Doha Bank Q.S.C.
Doha - Qatar

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

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CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DOHA BANK Q.S.C. (CONTINUED)

Report on other legal and regulatory matters

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

Firas Qoussous
Ernst & Young
Qatar Auditors' Registry No. 236

Date: 20 January 2014
Doha

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

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

These consolidated financial statements were approved by the Board of Directors on 20 January 2014 and were signed on its behalf by:

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

Dr. Raghavan Seetharaman
Group Chief Executive Officer

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2013

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

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

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

1 REPORTING ENTITY

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

Doha Bank is engaged in conventional banking activities and operates through its head office in Doha and 31 local branches, three overseas branches in the United Arab Emirates (Dubai & Abu Dhabi) and the State of Kuwait, and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany Australia, Hongkong, Sharjah and Canada. In addition, the Bank owns 100% of the issued share capital of Doha Bank Assurance Company L.L.C., an insurance company registered under Qatar Financial Centre, and Doha Finance Limited, a special purpose vehicle set up for the issuance of debt. The consolidated financial statements for the year ended 31 December 2013 comprise the Bank and its subsidiaries (together referred to as "the Group").

The principal subsidiaries of the Group are as follows:

Company's name	*Country of incorporation*	*Company's capital (QAR'000)*	*Company's activities*	*Percentage of ownership 2013*	*Percentage of ownership 2012*
Doha Bank Assurance Company L.L.C	Qatar	100,000	General Insurance	100%	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	100%	100%

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

2 BASIS OF PREPARATION

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

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

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

2 BASIS OF PREPARATION (continued)

Use of estimates and judgements

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations

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

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

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

IAS 19 Employee Benefits (Revised)

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

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

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

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

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

IFRS 10: Consolidated Financial Statements

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates (continued)
The consolidated financial statements of the Group include the associate stated below:

Company name	*Country of incorporation and operation*	*Ownership interest %*		*Principal activity*
		2013	*2012*	
Doha Brokerage and Financial Services Limited	India	44.02%	44.02%	Brokerage and assets management

Foreign currency

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

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

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

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

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

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

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

Financial assets and financial liabilities

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

Measurement principles

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivatives

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Employee benefits
The Group provides for end of service benefits in accordance with the employment policies of the Group. The provision is calculated on the basis of the individual's final salary and period of service at the reporting date. This provision is included in other provisions within other liabilities.
With respect to Qatari employees, the Group makes a contribution to the Qatari Pension Fund calculated on a percentage of the employees' salaries, in accordance with the Retirement and Pension Law No. 24 of 2002. The Group's obligations are limited to these contributions.

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

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

Share capital and reserves

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

4 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Analysis of concentration of risks of financial assets with credit risk exposure (continued)
Geographical sectors (continued)

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

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

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

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit quality for class of assets (continued)

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

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

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

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

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

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

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

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

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit quality for class of assets (continued)

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

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

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

4 FINANCIAL RISK MANAGEMENT (continued)

Exposure to liquidity risk (continued)
Maturity analysis of assets and liabilities (continued)

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

4 FINANCIAL RISK MANAGEMENT (continued)

Exposure to liquidity risk (continued)
Maturity analysis of assets and liabilities (continued)
The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted repayment obligations

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

Exposure to liquidity risk (continued)
Maturity analysis of assets and liabilities (continued)
The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted repayment obligations

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

Market risks

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

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

Management of market risks

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

Market risks (continued)

Exposure to interest rate risk – non-trading portfolios

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

Market risks (continued)
Exposure to interest rate risk – non-trading portfolios (continued)

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

4 FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

Markets risk (continued)

Exposure to other market risks - non trading portfolios

Currency risk

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

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

Foreign currency sensitivity analysis

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

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

Equity price risk

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

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

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

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.

4 FINANCIAL RISK MANAGEMENT (continued)

Capital management

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

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

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

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

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

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

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

Risk weighted assets

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

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

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

5 USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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

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

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

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

- Level 1: Quoted market price unadjusted in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

5 USE OF ESTIMATES AND JUDGEMENTS (continued)

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

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

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

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

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

5 USE OF ESTIMATES AND JUDGEMENTS (continued)

Fair value measurement (continued)
Fair value hierarchy for financial instruments measured at fair value as at 31 December 2012:

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

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

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

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

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

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

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

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

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

5 USE OF ESTIMATES AND JUDGEMENTS (continued)

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

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

6 OPERATING SEGMENTS

The Group organizes and manages its operations by 2 business segments, which comprise conventional banking and insurance activities.

Conventional Banking

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

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

6 OPERATING SEGMENTS (continued)

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

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

6 OPERATING SEGMENTS (continued)

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

6 OPERATING SEGMENTS (continued)

Geographical areas

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

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

7 FINANCIAL ASSETS AND LIABILITIES

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

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

7 FINANCIAL ASSETS AND LIABILITIES (continued)

Accounting classifications and fair values

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

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

7 FINANCIAL ASSETS AND LIABILITIES (continued)

Investment securities – unquoted equity securities at cost

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

8 CASH AND BALANCES WITH CENTRAL BANKS

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

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

9 DUE FROM BANKS

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

Note i:

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

10 LOANS AND ADVANCES TO CUSTOMERS

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

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

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

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

Note-i:

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

10 LOANS AND ADVANCES TO CUSTOMERS (continued)

By industry

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

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

10 LOANS AND ADVANCES TO CUSTOMERS (continued)

Movement in impairment loss on loans and advances to customers

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

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

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

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

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

11 INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

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

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

Available-for-sale

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

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

Held to maturity

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

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

11 INVESTMENT SECURITIES (continued)

Movement in impairment losses on investment securities

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

12 INVESTMENT IN AN ASSOCIATE

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

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

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

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

13 PROPERTY, FURNITURE AND EQUIPMENT

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

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

14 OTHER ASSETS

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

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

15 DUE TO BANKS

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

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

16 CUSTOMER DEPOSITS

By type

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

By sector

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

17 DEBT SECURITIES

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

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

Note (a)
On 12 December 2006, the Group issued US$ 340 million subordinated floating rate step up notes at a nominal value of US$ 100,000 per note. The notes mature in 2016 and carry interest at three months US$ LIBOR plus 0.82 percentage per annum payable.

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

18 OTHER BORROWINGS

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

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

19 OTHER LIABILITIES

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

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

19 OTHER LIABILITIES (continued)

Note-i

Provision for end of service benefits

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

20 EQUITY

a. Share capital

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

At 31 December 2013 the authorised share capital comprised 258,372 thousands ordinary shares (2012:206,698 thousands). These instruments have a par value of QAR 10. All issued shares are fully paid.

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

Note i:

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

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

20 EQUITY (continued)

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

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

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

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

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

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

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

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

20 EQUITY (continued)

f. Proposed dividend

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

g. Instrument eligible as additional capital

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

21 INTEREST INCOME

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

22 INTEREST EXPENSE

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

23 FEE AND COMMISSION INCOME

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

24 FEE AND COMMISSION EXPENSE

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

25 FOREIGN EXCHANGE GAIN

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

26 INCOME FROM INVESTMENT SECURITIES

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

27 OTHER OPERATING INCOME

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

28 STAFF COSTS

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

29 OTHER EXPENSES

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

30 TAX EXPENSE

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

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

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

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

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

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

32 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

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

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

32 CONTINGENT LIABILITIES AND OTHER COMMITMENTS (continued)

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

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

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

33 CASH AND CASH EQUIVALENTS

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

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

34 DERIVATIVES

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

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

35 RELATED PARTIES

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

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

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

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

Key management personnel compensation for the year comprised:

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

36 FINANCIAL STATEMENTS OF THE PARENT

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

Statement of Financial Position – Parent Bank

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

36 FINANCIAL STATEMENTS OF THE PARENT BANK (continued)

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (continued)

Income Statement – Parent Bank

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