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

Go Green

welcome to

your environment-friendly bank annual report 2009

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

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

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doha bank awards

Due to the strong financial position enjoyed by Doha Bank and its pioneering role in delivering innovative banking products and services which expanded the banking experience in Qatar to a new horizon, the bank has been conferred appreciation and recognition from a number of professional bankers and institutions. In addition to the accolades awarded to the Bank in the previous years, it has been conferred with the award of 'Best Commercial Bank in the Middle East 2009' from The Banker Middle East and 3 other awards, namely, 'Best Trade Finance Provider in Qatar' from Global Finance, 'Best Domestic Islamic Bank' from CPI Financial and 'Best Public Awareness Campaign' from Qatar Today Green Awards.

The Banker
BANK OF THE YEAR
'06|'04|'03
QATAR

2010
BEST TRADE FINANCE
PROVIDER IN QATAR

Bank of the Year, Qatar - 2003
The Banker (2003)

Bank of the Year, Qatar - 2004
The Banker (2004)

Best Bank in Qatar - 2005
EUROMONEY (2005)

Best Commercial Bank in the Middle East - 2005
Banker Middle East (2005)

Best Bank in the Middle East - 2006
Banker Middle East (2006)

Bank of the Year, Qatar - 2006
The Banker (2006)

Award from the Labour and Social Affairs Ministers of the GCC in November 2006 for its distinguished performance in Qatarization.

Award for Excellence in E-Banking - 2006
Middle East Excellence Awards Institute (2006)

Best Commercial Bank in the Middle East - 2007
The Banker Middle East (2007)

Best Bank in Qatar - 2007
World Finance

Best Islamic Corporate Finance for Doha Islamic – 2007
CPI Magazine

Best Bank in Qatar - 2008
EUROMONEY (2008)

Best Internet Banking Service in the Middle East - 2008
The Banker Middle East (2008)

Best Green Bank - 2008
The Banker Middle East (2008)

Best Globalisation Effort of a Middle Eastern Bank - 2008
The Banker Middle East (2008)

Best Commercial Bank in the Middle East - 2009
The Banker Middle East (2009)

Best Public Awareness Campaign
Qatar Today Green Awards (2009)

Best Domestic Islamic Bank - 2009
CPI Financial's Islamic Business & Finance Awards (2009)

Best Trade Finance Provider in Qatar - 2010
Global Finance (2010)

2008|2005
EUROMONEY
BEST BANK IN QATAR

staff green day and tree planting activity

Doha Bank organised its first Staff Green Day at Dukhan Branch along with a Tree Planting activity on 26 December 2009. The theme was 'Promote eco-consciousness through Green Banking'.

The event was organised to support Doha Bank's primary objective of developing a clean and green environment and to create awareness among the Bank's employees. Staff dressed in 'Go Green' T-shirts and caps, under the leadership of the Green Banking Task Force Committee and Planet Savers Club, planted trees in the Dukhan Branch site.

financial highlights

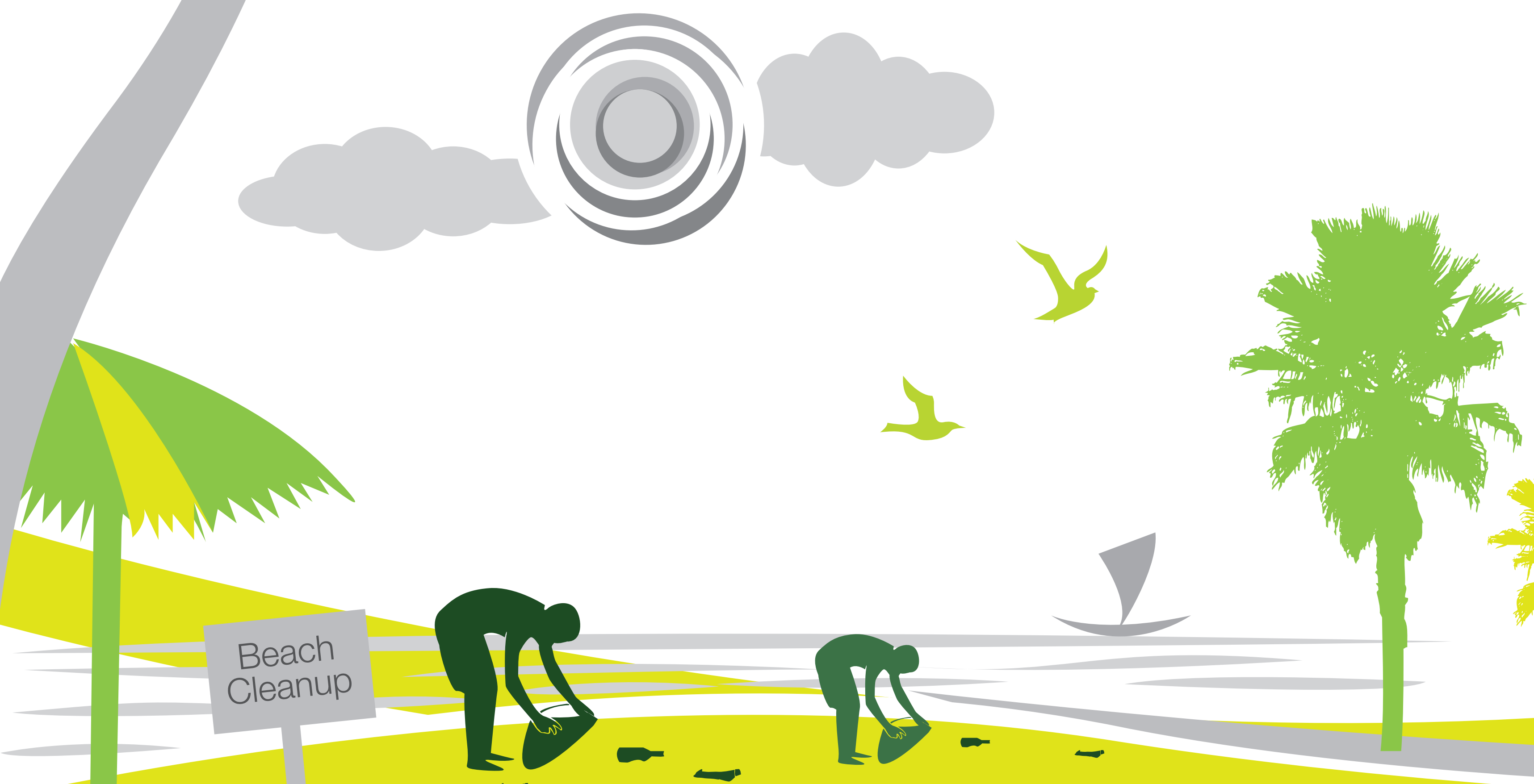
QAR Million	2004	2005	2006	2007	2008	2009	Variance % 2009 vs 2008
Total Assets	10,993	15,230	21,696	30,058	38,970	45,996	18.03%
Net Loans and Advances	5,437	8,295	13,630	19,140	23,933	25,896	8.20%
Customer Deposits	8,068	11,049	15,190	20,043	23,244	27,890	19.98%
Total Equity	1,594	2,401	2,768	3,619	4,913	5,851	19.09%
Total Revenues	680	1,286	1,651	2,499	2,930	3,375	15.19%
Net Profit	368	790	744	926	947	974	2.85%

Key Ratios in percentages	2004	2005	2006	2007	2008	2009
Return on Average Equity	37.42%	49.91%	32.24%	32.47%	25.78%	21.66%
Return on Average Assets	3.67%	6.02%	4.03%	3.58%	2.74%	2.29%
Capital Adequacy Ratio	23.48%	22.74%	18.47%	15.54%	13.48%	14.41%
Shareholders' Equity to Total Assets	14.50%	15.76%	12.76%	12.04%	12.60%	12.72%
Net Loans to Total Assets	49.46%	54.46%	62.82%	63.68%	61.41%	56.30%
Net Loans to Total Deposits	67.39%	75.07%	89.73%	95.49%	102.96%	92.85%

beach clean-up

Doha Bank employees and their families as well as friends from the Planet Savers Club have taken the initiative to ensure that the beaches of Qatar are clear of any environmentally-hazardous material.

Doha Bank has been communicating to the international community the need to be environment-friendly through its Global Warming and Climate Change knowledge sharing sessions. In line with these, the Bank regularly conducts the clean-up of major beaches in Qatar. This also reiterates the Bank's commitment to the Green Qatar program.



board of directors

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

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

Mr. Ahmed Abdul Rehman Yousef Obeidan
Vice Chairman

General Manager, Al Waha Contracting & Trading Est.

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

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

Sheikh Abdulla Mohamed Jabor Al-Thani
Board Member

Chairman of Al Khaleej Insurance & Re Insurance Co.

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

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

Mr. Jabor Bin Sultan Towar Al Kuwari
Board Member

Businessman

Mr. Hamad Mohammed Hamad Abdulla Al Mana
Board Member

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

green account

FREE access is provided to customers to conduct their banking transactions through Internet Banking, SMS Banking, Phone Banking and ATM Banking. Bank statements are sent directly to the customer's e-mail thus reducing paper consumption and saving trees. Customers are encouraged to conduct their banking transactions online through innovative channels like electronic bill payments and fund transfers, e-remittance for sending money back home, online shopping through Doha Souq and others.

Green Account represents the Bank's proactive approach to eco-friendly banking and its drive for a cleaner and greener environment by promoting the concept of 'Paperless Banking'.

chairman's statement

Honorable shareholders and distinguished guests,

On behalf of myself and the Board Members, I am pleased to welcome you all on this occasion and present to you the Annual Report of the Board of Directors for the year 2009.

Despite the continuation of the global financial crisis that rocked different financial markets for the second consecutive year, we were able to achieve remarkable and distinguished accomplishments during 2009. We successfully achieved all the goals outlined in our strategic plan and in the budget. There were many achievements, including enhancing and strengthening the Bank's financial position and producing the best efficiency ratios, including return on shareholders' equity. In addition we launched numerous new advanced banking products and services, in particular e-banking and Islamic banking.

We would like to note that during December 2009 we approved our strategy for the next three years, but as you are all aware, the consequences of the global financial crisis still exists and its negative impacts along with the existing competition among banks have made the situation difficult for financial markets worldwide. Subsequently, it is not easy to maintain this level of performance and realize the high growth ratio of profits during the next year. However, despite these challenges we will do our best to maintain a high level of performance. We would also like to add that the Bank received the second tranche from Qatar Investment Authority, representing 10% of the total value of share capital.

Furthermore, during 2009 we achieved high growth rates in all the financial indicators. The total assets rose to QAR 46 billion i.e. by 18% and loans and advances increased by 8.2% and customers' deposits rose by 20% and the total shareholders' equity rose by QAR 938 million. By the end of the year 2009 we had achieved a net profit of QAR 973.6 million and a growth rate of 22% in the total operational income. The increase in operational income had hence reached QAR 369.2 million. These robust results translated into strong performance ratios and in particular the return on average shareholders' equity reached 21.7% and the return on average assets was 2.3%.

The Bank has included the implementation of effective risk management strategies, both locally and globally, in its three-year strategic plan. In addition, there is an emphasis on attracting Qatari nationals and enhancing the level of performance by hiring highly qualified and experienced bankers and undertaking tailored training programs at all levels. The plan is also designed to strengthen the level of governance in the Bank and provide state-of the-art banking services and products, in particular e-banking and Islamic banking products and services. Overall, the plan aims to strengthen the financial position of the Bank by doubling and diversifying the assets while maintaining exceptional operating results and achieving sustainable growth in the Bank's core income.

Cost management is also a key focus with the aim of adopting leading cost management practices and optimizing the cost of funds.

In line with our strategy for the next three years and with the help of the Sharia'a Controlling Authority, we launched additional Islamic banking products and services as well as improved the existing selection. This ensured that we delivered to the high expectations of our valued customers.

During 2009, we were able to achieve high growth rates across all the financial indicators. The total assets of Doha Islamic reached QAR 3 billion, the total financing activities reached QAR 2.7 billion, and the total net profit reached QAR 128.8 million.

On behalf of myself and the Board Members, I would like to extend our deepest thanks and appreciation to H.H. Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar; H.H. Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani, Heir Apparent; H.E. Sheikh Hamad Bin Jassim Bin Jabor Al-Thani, Prime Minister and Minister of Foreign Affairs; H.E. Mr. Yousef Hussain Kamal, Minister of Economy and Finance; H.E. Dr. Khalid Bin Mohammed Al-Attiyah, Minister of State for International Co-operation and Acting Minister of Business and Trade; H.E. Sheikh Abdullah Bin Saud Al-Thani, Governor of Qatar Central Bank; H.E. Sheikh Fahad Bin Faisal Al-Thani, Deputy Governor of Qatar Central Bank, and to all the supervisors of Qatar Central Bank, Ministry of Business and Trade, Qatar Financial Markets Authority and Qatar Exchange for their continued support.

Finally, I express my gratitude to all the shareholders, customers, members of the Sharia'a Board of Doha Islamic, the Bank's Executive Management team and all employees for their continued efforts in achieving impressive results for Doha Bank.

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

executive management

R. Seetharaman
Group Chief Executive Officer

Abdul Rahman Ali A. Al Mohammed
Head of Human Resources

Douglas Neilson
Head of Risk Management

Anthony Lee
Head of Treasury & Investment

David Challinor
Head of Group Finance

Gerald Terence Fitzgerald
Head of Technology and Operations

Aiyadurai Sekar
Head of Corporate & Commercial Banking

Louis Anthony Scotto
Head of Retail Banking

Ganesan Ramakrishnan
Executive Manager International Banking

Nael Zahi El Zagha
Acting Head of Islamic Division

Manoj Kumar
Executive Manager Doha Bank Assurance Company

advisors to the board of directors

Jamal Eddin H. Al Sholy
Head of Compliance Department

Mustafa Mohamed Osman
Head of Internal Audit

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

international banking offices

C. K. Krishnan
Regional Manager US and North America Operations

Ahmed Yusuf Ahmed Al Mehza
Chief Country Manager Kuwait Branch

Zaid Al Halbouni
Chief Country Manager Dubai Branch

Nazih Akalan
Chief Representative Turkey Representative Office

Kanji Shinomiya
Chief Representative Japan Representative Office

M. Sathyamoorthy
Chief Representative Singapore Representative Office

Peter Lo
Chief Representative China Representative Office

Irena Mateescu
Chief Representative Romania Representative Office

K. S. Kwon
Chief Representative South Korea Representative Office

Robert John Bates
Chief Representative London Representative Office

green credit card

Contribute to a cleaner and greener planet with Doha Bank's Green Card, the first environmentally-friendly, socially responsible, bio-degradable credit card in the Qatar market.

Doha Bank has launched the first credit card made from bio-degradable material. In order to encourage customers to support the planet the Bank is offering the following environment-friendly benefits to Green Credit Cardholders – e-statements that reduce paper wastage; communication on recycled material; 1% of the total spend will be donated to a green cause; activated for online purchasing; enabling transport-free shopping; and a draw to win an eco-tourism holiday in Asia.

management report

GLOBAL ECONOMY

The global economy exhibited signs of ending the recession with most of the advanced economies recording modest positive growth from the second quarter of 2009. However the pace of contraction in output declined significantly elsewhere. The pace of global recovery, however, continues to be slow and uncertain, given the fact that recovery is still gaining support from extraordinarily large stimulus measures amidst the persisting stress on the financial system of advanced economies. China and India are expected to lead the global recovery and have come out relatively unscathed amidst the global turmoil.

Following a contraction in the last quarter of 2008 and the first quarter of 2009, global growth turned positive in the second quarter of 2009, supported by the strong performance of Asian economies and the stabilisation in other regions. Different economies are at differing points on the recovery path, with the emerging and developing economies forecasted to grow by 1.7 percent during 2009. Emerging Asia is leading the global rebound, with significant acceleration in growth in the second quarter in China, Hong Kong, Singapore and South Korea. In China, GDP growth is estimated to further accelerate to 8.9 percent in the third quarter, supported by the substantial fiscal stimulus and rapid increase in bank lending. GDP growth in other emerging Asian economies has also strongly recovered, partly in response to the policy stimulus.

The global economy is expected to make a modest recovery in 2010. In October 2009, the IMF revised its growth forecast for world output for 2010 upwards to 3.1 percent from the 2.9 percent forecasted in July 2009. However, concerns about the prospect of long-term damage to the potential growth path of the world economy are still prevailing.

The revised economic outlook published by OECD in September 2009 pointed to a recovery earlier than what was envisaged a few months ago. There has been a marked improvement in the overall financial conditions, though bank lending continues to decline and concerns about the health of the banking system remain. While exports in the second quarter showed a positive growth over the first quarter of 2009, the pace of recovery is likely to remain modest for some time to come as ample spare capacity, low levels of profitability, high and rising unemployment and ongoing housing market corrections will dampen any upturn in private demand.

DOMESTIC TREND

Under the wise leadership of H.H. Sheikh Hamad Bin Khalifa Al-Thani, the Emir and H.H. Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani, the Heir Apparent, Qatar's macroeconomic performance remained strong and stable during the year. Qatar's economy is expected to outperform the rest of the region with a 9 percent growth in 2009 despite the global financial turmoil since the third quarter of 2008. According to IMF, Qatar's medium-term outlook is positive as the production of LNG and other gas products is expected to almost double with the commissioning of two trains by RasGas and the construction, manufacturing, financial services, trade, transportation and communications sectors all projected to grow at a strong pace.

The current account has been in surplus since 1998 and is expected to remain so over the medium term. This has allowed both the public and private sectors to accumulate a substantial net asset position. Qatar's hydrocarbon exports are expanding at a far more rapid pace than regional rating peers. This will significantly boost the Government's revenues over the coming years.

Qatar has committed investments of USD 150 billion that are expected to be completed by 2012, of which USD 100 billion are in the hydrocarbon and related manufacturing sectors. The Government successfully issued fixed-rate notes of USD 7 billion during November 2009 to fund Qatar's general financing.

Qatar continued to deliver an impressive economic performance in 2009, despite the global slowdown. Overall real GDP growth is estimated at 9 percent, following a 16 percent growth in the previous year, underpinned by expansions in the production of Liquefied Natural Gas (LNG) & condensates and a strong performance in the non hydrocarbon sector. This is projected to accelerate to 18 percent and 13 percent in 2010 and 2011 respectively as new LNG trains will come on stream and the Government's robust counter cyclical fiscal policy continues to boost economic activity. With an estimated 902 trillion cubic feet of natural gas reserves, which accounts for 14.4% of the world's total gas reserves and the second highest proven gas reserves after Iran in the Middle East, production of Liquefied Natural Gas (LNG) has enabled Qatar to gain significant importance in the global economy.

The State of Qatar supported the banking sector of the Country by undertaking to subscribe through Qatar Investment Authority, a special issue of shares of up

management report

to 10% of the Banks' capital, of which the Banks have already received 5%, being the first tranche, in 2008 and the remaining 5% in December 2009. The Government has also bought the Banks' equity portfolios listed on Qatar Exchange in order to minimize the volatility in the Banks' earnings. The Government has also announced a QAR 15 billion fund to acquire the real estate loans from banks. The measures undertaken by the State of Qatar will provide further strong support to the economy in general and will allow banks to build up their liquidity and effectively support the growth in GDP and domestic credit.

Qatar's strong fiscal performance and ongoing reforms have also been acknowledged by Capital Intelligence which reaffirmed Qatar's sovereign rating of 'AA-' during the year. Standard & Poor's and Moody's have also reaffirmed their AA- and Aa2 ratings respectively on Qatar during the year.

The recently released Global Competitiveness Report 2009-10, prepared by the World Economic Forum (WEF), ranked Qatar as the most competitive economy in the Middle East and North Africa region and the 22nd overall out of 133 countries assessed.

With the reduction of Corporate Income Tax rate applicable for foreign enterprises to 10 percent from 2010, Qatar is set to become even more investor friendly.

RETAIL BANKING GROUP

The Retail Banking segment continued its sustained growth and performance in 2009 with continuous innovation, high-end deployment of technology to provide convenience to customers and a stronger commitment to excellence in customer service. The Bank's extensive segmented product suite, promotions, collaborations and related activities catered to the diverse population of the State of Qatar, while strengthening our competitive edge within the retail arena. Our principle has always been to provide customer-centric products and services based on customer needs and thereby position us as a leading player in the market.

Doha Bank SME Customer Interface

Abu Hamour Branch Inauguration

During the current year, Doha Bank expanded its distribution network with the addition of 2 full-fledged branches, one at Old Airport Road and another one at Abu Hamour, and increased its ATM network by 5 new locations. The Bank also opened 2 new e-branches, one at Lulu Hypermarket in Gharafa and another one on C Ring Road at the Doha Bank Assurance Company building. The Bank's overall distribution coverage at the end of 2009 comprised of 30 branches in the State of Qatar, 5 Islamic branches, 10 e-branches, 12 pay offices and 110 ATMs.

Throughout the year, the Bank continued with its innovative products/promotions, starting with the successful campaigns on its Dream Credit Card including the 'Shop and win' promotion where customers were awarded 1000 Dream Loyalty Points for a single purchase of QAR 1000, the one-extra limit promo, and the 'Fly & Win' promotion wherein customers got an opportunity to win back their next air

Going Green with UNESCO and Doha Bank

Launch of Al Dana 2009

ticket on the usage of their credit cards during summer. In addition to that, a variety of tie-ups aimed at providing cardholders with exceptional offers were done with prime merchants in the market such as Giant Stores, Joy Alukkas, Crepeaway and with Visa International in order to promote usage across debit and credit cards through the 'Go Around the World' campaign that offered the winner with a ticket to travel around the world and the 'Dine In with Visa', promoting usage in restaurants. On top of that, the Dream Loyalty Program continued to expand and offer customers with a wide choice to redeem their points instantly for all types of goods ranging from grocery to electronics, restaurants, jewelry, clothing, airline tickets & holiday packages and household items.

In October 2009, the Bank also successfully launched the first-ever Green Credit Card to pioneer its efforts in the Middle East region for encouraging environment friendly banking operations.

In 2009, the loan segment, amid concerns regarding the global financial instability sustained its performance by kick-starting the pre-approved loan promotion during the month of February 2009. Further identifying the market requirement for loans, in August 2009 the Bank came up with a new festival loan promotion that introduced balanced package loans of QAR 100,000 and QAR 50,000 for eligible applicants to satisfy their needs arising from summer vacations and Eid.

The Bank also penetrated the market with offers and tie-ups with various automobile dealers in 2009. The year saw many promotions with car dealers of Nissan, Infiniti, Renault, Mazda, Mitsubishi, Suzuki and Mercedes Benz. The promotions were further supported during the festive seasons of Ramadan and Eid with special offers and discounts, with the objective to continue supporting the car market sector in Qatar due to its importance.

Al Dana Savings Scheme continued its success for the 6th consecutive year and is now considered as an iconic name across each household in the Country. The scheme offered QAR 1 million in cash every month throughout 2009 and created 10 new millionaires in total from different nationalities. The Al Dana Savings Scheme is the Bank's commitment to serve and reward customers for their investment with the Bank. Furthermore, our young savers were granted special prizes where four winners won QAR 25,000 each to support their educational expenses. In line with this continuous success, the Bank organized its 6th annual fun run including participants from various societies and children with special needs.

The Bank also successfully ran the special salary transfer promotion that encouraged customers to open payroll accounts with the Bank and capitalize on various benefits offered. Customers who transferred their salaries to the Bank during the promotion period were given an opportunity to win their entire salary for a whole year. The Bank also introduced a new recurring deposit product – Smart Saver Deposit – in October 2009, wherein customers can open a deposit for as low as QAR 200 and save for the future, through monthly payments, to meet their children's educational expenses or for their retirement. The product comes with an exciting insurance cover that secures the full intended amount from the beginning. On the other hand, the Upfront Interest Deposit scheme, launched last year, continued to achieve great results while offering high returns in advance.

This year also saw Doha Bank's tie-up with Qatar's newest telecommunication giant – Vodafone. The Bank was proud to be associated with Vodafone's opening in Qatar wherein Vodafone kiosks were set up at Doha Bank branches and joint offerings were given to Doha Bank customers. As a continuation of our tie-up with Vodafone and our ongoing efforts to bring more value additions to our customers, the Bank launched the Vodafone Online Direct Debit Service in September 2009. With this service the Bank's customers having Vodafone mobile lines can now automatically recharge their mobile directly from their accounts and we are working on various other exciting offerings in the near future.

DBank, the flagship electronic banking channel of Doha Bank, which has been successfully operating since

Launch of Doha Bank Green Credit Card

Launch of Doha Sooq

Tie-up with Qatar's newest telecommunication giant – Vodafone

2004, continues to provide services to customers on a 24/7 basis through state-of-the-art e-delivery channels. In 2009, DBank operations were ISO 9001:2000 certified by the Societe Generale de Surveillance – Switzerland, validating the Bank's commitment to quality and efficiency in the operations of e-delivery channels.

Doha Sooq, the e-commerce portal of the Bank for both Business to Business (B2B) and Business to Customer (B2C) transactions, is having a successful run since its inception in 2007 and is committed to provide convenience to customers not only in banking but also in on-line shopping, with more than 50 merchants and more than 500 different product items covering a wide selection. The portal is growing in its market acceptance with its impressive list of merchandise and we are continually enhancing the portal with varied products/services. In 2008, we successfully launched DubaiSouq, which has made its presence felt too.

In July 2009, the Bank pioneered itself in organizing the grand 'Merchant Acquiring Seminar' for the first time in the State of Qatar. The seminar was organized at Four Seasons Hotel and was attended by merchants, channel partners and other representatives. The seminar gave merchants in Qatar the opportunity to explore major developments and advancements in payment processing techniques around the world, along with associated risk preventions, by listening to experts from Visa International, MasterCard Worldwide and Verifone.

On the other hand, the Bank also embarked on a new phase to redefine its Retail Banking Division in order to consolidate its position and ensure the strongest presence in the market for the future, by way of a fully comprehensive project under the directions of H.E. the Chairman. The main objectives of the Project were to establish a wholesome transformation plan being mapped along with a time defined execution strategy to reflect a new phase in customer service and customer retention, thereby achieving customer loyalty and enhancing the image of Doha Bank.

The acts of transformation in the identified areas of Retail Banking Division were grouped into 10 key initiatives that included enhancement of the existing customer complaint management system, certification program for front-end staff, centralization of operations, developing model branch concepts, setting up of the Customer Service Center and introducing fast-track employee career development programs.

The Project, in its first phase, successfully developed uniform standards, best practices, standard measurement scale, changes in people, culture, processes, policies and procedures along with visible achievements in the setting up of a unique Customer Service Center under the brand name of 'Tawasol'. It shows the determination of the Bank to excel on the customer service front by providing customers with a dedicated place to respond to their queries or handle their issues through a highly skilled and qualified team of professionals.

Towards the 3rd quarter, the Bank also hired a new Head for its Retail Banking Division, Mr. Louis Anthony Scotto, who comes with an extensive banking experience of around 35 years across the USA and the GCC region. The Retail Banking Division, in 2010, will be continually committed towards introducing innovative products

Old Airport Branch Inauguration

and services, including developing bundles of products and services that fit multiple customer segments. Customers will be able to feel major differentiation and unique benefits at the retail banking level through a major transformation and strategic initiatives that are going to be implemented from the beginning of 2010.

WHOLESALE BANKING GROUP

A more cautious approach by the Government in committing to new projects slowed down the business flow in 2009. It is expected that government contracts will start flowing from the first quarter of 2010. The Bank too, on its part, followed a selective growth policy in booking new exposures. The profit contribution also improved due to a better product mix and revision in interest rate and other charges such as management fees and commissions.

The Wholesale Banking Group consists of six divisions, namely, Corporate and Commercial Banking, Equipment and Vehicle Finance Division, Project Finance and Equity Advisory Services, Mortgage Finance and Real Estate Services Division, Private Banking and Small & Medium Enterprises Division, which continue to focus on their respective areas of specialization and on cross selling the Bank's other products to maximize the earnings from customers.

The Corporate and Commercial Banking Division's watchwords are selective growth, enhanced product mix and consolidation. The Division also focuses on effective monitoring in order to ensure better asset quality. It managed to broaden the base of its clientele by selectively establishing new relationships with prominent local and international companies. Kuwait and Dubai branches also grew moderately. Further, the growth was diversified, with a primary focus on contract financing, and was in line with the economic growth of the Country. This division continues to focus on increasing the share of fee and commission income and cross selling of products of other divisions of the Bank, particularly Retail, e-commerce, Equipment Finance and General Insurance.

The Equipment and Vehicle Finance Division adopted a conservative approach, given the current market conditions.

The Project Finance and Equity Advisory Services had a strong year and managed to develop relationships with several large European and Asian conglomerates in contract financing, in addition to successfully concluding large deals with large local business houses.

The Mortgage Finance and Real Estate Services Division catered to the requirements of existing clients during 2009. This division is constantly exploring options to provide value-added services to its customers. This division was also successful in cross selling retail mortgage loans through tie-ups with some of its large clients.

Private Banking focused on customized financial solutions to its high net-worth clients for managing their investments. This division offered proprietary financial products and products of other institutions with whom it has strategic alliances.

Tatweer, our unique product offering to the small and medium enterprise (SME) customers in Doha, has been well received. The team was not only able to create product/brand awareness but also make inroads into this market. It is expected that 2010 will witness a strong growth in this portfolio.

The Bank held several knowledge-sharing sessions during the year. The most notable being 'Global Financial Crisis and Opportunities in Qatar' in March 2010 and 'Real Estate Sector after Recession' on November 26, in addition to the 'GCC Biz Quiz' on April 27 in Kuwait.

During Doha Bank Seminar on Global Trends Driving Changes in Middle East Payment Market

management report

TREASURY AND INVESTMENT GROUP

The year 2009, in a continuation of the upheavals seen in the previous year, was one of uncertainty as the global slowdown continued and the systemic risks to the banking system remained. Local liquidity has, at times, been problematic and the high interest rate structure, prevalent for most of the year, has kept funding costs higher than they would normally have been and that has acted to trim down investment activity.

The efforts within the Bank's Treasury Department have been focused on continued development to strengthen all aspects of the business. Having completed the first phase in the implementation of our front-end system we are now in a strong position to accelerate the development of our product offerings across both Treasury and Investments. We have increased the staffing levels with a priority being placed on up-skilling the team as well as building a dedicated sales force. Underscoring these efforts has been an attention to training. We have utilized intensive e-learning software combined with external courses to provide technical and professional training to the department staff. We are committed to providing a first-class service to our growing client base in line with their increasingly sophisticated treasury requirements. We remain active market makers in Forex in all GCC currencies. Our treasury teams in Dubai and Kuwait are fully operational and are able, when combined with the head office, to cater to the needs of our United Arab Emirates and Kuwait clients. We have also established an Islamic Treasury Desk to cater to the needs of our clients from Doha Islamic Bank.

Lulu Hypermarket Branch Inauguration

A key aspect of the treasury activity, given the structurally high interest rates in Qatar, has been to focus on strengthening and broadening the liability base as well as lowering the overall cost of funds. This has been achieved through targeted marketing efforts and full utilization of available arbitrage opportunities in the region.

The Investment Team, particularly the Equity Division, had a subdued year largely due to the Government buy-out of our local equity portfolio on Qatar Exchange (formerly Doha Securities Market). Additionally the early turmoil on Qatar Exchange, the mid-year drop and then the slow recovery led us to delay the launch of our GCC based mutual fund until market conditions settle. Overall, our equity based investment activity has been muted. In contrast to that the Fixed Income Team has been major participants and investors in all the local debt issues, including those issued by the State of Qatar, and this has seen a strong growth in our 'held to maturity' portfolios. Fixed income investment activity outside of this has been minimal and is a reflection of the risk averse outlook we took during the year. A further reflection of this has been the disposal or sale of all derivative based investment products held on our books. For client activity, we have seen good growth in our international brokerage activity – in customer numbers and volumes – providing our local clients with access to international equity markets, particularly so during the latter part of the year.

Doha Bank's participation in the dynamic Qatari economy is set to increase as the Treasury and Investment Team, supported by our new systems and new staff, will be taking a client centric approach and will be broadening our suite of products and services at Corporate, SME, Retail and Private Banking levels.

INTERNATIONAL BANKING GROUP

The International Banking Group integrates the Bank's international operations, facilitates cross border trade and is responsible for building relationships with financial institutions globally. We have correspondent relationships with more than 300 financial institutions worldwide. The international presence of the Bank now comprises of branches in New York, Dubai and Kuwait and Representative Offices in Singapore, Istanbul, Tokyo, Bucharest, Shanghai, London and Seoul. The Group also participates in syndicated loans to financial institutions and corporate entities mainly in the GCC and Asian regions.

The New York Branch, which has to its credit 26 years of operation, is the only Qatari bank operating in the United States of America. It provides correspondent banking and payment services to customers, mainly banks and financial institutions. The Branch offers a wide range of international banking services such as trade finance, payments, funds management and clearing operations for banks and financial institutions worldwide.

The Dubai Branch has been in operation since 2007. Once again, Doha Bank is the only Qatari bank to operate in the United Arab Emirates. The Branch offers our entire range of wholesale, retail, treasury and trade finance products and services to domestic customers and also meets the cross border banking needs of Doha Bank customers in other countries.

The establishment of a branch in the State of Kuwait in June 2008 increased the number of overseas branches to three and has strengthened our branch network in the GCC. The Kuwait Branch caters to customers with our entire range of wholesale, retail, treasury and trade finance products and services.

The overseas expansion of the Bank is in line with the strategic vision of the Board to have a pan GCC presence to cater and serve the growing client base across the GCC. In line with our globalization vision outside the GCC region, representative offices have been set up in Singapore, Turkey, Japan, China, Romania, South Korea and United Kingdom. The offices complement our existing branch network both within and outside Qatar in better understanding the various international markets to serve our customers better. The overseas network of the Bank aims to facilitate the customers to conduct cross border trade transactions between the State of Qatar and other overseas countries.

Further expanding the horizon of our product offerings, the Bank established strategic alliances with various banks and mutual fund houses in selected countries. During this year, the Bank entered into collaboration agreements with the Banque du Caire SAE in Egypt, Nepal Credit and Commerce in Nepal, United Coconut Planters Bank in Philippines, Hatton National Bank in Sri Lanka and Bank Negara Indonesia. With these arrangements, the Bank is uniquely positioned to facilitate the expatriate community in the State of Qatar to meet their remittances, quick funds transfers and investment needs.

Best Commercial Bank - 2009
The Banker Middle East

INTERNATIONAL RATING

Summary of our rating from international rating agencies:

Standard & Poor's	Moody's	Capital Intelligence	Fitch
• Long Term - A- • Short Term - A2 • Outlook - Stable	• Bank Deposits - A2/P-1 • Bank Financial Strength - D+ • Senior Unsecured MTN - A2 • Subordinate - A3 • Outlook - Stable	• Foreign Currency LT - A • Foreign Currency ST - A2 • Financial Strength - A • Support - 2 • Outlook - Stable	• Foreign Currency LT - IDR - A • Foreign Currency ST - IDR - F1 • Individual - C • Support Rating - 1 • Outlook - FC - Stable

International Rating Agencies persisted with the usual strong ratings during the year despite challenging market conditions, recognizing the Bank's strength and performance.

- Capital Intelligence reaffirmed their existing rating of the Bank's foreign currency and the financial strength ratings of 'A' citing balanced loan growth and strong growth in Gross Income and Net Profit.
- Fitch Ratings also reaffirmed their Foreign Currency Long-term - Issuer Default Rating (LT - IDR) and Foreign Currency Short-term – Issuer Default Rating (ST – IDR) of 'A' and 'F1' respectively and their 'Stable' Outlook during their review in 2009.
- Fitch's ratings reflect the Bank's high operating revenues, improved cost-income ratio, strong credit fundamentals, strong domestic franchise, sound financials and the Bank's strategy of international expansion and diversification.
- Moody's and Standard & Poor's also reaffirmed their ratings of the Bank for 2009.

Doha Islamic Wakra Branch Inauguration

ISLAMIC BANKING

Doha Islamic, the Islamic banking arm of Doha Bank, completed its fifth year of operation. Within a period of five years it has achieved an impressive growth rate. With a comprehensive set of products and services it caters to all the financing needs of different stages of the life cycle, for retail as well as corporate customers.

Total assets of Islamic banking passed the QAR 3 billion mark during the year. Doha Islamic continued to establish new relationships through pro-active marketing efforts and opportunities provided by the growing market segment. Plans are in place to open three new branches beyond Doha districts, which will take the number of Doha Islamic branches within the State of Qatar to eight.

Doha Islamic offers over 13 Islamic products including Murabaha, Mudaraba, Ijara and Istissna covering all the financing needs of retail as well as corporate customers at different stages of the life cycle. Doha Islamic has introduced the 'Ithmar' credit card scheme and Young Savers scheme.

Doha Islamic's strategy for the coming year includes:

- Expanding the branch network within the State of Qatar and beyond;
- Developing schemes to strengthen the deposit base;
- Establishing new revenue streams such as Syndications and Small and Medium Enterprises (SMEs);
- Extensive marketing campaign for Doha Islamic products and services;
- Further innovation in product development specially in Treasury; and
- Implementing a specialized Islamic banking IT system.

Best Domestic Islamic Bank in the Middle East-2009
Bankers Middle East

DOHA BANK ASSURANCE

In line with Doha Bank Group's strategic vision to converge as a One-stop Financial Service Provider, Doha Bank Assurance Company LLC (DBAC) was established as a 100% owned subsidiary, licensed under Qatar Financial Center Regulatory Authority to underwrite corporate general insurance business, by Doha Bank in 2007, thereby becoming the first GCC bank to establish a 100% owned insurance company. The full-fledged operations of DBAC started in 2008.

DBAC provides all lines of general insurance including Fire, Engineering, Marine and Motor Insurance. Currently policies are being issued to only corporate customers. After obtaining the necessary authorizations for retail business the policies will be issued through the retail network of Doha Bank by way of a distribution agreement between the Bank and DBAC.

DBAC made an impressive start in 2008 and established itself as a viable choice for world-class insurance solutions in Qatar. During the financial year 2009, DBAC continued its good performance with a significant growth in its premium and customer base. The Company's growing list of clientele includes large corporate houses and various government departments of the State of Qatar.

Doha Bank Group maintains its focus on the convergence between its banking and insurance channels. The Group's vision to be the most sought after financial services group providing world-class banking and insurance solutions across the Wholesale, Retail and Islamic financial market spectrums will be achieved in the coming years.

Doha Bank Seminar on Real Estate

RISK MANAGEMENT GROUP

The Risk Management function at the Bank has evolved into an independent enterprise-wide risk management framework. To optimize this, we consistently and continually monitor risks and processes across the organization to identify, assess, measure, manage and report on opportunities and threats that could impact the achievement of the Bank's objectives.

The Board and the Executive Management are ultimately responsible for all the risks assumed by the Bank. They seek to balance the risk profile against sustainable returns to achieve the business goals of the Bank. The Board has engaged qualified professionals, and has set policies and procedures, risk limits, organizational framework, committees, authority levels and accountability.

Implementation of the Risk Management Framework is entrusted to a highly competent team and is controlled and implemented through various senior level management committees chaired by the Chief Executive Officer covering Credit, Investment and Asset & Liability Management. In addition, the Board Audit Committee reviews the recommendations and findings of the internal, external and central bank auditors.

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

Strategic Risk

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

Reputation Risk

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

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

The Board has also established a high level Risk Management Committee, comprising senior executives of the Bank. The objective of the committee is to oversee the implementation of an enterprise-wide risk management framework approved by the Board of Directors. Through periodic review of the Bank's risk mitigation and control framework the committee proposes strategies to identify and address risk issues as circumstances change, and to optimize the risk profile in line with the Bank's overall risk appetite.

Legal Risk

Legal risk includes legal action and vulnerability to legal issues. The Bank maintains a highly qualified team of corporate lawyers who are responsible for validating all the Bank's agreements and are continuously reviewing the standard/specific documents for all the products and services being offered to customers and counter parties.

Credit Risk

This refers to the risk that counter parties may default in meeting their obligations to the Bank. Credit Risk is managed by a thorough and well-structured credit assessment, taking appropriate collaterals where necessary and continuous monitoring. Additionally, group and single obligor limits, borrower ratings, portfolio analysis, counter party limits and concentration of the limits are some of the tools that are used by the Bank to effectively measure and manage its credit risk. Detailed credit policies, procedures and guidelines, proper segregation of duties, clear matrix of authorities for credit approval and periodic audit and examinations by internal and external auditors ensure that a rigorous environment of checks and balances exist within the Bank.

The Bank's credit risk framework includes:

- Establishment of an authorization structure and limits for the approval and renewal of credit facilities;
- Reviewing and assessing credit exposures in accordance with the authorization structure and limits prior to facilities being committed to customers;
- Diversification of lending and investment activities;
- Limiting concentration of exposure to industry sectors, geographic locations and counter parties; and
- Reviewing compliance with exposure limits agreed for counter parties, industries, and countries, on an ongoing basis, and reviewing limits in accordance with the risk management strategy and market trends.

Further, the Bank has a well-established Remedial Asset Management Unit under the supervision of the Credit Risk Department whose responsibility is to identify, monitor and adopt corrective action on delinquent credits.

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

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

The Bank maintains high quality liquid assets, which can be liquidated at short notice to raise cash, if required. The Bank also has in place arrangements with several international banks to make funds available in case of need.

The Bank's liquidity position is subjected to diverse stress scenarios in order to evaluate the impact of unlikely but potentiality plausible events on liquidity. Scenarios are based both on historical and hypothetical events. The results obtained from such stress testing provide meaningful input when defining target liquidity risk positions.

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

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

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

Interest Rate Risk
Interest rate risk arises due to the probability of changes in interest rates, which may affect the value of financial instruments or future profitability. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the quantum of assets and liabilities and off balance sheet instruments that mature or re-price in a given period. Since most of the Bank's financial assets and liabilities are in floating rate, deposits and loans are generally re-priced simultaneously, providing a natural hedge which reduces exposure to interest rate risk.

Further, the Bank manages the interest rate risk by matching the re-pricing of the assets and liabilities through various means and by operating within the set gap limits. Foreign currency loans are linked to LIBOR rates and are re-priced regularly to reduce the attendant interest rate risks.

Operational Risk
Operational Risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Bank has detailed policies and procedures that are regularly updated to ensure that a sound internal control environment exists in the Bank. The Bank is closely reviewing the various recommendations issued by the Basel committee on 'sound practices for the management and supervision

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

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

In addition, the Internal Audit Department carries out an independent assessment of the actual functioning of the overall Risk Management framework.

Managing Operational Risk
The Bank manages operational risk based on a framework that enables us to determine our operational risk profile and how it relates to risk measurement, risk mitigation and priorities.

A number of techniques are applied to effectively manage the operational risk in our business including:

- Effective staff training, documented processes/procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, close monitoring of limits, introduction process of new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by the Bank to manage organization-wide operational risk.
- Reporting of risk events. This process 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.
- Bottom-up 'self-assessment' has been introduced resulting in a specific operational risk profile for the business lines, highlighting the areas with high risk. Action points resulting from 'self-assessments' are captured and the progress of the operational risk profile is monitored on an ongoing basis and
- The Bank's insurance policy adequately covers high severity losses and stress losses.

INFORMATION TECHNOLOGY
The Bank, by utilizing advanced technology solutions, has provided and will continue to provide complete convenience to our customers. From its inception, the Bank has been focusing on providing high standard of customer service. The Bank has introduced variety of banking products like ATMs, Phone Banking, Mobile Banking, SMS Banking, Internet Banking, e-Remittance and Card Management System. The Bank has leveraged on Information Technology to efficiently and effectively deliver these banking services to its customers. In order to achieve this, Doha Bank Information Technology Department is on a journey of continuous improvement for its Information Technology support services to all it's users of Doha Bank.

Information Technology is the backbone for efficient delivery of Bank's services. The Bank is heavily dependent on the high quality of Information Technology resources for delivery of services. Doha Bank has state of art completely integrated architecture, running enterprise wide system on Oracle Unix and Windows platforms. The architecture is designed to maximize availability, scalability, reliability, reusability, security and manageability. The network architecture is in line with increasing deployment of electronic channels covering Firewalls, IDS, Antivirus and Zoning and VPN. A state of the art Disaster Recover site has been commissioned with alternate processing capabilities for all critical systems. Work Flow Automation moves the bank more closer to a paperless environment and ORACLE e-biz suite of applications has been the driver for improving internal efficiency. The Information Technology department has successfully implemented a Service Management System under the ITIL framework and has achieved the ISO: 20000 Certification in Service Management, being the first and only Bank in Qatar to have achieved this.

Doha Bank website won first prize in the Banking Web Awards Competition 2009

Qatari Graduation Ceremony

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

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

The pro-active assessment of the need for deploying advanced systems to support the challenging market conditions has led to the process for infrastructure and systems enhancement for our Treasury and Investments, which is scheduled to go live in 2010 and will ensure that the Bank provides the most advanced banking solutions in this region. These key measures will further improve the customer convenience the Bank is already providing.

HUMAN RESOURCES

Doha Bank treats its Human Capital as it's most valued and important asset. The Bank has been building a high performance culture by revamping the performance appraisal procedures and directing performance towards achieving Goals and Objectives in line with the Bank's business strategy. While keeping Qatarization in mind, staff diversity has also remained a priority for the Bank, which is reflected in the staff mix of 45 nationalities that share a common purpose – the Mission of Doha Bank.

As a commitment to Qatarisation, the Bank appointed a Qatari national as Head of Human Resources and promoted 2 highly qualified senior Qatari staff to Executive Management positions. The Bank has implemented a Career Development Program for Qatari employees where individual career plans are drawn up and they undergo a 18 to 24 months extensive on the job training and administer specialized training courses. The Bank's scholarship program specially dedicated to Qatari nationals, initially started off in 2006 with 6 students on Bank sponsored scholarships currently has 34 Qatari students pursuing on campus higher studies at various renowned educational institutions in Qatar, GCC and UK.

Knowledge and learning are the key to Doha Bank's ability to achieve its mission. Our Training Center with the newly appointed Head of Training, continue to enhance knowledge and sharpen skills of employees with various valuable training programs. Currently the Training Center plays the most important part in the Qatari ICP Program and also played a vital role in the recently concluded 100D Project by imparting various skilled based training for retail banking employees.

HR policies and procedures will be reviewed during the year ahead. Policies will be revised in order to enhance employee stability by attracting and retaining high quality employees. This will also facilitate our commitment to acquire the minimum requirements of localization stipulated by the Ministry of Labour.

BUSINESS PROCESS RE-ENGINEERING AND QUALITY ASSURANCE

In today's business environment, when enterprises across the globe are facing the aftermath of the global financial crisis, re-engineering has emerged as a powerful tool to revitalize and streamline business processes, procedures and operations


Green Press Conference

Announcing the 2009 Al Dana Green Run

to gain competitive advantage. As one of the major initiatives, optimization exercises were carried out for rationalization of processes and human capital deployment to improve productivity and control cost.

Business Process Re-engineering activities in 2009 made significant strides in re-engineering and process improvements in the following business interfaces:

- Islamic banking central operations;
- Customer-relationship management;
- Small and medium enterprises segment;
- Treasury and investment back-office;
- Accounts payable and
- Ensuring business realignment to identified strategies through process enhancements in the operational efficiencies of our key divisions.

Sharpening the competitive edge of Doha Bank in terms of cost efficiency, service quality, speedy response and achieving excellence, optimizing operational flexibility through reduced turnaround time will be the focus of our re-engineering efforts in 2010.

Our Software Quality Assurance unit, being an integral part of the business process re-engineering division, performs a constant review of the new IT systems that are being integrated with the Bank. In addition, the team also performs regular reviews of various IT operations with a view to keep pace with the technological advancements.

Continuous improvements and changes to the divisional manuals were done to comply with the Quality Management System requirements. In-house ISO awareness Quality Management System training sessions were conducted for the staff.

CORPORATE SOCIAL RESPONSIBILITY

Doha Bank is a proactive participant in supporting humanitarian causes, spreading social awareness, raising funds for the needy and promoting art and culture. Doha Bank has been regularly and generously donating to needy individuals as well as organizations and has also been contributing towards charitable work and humanitarian activities.

Doha Bank continues to organize the annual 'Al Dana Fun Run' since its inauguration in 2005. The event has been receiving an overwhelming response from the residents – young and old, children, women and sports enthusiasts. The event is organized with the support of Traffic Directorate, to instill road safety, traffic discipline and accident prevention among residents. The Bank renamed the event this year to 'Al Dana Green Run' with the objective of spreading awareness on preserving the environment and supporting the national campaign


Al Dana Green Run

Al Dana Green Run Winners

management report

for road accident prevention. As in previous years, the November event was widely attended and was a remarkable success.

Doha Bank always leads by example when it comes to promoting cultural, professional, education and knowledge forums through generous sponsorships as well as through direct organization of events. Doha Bank Quiz programs, conducted for corporates as well as residents, are very popular. We conducted our most sought after Business Quiz in Kuwait where contestants from corporate world participated in enormous numbers.

Doha Bank is resolute in doing its part in curtailing Global Warming and its dire consequences. We encourage energy saving as a corporate habit and are committed to be a carbon neutral entity. The Bank continues to plant a tree for each employee annually. We were the first Bank in the GCC to launch the 'Green Banking' concept. A dedicated Green Banking Website, 'www.dohagreenbank.com', integrates the bank's initiatives in promoting environmental safety with the community by reaching out to both the public and private sectors. In October 2009, we launched GCC's first Green Credit Card 'Go-Green Visa Credit Card' which is made 100% from biodegradable materials.

Further, the Doha Bank Planet-savers club participated in various activities to contribute to the Green Qatar Program. Tree planting, adopt-a-beach, recycling and waste management programs are few of the initiatives conducted on a regular basis.

CORPORATE GOVERNANCE

Fairness, Transparency and Accountability

Corporate Governance is an integral part of Doha Bank's corporate identity. The release of Corporate Governance Standards by the Hawkamah – Institute for Corporate Governance has provided us with a benchmark to evaluate our practices and further strengthen it. Improved corporate governance principles are embedded in all the Bank's activities and good governance principles are being inculcated in the working of the management team.

Doha Bank has three driving tenets – fairness, transparency and accountability. It recognizes that strong leadership and good corporate governance will have a positive impact on staff, shareholders, regulators and its business partners. All Directors are provided with guidelines that set out their roles, duties, responsibilities and obligations. Additional obligations are placed on the Head of Finance, Head of Risk and Head of Audit Committee to ensure appropriate checks and balances in protecting the principles of corporate governance.

Doha Bank's Board of Directors Membership

The Board consists of seven members from the shareholders, as defined in the Bank's Articles of Association. The seven board members are persons of stature representing skills and experience in corporate management, accounting, team leadership, investment and banking.

Constitution of the Board

The Board is elected every three years by the Annual General Meeting (General Assembly) of the shareholders convened for the purpose. A voting process by casting of ballot takes place in the presence of an observer from the Ministry of Business & Trade and the External Auditors. It is an open and transparent process of election where the shareholder's choice is exercised.

Meeting of the Board is normally held in the Board Room at the Head Office of the Bank, after distributing a detailed agenda and supporting notes to the members, well in advance. There is a dedicated Board Secretary and all decisions are recorded. Board records are available for inspection. The Board holds a minimum of six meetings in a year and the period between each meeting should not be more than two months.

Related party dealings are governed by the instructions of the relevant regulatory authorities. After being reviewed by the External Auditors, the related party transactions are reported to the shareholders at the Annual General Meeting and are disclosed in the Annual Report of the Bank. The concerned Board Member does not take part in decision-making with respect to transactions related to him and/or his family members.

The Dividend Policy of the Bank, which is clearly documented, seeks to reward investors for their confidence, but at the same time ensures prudential provisioning which is a pre-requisite for building up a strong banking institution. There is a balance between investor's interests and future growth of the Bank.

H.E. the Governor of Qatar Central Bank visits the Doha Bank Representative Office at Turkey

Board Committees

The Board has established four committees – Audit, Compliance and Risk Committee, Executive Committee, Policy Development and Compensation Committee and Nomination and Corporate Governance Committee. The Audit, Compliance and Risk Committee meets at least six times a year to review all the reports issued by the Internal Audit, Compliance Officer, External Audit and QCB Auditors. The Executive Committee reviews and takes actions on transactions that exceed the delegated authority of the management committees. The Policy Development and Compensation Committee reviews the policies and procedures of the organization and supervises any update. It also reviews the Senior Management and Board of Directors remunerations. The Nomination and Corporate Governance Committee review/evaluate the nominee's application to Board, Senior Management and Corporate Governance Structure in the bank as well.

Disclosure Standards

The Bank, being one of the companies listed on the financial market, complies with the disclosure standards set by Qatar Exchange as per the instructions contained in the executive by-law of the market. The Bank is also committed to notify Qatar Exchange of any significant resolutions that will have a direct impact on the share price before such resolutions are announced and notifies Qatar Exchange well in advance about the dates of the Board meetings which are intended to discuss the financial statements and dividend distribution ratio. The Board and the Bank's managers shall not be allowed to deal in the Bank's shares during these periods until such decisions were made known to the public through announcements in different printed and electronic media.

In addition, the Bank complies with the disclosure standards of the London Stock Exchange as European Medium Term Notes (EMTN) are listed on the London Stock Exchange.

Internal Controls

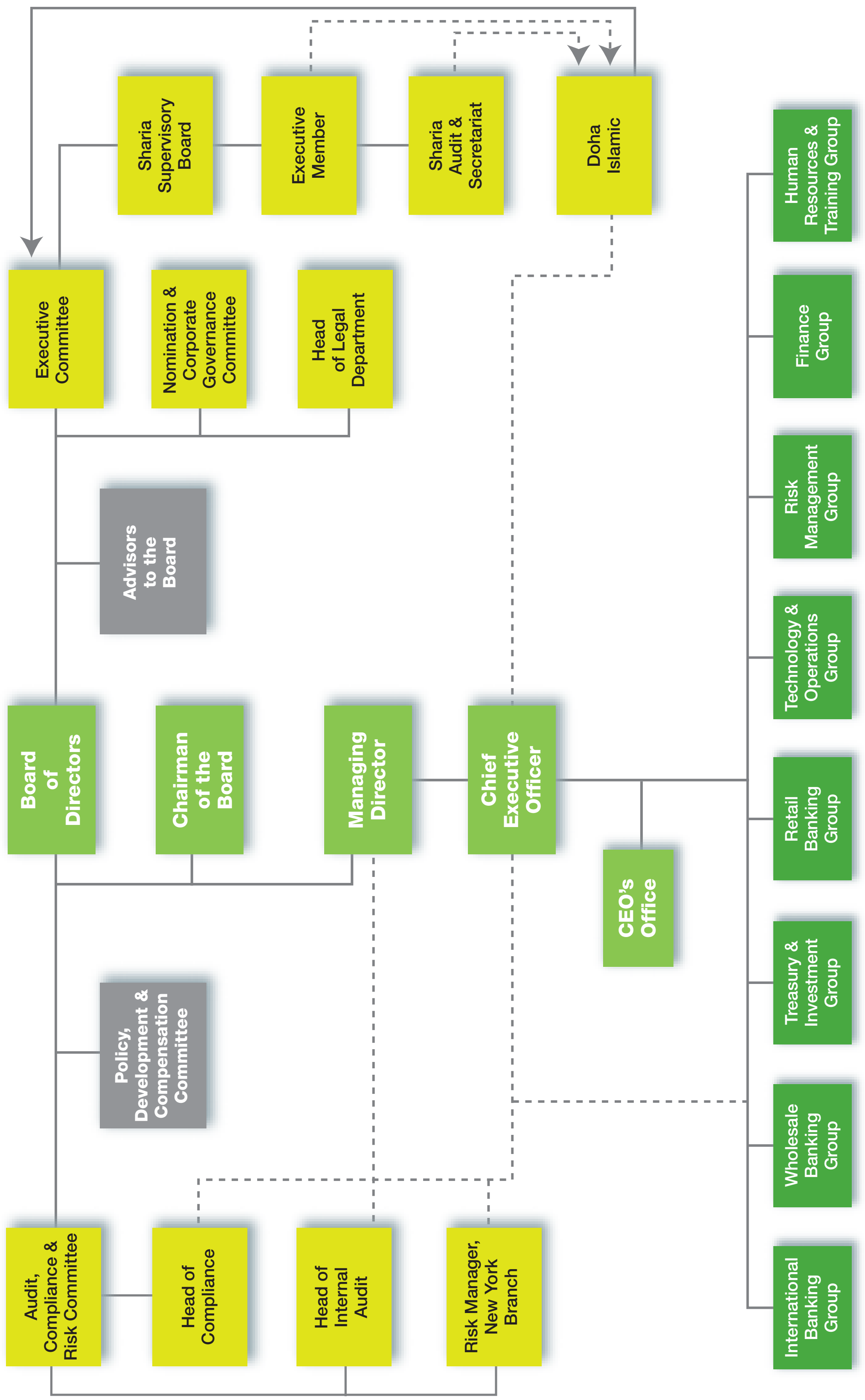
These are formulated to ensure optimal efficiencies and to safeguard the Bank's interests. The Board and Management use the COSO framework to develop and monitor the effectiveness of internal control systems. IT Governance is also an area that has been addressed and is being developed upon to ensure total integration using technology and control systems cohesion. The Bank has also established a Management Executive Committee comprising a number of senior functional heads and chaired by the CEO.

The Bank complies with the framework suggested by the International Financial Reporting Standards (IFRS's) in the preparation and presentation of its financial statements.

In keeping with the responsibilities of the Bank's Boards worldwide, Doha Bank's Board has formulated and implemented a full suite of policies as required by the Qatari regulators.

General Assembly Meeting

Doha Bank Corporate Organisational Structure



planet savers club

The Club aims to bring awareness to all Doha Bank employees on the need to protect the earth's limited resources and to make it a corporate work culture and habit to use the environment's resources wisely. Its goals are to: identify areas of wastage and suggest ways to Reduce, Reuse or Recycle; create awareness through participation in public environment-friendly projects; gradually convert members into change activists for the 'Green' cause; and draw on the expertise and experience of other like-minded government agencies, NGO's and private organizations within Qatar or the region to promote the 'Green' cause.

Established in February 2008, Planet Savers Club is an in-house organization comprising Doha Bank employees as volunteers for environmental protection under the umbrella of the Green Banking Task Force Committee.

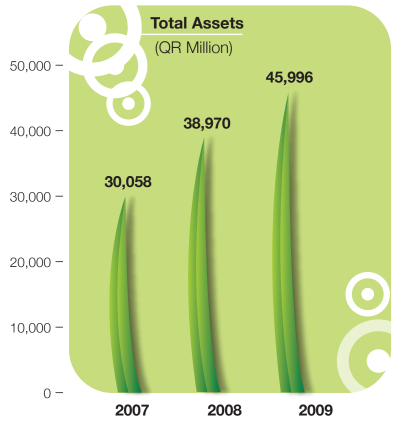
financial results

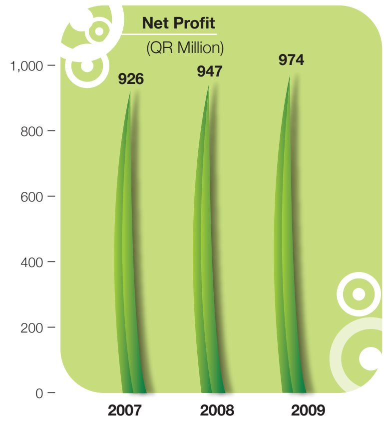
Net profit for the year 2009 rose to QAR 973.6 million compared to QAR 946.5 million for the year 2008, an increase of 2.9% The earnings per share for 2009 was reported as QAR 5.38. Net interest income rose by 17.40% to QAR 1,086.4 million compared to QAR 925.5 million during the year 2009. Commission income rose by 21.2% to QAR 412.1 million. The net operating income during the same period increased from QAR 1,675.2 million to QAR 2,044.3 million, an increase of 22%.

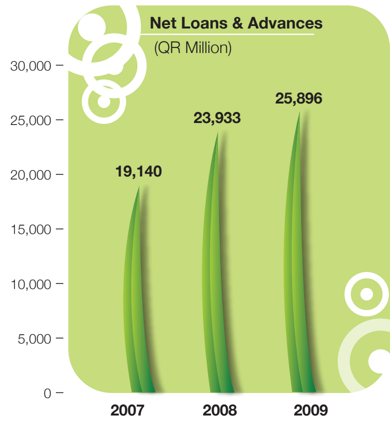
In 2009 deposits grew by 20% to QAR 27.9 billion from QAR 23.2 billion for the corresponding period in 2008. Net loans & advances increased to QAR 25.9 billion from QAR 23.9 billion compared to last year, registering a growth of 8.2%. Total assets increased to QAR 46 billion from QAR 39 billion last year, a growth of 18%.

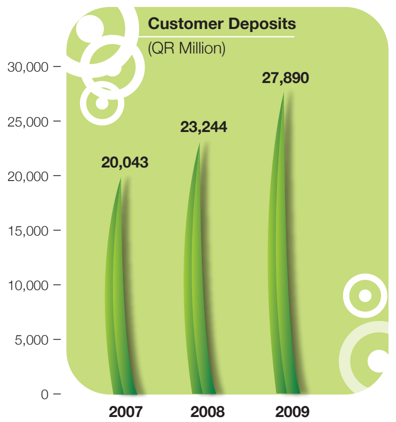
The shareholders' funds at the end of the year 2009 was QAR 5.9 billion showing an increase of 19.1%. The shareholders' funds at the end of 2008 was QAR 4.9 billion. The excellent operational efficiency has resulted in a return on average equity of 21.66%. The Banks' achievement of a 2.29% return on average assets is a clear indication of the supremacy of the Bank's asset allocation model and operational efficiency.

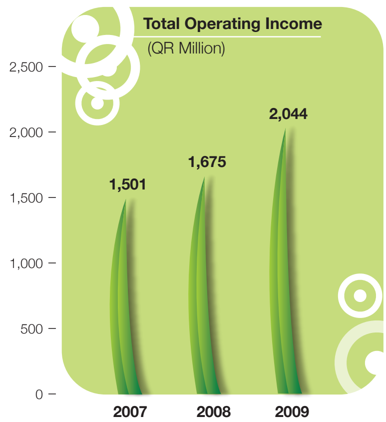
The capital adequacy ratio calculated as per Basel-II guidelines and guidelines issued by Qatar Central Bank was 14.41% in 2009 compared to 13.48% in 2008.

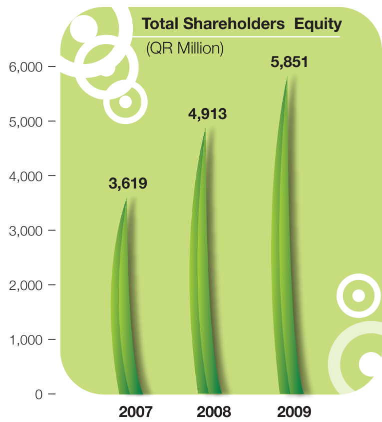












independent auditor's report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Doha Bank Q.S.C. and its subsidiaries (the "Bank"), which comprise the consolidated statement of financial position as at December 31, 2009 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and Qatar Central Bank Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. The consolidated financial statements include the assets, liabilities and results of operations of one of the branches which has been audited by other auditor who issued their unqualified audit report on the respective financial statements. The audit report was furnished to us, and our opinion in so far as it relates to the amounts included for the Branch, is based solely on the report of other auditor. The Branch with a total assets of QAR 273 million (December 31, 2008: QAR 168 million), total liabilities of QAR 120 million (December 31, 2008: QAR 142 million) and net loss of QAR 1.03 million (December 31, 2008 profit: QAR 9.74 million) are presented in these consolidated financial statements.

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

Opinion

In our opinion and based on the report of other auditors, the accompanying consolidated financial statements give a true and fair view of the financial position of the Bank as of December 31, 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Qatar Central Bank regulations.

Report on Other Legal and Regulatory Requirements

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

For Deloitte & Touche

Muhammad Bahemia
License No. 103

Doha, Qatar
January 20, 2010

consolidated statement of financial position

as of December 31, 2009

	Notes	2009 QAR '000	2008 QAR '000
ASSETS			
Cash and balances with central banks	5	10,753,828	2,552,024
Due from banks and other financial institutions	6	4,399,729	7,949,767
Loans and advances and financing activities to customers	7	25,895,855	23,933,229
Financial investments	8	3,825,497	3,379,757
Investment in associate company	8	12,110	12,231
Property, furniture and equipment	9	570,466	495,567
Other assets	10	538,697	647,883
Total assets		**45,996,182**	**38,970,458**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to banks and other financial institutions	11	10,488,856	8,160,567
Customer deposits	12	26,177,986	22,206,605
Subordinated debt	13	824,860	1,232,079
Other liabilities	14	941,326	1,420,859
		38,433,028	**33,020,110**
Unrestricted investment depositors' accounts	16	**1,712,371**	**1,037,593**
Shareholders' equity			
Paid up share capital	17(a)	1,808,606	1,722,482
Advance capital received	17(b)	368,611	368,611
Statutory reserve	17(c)	2,433,631	2,148,424
Risk reserve	17(d)	364,650	352,431
Fair value reserve	17(e)	(80,451)	(492,364)
Hedge reserve		(52,689)	(97,251)
Foreign currency translation reserve	17(f)	(2,417)	(2,981)
Proposed dividends	17(g)	904,303	861,241
Retained earnings		106,539	52,162
Total shareholders' equity		**5,850,783**	**4,912,755**
Total liabilities, unrestricted investment depositors' accounts and shareholders' equity		**45,996,182**	**38,970,458**

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

Raghavan Seetharaman
Chief Executive Officer

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

consolidated statement of income

for the year ended December 31, 2009

	Notes	2009 QAR '000	2008 QAR '000
Interest income	18	2,253,065	1,985,968
Interest expense	19	(1,166,646)	(1,060,497)
Net interest income		**1,086,419**	**925,471**
Fees and commission income	20	416,954	344,394
Fees and commission expense		(4,858)	(4,473)
Net fees and commission income		**412,096**	**339,921**
Income from Islamic financing and investing activities		220,608	253,525
Unrestricted investment depositors' share of profit		(66,279)	(71,518)
Net Islamic financing and investing income		**154,329**	**182,007**
Gross written premium		80,711	62,822
Premium ceded		(27,918)	(42,854)
Net claims paid		(31,640)	(10,004)
Net income from Insurance activities		**21,153**	**9,964**
Dividend income	21	42,315	15,544
Gain on foreign exchange activities	22(a)	75,248	56,448
Net income from financial investments	22(b)	221,046	172,515
Share of loss from associate company	23	(685)	(293)
Net loss on derivatives	24	(32,290)	(64,951)
Other operating income	25	64,698	38,560
Total other income		**370,332**	**217,823**
Net operating income		**2,044,329**	**1,675,186**
General and administration expenses	26	(603,888)	(497,316)
Depreciation of property, furniture and equipment	9	(40,629)	(42,488)
Impairment of financial investments		(298,950)	(131,541)
Impairment of loans and advances	7	(126,314)	(56,934)
Net profit for the year before taxes		**974,548**	**946,907**
Income tax expense		(929)	(405)
Net profit for the year		**973,619**	**946,502**
Basic and diluted earnings per share (QAR)	27	**5.38**	**5.67**
Weighted average number of shares		**180,860,610**	**167,009,927**

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

Raghavan Seetharaman
Chief Executive Officer

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

consolidated statement of comprehensive income

for the year ended December 31, 2009

	Notes	2009 QAR '000	2008 QAR '000
Net Profit for the year		**973,619**	**946,502**
Other Comprehensive Income:			
Net movement in fair value of available for sale investments	17(e)	411,913	(562,818)
Net movement in fair value of cash flow hedge		44,562	(79,631)
Foreign currency translation adjustment	17(f)	564	(2,981)
Total other Comprehensive Income		**457,039**	**(645,430)**
Total Comprehensive Income for the year		**1,430,658**	**301,072**

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

consolidated statement of changes in shareholders' equity

for the year ended December 31, 2009

	Notes	Share capital QAR '000	Advance capital QAR '000	Statutory reserve QAR '000	Risk reserve QAR '000	Fair value reserve QAR '000	Hedge reserve QAR '000	Foreign currency translation reserve QAR '000	Proposed dividends QAR '000	Proposed bonus shares QAR '000	Retained earnings QAR '000	Total QAR '000
Balance at January 1, 2009		1,722,482	368,611	2,148,424	352,431	(492,364)	(97,251)	(2,981)	861,241	–	52,162	4,912,755
Net profit for the year		–	–	–	–	–	–	–	–	–	973,619	973,619
Other Comprehensive income		–	–	–	–	411,913	44,562	564	–	–	–	457,039
Total Comprehensive income		–	–	–	–	411,913	44,562	564	–	–	973,619	1,430,658
Increase in share capital		86,124	(368,611)	282,487	–	–	–	–	–	–	–	–
Dividends paid		–	–	–	–	–	–	–	(861,241)	–	–	(861,241)
Advance Capital received	17 (b)	–	368,611	–	–	–	–	–	–	–	–	368,611
Net movement in risk reserve	17 (d)	–	–	–	12,219	–	–	–	–	–	(12,219)	–
Transfer to statutory reserve	17 (c)	–	–	2,720	–	–	–	–	–	–	(2,720)	–
Proposed dividend		–	–	–	–	–	–	–	904,303	–	(904,303)	–
Balance at December 31, 2009		**1,808,606**	**368,611**	**2,433,631**	**364,650**	**(80,451)**	**(52,689)**	**(2,417)**	**904,303**	**–**	**106,539**	**5,850,783**

	Notes	Share capital QAR '000	Advance capital QAR '000	Statutory reserve QAR '000	Risk reserve QAR '000	Fair value reserve QAR '000	Hedge reserve QAR '000	Foreign currency translation reserve QAR '000	Proposed dividends QAR '000	Proposed bonus shares QAR '000	Retained earnings QAR '000	Total QAR '000
Balance at January 1, 2008		1,248,175	–	1,248,175	280,431	70,454	(17,620)	–	499,270	249,635	40,452	3,618,972
Net profit for the year		–	–	–	–	–	–	–	–	–	946,502	946,502
Other Comprehensive income		–	–	–	–	(562,818)	(79,631)	(2,981)	–	–	–	(645,430)
Total Comprehensive income		–	–	–	–	(562,818)	(79,631)	(2,981)	–	–	946,502	301,072
Dividends paid		–	–	–	–	–	–	–	(499,270)	–	–	(499,270)
Bonus shares issued		249,635	–	–	–	–	–	–	–	(249,635)	–	–
Rights issue		224,672	–	–	–	–	–	–	–	–	–	224,672
Advance Capital receive	17 (b)	–	368,611	–	–	–	–	–	–	–	–	368,611
Share premium on rights issue		–	–	898,698	–	–	–	–	–	–	–	898,698
Net movement in risk reserve	17 (d)	–	–	–	72,000	–	–	–	–	–	(72,000)	–
Transfer to statutory reserve	17 (c)	–	–	1,551	–	–	–	–	–	–	(1,551)	–
Proposed dividend		–	–	–	–	–	–	–	861,241	–	(861,241)	–
Balance at December 31, 2008		**1,722,482**	**368,611**	**2,148,424**	**352,431**	**(492,364)**	**(97,251)**	**(2,981)**	**861,241**	**–**	**52,162**	**4,912,755**

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

consolidated statement of cash flows

for the year ended December 31, 2009

	Notes	2009 QAR '000	2008 QAR '000
OPERATING ACTIVITIES			
Net profit for the year before taxes		974,548	946,907
Adjustments for:			
Depreciation of property, furniture and equipment		40,629	42,488
Amortisation of financing costs		1,191	762
Provision for impairment of loans and advances		126,314	56,934
Profit on sale of property, furniture and equipment		(67)	(84)
Profit on sale of financial investments		(221,046)	(172,515)
Provision for impairment of investments		298,950	131,541
Net loss on derivatives		32,290	64,951
Profits before changes in operating assets and liabilities		1,252,809	1,070,984
Net (increase)/decrease in assets			
Due from banks and other financial institutions		(787,034)	(33,463)
Loans and advances and financing activities to customers		(2,088,940)	(4,882,676)
Other assets		109,186	(254,347)
Net increase/(decrease) in liabilities			
Due to banks and other financial institutions		2,328,289	3,789,652
Customer deposits		4,646,159	3,233,352
Other liabilities		(479,533)	627,252
Net cash from operating activities		**4,980,936**	**3,550,754**
INVESTING ACTIVITIES			
Purchase of financial investments		(3,786,841)	(3,407,562)
Proceeds from sale of financial investments		3,682,948	2,459,027
Purchase of property, furniture and equipment		(98,537)	(239,271)
Proceeds from sale of property, furniture and equipment		75	84
Net cash used in investing activities		**(202,355)**	**(1,187,722)**
FINANCING ACTIVITIES			
Subordinated debt repurchased		(407,219)	–
Net proceeds from rights issue		–	1,123,370
Advance capital received		368,611	368,611
Dividends paid		(861,241)	(499,270)
Net cash (used in)/from financing activities		**(899,849)**	**992,711**
Net increase in cash and cash equivalents during the year		3,878,732	3,355,743
Cash and cash equivalents – beginning of the year		8,009,791	4,654,048
Cash and cash equivalents – end of the year	32	**11,888,523**	**8,009,791**
Operational cash flows from interest and dividend			
Interest paid		1,239,618	921,075
Interest received		2,265,057	1,935,393
Dividend received		42,315	15,544

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

notes to the consolidated financial statements

for the year ended December 31, 2009

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

Doha Bank is engaged in commercial and Islamic banking activities and operates through its head office in Doha and 35 local branches including five Islamic branches, three overseas branches in the United States of America, the United Arab Emirates and the State of Kuwait and representative offices in: London, Singapore, Turkey, China, Japan, South Korea and Romania. In addition, the Bank owns 100% of the issued share capital of Doha Bank Assurance Company L.L.C, an insurance company registered under Qatar Financial Centre and Dbank Tech L.L.C, an information technology company with operations in the United Arab Emirates. Doha Bank and its subsidiaries are referred to as "the Bank".

Islamic banking

The Bank opened its first Islamic branch on June 15, 2005. Islamic branches carry out Islamic banking services through various Islamic modes of financing. The activities of the Islamic Branches are conducted in accordance with Islamic Shari'a, as determined by the Shari'a Control Board. Islamic branches' accounts are prepared in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and as per Qatar Central Bank regulations.

The consolidated financial statements for the year ended December 31, 2009 were authorized for issue in accordance with a resolution of the Board of Directors on January 20, 2010.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current period

At the date of authorization of these consolidated financial statements, the following standards and interpretations were effective:

i) Revised standards

- IAS 1 has introduced the following:
  IAS 1 (Revised) – Presentation of Financial Statements
  – Terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
  – Comprehensive revision including requiring a statement of comprehensive income
- IAS 23 (Revised) – Borrowing Costs
  The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these consolidated financial statements because it has always been the Bank's accounting policy to capitalise borrowing costs incurred on qualifying assets.
- IFRS 7 (Revised) – Financial Instruments
  The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

  In addition to the amendments described above, a number of standards were also amended. The Improvements have led to changes in the details of the Bank's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

ii) New Standards

- IFRS 8 – Operating Segments
  This is a disclosure standard requiring operating segments to be identified on the basis of internal reports about components of the bank that are regularly reviewed by the Chief Operating decision maker, in order to allocate resources to the segments and to assess their performance.

iii) New Interpretations

- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 15 – Agreement for Construction of Real Estate
- IFRIC 16 – Hedges of Net Investment in Foreign Operations

The adoption of these new standards and Interpretations had no significant effect on the consolidated financial statements of the Bank for the year ended December 31, 2009, other than certain presentation and disclosure changes.

notes to the consolidated financial statements

for the year ended December 31, 2009

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

2.2 Standards and Interpretations in issue not yet effective

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

i) Revised Standards

Effective for annual periods beginning on or after July 1, 2009

- IAS 27 (Revised) – Consolidated and Separate Financial Statements
- IAS 28 (Revised) – Investments in Associates
- IAS 31 (Revised) – Interest In Joint Ventures
- IAS 38 (Revised) – Intangible Assets
- IAS 39 (Revised) – Financial Instruments: Recognition & Measurement
- IFRS 2 (Revised) – Share-based Payments
- IFRS 3 (Revised) – Business Combinations
- IFRS 5 (Revised) – Non Current assets Held for Sale & Discontinued Operations

Effective for annual periods beginning on or after January 1, 2010

- IAS 1– Presentation of Financial statements
- IAS 7 (Revised) – Statement of Cash Flows
- IAS 17 (Revised) – Leases
- IAS 36 (Revised) – Impairment of Assets
- IAS 39 (Revised) – Financial Instruments: Recognition & Measurement
- IFRS 1 (Revised) – First time adoption
- IFRS 2 (Revised) – Share-based Payments
- IFRS 5 (Revised) – Non Current assets Held for Sale & Discontinued Operations
- IFRS 8 (Revised) – Operating Segments

Effective for annual periods beginning on or after January 1, 2011.

- IAS 24 (Revised) – Related Party Disclosures.

ii) New Standard

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

- IFRS 9 – Financial Instruments – Classification and Measurement

iii) New Interpretations

Effective for annual periods beginning on or after July 1, 2009

- IFRIC 17 – Distributions of Non-Cash Assets to Owners

Effective for transfers from customers received on or after July 1, 2009

- IFRIC 18 – Transfers of Assets from Customers

Effective for annual periods beginning on or after July 1, 2010

- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the consolidated financial statements of the Bank in the period of initial application, other than certain presentation and disclosure changes. Management has yet to decide when to adopt IFRS 9 and will only be in a position to assess its potential impact on the financial statements at the time of adoption.

notes to the consolidated financial statements

for the year ended December 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Basis of consolidation

Subsidiaries

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

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

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

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

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

Associates

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

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

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

notes to the consolidated financial statements

for the year ended December 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Associates (continued)

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

Company Name	Country of incorporation and operation	Ownership interest 2009 %	Ownership interest 2008 %	Principal activity
Doha Brokerage and Financial Services Limited	India	49%	49%	Brokerage and assets management

Summary of significant accounting policies

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

Foreign currency transactions

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

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

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

Financial instruments

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognized on the settlement date. Deposits, amounts due to banks and customers and loans are recognized when the cash is received by the Bank or advanced to the customers.

Initial recognition of financial instruments

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

Derivatives

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

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

notes to the consolidated financial statements

for the year ended December 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivatives (continued)

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

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

Loans and advances

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

Available-for-sale financial investments

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

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

Held to Maturity Financial Investments

Held to maturity investments are measured at amortized cost, less provision for impairment. Amortized cost is calculated by taking into account any discount or premium on the issue and any other related costs. In cases where objective evidence exists that a specific investment is impaired, the recoverable amount of that investment is determined and any impairment loss is recognized in the statement of income as a provision for impairment of investments.

Subordinated debt

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

notes to the consolidated financial statements

for the year ended December 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognizing of financial assets and financial liabilities

Financial assets

A financial asset is derecognized where:

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

Financial liabilities

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

Determination of fair value

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

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

Impairment of financial assets

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

Loans and advances and financing activities to customers

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

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

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

notes to the consolidated financial statements

for the year ended December 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Collective assessment of loans and advances

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

Available-for-sale financial investments

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

Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognized in the statement of income is removed from equity and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income; rather increases in their fair value following impairment are recognized directly in the comprehensive income and accumulated in equity.

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

Revenue recognition

Revenue is recognized on an accrual basis. Interest income and expense are recognized using the effective yield method. Profit on Islamic financing transactions is recognized under the accrual basis using the reducing installment method. Interest or profit on non-performing loans are suspended when realization of such interest, profit or the principal amount becomes doubtful.

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

Property acquired against settlement of customer debts

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

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

Property, furniture and equipment

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

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

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

notes to the consolidated financial statements

for the year ended December 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits and pension fund

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

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

Other provisions

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

Unrestricted investment depositors' share of profit

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

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

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

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

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

Cash and cash equivalents

For the purpose of Statement of cash flows, cash and cash equivalents comprise of cash and balances with Central Banks other than mandatory cash reserve and balances with banks and other financial institutions with an original maturity of three months or less as disclosed in Note 32.

Taxes

Taxes are calculated based on applicable tax laws or regulations in the countries in which the Bank operates. The provision for deferred taxation is made based on the evaluation of the expected tax liability. Currently there is no corporate tax applicable for the bank in the State of Qatar.

Fiduciary assets

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

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Definition and classification

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

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

notes to the consolidated financial statements

for the year ended December 31, 2009

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Fair Value of Financial Instruments

Floating rate financial instruments

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

Fixed rate financial instruments

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

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

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

	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	QAR '000	QAR '000	QAR '000	QAR '000
Held to maturity investments	2,239,798	2,276,680	1,134,614	1,050,579

Fair value measurements

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

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

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

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

	Level 1 QAR '000	Level 2 QAR '000	Level 3 QAR '000	Total QAR '000
Financial Assets at FVTPL				
Derivative financial assets	–	52,689	–	52,689
Available for sale financial assets				
Quoted equities	987,460	–	–	987,460
Unquoted equities	–	–	598,239	598,239
	987,460	52,689	598,239	1,638,388

Risk Management Framework

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Bank is exposed to credit risk, liquidity risk, operating risk and market risk, which include trading and non-trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Bank's strategic planning process.

Risk management structure

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

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

notes to the consolidated financial statements

for the year ended December 31, 2009

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Risk management structure (continued)

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

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

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

Credit risk

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

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

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

Credit Exposure

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

	2009 QAR '000	2008 QAR '000
ASSETS		
Cash and balances with Central Banks (excluding cash on hand)	10,482,088	2,126,897
Due from banks and other financial institutions	4,399,729	7,949,767
Loans and advances and financing activities to customers	25,895,855	23,933,229
Investments	3,837,607	3,391,988
Other assets	538,697	647,883
	45,153,976	**38,049,764**
Contingent liabilities and commitments	19,661,477	17,612,007
Total credit exposure	**64,815,453**	**55,661,771**

The fair value of derivatives shown on the statement of financial position included in other assets represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of the change in fair value. For the purpose of disclosing the maximum credit risk exposure, the fair value of the derivatives excluded from the other assets and the total exposure is shown under contingent liabilities and commitments.

The Bank has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Bank's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. The bank also follows the guidelines issued by Qatar Central Bank with regard to the granting of loans which limits exposure to counterparties.

notes to the consolidated financial statements

for the year ended December 31, 2009

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Bank's interest sensitivity position of assets, liabilities and off balance sheet items as at December 31, 2009 and 2008 based on the earlier of contract re-pricing or maturity is as follows:

	Within 3 months QAR '000	3 months to 1 year QAR '000	1 to 5 years QAR '000	Over 5 years QAR '000	Non interest sensitive QAR '000	Total QAR '000	Effective interest rate
December 31, 2009							
Cash and balances with Central Banks	–	–	–	–	10,753,828	10,753,828	
Due from banks and other financial institutions	3,183,962	621,904	593,863	–	–	4,399,729	1.67%
Loans and advances and financing activities to customers	4,936,320	4,267,576	13,822,301	–	2,869,658	25,895,855	8.84%
Financial Investments	63,583	234,865	2,832,642	–	706,517	3,837,607	6.54%
Property, furniture and equipment	–	–	–	–	570,466	570,466	
Other assets	–	–	–	–	538,697	538,697	
Total Assets	**8,183,865**	**5,124,345**	**17,248,806**	**–**	**15,439,166**	**45,996,182**	
Due to banks and other financial institutions	8,975,527	1,513,329	–	–	–	10,488,856	1.70%
Customer deposits	15,623,844	6,651,713	74,660	–	3,827,769	26,177,986	5.18%
Subordinated debt	824,860	–	–	–	–	824,860	1.15%
Other liabilities	–	–	–	–	941,326	941,326	
Unrestricted investment depositors' accounts	–	–	–	–	1,712,371	1,712,371	4.10%
Shareholder's equity	–	–	–	–	5,850,783	5,850,783	
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**25,424,231**	**8,165,042**	**74,660**	**–**	**12,332,249**	**45,996,182**	
On Balance sheet gap	(17,240,366)	(3,040,697)	17,174,146	–	3,106,917	–	
Off Balance sheet gap	837,545	–	–	–	–	837,545	
Total Interest Rate Sensitivity Gap	**(16,402,821)**	**(3,040,697)**	**17,174,146**	**–**	**3,106,917**	**–**	
Cumulative Interest Rate Sensitivity Gap	**(16,402,821)**	**(19,443,518)**	**(2,269,372)**	**(2,269,372)**	**837,545**	**–**	

notes to the consolidated financial statements

for the year ended December 31, 2009

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

	Within 3 months QAR '000	3 months to 1 year QAR '000	1 to 5 years QAR '000	Over 5 years QAR '000	Non interest sensitive QAR '000	Total QAR '000	Effective interest rate
December 31, 2008							
Cash and balances with Central Banks	–	–	–	–	2,552,024	2,552,024	
Due from banks and other financial institutions	6,634,451	589,949	725,367	–	–	7,949,767	4.33%
Loans and advances and financing activities to Customers	6,138,071	3,002,503	11,651,877	–	3,140,778	23,933,229	9.50%
Financial Investments	274,659	192,814	969,276	746,517	1,208,722	3,391,988	6.30%
Property, furniture and equipment	–	–	–	–	495,567	495,567	
Other assets	–	–	–	–	647,883	647,883	
Total Assets	**13,047,181**	**3,785,266**	**13,346,520**	**746,517**	**8,044,974**	**38,970,458**	
Due to banks and other financial institutions	6,884,952	1,275,615	–	–	–	8,160,567	3.40%
Customer deposits	17,690,655	1,245,709	43,998	–	3,226,243	22,206,605	5.40%
Subordinated debt	1,232,079	–	–	–	–	1,232,079	6.20%
Other liabilities	–	–	–	–	1,420,859	1,420,859	
Unrestricted investment depositors' accounts	–	–	–	–	1,037,593	1,037,593	3.60%
Shareholder's equity	–	–	–	–	4,912,755	4,912,755	
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**25,807,686**	**2,521,324**	**43,998**	**–**	**10,597,450**	**38,970,458**	
On Balance sheet gap	(12,760,505)	1,263,942	13,302,522	746,517	(2,552,476)	–	
Off Balance sheet gap	1,460,000	–	–	–	–	1,460,000	
Total Interest Rate Sensitivity Gap	**(11,300,505)**	**1,263,942**	**13,302,522**	**746,517**	**(2,552,476)**	**–**	
Cumulative Interest Rate Sensitivity Gap	**(11,300,505)**	**(10,036,563)**	**3,265,959**	**4,012,476**	**1,460,000**	**–**	

notes to the consolidated financial statements

for the year ended December 31, 2009

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

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

Assuming that the financing and size of the interest sensitive assets / liability remain the same, the bank will incur a loss of about QR 1.8 million (2008: QAR 1.1 million) with the increase of 1 bp in interest rate. In case the interest rate declines by 1 bp the bank will benefit by the same amount.

Liquidity risk

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

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

	In 1 month QAR '000	1 to 3 months QAR '000	3 months to 1 year QAR '000	1 to 5 years QAR '000	Over 5 years QAR '000	Total QAR '000
As at December 31, 2009						
Cash and balances with Central Banks	8,352,086	1,001,068	–	–	1,400,674	10,753,828
Due from banks and other financial institutions	2,300,920	883,042	621,904	593,863	–	4,399,729
Loans and advances and financing activities to customers	3,472,452	1,463,868	4,267,576	9,683,956	7,008,003	25,895,855
Financial Investments	556,474	–	–	2,087,051	1,194,082	3,837,607
Property, furniture and equipment	–	–	–	–	570,466	570,466
Other assets	538,697	–	–	–	–	538,697
Total Assets	**15,220,629**	**3,347,978**	**4,889,480**	**12,364,870**	**10,173,225**	**45,996,182**
Due to banks and other financial institutions	8,171,377	804,150	238,804	1,274,525	–	10,488,856
Customer deposits	13,932,974	5,518,639	6,651,713	74,660	–	26,177,986
Subordinated debt	–	–	–	–	824,860	824,860
Other liabilities	941,326	–	–	–	–	941,326
Unrestricted investment depositors' accounts	846,353	762,549	103,469	–	–	1,712,371
Shareholders' equity	–	–	–	–	5,850,783	5,850,783
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**23,892,030**	**7,085,338**	**6,993,986**	**1,349,185**	**6,675,643**	**45,996,182**
Net Liquidity Gap	(8,671,401)	(3,737,360)	(2,104,506)	11,015,685	3,497,582	–

notes to the consolidated financial statements

for the year ended December 31, 2009

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	In 1 month QAR '000	1 to 3 months QAR '000	3 months to 1 year QAR '000	1 to 5 years QAR '000	Over 5 years QAR '000	Total QAR '000
As at December 31, 2008						
Cash and balances with Central Banks	1,375,340	–	–	–	1,176,684	2,552,024
Due from banks and other financial institutions	6,036,167	598,284	589,949	725,367	–	7,949,767
Loans and advances and financing activities to customers	4,920,663	1,184,892	3,002,503	6,553,993	8,271,178	23,933,229
Financial Investments	680,267	–	179,049	1,112,417	1,420,255	3,391,988
Property furniture and equipment	–	–	–	–	495,567	495,567
Other assets	647,883	–	–	–	–	647,883
Total Assets	**13,660,320**	**1,783,176**	**3,771,501**	**8,391,777**	**11,363,684**	**38,970,458**
Due to banks and other financial institutions	6,809,401	75,551	1,090	1,274,525	–	8,160,567
Customer deposits	17,096,236	3,820,662	1,245,709	43,998	–	22,206,605
Subordinated debt	–	–	–	–	1,232,079	1,232,079
Other liabilities	1,420,859	–	–	–	–	1,420,859
Unrestricted investment depositors' accounts	512,838	462,059	62,696	–	–	1,037,593
Shareholders' equity	–	–	–	–	4,912,755	4,912,755
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**25,839,334**	**4,358,272**	**1,309,495**	**1,318,523**	**6,144,834**	**38,970,458**
Net Liquidity Gap	(12,179,014)	(2,575,096)	2,462,006	7,073,254	5,218,850	–

Currency risk

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

	Qatari Riyals QAR '000	US Dollar QAR '000	Euro QAR '000	Pound Sterling QAR '000	Other currencies QAR '000	Total QAR '000
As at December 31, 2009						
Assets	34,417,206	8,803,781	252,125	143,339	2,379,731	45,996,182
Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	(35,568,800)	(8,772,180)	(259,498)	(148,501)	(1,247,203)	(45,996,182)
Net currency position	(1,151,594)	31,601	(7,373)	(5,162)	1,132,528	–
As at December 31, 2008						
Assets	24,876,847	11,692,656	271,994	76,200	2,052,761	38,970,458
Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	(23,775,987)	(14,244,997)	(292,798)	(73,904)	(582,772)	(38,970,458)
Net currency position	1,100,860	(2,552,341)	(20,804)	2,296	1,469,989	–

Currency risk (continued)

Foreign currency sensitivity analysis

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

Currency	Percentage	Profit/Loss 2009 QAR '000	Profit/Loss 2008 QAR '000
GBP	+/- 3%	155	69
EURO	+/- 3%	221	624
KWD	+/- 3%	6,057	3,926
YEN	+/- 3%	4,973	28

Price Risk

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

	2009		2008	
	Change in Price %	Effect on Equity QAR '000	Change in Price %	Effect on Equity QAR '000
Quoted investments	+/-10%	98,746	+/-10%	139,502

Capital adequacy

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

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

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

Regulatory capital

	2009 QAR '000	2008 QAR '000
Tier 1 capital	4,231,397	4,258,679
Tier 2 capital	1,072,544	924,914
Total capital	**5,303,941**	**5,183,593**
Risk weighted assets	**36,804,237**	**38,461,315**
Tier 1 Capital ratio	11.50%	11.07%
Total Capital ratio	14.41%	13.48%

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

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

notes to the consolidated financial statements

for the year ended December 31, 2009

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Customers' investment management risks

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

Operational and other risks

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

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

5. CASH AND BALANCES WITH CENTRAL BANKS

	2009 QAR '000	2008 QAR '000
Cash and bank balances	411,418	411,768
Cash reserve with Qatar Central Bank	1,262,696	1,103,892
Cash reserve with other Central Banks	137,978	72,792
Other balances with Central Banks	8,941,736	963,572
	10,753,828	**2,552,024**

The cash reserve with Qatar Central Bank amounting to QAR 1,263 million (2008: QAR 1,104 million) and balances with other central banks representing the cash reserve with the Federal Reserve Bank of New York, Central Bank of UAE and Central Bank of Kuwait amounting to QAR 138 million (2008: QAR 73 million) are mandatory reserves and are not available for use in the Bank's day-to-day operations. The bank does not have any other cash and cash equivalent that are not available for use.

6. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2009 QAR '000	2008 QAR '000
Current accounts	128,218	179,408
Deposits	2,586,711	5,746,732
Loans to banks	1,684,800	2,023,627
	4,399,729	**7,949,767**

Included in loans to banks is an amount of QAR. 115 million against which an impairment of QAR 51 million has been recognized.

notes to the consolidated financial statements

for the year ended December 31, 2009

7. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

		2009 QAR '000	2008 QAR '000
7.a. By Type			
(i) Conventional banking loans and advances			
Loans		21,273,080	19,511,384
Overdrafts		2,529,257	1,864,725
Discounted notes		74,679	98,086
Gross loans and advances		23,877,016	21,474,195
Specific provision for impairment		(685,714)	(546,476)
Net conventional loans and advances	(i)	23,191,302	20,927,719
(ii) Islamic Financing activities to customers			
Murabaha and Musawama		1,523,097	1,302,491
Istisna		230,798	209,153
Ijara		911,532	1,673,257
Mudaraba & Musharaka		334,636	117,446
Others		4,542	3,451
Islamic gross financing activities to customers		3,004,605	3,305,798
Less: Deferred income		(268,638)	(283,246)
Less: Specific provision for impairment		(31,414)	(17,042)
Net Islamic financing activities to customers	(ii)	2,704,553	3,005,510
Net loans and advances and financing activities to customers	(i) + (ii)	25,895,855	23,933,229

As a part of government assistance program, the Bank disposed of certain loans and advances in the amount of QAR 1,664 million to the government in consideration for cash and State of Qatar bonds. The loss on sale of loans and advances amounted to QAR. 30 million was expensed off.

The aggregate amount of non-performing loans and advances as at December 31, 2009 amounted to QAR 851 million representing 3.14 % (2008: QAR 723.7 million 2.89%) of the total gross loans and advances and financing activities to customers.

notes to the consolidated financial statements

for the year ended December 31, 2009

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

7.b. By Sector

	2009				2008			
	Loans QAR '000	Overdrafts QAR '000	Discounted notes QAR '000	Total QAR '000	Loans QAR '000	Overdrafts QAR '000	Discounted notes QAR '000	Total QAR '000
Government	37,907	1,140,203	–	1,178,110	49,569	110,299	–	159,868
Government agencies	836,153	3	–	836,156	675,803	93,097	–	768,900
Industry	995,252	52,302	6,347	1,053,901	855,269	91,722	3,142	950,133
Commercial	3,868,793	569,438	49,255	4,487,486	2,847,882	629,583	39,571	3,517,036
Services	1,909,518	68,427	2,060	1,980,005	1,691,832	70,659	18,568	1,781,059
Contracting	2,930,515	352,963	8,585	3,292,063	2,123,875	300,279	28,066	2,452,220
Real estate	3,860,516	83,112	–	3,943,628	4,345,592	88,614	8,000	4,442,206
Personal	9,043,972	445,302	2,409	9,491,683	9,930,393	480,382	739	10,411,514
Others	605,392	11,594	1,603	618,589	293,516	3,541	–	297,057
	24,088,018	**2,723,344**	**70,259**	**26,881,621**	**22,813,731**	**1,868,176**	**98,086**	**24,779,993**

Total loans and advances include both conventional banking and Islamic banking gross figures before subtracting specific provision for impairment of loans.

7.c. Supplementary Information

Distribution of Retail, Corporation and Real Estate Portfolio

As at December 31, 2009

Business Sector	Performing Loans QAR '000	Non-Performing Loans QAR '000	Total QAR '000	Provisions for impairment QAR '000
Government	2,014,264	–	2,014,264	–
Corporate	12,476,881	264,861	12,741,742	283,236
Retail	7,567,379	576,024	8,143,403	431,856
Real Estate	3,972,278	9,934	3,982,212	2,036
	26,030,802	**850,819**	**26,881,621**	**717,128**

As at December 31, 2008

Business Sector	Performing Loans QAR '000	Non-Performing Loans QAR '000	Total QAR '000	Provisions for impairment QAR '000
Government	928,768	–	928,768	–
Corporate	11,327,751	358,240	11,685,991	296,937
Retail	7,358,331	365,471	7,723,802	266,581
Real Estate	4,441,432	–	4,441,432	–
	24,056,282	**723,711**	**24,779,993**	**563,518**

notes to the consolidated financial statements

for the year ended December 31, 2009

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

7.d. Movement in provisions

	2009			2008		
	Specific QAR '000	Interest in Suspense QAR '000	Total QAR '000	Specific QAR '000	Interest in Suspense QAR '000	Total QAR '000
At January 1,	347,817	215,701	563,518	325,924	233,332	559,256
Net provisions during the year	126,314	67,706	194,020	56,934	39,939	96,873
Provisions made during the year	187,479	91,534	279,013	124,056	69,685	193,741
Recoveries during the year	(61,165)	(23,828)	(84,993)	(67,122)	(29,746)	(96,868)
Written off during the year	(7,223)	(33,187)	(40,410)	(35,041)	(57,570)	(92,611)
At December 31,	**466,908**	**250,220**	**717,128**	**347,817**	**215,701**	**563,518**

7.e. Analysis of Impaired Financial Assets

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

Classification	2009		2008	
	Net Exposure QAR '000	Collateral QAR '000	Net Exposure QAR '000	Collateral QAR '000
90 - 180 days	220,352	67,575	170,756	67,306
180 to 365 days	195,400	33,774	128,655	52,045
Above 365 days	435,067	64,757	424,300	161,164
	850,819	**166,106**	**723,711**	**280,515**

The past due but not impaired loans and advances and financing activities to customers at the end of the year were QAR 585 million (2008: QAR 240 million).

7.f. Renegotiated Loans and Advances and Financing Activities to Customers

	2009 QAR '000	2008 QAR '000
Corporate lending	24,128	29,325
Retail lending	54,435	47,878
	78,563	**77,203**

8. FINANCIAL INVESTMENTS

Available-for-sale and held to maturity investments

	2009 QAR '000	2008 QAR '000
Available-for-sale investments (a)	1,585,699	2,245,143
Held to maturity investments (b)	2,239,798	1,134,614
	3,825,497	**3,379,757**

a) Available for sale investments

	2009			2008		
	Quoted QAR '000	Unquoted QAR '000	Total QAR '000	Quoted QAR '000	Unquoted QAR '000	Total QAR '000
Equities	248,353	93,496	341,849	608,593	66,627	675,220
State of Qatar debt securities	348,276	504,200	852,476	259,415	782,944	1,042,359
Other debt securities	38,816	–	38,816	31,020	–	31,020
Mutual funds	352,015	543	352,558	496,001	543	496,544
	987,460	**598,239**	**1,585,699**	**1,395,029**	**850,114**	**2,245,143**

notes to the consolidated financial statements

for the year ended December 31, 2009

8. FINANCIAL INVESTMENTS (continued)

a) Available-for-sale investments (continued)

During the period, the Bank sold its investments in local shares in the amount of QAR 536.6 million to the government. According to the agreement with the government, the Bank is eligible to repurchase those investments at the same price within a period of 5 years.

Fixed rate debt securities and floating rate debt securities amounted to QAR 826 million and QAR 65 million respectively as at December 31, 2009 (December 31, 2008: QAR 962 million and QAR 111 million respectively).

Included in equities are securities with a market value of QAR 16.2 million (2008: QAR 11.1 million) restricted due to the Bank holding directorships in investee companies and securities with a market value of QAR 30.9 million (2008: QAR 18.3 million) restricted due to contractual agreement with the investee companies.

b) Held to maturity investments

	2009			2008		
	Quoted QAR '000	Unquoted QAR '000	Total QAR '000	Quoted QAR '000	Unquoted QAR '000	Total QAR '000
Debt securities	1,076,769	1,163,029	2,239,798	1,134,614	–	1,134,614

Quoted debt securities include QAR 1,882 millions of Government Bonds. (2008: QAR 713 million). Fixed rate debt securities and floating rate debt securities amounted to QAR 1,958 million and QAR 282 million respectively as at December 31, 2009 (2008: Fixed rate debt security QAR 605 million and Floating rate debt security QAR 345 million respectively).

Held-to-maturity Investments include bonds provided by the Government in settlement of some loans and advances to customers and other exposures as stated in note 7(a).

c) Investment in Associate Company

	2009 QAR '000	2008 QAR '000
Investment in Associate	12,110	12,231
The movement of investment in associate is as follows:		
Balance at January 1,	12,231	10,256
Acquisition during the year	–	5,249
Foreign currency translation	564	(2,981)
Share of net loss	(685)	(293)
Balance at the end of the year	**12,110**	**12,231**

Summarized financial information in respect of the Bank's associates is set out below:

	2009 QAR '000	2008 QAR '000
Total assets	20,234	16,711
Total liabilities	(8,644)	(5,800)
Net assets	11,590	10,911
Bank's share of net assets of associate	5,679	5,346
Total Revenue	1,623	8,839
Net loss for the year/period	(1,398)	(598)
Bank's share of (loss) profit	(685)	(293)

Investment in associate Company includes an amount of QAR. 6.4 million representing the excess of cost over the Bank's share of the net assets of the associate.

notes to the consolidated financial statements

for the year ended December 31, 2009

9. 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 December 31, 2009					
Cost:					
Balance at January 1,	438,886	100,091	176,695	10,620	726,292
Additions	86,881	8,232	19,001	1,423	115,537
Disposals	–	–	(629)	(821)	(1,450)
	525,767	108,323	195,067	11,222	840,379
Depreciation:					
Balance at January 1,	43,109	50,100	132,752	4,764	230,725
Depreciation for the year	3,164	11,432	24,067	1,966	40,629
Disposals	–	–	(620)	(821)	(1,441)
	46,273	61,532	156,199	5,909	269,913
Net Book Value	**479,494**	**46,791**	**38,868**	**5,313**	**570,466**
At December 31, 2008					
Cost:					
Balance at January 1,	228,931	88,312	163,956	8,383	489,582
Additions	209,955	12,251	14,004	3,061	239,271
Disposals	–	(472)	(1,265)	(824)	(2,561)
	438,886	100,091	176,695	10,620	726,292
Depreciation:					
Balance at January 1,	36,824	39,500	110,462	4,012	190,798
Depreciation for the year	6,285	11,072	23,555	1,576	42,488
Related to disposals	–	(472)	(1,265)	(824)	(2,561)
	43,109	50,100	132,752	4,764	230,725
Net Book Value	**395,777**	**49,991**	**43,943**	**5,856**	**495,567**

Land and buildings include capital work in progress at December 31, 2009 amounting to QAR 281 million (2008: QAR 208 million). Included in Land and Buildings is an amount of QAR 31 million related to finance cost capitalized.

10. OTHER ASSETS

	2009 QAR '000	2008 QAR '000
Interest receivable	174,305	186,297
Advance payments	82,963	76,563
Accounts receivable	6,076	4,180
Derivative instruments (Note 28)	–	106,055
Others	275,353	274,788
	538,697	647,883

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for the year ended December 31, 2009

11. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2009 QAR '000	2008 QAR '000
Due to Qatar Central Bank	134,912	2,096,833
Demand and call deposits	200,081	227,203
Term deposits	46,729	136,394
Borrowings from banks	10,107,134	5,700,137
	10,488,856	**8,160,567**

12. CUSTOMER DEPOSITS

	2009 QAR '000	2008 QAR '000
a) By type		
(i) Conventional banking customer deposits		
Current and call accounts	5,831,087	5,371,663
Savings accounts	929,946	712,617
Term deposits	19,150,277	15,864,324
	25,911,310	21,948,604
(ii) Islamic banking current accounts	266,676	258,001
	26,177,986	**22,206,605**
b) By sector		
Government	2,504,306	2,392,839
Government agencies	5,140,870	6,485,912
Corporate	9,234,574	7,281,113
Individuals	9,298,236	6,046,741
	26,177,986	**22,206,605**

13. SUBORDINATED DEBT

	2009 QAR '000	2008 QAR '000
Subordinated notes		
Nominal value	832,083	1,238,110
Less: Un-amortized portion of financing costs	(7,223)	(6,031)
Amortized cost at December 31,	824,860	1,232,079

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

The Bank has repurchased part of its subordinated debt amounting to QAR 405.3 million. The difference between the carrying amount of the repurchased subordinated debt and the consideration paid has been recognized in statement of income.

14. OTHER LIABILITIES

	2009 QAR '000	2008 QAR '000
Provision for end of service benefits (Note 15)	81,657	73,433
Staff provident fund	40,532	31,316
Accrued expenses	226,794	289,751
Derivative instruments (Note 28)	55,254	151,521
Other payables	537,089	874,838
	941,326	**1,420,859**

The staff provident fund provision includes Qatari staff pension fund contributions amounting to QAR 3.7 million (2008: QAR 2.6 million).

15. PROVISION FOR END OF SERVICE BENEFITS

	2009 QAR '000	2008 QAR '000
Balance at January 1,	73,433	58,070
Provision for the year	16,413	19,529
Provision used during the year	(8,189)	(4,166)
Balance at December 31,	**81,657**	**73,433**

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

16. UNRESTRICTED INVESTMENT DEPOSITORS' ACCOUNTS

	2009 QAR '000	2008 QAR '000
Call investment accounts	20,681	33,359
Saving accounts	65,641	59,435
Term deposits	1,621,784	901,150
Unrestricted investment depositor's share of profit	4,265	43,649
	1,712,371	**1,037,593**

17. SHAREHOLDERS' EQUITY

a) Paid Up Share capital

	2009 Number of shares (Thousand)	2008 Number of shares (Thousand)
Authorised		
Shares of QAR 10 each	**180,861**	**172,248**
Issued and fully paid		
At January 1,	172,248	124,818
Bonus shares issued	–	24,964
Additional Shares Issued (Note 17. b)	8,613	–
Rights issue	–	22,466
At December 31,	**180,861**	**172,248**

notes to the consolidated financial statements

for the year ended December 31, 2009

17. SHAREHOLDERS' EQUITY (continued)

b) Advance capital received

In accordance with the shareholders approval of the extra ordinary general assembly held on December 21, 2008, the bank approved a 20% additional share capital to Qatar Investment Authority (QIA). As a part of additional share capital, the bank received an advance payment of 5% from QIA including share premium on December 25, 2008 against which shares were allotted in the year 2009. The bank received an additional advance payment of a further 5% from QIA towards additional share capital on December 30, 2009. The amount is shown as advance capital in shareholders' equity and will be transferred to share capital after the general assembly meeting.

c) Statutory reserve

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

d) Risk reserve

In accordance with the Qatar Central Bank regulations a minimum requirement of 1.5% of the net loans and advances and financing activities to customers except for facilities granted to Government is required as risk reserve to cover any contingencies.

During the year the Bank has transferred an amount of QAR 12.2 million to the risk reserve.

e) Fair value reserve

	2009 QAR '000	2008 QAR '000
Balance at January 1,	(492,364)	70,454
Revaluation	73,974	(650,320)
Amount transferred to the statement of income	337,939	87,502
Net change during the year	411,913	(562,818)
Balance at December 31,	**(80,451)**	**(492,364)**

f) Foreign currency translation reserve

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

g) Proposed dividends

The Board of Directors in its meeting held on January 20, 2010 has proposed a cash dividend of 50% (QAR 5 per share) (2008: 50% QAR 5 per share). The above is subject to the approval of the shareholders in the forthcoming general assembly.

18. INTEREST INCOME

	2009 QAR '000	2008 QAR '000
Loans and advances to customers	1,906,046	1,626,142
Bonds/Securities (Government and others)	178,712	132,628
Due from banks and other financial institutions	99,268	209,016
Balances with Central Bank	69,039	18,182
	2,253,065	**1,985,968**

notes to the consolidated financial statements

for the year ended December 31, 2009

19. INTEREST EXPENSE

	2009 QAR '000	2008 QAR '000
Customer deposits	976,820	813,836
Borrowings from banks	127,845	82,757
Due to banks and other financial institutions	61,981	163,904
	1,166,646	**1,060,497**

20. FEES AND COMMISSION INCOME

	2009 QAR '000	2008 QAR '000
Indirect credit facilities	128,909	112,326
Bank services fee	126,998	99,849
Loans and advances	126,048	118,526
Investment activities to customers	4,434	1,077
Others	30,565	12,616
	416,954	**344,394**

21. DIVIDEND INCOME

	2009 QAR '000	2008 QAR '000
Available-for-sale financial investments	42,315	15,544

22. a) GAIN ON FOREIGN EXCHANGE ACTIVITIES

	2009 QAR '000	2008 QAR '000
Gains on foreign exchange dealings	26,400	23,564
Revaluation of assets and liabilities	48,848	32,884
	75,248	**56,448**

22. b) NET INCOME FROM FINANCIAL INVESTMENTS

	2009 QAR '000	2008 QAR '000
Income from investments	237,261	177,609
Amortization of Held to Maturity investments	(16,215)	(5,094)
	221,046	**172,515**

23. SHARE OF LOSS FROM ASSOCIATE COMPANY

	2009 QAR '000	2008 QAR '000
Total revenue	1,623	8,839
Total loss for the year/period	(1,398)	(598)
Share of Loss from Associate company	**(685)**	**(293)**

notes to the consolidated financial statements

for the year ended December 31, 2009

24. NET LOSS ON DERIVATIVES

	2009 QAR '000	2008 QAR '000
Losses on derivatives	(32,290)	**(64,951)**

Losses on derivatives include mark to market loss on credit default swaps and total return swaps.

25. OTHER OPERATING INCOME

	2009 QAR '000	2008 QAR '000
Profit on disposal of property, furniture and equipment	67	1,820
Rental income	12,239	8,088
Others	52,392	28,652
	64,698	**38,560**

26. GENERAL AND ADMINISTRATION EXPENSES

	2009 QAR '000	2008 QAR '000
Salaries, allowances and other staff costs	259,236	237,007
Directors remuneration	14,000	14,000
End of service benefits	16,413	19,529
Staff provident fund	6,089	4,938
Advertising and marketing	25,919	28,237
Legal and professional fees	9,044	9,703
Communication, utilities and insurance	83,428	48,965
Rent and maintenance	74,865	67,294
Others	114,894	67,643
	603,888	**497,316**

27. BASIC AND DILUTED EARNINGS PER SHARE

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

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

	2009 QAR '000	2008 QAR '000
Net profit for the year (QAR'000)	973,619	946,502
Weighted average number of shares (Thousands)	180,861	167,009
Basic and diluted earnings per share (QAR)	5.38	5.67

notes to the consolidated financial statements

for the year ended December 31, 2009

28. DERIVATIVE INSTRUMENTS

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

				Notional amount by term to maturity			
	Positive Fair Value 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
December 31, 2009							
Derivatives held for trading:							
Swaps	–	4,754	61,906	–	–	61,906	–
Derivatives held as cash flow hedges:							
Interest Rate Swaps	–	47,935	837,545	–	–	837,545	–
Foreign exchange fair value hedge:							
Foreign currency forward contracts	–	2,565	4,696,786	1,499,111	3,184,972	12,703	–
Total	**–**	**55,254**	**5,596,237**	**1,499,111**	**3,184,972**	**912,154**	**–**
December 31, 2008							
Derivatives held for trading:							
Swaps	–	54,270	316,811	–	36,500	280,311	–
Derivatives held as cash flow hedges:							
Interest Rate Swaps	–	97,251	1,456,600	–	–	1,456,600	–
Foreign exchange fair value hedge:							
Foreign currency forward contracts	106,055	–	1,203,186	1,160,580	42,606	–	–
Total	**106,055**	**151,521**	**2,976,597**	**1,160,580**	**79,106**	**1,736,911**	**–**

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

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for the year ended December 31, 2009

29. CONTINGENT LIABILITIES AND COMMITMENTS

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

The total outstanding commitments and contingent liabilities are as follows:

	2009 QAR '000	2008 QAR '000
a) Contingent liabilities		
Acceptances	315,314	623,432
Guarantees	11,526,845	9,161,250
Letters of credit	2,657,265	2,025,181
Others	559,518	778,453
	15,058,942	**12,588,316**
b) Other commitments		
Unused facilities	4,540,629	4,706,880
Capital commitments	142,181	123,306
Forward foreign exchange contracts	4,696,786	1,203,186
Interest rate swaps	837,545	1,456,600
Credit default swaps	25,491	207,566
Total return swaps	36,415	109,245
	10,279,047	7,806,783
Total	**25,337,989**	**20,395,099**

Acceptances, guarantees and letters of credit

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

Unused facilities

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

Capital commitments

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

Operating lease commitments

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

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

	2009 QAR '000	2008 QAR '000
Within one year	34,759	35,209
After one year but not more than five years	20,829	40,219
	55,588	**75,428**

notes to the consolidated financial statements

for the year ended December 31, 2009

30. GEOGRAPHICAL DISTRIBUTION

	Qatar QAR '000	Other GCC Countries QAR '000	Europe QAR '000	North America QAR '000	Other Countries QAR '000	Total QAR '000
As at December 31, 2009						
Cash and balances with Central Banks	10,478,617	150,697	–	124,514	–	10,753,828
Due from banks and other financial institutions	2,452,038	507,568	536,412	57,921	845,790	4,399,729
Loans and advances and financing activities to customers	24,283,681	1,246,953	3,058	1,412	360,751	25,895,855
Investments	2,928,528	509,504	124,407	124,840	150,328	3,837,607
Property, furniture and equipment	557,836	11,073	–	1,557	–	570,466
Other assets	526,238	9,755	–	2,704	–	538,697
Total Assets	**41,226,938**	**2,435,550**	**663,877**	**312,948**	**1,356,869**	**45,996,182**
Due to banks and other financial institutions	6,927,054	2,096,859	55,062	–	1,409,881	10,488,856
Customer deposits	23,413,932	2,102,759	58	–	661,237	26,177,986
Subordinated debt	–	–	824,860	–	–	824,860
Other liabilities	785,257	–	–	156,069	–	941,326
Unrestricted investment depositors' accounts	1,712,371	–	–	–	–	1,712,371
Shareholders' equity	5,850,783	–	–	–	–	5,850,783
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**38,689,397**	**4,199,618**	**879,980**	**156,069**	**2,071,118**	**45,996,182**
As at December 31, 2008						
Cash and balances with Central Banks	2,353,570	145,391	–	53,063	–	2,552,024
Due from banks and other financial institutions	3,227,239	2,813,935	436,856	131,607	1,340,130	7,949,767
Loans and advances and financing activities to customers	22,786,650	754,149	8,303	24,302	359,825	23,933,229
Investments	2,213,146	570,211	303,041	–	305,590	3,391,988
Property, furniture and equipment	481,946	11,303	–	2,318	–	495,567
Other assets	644,954	2,477	–	452	–	647,883
Total Assets	**31,707,505**	**4,297,466**	**748,200**	**211,742**	**2,005,545**	**38,970,458**
Due to banks and other financial institutions	5,563,955	1,070,242	137,402	459	1,388,509	8,160,567
Customer deposits	21,756,636	449,039	899	31	–	22,206,605
Subordinated debt	–	–	1,232,079	–	–	1,232,079
Other liabilities	1,405,627	10,476	–	4,756	–	1,420,859
Unrestricted investment depositors' accounts	1,037,593	–	–	–	–	1,037,593
Shareholders' equity	4,912,755	–	–	–	–	4,912,755
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**34,676,566**	**1,529,757**	**1,370,380**	**5,246**	**1,388,509**	**38,970,458**

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for the year ended December 31, 2009

31. RELATED PARTY TRANSACTIONS

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

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

	2009			2008		
	Board of Directors QAR '000	Others QAR '000	Total QAR '000	Board of Directors QAR '000	Others QAR '000	Total QAR '000
Statement of financial position items (as at December 31)						
Loans and advances	822,273	–	822,273	727,804	–	727,804
Deposits	83,170	6,476	89,646	60,100	1,404	61,504
Contingent liabilities and other commitments	239,494	–	239,494	101,312	–	101,312
Statement of income items (for the year ended December 31)						
Interest and commission income	41,476	–	41,476	30,568	–	30,568
Interest and commission expense	5,738	361	6,099	5,158	15	5,173

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

Compensation of key management personnel of the Bank

	2009			2008		
	Board of Directors QAR '000	Others QAR '000	Total QAR '000	Board of Directors QAR '000	Others QAR '000	Total QAR '000
Salaries and other benefits	9,296	15,761	25,057	7,311	15,666	22,977
End of service indemnity benefits and provident fund	1,360	1,051	2,411	1,144	1,127	2,271
	10,656	**16,812**	**27,468**	**8,455**	**16,793**	**25,248**

Board of Directors' Fees

The Board of Director's fees for the year 2009 which amounted to QAR 14 million (not included in the above) is subject to the approval of General Assembly (2008: QAR 14 million).

32. CASH AND CASH EQUIVALENTS

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

	2009 QAR '000	2008 QAR '000
Cash and balances with Central Banks	9,353,154	1,375,340
Due from banks and other financial institutions with original maturities of 3 months or less	2,535,369	6,634,451
	11,888,523	**8,009,791**

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

notes to the consolidated financial statements

for the year ended December 31, 2009

33. SEGMENT INFORMATION

The Bank is organized into three main business segments, which comprise conventional commercial banking, Islamic banking and Insurance activities. Details of each segment are stated below:

2009	Conventional banking QAR '000	Islamic banking QAR '000	Insurance QAR '000	Others QAR '000	Total QAR '000
Net premium	–	–	21,153	–	21,153
Net interest income	1,086,419	–	–	–	1,086,419
Net fees and commission income	401,471	9,475	–	1,150	412,096
Net income from Islamic financing and investment activities	–	154,329	–	–	154,329
Loss from Associate Company	(685)	–	–	–	(685)
Total other operating income	359,618	3,010	8,389	–	371,017
Provision for impairment of loans and advances	(114,244)	(12,070)	–	–	(126,314)
Net operating income	1,732,579	154,744	29,542	1,150	1,918,015
General and administration expenses	(561,890)	(24,065)	(16,624)	(1,309)	(603,888)
Depreciation	(37,886)	(1,865)	(878)	–	(40,629)
Impairment losses on financial investments	(298,950)	–	–	–	(298,950)
Segment results/net profit before taxes	833,853	128,814	12,040	(159)	974,548
Income tax expense	(929)	–	–	–	(929)
Net profit/(loss) for the year	**832,924**	**128,814**	**12,040**	**(159)**	**973,619**
Assets and liabilities					
Total assets	**42,801,267**	**3,007,170**	**186,615**	**1,130**	**45,996,182**
Total liabilities	**37,986,303**	**2,090,568**	**68,321**	**207**	**40,145,399**
Other segment information					
Capital expenditure	**88,509**	**3,631**	**6,397**	**–**	**98,537**

notes to the consolidated financial statements

for the year ended December 31, 2009

33. SEGMENT INFORMATION (continued)

Geographically, the Bank operates in the State of Qatar, the United States of America, the State of Kuwait and the United Arab Emirates. Qatar operations contributed 99.7% of the Bank's profit (2008: 98.7%) and more than 97.6% of the assets (2008: 98.3%). Geographic distribution of the Bank's assets and liabilities is further detailed in Note 30.

The Bank is organized into three main business segments, which comprise conventional commercial banking, Islamic banking and Insurance activities. Details of each segment are stated below:

	2008				
	Conventional banking QAR '000	Islamic banking QAR '000	Insurance QAR '000	Others QAR '000	Total QAR '000
Net premium	–	–	16,718	–	16,718
Net interest income	925,471	–	–	–	925,471
Net fees and commission income	329,711	10,210	–	–	339,921
Net income from Islamic financing and investment activities	–	182,007	–	–	182,007
Loss from Associate Company	(293)	–	–	–	(293)
Other operating income	201,366	3,115	6,018	863	211,362
Provision for impairment of loans and advances	(44,782)	(12,152)	–	–	(56,934)
Net operating income	1,411,473	183,180	22,736	863	1,618,252
General and administration expenses	(464,949)	(15,661)	(15,988)	(718)	(497,316)
Depreciation property, furniture and equipment	(41,169)	(1,259)	(60)	–	(42,488)
Impairment losses on financial investments	(131,541)	–	–	–	(131,541)
Segment results/net profit before taxes	773,814	166,260	6,688	145	946,907
Income tax expense	371	–	(776)	–	(405)
Net profit for the year	**774,185**	**166,260**	**5,912**	**145**	**946,502**
Assets and liabilities					
Total assets	**35,546,392**	**3,262,606**	**160,262**	**1,198**	**38,970,458**
Total liabilities	**31,132,627**	**2,872,047**	**52,967**	**62**	**34,057,703**
Other segment information					
Capital expenditure	**224,873**	**164**	**234**	**–**	**225,271**

notes to the consolidated financial statements

for the year ended December 31, 2009

34. COMPARATIVE FIGURES

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

35. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Fair values of financial instruments

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

Impairment losses on loans and advances

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

Impairment of equity investments

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

notes to the consolidated financial statements

for the year ended December 31, 2009

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

Islamic Banking

The statements of financial position and income of the Bank's Islamic Branches are presented below:

Islamic branches accounts are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and Qatar Central Bank regulations.

i) Statement of financial position as at December 31, 2009

	2009 QAR '000	2008 QAR '000
ASSETS		
Cash	7,461	6,390
Due from financing activities to customers	2,704,553	3,005,510
Financial investments	6,364	14,566
Furniture and equipment	7,016	6,380
Other assets	281,776	229,760
TOTAL ASSETS	**3,007,170**	**3,262,606**
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Customer current accounts	266,676	258,001
Other liabilities	111,522	1,576,453
TOTAL LIABILITIES	**378,198**	**1,834,454**
UNRESTRICTED INVESTMENT DEPOSITORS' ACCOUNTS	**1,712,370**	**1,037,593**
EQUITY		
Funds provided by the Head Office	500,000	125,000
Retained earnings	416,602	265,559
TOTAL EQUITY	**916,602**	**390,559**
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT DEPOSITORS' ACCOUNTS AND EQUITY	**3,007,170**	**3,262,606**

ii) Statement of income for the year ended December 31, 2009

	2009 QAR '000	2008 QAR '000
Income from financing activities	220,403	252,896
Income from investing activities	205	629
Total income from financing and investing activities	**220,608**	**253,525**
Fees and commission income	9,475	10,210
Other operating income	3,010	3,115
TOTAL OPERATING INCOME	**233,093**	**266,850**
General and administration expenses	(24,065)	(15,661)
Provision	(12,070)	(12,152)
Depreciation of furniture and equipment	(1,865)	(1,259)
NET PROFIT FOR THE YEAR	**195,093**	**237,778**
Less:		
Unrestricted investment depositor's share of profit	(66,279)	(71,518)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	**128,814**	**166,260**

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reduce, re-use and recycle

Doha Bank is promoting the concept of 3 R's: Reduce, Re-use and Recycle within the organization.

For efficient use of paper resources, the organisation implemented the use of reusable envelopes for inter-office mail, established a baseline for white paper usage, reduced unnecessary photocopying and printing, and encouraged double-sided printing and copying. These are just some measures introduced on paper utilisation. Doha Bank also tied-up with Paper Recycling Company to further utilise its waste paper and save trees.