of income.

Determination of fair value

The fair value for financial instruments traded in active financial markets is determined by reference to quoted market prices (bid price for long positions and ask price for short positions) at the close of business on the reporting date.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist or internal pricing and valuation models.

Impairment of financial assets

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Loans and advances and financing activities to customers

Specific provisions for the impairment of loans and advances and financing activities to customers are calculated based on the difference between the book value of the loans and advances and their recoverable amount, being the net present value of the expected future cash flows, discounted at the original interest rates. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less the costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The loss arising from impairment of loans and advances and financing activities to customers are recognized in the statement of income in 'Provision for impairment of loans and advances'. Loans and advances and financing activities to customers are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted. Recoveries from previously written off loans and advances and financing activities are written back to the income.

Collective assessment of loans and advances

Where individually assessed loans are evaluated and no evidence of loss is present or has been identified, there may still be losses based upon risk rating or industry characteristics. Impairment covers losses which may arise from individual performing loans that are impaired at the reporting date but were not specifically identified as such until sometime in the future. The estimated impairment is calculated by the Bank's management for each identified portfolio based on historical experience and credit rating in addition to the assessed inherent losses which are reflected by the economic and credit conditions.

Available-for-sale financial investments

The Bank assesses at each reporting date whether there is objective evidence that available-for-sale financial investments are impaired.

Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognized in the statement of income is removed from equity and recognized in the statement of income.

Impairment losses on equity investments are not reversed through the statement of income; rather increases in their fair value following impairment are recognized directly in the comprehensive income and accumulated in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

Impairment of financial assets held to maturity

In cases where objective evidence exists that a specific investment is impaired, the recoverable amount of that investment is determined and any impairment loss is recognized in the statement of income as a provision for impairment of investments. The estimated recoverable amount is the present value of expected cash flows, including amounts estimated to be recoverable from guarantees and collateral, discounted based on the original effective yield rate.

For financial assets at amortised cost, the carrying amount of the asset is adjusted either directly or through the use of an allowance account and the amount of the adjustment is included in the consolidated income statement.

Revenue recognition

Revenue is recognized on an accrual basis. Interest income and expense are recognized using the effective yield method. Profit on Islamic financing transactions is recognized under the accrual basis using the reducing installment method. 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.

Management fees and commission income on syndicated loans are amortized over the period of the transaction using the effective yield method, if applicable. Fees and commission income on other services are accounted on the date of the transaction giving rise to that income. Income from dividends and investment funds are recognized when the right to receive the amounts has been established.

Property acquired against settlement of customer debts

Properties acquired by the Bank against settlement of debts are stated in the statement of financial position under "other assets" at their net acquired values. Unrealized losses, due to the diminution in fair value of those assets are shown in the statement of income. Future unrealized gains on such property are taken to the statement of income to the extent of unrealized losses previously recognized.

In accordance with Qatar Central Bank instructions, all properties acquired against settlement of debts must be sold within three years. Any extension or transfer of those properties to property, furniture and equipment must be with Qatar Central Bank approval.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, furniture and equipment

Property, furniture and equipment are stated at cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. The cost of property, furniture and equipment is depreciated using the straight-line method over the following estimated useful lives of the assets:

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

An item of property, furniture and equipment is derecognized upon disposal and when no future economic benefits are expected from its use or disposal. Any gain or loss resulting on derecognition of the asset is recognized in other operating income in the statement of income in the year the asset is derecognized.

Employees' end of service benefits and pension fund

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

With respect to Qatari employees, the Bank 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 Bank's obligations are limited to these contributions.

Other provisions

The Bank recognizes provisions in the statement of income for any expected financial liability where the Bank has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

Provision for outstanding insurance claims

Provision for outstanding insurance claims is recognized at the date the claims are known and covers the liability for loss and loss adjustment expenses based on loss reports from independent loss adjusters and management best estimate.

Unrestricted investment depositors' share of profit

Islamic branches profit for the year is distributed among the Islamic branch unrestricted investment depositors and shareholders in accordance with Qatar Central Bank's instructions, which are summarized as follows:

The profit arrived at after taking into account all income and expenses of the Islamic branch at the end of the financial year is distributed between the Islamic branch unrestricted investment depositors and shareholders. The share of profit of the Islamic branch unrestricted investment depositors is calculated on the basis of their daily deposit balances over the year, after deducting the agreed and declared Mudaraba fee.

In case of any expense or loss, which arise out of misconduct on the part of the Bank due to non-compliance with Qatar Central Bank's regulations and instructions, then such expenses or loss shall not be borne by the Islamic branch's unrestricted investment depositors. Such matter is subject to Qatar Central Bank's decision.

Where the Islamic branches operational result at the end of a financial year is a net loss, it would be up to Qatar Central Bank to evaluate the Bank's management responsibility for the loss according to the rules and principles of Islamic Sharia.

The unrestricted investment depositors' accounts carry preferential rights over others in respect of utilization of funds towards financing and investment activities.

Cash and cash equivalents

For the purpose of Statement of cash flows, cash and cash equivalents comprise of cash and balances with Central Banks other than mandatory cash reserve and balances with banks and other financial institutions with an original maturity of three months or less as disclosed in Note 31.

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 Bank'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 to settle any financial obligation arising as a result of the guarantees at the reporting date.

Taxes

Taxes are calculated based on applicable tax laws or regulations in the countries in which the Bank 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 certain branches operating outside the State of Qatar and to one subsidiary in the Qatar Financial Center.

Fiduciary assets

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

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Definition and classification

Financial instruments represent all the financial assets and liabilities of the Bank. Financial assets include cash balances, on demand balances and placements with banks and other financial institutions, investments and loans and advances and financing to customers and banks. Financial liabilities include customer deposits, due to banks and unrestricted investment depositors' accounts. Financial instruments also include derivatives, contingent liabilities and commitments included in off-balance sheet items.

The significant accounting policies adopted by the Bank in respect of recognition and measurement of the key financial instruments and their related income and expenses are disclosed in Note 3 "Significant Accounting Policies".

Fair Value of Financial Instruments

Floating rate financial instruments

For financial assets and financial liabilities that are liquid or having short term maturity (less than three months) or re-priced frequently, the carrying amounts approximate their fair value.

Fixed rate financial instruments

For financial assets and financial liabilities with fixed rate interest / profit carried at amortized cost (namely Islamic Banking products), the fair value is estimated by comparing market rates when they were first recognized with current market rates offered for similar financial instruments.

According to management, the fair value of these assets and liabilities are not materially different from their carrying amount.

The fair value of held to maturity investments is as follows:

	2011		2010	
	Carrying Value QR '000	Fair Value QR '000	Carrying Value QR '000	Fair Value QR '000
Held to maturity investments	**3,191,648**	**3,257,012**	**2,865,735**	**2,951,070**

Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2011	Level 1 QR '000	Level 2 QR '000	Level 3 QR '000	Total QR '000
Available for sale financial assets				
Quoted securities	2,516,362	–	–	2,516,362
Unquoted securities	–	–	1,868,612	1,868,612
	2,516,362	**–**	**1,868,612**	**4,384,974**
Financial Liabilities at FVTPL				
Derivative financial liabilities	–	23,576	–	**23,576**

December 31, 2010	Level 1 QR '000	Level 2 QR '000	Level 3 QR '000	Total QR '000
Available for sale financial assets				
Quoted securities	1,260,283	–	–	1,260,283
Unquoted securities	–	–	1,090,613	1,090,613
Derivative financial assets	–	573	–	573
	1,260,283	**573**	**1,090,613**	**2,351,469**
Financial Liabilities at FVTPL				
Derivative financial liabilities	–	44,612	–	**44,612**

The investments classified under Level 3 category have been fair-valued based on information available for each investment and has been carried on net asset value or valuation provided by the portfolio managers.

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Risk management structure

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

As part of its overall risk management, the Bank 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 Bank.

The Bank 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 Bank 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 Bank's exposure to market risks or the manner in which it manages and measures the risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation in full. The Bank manages its credit risk exposure through diversification of its investments, money markets and lending activities to avoid undue concentration of risks with individuals or groups or customers in specific locations or businesses. It also obtains security where appropriate.

The Bank controls the credit risk arising from derivatives and foreign exchange contracts through its credit approval process and the use of risk control limits and monitoring procedures. The Bank uses the same credit risk procedures when entering into foreign exchange transactions as it does for traditional lending products.

Note 7 to the consolidated financial statements disclose the distribution of the loans and advances and financing activities by economic sectors. Note 30 to the consolidated financial statements disclose the geographical distribution of the Bank's assets and liabilities.

Credit Exposure

The table below shows the maximum exposure to credit risk of the components to the statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	2011 QR '000	2010 QR '000
ASSETS		
Cash and balances with Central Banks (excluding cash on hand)	2,067,866	9,989,430
Due from banks and other financial institutions	10,147,364	3,634,244
Loans and advances and financing activities to customers	30,704,039	26,546,918
Investments	7,587,468	5,230,662
Other assets	555,307	701,641
	51,062,044	**46,102,895**
Contingent liabilities and commitments	24,656,462	25,765,455
Total credit exposure	**75,718,506**	**71,868,350**

The fair value of derivatives shown on the statement of financial position included in other assets represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of the change in fair value.

Credit Risk Management

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

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

The Bank 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 Bank also follows the guidelines issued by Qatar Central Bank with regard to the granting of loans which limits exposure to counterparties.

Whenever possible, loans are secured by acceptable forms of collateral in order to mitigate credit risk.

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

The main types of collateral obtained are cash, mortgages, local and international equities and debt securities, financial guarantees and other tangible securities. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values. The bank holds collateral with a fair value amounting to QR 23,804 million (2010: QR 24,728 million).

It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Credit quality of financial instruments

The credit quality of the portfolio of loans and advances measured at amortised cost and Islamic financing and investing products at amortised costs that were neither past due nor impaired as at 31 December 2011 and 2010 has been assessed by reference to the Bank's internal ratings which are in line with Qatar Central Bank's credit grading guidelines.

Due from banks and financial institution are mostly low risk and relate to the Banks in Qatar with high credit ratings. Exposures to financial investment (debt securities) mainly include Qatari Government bonds/Treasury bills which are "AA" rated. There are no past due or impaired balances in theses portfolio or in other assets as at 31 December 2011 and 2010.

Interest/Profit rate risk

The Bank's interest sensitivity position of assets, liabilities and off balance sheet items as at December 31, 2011 and 2010 based on the earlier of contract re-pricing or maturity is as follows:

December 31, 2011	Within 3 months QR '000	3 months to 1 year QR '000	1 to 5 years QR '000	Non interest/ profit sensitive QR '000	Total QR '000
Cash and balances with Central Banks	527,648	–	–	2,077,628	2,605,276
Due from banks and other financial institutions	8,850,657	1,296,707	–	–	10,147,364
Loans and advances and financing activities to customers	13,318,273	4,143,402	13,242,364	–	30,704,039
Financial Investments	129,701	533,926	6,303,644	620,197	7,587,468
Property, furniture and equipment	–	–	–	820,838	820,838
Other assets	–	–	–	555,307	555,307
Total Assets	**22,826,279**	**5,974,035**	**19,546,008**	**4,073,970**	**52,420,292**
Due to banks and other financial institutions	11,580,900	54,623	–	–	11,635,523
Customer deposits	19,461,373	2,306,300	17,749	9,306,391	31,091,813
Subordinated debt	769,379	–	–	–	769,379
Other liabilities	–	–	–	1,235,334	1,235,334
Unrestricted investment depositors' accounts	607,040	–	–	–	607,040
Shareholders' equity	–	–	–	7,081,203	7,081,203
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**32,418,692**	**2,360,923**	**17,749**	**17,622,928**	**52,420,292**
On Balance sheet gap	(9,592,413)	3,613,112	19,528,259	(13,548,958)	–
Off Balance sheet gap	773,273	–	(773,273)	–	–
Total Interest Rate Sensitivity Gap	**(8,819,140)**	**3,613,112**	**18,754,986**	**(13,548,958)**	**–**
Cumulative Interest Rate Sensitivity Gap	**(8,819,140)**	**(5,206,028)**	**13,548,958**	**–**	**–**

Notes to the Consolidated Financial Statements (continued)

For the year ended December 31, 2011

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Interest/Profit rate risk (continued)

December 31, 2010	Within 3 months QR '000	3 months to 1 year QR '000	1 to 5 years QR '000	Non interest/ profit sensitive QR '000	Total QR '000
Cash and balances with Central Banks	8,577,140	–	–	1,801,564	10,378,704
Due from banks and other financial institutions	1,995,012	1,037,428	601,804	–	3,634,244
Loans and advances and financing activities to Customers	7,575,546	3,599,945	15,218,890	152,537	26,546,918
Financial Investments	443,311	429,509	3,680,673	677,169	5,230,662
Property, furniture and equipment	–	–	–	737,442	737,442
Other assets	–	–	–	701,641	701,641
Total Assets	**18,591,009**	**5,066,882**	**19,501,367**	**4,070,353**	**47,229,611**
Due to banks and other financial institutions	7,401,231	1,282,172	–	–	8,683,403
Customer deposits	17,075,559	6,652,471	389,968	4,828,745	28,946,743
Subordinated debt	767,606	–	–	–	767,606
Other liabilities	–	–	–	922,133	922,133
Unrestricted investment depositors' accounts	1,750,385	124,848	–	–	1,875,233
Shareholders' equity	–	–	–	6,034,493	6,034,493
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**26,994,781**	**8,059,491**	**389,968**	**11,785,371**	**47,229,611**
On Balance sheet gap	(8,403,772)	(2,992,609)	19,111,399	(7,715,018)	–
Off Balance sheet gap	773,273	–	(773,273)	–	–
Total Interest Rate Sensitivity Gap	**(7,630,499)**	**(2,992,609)**	**18,338,126**	**(7,715,018)**	**–**
Cumulative Interest Rate Sensitivity Gap	**(7,630,499)**	**(10,623,108)**	**7,715,018**	**–**	**–**

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments or cash flows of the bank. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or reprice in a given period. The Bank measures and manages interest rate risk by establishing levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods and matching the re-pricing of assets and liabilities through risk management strategies including the use of various off-balance sheet instruments, primarily interest rate swaps.

Profit rate risk, for Shari'a compliant banking products, arises as market rates and yield curves changes over time. The Bank may be exposed to loss in earnings due to the effect of changes in market rates on Shari'a compliant Islamic banking products. The Bank manages its exposure to profit rate risk on Islamic banking assets by utilizing Ijara products which allow the Bank to revise profit rates on a periodic basis, based on market rates.

Assuming that the financing and size of the interest/profit sensitive assets/liability remain the same, the bank will incur a loss of about QR 0.60 million (2010: QR 1.14 million) with the increase of 1 bp in interest rate. In case the interest rate declines by 1 bp the bank will benefit by the same amount.

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 bank's short, medium and long-term funding and liquidity management requirements. To mitigate this risk, the Bank 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 table below summarizes the maturity profile of the Bank's major assets and liabilities based on contractual repayment arrangements. 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 Bank's deposit retention history and the availability of liquid funds. The Bank routinely monitors assets and liabilities maturity profiles to ensure adequate liquidity is maintained.

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Within 1 month QR '000	1 to 3 months QR '000	3 months to 1 year QR '000	1 to 5 Years QR '000	Over 5 years QR '000	Total QR '000
As at December 31, 2011						
Cash and balances with Central Banks	1,180,226	–	–	–	1,425,050	2,605,276
Due from banks and other financial institutions	5,828,861	1,533,478	1,918,348	866,677	–	10,147,364
Loans and advances and financing activities to customers	11,489,640	805,832	3,802,364	8,093,656	6,512,547	30,704,039
Financial Investments	17,082	14,566	511,972	4,029,750	3,014,098	7,587,468
Property, furniture and equipment	–	–	–	–	820,838	820,838
Other assets	555,307	–	–	–	–	555,307
Total Assets	**19,071,116**	**2,353,876**	**6,232,684**	**12,990,083**	**11,772,533**	**52,420,292**
Due to banks and other financial institutions	7,042,445	3,263,930	1,329,148	–	–	11,635,523
Customer deposits	17,078,785	11,688,979	2,306,300	17,749	–	31,091,813
Subordinated debt	–	–	–	769,379	–	769,379
Other liabilities	1,235,334	–	–	–	–	1,235,334
Unrestricted investment depositors' accounts	607,040	–	–	–	–	607,040
Shareholders' equity	–	–	–	–	7,081,203	7,081,203
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**25,963,604**	**14,952,909**	**3,635,448**	**787,128**	**7,081,203**	**52,420,292**
Net Liquidity Gap	(6,892,488)	(12,599,033)	2,597,236	12,202,955	4,691,330	–

	Within 1 month QR '000	1 to 3 months QR '000	3 months to 1 year QR '000	1 to 5 Years QR '000	Over 5 years QR '000	Total QR '000
As at December 31, 2010						
Cash and balances with Central Banks	8,908,420	45,138	12,856	–	1,412,290	10,378,704
Due from banks and other financial institutions	1,124,714	870,298	1,037,428	601,804	–	3,634,244
Loans and advances and financing activities to customers	5,820,225	1,254,517	4,482,717	6,980,784	8,008,675	26,546,918
Financial Investments	623,569	–	–	1,865,383	2,741,710	5,230,662
Property furniture and equipment	–	–	–	–	737,442	737,442
Other assets	701,641	–	–	–	–	701,641
Total Assets	**17,178,569**	**2,169,953**	**5,533,001**	**9,447,971**	**12,900,117**	**47,229,611**
Due to banks and other financial institutions	4,847,933	2,553,298	7,647	1,274,525	–	8,683,403
Customer deposits	12,635,052	9,269,252	6,652,471	389,968	–	28,946,743
Subordinated debt	–	–	–	–	767,606	767,606
Other liabilities	922,133	–	–	–	–	922,133
Unrestricted investment depositors' accounts	985,126	765,259	124,848	–	–	1,875,233
Shareholders' equity	–	–	–	–	6,034,493	6,034,493
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**19,390,244**	**12,587,809**	**6,784,966**	**1,664,493**	**6,802,099**	**47,229,611**
Net Liquidity Gap	(2,211,675)	(10,417,856)	(1,251,965)	7,783,478	6,098,018	–

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Currency risk

The Bank 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 Bank had the following significant net exposures:

	Qatar Riyal QR '000	US Dollar QR '000	Euro QR '000	Pound Sterling QR '000	Other currencies QR '000	Total QR '000
As at December 31, 2011						
Assets	32,313,074	17,424,614	442,983	52,398	2,187,223	52,420,292
Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	(32,718,282)	(17,654,509)	(797,630)	(297,572)	(952,299)	(52,420,292)
Net currency position	**(405,208)**	**(229,895)**	**(354,647)**	**(245,174)**	**1,234,924**	–
As at December 31, 2010						
Assets	37,010,365	8,646,043	172,011	35,632	1,365,560	47,229,611
Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	(38,923,781)	(7,555,435)	(301,340)	(36,543)	(412,512)	(47,229,611)
Net currency position	**(1,913,416)**	**1,090,608**	**(129,329)**	**(911)**	**953,048**	–

Foreign currency sensitivity analysis

The following table details the Bank'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:

Currency	Percentage	Profit / loss 2011 QR '000	Profit / loss 2010 QR '000
GBP	+/- 3%	7,355	27
EURO	+/- 3%	10,639	3,880
KWD	+/- 3%	985	990
YEN	+/- 3%	3,444	5,623

Price Risk

Price risk is the risk that the market value increases / decreases as a result of volatility in the price. The effect on the comprehensive income and shareholders' equity of a possible price change in quoted investments, with all other variables held constant is as follows:

	2011		2010	
	Change in Price %	Effect on Equity QR '000	Change in Price %	Effect on Equity QR '000
Quoted investments	+/-10%	**251,636**	+/-10%	**126,028**

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Capital adequacy

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

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

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

Regulatory capital

	2011 QR '000	2010 QR '000
Tier 1 capital	5,341,245	4,617,904
Tier 2 capital	1,262,755	1,093,131
Total capital	**6,604,000**	**5,711,035**
Risk weighted assets	**49,940,362**	**42,073,782**
Tier 1 Capital ratio	10.70%	10.98%
Total Capital ratio	13.22%	13.57%

Regulatory capital consists of Tier 1 capital which comprises share capital, statutory reserve, other reserves and retained earnings including current year profit excluding proposed dividend. The other component of regulatory capital is Tier 2 capital which includes subordinated debt, risk reserve and 45% of the fair value reserve and foreign currency translation reserve if the balance is positive and 100% if it is negative.

The minimum accepted capital adequacy ratio is 10% under the Qatar Central Bank requirements and 8% under Basel Committee on Banking Supervision requirements.

Customers' investment management risks

The Bank undertakes management of customers' investments either directly through their instructions or in the form of managed investment portfolios. The management by the Bank of these investments in whatever form entails certain legal, ethical and operating risks. The Bank controls these risks through a comprehensive risk management program.

Operational and other risks

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Bank seeks to minimize actual or potential losses from operational risk failures through the operations risk management department by having a framework of policies and procedures to control and manage risks. In addition an independent internal audit function identifies, assesses and submits reports on these risks.

Other risks to which the Bank is exposed to are regulatory risk, legal risk and reputation risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Bank, with guidelines and policies being issued as appropriate.

5. CASH AND BALANCES WITH CENTRAL BANKS

	2011 QR '000	2010 QR '000
Cash and bank balances	652,578	544,882
Cash reserve with Qatar Central Bank	1,401,233	1,369,162
Cash reserve with other Central Banks	23,817	43,128
Other balances with Central Banks	527,648	8,421,532
	2,605,276	**10,378,704**

The cash reserve with Qatar Central Bank amounting to QR 1,401 million (2010: QR 1,369 million) and balances with other central banks representing the cash reserve with Central bank of UAE amounting to QR 24 million (2010: QR 43 million) are mandatory reserves and are not available for use in the Bank's day-to-day operations. The bank does not have any other cash and cash equivalents that are not available for day to day use.

6. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2011 QR '000	2010 QR '000
Current accounts	233,218	202,547
Deposits	5,485,906	1,395,101
Loans to banks	4,440,692	2,074,484
Provision on loans to banks	(12,452)	(37,888)
	10,147,364	**3,634,244**

7. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

a. By Type

		2011 QR '000	2010 QR '000
(i) Conventional banking loans and advances			
Loans		25,634,519	21,883,020
Overdrafts		3,210,862	2,652,493
Discounted notes		126,595	95,189
Gross loans and advances		28,971,976	24,630,702
Specific provision for impairment		(554,002)	(933,073)
Net conventional loans and advances	(i)	28,417,974	23,697,629
(ii) Islamic Financing activities to customers			
Murabaha and Musawama		1,350,075	1,926,781
Istisna		660,330	369,707
Ijara		673,985	749,799
Mudaraba & Musharaka		110,392	306,046
Others		1,369	4,312
Islamic gross financing activities to customers		2,796,151	3,356,645
Less: Deferred income		(292,884)	(438,630)
Less: Specific provision for impairment		(217,202)	(68,726)
Net Islamic financing activities to customers	(ii)	2,286,065	2,849,289
Net loans and advances and financing activities to customers	(i) + (ii)	**30,704,039**	**26,546,918**

The aggregate amount of non-performing loans and advances as at December 31, 2011 amounted to QR 1,055 million representing 3.35% (2010: QR 1,086 million representing 3.94%) of the total gross loans and advances and financing activities to customers. During the year the Bank has written off fully provided bad loans amounting to QR 512 million as per Qatar Central Bank directives vide circular no. 68/2011.

b. By Sector

	2011				
	Loans QR '000	Overdrafts QR '000	Discounted notes QR '000	Islamic Financing Activities QR '000	Total QR '000
Government	–	1,272,048	–	172,028	1,444,076
Government agencies	1,390,903	945	–	–	1,391,848
Industry	547,857	27,733	6,545	1,636	583,771
Commercial	3,962,799	636,317	90,310	340,706	5,030,132
Services	883,007	86,901	8,374	18,608	996,890
Contracting	3,897,995	521,324	14,630	343,173	4,777,122
Real estate	5,838,458	87,183	200	995,759	6,921,600
Personal	9,082,148	509,593	2,660	846,302	10,440,703
Others	31,352	68,818	3,876	77,939	181,985
	25,634,519	**3,210,862**	**126,595**	**2,796,151**	**31,768,127**

Total loans and advances and financing activities to the customers are gross figures before subtracting deferred income and specific provision for impairment of loans.

7. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS (continued)

b. By Sector (continued)

	2010				
	Loans QR '000	Overdrafts QR '000	Discounted notes QR '000	Islamic Financing Activities QR '000	Total QR '000
Government	26,244	932,860	–	128,809	1,087,913
Government agencies	746,723	301	–	–	747,024
Industry	424,053	53,458	8,031	289,214	774,756
Commercial	5,052,742	680,012	69,192	316,893	6,118,839
Services	1,536,625	52,324	3,874	31,550	1,624,373
Contracting	3,009,301	343,384	7,908	425,380	3,785,973
Real estate	3,666,114	106,779	–	765,831	4,538,724
Personal	7,361,679	449,619	245	1,074,241	8,885,784
Others	59,539	33,756	5,939	324,727	423,961
	21,883,020	**2,652,493**	**95,189**	**3,356,645**	**27,987,347**

Total loans and advances and financing activities to the customers are gross figures before subtracting deferred income and specific provision for impairment of loans.

c. Supplementary Information

Distribution of Government, Corporation, Retail and Real Estate Portfolio

As at December 31, 2011

Business Sector	Performing Loans/Islamic Financing Activities QR '000	Non-Performing Loans/Islamic Financing Activities QR '000	Total QR '000	Provisions for impairment QR '000
Government	2,835,924	–	2,835,924	–
Corporate	10,989,788	580,112	11,569,900	333,465
Retail	10,061,357	379,346	10,440,703	372,332
Real Estate	6,826,068	95,532	6,921,600	65,407
	30,713,137	**1,054,990**	**31,768,127**	**771,204**

As at December 31, 2010

Business Sector	Performing Loans/Islamic Financing Activities QR '000	Non-Performing Loans/Islamic Financing Activities QR '000	Total QR '000	Provisions for impairment QR '000
Government	1,834,937	–	1,834,937	–
Corporate	12,406,746	321,156	12,727,902	307,377
Retail	8,240,142	645,642	8,885,784	640,430
Real Estate	4,419,912	118,812	4,538,724	53,992
	26,901,737	**1,085,610**	**27,987,347**	**1,001,799**

The above business sectors include performing Islamic financing activities of QR 2,426 million (2010: QR 3,218million), non performing Islamic financing activities of QR 370 million (2010: QR 138 million) and provision for impairment of QR 217 million (2010: QR 69 million)

7. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS (continued)

d. Movement in provisions

	2011			2010		
	Specific QR '000	Interest in Suspense QR '000	Total QR '000	Specific QR '000	Interest in Suspense QR '000	Total QR '000
At January 1,	739,014	262,785	1,001,799	466,908	250,220	717,128
Net provisions during the year	256,864	57,529	314,393	311,838	76,803	388,641
Provisions made during the year	362,764	81,417	444,181	368,057	103,038	471,095
Recoveries during the year	(105,900)	(23,888)	(129,788)	(56,219)	(26,235)	(82,454)
Written off during the year	(327,564)	(217,424)	(544,988)	(39,732)	(64,238)	(103,970)
At December 31,	**668,314**	**102,890**	**771,204**	**739,014**	**262,785**	**1,001,799**

e. Analysis of Impaired Financial Assets

The following table presents the age analysis of the Bank's impaired loans, advances and financing activities to customers:

Classification	2011 QR '000	2010 QR '000
90 - 180 days	288,144	261,426
180 to 365 days	171,288	151,910
Above 365 days	595,558	672,274
	1,054,990	**1,085,610**

f. Analysis of Past due installments of Financial Assets not Impaired

The past due installments of financial assets not impaired as at December 31, 2011 are QR 516,258 (2010: QR 580,285).

g. Renegotiated Loans and Advances and Financing Activities to Customers

	2011 QR '000	2010 QR '000
Corporate lending	56,882	25,141
Retail lending	62,408	53,016
	119,290	**78,157**

8. FINANCIAL INVESTMENTS

Available-for-sale and held to maturity investments

	2011 QR '000	2010 QR '000
Available-for-sale investments (a)	4,384,974	2,350,896
Held to maturity investments (b)	3,191,648	2,865,735
	7,576,622	**5,216,631**

(a) Available for sale investments

	2011			2010		
	Quoted QR '000	Unquoted QR '000	Total QR '000	Quoted QR '000	Unquoted QR '000	Total QR '000
Equities	379,012	73,180	452,192	207,348	140,613	347,961
State of Qatar debt securities	1,540,689	1,795,432	3,336,121	343,148	950,000	1,293,148
Other debt securities	430,483	–	430,483	394,610	–	394,610
Mutual funds	166,178	–	166,178	315,177	–	315,177
	2,516,362	**1,868,612**	**4,384,974**	**1,260,283**	**1,090,613**	**2,350,896**

Fixed rate debt securities and floating rate debt securities amounted to QR 3,766 million and QR Nil million respectively as at December 31, 2011 (December 31, 2010: QR 1,523 million and QR 164 million respectively).

Included in equities are securities with a market value of QR 19.5 million (2010: QR 18 million), restricted due to the Bank holding directorships in investee companies and securities with a market value of QR 31.6 million (2010: QR 29.5 million) are restricted due to contractual agreement with the investee companies.

(b) Held to maturity investments

	2011			2010		
	Quoted QR '000	Unquoted QR '000	Total QR '000	Quoted QR '000	Unquoted QR '000	Total QR '000
Debt securities	**1,003,608**	**2,188,040**	**3,191,648**	**1,142,702**	**1,723,033**	**2,865,735**

Debt securities include QR 2,881 millions of Government Bonds. (2010: QR 1,038 million). Fixed rate debt securities and floating rate debt securities amounted to QR 3,016 million and QR 175 million respectively as at December 31, 2011 (2010: Fixed rate debt security QR 2,559 million and Floating rate debt security QR 307 million respectively).

(c) Investment in Associate Company

	2011 QR '000	2010 QR '000
Investment in Associate	10,846	14,031
The movement of investment in associate is as follows:		
Balance at January 1,	14,031	12,110
Adjustment/Acquisition during the year	(1,305)	1,305
Foreign currency translation	(1,880)	416
Share of net profit/(loss)	–	200
Balance at the end of the year	**10,846**	**14,031**

Notes to the Consolidated Financial Statements (continued)

For the year ended December 31, 2011

9. PROPERTY, FURNITURE AND EQUIPMENT

	Land and Buildings QR '000	Leasehold Improvements QR '000	Furniture and Equipment QR '000	Vehicles QR '000	Total QR '000
At December 31, 2011					
Cost:					
Balance at January 1,	699,717	114,502	213,161	11,226	1,038,606
Additions	100,146	9,612	31,962	731	142,451
Tranfer/Capitalization of WIP	(40,635)	37,624	3,011	–	–
Disposals	–	(2,443)	(1,502)	(153)	(4,098)
	759,228	159,295	246,632	11,804	1,176,959
Depreciation:					
Balance at January 1,	51,750	67,107	174,633	7,674	301,164
Depreciation for the year	17,612	15,443	23,441	1,627	58,123
Disposals	–	(1,511)	(1,502)	(153)	(3,166)
	69,362	81,039	196,572	9,148	356,121
Net Book Value	**689,866**	**78,256**	**50,060**	**2,656**	**820,838**
At December 31, 2010					
Cost:					
Balance at January 1,	525,767	108,323	195,065	11,222	840,377
Additions	173,995	14,479	21,298	248	210,020
Disposals	(45)	(8,300)	(3,202)	(244)	(11,791)
	699,717	114,502	213,161	11,226	1,038,606
Depreciation:					
Balance at January 1,	46,273	61,532	156,199	5,909	269,913
Depreciation for the year	5,477	11,805	21,582	1,927	40,791
Related to disposals	–	(6,230)	(3,148)	(162)	(9,540)
	51,750	67,107	174,633	7,674	301,164
Net Book Value	**647,967**	**47,395**	**38,528**	**3,552**	**737,442**

10. OTHER ASSETS

	2011 QR '000	2010 QR '000
Interest receivable	205,141	179,144
Advance payments	52,497	168,975
Accounts receivable	7,328	4,298
Property acquired against settlement of debts	–	20,016
Others	290,341	329,208
	555,307	**701,641**

Notes to the Consolidated Financial Statements (continued)

For the year ended December 31, 2011

11. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2011 QR '000	2010 QR '000
Due to Qatar Central Bank	85,122	65,621
Demand and call deposits	497,609	172,891
Term deposits	1,075,851	1,114,196
Borrowings from banks	9,976,941	7,330,695
	11,635,523	**8,683,403**

12. CUSTOMER DEPOSITS

	2011 QR '000	2010 QR '000
(a) By type		
(i) Conventional banking		
Current and call accounts	7,490,413	7,388,891
Savings accounts	1,521,840	1,314,416
Term deposits	21,785,422	19,765,205
	30,797,675	28,468,512
(ii) Islamic banking current accounts	294,138	478,231
	31,091,813	**28,946,743**

	2011 QR '000	2010 QR '000
(b) By sector		
Government	2,547,177	1,553,330
Government agencies	8,102,751	5,380,533
Corporate	12,722,211	11,883,195
Individuals	7,719,674	10,129,685
	31,091,813	**28,946,743**

13. SUBORDINATED DEBT

	2011 QR '000	2010 QR '000
Subordinated debt notes		
Nominal value	773,273	773,273
Un-amortized portion of financing costs	(3,894)	(5,667)
Amortized cost at December 31,	**769,379**	**767,606**

On December 12, 2006, the Bank issued US$ 340 million subordinated floating rate step up notes at a nominal value of US$ 100,000 per note. The notes mature over 10 years from the issue date at the nominal value and carry interest at three months US$ LIBOR plus 0.82 percent per annum payable quarterly for the first 5 years and three months US$ LIBOR plus 1.32 percent per annum payable quarterly for the remaining period until maturity. The notes are callable at the option of the Bank after 5 years from the issue date at the nominal value.

14. OTHER LIABILITIES

	2011 QR '000	2010 QR '000
Provision for end of service benefits (Note 15)	125,165	95,585
Staff provident fund	56,548	49,012
Interest payable	77,004	119,972
Accrued expenses	94,620	69,035
Derivative instruments, net (Note 27)	23,576	45,636
Social & sports fund	31,029	26,356
Cash margins	168,433	175,053
Other payables	658,959	341,484
	1,235,334	**922,133**

The staff provident fund provision includes Qatari staff pension fund contributions amounting to QR 4.6 million (2010: QR 4.9 million).

15. PROVISION FOR END OF SERVICE BENEFITS

	2011 QR '000	2010 QR '000
Balance at January 1,	95,585	81,657
Provision for the year	40,803	21,490
Provision used during the year	(11,223)	(7,562)
Balance at December 31,	**125,165**	**95,585**

The provision for end of service benefits is included in other liabilities (Note 14).

16. UNRESTRICTED INVESTMENT DEPOSITORS' ACCOUNTS

	2011 QR '000	2010 QR '000
Call investment accounts	88,384	286,693
Saving accounts	109,858	93,466
Term deposits	407,317	1,482,507
Unrestricted investment depositor's share of profit	1,481	12,567
	607,040	**1,875,233**

17. SHAREHOLDERS' EQUITY

(a) Paid up Share capital

	2011 Number of shares (Thousand)	2010 Number of shares (Thousand)
Authorised		
Shares of QR 10 each	**206,698**	**189,473**
Issued and fully paid		
At January 1,	189,473	180,861
Additional Shares subscribed (Note 17. b)	17,225	8,612
At December 31,	**206,698**	**189,473**

17. SHAREHOLDERS' EQUITY

(b) Additional capital subscription

In accordance with the shareholders' approval of the extra ordinary general assembly held on December 21, 2008, the Bank approved a 20% additional share capital from Qatar Investment Authority (QIA). On January 17, 2011, the Bank received the final tranche from QIA amounting to QR 737.2 million against 17.22 million shares at a price of QR 42.80 per share including a share premium of QR 32.80 per share. With this additional subscription, QIA has increased their shareholding in the Bank to 16.66%.

(c) Statutory reserve

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

The statutory reserve includes share premium received on issuance of new shares. (Note 17. b)

(d) Risk reserve

In accordance with the Qatar Central Bank regulations for 2011, a minimum requirement of 1.5% of the net loans and advances and financing activities to customers except for facilities granted to Government, is required as risk reserve to cover any contingencies. For 2012 as per circular 102/2011 of Qatar Central Bank, the ratio should be increased to a minimum of 2%.

For the year ended December 31, 2011 the bank has early adopted the circular and transferred QR 220 million into the risk reserve which is 2% of the net loans and advances and financing activities to customers except for facilities granted to Government.

(e) Fair value reserve

	2011 QR '000	2010 QR '000
Balance at January 1,	(5,053)	(80,451)
Revaluation	61,305	73,702
Amount transferred to the statement of income	(33,160)	1,696
Net change during the year	28,145	75,398
Balance at December 31,	**23,092**	**(5,053)**

Net balance as at December 31, 2011 includes negative fair value of QR 68 million (2010: 69 million).

(f) Hedge reserve

	2011 QR '000	2010 QR '000
Balance at January 1,	(44,039)	(52,689)
Revaluation	20,463	8,650
Amount transferred to the statement of income	–	–
Net change during the year	20,463	8,650
Balance at December 31,	**(23,576)**	**(44,039)**

(g) Foreign currency translation reserve

Foreign currency translation reserve represents exchange difference relating to the valuation of the foreign investments in the associate company and this reserve is not available for distribution.

(h) Proposed dividends

The Board of Directors in its meeting held on January 18, 2012 has proposed a cash dividend of 45% (QR 4.50 per share) (2010: 50% QR 5 per share) which was approved in the general assembly.

Notes to the Consolidated Financial Statements (continued)

For the year ended December 31, 2011

18. INTEREST INCOME

	2011 QR '000	2010 QR '000
Loans and advances to customers	1,681,145	1,908,786
Bonds/Securities (Government and others)	304,156	215,255
Due from banks and other financial institutions	72,919	55,238
Balances with Central Banks	16,205	119,966
	2,074,425	**2,299,245**

19. INTEREST EXPENSE

	2011 QR '000	2010 QR '000
Customer deposits	436,863	806,559
Borrowings from banks	53,316	121,329
Due to banks and other financial institutions	20,968	22,216
	511,147	**950,104**

20. FEES AND COMMISSION INCOME

	2011 QR '000	2010 QR '000
Indirect credit facilities	172,013	162,437
Bank services fee	83,143	87,682
Loans and advances	114,252	118,020
Investment activities to customers	2,731	4,107
Others	16,944	27,207
	389,083	**399,453**

21. DIVIDEND INCOME

	2011 QR '000	2010 QR '000
Available-for-sale financial investments	**17,420**	**16,290**

22. (a) GAIN ON FOREIGN EXCHANGE ACTIVITIES

	2011 QR '000	2010 QR '000
Gains on foreign exchange dealings	12,523	23,431
Revaluation of monetary assets and liabilities	65,780	58,125
	78,303	**81,556**

22. (b) NET INCOME FROM FINANCIAL INVESTMENTS

	2011 QR '000	2010 QR '000
Net income from sale of investments	75,403	54,984
Amortization of Held to Maturity investments	(18,263)	(16,503)
	57,140	**38,481**

Notes to the Consolidated Financial Statements (continued)

For the year ended December 31, 2011

23. OTHER OPERATING INCOME

	2011 QR '000	2010 QR '000
Rental income	10,612	16,071
Others	23,707	22,315
	34,319	**38,386**

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2011 QR '000	2010 QR '000
Salaries, allowances and other staff costs	368,209	308,323
Directors' remuneration	16,000	14,000
End of service benefits	40,803	21,490
Staff provident fund	8,828	6,825
Advertising and marketing	20,690	28,844
Legal and professional fees	12,880	7,098
Communication, utilities and insurance	54,852	64,882
Rent and maintenance	88,143	98,772
Others	126,972	132,166
	737,377	**682,400**

25. OTHER INCOME

On April 22, 2010, Qatar Investment Authority relinquished its right to the dividends receivable, in relation to the 5% subscription which represents the first tranche of capital participation by the government, as part of the continued government assistance. As a result, the Bank recorded the relinquished amount of QR 43.06 million as a grant under other income.

26. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2011 QR '000	2010 QR '000
Net profit for the year (QR '000)	**1,241,154**	**1,054,245**
Weighted average number of shares (Thousands)	**205,943**	**189,473**
Basic and diluted earnings per share (QR)	**6.03**	**5.56**

27. DERIVATIVE INSTRUMENTS

In the ordinary course of business, the Bank utilizes the following derivative financial instruments for both trading and hedging purposes:

Swaps are contractual agreements to exchange one set of cash flows for another. In the case of interest rate swaps, counterparties generally exchange fixed and floating interest payments in a single currency without exchanging principal.

Forwards are contractual agreements to either buy or sell a specified currency or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over the counter market.

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analyzed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved.

				Notional amount by term to maturity		
	Positive Fair Value QR '000	Negative Fair Value QR '000	Notional Amount QR '000	Within 3 Months QR '000	3 – 12 Months QR '000	1-5 Years QR '000
December 31, 2011:						
Derivatives held for trading:						
Total return swaps	–	2,075	36,415	–	–	36,415
Derivatives held as Cash flow hedge:						
Interest Rate Swaps	–	21,501	773,273	–	–	773,273
Fair value hedge:						
Foreign currency forward contracts	6,175	163	1,183,614	994,966	131,453	57,195
Total	**6,175**	**23,739**	**1,993,302**	**994,966**	**131,453**	**866,883**

				Notional amount by term to maturity		
	Positive Fair Value QR '000	Negative Fair Value QR '000	Notional Amount QR '000	Within 3 Months QR '000	3 – 12 Months QR '000	1-5 Years QR '000
December 31, 2010:						
Derivatives held for trading:						
Credit default swaps	573	–	25,491	–	–	25,491
Total return swaps	–	4,016	36,415	–	–	36,415
Derivatives held as Cash flow hedge:						
Interest Rate Swaps	–	40,596	773,273	–	–	773,273
Fair value hedge:						
Foreign currency forward contracts	–	1,597	5,831,979	1,655,637	4,079,155	97,187
Total	**573**	**46,209**	**6,667,158**	**1,655,637**	**4,079,155**	**932,366**

The Bank does not enter into forward foreign exchange contracts for speculative purposes and will generally only enter into such arrangements if there is an underlying customer transaction.

28. CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of customers, the Bank issues various irrevocable commitments and contingent liabilities. Although these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank. In some instances, the amounts recognized on statement of financial position for incurred obligation do not represent the loss potential of the arrangement in full.

The total outstanding commitments and contingent liabilities are as follows:

a) Contingent liabilities

	2011 QR '000	2010 QR '000
Acceptances	338,600	417,506
Guarantees	14,299,313	14,291,996
Letters of credit	3,681,134	4,283,594
Unused facilities	5,002,675	5,995,363
Others	1,298,325	715,090
	24,620,047	**25,703,549**

(b) Commitments

	2011 QR '000	2010 QR '000
Capital commitments	46,191	60,961
Forward foreign exchange contracts	1,183,614	5,831,979
Interest rate swaps	773,273	773,273
Credit default swaps	–	25,491
Total return swaps	36,415	36,415
	2,039,493	**6,728,119**
Total	**26,659,540**	**32,431,668**

Cash margins held against issuance of letter of credit and guarantees are QR 163 million (2010: QR 174 million)

Acceptances, guarantees and letters of credit

Guarantees commit the Bank to make payments on behalf of customers, contingent upon the failure of the customer to perform under the terms of the contract. Guarantees, acceptances and standby letters of credit carry the same risk as loans. Credit guarantees can be in the form of irrevocable letters of credit, advance payment guarantees and endorsement liabilities from bills rediscounted.

Unused facilities

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Capital commitments

The capital commitments represent commitments relating to the completion of the new Head Office building for Doha Bank.

Operating lease commitments

The Bank has entered into commercial leases on certain buildings. These leases have an average duration between three and five years. There are no restrictions placed upon the Bank by entering into these leases.

Future minimum lease payments under non-cancelable leases as at December 31 are as follows:

	2011 QR '000	2010 QR '000
Within one year	24,119	44,013
After one year but not more than five years	16,181	36,410
	40,300	**80,423**

Notes to the Consolidated Financial Statements (continued)

For the year ended December 31, 2011

29. GEOGRAPHICAL DISTRIBUTION

	Qatar QR '000	Other GCC Countries QR '000	Europe QR '000	North America QR '000	Other Countries QR '000	Total QR '000
As at December 31, 2011						
Cash and balances with Central Banks	2,275,059	330,217	–	–	–	2,605,276
Due from banks and other financial institutions	5,507,040	1,010,669	738,475	118,466	2,772,714	10,147,364
Loans and advances and financing activities to customers	27,853,349	2,265,583	218,490	163	366,454	30,704,039
Investments	6,649,990	696,950	60,564	36,284	143,680	7,587,468
Property, furniture and equipment	815,190	5,648	–	–	–	820,838
Other assets	539,087	16,220	–	–	–	555,307
Total Assets	**43,639,715**	**4,325,287**	**1,017,529**	**154,913**	**3,282,848**	**52,420,292**
Due to banks and other financial institutions	6,608,650	3,189,628	349,228	100,608	1,387,409	11,635,523
Customer deposits	28,494,965	2,590,533	–	–	6,315	31,091,813
Subordinated debt	–	–	769,379	–	–	769,379
Other liabilities	897,101	338,233	–	–	–	1,235,334
Unrestricted investment depositors' accounts	607,040	–	–	–	–	607,040
Shareholders' equity	7,081,203	–	–	–	–	7,081,203
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**43,688,959**	**6,118,394**	**1,118,607**	**100,608**	**1,393,724**	**52,420,292**

	Qatar QR '000	Other GCC Countries QR '000	Europe QR '000	North America QR '000	Other Countries QR '000	Total QR '000
As at December 31, 2010						
Cash and balances with Central Banks	10,104,972	246,309	–	27,423	–	10,378,704
Due from banks and other financial institutions	1,006,513	733,530	570,504	113,348	1,210,349	3,634,244
Loans and advances and financing activities to customers	24,812,931	1,379,302	–	87,200	267,485	26,546,918
Investments	4,113,864	729,809	78,060	72,676	236,253	5,230,662
Property, furniture and equipment	728,953	7,406	–	1,083	–	737,442
Other assets	688,917	11,736	–	988	–	701,641
Total Assets	**41,456,150**	**3,108,092**	**648,564**	**302,718**	**1,714,087**	**47,229,611**
Due to banks and other financial institutions	3,486,110	3,761,461	59,386	75,171	1,301,275	8,683,403
Customer deposits	24,794,454	2,600,670	43	–	1,551,576	28,946,743
Subordinated debt	–	–	767,606	–	–	767,606
Other liabilities	833,209	45,274	–	43,650	–	922,133
Unrestricted investment depositors' accounts	1,875,233	–	–	–	–	1,875,233
Shareholders' equity	6,034,493	–	–	–	–	6,034,493
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**37,023,499**	**6,407,405**	**827,035**	**118,821**	**2,852,851**	**47,229,611**

30. RELATED PARTY TRANSACTIONS

The Bank enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year.

	2011			2010		
	Board of Directors QR '000	Others QR '000	Total QR '000	Board of Directors QR '000	Others QR '000	Total QR '000
Statement of financial position items (as at December 31)						
Loans and advances	1,096,821	–	1,096,821	1,023,784	–	1,023,784
Deposits	137,464	2,991	140,455	81,416	16,975	98,391
Contingent liabilities and other commitments	201,174	–	201,174	261,741	–	261,741
Statement of income items (for the year ended December 31)						
Interest, profit and commission income	40,625	–	40,625	46,300	–	46,300
Interest, profit and commission expense	2,594	270	2,864	4,803	253	5,056

All the transactions with the related parties are substantially on the same terms, including interest and collateral, as those prevailing in comparable transactions with unrelated parties.

	2011			2010		
	Board of Directors QR '000	Others QR '000	Total QR '000	Board of Directors QR '000	Others QR '000	Total QR '000
Compensation of key management personnel of the Bank						
Salaries and other benefits	12,165	18,872	31,037	11,047	16,272	27,319
End of service indemnity benefits and provident fund	1,646	1,269	2,915	1,649	1,010	2,659
	13,811	**20,141**	**33,952**	**12,696**	**17,282**	**29,978**

Board of Directors' Fees

The Board of Director's fees for the year 2011 which amounted to QR 16 million (not included in the above) is subject to the approval of General Assembly (2010: QR 14 million).

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the statement of cash flows, comprise the following:

	2011 QR '000	2010 QR '000
Cash and balances with Central Banks	1,180,226	8,966,414
Due from banks and other financial institutions with original maturities of 3 months or less	7,265,343	1,843,151
	8,445,569	**10,809,565**

Cash and balances with Central Banks do not include mandatory cash reserves.

32. SEGMENT INFORMATION

During the year, the Bank was organized into three main business segments, which comprised conventional commercial banking, Islamic banking and Insurance activities. Details of each segment are stated below:

	2011				
	Conventional banking QR '000	Islamic banking QR '000	Insurance QR '000	Others QR '000	Total QR '000
Net premium	–	–	23,212	–	23,212
Net interest income	1,563,278	–	–	–	1,563,278
Net fees and commission income	378,812	2,597	–	495	381,904
Net income from Islamic financing and investment activities	–	178,551	–	–	178,551
Total other operating income	182,029	1,385	3,747	21	187,182
Provision for impairment of loans and advances	(147,814)	(109,050)	–	–	(256,864)
Net operating income	1,976,305	73,483	26,959	516	2,077,263
General and administration expenses	(687,644)	(28,404)	(20,659)	(670)	(737,377)
Depreciation	(54,306)	(2,021)	(1,793)	(3)	(58,123)
Impairment losses on financial investments	(35,475)	–	–	–	(35,475)
Segment results/net profit before taxes	1,198,880	43,058	4,507	(157)	1,246,288
Income tax expense	(4,683)	–	(451)	–	(5,134)
Net profit/(loss) for the year	**1,194,197**	**43,058**	**4,056**	**(157)**	**1,241,154**
Assets and liabilities					
Total assets	**49,604,910**	**2,454,616**	**232,978**	**127,788**	**52,420,292**
Total liabilities	**43,852,415**	**1,383,396**	**102,217**	**1,061**	**45,339,089**
Other segment information					
Capital expenditure	**142,251**	**–**	**200**	**–**	**142,451**

32. SEGMENT INFORMATION (continued)

	2010				
	Conventional banking QR '000	Islamic banking QR '000	Insurance QR '000	Others QR '000	Total QR '000
Net premium	–	–	23,596	–	23,596
Net interest income	1,349,141	–	–	–	1,349,141
Net fees and commission income	380,436	13,285	–	807	394,528
Net income from Islamic financing and investment activities	–	153,795	–	–	153,795
Total other operating income	161,869	5,871	6,964	9	174,713
Provision for impairment of loans and advances	(280,660)	(31,178)	–	–	(311,838)
Net operating income	1,610,786	141,773	30,560	816	1,783,935
General and administration expenses	(633,163)	(28,591)	(19,790)	(856)	(682,400)
Depreciation	(37,406)	(1,622)	(1,762)	(1)	(40,791)
Impairment losses on financial investments	(47,387)	–	–	–	(47,387)
Other income	43,062	–	–	–	43,062
Segment results/net profit before taxes	935,892	111,560	9,008	(41)	1,056,419
Income tax expense	(1,273)	–	(901)	–	(2,174)
Net profit/(loss) for the year	**934,619**	**111,560**	**8,107**	**(41)**	**1,054,245**
Assets and liabilities					
Total assets	**43,179,369**	**3,836,893**	**212,297**	**1,052**	**47,229,611**
Total liabilities	**38,300,322**	**2,808,731**	**85,897**	**168**	**41,195,118**
Other segment information					
Capital expenditure	**209,253**	**393**	**374**	**–**	**210,020**

Geographically, the Bank operates in the State of Qatar, the State of Kuwait and the United Arab Emirates. Qatar operations contributed 98.9 % of the Bank's profit (2010: 99.3%) and more than 96.0% of the assets (2010: 97.3%). Geographic distribution of the Bank's assets and liabilities is further detailed in Note 29.

33. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified in order to conform with current year's presentation.

34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying Bank's accounting policies, management has used its judgments and estimates in determining the amounts recognized in the consolidated financial statements. The most significant judgments and estimates used are as follows:

Fair values of financial instruments

The fair value of financial assets traded in an organized financial market is determined by reference to quoted market bid prices at the close of business at the reporting date. Where the fair value of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected cash flows from the asset, or internal pricing models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Impairment losses on loans and advances

The Bank reviews its non performing loans and advances at each reporting dates to assess whether an allowance for impairment should be recorded in the statement of income. In determining the level of allowance required, management considers the past due installments on the loans and the estimated amount and timing of future cash flows. Such estimates are necessarily based on the assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to the allowance.

Impairment of investments

The Bank treats available for sale equity investments as impaired when there has been objective evidence that the estimated future cash flows of the investment will be impacted leading to a permanent decline in the fair value of the investment. In deciding on permanent impairments and in light of the recent and unprecedented levels of volatility in the financial markets the Bank evaluates many factors. These include an analysis of normal volatility in share price for quoted equities, the future cash flows and the discount factors for unquoted equities, along with a comprehensive analysis of the strength of the underlying fundamentals of the investments and the macroeconomic environments in which they operate.

Useful lives of property, furniture and equipment

The Bank management determines the estimated useful lives of its property, furniture and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the property, furniture and equipment, physical wear and tear and its technical or commercial obsolescence.

Supplementary Information to the Financial Statements

For the year ended December 31, 2011

A. Financial Statements for the parent bank

Parent Bank Statement of Financial Position

As at 31 December 2011

	2011 QR '000	2010 QR '000
ASSETS		
Cash and balances with central banks	2,490,108	10,223,096
Due from banks and other financial institutions	10,022,921	3,634,244
Loans and advances and financing activities to customers	30,704,039	26,546,918
Financial investments	7,753,226	5,317,622
Investment in associate company	10,846	14,031
Property, furniture and equipment	817,944	732,952
Other assets	488,386	648,390
Total assets	**52,287,470**	**47,117,253**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Due to banks and other financial institutions	11,635,523	8,683,403
Customer deposits	31,091,813	28,946,743
Subordinated debt	769,379	767,606
Other liabilities	1,133,009	836,068
	44,629,724	**39,233,820**
Unrestricted investment depositors' accounts	**607,040**	**1,875,233**
Shareholders' equity		
Paid up share capital	2,066,978	1,894,730
Statutory reserve	3,277,571	2,712,597
Risk reserve	597,650	377,650
Fair value reserve	22,789	(5,053)
Hedge reserve	(23,576)	(44,039)
Foreign currency translation reserve	(3,881)	(2,001)
Proposed dividends	930,140	947,365
Retained earnings	183,035	126,951
Total shareholders' equity	**7,050,706**	**6,008,200**
Total liabilities, unrestricted investment depositors' accounts and shareholders' equity	**52,287,470**	**47,117,253**

Supplementary Information to the Financial Statements

For the year ended December 31, 2011

A. Financial Statements for the parent bank (continued)

Parent Bank Statement of Income

For the year ended December 31, 2011

	2011 QR '000	2010 QR '000
Interest income	2,074,425	2,299,245
Interest expense	(511,147)	(950,104)
Net interest income	**1,563,278**	**1,349,141**
Fees and commission income	388,588	398,646
Fees and commission expense	(7,179)	(4,925)
Net fees and commission income	**381,409**	**393,721**
Income from Islamic financing and investing activities	212,160	249,380
Unrestricted investment depositors' share of profit	(33,609)	(95,585)
Net Islamic financing and Investing Income	**178,551**	**153,795**
Dividend income	17,420	16,290
Gain on foreign exchange activities	78,303	81,556
Net income from financial investments	57,140	38,481
Other operating income	30,551	31,413
Total other income	**183,414**	**167,740**
Net operating income	**2,306,652**	**2,064,397**
General and administrative expenses	(716,048)	(661,754)
Depreciation of property, furniture and equipment	(56,327)	(39,028)
Impairment of financial investments	(35,475)	(47,387)
Impairment of loans and advances, net	(256,864)	(311,838)
Other income	–	43,062
Net profit for the year before taxes	**1,241,938**	**1,047,452**
Income tax expense	(4,683)	(1,273)
Net profit for the year	**1,237,255**	**1,046,179**

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Telex : 4534-DOHBNK
Swift : DOHA QA QA

2. **Mushaireb (203)**
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Fax : 44025335/44025336
Telex : 4825- DBMSB DH
Swift : DOHBQAQAMSB

3. **Souq Waqef (204)**
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4. **New Souq Area (205)**
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QP, Ras Abu Aboud, Doha	44402997 / 44402580	44402439
K.S.A. Embassy	55524560	N/A
Industrial City, Gate Passes Office, Mesaieed	44771586	44771182
QP, NGL, Mesaieed	44774359	44774359
QP, Refinery, Mesaieed	44771309	44771309
QP, Pay Office, Dukhan	44712298	44712660
Umm Baab	44712236	44712678
Chamber of Commerce	44674515	44674035
Pakistan Embassy	55487657 / 44176196	44176196
QPost Main	44839210	44839157
QPost Muntazah	44352894	44354284
QPost Teyseer	44621299	44621552
Woqod Pay Office	44114374	44114372

Payroll Card Center

QIIB Parking Area	44420726	44420632

Exchange Counter

Doha International Airport	44621741	44621746

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