ANNUAL REPORT 2018

بنك الدوحة
DOHA BANK

40 YEARS OF GROWTH AND GLOBAL EXCELLENCE

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

CONTENTS

DOHA BANK **AWARDS**

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

Few of the key awards received in 2018 are as below:

Best Trade Finance Bank in Qatar - 2018
Global Banking & Finance

Best Wholesale Banking Group in Qatar - 2018
Global Banking & Finance

Business Excellence Awards - 2018
Qatar Today

The Golden Peacock Global Award for Corporate Governance - 2018
Institute of Directors

Best Bank in Capital Position - 2018
New Age Banking Awards

Most Outstanding Business Bank - 2018
CV Magazine

Qatar Domestic Trade Finance Bank of the year - 2018
Asian Banking & Finance

Doha Bank & Amwal's "QETF" The first Exchange-traded fund (ETF) in Qatar - 2018
Qatar Stock Exchange

Best Arab Customer Services - 2018
Arab Banks Awards & Commendations of Excellence

Doha Bank Branch in Kuwait

Best Trade Finance Bank in Qatar
Global Banking & Finance

2018

Best Wholesale Banking
Group in Qatar
Global Banking & Finance
2018

Business Excellence Awards
Qatar Today

2018

Doha Bank & Amwal's "QETF" The first
Exchange-traded fund (ETF) in Qatar
Qatar Stock Exchange

2018

Best Bank in Capital Position
New Age Banking Awards

2018

Most Outstanding Business Bank
CV Magazine

2018

Best Trade Finance Bank
Global Finance

2018

Best Arab Customer Services
Arab Banks Awards &
Commendations of Excellence

2018

Qatar Domestic Trade Finance
Bank of the year
Asian Banking & Finance

2018, 2017, 2016, 2014

The Golden Peacock Global
Award for Corporate Governance
Institute of Directors

2018, 2016, 2015

3G global governance award
Global Good Governance Awards

2017

Qatar Domestic Project Finance
Asian Banking & Finance Awards

2017

Best Business Bank MEA
Qatar Business Excellence Bank

2017

Best Local Bank in Qatar
EMEA Finance

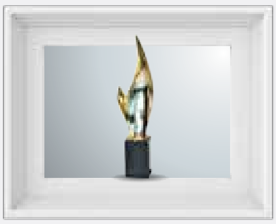
2017, 2016, 2012, 2011, 2010

Best Regional Commercial Bank
Banker Middle East
2017,2016,2015, 2014, 2013, 2010
2009, 2007 & 2006

Best Bank Governance
Capital Finance International

2017

Most Innovative Bank
in the Middle East
EMEA Finance
2017, 2016, 2010



Best Regional Enterprise Award For
"Excellence in Quality in Banking"
Europe Business Assembly
2017

Best Commercial Bank in Qatar
International Finance Award

2016, 2014, 2013

Best Web/Mobile Banking Services
Banker Middle East

2016, 2015

GOBAL **NETWORK**

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

FIRST ATM MACHINE

FINANCIAL HIGHLIGHTS

Key Figures	2014 (QAR Mn)	2015 (QAR Mn)	2016 (QAR Mn)	2017 (QAR Mn)	2018 (QAR Mn)	Variance % '18 Vs '17
Total Assets	75,518	83,289	90,365	93,495	96,132	2.8%
Net Loans & Advances	48,559	55,595	59,186	59,804	59,798	-0.01%
Customer Deposits	45,947	52,767	55,730	59,468	55,460	-6.7%
Total Equity	11,293	13,187	13,381	14,807	12,733	-14.0%
Total Revenues	3,517	3,708	3,950	4,428	4,628	4.5%
Net Profit	1,359	1,354	1,054	1,110	830	-25.2%

Key Ratios (%)	2014	2015	2016	2017	2018
Return on Shareholders' equity	16.5%	15.9%	12.1%	11.9%	8.9%
Return on Average Assets	1.93%	1.70%	1.21%	1.21%	0.88%
Total Capital Ratio	15.03%	15.73%	15.57%	17.51%	17.01%
Total Equity to Total Assets	15.0%	15.8%	14.8%	15.8%	13.2%
Net Loans to Total Assets	64.3%	66.7%	65.5%	64.0%	62.2%
Net Loans to Total Deposits	105.7%	105.4%	106.2%	100.6%	107.8%

CHAIRMAN'S **MESSAGE**

In the Name of God, Most Gracious, Most Merciful,

Dear Shareholders,

Ladies & Gentlemen,

Al Salamu Alaykum...

On behalf of myself and the members of the Board of Directors (BOD), I would like to thank you all on this occasion for attending this meeting. I would also like to extend my sincere thanks to the BOD and the Executive Management for the achievements accomplished during the year 2018.

With the wise leadership of His Highness Sheikh Tamim Bin Hamad Al-Thani, The Emir of Qatar, and the cooperation of all governmental institutions in the country, we were able to overcome the economic and political challenges facing the region.

The Bank's audited financial statements for year 2018 shows that the total assets reached to QR 96.1 billion. Net loans and advances reached QR 59.8 billion. The investment portfolio stood at QR 20.6 billion registering a growth of 17.4%. Customer deposits stood at QR 55.5 billion and the total shareholder's equity by year end reached QR 12.7 billion.

The net profit by the end of 2018 recorded QR 830 million as against QR 1,110 million in 2017 after taking significant loan loss provisions both in Qatar and overseas branches, and to meet the requirements of IFRS9 and the requirements of the Central Bank to strengthen the financial position of the bank. Moreover, the average return on share stood at QR. 1.97 and the return on average shareholders' equity reached to 9% and the return on average assets reached to 0.88%. Based on these results, the BOD decided to put up a recommendation to the AGM to distribute cash dividend of QR (1) per share i.e. 10% of the paid up capital.

During the year, the Board of Directors approved the bank's five-year strategic plan, which incorporates certain amendments to the bank's business strategy especially with regards to the activities of overseas branches and representative offices across the globe. The future plan of the bank includes implementation of an effective Risk Management strategy both at the local and international fronts, recruiting Qatari nationals, enhancing the levels of staff performance by recruiting highly experienced and qualified human resources, improving banks service delivery channels, upgrading the level of Corporate Governance in the bank, diversifying the income sources and strengthening the financial position with a view to achieving the highest level of effective operational performance.

The bank has taken all measures to enhance its Corporate Governance system, whereby in addition to the BOD roles and responsibilities, BOD Committees roles and responsibilities, Executive Management Committees roles and responsibilities and Code of Ethics, we also approved the bank's Corporate Governance framework/Policy and Procedures. The BOD also enhanced the concepts of internal controls, transparency, disclosures, shareholders relations and stakeholders' rights, etc. However, the bank's report on Corporate Governance for the year 2018 is readily available to you in this meeting which reflected the Corporate Governance standards implemented by the bank.

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

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

Fahad Bin Mohammad Bin Jabor Al-Thani
Chairman

BOARD OF DIRECTORS

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani

Chairman of the Board of Directors

• Representative of Fahad Mohammad Jabor Holding Co.

Mr. Ahmed Abdul Rahman Yousuf Obaidan

Vice Chairman

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani

Managing Director

Sheikh Abdulla Bin Mohammad Bin Jabor Al Thani

Member of Board of Directors

Sheikh Falah Bin Jassim Bin Jabor Bin Mohammad Al Thani

Member of Board of Directors

• Representative of Jassim & Falah Trading & Contracting Co.

Mr. Ahmed Abdullah Ahmed Al Khal

Member of Board of Directors

Mr. Hamad Mohammed Hamad Abdulla Al Mana

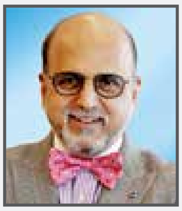
Member of Board of Directors

Mr. Ali Ibrahim Abdullah Al-Malki

Independent Member

Mr. Nasser Khalid Nasser Abdullah Al-Mesnad

Independent Member



Dr. R. Seetharaman
Chief Executive Officer

EXECUTIVE MANAGEMENT

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

David Challinor
Chief Financial Officer

Abdullah Al-Asadi
Executive Manager Shareholders Affairs

Krishnan C.K.
Chief Wholesale Banking Officer

Khalid Alnaama
Head of Public Sector

Rowan Luke
Acting Chief Treasury & Investment Officer

Hassan Ali Kamal
Corporate Branch Manager

Maher Ahmed Ali Ahmed
Al Mirqab Branch Manager

Khalid Latif
Chief Risk Officer

Khalifa Al-Kaabi
Head of Collection & Recovery

M. Sathyamurthy
Acting Chief International Banking Officer

Ahmad Ali Al-Hanzab
Head of Administration

Braik Ali HS Al-Marri
Acting Chief Retail Banking Officer

Yousuf Ahmed Mandani
Main Branch Manager

Dharnendra Kothari
Head of Investments

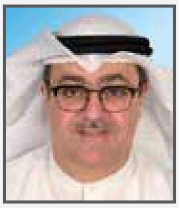
Mokhtar Abdel Monem Elhenawy
Legal Advisor to the Board and Company Secretary

Jamal Eddin H. Al Sholy
Chief Compliance Officer

Dr. Mohammad Omar Abdelaziz Daoud
Chief Internal Auditor

INTERNATIONAL **NETWORK**

Mr. M. Sathyamurthy
Acting Chief International Banking Officer



Mr. Loai Fadel Muqames
Chief Country Manager - Kuwait

Mr. Alaga Raja
Country Head of UAE

Mr. Manish Mathur
Country Manager - India

Mr. Hilton Wood
Chief Representative
Australia Representative Office

Mr. Kanji Shinomiya
Chief Representative
Japan Representative Office

Mr. Young Joon Kwak
Chief Representative
Seoul Representative Office

Mr. Peter Lo
Chief Representative
China Representative Office

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

Mr. Nezih Akalan
Chief Representative
Turkey Representative Office

Mr. Maik Gellert
Chief Representative
Germany Representative Office

Mr. Richard Whiting
Chief Representative
The United Kingdom Representative Office

Mr. Venkatesh Nagoji
Chief Representative
Canada Representative Office

Mr. Andre Snyman
Chief Representative
South Africa Representative Office

Mr. Ajay Sarker
Chief Representative
Bangladesh Representative Office

Mr. Eranda Weerakoon
Chief Representative
Sri Lanka Representative Office

Mr. Suraj Shahi
Chief Representative
Nepal Representative Office

FIRST DOHA BANK BRANCH

MANAGEMENT **REPORT**

Global Economy

According to International Monetary Fund's (IMF) report in January 2019, global economic outlook is estimated at 3.5% in 2019 and 3.6% in 2020. The advanced economies are expected to grow by 2% in 2019 before softening to 1.7% in 2020. The emerging and developing economies are expected to grow at 4.5 percent in 2019 and 4.9 percent in 2020.

The oil prices dropped steeply in the last quarter of 2018 on account of surge in supplies from the United States. The volatile financial markets, trade tensions between the US and China, challenges in Brexit and concerns of global growth is expected to continue into 2019.

Domestic Trend

IMF's October 2018 report had revised Qatar's forecasted economic growth to 2.7% in 2018. Qatar is expected to raise the country's LNG production to 110mtpa. The various reforms implemented in Qatar include Qatar's New Investment Law, Permanent Residency Law, Food Security and Metro Rail project. Some of the other key developments include Qatar's Sovereign Bond issuance.

Health, education and infrastructure accounted for the largest share of Qatar's budget in 2019 – Education: QAR 19.2bn, Health services: QAR 22.7bn, Infrastructure: QAR 33bn, Transportation and Communication: QAR 16.4bn. According to the latest World Bank ratings, Qatar is ranked 83rd among 190 economies in the "ease of doing business" category. In addition, the Global Competitiveness Report for 2018 indicates the country has improved its rank by two places to 30th place out of 135 countries. In December 2018, Standard & Poor's (S&P) Global Ratings announced that it has revised its outlook on Qatar to 'stable' from 'negative'. These developments indicate Qatar has demonstrated remarkable resilience post the economic blockade.

Doha Bank recognized as pioneer in adoption of Global Best Practices in IT Service Management.


The Governor of Qatar Central Bank, H.E. Sheikh Abdulla bin Saoud Al Thani; Doha Bank Chairman, H.E. Sheikh Fahad bin Mohamed bin Jabor Al Thani; Managing Director, H.E. Sheikh Abdul Rehman bin Mohamed bin Jabor Al Thani; and CEO, Dr. R. Seetharaman during Doha Bank's knowledge sharing event titled 'Qatar's Resilience Post Blockade – A Year On.'

Wholesale Banking Group

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

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

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

The organization under WSB is operated through following divisions:

- Corporate and Commercial Banking
- SME Banking
- Corporate and Structured Finance

- Public Sector Unit
- Cash Management Services
- Mortgage Finance and Real Estate Services
- Corporate Branches and Service Centers

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

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

Corporate Finance provides services for large-cap and mid-cap corporates, governments and financial institutions. The division successfully closed a number of transactions as mandated lead arranger both within the Gulf Co-operation Council (GCC) and internationally by leveraging on Doha Bank's international footprint. Corporate Finance's highly qualified team takes a holistic and research driven approach to the raising of capital for clients and has the ability to effectively leverage the bank's balance sheet. Additionally, the team uses alternative sources of funds and risk distribution models to optimize the outcome for the client.

Doha Bank's SME unit was well recognized when six of its clients received awards as top SME companies in Qatar.

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

The Cash Management Services (CMS) unit provides Doha Bank customers with rapid, reliable and cost effective solutions tailor made to meet their cash needs. CMS' customized online platform contributes to customers' operational efficiency and promoting reduction in operating costs. CMS offers services ranging from receivables management to secured cash pickup, to payables and liquidity management.


Doha Bank is being honored as one of the main sponsors of 'We Become Stronger' campaign.

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

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

Treasury and Investments Group

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

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

T&I continues to execute on strategies to widen and diversify sources of funding for the Bank. Approvals are in place to issue up to USD2Bn under the Euro Medium Term Note (EMTN) Program (with issuances planned in several currencies) and up to USD 5Bn under the Joint Certificate of Deposit (CD) / Commercial Paper (CP) Program.

On 5th March 2018, the Bank launched the first listed Exchange Traded Fund in Qatar - the QETF.

The fund generated a total return of 20% in 2018 - outperforming most Exchange Traded Funds in the world.

The Bank's investment philosophy remains prudent and cautious. The focus has been on increasing holdings of high quality Sovereign debt to ensure a ready source of liquidity. Doha Bank will continue to evolve and align its investment and liquidity management activity to accommodate the requirements of Basel III.

Doha Bank CEO Dr. R Seetharaman joins Sri Lanka's Central Bank Governor Dr. Indrajit Coomaraswamy; Public Debt. Department Superintendent and registrar Dr. Mohamed Z M Aazim; Sri Lankan Ambassador A S P Liyanage, and other dignitaries during the knowledge sharing event - "Sri Lanka-Qatar Bilateral Opportunities."

International Banking Group

International Banking Group (IBG) covers Doha Bank's international operations, facilitates substantial cross-border trade and is responsible for the overall relationship management with over 400 financial institutions worldwide. As part of its operations, IBG arranges loans and participates in syndicated loans to financial institutions across all the strategic international locations. Recently, Doha Bank closed a USD 525 Million syndicated senior unsecured term loan facility with a group of leading international and regional lending institutions. IBG also supports the bank's funding resources and treasury management by arranging cost-effective term loan borrowings for the bank. The Representative Offices in Australia, Japan, South Korea, China, Hong Kong, Singapore, Bangladesh, Sri Lanka, Nepal, Turkey, Germany, United Kingdom, South Africa and Canada cover all relevant trade and infrastructure related transactions with the partner countries of Qatar, Kuwait and India through reference only.

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

Doha Bank's operations in India pave the way for the Bank to support all Non-Resident Indian expatriates in the GCC countries with the best-in class solutions including remittance solutions through all its existing branches in Mumbai, Chennai and Kochi. The year also saw new product launches in India with NRI home loan product as well as wealth management, insurance and estate planning launched in cooperation agreements.

In 2018, Doha Bank inaugurated its third Indian branch in Chennai, and inaugurated representative offices in Sri Lanka and Nepal. The overseas expansion of the Bank is in line with the strategic vision of the Board to have a worldwide operative presence to cater and serve the growing customer base in Kuwait and a robust emerging market in India with a synergy to the Qatar market. The Representative Offices complement Doha Bank's existing branch network both within and outside Qatar by better understanding the various international markets, thus enabling enhanced customer experience with globalized expertise for companies. The international network aims to facilitate customers to conduct and optimize cross-border trade transactions between Qatar, Kuwait, India and other overseas countries.

In line with the vision of the Board of Directors to expand the Bank's overseas operation, the Bank constantly assesses the potential opportunities to expand the bank's operations globally in select countries. Doha Bank also organized various knowledge sharing sessions, roadshows and forums across Kuwait, India, Sri Lanka, Nepal, Australia (SIBOS), Indonesia (IMF) in 2018.

Retail Banking

Retail Banking Group is focused on building a profitable and sustainable business in Qatar, Kuwait and India with an objective to increase market share and overall scale/ volumes. In the backdrop of the liquidity crunch, rising interest rates, restructuring & reorganization in most of the industry sectors and price-led competition in the local market, it has been a challenge for the retail business in 2018. Amidst these challenges, Retail Banking Group has sustained to a large extent in a fiercely competitive market. The business has successfully grown the fee income as a total percentage of retail revenue whilst continuing to find ways to further optimize the cost income ratio, migrating branch transactions to more cost-effective digital channels and further leveraging the assets to enhance revenue from the existing cost base.

Retail Banking Group offers a wide range of products and services to its customers through diverse delivery channels such as branches, electronic branches, mobile banking, internet banking, SMS banking, call centers, ATMs, Mobile Van ATMs and its E-commerce site, Doha Sooq. Doha Bank was one of the first banks in Qatar to introduce phone and SMS banking, internet banking, mobile banking, payroll cards, an E-commerce marketplace and WhatsApp chat service for customers.

In Qatar, Doha Bank has 27 Branches and overseas branches in United Arab Emirates (UAE), Kuwait and India. This includes the new branch in Chennai launched in April 2018, which extends Doha Bank's footprint to an important corridor in South India with Tamil Nadu being the second largest contributor to India's Gross Domestic Product (GDP) growth. Doha Bank also maintains around 100 ATMs, 3 pay offices and 4 electronic branches in Qatar. Along with this, there are other delivery channels such as direct sales units, Al Riyada RMs, Private Banking RMs, Call Center and Bancassurance teams. The Bank has an effective merchant acquisition program enrolling over 3,000 merchants and has installed over 5,000 point of sale machines in Qatar as on 31st December 2018.

Retail Banking Group continued to utilize social and digital media, and developed complete 360° communication platforms across all touch points, adopting social media usage for listening to customer feedback and suggestions. With a view to reach out to its customers, and also a part of digital and customer experience journey, Retail Banking launched WhatsApp Chat service in 2017, which offered customers immediate and personalized information. In 2018, the digital customer service platform was further expanded to include Hello Doha and Facebook Messenger. This integrated service platform empowered customers to share feedback and service requests conveniently using digital channels. Retail also launched the newly designed online banking portal in 2018. Furthermore, as part of the digital value propositions, Retail also launched the new Doha Sooq Platform, with Arabic version of Doha Sooq Website, Mobile Apps & Driver Delivery App. Retail also introduced the new E-statement service bringing convenience to the banks' customers accessing their statements securely through online and mobile anytime, anywhere (also a key green banking initiative for Doha Bank). Furthermore, the unit expanded its digital banking services including cheque book requests through ATM's, debit and credit card activation through online and mobile, and online loan applications for existing and new-to-bank customers.

The Digital, Product & Marketing team in partnership with different channels continue to lead the Retail transformation across all three markets - Qatar, India and Kuwait - with focus on digitization, cross-sell and innovative value propositions for target segments thus driving fee income, shifting our customer base to premium segments, increasing new to bank customer acquisition & customer retention, growing low-cost deposit and revenue contribution from international markets. In 2018, Retail announced several new

Doha Bank's Chairman, H.E. Sheikh Fahad bin Mohammad bin Jabor Al Thani; Managing Director, H.E. Sheikh Abdul Rehman bin Mohammad bin Jabor Al Thani; and CEO, Dr. R. Seetharaman, with senior executives and bank representatives during the Qatar National Day celebrations.

Doha Bank entered into an agreement with Bank of Ceylon for remittance of funds from Qatar to Sri Lanka.

marketing alliances and offers such as Jet Airways, Qatar Airways, Oman Air, several large Jewelry and other Retailers such as Lulu, Banana Island and brought value to their customers through innovative campaigns such as Gold campaign, iPhone XS, Back to School, Summer, Cards Spend and Salary Transfer campaign.

Another key objective is to enhance marketing & brand share of voice through digital & social media channels. We are in process of enhancing the Digital Marketing eco-system with various business partners. A new version of DB customer loyalty program – Doha Miles was launched in 2017 with over 12,000 customers registering to this program. This was extended to other products in 2018 with the introduction of Total Relationship Rewards. It further enhanced its "buy one get one free" dining and retail offers through 'Doha Bank MyBook Qatar' a mobile app version of MY BOOK by including fine dining offers and an expanded merchant eco-system. Doha Bank is the first bank to bring 'Buy One Get One Free' (B1G1F) Offers in Qatar exclusively through MYBOOKQATAR. The Bank continued to expand the merchant network of "Doha Global Cash Back", 1st in Qatar (merchant funded 2500+ international brands) which was initially launched in November 2017. The Bank also launched its new line of contactless debit cards with World and World elite MasterCard, offering added security of Mastercard SecureCode® and QPAY (Qatar Central Bank Payment Gateway System), and unique features and benefits for its premium Al Riyada and Private Banking customers. Some of these new features include travel, medical insurance and rewards points on international spend, amongst a host of other such rich features and benefits. The MasterCard Elite issued for Private Banking customers offers a complimentary upgrade to Gold status on Qatar Airways allowing excess baggage and Qatar Airways premium lounge access. This is in addition to an expanded set of lounges worldwide that are offered as part of the debit proposition to Doha Bank customers.

Doha Bank is in the process of migrating its D-pay cards portfolio from closed-loop to open-loop for all its WPS (Wage Protection System) clients and plans to further optimize the fee income by enhancing the overall value proposition and pricing in 2019 - by offering mobile remittance and financial protection products and services.

Remittance revenue has also increased significantly this year. Doha Bank entered into agreements with Bank of Ceylon (Sri Lanka) and Global IME Bank (Nepal) for remittance of funds from Qatar to the respective countries

On the liabilities front, the 'Al Dana' savings scheme changed the life of many winners. In 2018, The Al Dana proposition was expanded to Doha Bank current account customers in addition to its Savings account holders with dedicated prizes for Al Riyada and guaranteed winners from each branch. Doha Bank continues to offer the highest number of prizes and the biggest prize in Qatar with QAR 2 Million for its CASA customers. In 2018, Retail Banking planned to meet the liability crunch, curb the rising interest rates & build a stable and long-term deposit base. The Bank introduced its new Al Jana series 7, which offers compounded returns of 18.75% for a five-year deposit and gave customers the flexibility of depositing in USD, QAR or KWD currencies. In addition, the Bank also enhanced its Flexi save product proposition to drive the deposit mobilization.

On the loans front, Retail launched a special bundled offer for high ticket loans aimed to acquire Qatari customers and offered loyalty points as incentive for its new-loan customers. In a step aimed at rewarding environmentally conscious customers, and in addition to Qatar's first 'Green Mortgage' home loan program, Doha Bank launched a special 'Green Car Loan'.

New Bancassurance propositions included the re-launch of the car loan offer bundled with a free Comprehensive Car Insurance, single premium products and key man insurance targeted for SME and high net worth customers. Doha Bank's Bancassurance team also launched the new DTC (Direct to consumer) business model, which is an analytics based direct marketing platform targeted for Doha Bank customers to further enhance fee income growth.

Al Riyada proposition offers a bouquet of products & services and life style differentiators like

Products	Services	Lifestyles
Visa Infinite Card	1 hr. Loan Approval	Global Cash Back
Flexi save Deposit	30 min Acct Opening	Movie Ticket B1G1F
Insurance services	30 sec call pick up	Valet Parking & Concierge Services
MasterCard World and World Elite debit cards		Worldwide Airport lounge Access

For the NRI segment, Retail Banking enhanced NRI customer proposition. It launched Mutual Funds and a line of Bancassurance products for its NRI customers in 2018. Furthermore, the Bank offered NCD, Fund of Funds and NPS (National Pension Scheme product) through its NBFC partner (Doha Brokerage and Financial Services Limited) as additional products to all NRI customers. The focus is to leverage the India presence to expand the business proposition to a large Indian community base in Qatar and Kuwait, as a whole. The NRI team also launched a digital marketing campaign and a new set of marketing collaterals for the NRI segment.

On the channels front, the Bank is committed on footprint optimization, digitization, transaction off-loading from branches to alternative channels and from call center to Interactive Voice Response (IVR). Retail Banking Group is aligned to branch & footprint optimization and will continuously look to achieve operational efficiency.

Retail Banking Group is seeking to consolidate and extend its strength through innovative products & services, leveraging technology, exploring self-service distribution channels and establishing best practices that are intended to streamline processes. The objective is to deliver a best in class customer experience in the coming years in accordance with the Bank's slogan, "There is so much to look forward to" and establish Doha Bank as a leader in digital and service excellence in the region.

The Al Dana Young Savers account aims to promote the concept of saving from a young age.

Doha Bank Assurance Company LLC

Doha Bank Assurance Company LLC ('DBAC') was established in 2007 by Doha Bank, who were the first GCC bank to establish a 100% owned insurance subsidiary. The strategic vision of the company is to offer customers a wide range of insurance products to meet their holistic insurance needs and provide financial security in times of need via a very efficient claims handling service.

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

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

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

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

Doha Bank hosted its first Monthly Employee Recognition Awards Ceremony in the presence of Dr. R. Seetharaman, CEO; Mr. Braik Al Marri, Acting Chief Retail Banking Officer; and Shk. Mohamed Fahad J Al Thani, Acting Chief Human Resources Officer.

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

DBAC has a current financial strength rating of 'BBB', as per Standard & Poor's, as at December 2018.

Being a full end-to-end insurance company, DBAC has the following internal functions:

- Executive Management
- Sales & Marketing
- Underwriting (Motor & Non-Motor)
- Reinsurance
- Claims (Motor & Non-Motor)
- Risk Management
- HR & Admin
- Compliance & AML
- Legal
- Finance
- IT

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

Islamic Banking

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

Risk Management Group

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

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

The Board has laid down the risk appetite of the Bank since the Board and the Executive Management are ultimately responsible for all the risks assumed by

Dr. Seetharaman, CEO of Doha Bank, with Mastercard officials to mark the launch of a suite of new debit card products with innovative value-added services for customers.

the Bank. The risk appetite framework sets out the qualitative and quantitative thresholds for risk capacity and tolerance. The risk strategy seeks to balance the risk profile against sustainable returns to achieve the business goals of the Bank. Doha Bank has engaged qualified professionals, and has set out policies and procedures, limits, thresholds, authority levels, committees, review mechanism, controls and accountabilities to manage risk through a common framework.

Implementation of the Risk Management framework is entrusted to a highly competent team and is controlled and implemented through various senior level management committees chaired by the CEO - mainly in Executive Management Committee, Management Credit Committee, Investment Committee and Asset and Liability Committee. In addition, the Board level committees viz. Audit, Risk and Compliance Committee, reviews the observations and findings of internal audit, Risk management, external auditors, compliance and the regulator's reports to take stock of the overall risk exposures across the organization in all spectrums of the business & support areas.

Doha Bank receives "Elite Quality Recognition Award for Outstanding Achievement of Best-in-Class STP" from J.P. Morgan.

Risk Management Committee:

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

- Executive Management committee
- Management Credit Committee
- Asset and Liability committee (ALCO)
- Risk Management committee
- Retail Credit committee
- Investment committee

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

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

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

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

Implementation of Capital and Recovery planning framework:

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

Dr. R. Seetharaman with key dignitaries from Nepal; H.E. Ambassador of Qatar to Nepal, Yousuf Bin Mohammed Al-Hail; H.E. Ambassador of Nepal to Qatar, Ramesh Prasad Koirala; H.E. Nepal Rastra Bank Deputy Governor, Chintamani Siwakoti; Hon. Indian Rajya Sabha MP, Amar Singh; and H.E. Tourism and Cultural Ambassador for Nepal and former Indian MP, Jayaprada; during the inauguration of Doha Bank's representative office in Nepal.

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

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

Implementation of IFRS 9:

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

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

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

The bank has implemented IFRS 9 w.e.f 1 January 2018 in line with the guideline issued by QCB in this regard.

Doha Bank's IFRS 9 Implementation progress:

The Bank has engaged an external consultant firm to assist in preparation for meeting the requirement of IFRS 9: Financial instruments as well as to ensure compliance with the instructions issued by the Qatar Central Bank.

- The Bank's senior management set up a Steering Committee in accordance with the requirements of the QCB mandate, to oversee the IFRS 9 implementation. The Steering Committee is chaired by the Bank's CEO and comprised of the Chief Risk Officer, Chief Financial Officer, the Chief Internal Auditor, Chief Compliance Officer and Head of IT. Amongst other matters, the Steering Committee is responsible for making judgments where policy decisions were required, develop a granular transition plan for the implementation of IFRS 9 and ensure adherence to the plan.
- The adoption of IFRS 9 will bring about a number of changes to the business processes and policies of certain functions within the Bank, including front offices, finance, risk, IT, etc. and the way these departments collaborate in the Bank's adoption and implementation of IFRS 9. The implementation also requires the amendment of certain policies and procedures to include guidance on IFRS 9 implementation. The policies and procedures of the Bank are under revision for credit manuals, collateral management, IT support, finance manuals.
- IFRS 9 also requires extensive qualitative and quantitative disclosures around the expected loss model adopted by the Bank including the assumptions, inputs and techniques used for estimating the Expected Credit Loss, the provision movement and additional credit risk disclosures.
- IFRS 9 requires the involvement of those charged with governance and senior management to ensure that the Bank has appropriate credit risk practices including an effective system of internal control, to determine adequate Expected Credit Loss (ECL) allowances in accordance with IFRS 9 as well as the bank's stated policies and relevant QCB regulatory guidance.

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

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

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

Doha Bank's Head of Administration, Ahmed Al Henzab, handed over the donation cheque to QRCS Director Resource Mobilization, Saad Shaheen Al Kaabi, and QRCS Corporate Relations Head, Hamid Moharrar.

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

The Executive Management Committee provides Bank wide oversight on reputational risk, sets policy and monitors material risks that could have negative reputational consequences. At the business level and across its subsidiaries, overseas branches and representative offices, the relevant senior management is responsible for the management of reputational risk in their respective business / functional operations.

Doha Bank hosted a knowledge sharing event for the South African delegation.

Legal Risk: Legal risk is the possibility of loss resulting from the Bank's failure to comply with local laws, breach of ethical standards and contractual obligations with counterparties or customers. The Bank also faces the risk of litigation due to unenforceable contracts with vendors, counterparties or regulators. The Bank maintains an in-house qualified team of legal advisors, in addition to a number of local & International Law firms on retainership basis, who are responsible for validating all the Bank's agreements and pursue the cases filed by the bank against clients or external parties filed against Doha Bank. They also review the legal implications of standard / specific documents for all the Bank's products and services that are being offered to customers and counter parties.

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

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

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

Credit Risk: This refers to risk arising from the potential that an obligor is either unwilling to honor his/her obligation or has become unable to meet such obligation, which leads to economic loss to the bank or the possibility of losses associated with diminution in the credit quality of borrowers or counter parties and/or in the value of the collateral held by the Bank as security.

Identification, measurement and management of risk are strategic priorities for the Bank and its credit risk is managed by a thorough and well-structured credit assessment process complemented with appropriate collaterals wherever necessary and continuous monitoring of the advances at account and portfolio levels.

Qatar-Sri Lanka bilateral relationships is a defining moment.

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

- The extent to which the Bank should assume credit risk, taking into account the capital base, the Bank's ability to absorb losses, the risk-reward ratio, probability of default etc.;

- The credit portfolio, including concentration trends, provisions, quality of portfolio and requirements vis-à-vis credit strategy and risk appetite;
- Portfolio concentration limits against Regulatory and Internal Limits set for counterparties, industry sectors, geographic regions, foreign country or class of countries, and classes of security;
- Significant delinquent credits (watch list and under settlement accounts) and follow up actions taken to safeguard the interests of the Bank;
- Adequacy of loan loss provisioning requirements;
- Establishment of an authorization structure and limits for the approval and renewal of credit facilities;
- Detailed credit policies, procedures and guidelines, proper segregation of duties, well defined authority matrix for credit approval and periodic audit and examinations by internal and external auditors to ensure that an environment of checks and balances exist within the Bank;
- In order to take the bank to the next stage, to comply with IFRS 9 and Basel Accords, the Bank has decided to acquire a predictive scoring model for retail credit to enhance the due diligence process. The Bank has already initiated the induction process with the plan to implement the model in 2019;
- During the year 2018, Bank has replaced the internal rating system to predictive score model for Corporate.

Credit Risk Management (CRMD) Structure:

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

The key objectives of CRMD are to ensure:

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

Doha Bank received "Qatar Domestic Trade Finance Bank of the Year" award at the Asian Banking and Finance awards.

REMEDIAL ACCOUNT MANAGEMENT

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

Doha Bank has established a robust portfolio monitoring process by establishing a credit control unit to identify the early warning signs in customers' accounts. Based upon severity of the problem it is decided to transfer the account to Remedial Asset Management Unit to act jointly with business units in order to prevent further deterioration in Corporate or SME accounts. This includes facts finding, clients meetings and visits, negotiating rescheduling deals and settlement proposals with customers and carrying out "Defect Analysis" for special mentioned accounts recommended to downgrade to NPL and to ascertain the reasons for delinquency. The outcome of defect analysis is shared with business units to learn lessons for default. Findings of Defect Analysis also triggers revisit of lending norms based upon delinquency trends to ensure booking of quality assets in future.

The objective of this unit is as follows:

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

DEBT RECOVERY DEPARTMENT

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

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

Liquidity Risk: Liquidity risk can be defined as the potential inability of the Bank to meet its maturing obligations. Liquidity risk is inherent in banking operations and liquidity planning and management are necessary to ensure that the Bank meets its obligations at all times. The Treasury division works closely in conjunction with Financial Risk Management (FRM), and the business, to analyze and understand the underlying liquidity requirements. These parties are engaged in regular and frequent dialogue to understand changes in the Bank's position arising from business activities and market circumstances.

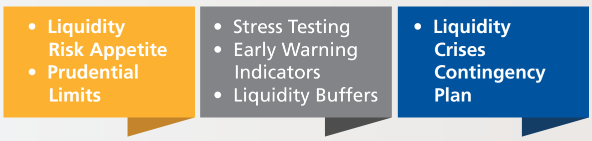
ALCO, which meets regularly, sets the broad framework for Treasury to operate so that the Bank is always in a position to meet its financial commitments. During crisis, the bank's ability to manage liquidity requirements could be impacted due to increased cost of funds or accessibility to wholesale funding. Moreover, any market disruption may impact liquidity of investments. Doha Bank has a comprehensive Liquidity Management framework for managing the liquidity risk. The framework sets the group's risk appetite for liquidity risk by setting limits and benchmarks. The ALCO is informed of performance against the liquidity risk limits, via a weekly Liquidity Dashboard.

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

The Bank maintains sufficient high quality liquid assets, which can be liquidated at short notice to raise cash, if required. The bank's liquidity policy requires the bank to maintain a pool of liquid assets which can be accessed at the time of liquidity crises. The Bank also has in place credit lines with several international banks to make funds available in case of need. The Bank's liquidity position is subjected to diverse stress scenarios in order to evaluate the impact of unlikely but potentiality plausible events on liquidity and regularly evaluated by ALCO. Scenarios are based both on historical and hypothetical events. The results obtained from such stress testing provide meaningful input when defining target liquidity risk positions. Furthermore, QCB through its guidelines has mandated all the banks in Qatar to comply with Liquidity coverage ratio (LCR) and Net stable funding ratio (NSFR).

In addition, the Bank maintains the Funding Mix and Liquidity plan forecast for every quarter, which details how liquidity would be managed under stress events and the liquidity potions the Bank has planned for. Post diplomatic crisis, we have submitted Liquidity Contingency Plan to QCB for remaining period of the year to mitigate liquidity risk. Since nature of any such event cannot be ascertained in advance, the plans are designed to be flexible and hence provide various options that could be used during liquidity crisis situation. Furthermore, the bank has also implemented an Asset-Liability Management system, which provides real-time guidance on maturity mismatch, LCR, NSFR, etc. which aids towards the Bank's balance sheet management.

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



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

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

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

Interest Rate Risk: This risk largely arises due to the probability of changes in interest rates, which may affect the value of financial instruments or future profitability. It is evaluated from two different perspectives: with respect to the Fixed Income Investment Portfolio of the Bank, and with respect to the entire Bank's Assets and Liabilities.

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

  The Bank's Bond Portfolio is analyzed daily, and its interest rate risk is based on desired portfolio modified duration as considered appropriate by Investment Committee. Bank keeps its portfolio duration within its risk appetite. The risk department analyzes each investment proposal separately, and potential market risks are identified and mitigated before placing the proposal for Investment Committee review and approval. The Bank's hedging policy sets the framework to be followed for hedging the interest rate risk and regularly reports the hedge ratio to Investment Committee to decide upon the hedge adequacy and to keep the Fair Value of the Portfolio within agreed limits.

- Bank-wide Interest Rate Risk: The Bank is exposed to interest rate risk as a result of mismatches or gaps in the quantum of Assets and Liabilities and Off-Balance Sheet instruments that mature or re-price in a given period. FRM regularly evaluates the Earnings at Risk (EAR) and Economic Value of Equity (EVE) and reports to ALCO, specifically during interest rate movements by US & local regulators and adjust the pricing of its assets as considered appropriate. Since most of the Bank's financial assets such as loans and advances contain an option to re-price, majority of the bank's interest rate risk is hedged naturally due to simultaneous re-pricing of deposits and loans.

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

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

Doha Bank hosted a knowledge sharing on "New World Order and Changing Business Model" in Kuwait.

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

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

In particular, the bank measures the impact of different stress scenarios on its capital adequacy ratio, net interest margin, profit after tax, return on assets, liquidity asset ratio and additional liquidity requirements. The stress testing process is regular, detailed and uses both plausible and severe scenarios. The results of these stress tests are shared with ALCO on monthly basis and QCB on semiannual basis. Internal stress testing framework is revised based on QCB requirements defined in the QCB circular (ICAAP) issued in March 2016 which includes enterprise wide stress testing and reverse stress testing.

Doha Bank awarded 'Best Bank in Capital Position' at the New Age Banking Summit 2018.

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

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

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

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

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

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

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

Inauguration of Chennai Branch was attended by the Board Members including H.E. Sh. Fahad Bin Mohammad Bin Jabor Al Thani, Chairman; H.E. Sh. Abdul Rehman Bin Mohammad Bin Jabor Al Thani, Managing Director; H.E. Sh. Abdulla Bin Mohamed Bin Jabor Al Thani, Board Member; Mr. Ali Ibrahim Abdullah Al Malki, Board Member; and Dr. R. Seetharaman, CEO; along with the senior management team of Doha Bank.

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

Sri Lankan Ambassador to Qatar, H.E. A S P Liyanage; Counsellor from Embassy of Qatar to Sri Lanka, Ibrahim Abdulla Al Sheraim; Doha Bank CEO, Dr. Seetharaman; and other officials during the inauguration of the bank's Representative Office in Sri Lanka.

the effectiveness of risk identification, measurement, assessment, reporting and monitoring within the group.

The Bank has detailed policies and procedures and Operational Risk Management tools that are regularly updated to ensure a robust internal control mechanism for the Bank. The Bank is closely reviewing the various recommendations issued by the Basel Committee on 'Sound Practices for the Management and Supervision of Operational Risk' for implementation. The Bank continues to invest in risk management and mitigation strategies, such as a robust control infrastructure, business continuity management or through risk transfer mechanisms such as insurance and outsourcing. There have been significant efforts to streamline operational risk management processes, procedures and tools to provide more forward-looking risk insights and strengthen the control culture in the organization.

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

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

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

- Effective staff training, documented processes/ procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, process of introducing new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by Doha Bank to manage the Bank-wide operational risk;
- Investigation and Reporting of any risk event (losses, near misses and potential losses), which is used to help identify the root cause and lay down the corrective action plans to reduce the recurrence of risk events. Risk events are analyzed to identify the root cause of incidents, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors;
- Preparation of 'Control Risk Self-Assessment' across business and support units including subsidiaries and overseas branches. This approach results in detailed understanding of inherent and residual risks with evaluation of controls across the Bank. Therefore, it enhances the determination of specific operational risk profile for the business units while corrective action points are captured and the changes on the operational risk profile is monitored on an ongoing basis;
- The Bank has implemented Key Risk Indicators program to enable proactive monitoring of all the key risks across the Bank's processes. The Bank has identified top Entity Level KRIs which are being monitored and reported to the Risk Management Committee on monthly basis.

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

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

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

Mr. Rashid Al Mansoori, CEO of Qatar Stock Exchange; and Dr. R. Seetharaman, CEO of Doha Bank; with the winner of Doha Bank's Al Dana Programme during a Suhoor banquet hosted for Doha Bank's corporate clients and customers.

DB Business Continuity Management:

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

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

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

DB Business Continuity Management Readiness:

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

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

International Rating

Below is the summary of Doha Bank's rating from International Rating agencies as on 31st December 2018:

Rating Agency	Foreign Currency LT	Foreign Currency ST	Local Currency LT	Local Currency ST	Financial Strength / Viability	Support	Outlook
Capital Intelligence	A+	A2	-	-	A	2	Stable
Moody's	A3	P-2	A3	P-2	-	-	Stable
Standard & Poor's	BBB+	A2	BBB+	A2	-	-	Stable
Fitch	A	F1	A	F1	bb+	1	Stable

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

Information Technology

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

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

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

In line with its strategy, the Bank continues to deliver Digital Transformation projects to improve customer services and make available self-service anytime/anywhere banking channels. As part of this Digital Transformation, Doha Bank has enhanced its mobile banking channel with new look and feel and also provided multi language support in order to enhance customer experience and services. In addition to the above, Doha Bank has also revamped its online portal for Retail and Corporate customers to provide all customer segments enhanced customer experience and enhanced security. The

Bank's IT and business partnership is focusing on end to end straight through processing which is going to further enhance the overall customer experience and bring cost efficiency and move toward a Brick to Click Transformation. During the year, Doha Bank also received the elite quality recognition award for 'Outstanding Achievement of Best-in-Class STP' by JP Morgan.

Carrying on the theme of innovation and increased convenience for our customers, Doha Bank has launched new initiatives i.e. Online Loans Portals, e-statements, Doha Sooq, Instant Cards issuance, NRI Accounts opening and Whatsapp /Facebook chat services. Also to be compliant with regulatory requirements, implemented IFRS 9 and Value Added Tax (VAT) for UAE.

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

Doha Bank participated in the ALF Education Festival organized in collaboration with Ministry of Education and Higher Education.

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

For the 11th year in a row, Doha Bank achieved recertification to ISO20000-2011. Doha Bank is also proud to be the only financial institution in the country to be accredited with this certificate. Doha Bank also became the first bank in Qatar to achieve accredited certification for ISO 9001:2015, the newly revised international standards for Quality Management systems. These certifications demonstrate the bank's commitment to high standards of integrity within its processes and procedures and its aim to always achieve world class benchmarks in operational risk management.

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

Doha Bank hosted festivities promoting Qatar's rich history and traditions, such as Ardha dance and national songs.

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

More will follow in 2019 and beyond, as the Bank continues to implement its medium term plans based on utilizing the latest technology and implementing the Digital Transformation platforms. These will bring a step change to the way the bank operates providing market leading customer service and products, greater operational efficiency and enhanced security to its operations.

Human Resources

Human capital development and employee engagement have always been one of the key priorities for Doha Bank. Within the corporate guidelines, every business partner is responsible for 'people management' within the unit. Professional support is provided by the Human Resources (HR) Department of the Bank. The Bank launched "Taeleem", an e-learning application for its employees to align human capital development and learning strategies.

Doha Bank is highly committed to Qatarization, which is a prominent aspect of its corporate objective. With a view of grooming future leaders amongst the Qatari nationals, the Bank implemented various initiatives, designed various programs and strengthened on the existing initiatives to attract and retain Qatari resources. Qatari Career Development has been given more focus with a view of grooming Qataris in the bank.

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

One of the key achievements of Doha Bank over the years has been the high level of employee satisfaction. Doha Bank believes in creating an environment where employees enjoy working and striving towards excellence in every aspect of their roles. The key word for successful employee engagement is 'Association'. The bank strongly believes employee engagement is of high importance and mutually beneficial to employees as well as the bank. For example, the bank organized a 'Breast Cancer Awareness' session with Qatar Cancer Society, conducted a staff quiz and other staff-related events. Employees are encouraged to participate in events that are organized by the HR Department that require physical, emotional as well as intellectual involvement. During the course of the year, the bank sponsors several social activities such as Knowledge Sharing sessions, Sports Activities, Blood Donation drives, Recognition Awards and Long Service Awards.

Shk. Mohamed Fahad J Al Thani, Acting Chief Human Resources Officer, and a representative from Qatar Cancer Society during a Cancer Awareness Session at the bank.

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

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

Corporate Social Responsibility (CSR)

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

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

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

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

Dr. Seetharaman with bank officials and the First Draw winner of 1 Million Doha Miles under Salary Transfer Campaign.

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

Doha Bank hosts Annual 'Beach Clean-up' event in collaboration with Ministry of Municipality and Environment, Al Wakra Municipality.

Part of the Bank's social responsibility is to support ambitious students and the youth in general. Doha Bank envisions the school children to become young leaders in promoting environmental awareness and the schools continuously endeavoring to become eco-friendly advocates for a better world by empowering them to make a difference for the environment and the society.

Doha Bank now looks forward to a promising future, with better banking experiences for its customers, better returns for its shareholders and an even more progressive and prosperous environment for its employees. Doha Bank, as one of the main pillars supporting sustainable development in Qatar, became the first Qatari bank to sign up to United Nations (UN) Global Compact, a UN policy initiative encouraging businesses worldwide to adopt sustainable and socially responsible policies. The Bank is also one of the proactive supporters on Clean and Green Qatar Programme, School Exhibition for Arabic Schools in coordination with Ministry of Education, Climate Change - School Competition in coordination with Qatar Petroleum DG/HSE, promoting the ECO-Schools Programme to schools in the State of Qatar. Green activities provide a venue for building global awareness, cooperation and participation of international organizations and companies specialized in environment technologies and sustainable energy. Furthermore, the Bank's selection in the FTSE4Good Emerging Index and its top ranking of listed companies in Qatar by Environmental, Social, Governance (ESG) Invest, for the second year in a row, reinforced its position as a global sustainability leader

The Board of Directors of Doha Bank has reiterated their continued support for environmental development, which will eventually support the development drive in the country as a whole. Doha Bank also looks forward to increasing its role in preserving the environment and supporting the endeavors of other national organizations aimed at curbing the deterioration of environmental systems and preserving the changing as well as the unchanging resources.

Doha Bank maintains a well-defined Environmental Policy with the principles of 'Reduce, Reuse and Recycle'. Doha Bank has reached out to the larger community through its long standing CSR activities where it is committed to raise awareness on environmental issues and focus on the economic challenges facing the world and the region. Some of the Initiatives to support the State of Qatar's 'Go Green Qatar' are:

- Dedicated Green Bank Website
- ECO-Schools Programme
- Beach Clean-up
- Green Accounts and e-Statements, Environment-friendly and Biodegradable Credit Cards
- Paperless Banking
- Green Banking Products including Green Mortgage and Green Car Loan
- Tree Planting activity
- Green Banking Task Force Committee
- ECO-Schools Committee
- Participation in Earth-related global event
- Annual Marathon - Al Dana Green Run
- Public Awareness Campaigns through ATMs
- Green Forms
- Green System for Auto-shutdown of Personal Computers (PCs)
- Recycling of Papers
- Earth Hour
- Use of natural lighting, LED lights, power stabilizers, auto-shutters, etc.

Doha Bank, in collaboration with Qatar Cancer Society (QCS), held a seminar for all its employees on Breast Cancer.

A dedicated Doha Green Bank website (www.dohagreenbank.com) is available on the internet showing the Bank's various initiatives taken, planned activities, projects, products and services. It also includes other environment-related articles and video clips. Planned activities are lined up such as Tree Planting, Beach Cleaning campaign, Recycling and Waste Management programs. Promotional flyers, brochures were designed with a catchy phrase, "GO Green with Doha Bank! It's simply the right thing to do!" to convey its message to the public and gain joint-effort cooperation amongst various sectors of the society for a better world. Doha Bank participated in Qatar's 6th International Agricultural Exhibition and showcased various Green Banking initiatives completed throughout the year.

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

Doha Bank's Managing Director, H.E. Sheikh Abdul Rehman bin Mohammad bin Jabor Al Thani; H.E. Sheikha Hanadi Nasser Bin Khaled Al Thani, Chairperson of Amwal; Qatar Stock Exchange's CEO, Rashid Ali Al-Mansoori; Doha Bank's CEO, Dr. R. Seetharaman; during the bell-ringing ceremony that marked the listing of QE Index ETF - the first Exchange Traded Fund (ETF) in Qatar.

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

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

Green Banking Awards: The Leading Bank in Every Domain

- Golden Peacock Global Award for CSR - Institute of Directors (IOD) - 2016, 2015, 2014, 2013, 2012, 2011
- Environmental Award - The Arab Organization for Social Responsibility – 2016, 2015, 2014
- Golden Peacock Global Award for Sustainability – IOD – 2017, 2014, 2013, 2012, 2011, 2010
- Golden Peacock Global Excellence in Corporate Governance – IOD – 2018, 2016, 2015
- Best Arab Customers Services – World Union of Bankers - 2018
- 3G Environmental Responsibility Award - Global Good Governance (3G) Awards – 2017
- Best Bank in Governance – Capital Finance International - 2017
- Certificate of Merit - Ministry of Environment 2013
- Best Corporate Social Responsibility Programme in the Middle East - EMEA Finance - 2012
- Best Corporate CSR Programme - Arab Organization for Social Responsibility - 2012
- Green Systems Implementation of the Year - Arab Technology Awards - 2010 - Arabian Computer News
- Best Customer Service Award – Bankers Middle East - 2010
- Best Environmental Leadership Award - Qatar Today - 2010
- Best Public Awareness Campaign Award - Qatar Today - 2010
- Best Public Awareness Campaign Green Award - Qatar Today - 2009
- Best Green Bank - Banker Middle East - 2008
- Best Internet Banking Service in Middle East - Banker Middle East - 2008

Dr. Seetharaman and senior officials of Doha Bank with students and staff members of various schools in Qatar during the Eco-Schools Programme Awards 2018.

BOARD MEMBERS

CORPORATE GOVERNANCE

INTRODUCTION

As part of the compliance requirement of the Corporate Governance code for listed companies issued by Qatar Financial Markets Authority, and the instructions of Qatar Central Bank, 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. Doha Bank believes that applying a proper corporate governance framework and principles is essential to assist the Bank in achieving its goals with a high performance level in addition to improving its internal and external working environment, protecting stakeholders' interests and distributing roles and responsibilities in an ideal way.

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

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

As illustrated in this report, we at Doha Bank confirm our compliance with the Governance rules issued by Qatar Financial Markets Authority, the principles issued by Qatar Central Bank in 2018 and the disclosure requirements. We are working on enhancing the policies, procedures and governance practices to comply with the relevant governance rules and regulations.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Roles and Responsibilities:

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

The roles and responsibilities of the Board are defined in the Board Charter. The Board Charter has been published to the public through the Doha Bank website and will be available to shareholders before the Shareholder's meeting. The Board's roles and responsibilities are compliant with the requirements of the Governance Code of QFMA and QCB, and cover the following areas:

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

Each Board Member's duties have been updated and defined in Job Descriptions prepared for this purpose. Moreover, each Board Member is also required to provide sufficient time to perform his duties. Currently, time commitments are not contractually set but are understood by all Directors.

The following are the general roles and responsibilities of the Board of Directors as stated in the approved Corporate Governance Policies' Manual of the Bank:

1. Delegate the authority to the Managing Director to oversee the CEO of Doha Bank to implement Board directives and resolutions. The Board shall define the jurisdiction and duties of both the Managing Director and the CEO, their responsibilities and the mechanism of their reporting to the Chairman and the Board.
2. Approve Doha Bank's organization structure, authorities delegated to the Board Committees and Executive Management, financial commitments in excess of delegated authorities to the Board Committees and Executive Management, the remuneration and bonus policy of the CEO and staff recommended by the relevant Board Committee, the strategic initiatives including new business initiatives and key investments and divestitures, and periodically approve the Bank's polices and procedures' manuals. The Board shall also approve the annual Doha Bank budget, the Board Committees' recommendations, and the appointment of the CEO and senior staff of the Bank including the compliance and reporting officers and the Head of Internal Audit.
3. Approve the Bank's strategy and work on developing the strategic plan and business objectives on a periodic basis and whenever necessary.
4. Create Board committees and set their authorities and duties, and annually evaluate the work of the Board Committees, including the Audit, Compliance and Risk Committee, Executive Committee, Nomination, Governance, Policies and Remuneration Committee, etc.
5. Call the Ordinary and Extraordinary General Assembly for convention, and approve the agenda of both meetings, and submit recommendations to the General Assembly to approve the proposed cash dividends, the remuneration of the Chairman and the Board members, the appointment of the External Auditor, the capital increase, the amendment of the Bank's Articles of Association, and other issues as stated in the Commercial Companies' Law.
6. Monitor the financial performance of the Bank and its subsidiaries, and meet with the External Auditor to learn about any existing substantial problems and work on resolving them.
7. Discuss with the Audit, Compliance and Risk Committee matters related to internal audit, AML/CTF issues, QCB reports, external audit, and financial statements.
8. Ensure that Doha Bank maintains adequate levels of capital and reserves, according to sound commercial principles and banking regulations.
9. Make enquiries about potential problems that come to the Board's attention and follow up until the Board is satisfied that the management is addressing the issues appropriately.
10. Supervise and ensure the implementation of proper internal control systems, mainly through the Audit, Compliance and Risk Committee, and monitor operations and assess Doha Bank's performance and management of risks, and ensure that necessary and adequate financial and human resources are in place to achieve Doha Bank's goals and objectives.
11. Oversee the overall corporate governance of Doha Bank. Review and approve governance policies (including policies on conflict of interest and insider trading), principles recommended by the Executive Management and external consultants, and the Code of Ethics.
12. Review the Bank's policies, directly or through a delegated committee, periodically to ensure that they are adequate, suitable and in line with the internal business changes and the external macro-economic factors.
13. Delegate the authority to the CEO of Doha Bank to implement Board directives and resolutions. The Board shall define the jurisdiction and duties delegated to the CEO who should report to the Chairman and the Board.
14. Ensure that Doha Bank is in compliance with its Articles of Association and applicable international and local laws and regulations including QCB regulations. Receive and review any legal cases brought against the Bank periodically.
15. Provide shareholders with timely information to be able to take decisions in the general assembly. Ensure the fair treatment of all shareholders within the same class in accordance with the law. Ensure that a transparent process of stakeholder relations is in place including procedures for disclosures and communication, and assume responsibilities towards shareholders and other stakeholders and related parties within Doha Bank and the community at large.
16. Assist management in addressing related entities' issues brought forward by respective Board representatives.
17. Appoint independent advisors to assist the Board in their activities. The Board should receive adequate funding from Doha Bank for independent advisors and the related administrative expenses.

Financial Statements

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

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

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

During 2018, the Board undertook the necessary assessments, and the results were as follows:

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

Main Transactions that Require Board Approval:

Board authorities include approval of the following transactions:

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

BOD's Tasks & Other Duties:

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

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

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

Training Programs: The Bank has put in place Corporate Governance Policies which include principles for guiding and training new Board Members. The Bank has enrolled Board Members in a training course on Corporate Governance.

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

Dismissal: Members who do not attend Board meetings on a regular basis without an acceptable excuse may be removed in accordance with Doha Bank's Articles of Association.

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

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

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

Board Composition

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

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

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

- Chairman
- Executive, Non-Independent
- Chairman of the Executive Committee
- Date of Appointment on Board: June 3, 1996 (acting in his own capacity) and March 6th, 2017 (acting as the company's representative)
- Education/ Experience: Graduate of the Royal Academy, Sandhurst, UK
- Other Board Memberships: Board Member at Al Khaleej Takaful Group
- Ownership: 5,986,786 shares; i.e. 1.93% as at December 31, 2018 & 5,438,517 shares as at December 31, 2017
- Attendance: Attended seven Board meetings

Mr. Ahmed Abdul Rehman Yousef Obeidan

- Vice Chairman
- Executive, Non-Independent
- Member in the Executive Committee
- Date of Appointment on Board: April 20, 1982
- Experience: General Manager, Al Waha Contracting & Trading Est.
- Ownership: 5,741,858 shares; i.e. 1.85% as at December 31, 2018 & 5,269,358 shares as at December 31, 2017
- Attendance: Attended five Board meetings

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani

- Managing Director
- Executive, Non-Independent
- Chairman of Nomination, Governance, Policies and Remuneration Committee and Member in the Executive Committee
- Date of Appointment on Board: December 21, 1978
- Education: 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, Qatari Oman Investment Company
- Ownership: 6,026,340 shares; i.e. 1.94% as at December 31, 2018 & 6,026,340 shares as at December 31, 2017
- Attendance: Attended seven Board meetings

Sheikh Abdulla Mohammad Jabor Al-Thani

- Board Member
- Non-Executive, Non-Independent
- Chairman of Audit, Compliance and Risk Committee
- Date of Appointment on Board: April 20, 1982
- Education: Bachelor Degree
- Other Board Memberships: Chairman of Al Khaleej Takaful Group
- Ownership: 2,325,350 shares; i.e. 0.75% as at December 31, 2018 & 2,325,350 shares as at December 31, 2017
- Attendance: Attended four Board meetings

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

- Board Member
- Executive, Non-Independent
- Member of Executive Committee
- Date of Appointment on Board: Feb 27, 2011
- Experience: Ex-Minster of Civil Service Affairs and Housing
- Other Board Membership: Chairman of Board of Directors, National Leasing Holding
- Ownership: 3,100,466 shares; i.e. 1% as at December 31, 2018 & 3,100,466 shares as at December 31, 2017
- Attendance: Attended five Board meetings

Mr. Hamad Mohammad Hamad Abdullah Al Mana

- Board Member
- Non-Executive, Non-Independent
- Member of the Nomination, Governance, Policies and Remuneration Committee
- Date of Appointment on Board: April 13, 1999
- Education: Bachelor Degree
- Other Board Memberships: Board Member of Qatar General Insurance & Re-insurance Company and Qatar Navigation Company, and Vice Chairman of Mohammad Hamad Al Mana Group Companies;
- Ownership: 2,235,651 shares; 0.75% as at December 31, 2018 & 2,235,651 shares as at December 31, 2017
- Attendance: Attended seven Board meetings

Mr. Ahmed Abdullah Al Khal

- Board Member
- Non-Executive, Non-Independent
- Member in Nomination, Governance, Policies and Remuneration Committee
- Date of Appointment on Board: March 3, 2014
- Education: Economics & Political Science
- Experience: He previously assumed the position of the Head of Economic Planning Section of the Ministry of Foreign Affairs, and he worked in the Ministry of Economy and as ambassador to Germany and Japan.
- Ownership: 2,482,075 shares; i.e. 0.8% as at December 31, 2018 & 2,327,991 shares as at December 31, 2017
- Attendance: Attended seven Board meetings

Mr. Ali Ibrahim Abdullah Al-Malki

- Non-Executive, Independent Member (by appointment)
- Member in Audit, Compliance & Risk Committee
- Date of Appointment on Board: March 6, 2017
- Education: Bachelor of Science Degree in Aviation Administration
- Other Board Memberships: Chairman and Managing Directors of Al-Malki Group, Board Member of Doha Bank Assurance Company
- Experience: Businessman
- Ownership: 123,378 shares; i.e. 0.04% as at December 31, 2018 & 123,378 shares as at December 31, 2017
- Attendance: Attended five Board meetings

Mr. Nasser Khaled Nasser Abdullah Al-Mesnad

- Non-Executive, Independent Member (by appointment)
- Member in Audit, Compliance & Risk Committee, and Nomination, Governance, Policies and Remuneration Committee
- Date of Appointment on Board: March 6, 2017
- Education: Bachelor Degree of Political Science from George Town University in Qatar
- Experience: Financial Analyst in Qatar Investment Authority
- Ownership: 20,000 shares; i.e. 0.01% as at December 31, 2018 & 20,000 shares as at December 31, 2017
- Attendance: Attended six Board meetings

Independent Board Member

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

Fiduciary Responsibilities

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

Duties of the Chairman of the Board

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

Duties of the Vice Chairman

The holder of this position shall assume the role of the Chairman in his absence. He works closely with the Chairman in developing and overseeing the execution of the Bank's strategies. Additionally, he shall undertake other responsibilities as delegated by the Chairman.

Duties of the Managing Director

- Supervise the implementation of the Board resolutions in accordance with Doha Bank's strategy and objectives.
- Oversee that the Board receives timely, accurate and complete information to enable sound decision-making, effective monitoring and advising.
- Sign/ countersign (endorse) correspondence, reports, contracts or other documents on behalf of Doha Bank.

- Supervise the implementation of strategic initiatives and investments within the level of authority delegated by the Board.
- Approve investments, credit facilities and expenditures within the level of authority delegated by the Board.
- Oversee the implementation of key initiatives within Doha Bank in coordination with the CEO and Executive Management.
- Provide the Board and the Board Committees with the required reports and disclosures in a timely manner for review and approval.
- Update the Board with periodic reports on Doha Bank's performance and activities.
- Participate in various board-level committees.
- Any additional responsibility entrusted to him by the Board/ the Chairman of the Board.

Duties of the Non-Executive/ Independent Board Member

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

Board Meetings

The Board meets based on the invitation of the Chairman or two members of the Board. Each Board meeting has an agenda which is submitted to all members prior to the meeting giving enough time for preparation purposes. As per the Board Charter, the Board meets a minimum of six times a year. The Board met seven times in 2018 as follows:

Meeting No.	Meeting Date
Meeting No. (1)	23/01/2018
Meeting No. (2)	07/03/2018
Meeting No. (3)	06/05/2018
Meeting No. (4)	24/06/2018
Meeting No. (5)	16/09/2018
Meeting No. (6)	25/11/2018
Meeting No. (7)	19/12/2018

Board Remuneration

At the end of each year prior to the General Assembly meeting, the proposed remuneration for Board members and the Chairman is made available to the shareholders for discussion and approval. The total remuneration of the Board for the year 2017 was QR 19 million, including the allowances paid to the members for attending the meetings of the Board and Board Committees. The remuneration of the Board for the year 2018 will be determined and then approved in the General Assembly Meeting of Shareholders during 2019.

Departments Reporting to the Board

Legal Advisor and Secretary to the Board: Mr. Mukhtar Al Henawy

Mr. Mukhtar Al Henawy has joined Doha Bank in 2002 as Legal Advisor to the Board. He was also appointed as a Secretary to the Company in 2007. He has more than 31 years of experience, and he worked at law firms before joining the bank.

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

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

Chief Compliance Officer: Mr. Jamal Al Sholy

Mr. Jamal Al Sholy has joined Doha Bank in 1997 as Head of the Internal Audit Department and in 2002 he has become Chief Compliance Officer to date. He has more than 38 years of experience, and he worked in external audit before joining the bank. The Compliance Department includes the Compliance Control Unit and the AML/CTF Unit. Chief Compliance Officer works independently from the Executive Management and reports directly to the Board of Directors.

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

Chief Internal Auditor: Dr. Mohammad Daoud

Dr. Mohammad Daoud has joined Doha Bank in 2012 as an Acting Head of Internal Audit Department. In 2016, he was appointed as a Head of Internal Audit Department. He has more than 26 years of experience in the field of banking and financial institutions before joining Doha Bank.

Dr. Mohammad Daoud has got a PhD in Finance.

Executive Management

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

Chief Executive Officer: Dr. Raghavan Seetharaman

Dr. R. Seetharaman has joined Doha Bank in 2002 as Assistant General Manager. In 2007, he was appointed as CEO of the bank. He has an extensive experience of more than 38 years during which he worked in a number of banks and institutions before joining Doha Bank, including Bank Muscat.

Dr. R. Seetharaman is a Chartered Accountant, whilst being a Gold medalist in his graduation – Bachelor of Commerce. He is a recipient of multiple honorary doctorate degrees from leading universities of the world including two PhDs.

Chief Risk Officer: Mr. Khalid Latif

Mr. Khalid Latif has joined Doha Bank in 1990 and has held several positions since then. He has more than 35 years of experience and has worked for several years in the banking sector and other sectors in Pakistan before joining the bank.

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

Chief Wholesale Banking Officer: Mr. Cherussery Krishnan

Mr. Cherussery Krishnan has joined Doha Bank in 2000 as an Executive Manager in the Wholesale Banking Group. He has more than 34 years of experience and has worked at a number of institutions and banks before joining Doha Bank.

Mr. Cherussery Krishnan holds a Master's Degree in the Bank Management.

Chief Financial Officer: Mr. David Challinor

Mr. David Challinor has joined Doha Bank in 2008 as Head of Group Finance. He has more than 24 years of experience and has worked at several financial institutions in Australia before joining Doha Bank.

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

Acting Chief International Banking Officer: Mr. Mahadevan Sathyamurthy

Mr. Mahadevan Sathyamurthy has joined Doha Bank in 2005, and he was appointed as Acting Chief International Banking Officer in 2018. He has more than 21 years of experience and has worked at the banking sector before joining Doha Bank.

Mr. Sathyamurthy holds a Bachelor of Science and a Certified Associate of the Indian Institute of Bankers (CAIIB).

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

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

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

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

Mr. Braik has joined Doha Bank in 2015 as a Head of Branch Control Department. He has experience of more than 22 years as he worked in several financial and banking institutions before joining the bank. He has held the position of the Acting Chief Retail Banking Officer in 2017.

Acting Chief Treasury & Investment Officer: Mr. Rowan Laird Luke

Mr. Rowan Laird Luke has joined Doha Bank in 2018 as a Head of Treasury. He has worked in several financial and banking institutions before joining the bank. He was appointed as Acting Chief Treasury & Investment Officer in 2018.

Mr. Rowan holds a Master of Commerce.

Senior Management Remuneration

The Bank adopts a policy, which regulates the process for assessing the performance of Senior Management based on the achievement of the bank's strategic goals. Based on the performance assessment and the Bank's results, the additional benefits and bonuses are set and approved by the Board. Total remuneration of the Senior Management for the performance of the year 2017 was QR 9,595,000 which was paid in 2018. The Senior Management Remuneration for 2018 will be determined and approved by the Board of Directors during 2019.

Separation of Positions of Chairman and CEO

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

Conflict of Interest and Insider Trading

Doha Bank has set in place several controls to prevent conflict of interest situations from occurring. Specifically, the Bank has adopted a related party policy under Corporate Governance policies. Related party transactions are approved by the Board based on materiality. As per Commercial Companies Law, if a Board Member has a conflict of interest related to a certain transaction, he shall not participate in the Board meeting at the time of taking a decision on the transaction and shall not participate in the issuance of a resolution if it is passed to him by circulation. 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 controlling insider trading are done by Qatar Exchange directly. A policy on insider trading has been adopted by the Bank.

Related Party Transactions

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

Approvals of Related Party Transactions

The staff or board member shall disclose the related party transactions and shall obtain a written approval from the bank's Executive Committee. Regarding the board members, the related parties shall be disclosed and discussed during the board meeting in the absence of the concerned member, and shall be submitted during the General Assembly Meeting following the date of transaction.

Disclosure of Related Party Transactions

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

Board Commitees

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

The Bank has three Board committees as follows:

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

It should be noted that on 23/01/2018 the roles and responsibilities of the Nomination and Governance Committee have been merged with the Policy, Development and Remuneration Committee into a single committee to perform the functions of the two committees. The Nomination and Governance Committee held one meeting in 2018 before being merged.

Audit, Compliance and Risk Committee

Membership:

Sheikh Abdulla Mohammad Bin Jabor Al Thani – Non-Executive Board Member (Chairman). He attended all the meetings of the Committee.

Mr. Ali Ibrahim Abdullah Al Malky – Independent Board Member. He attended six meetings.

Mr. Nasser Khalid Abdullah Al-Mesnad – Independent Board Member. He attended all the meetings of the Committee.

Meetings:

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

Roles and Responsibilities:

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

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

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

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

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

The Bank has approved a whistle-blowing policy to encourage the Bank's employees to detect/ disclose any violations that may adversely affect the Bank. The critical issues are then reported to the Audit, Compliance & Risk Evaluation Committee which in turn ensures taking the necessary actions to rectify the violations. There has been no conflict between the Committee's recommendations and the Board's resolutions or any other issues of material impact during the year 2018.

Remuneration:

The total remuneration of the Audit, Compliance and Risk Committee for 2018 was QR 345,000, which is part of the remuneration of the Board of Directors mentioned under the Board Remuneration section.

Nomination, Governance, Policies and Remuneration Committee

Membership:

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani – Managing Director (Chairman). He attended all the Committee's meetings.

Mr. Hamad Mohammad Hamad Al Manna – Non-Executive Board Member (Member). He attended two meetings of the committee.

Mr. Ahmed Abdullah Hamad Al Khal – Non-Executive Board Member (Member). He attended all the meetings of the committee.

Mr. Nasser Khalid Abdullah Al-Mesnad – Independent Board Member (Member). He attended all the meetings of the committee.

Meetings:

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

Roles and Responsibilities:

The Committee reviews the nominations for the Board of Directors' membership and monitors the adherence to corporate governance principles at Doha Bank. It also identifies and nominates new members for the Board who have the ability to make sound decisions on behalf of the bank and shareholders. The Committee takes into account the availability of a sufficient number of potential candidates who can perform their duties as Board Members. It also assesses their skills, knowledge and experience as well as their professional, technical, and academic qualifications and their personality. The Committee evaluates the candidates for the membership of the Board based on criteria including integrity, insight, acquired experience and the ability to devote sufficient time to manage the Bank's affairs.

The Committee approves the Bank's policies and strategies, and reviews the remuneration framework for the Executive Management and the Board. The Committee is also responsible for drawing up the general policy of bonuses and benefits of the Board of Directors, CEO and Senior Executives based on the achievement of the Bank's long-term strategic goals. The Committee also reviews the pay scale and other employment benefits of the Bank's employees and makes recommendations to the Board of Directors for approval. The allowances and benefits of the Chairman, Board Members and Board Committees are presented to the shareholders at the General Assembly Meeting at the end of each financial year for approval.

Remuneration:

The total remuneration of the Nomination, Governance, Policies and Remuneration Committee for 2018 was QR 165,000, which is part of the remuneration of the Board of Directors mentioned under the Board Remuneration section.

Executive Committee

Membership:

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani – Chairman of the Board of Directors (Committee Chairman). He attended all the Committee meetings.

Mr. Ahmed Abdul Rehman Yousef Obeidan – Vice Chairman. He attended all the meetings.

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani – Managing Director. He attended all the committee meetings.

Sheikh Falah Bin Jassim Bin Jabor Al Thani – Executive Board Member. He attended all the Committee meetings.

Meetings:

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

Roles and Responsibilities:

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

Remuneration:

The total remuneration of the Executive Committee for 2018 was QR 60,000, which is part of the remuneration of the Board of Directors mentioned under the Board Remuneration section.

INTERNAL CONTROL, COMPLIANCE, RISK MANAGEMENT AND INTERNAL AUDIT

Internal Control

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

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

- The major risks associated with the banking business related to Strategic, Reputation, Compliance, Legal, Credit, Liquidity, Market, and Operational Risks;

- Overall compliance of the Bank with rules and regulations;
- Internal Audit and External Audit recommendations and findings.

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

Compliance

The main responsibility of the Compliance Department at the Bank is to assist the Board and Bank's Executive Management in managing and controlling the Compliance risks efficiently and to protect the Bank from financial losses "if any" due to failure of compliance. Compliance risks include risk of legal/regulatory sanctions, material financial loss, or loss of reputation. Compliance also assists the Board of Directors and Executive Management in improving the internal controls procedures that will mitigate Compliance, AML and Anti–Terrorist Financing (ATF) risks. Moreover, Compliance acts as a liaison between the Bank and the respective regulators and updates management with new laws and regulations.

Internal Audit

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

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

Risk Management

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

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, operational risk, 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 2018.

EXTERNAL AUDIT

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

KPMG reviews and audits the Bank's accounts since 2017 to date, including overseas branches' accounts, Doha Bank Assurance Company's accounts in addition to investment fund accounts and periodic reports pertaining to QCB requirements. The external audit fee for 2018 was QR 2,470,000.

We have received two quotations from two well-known auditing firms. These quotations were presented to the Ordinary General Assembly of shareholders and KPMG were selected to review the bank's accounts for 2018.

Disputes and Litigations:

The number of lawsuits filed by/ against the bank's corporate customers with value of QR. 30 million and above (or its equivalent) are 25 lawsuits.

MEANS OF COMMUNICATION WITH SHAREHOLDERS:

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

DISCLOSURE AND SHAREHOLDERS RIGHTS

Doha Bank strives to provide shareholders with sufficient data to analyze Doha Bank performance and to take decisions on Board Member elections and other matters such as dividends Doha Bank ensures that its assembly meetings and the mechanism for voting adopted is in accordance with commercial companies' law. Doha Bank can provide general information such as financial statements, articles of association and by-laws of the Bank to its shareholders.

Disclosure Duty

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

Doha Bank confirms that all financial statements are prepared in accordance with the International Financial Reporting Standards and the relevant QCB regulations, and that the external auditor of the Bank prepares its reports in accordance with the International Standards on Auditing (ISA) after obtaining all the necessary information, evidences and confirmations and following the appropriate audit procedures. The Bank has provided the shareholders with all the interim and annual financial reports.

Access to Information

Doha Bank has a web site through which all information about the Bank is published, such as the annual and quarterly financial statements and the Board of Directors' Report and the Corporate Governance Report in addition to the Annual Report and any other information relating to the management of the Bank and the Board of Directors and the products, services and branches of the Bank. The bank has internal procedures allowing shareholders to obtain the company's documents and the relevant data, however shareholder register details are maintained by the Qatar Central Securities Depository Company.

Shareholders' Rights and Shareholders' Meetings

The Bank's Articles of Association include provisions that ensure the shareholder's right to attend the General Assembly meetings and vote on the General Assembly's resolutions and have a number of votes equal to the number of his shares. Minors and incompetent shareholders shall be represented by their legal proxies at the meeting. Each shareholder has the right to discuss the topics listed in the agenda of General Assembly and raise questions to the board members. Voting at the General Assembly shall take place by raising hands or as decided by the General Assembly. Voting must be by secret ballot if the decision relates to the election of the Board members, or their dismissal or initiating legal procedures against them; or if the Chairman of the Board of Directors or a number of shareholders comprising at least one tenth of the voters present at the meeting so request.

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

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

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

Equitable Treatment of Shareholders

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

Shareholders' Rights Concerning Board Members' Elections

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

Shareholders' Rights Concerning Dividend Distribution

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

Shareholders' Rights and Major Transactions

Doha Bank is a Qatari shareholding company with a capital of QR 3,100,467,020 divided into 310,046,702 ordinary nominal shares, at a value of QR (10) per share, listed on Qatar Exchange. With the exception of Qatar Investment Authority "The Government of State of Qatar" may buy and own up to 20% of the Bank's share capital, any natural or legal person neither shall possess more than 2% of the bank's shares nor less than 100 shares, with the exception of ownership by way of inheritance. The Extraordinary General Assembly may approve the registration of a number of shares, not exceeding 20% of the share capital, in the name of a trusted depositary agent in the event of a capital increase through the issuance of global depositary receipts. The investment funds shall be considered as a single investment group, regardless of their number, if each is managed by one natural or judicial person, or if the founder in each is a natural or judicial person. In these two cases, the investment group shall not own more than 2% of the capital shares. Foreigners, on the other hand, may invest in the shares of the bank up to 49% of the issued capital. Doha Bank hereby confirms that there are no shareholder agreements related to capital structuring and the exercise of shareholder rights, and there is nothing stated in the Bank's Articles of Association on minority rights.

Ownership of Shares:

The ownership of Doha Bank's shares distributed by nationality as at December 31, 2018 is as follows:

Nationality	No. of Shares	Percentage
Qatar	273,438,644	88.19%
GCC	8,171,473	2.64%
Arab countries	5,320,629	1.72%
Asia	1,414,368	0.46%
Europe	8,071,334	2.60%
Africa	123,482	0.04%
USA	12,186,036	3.93%
Other	1,320,736	0.42%
Total	**310,046,702**	**100%**

The number of shareholders reached 3,368 as at 31/12/2018. No shareholder possesses more than 2% of the Bank's shares except Qatar Investment Authority (the Government of State of Qatar) which owns directly and indirectly 17.15% of the shares as per bank's Articles of Association.

STAKEHOLDER RIGHTS

Doha Bank endeavors to maintain equitable and fair treatment of all its stakeholders. To enhance ethical conduct by the Bank's employees, each employee must abide by Doha Bank's Code of Ethics which stipulates ethical principles that each employee must demonstrate. Any breaches of ethical conduct are investigated and, as appropriate, disciplinary and corrective action is taken. Moreover, Doha Bank has established a whistle-blowing policy, whereby employees can report concerns without fear of retribution. Such concerns are reviewed and, as necessary, investigated and reported to the Audit, Compliance and Risk Committee.

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

BANK BRANCHES, REPRESENTATIVE OFFICES AND SUBSIDIARIES

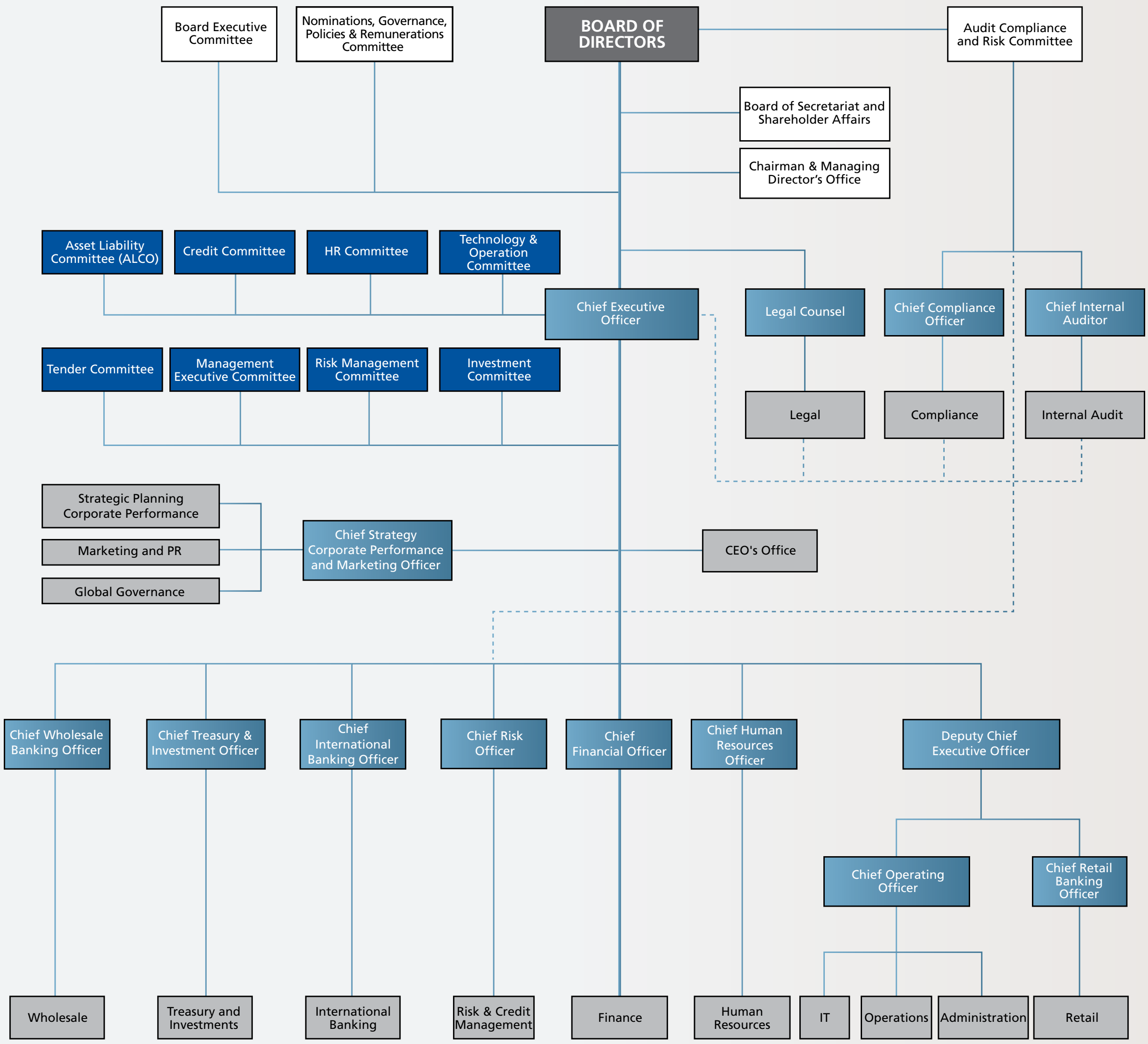
Domestically, Doha Bank's network inside Qatar includes a total of 27 branches, 4 e-branches, and 3 pay offices and one mobile banking unit. The number of ATMs reached 103 ATMs of which 3 ATMs in UAE, 2 ATMs in Kuwait, and 3 ATMs in India. Globally, the bank has six branches, Dubai and Abu Dhabi branches in UAE, a branch in Kuwait and three branches in India in Mumbai, Kochi and Chennai, where Chennai Branch was opened on April 4th, 2018. Furthermore, we have fourteen representative offices located in Singapore, Turkey, Japan, China, UK, South Korea, Germany, Australia, Canada, Hong Kong, South Africa and Bangladesh, in addition to our newly opened representative offices in Sri Lanka and Nepal which were opened in 2018.

The Bank also fully owns subsidiary companies i.e. Doha Bank Assurance Company in Qatar, Doha Finance Limited, and Doha Bank Securities Limited in Cayman Island for purpose of debt issuance and derivative transactions, and has a strategic share of 44.02% of the capital of one of the Indian brokerage companies, which was later re-named as Doha Brokerage and Financial Services and positioned to practice brokerage and asset management businesses.

Fahad Bin Mohammad
Bin Jabor Al-Thani
Chairman

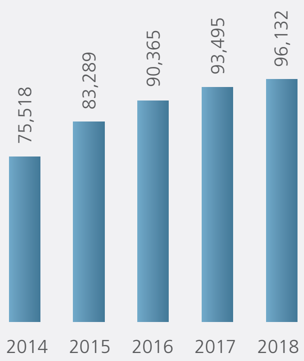
DOHA BANK CORPORATE **ORGANISATIONAL STRUCTURE**

(as at 31st December 2018)

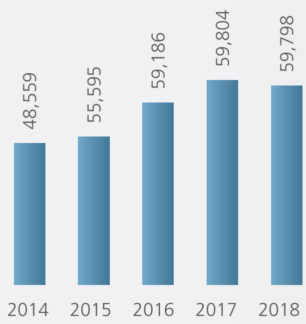


FINANCIAL **RESULTS**

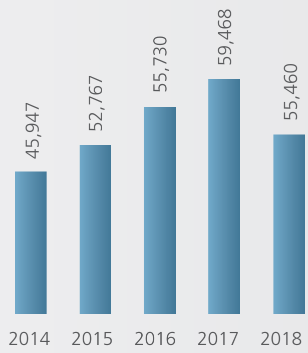
TOTAL ASSETS
(QAR Million)



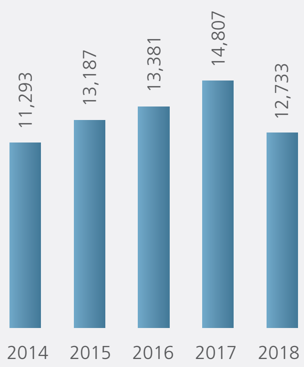
NET LOAN ADVANCES
(QAR Million)



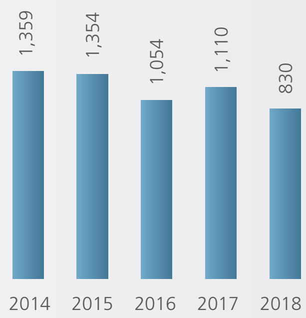
TOTAL DEPOSITS
(QAR Million)



TOTAL EQUITY
(QAR Million)



NET PROFIT
(QAR Million)



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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Doha Bank (Q.P.S.C.) (the 'Bank') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS') and the applicable provisions of Qatar Central Bank regulations ('QCB regulations').

Basis for Opinion

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

Key Audit Matters

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

Grand Hamad Branch

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

Key Audit Matters (Continued)

Description of key audit matters	How the matter was addressed in our audit
Transition to IFRS 9 "Financial Instruments" - refer to notes 3(a), 3(g), 3(i), 3(j), 3(t), 4(b), 5(a), 5(b) in the consolidated financial statements	
We focused on this area because: • The Group adopted IFRS 9 "Financial Instruments" ('IFRS 9') on 1 January 2018, which: - resulted in an increase in complex accounting requirements, including new estimates and judgements underlying the determination of adjustments on transition; - resulted in new accounting policies, including transition option elections and practical expedients; and - resulted in significant changes in processes, data and controls that have not been subject to testing previously. • The adjustment made to equity upon transition to IFRS 9 was a QAR 1,767 million debit, which represents 13.9% of the total equity of the Group as at 31 December 2018, hence a material portion of the consolidated statement of financial position.	Our audit procedures in this area included the following, among others: • Evaluating the appropriateness of management's selection of accounting policies based on the requirements of IFRS 9, our business understanding and industry practice. • Considering the appropriateness of the transition approach and practical expedients applied. • Evaluating the reasonableness of management's key assumptions/ judgements over classification and measurement decisions. • Considering management's process and the controls implemented to ensure the completeness and accuracy of the transition adjustments. • Identifying and testing the relevant controls over the transition process. • Evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments, specifically related to classification and expected credit loss ('ECL') of financial assets. • Involving information risk management (IRM) specialists to test new IT systems and relevant controls. • Involving Financial Risk Management (FRM) specialists to challenge key assumptions/judgements relating to credit risk grading of customers, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates. • Involving valuation specialists to evaluate the inputs, assumptions and techniques used by the valuers engaged by the Group for the valuation of real estate collaterals, relating to the determination of ECL. • Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments. • Assessing the adequacy of the Group's disclosures in relation to the first time application of IFRS 9 by reference to the requirements of the relevant accounting standards and QCB regulations.
Impairment of financial assets - refer to notes 3(a), 3(g), 4(b), 5(a), 5(b), 8, 9, 10, 11, 14 and 19 in the consolidated financial statements	
We focused on this area because: • Impairment of financial assets involves: - complex accounting requirements, including assumptions, estimates and judgements underlying the determination of expected credit losses; - ECL modelling risk over methodology and design decisions; - susceptibility to management bias when making judgements to determine expected credit loss outcomes; and - complex disclosure requirements. • The carrying value of the Group's financial assets, both on and off balance sheet, subject to credit risk was QAR 121,578 million, as at 31 December 2018, hence a material portion of the consolidated statement of financial position. Furthermore the total impairment recognized by the Group on these financial assets amounted to QAR 864 million, in the year 31 December 2018, which represents 104.1% of the net profit of the Group, hence a material portion of the consolidated statement of income.	Our audit procedures in this area included the following, among others: • Evaluating the appropriateness of the accounting policies based on the requirements of IFRS 9, our business understanding and industry practice. • Confirming our understanding of management's new or revised processes, systems and controls implemented, including controls over ECL model development. • Identifying and tested relevant controls. • Involving information risk management (IRM) specialists to test new IT systems and relevant controls. • Evaluating the reasonableness of management's key judgements and estimates made in provision calculations, including selection of methods, models, assumptions and data sources. • Involving FRM specialists to challenge significant assumptions / judgements relating to credit risk grading, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates. • Involving valuation specialists to evaluate the inputs, assumptions and techniques used by the valuers engaged by the Group for the valuation of the real estate collaterals, relating to the determination of impairment. • Assessing the completeness, accuracy and relevance of data for calculating impairment. • Evaluating the appropriateness and tested the mathematical accuracy of ECL models applied. • Evaluating the reasonableness of and tested the post-model adjustments. • Performing detailed credit risk assessment of a sample of performing and non-performing loans and advances in line with QCB regulations. • Assessing the adequacy of the Group's disclosures in relation to IFRS 9 by reference to the requirements of relevant accounting standards and QCB regulations.

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's 2018 annual report (the "Annual Report"), including the report of Board of Directors, but does not include the Bank's consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors, which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after the date of this auditor's report.

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

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

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

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

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material

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

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

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Bank has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Bank. We are not aware of any violations of the applicable provisions of the Qatar Central Bank Law No. 13 of 2012 and of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Bank's Articles of Association and the amendments thereto, having occurred during the year which might have had a material effect on the Bank's consolidated financial position or performance as at and for the year ended 31 December 2018.

18 February 2019 Doha State of Qatar	Gopal Balasubramaniam Qatar Auditor's Registry Number 251 KPMG Licensed by QFMA: External Auditor's License No. 120153

DOHA BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**
As at 31 December 2018

	Notes	2018 QAR'000	2017 QAR'000
ASSETS			
Cash and balances with central banks	8	**7,586,122**	6,669,609
Due from banks	9	**6,230,018**	7,821,983
Loans and advances to customers	10	**59,798,337**	59,804,174
Investment securities	11	**20,551,883**	17,512,610
Investment in an associate	12	**10,510**	11,126
Property, furniture and equipment	13	**621,469**	708,580
Other assets	14	**1,334,072**	967,199
TOTAL ASSETS		**96,132,411**	93,495,281
LIABILITIES			
Due to banks	15	**19,462,917**	11,005,061
Customer deposits	16	**55,459,891**	59,468,326
Debt securities	17	**745,997**	657,669
Other borrowings	18	**4,831,161**	5,432,936
Other liabilities	19	**2,899,216**	2,124,292
TOTAL LIABILITIES		**83,399,182**	78,688,284
EQUITY			
Share capital	20 (a)	**3,100,467**	3,100,467
Legal reserve	20 (b)	**5,092,948**	5,092,762
Risk reserve	20 (c)	**137,200**	1,372,000
Fair value reserve	20 (d)	**(227,271)**	(67,555)
Foreign currency translation reserve	20 (e)	**(56,180)**	(13,451)
Retained earnings		**686,065**	1,322,774
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**8,733,229**	10,806,997
Instruments eligible as additional capital	20 (g)	**4,000,000**	4,000,000
TOTAL EQUITY		**12,733,229**	14,806,997
TOTAL LIABILITIES AND EQUITY		**96,132,411**	93,495,281

The consolidated financial statements were approved by the Board of Directors on 27 January 2019 and were signed on its behalf by:

Fahad Bin Mohammad Bin Jabor Al Thani	**Abdul Rahman Bin Mohammad Bin Jabor Al Thani**	**Dr. Raghavan Seetharaman**
Chairman	Managing Director	Group Chief Executive Officer

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

DOHA BANK Q.P.S.C.
CONSOLIDATED
INCOME STATEMENT
For the year ended 31 December 2018

	Notes	2018 QAR'000	2017 QAR'000
Interest income	21	**3,920,755**	3,630,853
Interest expense	22	**(1,839,809)**	(1,375,382)
Net interest income		**2,080,946**	2,255,471
Fee and commission income	23	**489,682**	516,313
Fee and commission expense	24	**(102,050)**	(95,909)
Net fee and commission income		**387,632**	420,404
Gross written premium		**44,578**	62,315
Premium ceded		**(11,323)**	(21,925)
Net claims paid		**(39,978)**	(46,823)
Net loss from insurance activities		**(6,723)**	(6,433)
Net foreign exchange gain	25	**115,392**	106,544
Net (loss) / Income from investment securities	26	**(9,843)**	49,822
Other operating income	27	**67,194**	62,276
		172,743	218,642
Operating income		**2,634,598**	2,888,084
Staff costs	28	**(496,325)**	(531,109)
Depreciation	13	**(90,059)**	(98,820)
Net Impairment loss on investment securities		**(16,207)**	(142,067)
Net impairment loss on loans and advances to customers	10	**(951,683)**	(592,541)
Net impairment reversal on other financial assets		**103,699**	-
Other expenses	29	**(350,327)**	(414,908)
		(1,800,902)	(1,779,445)
Profit before share of results of associate and tax		**833,696**	1,108,639
Share of results of the associate	12	**340**	158
Profit before tax		**834,036**	1,108,797
Income tax (expense) / reversal	30	**(3,814)**	1,277
Profit		**830,222**	1,110,074
Earnings per share:			
Basic and diluted earnings per share (QAR)	31	**1.97**	3.02

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

DOHA BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**
For the year ended 31 December 2018

	Notes	2018 QAR'000	2017 QAR'000
Profit		**830,222**	1,110,074
Other comprehensive income:			
Items that are or may be subsequently reclassified to income statement:			
Foreign currency translation differences for foreign operations		**(18,724)**	11,540
Movement in fair value reserve (debt instruments – IFRS 9):			
Net change in fair value	20 (d)	**12,766**	-
Net amount transferred to consolidated statement of income	20 (d)	**(7,276)**	-
Movement in fair value reserve (available-for-sale financial assets – IAS 39):			
Net change in fair value		**-**	(100,156)
Net amount transferred to consolidated statement of income		**-**	136,013
		(13,234)	47,397
Items that will not be reclassified subsequently to statement of income			
Net change in fair value of equity investments designated at FVOCI (IFRS9)	20 (d)	**47,367**	-
Total other comprehensive income		**34,133**	47,397
Total comprehensive income		**864,355**	1,157,471

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

First Doha Bank Branch Opening

DOHA BANK Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

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

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

DOHA BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Total Equity attributable to shareholders of the Bank								
	Share capital QAR'000	Legal reserve QAR'000	Risk reserve QAR'000	Fair value reserve QAR'000	Foreign currency translation reserve QAR'000	Retained earnings QAR'000	**Total QAR'000**	Instrument eligible as additional Tier 1capital QAR'000	**Total equity QAR'000**
Balance as at 1 January 2017	2,583,723	4,317,561	1,372,000	(103,412)	(24,991)	1,235,654	**9,380,535**	4,000,000	**13,380,535**
Total comprehensive income:									
Profit	-	-	-	-	-	1,110,074	**1,110,074**	-	**1,110,074**
Other comprehensive income	-	-	-	35,857	11,540	-	**47,397**	-	**47,397**
Total comprehensive income	-	-	-	35,857	11,540	1,110,074	**1,157,471**	-	**1,157,471**
Transfer to legal reserve	-	85	-	-	-	(85)	**-**	-	**-**
Transfer to risk reserve	-	-	-	-	-	-	**-**	-	**-**
Distribution for Tier 1 Capital	-	-	-	-	-	(220,000)	**(220,000)**	-	**(220,000)**
Contribution to social and sports fund	-	-	-	-	-	(27,752)	**(27,752)**	-	**(27,752)**
Transactions with shareholders:									
Increase in share capital (note 20 a)	516,744	775,116	-	-	-	-	**1,291,860**	-	**1,291,860**
Dividends paid	-	-	-	-	-	(775,117)	**(775,117)**	-	**(775,117)**
Balance as at 31 December 2017	**3,100,467**	**5,092,762**	**1,372,000**	**(67,555)**	**(13,451)**	**1,322,774**	**10,806,997**	**4,000,000**	**14,806,997**

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

DOHA BANK Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 QAR'000	2017 QAR'000
Cash flows from operating activities			
Profit before tax		**834,036**	1,108,797
Adjustments for:			
Net impairment loss on loans and advances to customers	10	**951,683**	592,541
Net impairment loss on investment securities		**16,207**	142,067
Net impairment losses on other financial assets		**(103,699)**	-
Depreciation	13	**90,059**	98,820
Amortisation of financing cost		**13,141**	44,121
Net loss / (gain) on investment securities	26	**46,757**	(10,571)
(Loss) / gain on sale of property, plant and equipment		**(183)**	83
Share of results of an associate	12	**(340)**	(158)
Profit before changes in operating assets and liabilities		**1,847,661**	1,975,700
Change in due from banks		**137,221**	1,663,729
Change in loans and advances to customers		**(2,132,489)**	(1,294,604)
Change in other assets		**(366,873)**	(41,430)
Change in due to banks		**8,457,856**	(1,270,275)
Change in customer deposits		**(4,008,435)**	3,738,376
Change in other liabilities		**543,305**	(40,483)
Social and sports fund contribution		**(27,752)**	(26,345)
Income tax paid		**(29,606)**	1,277
Net cash from operating activities		**4,420,888**	4,705,945
Cash flows from investing activities			
Acquisition of investment securities		**(11,544,626)**	(7,634,121)
Proceeds from sale of investment securities		**8,264,137**	4,731,199
Acquisition of property, furniture and equipment	13	**(2,960)**	(36,684)
Proceeds from the sale of property, furniture and equipment		**195**	46
Net cash used in investing activities		**(3,283,254)**	(2,939,560)
Cash flows from financing activities			
Proceeds from other borrowings	18	**(601,775)**	438,462
Proceeds from right issues		**-**	1,291,860
Repayment of debt security		**-**	(1,823,000)
Proceeds from issue of debt securities		**88,328**	661,071
Distribution on Tier 1 capital notes		**(220,000)**	(170,000)
Dividends paid		**(930,140)**	(775,117)
Net cash used in financing activities		**(1,663,587)**	(376,724)
Net (decrease) / increase in cash and cash equivalents		**(525,953)**	1,389,661
Cash and cash equivalents as at 1 January		**10,305,675**	8,916,014
Cash and cash equivalents at 31 December	33	**9,779,722**	10,305,675
Operational cash flows from interest and dividend:			
Interest received		**3,878,639**	3,606,557
Interest paid		**1,731,955**	1,292,252
Dividends received		**36,914**	39,251

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

1. REPORTING ENTITY

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

Doha Bank is engaged in conventional banking activities and operates through its head office in Qatar (Doha) and has 27 local branches, six overseas branches in the United Arab Emirates (Dubai & Abu Dhabi), State of Kuwait, the Republic of India (one branch each in Mumbai, Kochi and Chennai) and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Hong Kong, Canada, Bangladesh, South Africa, Sri Lanka and Nepal. The consolidated financial statements for the year ended 31 December 2018 comprise the Bank and its subsidiaries (together referred to as "the Group").

The principal subsidiaries of the Group are as follows:

Company's name	Country of incorporation	Company's capital	Company's activities	Percentage of ownership	
				2018	2017
Doha Bank Assurance Company L.L.C	Qatar	100,000	General Insurance	100%	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	100%	100%
DB Securities Limited	Cayman Island	182	Derivatives Transactions	100%	100%

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of measurement

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

- Investment securities designated at fair value through income statement;
- Derivative financial instruments;
- Investments measured at fair value through profit or loss ('FVTPL') (2018) / Held for trading financial investments (2017);
- Other financial assets designated at fair value through profit or loss ('FVTPL');
- Financial investment measured at fair value through other comprehensive income ('FVOCI') (2018) / available-for-sale financial investments (2017); and
- Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships to the extent of risks being hedged.

c) Functional and presentation currency

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

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the effects of adoption of IFRS 9 and IFRS 15 on 1 January 2018, as described in note 3(a). Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been applied to the comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The following standards, amendments and interpretations, which became effective as of 1 January 2018, are relevant to the Group:

IFRS 9 Financial Instruments	1-Jan-18
IFRS 15 Revenue from Contracts with Customers	1-Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1-Jan-18

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

i) IFRS 9 Financial Instruments

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

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

Classification of financial assets and financial liabilities

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in the consolidated income statement, under IFRS 9 fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in the consolidated income statement.

Impairment of financial assets

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

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

Stage 1: 12 months ECL - not credit impaired

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, ECL are recognised on the gross carrying amount of the asset based on the expected credit losses that result from default events that are possible within 12 months after the reporting date. Interest is computed on the gross carrying amount of the asset.

Stage 2: Lifetime ECL - not credit impaired

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

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised as per QCB's instruction.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Hedge accounting

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

The Group has also elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

(a) As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

(b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

Impact of adopting IFRS 9

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

	Retained earnings QAR'000	Fair value reserve QAR'000
Closing balance under IAS 39 at 31 December 2017 (restated)	1,346,779	(67,555)
Impact on reclassification and remeasurements:		
Investment securities (equity) from available-for-sale to those measured at fair value through other comprehensive income (FVOCI)	196,332	(196,332)
Investment securities (debt) from held to maturity to those measured at fair value through other comprehensive income (FVOCI)	-	(1,216)
Investment securities (equity) from available-for-sale to those measured at fair value through profit or loss (FVTPL)	7,546	(7,546)
Investment securities (mutual funds) from available-for-sale to those measured at fair value through profit or loss (FVTPL)	7,441	(7,441)
Investment securities (debt) from available-for-sale to those measured at amortized cost	-	(38)
	211,319	(212,573)
Impact on recognition of Expected Credit Losses		
Due from banks	(16,989)	-
Investment securities (debt) at fair value through other comprehensive income	(10,164)	-
Investment securities (debt) at amortised cost	(1,418)	-
Loans and advances to customers	(1,484,635)	-
Loan commitments and financial guarantees	(252,767)	-
	(1,765,973)	-
Transfer from risk reserve	1,372,000	-
Opening balance under IFRS 9 on date of initial application of 1 January 2018	**1,164,125**	**(280,128)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Classification and Measurement of Financial Instruments

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

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	Impact of IFRS 9 Re-measure-ment	Impact of IFRS 9 Re-classifica-tion	New carrying amount
Financial assets						
Cash and balances with central banks	Loans and receivables	Amortised cost	6,669,609	-	-	**6,669,609**
Due from banks	Loans and receivables	Amortised cost	7,821,983	(16,989)	-	**7,804,994**
Loans and advances to customers	Loans and receivables	Amortised cost	59,804,174	(1,484,635)	-	**58,319,539**
Investment securities – debt	Held to maturity	Amortised cost	3,677,734	(356)	-	**3,677,378**
Investment securities – debt	Held to maturity	FVOCI	1,986,095	-	(1,216)	**1,984,879**
Investment securities – debt	Held to maturity	FVTPL	30,628	-	-	**30,628**
Investment securities – debt	Available-for-sale	Amortised cost	670,075	(1,062)	(38)	**668,975**
Investment securities – debt	Available-for-sale	FVOCI	10,268,545	-	-	**10,268,545**
Investment securities – equity	Available-for-sale	FVOCI	698,599	-	-	**698,599**
Investment securities – equity	Available-for-sale	FVTPL	180,934	-	-	**180,934**
			91,808,376	(1,503,042)	(1,254)	**90,304,080**

Financial liabilities

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

ii) IFRS 15 'Revenue from Contracts with Customers'

The Group implemented this new revenue recognition standard with effect from 1 January 2018. IFRS 15 provides a principles-based approach for revenue recognition, and introduces the concept of recognising revenue for performance obligations as they are satisfied. The Group has assessed the impact of IFRS 15 and concluded that the standard has no material effect on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Standards issued but not yet effective

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

iii) IFRS 16 Leases

In January 2016, the IASB published IFRS 16 'Leases', replacing the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determine whether an arrangement contains a lease', SIC 15 'Operating leases' and SIC 27 'Evaluating the substance of transactions in the legal form of a lease'. It will result in almost all leases being recognized on the balance sheet by the lessee, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only recognition exemptions are short-term and low-value leases.

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16.

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

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

- used the Group's previous assessment of which existing contracts are, or contain, lease;
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- where the unexpired lease term on initial application date is less than 12 months or leases of low value items, then Group has elected to use short term lease exemption;
- exclude initial direct costs from the measurement of right of use asset at the date of initial application;
- use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease; and
- elected not to separate lease component from any associated non-lease components and taken this option to account for the lease component and the associated non-lease components as a single lease component.

As at the reporting date, the Group had non-cancellable operating lease commitments of QR 164.1 million. Of these lease commitments approximately QR 3.6 million relate to short-term leases and QR 2.3 million to low value leases which will both be recognized on a straight-line basis as an expense in the income statement.

For the remaining lease commitments, the Group expects to recognize right-of-use assets of approximately QR 145.5 million on 1 January 2019, lease liabilities of QR 145.5 million (after adjustments for prepayments and accrued lease payments recognized as at 31 December 2018). Overall net asset will not be impacted.

The Group expects that net profit after tax will decrease by approximately QR 1.3 million for 2019 as a result of adopting the new rules. Net interest income is expected to decrease by approximately QR 3.5 million, as the interest on the lease liability will be part of interest expense, other expenses will decrease by QR 40.9 million as operating lease payments were included in other expenses, however net profit will decrease by QR 38.7 million due to amortization of the right-of-use assets.

Operating cash flows will increase and financing cash flows decrease by approximately QR 37.4 million as repayment of the principle portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of consolidation (continued)

("the Group") as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

c) Business combinations and goodwill

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

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

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

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

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Business combinations and goodwill (continued)

associated with the disposed operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

d) Associates

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

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

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

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

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

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

Company name	Country of incorporation and operation	Ownership interest %		Principal activity
		2018	2017	
Doha Brokerage and Financial Services Limited	India	**44.02%**	44.02%	Brokerage and assets management

e) Foreign currency

Foreign currency transactions and balances

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Foreign operations

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

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

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

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

g) Financial assets and financial liabilities

i) Recognition and initial measurement

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

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

ii) Classification

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

Financial assets – Policy applicable from 1 January 2018

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

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

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and financial liabilities (continued)

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

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

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

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

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

Reclassifications

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

Financial assets- applicable up to 31 December 2017

At inception or on initial recognition a financial asset is classified in one of the following categories:

- loans and receivables;
- held to maturity (HTM);
- available-for-sale (AFS); or
- fair value through profit of loss (FVTPL)

Financial liabilities

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

iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received including any new asset obtained less any new liability assumed is recognised in profit or loss.

From 1 January 2018, any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated income statement on derecognition of such securities.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and financial liabilities (continued)

substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

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

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

iv) Modification of financial assets and liabilities

Financial Assets

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

Policy applicable from 1 January 2018

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

Policy applicable up to 31 December 2017

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the premodification interest rate.

Financial Liabilities

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

v) Offsetting

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

vi) Measurement principles

Amortised cost measurement

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and financial liabilities (continued)

measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

The fair value of unquoted derivatives is determined by discounted cash flows. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in note 5.

vii) Identification and measurement of impairment

Policy applicable from 1 January 2018

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

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

No impairment loss is recognised on equity investments.

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

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

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

Measurement of ECL

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

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

Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and financial liabilities (continued)

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

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

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

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

Policy applicable up to 31 December 2017

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

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

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

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

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

For listed equity investments, generally a significant decline in the market value from cost or for a prolonged period, are considered to be indicators of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets and financial liabilities (continued)

acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

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

h) Cash and cash equivalents

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

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

i) Due from banks and loans and advances to customers

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

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

Write-off of loans and advances to customers

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

j) Investment securities

Policy applicable from 1 January 2018

The ‘investment securities’ includes:

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Investment securities (continued)

unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Policy applicable upto 31 December 2017

Subsequent to initial recognition investment securities are accounted for depending on their classification as either held-to-maturity, fair value through profit or loss or available-for-sale.

Held-to-maturity financial assets

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

Fair value through profit or loss

The Group has classified its investments as held for trading where such investments are managed for short-term profit taking or designated certain investments as fair value through profit or loss. Fair value changes on these investments are recognised immediately in profit or loss.

Available-for-sale financial assets

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

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

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

k) Derivatives

Derivatives held for risk management purposes and hedge accounting

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

Hedge Accounting

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Derivatives (continued)

Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in consolidated income statement together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item, for which the effective interest method is used, is amortised to consolidated income statement as part of the recalculated effective interest rate of the item over its remaining life.

Other non-trading derivatives

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

Derivatives held for trading purposes

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

l) Property and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Impairment of non-financial assets

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

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

n) Provisions

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

o) Onerous contracts

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

p) Financial guarantees

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

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

q) Employee benefits

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

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

r) Short-term employee benefits

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

s) Share capital and reserves

i) Share issue costs

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

ii) Dividends on ordinary shares

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

t) Revenue recognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Revenue recognition (continued)

Interest income and expense

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available -for-sale and fair value through profit or loss, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a short period, where appropriate, to the net carrying amount of the financial assets or financial liabilities.

From 1 January 2018, for the financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income on investment (debt) securities measured at FVOCI (2018) / available-for-sale financial investments (2017) and measured at amortised cost (2018) / held to maturity (2017) is calculated using effective interest rate method and is also included in interest income.

Premium on insurance

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

Fees and commission income and expense

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

Other fee and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised over time as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer is benefited from these services over the tenure of the service period. Other fee and commission expense relate mainly to transaction the services are received.

Income from investment securities

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

From 1 January 2018, any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated income statement on derecognition of such securities.

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

Dividend income

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

u) Tax expense

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Tax expense (continued)

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

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

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

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

v) Earnings per share

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

w) Segment reporting

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

x) Fiduciary activities

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

y) Repossessed collateral

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

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

z) Comparatives

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

4. FINANCIAL RISK MANAGEMENT

a) Introduction and overview

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

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Introduction and overview (continued)

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

The Group applies an internal methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Group has a set of limits of risks that may be accepted, which are monitored on a daily basis.

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

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

b) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations in accordance with the agreed terms. Credit risk makes up the largest part of the Group's risk exposure; therefore, the Group carefully manages its exposure to credit risk. Credit risk is attributed to financial instruments such as balance with central banks, due from banks, loans and advances to customers, debt securities and other bills, certain other assets and credit equivalent amounts related to off-balance sheet financial instruments.

Note 10 to the consolidated financial statements disclose the distribution of the loans and advances to customers by economic sectors. Note 4 to the consolidated financial statements disclose the geographical distribution of the Group's credit exposure.

i) Credit risk measurement

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

Furthermore, all credit facilities are independently administered and monitored by the Credit Control Department.

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

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

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

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

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

	2018 QAR'000	2017 QAR'000
Credit risk exposures relating to assets recorded on the statement of financial position are as follows:		
Balances with central banks	**7,156,046**	6,161,687
Due from banks	**6,230,018**	7,821,983
Loans and advances to customers	**59,798,337**	59,804,174
Investment securities - debt	**19,936,182**	16,509,641
Other assets	**905,698**	669,821
Total as at 31 December	**94,026,281**	90,967,306
Other credit risk exposures are as follows:		
Guarantees	**16,046,400**	18,380,848
Letters of Credit	**5,273,014**	5,958,391
Unutilised credit facilities	**1,868,006**	3,737,358
Total as at 31 December	**23,187,420**	28,076,597
	117,213,701	119,043,903

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

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

Geographical sectors

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

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2018 Total QAR'000
Balances with central banks	**4,888,437**	**2,241,194**	**-**	**26,415**	**7,156,046**
Due from banks	**2,838,219**	**349,354**	**191,929**	**2,850,516**	**6,230,018**
Loans and advances to customers	**47,175,851**	**7,507,114**	**1,066,775**	**4,048,597**	**59,798,337**
Investment securities - debt	**17,616,020**	**1,682,996**	**232,999**	**404,167**	**19,936,182**
Other assets	**848,632**	**7,873**	**-**	**49,193**	**905,698**
	73,367,159	**11,788,531**	**1,491,703**	**7,378,888**	**94,026,281**

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2017 Total QAR'000
Balances with central banks	4,279,678	1,866,134	-	15,875	6,161,687
Due from banks	4,326,023	445,895	1,403,904	1,646,161	7,821,983
Loans and advances to customers	46,421,475	7,234,902	1,169,942	4,977,855	59,804,174
Investment securities - debt	13,898,740	1,487,632	-	1,123,269	16,509,641
Other assets	635,667	8,472	-	25,682	669,821
	69,561,583	11,043,035	2,573,846	7,788,842	90,967,306

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

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2017 Total QAR'000
Guarantees	10,112,460	3,467,079	311,331	4,489,978	18,380,848
Letters of Credit	5,009,036	129,235	358,342	461,778	5,958,391
Unutilised credit facilities	2,998,508	622,215	-	116,635	3,737,358
	18,120,004	4,218,529	669,673	5,068,391	28,076,597

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

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

Industry sectors

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

	Gross exposure 2018 QAR'000	Gross exposure 2017 QAR'000
Funded and unfunded		
Government and related agencies	**28,404,621**	23,966,226
Industry	**639,569**	842,863
Commercial	**11,589,237**	11,091,291
Services	**17,327,366**	17,503,016
Contracting	**9,637,882**	10,455,938
Real estate	**16,865,644**	17,457,955
Personal	**8,286,571**	8,430,725
Others	**1,275,391**	1,219,292
Guarantees	**16,046,400**	18,380,848
Letters of credit	**5,273,014**	5,958,391
Unutilised credit facilities	**1,868,006**	3,737,358
	117,213,701	119,043,903

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

iv) Credit quality

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

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

Cash and Balances with Central Banks (Excluding Cash on Hand) and Due from Banks	2018 Stage 1 QAR'000	2018 Stage 2 QAR'000	2018 Stage 3 QAR'000	2018 Total QAR'000	2017 Total QAR'000
Investment grade – Aaa to Baa3	12,792,265	177,584	-	12,969,849	12,813,849
Sub-investment grade – Ba1 to Ca3	293,797	134,696	-	428,493	1,169,821
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Loss allowance	(11,886)	(392)	-	(12,278)	-
Carrying amount	**13,074,176**	**311,888**	**-**	**13,386,064**	**13,983,670**

Loans and Advances to Customers	2018 Stage 1 QAR'000	2018 Stage 2 QAR'000	2018 Stage 3 QAR'000	2018 Total QAR'000	2017 Total QAR'000
Investment grade – Aaa to Baa3	24,153,079	3,600,282	-	27,753,361	35,283,037
Sub-investment grade – Ba1 to Ca3	16,877,419	16,598,884	-	33,476,303	25,080,420
Substandard	-	-	1,128,116	1,128,116	296,944
Doubtful	-	-	980,260	980,260	350,832
Loss	-	-	1,693,721	1,693,721	1,610,914
Loss allowance	(223,709)	(1,301,896)	(3,707,819)	(5,233,424)	(2,817,973)
Carrying amount	**40,806,789**	**18,897,270**	**94,278**	**59,798,337**	**59,804,174**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

iv) Credit quality (continued)

Investment Securities	2018 Stage 1 QAR'000	2018 Stage 2 QAR'000	2018 Stage 3 QAR'000	2018 Total QAR'000	2017 Total QAR'000
Investment grade – Aaa to Baa3	19,384,241	-	-	19,384,241	16,278,155
Sub-investment grade – Ba1 to Ca3	511,715	25,836	-	537,551	204,410
Substandard	-	-	38,972	38,972	42,857
Doubtful	-	-	-	-	
Loss	-	-	-	-	
Loss allowance	(957)	(793)	(22,832)	(24,582)	(15,781)
Carrying amount	**19,894,999**	**25,043**	**16,140**	**19,936,182**	**16,509,641**

Loan commitments and financial guarantees	2018 Stage 1 QAR'000	2018 Stage 2 QAR'000	2018 Stage 3 QAR'000	2018 Total QAR'000	2017 Total QAR'000
Investment grade – Aaa to Baa3	13,009,727	1,128,568	-	14,138,295	13,978,736
Sub-investment grade – Ba1 to Ca3	4,488,050	4,343,650	-	8,831,700	14,106,019
Substandard		-	217,425	-	-
Doubtful	-	-	-	217,425	-
Loss	-	-	-	-	-
Loss allowance	(27,575)	(126,204)	(8,158)	(161,937)	(8,158)
Carrying amount	**17,470,202**	**5,346,014**	**209,267**	**23,025,483**	**28,076,597**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

Collateral

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

The fair value of the collateral held against credit-impaired loans and advances as at 31 December 2018 is QR 456 million (2017: QR 460 million).

The aggregate collateral in respect to the loans and advances to customers are QAR 73,749 million as of 31 December 2018 (2017: QAR 57,205 million).

Repossessed collateral

The group has acquired properties held as collateral in settlement of debt of carrying value of QAR 134 million as at 31 December 2018 (2017: QAR 134 million).

Write-off policy

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

This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions are generally based on a product-specific past due status. The amount written off during the year was QAR 389 million (2017: QAR 394 million).

vi) Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

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

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

i) Two notches downgrade for ratings from Aaa to Baa or one notch downgrade for ratings from Ba to Caa

ii) Facilities restructured during previous twelve months

iii) Facilities overdue by 60 and 30 days as at the reporting date for corporate and retail loans respectively

Credit risk grades

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

Generating the term structure of Probability of Default (PD)

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

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

Renegotiated financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. Where possible, the Group seeks to restructure loans rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

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

Definition of default

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

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

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

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

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

Incorporation of forward looking information

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

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

In addition to the base economic scenario, the Bank's Credit risk team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure plausible events are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2018 and 31 December 2018, for all portfolios the Bank concluded that three scenarios

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

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

representing the Base, Upside and Downside cases has been determined appropriate for capturing forward looking component in ECL. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The weightings assigned to each macro-economic scenario as at 31 December 2018, were 70% to Base Case and 15% each to Downside and Upside Case. The assessment of SICR is performed based on credit risk assessment following QCB rule and management assessment under each of the base, and the other scenarios, multiplied by the associated scenario weightings. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Bank measures ECL as either a 12 month ECL (Stage 1), or lifetime ECL (Stage 2). These ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

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

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2018 were GDP and Oil prices (Oil price 2019: $60.30/Barrel, 2020: $61.31/ Barrel) and (GDP 2019:2.31%, 2020: 2.04%).

Measurement of ECL

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

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

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

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

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

LGD estimation includes:

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

Loss allowance

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

Comparative amounts represent allowance account for credit losses and reflect measurement basis under IAS 39.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

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

	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000
Exposures subject to ECL – as at 31 December 2018				
- Loans and advances to customers	41,030,498	20,199,166	3,802,097	**65,031,761**
- Investment securities (debt)	19,895,956	25,836	38,972	**19,960,764**
- Loan commitments and financial guarantees	17,497,777	5,472,218	217,425	**23,187,420**
- Due from banks and balances with central Banks	13,086,062	312,280	-	**13,398,342**
	91,510,293	26,009,500	4,058,494	**121,578,287**
Opening balance of impairment - as at 1 January 2018 (under IAS 39)				
- Loans and advances to customers	-	111,563	2,706,410	**2,817,973**
- Investment securities (debt)	-	-	14,195	**14,195**
- Loan commitments and financial guarantees	-	-	8,158	**8,158**
- Due from banks and balances with central Banks	-	-	-	**-**
	-	111,563	2,728,763	**2,840,326**
ECL impact of initial application of IFRS 9 at 1 January 2018 *(under IAS 39)				
- Loans and advances to customers	344,929	1,139,706	-	**1,484,635**
- Investment securities (debt)	10,470	1,112	-	**11,582**
- Loan commitments and financial guarantees	106,568	146,199	-	**252,767**
- Due from banks and balances with central Banks	14,957	2,032	-	**16,989**
	476,924	1,289,049	-	**1,765,973**
Charge and net transfer between stages for the year (net of foreign exchange translation)2018 *(under IAS 39)				
- Loans and advances to customers	(121,220)	50,627	1,390,844	**1,320,251**
- Investment securities (debt)	7,889	(319)	8,637	**16,207**
- Loan commitments and financial guarantees	(78,993)	(19,995)	-	**(98,988)**
- Due from banks and balances with central Banks	(3,071)	(1,640)	-	**(4,711)**
	(195,395)	28,673	1,399,481	**1,232,759**
Write offs during the year				
- Loans and advances to customers	-	-	(389,435)	**(389,435)**
- Investment securities (debt)	-	-	-	**-**
- Loan commitments and financial guarantees	-	-	-	**-**
- Due from banks and balances with central Banks	-	-	(389,435)	**(389,435)**
Closing balance of impairment - as at 31 December 2018				
- Loans and advances to customers	223,709	1,301,896	3,707,819	**5,233,424**
- Investment securities (debt)	18,359	793	22,832	**41,984**
- Loan commitments and financial guarantees	27,575	126,204	8,158	**161,937**
- Due from banks and balances with central Banks	11,886	392	-	**12,278**
	281,529	**1,429,285**	**3,738,809**	**5,449,623**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk

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

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

The Liquidity Coverage Ratio (LCR) computed as per Basel III guidelines adopted by QCB was 102.9% as at 31 December 2018 (31 December 2017: 205.5%).

The Liquidity Ratio (LR) computed as per QCB guidelines was 120.5% as at 31 December 2018 (31 December 2017: 123.3%).

i) Exposure to liquidity risk

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

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

	2018	2017
Average for the year	**108.96%**	102.50%
Maximum for the year	**117.82%**	122.67%
Minimum for the year	**102.60%**	86.12%

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities

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

	Carrying amount QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months – 1 year QAR'000	Subtotal 1 year QAR'000	Above 1 year QAR'000	Undated QAR'000
31 December 2018							
Cash and balances with central banks	7,586,122	5,584,683	-	-	5,584,683	-	2,001,439
Due from banks	6,230,018	2,792,126	1,368,063	1,964,184	6,124,373	105,645	-
Loans and advances to customers	59,798,337	3,582,934	2,953,624	8,071,625	14,608,183	45,190,154	-
Investment securities	20,551,883	402,400	128,556	1,568,604	2,099,560	17,836,625	615,698
Investment in an associate	10,510	-	-	-	-	-	10,510
Property, furniture and equipment	621,469	-	-	-	-	-	621,469
Other assets	1,334,072	1,334,072	-	-	1,334,072	-	-
Total	96,132,411	13,696,215	4,450,243	11,604,413	29,750,871	63,132,424	3,249,116
Due to banks	19,462,917	10,556,753	4,984,529	2,731,689	18,272,971	1,189,946	-
Customer deposits	55,459,891	24,657,690	12,167,304	14,546,384	51,371,378	4,088,513	-
Debt securities	745,997	-	72,830	377,185	450,015	295,982	-
Other borrowings	4,831,161	278,694	145,660	2,487,978	2,912,332	1,918,829	-
Other liabilities	2,899,216	2,899,216	-	-	2,899,216	-	-
Total equity	12,733,229	-	-	-	-	-	12,733,229
Total	96,132,411	38,392,353	17,370,323	20,143,236	75,905,912	7,493,270	12,733,229
Maturity gap	-	(24,696,138)	(12,920,080)	(8,538,823)	(46,155,041)	55,639,154	(9,484,113)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities (continued)

	Carrying amount QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months – 1 year QAR'000	Subtotal 1 year QAR'000	Above 1 year QAR'000	Undated QAR'000
31 December 2017							
Cash and balances with central banks	6,669,609	4,380,783	-	-	4,380,783	-	2,288,826
Due from banks	7,821,983	4,241,565	1,752,628	1,028,494	7,022,687	799,296	-
Loans and advances to customers	59,804,174	7,500,295	2,897,038	6,062,788	16,460,121	43,344,053	-
Investment securities	17,512,610	131,765	620,939	2,959,754	3,712,458	12,809,223	990,929
Investment in an associate	11,126	-	-	-	-	-	11,126
Property, furniture and equipment	708,580	-	-	-	-	-	708,580
Other assets	967,199	967,199	-	-	967,199	-	-
Total	93,495,281	17,221,607	5,270,605	10,051,036	32,543,248	56,952,572	3,999,461
Due to banks	11,005,061	5,575,610	2,330,768	2,162,168	10,068,546	936,515	-
Customer deposits	59,468,326	23,041,228	18,790,178	13,451,078	55,282,484	4,185,842	-
Debt securities	657,669	-	-	96,947	96,947	560,722	-
Other borrowings	5,432,936	-	145,252	2,582,369	2,727,621	2,705,315	-
Other liabilities	2,124,292	2,124,292	-	-	2,124,292	-	-
Total equity	14,806,997	-	-	-	-	-	14,806,997
Total	93,495,281	30,741,130	21,266,198	18,292,562	70,299,890	8,388,394	14,806,997
Maturity gap	-	(13,519,523)	(15,995,593)	(8,241,526)	(37,756,642)	48,564,178	(10,807,536)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities (continued)

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

	Carrying amount QAR'000	Upto 3 months QAR'000	3 months to 1 year QAR'000	1-5 years QAR'000
31 December 2018				
Guarantees	**16,046,400**	5,361,933	6,344,019	4,340,448
Letters of credit	**5,273,014**	994,178	401,153	3,877,683
Unutilised credit facilities	**1,868,006**	147,040	1,487,981	232,985
Total	**23,187,420**	**6,503,151**	**8,233,153**	**8,451,116**
31 December 2017				
Guarantees	18,380,848	5,374,261	6,397,523	6,609,064
Letters of credit	5,958,391	1,326,526	4,622,253	9,612
Unutilised credit facilities	3,737,358	429,823	1,677,178	1,630,357
Total	28,076,597	7,130,610	12,696,954	8,249,033

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

	Carrying amount QAR'000	Gross un-discounted cash flows QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months-1 year QAR'000	Above 1 year QAR'000
31 December 2018						
Non-derivative financial liabilities						
Due to banks	**19,462,917**	**19,512,641**	**10,566,864**	**4,995,468**	**2,748,118**	**1,202,191**
Customer deposits	**55,459,891**	**55,844,981**	**24,689,340**	**12,207,216**	**14,799,920**	**4,148,505**
Debt securities	**745,997**	**759,076**	**-**	**73,324**	**378,747**	**307,005**
Other borrowings	**4,831,161**	**4,749,490**	**-**	**146,860**	**2,560,579**	**2,042,051**
Other liabilities	**2,760,328**	**2,760,328**	**2,760,328**	**-**	**-**	**-**
Total liabilities	**83,260,294**	**83,626,516**	**38,016,532**	**17,422,868**	**20,487,364**	**7,699,752**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities (continued)

Derivative financial instruments:

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

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

	Carrying amount QAR'000	Gross undiscounted cash flows QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months-1 year QAR'000	Above 1 year QAR'000
31 December 2017						
Non-derivative financial liabilities						
Due to banks	11,005,061	11,022,022	5,578,969	2,333,779	2,162,380	946,894
Customer deposits	59,468,326	59,751,373	23,057,949	18,848,642	13,590,750	4,254,032
Debt securities	657,669	678,341	-	-	97,428	580,913
Other borrowings	5,432,936	5,585,480	-	150,615	2,634,227	2,800,638
Other liabilities	2,076,793	2,076,793	2,076,793	-	-	-
Total liabilities	78,640,785	79,114,009	30,713,711	21,333,036	18,484,785	8,582,477

Derivative financial instruments:

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

31 December 2017	Total QAR'000	Up to 1 Year QAR'000	Above 1 year QAR'000
Derivative financial instruments:			
Outflow	(7,111,781)	(7,111,781)	-
Inflow	7,194,020	7,194,020	-

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk

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

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

i) Management of market risks

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

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

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

ii) Exposure to interest rate risk

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk (continued)

ii) Exposure to interest rate risk (continued)

		Repricing in:			
	Carrying amount QAR'000	Less than 3 months QAR'000	3-12 months QAR'000	Above 1 year QAR'000	Non-interest sensitive QAR'000
31 December 2018					
Cash and cash equivalents	7,586,122	2,825,350	-	-	4,760,772
Due from banks	6,230,018	5,074,181	1,019,678	34,688	101,471
Loans and advances to customers	59,798,337	54,970,008	500,029	74,804	4,253,496
Investment securities	20,551,883	333,401	1,862,958	17,739,826	615,698
Investment in an associate	10,510	-	-	-	10,510
Property, furniture and equipment	621,469	-	-	-	621,469
Other assets	1,334,072	-	-	-	1,334,072
Total	96,132,411	63,202,940	3,382,665	17,849,318	11,697,488
Due to banks	19,462,917	16,643,673	2,364,856	214,226	240,162
Customer deposits	55,459,891	39,687,386	14,661,982	1,110,523	-
Debt securities	745,997	382,045	363,952	-	-
Other borrowings	4,831,161	4,831,161	-	-	-
Other liabilities	2,899,216	-	-	-	2,899,216
Total equity	12,733,229	-	-	-	12,733,229
Total	96,132,411	61,544,265	17,390,790	1,324,749	15,872,607
Interest rate sensitivity gap	-	1,658,675	(14,008,125)	16,524,569	(4,175,119)
Cumulative interest rate sensitivity gap	-	1,658,675	(12,349,450)	4,175,119	-

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk (continued)

ii) Exposure to interest rate risk (continued)

		Repricing in:			
	Carrying amount QAR'000	Less than 3 months QAR'000	3-12 months QAR'000	Above 1 year QAR'000	Non-interest sensitive QAR'000
31 December 2017					
Cash and cash equivalents	6,669,609	1,811,200	-	-	4,858,409
Due from banks	7,821,983	6,859,593	331,611	-	630,779
Loans and advances to customers	59,804,174	57,018,060	224,905	78,643	2,482,566
Investment securities	17,512,610	752,759	2,960,240	12,808,682	990,929
Investment in an associate	11,126	-	-	-	11,126
Property, furniture and equipment	708,580	-	-	-	708,580
Other assets	967,199	-	-	-	967,199
Total	93,495,281	66,441,612	3,516,756	12,887,325	10,649,588
Due to banks	11,005,061	6,704,202	3,971,888	187,852	141,119
Customer deposits	59,468,326	44,630,023	13,249,203	1,589,100	-
Debt securities	657,669	-	96,947	560,722	-
Other borrowings	5,432,936	5,432,936	-	-	-
Other liabilities	2,124,292	-	-	-	2,124,292
Total equity	14,806,997	-	-	-	14,806,997
Total	93,495,281	56,767,161	17,318,038	2,337,674	17,072,408
Interest rate sensitivity gap	-	9,674,451	(13,801,282)	10,549,651	(6,422,820)
Cumulative interest rate sensitivity gap	-	9,674,451	(4,126,831)	6,422,820	-

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk (continued)

ii) Exposure to interest rate risk (continued)

Sensitivity analysis

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bp) parallel fall or rise in all yield curves worldwide and a 10 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows

	10 bp parallel increase QAR'000	10 bp parallel decrease QAR'000
Sensitivity of net interest income		
At 31 December 2018	**(2,125)**	**2,125**
At 31 December 2017	(6,154)	6,154

	10 bp parallel increase QAR'000	10 bp parallel decrease QAR'000
Sensitivity of reported equity to interest rate movements		
At 31 December 2018	**(37,453)**	**37,453**
At 31 December 2017	(31,720)	31,720

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

iii) Exposure to other market risks

Currency risk

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

Net foreign currency exposure:	2018 QAR'000	2017 QAR'000
Pound Sterling	**2,035**	156,510
Euro	**147,197**	49,022
Kuwaiti Dinar	**10,524**	3,073
Japanese Yen	**624**	1,257
Other currencies	**2,917,677**	3,551,605

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risk (continued)

iii) Exposure to other market risks

Foreign currency sensitivity analysis

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

	Increase / (decrease) in profit or loss	
	2018 QAR'000	2017 QAR'000
5% increase / (decrease) in currency exchange rate		
Pound Sterling	**102**	7,826
Euro	**7,360**	2,451
Kuwaiti Dinar	**526**	154
Japanese Yen	**31**	63
Other currencies	**145,884**	177,580

Equity price risk

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

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

	2018		2017	
	Effect on OCI QAR'000	**Effect on income statement QAR'000**	Effect on OCI QAR'000	Effect on income statement QAR'000
5% increase / (decrease) in Qatar Exchange	**± 6,906**	-	± 24,442	-
5% increase / (decrease) in Other than Qatar Exchange	**± 1,803**	-	± 4,641	-
	± 8,709	-	± 29,083	-

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Operational risks

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

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

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

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

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

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

f) Capital management

Regulatory capital

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Capital management (continued)

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

	2018 Basel III QAR'000	2017 Basel III QAR'000
Common Equity Tier 1 Capital	**8,224,942**	9,700,840
Additional Tier 1 Capital	**4,000,000**	4,000,000
Additional Tier 2 Capital	**899,329**	111,564
Total Eligible capital	**13,124,271**	13,812,404

Risk weighted assets

	2018 Basel III Risk weighted amount QAR'000	2017 Basel III Risk weighted amount QAR'000
Total risk weighted assets for credit risk	**71,134,820**	72,260,750
Risk weighted assets for market risk	**526,394**	1,350,948
Risk weighted assets for operational risk	**5,511,995**	5,274,077
Total risk weighted assets	**77,173,209**	78,885,775

	2018 QAR'000	2017 QAR'000
Regulatory capital	**13,124,271**	13,812,404
Common equity tier 1 (CET1) ratio	**10.66%**	12.30%
Total capital adequacy ratio	**17.01%**	17.51%

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Capital management (continued)

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations for the year ended 31 December 2018 are as follows:

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Total capital ratio including capital conservation buffer	Total capital including capital conservation buffer and domestic systematic important bank buffer	Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge
Actual	10.66%	10.66%	15.84%	17.01%	17.01%	17.01%
Minimum limit as per QCB	6.00%	8.50%	10.50%	12.50%	12.88%	14.30%

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

The Group is currently in the process of analyzing new capital requirements for Interest Rate Risk on the Banking Book (IRRBB) and will start setting aside capital based on the new standard under Pillar II from 2019 onwards, when the date of implementation and the final guidelines are issued by QCB.

5. USE OF ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

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

i) Impairment allowances for credit losses

Policy applicable from 1 January 2018

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

Policy applicable upto 31 December 2017

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

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

The Bank reviews its loan portfolio to consolidate impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the consolidated statement of income, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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

ii) Determining fair values

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

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

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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

i) Valuation of financial instruments

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

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

- Level 1: Quoted market price unadjusted in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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

ii) Fair value measurement

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2018:

	Date of valuation	Level 1 QAR'000	Level 2 QAR'000	Level 3 QAR'000	Total QAR'000
Financial assets measured at fair value:					
Investment securities measured at FVOCI	31 Dec 2018	14,863,146	352,781	-	15,215,927
Investment securities measured at FVTPL		43,716	58,640	-	102,356
Derivative instruments:	31 Dec 2018				
Interest rate swaps	31 Dec 2018	-	77,417	-	77,417
Forward foreign exchange contracts		-	10,388	-	10,388
		14,906,862	499,226	-	15,406,088
Financial liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2018	-	123,187	-	123,187
Forward foreign exchange contracts	31 Dec 2018	-	15,701	-	15,701
		-	138,888	-	138,888

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

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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

ii) Fair value measurement (continued)

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2017

	Date of valuation	Level 1 QAR'000	Level 2 QAR'000	Level 3 QAR'000	Total QAR'000
Assets measured at fair value:					
Available-for-sale investment securities	31 Dec 2017	11,216,316	549,509	-	11,765,825
Investment securities classified as held for trading				-	
Derivative instruments:	31 Dec 2017	-	-		-
Interest rate swaps	31 Dec 2017	-	59,610	-	59,610
Forward foreign exchange contracts		-	102,253	-	102,253
		11,216,316	711,372	-	11,927,688
Liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2017	-	27,485	-	27,485
Forward foreign exchange contracts	31 Dec 2017	-	20,014	-	20,014
		-	47,499	-	47,499

During the reporting period 31 December 2017, there were no transfers between Level 1, Level2 and Level 3 fair value measurements.

Available for sale equity investments amounting to QAR 52.3 million are recorded at cost since the fair value cannot be reliably measured.

iii) Financial asset and liability classification

Policy applicable from 1 January 2018

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

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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

iii) Financial asset and liability classification (continued)

Policy applicable up to 31 December 2017

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

- in classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policies.
- in designating financial assets at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in accounting policies.
- in classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policies.

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

iv) Qualifying hedge relationships

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

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

v) Impairment of investments debt securities

Policy applicable from 1 January 2018

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

Policy applicable up to 31 December 2017

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

vi) Going concern

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

vii) Useful lives of property and equipment

The Group's management determines the estimated useful life of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

6. OPERATING SEGMENTS

The Group organizes and manages its operations by two business segments, which comprise conventional banking and insurance activities.

Conventional Banking

- Corporate Banking provides a range of product and service offerings to business and corporate customers including funded and non-funded credit facilitates deposits to corporate customers. It also undertakes funding and centralised risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.
- Retail Banking provides a diversified range of products and services to individuals. The range includes loans, credit cards, deposits and other transactions with retail customers.

Insurance Activities

Insurance activities to customers include effecting contracts of insurance, carrying out contracts of insurance, arranging deals in investments and advising on investments.

6. OPERATING SEGMENTS (CONTINUED)

a) By operating segment (continued)

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

	2018					
	Corporate Banking QAR'000	Retail Banking QAR'000	Unallocated QAR'000	Total QAR'000	Insurance QAR'000	Total QAR'000
Interest income	3,569,110	351,645	-	**3,920,755**	-	**3,920,755**
Net income from insurance activities	-	-	-	-	(6,723)	**(6,723)**
Other income	344,069	148,389	64,085	**556,543**	3,832	**560,375**
Segmental revenue	3,913,179	500,034	64,085	**4,477,298**	(2,891)	**4,474,407**
Net impairment loss on loans and advances to customers				**(951,683)**	-	**(951,683)**
Impairment loss on investment securities				**(16,207)**	**-**	**(16,207)**
Segmental profit				**828,952**	930	**829,882**
Share of results of associates						**340**
Net profit for the year						**830,222**
Other information						
Assets	80,409,802	6,186,523	9,104,814	**95,701,139**	420,762	**96,121,901**
Investments in an associate						**10,510**
Total						**96,132,411**
Liabilities	72,288,428	9,899,986	951,809	**83,140,223**	258,959	**83,399,182**
Contingent items	23,133,637	53,783	-	**23,187,420**	-	**23,187,420**

6. OPERATING SEGMENTS (CONTINUED)

a) By operating segment (continued)

Details of each segment as of and for the year ended 31 December 2017 are stated below:

	2017					
	Corporate Banking QAR'000	Retail Banking QAR'000	Unallocated QAR'000	Total QAR'000	Insurance QAR'000	Total QAR'000
Interest income	3,263,907	366,946	-	3,630,853	-	3,630,853
Net income from insurance activities	-	-	-	-	(6,433)	(6,433)
Other income	437,483	138,989	59,405	635,877	3,169	639,046
Segmental revenue	3,701,390	505,935	59,405	4,266,730	(3,264)	4,263,466
Net impairment loss on loans and advances to customers			-	(592,541)	-	(592,541)
Impairment loss on investment securities			-	(142,067)	-	(142,067)
Segmental profit				1,109,493	423	1,109,916
Share of results of associates						158
Net profit for the year						1,110,074
Other information						
Assets	78,699,654	6,452,639	8,082,441	93,234,734	249,421	93,484,155
Investments in an associate						11,126
Total						93,495,281
Liabilities	68,614,334	9,065,643	913,438	78,593,415	94,869	78,688,284
Contingent items	28,028,028	48,569	-	28,076,597	-	28,076,597

6. OPERATING SEGMENTS (CONTINUED)

b) Geographical areas

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

	Qatar QAR'000	Other GCC QAR'000	India QAR'000	Total QAR'000
2018				
Net operating income	**2,417,021**	**185,922**	**31,655**	**2,634,598**
Net profit	**1,019,847**	**(197,310)**	**7,685**	**830,222**
Total assets	**88,314,914**	**7,091,234**	**726,263**	**96,132,411**
Total liabilities	**76,878,176**	**5,957,648**	**563,358**	**83,399,182**
2017				
Net operating income	2,575,411	295,275	17,398	2,888,084
Net profit	1,134,303	(15,286)	(8,943)	1,110,074
Total assets	84,640,595	8,329,454	525,232	93,495,281
Total liabilities	71,203,556	7,129,544	355,184	78,688,284

7. FINANCIAL ASSETS AND LIABILITIES

a) Account Classifications and fair values

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

	Fair value through profit or loss			Fair Value though other comprehensive income		Amortised cost	Total carrying amount	Fair value
31 December 2018	**Debt**	**Equity**	**Derivatives**	**Debt**	**Equity**			
Cash and balances with central banks	-	-	-	-	-	7,586,122	7,586,122	7,586,122
Due from banks	-	-	-	-	-	6,230,018	6,230,018	6,230,018
Positive fair value of derivatives	-	-	87,805	-	-	-	87,805	87,805
Loans and advances to customers	-	-	-	-	-	59,798,337	59,798,337	59,798,337
Investment securities:								
Measured at fair FVOCI	-	-	-	14,702,583	513,344	-	15,215,927	15,215,927
Measured at fair FVTPL	-	102,357	-	-	-	-	102,357	102,357
Measured at amortised cost	-	-	-	-	-	5,233,599	5,233,599	5,241,874
Other assets	-	-	-	-	-	817,893	817,893	817,893
	-	102,357	87,805	14,702,583	513,344	79,665,969	95,072,058	95,080,333
Negative fair value of derivatives	-	-	138,888			-	138,888	138,888
Due to banks	-	-	-	-	-	19,462,917	19,462,917	19,462,917
Customer deposits	-	-	-	-	-	55,459,891	55,459,891	55,459,891
Debt securities	-	-	-	-	-	745,997	745,997	745,997
Other borrowings	-	-	-	-	-	4,831,161	4,831,161	4,831,161
Other liabilities	-	-	138,888	-	-	1,712,072	1,712,072	1,712,072
	-	-	138,888	-	-	82,212,038	82,350,926	82,350,926

7. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

a) Account Classifications and fair values (continued)

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

	Fair value through profit or loss QAR'000	Held to maturity QAR'000	Loans and receivables QAR'000	Available-for-sale QAR'000	Other amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
31 December 2017							
Cash and balances with central banks	-	-	6,669,609	-	-	6,669,609	6,669,609
Due from banks	-	-	7,821,983	-	-	7,821,983	7,821,983
Positive fair value of derivatives	161,863					161,863	161,863
Loans and advances to customers	-	-	59,804,174	-	-	59,804,174	59,804,174
Investment securities:							
Measured at fair value	-	-	-	11,818,154	-	11,818,154	11,818,154
Measured at amortised cost	-	5,694,456	-	-	-	5,694,456	5,707,833
Other Assets	-	-	-	-	507,958	507,958	507,958
	161,863	5,694,456	74,295,766	11,818,154	507,958	92,478,197	92,491,574
Negative fair value of derivatives	47,499	-	-	-	-	47,499	47,499
Due to banks	-	-	-	-	11,005,061	11,005,061	11,005,061
Customer deposits	-	-	-	-	59,468,326	59,468,326	59,468,326
Debt securities	-	-	-	-	657,669	657,669	657,669
Other borrowings	-	-	-	-	5,432,936	5,432,936	5,432,936
Other liabilities	-	-	-	-	1,364,771	1,364,771	1,364,771
	47,499	-	-	-	77,928,763	77,976,262	77,976,262

Investment securities – unquoted equity securities at cost

The above table includes to QAR 52.3 million at 31 December 2017 of unquoted equity investments in both the carrying amount and fair value columns that were measured at cost and for which disclosure of fair value was not provided because their fair value was not considered to be reliably measureable.

8. Cash And Balances With Central Banks

	2018 QAR'000	2017 QAR'000
Cash	430,076	507,922
Cash reserve with QCB*	1,882,593	2,227,944
Cash reserve with other central banks*	92,431	60,882
Other balances with central banks	5,184,863	3,872,861
Allowance for Impairment	(3,841)	-
	7,586,122	6,669,609

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

9. DUE FROM BANKS

	2018 QAR'000	2017 QAR'000
Current accounts	371,088	610,761
Placements	4,373,350	3,941,114
Loans to banks	1,494,017	3,270,108
Allowance for impairment	(8,437)	-
	6,230,018	7,821,983

10. LOANS AND ADVANCES TO CUSTOMERS

a) By type

	2018 QAR'000	2017 QAR'000
Loans	57,559,469	56,027,009
Overdrafts	6,240,831	5,588,715
Bills discounted	367,679	443,389
Other loans*	878,280	584,501
(Note-i)	65,046,259	62,643,614
Less :		
Deferred profit	(14,498)	(21,467)
Expected credit losses of loans and advances to customers - Performing (Stage 1 and 2)	(1,525,605)	-
Allowance for impairment of loans and advances to customers - Non performing (Stage 3)	(3,041,187)	(2,255,706)
Interest in suspense	(666,632)	(450,704)
Collective impairment allowance	-	(111,563)
Net loans and advances to customers	59,798,337	59,804,174

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

a) By type (continued)

The aggregate amount of non-performing loans and advances to customers amounted QAR 3,802.1 million, which represents 5.85 % of total loans and advances to customers (2017: QAR 2,258.7 million, 3.61% of total loans and advances to customers).

During the year, the Group has written-off fully provided non-performing loans amounting to QAR 389 million (2017: QAR 194 million) as per Qatar Central Bank circular no. 68/2011.

Specific impairment of loans and advances to customers includes QAR 667 million of interest in suspense (2017: QAR 451 million).

*This includes acceptances pertaining to trade finance amounting to QAR 451 million (2017: QAR 224 million).

Note-i:

	2018 QAR'000	2017 QAR'000
Government and related agencies	4,164,155	3,535,924
Corporate	52,525,817	50,232,365
Retail	8,356,287	8,875,325
	65,046,259	62,643,614

b) By industry

At 31 December 2018	Loans QAR'000	Overdrafts QAR'000	Bills discounted QAR'000	Other loans QAR'000	Total QAR'000
Government and related agencies	1,240,116	2,924,039	-	-	4,164,155
Non-banking financial institutions	1,726,029	-	-	10,329	1,736,358
Industry	468,659	17,595	25,510	187,953	699,717
Commercial	12,188,678	1,006,096	108,985	100,824	13,404,583
Services	6,766,261	314,882	203,532	-	7,284,675
Contracting	9,181,416	980,872	18,667	363,312	10,544,267
Real estate	18,037,217	390,270	200	24,070	18,451,757
Personal	7,890,941	464,176	1,170	-	8,356,287
Others	60,152	142,901	9,615	191,792	404,460
	57,559,469	6,240,831	367,679	878,280	65,046,259
Less: Deferred profit					(14,498)
Net impairment of loans and advances to customers					(5,233,424)
					59,798,337

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

b) By industry (continued)

At 31 December 2017	Loans QAR'000	Overdrafts QAR'000	Bills discounted QAR'000	Other loans QAR'000	Total QAR'000
Government and related agencies	1,357,833	2,178,091	-	-	3,535,924
Non-banking financial institutions	1,589,511	-	-	5,123	1,594,634
Industry	603,026	20,990	31,141	93,217	748,374
Commercial	10,480,480	906,795	147,383	111,885	11,646,543
Services	5,885,439	313,004	170,074	-	6,368,517
Contracting	9,527,115	1,095,701	31,992	324,575	10,979,383
Real estate	17,871,715	416,432	17,851	11,938	18,317,936
Personal	8,361,916	504,333	9,076	-	8,875,325
Others	349,974	153,369	35,872	37,763	576,978
	56,027,009	5,588,715	443,389	584,501	62,643,614
Less: Deferred profit					(21,467)
Specific impairment of loans and advances to customers					(2,706,410)
Collective impairment allowance					(111,563)
					59,804,174

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

	2018 QAR'000	2017 QAR'000
Balance at 1 January	**2,817,973**	2,409,239
Foreign currency translation	**(2,694)**	3,680
ECL impact of initial application of IFRS 9	**1,484,635**	-
Net charge for the year	**1,404,303**	903,964
Recoveries on credit impaired loans during the year	**(81,358)**	(104,578)
Net impairment losses recorded during the year *	**1,322,945**	799,386
Written off/transfers during the year	**(389,435)**	(394,332)
Balance at 31 December	**5,233,424**	2,817,973

*The movement includes the effect of interest suspended on loans and advances to customers as per QCB regulations amounting to QAR 371.3 million during the year (2017: QAR 206.9 million).

DOHA BANK Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS as at and for the year ended 31 December 2018

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

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

	Corporate lending			SME lending			Retail lending			Real estate mortgage lending			Total		
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000
	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired	Performing		Credit impaired
Balance at 1 January 2018	-	111,563	2,215,454	-	-	88,190	-	-	376,135	-	-	26,631	-	111,563	2,706,410
Adjustments as a result of adopting IFRS 9	216,076	1,027,354	-	10,254	31,281	-	24,719	49,320	-	93,880	31,751	-	344,929	1,139,706	-
Adjusted balance at beginning of the year	**216,076**	**1,138,917**	**2,215,454**	**10,254**	**31,281**	**88,190**	**24,719**	**49,320**	**376,135**	**93,880**	**31,751**	**26,631**	**344,929**	**1,251,269**	**2,706,410**
Transfer between Stages	(57,096)	(392,027)	449,123	(1,203)	(1,427)	2,630	-	(20,668)	20,668	(3,856)	3,856	-	(62,155)	(410,265)	472,421
Net charge for the year	28,307	372,307	917,901	(6,743)	13,423	18,110	(360)	8,880	44,221	(80,269)	66,283	19,549	(59,065)	460,893	999,781
Recoveries on credit impaired loans during the year	-	-	(45,720)	-	-	(971)	-	-	(33,041)	-	-	(1,626)	-	-	(81,358)
Net impairment losses recorded during the year	**28,307**	**372,307**	**872,181**	**(6,743)**	**13,423**	**17,139**	**(360)**	**8,880**	**11,180**	**(80,269)**	**66,283**	**17,923**	**(59,065)**	**460,893**	**918,423**
Written off during the year	-	-	(371,982)	-	-	(166)	-	-	(3,184)	-	-	(14,103)	-	-	(389,435)
Balance at 31 December 2018	**187,287**	**1,119,197**	**3,164,776**	**2,308**	**43,277**	**107,793**	**24,359**	**37,532**	**404,799**	**9,755**	**101,890**	**30,451**	**223,709**	**1,301,896**	**3,707,819**

10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

	Corporate lending QAR'000	SME lending QAR'000	Retail lending QAR'000	Real Estate Mortgage lending QAR'000	Total QAR'000
Balance at 1 January 2017	1,982,262	60,389	338,683	27,905	2,409,239
Foreign currency translation	2,527	4	(72)	1,221	3,680
Provisions made during the year	726,420	31,023	146,457	64	903,964
Recoveries during the year	(55,884)	(2,035)	(44,212)	(2,447)	(104,578)
Written off/transfers during the year	(328,308)	(1,191)	(64,721)	(112)	(394,332)
Balance at 31 December 2017	2,327,017	88,190	376,135	26,631	2,817,973

11. INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

	2018 QAR'000	2017 QAR'000
Investment Securities measured at FVOCI*	15,215,927	-
Investment Securities measured at FVTPL	102,357	-
Investment Securities measured at amortized cost	5,258,181	-
Available-for-sale	-	12,065,115
Held-to-maturity**	-	5,708,651
	20,576,465	17,773,766
Net Impairment losses on investment securities measured at amortized cost	(24,582)	(261,156)
Total	20,551,883	17,512,610

*Includes QAR 17.4 million ECL on debt securities

**The Group has pledged State of Qatar Bonds amounting to QAR 7,401 million (2017: QAR 4,606 million) against repurchase agreements.

11. INVESTMENT SECURITIES (CONTINUED)

a) Fair Value Through Other Comprehensive Income

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

b) Fair Value Through Profit or Loss

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

c) Amortised Cost

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

11. INVESTMENT SECURITIES (CONTINUED)

d) Available-for-sale

	2017		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
Equities	1,077,288	63,518	1,140,806
State of Qatar Debt Securities	6,549,715	524,275	7,073,990
Other Debt Securities	3,717,547	25,234	3,742,781
Mutual funds	107,538	-	107,538
Less: Impairment losses	(235,772)	(11,189)	(246,961)
Total	11,216,316	601,838	11,818,154

Fixed rate securities and floating rate securities amounted to QAR 10,246.7 million and QAR 570.1 million respectively as of 31 December 2017.

Investment securities classified as held for trading

The investment securities classified as held for trading comprise quoted bonds amounted to QAR Nil million.

e) Held-to-maturity

	2017		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
By Issuer			
State of Qatar Debt Securities	2,886,237	1,639,649	4,525,886
Other Debt Securities	347,083	835,682	1,182,765
Less: Impairment losses	(14,194)	-	(14,194)
Total	3,219,126	2,475,331	5,694,457
By Interest Rate			
Fixed Rate Securities	3,233,319	2,475,332	5,708,651
Floating Rate Securities	-	-	-
Less: Impairment losses	(14,194)	-	(14,194)
Total	3,219,125	2,475,332	5,694,457

The fair value of held-to-maturity investments amounted to QAR 5,707.8 million at 31 December.

11. INVESTMENT SECURITIES (CONTINUED)

f) Movement in impairment losses on investment

	2018 QAR'000	2017 QAR'000
Balance at 1 January	**261,156**	229,788
Provision for impairment loss created during the year	**10,387**	142,067
Impact of adoption of IFRS 9 (reclassification and remeasurement)	**(246,961)**	-
Recoveries during the year	**-**	(110,699)
Balance at 31 December	**24,582**	261,156

12. INVESTMENT IN AN ASSOCIATE

	2018 QAR'000	2017 QAR'000
Balance at 1 January	**11,126**	10,343
Foreign currency translation	**(956)**	693
Share of results	**340**	158
Cash dividend	**-**	(68)
Balance at 31 December	**10,510**	11,126

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

31 December	2018 QAR'000	2017 QAR'000
Total assets	**45,567**	45,955
Total liabilities	**31,237**	30,861
Total revenue	**10,262**	11,226
Profit	**773**	359
Share of profit	**340**	158

13. PROPERTY, FURNITURE AND EQUIPMENT

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

	Land and buildings QAR'000	Leasehold improvements QAR'000	Furniture and equipment QAR'000	Vehicles QAR'000	Total QAR'000
At 31 December 2017					
Cost:					
Balance at 1 January	811,510	179,691	493,211	9,734	1,494,146
Additions/ transfers	69	19,270	16,777	568	36,684
Disposals / write-off	-	(3,310)	(269)	(2,224)	(5,803)
	811,579	195,651	509,719	8,078	1,525,027
Depreciation:					
Balance at 1 January	219,911	131,863	363,223	8,304	723,301
Depreciation for the year	32,611	15,349	50,232	628	98,820
Disposals / write-off	-	(3,244)	(206)	(2,224)	(5,674)
	252,522	143,968	413,249	6,708	816,447
Net Book Value	559,057	51,683	96,470	1,370	708,580

14. OTHER ASSETS

	2018 QAR'000	2017 QAR'000
Interest receivable	**232,354**	190,238
Prepaid expenses	**41,469**	39,538
Repossessed collaterals*	**134,000**	134,000
Positive fair value of derivatives (Note 34)	**87,805**	161,863
Deferred tax asset	**139,310**	132,205
Sundry debtors	**65,103**	12,130
Others	**634,031**	297,225
	1,334,072	967,199

*This represents the value of the properties acquired in settlement of debts which are stated at their carrying value. The fair values of these properties as at 31 December 2018 are not materially different from the carrying values

15. DUE TO BANKS

	2018 QAR'000	2017 QAR'000
Balances due to central banks	**1,638,675**	1,638,675
Current accounts	**207,875**	148,216
Short-term loan from banks	**8,556,599**	3,270,792
Repo borrowings	**9,059,768**	5,947,378
	19,462,917	11,005,061

16. CUSTOMER DEPOSITS

a) By type

	2018 QAR'000	2017 QAR'000
Current and call deposits	**8,701,561**	7,972,033
Saving deposits	**2,131,203**	2,056,231
Time deposits	**44,627,127**	49,440,062
	55,459,891	59,468,326

16. CUSTOMER DEPOSITS (CONTINUED)

b) By sector

	2018 QAR'000	2017 QAR'000
Government and semi government agencies	**28,682,303**	29,911,274
Individuals	**9,807,764**	8,981,229
Corporates	**15,592,725**	17,318,389
Non-banking financial institutions	**1,377,099**	3,257,434
	55,459,891	59,468,326

17. DEBT SECURITIES

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

	2018 QAR'000	2017 QAR'000
Senior guaranteed notes	**745,997**	657,669
	745,997	657,669

Note

During current year, the Group issued USD Nil (2017: USD 75 million) and JPY 5.4 billion (2017: JPY 11.9 billion) senior unsecured debt under its updated EMTN programme.

18. OTHER BORROWINGS

	2018 QAR'000	2017 QAR'000
Term loan facilities	**4,831,161**	5,432,936

The table below shows the maturity profile of other borrowings.

	2018 QAR'000	2017 QAR'000
Up to 1 year	**2,905,607**	2,727,621
Between 1 and 3 years	**1,925,554**	2,705,315
	4,831,161	5,432,936

19. OTHER LIABILITIES

	2018 QAR'000	2017 QAR'000
Interest payable	**405,617**	297,763
Accrued expense payable	**64,521**	72,124
Provision for end of service benefits (note-i)	**133,524**	131,020
Staff provident fund	**47,306**	50,904
Tax payable	**8,885**	34,678
Negative fair value of derivatives (note 34)	**138,888**	47,499
Unearned income	**116,851**	98,108
Cash margins	**480,006**	437,537
Dividend payable	**64,059**	54,092
Unclaimed balances	**12,219**	11,831
Proposed transfer to social and sport fund	**20,756**	27,752
Others*	**1,244,647**	860,984
Allowance for Impairment for Loan Commitments and Financial Guarantees	**161,937**	-
Total	**2,899,216**	2,124,292

*This includes acceptances pertaining to trade finance amounting to QAR 451 million (2017: QAR 224 million).

Note-i

Provision for end of service benefits

	2018 QAR'000	2017 QAR'000
Balance at 1 January	**131,020**	125,207
Provision for the year	**17,670**	19,222
Provisions used during the year	**(15,166)**	(13,409)
Balance at 31 December	**133,524**	131,020

20. EQUITY

a) Share capital

	Ordinary shares	
	2018	2017
In thousands of shares		
On issue at the beginning of the reporting period	**310,047**	310,047
On issue at 31 December	**310,047**	310,047

At 31 December 2018, the authorised share capital comprised 310,047 thousands ordinary shares (2017: 310,047 thousands). These instruments have a par value of QAR 10. All issued shares are fully paid.

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

b) Legal reserve

In accordance with Qatar Central Bank's Law No. 13 of 2012, 10% of the net profit for the year is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. This reserve is not available for the Bank for distribution except in circumstances specified in the Qatar Commercial Companies' Law No. 11 of 2015 and is subject to the approval of QCB. Only transfer made during the year was pertaining to the subsidiary as the legal reserve is in excess of 100% of the paid up capital.

The legal reserve includes share premium received on issuance of new shares in accordance with Qatar Commercial Companies Law 11 of 2015.

c) Risk reserve

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

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

20. EQUITY (CONTINUED)

d) Fair value reserve

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

	FVOCI (2018) / Available- for sale (2017) Investments	Total 2018 QAR'000	Total 2017 QAR'000
Balance as at 1 January	**(67,555)**	**(67,555)**	(103,412)
Changes due to adoption of IFRS 9	**(212,573)**	**(212,573)**	-
Restated balance at beginning of the year	**(280,128)**	**(280,128)**	(103,412)
Impact of revaluation	**60,133**	**60,133**	(100,156)
Reclassified to Income Statement	**(7,276)**	**(7,276)**	136,013
Net Movement during the Year	**52,857**	**52,857**	35,857
Balance as at 31 December *	**(227,271)**	**(227,271)**	(67,555)

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

e) Foreign currency translation reserve

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

f) Proposed dividend

The Board of Directors of the Group has proposed a cash dividend of 10% of paid up share capital amounting to QAR 310 million - QAR 1.0 per share (2017: 30% of paid up share capital amounting to QAR 930.1 million - QAR 3.00 per share) which is subject to approval at the Annual General Meeting of the shareholders.

g) Instrument eligible as additional capital

	2018 QAR'000	2017 QAR'000
Issued on 31 December 2013	**2,000,000**	2,000,000
Issued on 30 June 2016	**2,000,000**	2,000,000
	4,000,000	4,000,000

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

21. INTEREST INCOME

	2018 QAR'000	2017 QAR'000
Balance with central banks	**9,950**	3,429
Due from banks and non-banking financial institutions	**106,612**	147,690
Debt securities	**721,813**	566,699
Loans and advances to customers	**3,082,380**	2,913,035
	3,920,755	3,630,853

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

	2018 QAR'000	2017 QAR'000
Financial assets measured at amortised cost	**3,378,482**	3,293,887
Financial assets measured at fair value	**542,273**	336,966
Total	**3,920,755**	3,630,853

22. INTEREST EXPENSE

	2018 QAR'000	2017 QAR'000
Due to banks	**614,435**	361,654
Customer deposits	**1,214,761**	996,384
Debt securities	**10,613**	17,344
	1,839,809	1,375,382

23. NET FEE AND COMMISSION INCOME

	2018 QAR'000	2017 QAR'000
Credit related fees	**88,996**	88,002
Brokerage fees	**505**	667
Bank services fee	**265,332**	258,167
Commission on unfunded facilities	**119,179**	136,667
Others	**15,670**	32,810
	489,682	516,313

24. FEE AND COMMISSION EXPENSE

	2018 QAR'000	2017 QAR'000
Bank fees	**204**	1,051
Others	**101,846**	94,858
	102,050	95,909

25. NET FOREIGN EXCHANGE GAIN

	2018 QAR'000	2017 QAR'000
Dealing in foreign currencies	**12,192**	25,643
Revaluation of assets and liabilities	**103,200**	80,901
	115,392	106,544

26. NET (LOSS) / INCOME FROM INVESTMENT SECURITIES

	2018 QAR'000	2017 QAR'000
Net (loss) / gain from sale of investments measured at FVOCI	**(45,555)**	12,815
Dividend income	**36,914**	39,251
Changes in fair value of financial assets measured at FVTPL	**(1,202)**	(2,244)
	(9,843)	49,822

27. OTHER OPERATING INCOME

	2018 QAR'000	2017 QAR'000
Recoveries from loans and advances to customers previously written-off	**29,677**	31,199
Rental income	**14,500**	12,797
Others	**23,017**	18,280
	67,194	62,276

28. STAFF COSTS

	2018 QAR'000	2017 QAR'000
Staff cost	**472,738**	505,151
Staff pension fund costs	**4,681**	5,168
End of service benefits	**17,670**	19,222
Training	**1,236**	1,568
	496,325	531,109

29. OTHER EXPENSES

	2018 QAR'000	2017 QAR'000
Advertising	**24,857**	33,329
Professional fees	**27,223**	27,534
Communication and insurance	**41,666**	44,727
Board of Directors' remuneration	**14,887**	19,736
Occupancy and maintenance	**86,725**	123,441
Computer and IT costs	**31,389**	37,468
Printing and stationery	**9,158**	10,494
Travel and entertainment costs	**6,744**	6,909
Others	**107,678**	111,270
	350,327	414,908

30. TAX EXPENSE

	2018 QAR'000	2017 QAR'000
Current tax expense	**9,022**	35,508
Current year	**1,786**	158
Adjustments for prior years	**10,808**	35,666
Deferred tax expense		
Temporary differences	**(6,994)**	(36,943)
Income tax expense/ (reversal)	**3,814**	(1,277)

31. BASIC AND DILUTED EARNINGS PER SHARE

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

	2018 QAR'000	2017 QAR'000
Profit for the year attributable to the equity holders of the Group	830,222	1,110,074
Deduct : Interest on Tier 1 capital notes	(220,000)	(220,000)
Net profit attributable to equity holders of the Group	610,220	890,074
Weighted average number of outstanding shares (in thousands)	310,047	295,152
Earnings per share (QAR)	1.97	3.02

The weighted average number of shares are as follows:

	2018	2017
In thousands of shares		
Weighted average number of shares at 31 December	310,047	295,152

32. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2018 QAR'000	2017 QAR'000
Contingent liabilities		
Unused facilities	1,868,006	3,737,358
Guarantees	16,046,400	18,380,848
Letters of credit	5,273,014	5,958,391
Others	190,294	207,200
Total	23,377,714	28,283,797
Other commitments		
Forward foreign exchange contracts	8,135,927	7,091,767
Interest rate swaps	6,737,362	3,256,877
Total	14,873,289	10,348,644

32. CONTINGENT LIABILITIES AND OTHER COMMITMENTS (CONTINUED)

Unused facilities

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

Guarantees and Letters of credit

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

Lease commitments

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

Future minimum lease payments under non-cancellable leases as at December 31 are as follow:

	2018 QAR'000	2017 QAR'000
Less than one year	14,264	12,304
Between one and five years	18,593	20,957
More than five years	1,993	3,918
	34,850	37,179

33. CASH AND CASH EQUIVALENTS

	2018 QAR'000	2017 QAR'000
Cash and balances with central banks*	5,611,097	4,380,783
Due from banks and other financial institutions maturing within 3 months	4,168,625	5,924,892
	9,779,722	10,305,675

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

34. DERIVATIVES

At 31 December 2018:	Positive fair value QAR'000	Negtive fair value QAR'000	Notional amount QAR'000	Notional / expected amount by term to maturity within 3 months QAR'000	3 - 12 months QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivatives held for trading:							
Forward foreign exchange contracts	**10,388**	**15,701**	**8,135,911**	**6,577,048**	**1,558,863**	**-**	**-**
Derivatives held for fair value hedges:							
Interest rate swaps	**77,417**	**123,187**	**6,737,362**	**-**	**-**	**2,887,710**	**3,849,652**
Total	**87,805**	**138,888**	**14,873,273**	**6,577,048**	**1,558,863**	**2,887,710**	**3,849,652**

At 31 December 2017:	Positive fair value QAR'000	Negtive fair value QAR'000	Notional amount QAR'000	Notional / expected amount by term to maturity within 3 months QAR'000	3 - 12 months QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivatives held for trading:							
Forward foreign exchange contracts	102,253	20,014	7,091,767	4,555,558	2,536,209	-	-
Derivatives held for fair value hedges:							
Interest rate swaps	59,610	27,485	3,256,877	7,283	20,028	993,765	2,235,801
Total	161,863	47,499	10,348,644	4,562,841	2,556,237	993,765	2,235,801

35. RELATED PARTIES

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

35. RELATED PARTIES (CONTINUED)

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

	2018		2017	
	Board of directors QAR'000	**Others QAR'000**	Board of directors QAR'000	Others QAR'000
Assets:				
Loans and advances to customers	**2,444,110**	**-**	2,599,973	-
Liabilities:				
Customer deposits	**449,486**	**2,220**	371,327	13,055
Unfunded items:				
Contingent Liabilities and other commitments	**827,653**	**-**	998,210	-
Other assets	**8,305**	**-**	8,305	-
Income statement items:				
Interest , commission and other income	**73,314**	**-**	50,882	-
Interest, commission and other expense	**10,611**	**248**	10,035	430

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

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

	2018 QAR'000	2017 QAR'000
Salaries and other benefits	**66,717**	63,763
End of service indemnity benefits and provident	**3,010**	3,167
	69,727	66,930

36. RESTATEMENT OF COMPARATIVES RECLASSIFICATION

a) Reclassifications

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

b) Restatement of comparatives

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

DOHA BANK Q.P.S.C.
SUPPLEMENTARY INFORMATION
as at 31 December 2018

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

As at 31 December	2018 QAR'000	2017 QAR'000
ASSETS		
Cash and balances with central banks	**7,586,122**	6,669,495
Due from banks	**6,174,111**	7,756,325
Loans and advances to customers	**59,798,337**	59,804,174
Investment securities	**20,561,268**	17,511,786
Investment in an associate	**10,510**	11,126
Property, furniture and equipment	**621,030**	707,951
Other assets	**1,110,154**	903,385
TOTAL ASSETS	**95,861,532**	93,364,242
LIABILITIES		
Due to banks	**19,462,917**	11,005,061
Customer deposits	**55,506,918**	59,483,483
Debt securities	**745,997**	657,669
Other borrowings	**4,831,161**	5,432,936
Other liabilities	**2,640,240**	2,032,648
TOTAL LIABILITIES	**83,187,233**	78,611,797
EQUITY		
Share capital	**3,100,467**	3,100,467
Legal reserve	**5,080,853**	5,080,853
Risk reserve	**137,200**	1,372,000
Fair value reserves	**(225,746)**	(62,581)
Foreign currency translation reserve	**(56,180)**	(13,451)
Retained earnings	**637,705**	1,275,157
Total equity attributable to shareholders of the bank	**8,674,299**	10,752,445
Instrument eligible as additional capital	**4,000,000**	4,000,000
TOTAL EQUITY	**12,674,299**	14,752,445
TOTAL LIABILITIES AND EQUITY	**95,861,532**	93,364,242

DOHA BANK Q.P.S.C.
SUPPLEMENTARY INFORMATION
for the year ended 31 December 2018

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

For the year ended 31 December	2018 QAR'000	2017 QAR'000
Interest income	3,920,755	3,630,853
Interest expense	(1,840,377)	(1,375,497)
Net interest income	2,080,378	2,255,356
Fee and commission income	489,682	516,313
Fee and commission expense	(102,050)	(95,909)
Net fee and commission income	387,632	420,404
Foreign exchange gain	115,392	106,544
Income from investment securities	(10,566)	49,524
Other operating income	64,085	59,405
	168,911	215,473
Net operating income	2,636,921	2,891,233
Staff costs	(485,627)	(521,984)
Depreciation	(89,837)	(98,563)
Impairment loss on investment securities	(16,207)	(142,067)
Net impairment loss on loans and advances to customers	(951,683)	(592,541)
Net impairment reversal on other financial assets	103,699	-
Other expenses	(364,579)	(427,876)
	(1,804,234)	(1,783,031)
Profit for the year before tax	832,687	1,108,202
Tax expense	(3,735)	1,291
Profit for the year	828,952	1,109,493

DOHA BANK
CONTACT DIRECTORY

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani
Chairman
Tel: 4015 5551
Fax: 4443 2008

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director
Tel: 4015 5565
Fax: 4443 2008

Dr. Raghavan Seetharaman
Chief Executive Officer
Tel: 4015 5575
Fax: 4432 5345

Mr. Mokhtar Abdel Monem Elhenawy
Legal Advisor to the Board and Company Secretary
Tel: 4015 5488
Fax: 4015 5482

Mr. Jamal Eddin H. Al Sholy
Chief Compliance Officer
Compliance
Tel: 4015 5405
Fax: 4015 5449

Dr. Mohammad Omar Abdelaziz Daoud
Chief Internal Auditor
Internal Audit
Tel: 4015 5466
Fax: 4015 5454

Mr. David Challinor
Chief Financial Officer
Tel: 4015 5705
Fax: 4015 5701

Sh. Mohamed Fahad M J Al-Thani
Acting Chief Human Resources Officer
Tel: 4015 3333
Fax: 4015 5660

Mr. Khalifa Al Kaabi
Head of Recovery
Tel: 4015 4333
Fax: 4441 6631

Mr. Hassan Ali Kamal
Corporate Branch Manager
Tel: 4015 5755
Fax: 4431 8409

Mr. Ahmed Ali J Al-Hanzab
Head of Administration
Tel: 4015 5655
Fax: 4015 5658

Mr. M. Sathyamurthy
Acting Chief International Banking Officer
Tel: 4015 4655
Fax: 4015 4822

Mr. Krishnan C.K.
Chief Wholesale Banking Officer
Tel: 4015 4999
Fax: 4015 4891

Mr. Rowan Luke
Acting Chief Treasury & Investments Officer
Tel: 4015 5356
Fax: 4015 5332/1

Mr. Khalid Al Naama
Head of Public Sector
Tel: 4015 4878
Fax: 4015 4870

Mr. Abdullah Asad Al-Asadi
Executive Manager, Shareholders Affairs
Tel: 4015 4858
Fax: 4015 4862

Mr. Braik Ali HS Al-Marri
Acting Chief Retail Banking Officer
Tel: 4015 5515
Fax: 4015 4756

Mr. Khalid Latif
Chief Risk Officer
Tel: 40155777
Fax: 40155770

Mr. Michael Byrne
Head of Insurance
Tel: 4015 4045
Fax: 4015 4099

Mr. Yousuf Ahmed Mandani
Branch Manager - Main Branch
Tel: 4015 3555
Fax: 4441 6631

DOHA BANK
BRANCH DIRECTORY

LOCAL BRANCHES

1) Main Branch (202)
P.O Box 3818
Tel:40153555 / 3550
Fax:44416631 / 44456837
Telex: 4534-DOHBNK
Swift: DOHBQAQA

2) Mushaireb (203)
P.O Box: 2822
Tel: 44025340 / 5341
Fax: 44376193
Telex: 4825-DBMSB DH
Swift: DOHBQAQA

3) Museum (204)
P.O Box: 32311
Tel: 40153152 / 53
Fax:40153150
Telex: 4534-DOHBNK
Swift: DOHBQAQA

4) Central Market (206)
P.O Box: 3818
Tel: 40153188 / 89 / 87 / 90
Swift: DOHBQAQA

5) City Center (210)
P.O Box 31490
Tel: 40153350 / 3351
Fax: 44115018
Swift: DOHBQAQA

6) West Bay (211)
P.O Box: 9818
Tel: 40153111/3116/3105
Fax: 40153100
Telex:4883-DBBAY DH
Swift: DOHBQAQA

7) Al Kheratiyat (212)
P.O Box: 8212
Tel:40153515 / 3516
Fax: 44783326 / 44780618
Swift: DOHBQAQA

8) Bin Omran (213)
P.O Box: 8646
Tel: 40153322 / 3323
Fax: 44874670
Swift Code: DOHBQAQA

9) C-Ring Road (215)
P.O Box:3846
Tel:40153727 / 40153726
Fax:40154387
Telex: 4534
Swift: DOHBQAQA

10) Gharafah (216)
P.O Box: 31636
Tel.: 40153377 / 3379
Fax: 40153380
Swift Code: DOHBQAQA

11) D-Ring Road (220)
P.O Box 31420
Tel: 40153500 / 3505 / 3727
Fax: 44257646
Swift Code: DOHBQAQA

12) Old Airport Br. (221)
P.O Box 22714
Tel: 40153698/3695
Fax:40153699
Swift: DOHBQAQA

13) Corporate Br. (222)
P.O Box 3818
Tel: 40155755 / 5757 / 5750
Fax:40155745
Swift: DOHBQAQA

14) Al Mirqab (225)
P.O Box: 8120
Tel: 40153266 / 3267 / 3265
Fax: 40153264
Swift Code: DOHBQAQA

15) Salwa Road (226)
P.O. Box: 2176
Tel: 44257636 / 7626
Fax: 44681768
Telex: 4744-DBSWA DH
Swift: DOHBQAQA

16) Industrial Area (227)
P.O Box: 40665
Tel: 40153600 / 3601
Fax:44606175
Swift Code: DOHBQAQA

17) Abu Hamour (228)
P.O Box: 47277
Tel: 40153253 / 54
Fax:40153250
Swift Code: DOHBQAQA

18) Abu Samra (229)
P.O Box: 30828
Tel:44715634 / 44715623 / 4655
Fax: 44715618 / 31
Swift Code: DOHBQAQA

19) Dukhan (230)
P.O Box: 100188
Tel: 40153310 / 3311
Fax: 44711090
Telex: 4210-DBDKN DH
Swift: DOHBQAQA

20) Al Khor (231)
P.O Box: 60660
Tel: 40153388 / 3389
Fax: 44722157
Swift: DOHBQAQA

22) Al Ruwais (235)
P.O Box: 70800
Tel: 40153304 / 3305 / 3306
Fax: 44731372
Swift: DOHBQAQA

23) Wakra (237)
P.O Box: 19727
Tel: 40153177 / 78 / 40153182
Fax: 40153185
Swift: DOHBQAQA

24) Mesaieed (240)
P.O Box: 50111
Tel: 40153342 / 40153344
40153343 / 44762344
Fax: 44770639
Telex: 4164 DBUSB DH
Swift: DOHBQAQA

25) Al Rayyan (260)
P.O Box: 90424
Tel: 44257135 / 36
Fax: 44119471
Swift: DOHBQAQA

26) Mall of Qatar (265)
P.O Box 24913
Tel: 40153701 / 05 / 3709 / 3711 / 3710
Fax: 44986625
Swift Code: DOHBQAQA

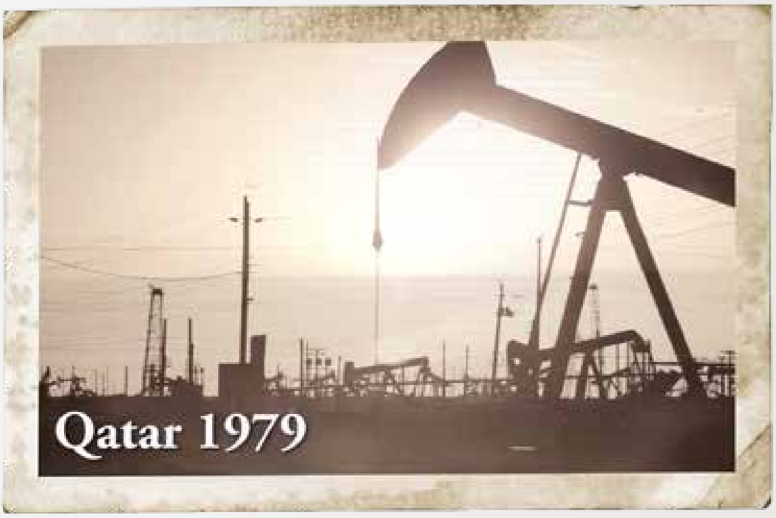
27) Doha Festival City (266)
P.O Box 2731
Tel: 40153299/3300
Fax: 44311012
Swift Code: DOHBQAQA

PAY OFFICES

Office Name	Telephone No.	Fax No.
QP, Central Office Bldg, Mesaieed	+974 44762344	
QP, Pay Office, Dukhan	+974 44712298	+974 44712660
Pakistan Embassy	+974 44176196	

E-BRANCHES

Office Name	Telephone No.
Lulu Hypermarket-D Ring Road	+974 44660761 / 44660957
Lulu Hypermarket-Gharafa	+974 44780673 / 44780729
Lulu Al Khor (Al Khor Mall)	+974 40153128 / 40153129 / 40153130
Chamber of Commerce (D Ring Road)	+974 44559182



Starting of Development in Qatar in 1979

OVERSEAS BRANCHES & REPRESENTATIVE OFFICES

INTERNATIONAL BANKING DEPARTMENT

HEAD OFFICE

Mr. M. Sathyamurthy
Acting Chief International Banking Officer
P.O. Box 3818, Doha, Qatar
Tel: +974 4015 4655
Fax: +974 4015 4822 / 4823
Mob: +974 5505 8126
Email: Sathyamurthy@dohabank.com.sg

OVERSEAS BRANCHES

Kuwait Branch
Mr. Loai Fadel Abbas Muqames
Chief Country Manager
Ahmed Al-Jaber Street Abdullatif Al-Sarraf Tower, Block No.1, Plot No.3
P.O. Box 506, Safat 13006, Sharq, Kuwait
Tel: +965 2291 7217
Fax: +965 2291 7229
Mob: +965 6651 1165
Email: lmukamis@dohabank.com.kw

Dubai (UAE) Branch
Mr. Alaga Raja
Country Head of UAE
Ground Floor, 21st Century Tower, Sheikh Zayed Road
P.O. Box 125465, Dubai, UAE
Tel: +971 4 407 3100
Fax: +971 4 321 9972
Mob:+971 5 5555 7638
Email: Rajaa@dohabank.ae

Abu Dhabi (UAE) Branch
Al Otaiba Tower, Najda Street
P.O Box 27448, Abu Dhabi, UAE
Tel: + 971 2 6944888
Fax: + 971 2 6944844
Email: Rajaa@dohabank.ae

Mumbai Branch (India)
Mr. Manish Mathur
Country Manager - India
Sakhar Bhavan, Ground Floor, Plot No 230, Block No III, Back bay Reclamation, Nariman Point, Mumbai 400 021, India
Tel: +91 22 6002 6561
Fax: +91 22 2287 5289 / 90
Mob: +91 96199 12379
Email: mmathur@dohabank.co.in

Chennai Branch (India)
Mr. Sathish Kumar Balappan
Branch Manager
New Door No. 9, Mount Road, Anna Salai, near Anna Statue Chennai – 600 002, Tamil Nadu
Tel: +91 44 40064805 / 40064800
Fax: +91 44 40064804
Email: sBalappan@dohabank.co.in

Kochi Branch (India)
Mr. Benny Paul
Branch Manager
1st Floor, Lulu Mall, 34/1000, NH 47, Edappally, KOCHI – 682024, Kerala State
Tel: +91 484 4100061 / 4100167
Fax: +91 484 4100165
Mob: +91 97475 52208
Email: bpaul@dohabank.co.in

REPRESENTATIVE OFFICES

Australia Representative Office
Mr. Hilton Wood
Chief Representative
Level 36, 1 Farrer Place, Governor Phillip Tower
Sydney NSW 2000, Australia
Tel: +612 8211 0628
Fax: +612 9258 1111
Mobile: +614 1903 2419
Email: hilton.wood@dohabank.com.au

Japan Representative Office
Mr. Kanji Shinomiya
Chief Representative
Kioicho Building 8F B-3,3-12 Kioicho, Chiyoda-ku
Tokyo, 102-0094, Japan
Tel: +813 5210 1228
Fax: +813 5210 1224
Mob: +81 90 1776 6197
Email: kanji.shinomiya@dohabank.jp

Seoul Representative Office
Mr. Young Joon Kwak
Chief Representative
1418 Jongro 19,
Jongro Gu, Seoul, 03157, South Korea
Tel: +82 2 723 6440/ 44
Fax: +82 2 723 6443
Mob: +82 103 897 6607
Email: jaykwak@dohabank.co.kr

China Representative Office
Mr. Peter Lo
Chief Representative
Suite 506B, Shanghai Center
1376 Nanjing Road West, Shanghai, China
Postal code : 200040
Tel: +8621 6279 8006 / 8008
Fax: +8621 6279 8009
Mob: +86 13 9179 81454
Email: peterlo@dohabanksh.com.cn

Singapore Representative Office
Mr. M. Sathyamurthy
Chief Representative
7 Temasek Boulevard
#08-03A, Suntec Tower One
Singapore, 038987 Singapore
Tel: +65 6513 1298
Mob: +65 8 126 6333
Email: Sathyamurthy@dohabank.com.sg

Hong Kong Representative Office
Mr. Ivan Lew Chee Beng
Chief Representative
Level 16, The Hong Kong Club Building,
3A Charter Road, Central, Hong Kong
Tel: +852 3974 8571
Mob: +852 9666 5237
Email: ivanlew@dohabank.com.hk

Turkey Representative Office
Mr. Nezih Akalan
Chief Representative
Bagdat Palace Apt.
Bagdat Cad.No. 302/1, D:14
Caddebostan Kadikoy, 34728,
Istanbul, Turkey
Tel: +90 216 356 2928 / 2929
Fax: +90 216 356 2927
Mob: +90 532 331 0616
Email: nezihakalan@dohabankturkey.com

Germany Representative Office
Mr. Maik Gellert
Chief Representative
18th Floor, Taunusturm, Taunustor 1
60310 Frankfurt am Main, Germany
Tel: +49 69 505060-4211
Fax: +49 69 505060-4150
Mobile: +49 170 321 4999
E-mail : office@dohabank.eu

United Kingdom Representative Office
Mr. Richard H. Whiting
Chief Representative
67 / 68 First Floor, Jermyn Street
London SW1Y 6NY UK
Tel: +44 20 7930 5667
Mobile: +44 790 232 2326
Email: office@dohabank.co.uk

Canada Representative Office
Mr. Venkatesh Nagoji
Chief Representative
The Exchange Tower
Suite 1100, 151 Yonge Street
Toronto, Ontario
M5C 2W7,
Tel: +1 647 775 8514
Mob: +1 647 871 6892
Email: venkatesh.nagoji@dohabank.ca

South Africa Representative Office
Mr. Andre Leon Snyman
Chief Representative
90 Rivonia Road, 2nd Floor,
North Wing, Sandton, 2057,
Johannesburg, South Africa
Tel : +27 10 286 1156
Fax : +27 11 881 5611
Mob: +27 60 60 93129
Email : asnyman@dohabank.co.za

Bangladesh Representative Office
Mr. Ajay Kumer Sarker
Chief Representative
Police Plaza, Concord Shopping Mall,
8th Floor, Tower – A, Unit-L, Plot# 02,
Road # 144,
Gulshan-1, Dhaka – 1212, Bangladesh
Tel: +88 02 55045154
Fax: +88 02 55045153
Mob: +8801713081733
Email: asarker@dohabank.com.qa

Sri Lanka Representative Office
Mr. Eranda Wishanake Weerakoon
Chief Representative
Level 26, East Tower,
World Trade Centre,
Echelon Square,
Colombo 01, Sri Lanka
Tel: +94 11 743 0237
Fax: +94 11 744 4556
Mob: +94 77 390 8890
Email: eWeerakoon@dohabank.com.lk

Nepal Representative Office
Mr. Suraj Bickram Shahi
Chief Representative
Office 102, Regus Business Centre
Ground Floor, Trade Tower,
Thapathali, Kathmandu, Nepal
Tel: +977 9801208385
Mob: +977 9851118428
Email: sShahi@dohabank.com.np