Annual Report
2010

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

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

His Highness
Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent

Contents

Doha Bank Awards

Due to the strong financial position attained 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 previous years, Doha Bank has won the following awards in the year 2010.

- **Best Bank in Qatar** by EMEA Finance
- **Most Innovative Bank in the Middle East** by EMEA Finance
- **Best Commercial Bank in the Middle East** by Bankers Middle East
- **Golden Peacock Global Award for Sustainability** during the 5th Global Conference on Social Responsibility
- **Best Sustainable Financial Institution in Qatar** by The New Economy
- **Best Customer Service Award** by Bankers Middle East
- **Best Trade Finance Provider** by Global Finance
- **Performance Excellence Award for Leadership & Excellence in Global Electronic Payments** by Citi Bank
- **Euro Straight Through Processing Excellence Award** by Deutsche Bank
- **Best Technical Website Award** during the 2nd Annual Banking Web Awards Competition
- **Green Systems Implementation of the Year - Arab Technology Awards** by Arabian Computer News
- **Best Environmental Leadership Award** by Qatar Today
- **Best Public Awareness Campaign Award (2nd runner up)** by Qatar Today

'10 | '09
'07 | '05
BEST COMMERCIAL BANK
IN THE MIDDLE EAST

'10
GOLDEN PEACOCK
AWARD FOR SUSTAINABILITY

'08
BEST INTERNET BANKING
SERVICE IN THE MIDDLE EAST

'08
BEST GREEN BANK

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

2008 | 2005
EUROMONEY
BEST BANK IN QATAR

'07
BEST BANK
IN QATAR

'06
BEST BANK
IN THE MIDDLE EAST

Doha Bank and UNESCO jointly launch the nationwide ECO-Schools Programme in Qatar

Doha Bank and UNESCO jointly launched the nationwide ECO-Schools Programme in Qatar. This programme aims at encouraging and supporting all the schools in Qatar, irrespective of level or discipline to proactively participate in the implementation of good environmental practices, reduction of carbon footprint and increased eco-consciousness.

Member schools will be awarded the ECO-Star awards for projects executed and completed at 4 basic categories, i.e. Environmental Health, Waste Management, Energy-saving and Water Management projects. The prestigious ECO –Shooting star award will be presented to the school which successfully completes at least 1 project in each category of the programme. All completed assignments will be assessed, evaluated and audited by a specially constituted ECO -School Committee which will also oversee and monitor the successful implementation of the projects undertaken. The award winning school will qualify to collaborate with other existing ECO-Schools or start up and complete a project together.

In line with this initiative, Doha Bank & UNESCO has also launched the ECO-Schools website www.ecoschools.com.qa to facilitate the registration, monitoring, forums, status, evidence submission of various schools and others. This website has 4 portals to facilitate each level of users namely; students, teachers, parents and private sector.

Financial Highlights

QR Million	2005	2006	2007	2008	2009	2010	Variance% 2010 vs 2009
Total Assets	15,230	21,696	30,058	38,970	45,996	47,230	2.68%
Net Loans & Advances	8,295	13,630	19,140	23,933	25,896	26,547	2.51%
Customer Deposits	11,049	15,190	20,043	23,244	27,890	30,822	10.51%
Total Equity	2,401	2,768	3,619	4,913	5,851	6,034	3.14%
Total Revenues	1,286	1,651	2,499	2,930	3,375	3,264	-3.29%
Net Profit	790	744	926	947	974	1,054	8.28%

Key Ratios in Percentages	2005	2006	2007	2008	2009	2010
Return on Average Equity	49.91%	32.24%	32.47%	25.78%	21.66%	21.40%
Return on Average Assets	6.02%	4.03%	3.58%	2.74%	2.29%	2.26%
Capital Adequacy Ratio	22.74%	18.47%	15.54%	13.48%	14.41%	13.57%
Shareholders’ Equity to Total Assets	15.76%	12.76%	12.04%	12.60%	12.72%	12.78%
Net Loans to Total Assets	54.46%	62.82%	63.68%	61.41%	56.30%	56.21%
Net Loans to Total Deposits	75.07%	89.73%	95.49%	102.96%	92.85%	86.13%

Doha Bank and Qatar Development Bank sign agreement to support Small and Medium Enterprises (SME's) in Qatar

On February 27, 2011 Doha Bank entered into a Memorandum of Understanding with Qatar Development Bank (QDB) to augment the Bank's drive to strengthen the SME sector in Qatar.

The MOU was signed by Mr. R. Seetharaman, Group Chief Executive Officer, Doha Bank and Mr. Mansoor Bin Ibrahim Al-Mahmoud, Chief Executive Officer, QDB. “Al Dhameen” aims at supporting both new and existing projects in the SME sector, in line with the Qatar National Vision 2030 and provides varied financing options by guaranteeing bank lending. This agreement is a major step forward in providing tailor-made financing solutions to SME's offering top quality specialized and customised products and services.

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

Doha Bank’s Green System Implementation First in the Middle East

Doha Bank received the Green Systems Implementation of the Year - Arab Technology Award 2010 from the Arabian Computer News, Dubai, UAE. The Green System is a policy-based power management solution that helps reduce power consumption and carbon footprints for enterprise systems. As a pioneer and trend setter in the field of Green Banking, Doha Bank has always been a supporter of sustainable development without compromising on social and environmental responsibilities.

Doha Bank's green campaign, green deposit products, green credit cards and other online facilities have been ive been introduced to increase public eco-consciousness.New products and services are being designed with care and precision to support Bank's environmental cause.

Doha Bank has won various awards over past few years for its successful green campaign.

Chairman's Statement

Honorable shareholders and distinguished guests,

I would like to extend my thanks to the Members of the Board of Directors and the Executive Management Team for their efforts exerted during the past period towards the progress of the Bank which lead to achieving the best performance levels in the midst of fierce competition in the market and the continuing effects of global financial crisis that rocked the various capital markets worldwide.

As you are all aware, the implications of the global financial crisis which began at the beginning of the 4th quarter of 2008 still exist and has slowed economic growth including economies of the developed countries. As a result of that, many of these countries were forced to carry out unprecedented economic reforms to exit from this crisis. Due to the wise leadership of His Highness, Sheikh Hamad Bin Khalifa Al Thani, The Emir of Qatar and the strength and durability of the Qatari economy, in addition to Qatar being the host nation of the World Cup in 2022, we are anticipating that Qatar will witness an unprecedented boom across all economic sectors and the launch of many development projects in the coming years, which will be positively reflected in the Bank's performance level and lead to additional achievements. This is a major reason why in December of the year 2010 we approved the amended Bank strategy for the years 2011 and 2012 in order to be in line with these expectations.

We also would like to note that during January 2011, we have received the funds in relation to the additional contribution of 10% of the Bank's capital from the Qatar Investment Authority.
Furthermore, in the same year, we achieved high growth rates in all financial indicators. The total assets rose to QR 47.2 billion which was an increase of 2.7% and the total portfolio of loans and advances increased by 2.5% and the total customer deposits grew by 10.5%, and the total shareholders' equity rose to QR 6 billion which represented a growth of 3.1%. We also achieved net profit of QR 1.05 billion in the year 2010 compared to QR 975 million in the year 2009 which represented an increase of 8.3%, in addition to a 2.5% growth in operating income. These robust results translated into strong performance ratios and in particular the return on average shareholders equity which was 21.4% and the return on average assets was 2.26%.

In terms of the three year strategic plan, it included the implementation of effective risk management strategies locally and globally. In addition, there is an emphasis on attracting Qatari nationals and enhancing the level of performance through hiring highly qualified and experienced bankers and the delivery of tailored training programs for all levels. The plan also includes strengthening the governance framework within the Bank and providing state-of-the-art banking services and products in particular e-banking and implicit marketing of services.

The plan also aims at strengthening the Bank's financial position through diversifying the assets while maintaining highest level of efficiency in operational performance, and achieving sustainable growth in the Bank's core income and diversifying income and in particular non interest income, as well as adopting and controlling leading cost management in a professional manner and maintaining it within the levels that are in line with the banking sector industry, and optimizing the cost of financing.

In the area of Islamic banking products and services, in the year 2010, Doha Islamic launched additional advanced products and services and developed the existing ones. This was carried out because the Board of Directors is keen to satisfy the demands of various segments of customers. By the end of the year 2010, the total assets of Doha Islamic reached QR 3.8 billion, total financing activities reached QR 2.8 billion, and the total net profit of Doha Islamic reached QR 111.5 million.

On behalf of myself and the Board Members, I would like to extend our deepest thanks and gratitude to H. H. The Emir, Sheikh Hamad Bin Khalifa Al-Thani; H. H. The Heir Apparent, Sheikh Tamim Bin Hamad Al-Thani; H. E. The Prime Minister and Foreign Minister, Sheikh Hamad Bin Jassim Bin Jabor Al -Thani; H. E. Minister of Economy and Finance, Mr. Yousef Hussain Kamal; H.E. Minister of Business & Trade, Sheikh Jassim Bin Abdul Aziz Bin Jassim Bin Hamad Al-Than; H. E. The Governor, Sheikh Abdullah Bin Saud Al-Thani; H. E. The Deputy Governor, Sheikh Fahad Bin Faisal Al-Thani and to all the officials of Qatar Central Bank, Ministry of Business & Trade, Qatar Financial Markets Authority and Qatar Exchange for their support.

Finally, my thanks to all the Shareholders, Customers, Members of the Sharia Board of Doha Islamic, Bank's Executive Management Team and all Staff for their continued efforts in achieving the impressive results of Doha Bank.

Best Regards

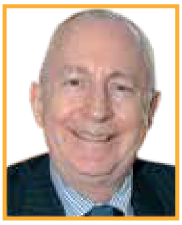
Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Executive Management

R. Seetharaman
Group Chief Executive Officer

Anthony Lee
Head
Treasury & Investment

David Challinor
Head
Group Finance



Douglas Neilson
Head
Global Governance

Gerard Terence Fitzgerald
Head
Technology & Operations

Louis Anthony Scotto
Head
Retail Banking

Chris Fellner
Head
International Banking

Reginald King
Head
Risk Management

Dag Reichel
Head
Wholesale Banking

Abdul Rahman Ali A. Al Mohammed
Head
Human Resources

Nael Zahi El Zagha
Head
Islamic Banking

Advisors to The Board of Directors

Jamal Eddin H Al Sholy
Head
Compliance Department

Mukhtar Al Hinawi
Executive Manager
Legal Advisor to the Board of Directors
& Secretary to the Board

Samer Fares Dababneh
Acting Head
Internal Audit

Overseas Branches

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

Zaid Al Halbouni
Chief Country Manager
Dubai Branch

Ahmed Yousef Al Mehza
Chief Country Manager
Kuwait Branch

Representative Offices

Nazih Akalan
Chief Representative
Turkey

Kanji Shinomiya
Chief Representative
Japan

M. Sathyamoorthy
Chief Representative
Singapore

Peter Lo
Chief Representative
China

Mateescu Irina Alexandra
Chief Representative
Romania

K. S. Kwon
Chief Representative
South Korea

Richard Whiting
Chief Representative
United Kingdom

M. Maik Gellert
Representative
Germany

Green Credit Card

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'.

Choosing "GO GREEN" Online banking means our customers receive their account statements electronically instead of the traditional paper statements. "GO GREEN" Online banking applies to host of day-to-day banking products and services.

Contribute to a cleaner and greener planet with Doha Bank's Green Card, the first environmentally-friendly and socially responsible credit card in the Qatar market. Support the planet with the use of Green Card and enjoy the following benefits:

- E-statements that reduce paper wastage;
- Environmentally-friendly, bio-degradable card;
- Communication on recycled material;
- 1% of your spend donated to a green cause;
- Activated for online purchasing, enabling transport-free shopping.

Management Report

Global Economy

The global economy continued to strengthen during the first half of 2010 with advanced economies reaching a growth of 3.5 percent. However the pace of economic recovery is slow and unbalanced and downside risks remain high. The recoveries in advanced economies will remain fragile for as long as improving business investment does not translate into higher employment growth.

In the third quarter of 2010, growth in the United States and Japan marginally accelerated while growth was slow in the European Union. A sluggish recovery and persistent unemployment propelled another round of quantitative easing in the US. In Europe, financial stability concerns resurfaced as the sovereign debt problem spread further. Emerging and developing economies continued to stay strong. China and India lead the global recovery with China's economy having grown at 9.6 percent in the third quarter of 2010 and the Indian economy having grown at 8.9 percent during the third quarter of 2010.

Most advanced economies should strengthen their domestic balance sheets, stabilizing and subsequently reducing high public debt, and repair and reform their financial sectors. Monetary policy should stay highly supportive in most of the advanced economies. Policy makers need to continue to clarify and specify regulatory reform, building on the improvements proposed by the Basel Committee on Banking Supervision. Key emerging economies will need to further develop domestic sources of growth, with the support of greater exchange rate flexibility.

In January 2011, the International Monetary Fund (IMF) revised its growth forecast for world output for 2010 and 2011 upwards to 5.0 and 4.4 percent respectively. In advanced economies, growth is projected at only 3.0 and 2.5 percent, respectively for 2010 and 2011. However, emerging and developing economies will expand at rates of 7.1 and 6.5 percent, respectively, in 2010 and 2011.

Domestic Trend

Under the wise leadership of H.H. The Emir Sheikh Hamad Bin Khalifa Al-Thani and the Heir Apparent H.H. Sheikh Tamim Bin Hamad Al-Thani, Qatar's macroeconomic performance remained strong and stable during the year. Qatar's economy has continued to outperform the rest of the region every year and is expected to do so in future as well.

By hitting a major LNG production milestone of 77 million tonnes annual liquified natural gas production capacity this year, Qatar is set to take advantage of its position in the global energy stage as the world's largest LNG producer. The current account surplus will continue to grow 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 that will significantly boost the government's revenues over the coming years.

Qatar's budget for 2010-11 has a budgeted surplus of QR 9.7 billion. Budget spending increased by 25% from QR 94.5 billion (2009-10) to QR 117.9 billion (2010-11) with higher outlay for major projects, infrastructure upgrade and investment in the education & health sector.

Qatar aims to increase the contribution of its non-hydrocarbon sector to 80% of the economy by 2015. Qatar has a USD 130 billion, eight-year investment programme in oil, gas, education and health. The Government has successfully issued bonds worth USD 2.75 billion in June and bonds worth USD 7 billion in November 2010 to finance government projects.

Qatar's nominal Gross Domestic Product grew by 21.1% year-on-year to QR 111.25 billion in the third quarter of 2010. Qatar Statistics Authority estimates that the Mining and quarrying sector, which includes the country's oil and gas industry accounted for QR 58.76 billion in the third quarter of last year and up 36.2% on QR 43.13 billion in the same period in 2009. Qatar is estimated to have the highest per capita income of USD 90,149 for 2010. According to IMF, Qatar's non-hydrocarbon real GDP is expected to record "double-digit growth" over the medium term buoyed by continued strong activity in services and a pickup in manufacturing and construction industries.

The Global Competitiveness Report 2010-11, prepared by the World Economic Forum (WEF), ranked Qatar 17th globally. In 2011, Qatar Exchange (QE) is expected to provide a platform for investors to trade in the European and American bourses. QE will also continue to work on product diversification initiatives and also plan to start Bond trading in 2011.

Management Report

Qatar's strong fiscal performance and ongoing reforms have also been acknowledged by Standard & Poor's, which lifted Qatar's sovereign rating to 'AA' from 'AA-' during the year. Qatar has also won the bid for hosting the FIFA 2022 world cup. This development is expected to create immense opportunities for infrastructural development (estimated value of USD 50 billion) in Qatar.

Retail Banking Group

The Retail Banking Group had a very successful year despite challenging market dynamics. Retail Banking's cornerstones for success continue to be innovation, leveraging the investment in market leading technology, and providing a unique customer experience coupled with a stronger commitment to overall excellence. The Bank's extensive segmented product suite, exciting promotions, collaborations and customer relationship building activities catered to the diverse and demanding population in the State of Qatar. These various strategic activities helped in strengthening our competitive leadership within the retail arena. Our guiding principle has always been to provide the right products to the right customers at the right point of their financial life cycle. Our customer-centric products and services are need-based and position us as a leading player in the market. The Bank was awarded the "Best Customer Service Award" by Bankers Middle East this year.

The year 2010 witnessed an extraordinary improvement in all fields mainly in the form of new product delivery and technological enhancements enabling customers to have a convenient banking experience which aligns to our motto - "there is so much to look forward to". In the light of this, we have introduced various ground breaking innovative concepts in banking such as Vodafone Money transfer (VMT), where we tied-up with Vodafone to remit money both within Qatar and internationally to both Doha Bank and non-Doha Bank customers. Vodafone Money Transfer is a money transfer and payment service that Vodafone Qatar customers can access directly on their mobile phones. When a customer registers for Vodafone Money Transfer their mobile number is linked to a VMT Account which holds his e-money.

Another pioneering example of Doha Bank technological edge over the competitive Qatar banking industry is the introduction of D-Cardless. As always, Doha Bank has been a leader in introducing smart products that delight its customers. The D-Cardless product enables the withdrawal of money through our Doha Bank ATMs without the use of an ATM card. Customers can send money to anyone via this service within Qatar. The customer can send a request to disburse money to the recipient and an SMS is sent to the recipient's mobile with a reference number and pin. The recipient can approach any of our ATMs to receive the money by just keying in the combination of the reference and pin, without a card.

Doha Sooq, the Bank's pioneering online e-tailing marketplace in Qatar has been re-launched as a world class shopping portal. Doha Sooq has signed up with the country's leading merchants like Bateel Bakery, Office-1, Consolidated Gulf Company and Jumbo Electronics. Doha Sooq is an e-commerce portal offering round-the-clock shopping, where anyone around the world can buy and send gifts to anyone in Qatar. With the best and most popular merchants showcasing their products and services covering a wide range of items, Doha Sooq has revolutionized e-Commerce in Qatar. Negotiations are underway with Q-Post, Aqua Park, iSpot, 51-East, Qatar Cinema and Bahrain Cinema to make them Doha Sooq business partners.

Tawasol - Customer Care Center inauguration

Management Report

Doha Bank has expanded its distribution network this year with the addition of 5 exchange counters at Doha International Airport, Royal Plaza, Lulu D-Ring Road, Lulu Gharafa and DBAC. We have also increased the ATM network to 10 new locations. Furthermore, the Bank also opened 1 new e-branch office at DBAC, Al Muntazah branch. Doha Bank's overall distribution coverage at the end of 2010 comprised of 30 branches, 7 Islamic branches, 9 e-branches, 13 pay-offices, 113 ATMs, and 3 mobile banking units and is the second largest in the country.

Throughout the year we launched the most innovative and successful product promotions including the 25% cash back promotion which was a landmark initiative in the GCC credit card industry. During this promotion the card acquisition numbers had doubled as compared to previous months in 2010. Banking on the excitement created after the 25% cash back promo we rolled yet another credit card campaign aimed at increasing the credit card usage and the purchase volume with a caption "The Heat is still ON".

Apart from the above promotions on credit cards we have also launched multiple promotions tying up with other major merchants in the form of special discounts and offers which have added more value for money to our customers.

On the loan front, we were successful in launching a series of promotions aimed at acquiring, cross-selling and up-selling loan products to customers.

The Retail Banking Group successfully launched the special salary transfer promotion that was a part of our customer acquisition strategy that encourages customers to open payroll accounts with the Bank and capitalize on various benefits offered. Customers who transferred their salaries to the Bank during the promotional period were given a chance to win a Porsche 911 Turbo Car. In addition to the Porsche car, the bank offered a "wipe out the loan" offer for existing customers who transferred their loans from other banks and the lucky winner would have the full loan amount settled by Doha Bank. During this promotion we were able to acquire in excess of 1,800 accounts thus providing a launch pad for cross selling other products of the bank to these customers as salary transfer remains at the core of the Retail banking strategy for cross selling.

Tie-up with Allianz Takaful Insurance

We also introduced several promotions targeting specific customer segments namely the "bayroot" package for Lebanese expats, education loan for students, Airfare-Surrogate loan for Armed forces and Instant loan package for low income salaried customers with minimum risk exposure. During the end of third quarter and beginning of fourth quarter we have been witnessing increased competition from both the emerging player as well as the established market leaders in the forms of cash back, low pricing and other attractive initiatives. Aligning with the trend of falling interest rates in the local market we have re-priced our asset offering and launched our personal loan "installment holiday" promotion to address the competitive activities.

The Bank also excited the market with promotions and tie-ups with various automobile dealers like Nissan, Infiniti, Renault, Mitsubishi, Toyota and Mercedes Benz. The promotions were further supported during the festive seasons in Ramadan and Eid with special offers and discounts, with the objective of continuing our dominance in auto financing.

The Al Dana Saving Scheme, one of the pioneering flagship products of Doha bank, was built upon the theme of changing customer lives by creating more winners with bigger prizes and better chances of winning. Two lucky winners were raffled every month for prize money of QR 100,000/- and 10 winners every month for prize money of QR 10,000/- each. The scheme also gave away QR 5 million every quarter of the year. The draws have been scheduled in a strategic manner to bring more deposits for the Al Dana Scheme throughout the year.

Management Report

Launch of two new Retail Insurance products - Sayidaty and Manzilouka

With the view to boost the savings culture among children, the Al Dana young saver scheme was redefined, and introduced monthly children-specific draws while giving them a chance to participate in all other Al Dana draws with the opportunity of becoming millionaires.

Adding glamour to the legacy of the Al Dana Scheme, an Al Dana Gold Scheme was launched along with the Al Dana scheme 2010. A total of 25 kilos of gold was given away as prizes this year to loyal savers. The monthly draws for one kilo of gold culminates to the grand prize in December when an unprecedented 15 kilos of gold was given away to the top winner, followed by five kilos of gold to a second loyal customer. This unique offer is an upper level reward to our high net worth customers under the household name of Al Dana savings scheme, making it the most attractive and most competitive savings scheme in Qatar.

To increase awareness of Al Dana in overseas branches and overseas customers, we conducted special draws for the Dubai and Kuwait branches as well. We have managed to build tremendous equity with our most famous brand, ensuring top of the mind recall that epitomizes as the savings product in Qatar.

In the insurance segment, Bancassurance has been realigned with Retail Banking. Since the re-alignment, we have enhanced our competitiveness in the market by launching various customer focused insurance products. There has been a steady increase in business in all product lines. We launched a tie-up with Allianz Takaful for family takaful products, launched two new Retail Insurance Products – Sayidaty and Manzilouka, and launched a series of Travel Insurance Plans from Al Khaleej. Formalities related to the tie-up with Zurich International Life for High net worth and Al Riyada clients were completed. Work is in progress to design and develop the new e-Insurance platform. Retail banking also launched the online lead capture system for insurance products on the group website.

Another key success in 2010 was the initiation of the Retail Loan Management Unit (RLM) to address and cure the attrition in the portfolio. RLM has been very instrumental in transferring loans to Doha Islamic, again, as part of retaining all customers within the Doha Bank group.

Overall we can look back with pride at what we have accomplished in 2010 and look forward to another very exciting year with an opportunity for us to make a difference in the market in 2011.

Wholesale Banking Group

Our 2010 priority in Wholesale Banking was about disciplined, sustainable growth, by adopting a balanced approach. Wholesale Banking continues to have a strong momentum with a relationship driven presence in the market place, which lays the foundation of our client franchise. With several awards to our credit, our presence continues to grow stronger each year. This year, Doha Bank was bestowed with the “Best Bank in Qatar” award by EMEA

Management Report

Launch of Automated Vault Machine

Finance, the "Best Commercial Bank in the Middle East" award by Bankers Middle East, the "Euro Straight through Processing Excellence Award" by Deutsche Bank, and the "Best Trade Finance Provider" award by Global Finance. The Bank was also awarded the "Performance Excellence Award for Leadership & Excellence in Global Electronic Payments" by Citi Bank.

Our customers provide the platform which enables us to provide value-added and strategic advisory services. Our customer approach is based on investing time to understand what makes our client's business unique. We structure our financial solutions differently from other lenders by going the extra mile to devise financing solutions that contribute measurable improvements to our client's competitiveness and profitability. This demonstrates how we add value to meet our client's needs. By using a customer-centric approach, we assess our clients' needs by designing our products around their need rather than match their need with our products. This way we delight our customers by delivering beyond their expectations and stay a cut above the rest in the market.

The Wholesale Banking Group consists of six divisions namely, Corporate and Commercial Banking, Small & Medium Enterprises, Public Sector Finance, Project Finance and Equity Advisory Services, Mortgage Finance and Real Estate Services, and Private Banking supported by service units such as Cash Management and Balance Sheet & Debt Advisory Services.

Corporate and Commercial Banking, the largest revenue contributor within the Wholesale Banking Group, followed a cautious growth strategy in 2010, responding to the market challenges with an enhanced spread of advisory capabilities and consolidation. The division focused on effective monitoring in order to ensure strong asset quality, which resulted in a broadened customer base by selectively establishing new relationships with prominent local and international companies. The Kuwait and Dubai branches also grew well. Furthermore, the growth was diversified, with a primary focus on contract financing, and was in-line with the economic growth of the country. Focus was drawn to increasing the share of fee and commission income and cross selling of products of the other divisions of the bank in particular with Retail and General Insurance.

The Project Finance and Equity Advisory Services divisions 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 local institutions.

The Mortgage Finance and Real Estate Services division catered to the requirements of its existing clients during 2010. The division was successful in cross selling retail mortgage loans through tie-ups with some of its large clients and is constantly exploring avenues to provide value added services to its customers.

Private Banking focused on delivering customized solutions to its High Net-Worth clients to manage their investments. Having segmented the market in order to be more responsive to the distinctive needs of its clientele this division managed to offer proprietary financial solutions through a comprehensive advisory approach. A team of dedicated Private Wealth Advisors worked closely with clients, accessing global resources and specialists across the Bank to develop personalized strategies for all aspects of the Bank's high net worth individual's (HNWI) financial life.

Doha Bank Annual Retail Forum

Management Report

Tatweer, Doha Bank's ground breaking solution for Small and Medium Enterprise (SME) financing in Doha, doubled its customer base in 2010 from that of 2009. In April this year, Tatweer, launched a "Supply Chain Financing" product as the latest offering serving Qatar's SME segment.

Looking ahead, the overall strategy of the Wholesale Banking Group reinforces the direction taken in 2010. We have taken the time to step back, to rethink and to rebuild our strategy in the light of the economic geography and the fundamental changes happening in the banking industry, reinforcing our strategy:

- To remain focused on strengthening long-term relationships with our customers;
- To continue to diversify our sources of income by extending more services in the GCC region and leveraging our international network of Representative Offices;
- To continue leveraging the synergies between the businesses and geographies.

Treasury and Investment Group

The International financial markets, over the course of 2010, continued the volatility seen during the global financial crisis of the previous years. Fears of systemic failures largely moved from the banking sector to the sovereign sector, notably in Europe, in countries such as Greece and Ireland. Economic growth remained low in the developed world where fears of a double-dip recession were very real for some while. One key development is the fear of competitive devaluations by those countries seeking to boost their economic activity. Growth in the Emerging Market economies, notably China, India and Brazil, continued apace. Along with these, Qatar was one of the other few bright spots showing good growth during the year.

Market activity during the year saw the USD appreciate sharply into mid-year before falling, just as sharply, in the second half. Oil traded around its long term average, of USD 82 per barrel while Gold reached record highs driven by a flight to quality. The local market, on the Qatar Exchange, also experienced high volatility in the first half before climbing steadily, from early July to end the year higher. Interest rates in the major economies remained low, moving to record lows in the US, and in Qatar rates also moved significantly lower for term deposits. Driven by economic growth and budget and current account surpluses, M2 (M2 is a measure of money supply in the economy and a key indicator used to forecast inflation) growth increased by close to 20%. Local liquidity, in contrast to the previous year, has been sufficient to satisfy the needs of the banks without placing any pressure on interest rates. All the local banks have benefitted from this much lower cost of funds.

Treasury, in collaboration with the International Banking group, has focused on strengthening and broadening the liability base of the Bank. This has been achieved through targeted marketing efforts and full utilization of available arbitrage opportunities in the region. Additionally, in 2011 Doha Bank plans to launch a senior debt issue to further strengthen its liability base and reduce the maturity mismatch gap.

The Bank's Treasury department has been focused on strengthening all aspects of the business processes, systems and employee skills. During the year we have initiated the implementation of our integrated Treasury system, which will offer us full end to end processing and the consequent productivity enhancement and risk mitigation to bring better profitability in the coming years. In the early part of the year ahead we will be developing the Treasury product suite further, to include non-vanilla risk management products aimed at our customer base in Qatar.

Changing Market Dynamic Seminar

Management Report

We remain committed to providing first class services to our growing customer base. To date we have built a dedicated Treasury Sales team comprising Relationship Managers with a wide knowledge and expertise with the local, regional and international markets. We have continued to cultivate and train all of our employees and have further broadened our e-learning software, complemented with external courses that enhance the technical and soft-skill of the group.

We remain active market makers in Foreign exchange, in all GCC currencies. Our Treasury teams, locally and regionally in Dubai and Kuwait, cater to the needs of our Qatari, UAE and Kuwaiti clients as well as to our relationship banks and corporate clients in other GCC countries as well as internationally. We also provide a range of Shariah compliant Treasury products through the Doha Islamic Treasury team.

The Investment team, particularly the equity division, has had another subdued year. Continued prudent measures in reaction to proprietary investment limits from the Qatar Central bank along with the high volatility in first two quarters, meant that activity on both the Qatar Exchange and in regional markets was limited. In the Fixed Income markets we continued to be major participants and investors in all local debt issues, particularly the debt issued by the State of Qatar. Fixed Income investment activity outside of Qatar has been minimal and we remain risk averse in this regard. Indeed, our overall focus has been to lower our risk profile and non-Qatari exposures.

Doha Bank's participation in the dynamic Qatar economy will continue and increase. We would adopt a customer centric approach in the coming year and also broaden our product suite, including investment products and equity brokerage on the Qatar Exchange.

International Banking Group

The International Banking Group integrates the Bank's international operations, facilitates cross border trade and is responsible for the relationship management with financial institutions globally. We have correspondent relationships with more than 300 financial institutions worldwide. The international presence of the bank comprises of branches in New York, Dubai and Kuwait and Representative Offices in Singapore, Istanbul, Tokyo, Romania, Shanghai, London

Tawasol - Doha Bank Customer Care Center

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 been operational since 1983, 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 range of international banking services such as trade finance, payments, funds management and clearing operations for the banks and financial institutions worldwide.

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

Management Report

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

Islamic Banking

With regard to Doha Islamic, we would like to point out that Qatar Central Bank has imposed strict controls and regulations during 2010 on Islamic branches under conventional banks for the purpose of monitoring /controlling the relevant banking risks, in terms of credit concentration limits, real estate financing, investments, Mudaraba and diminishing Musharaka financing, ratio of credit to deposits and others, they also didn't allow conventional banks to open new Islamic branches which have adversely affected the growth in Doha Islamic.

Doha Bank Assurance

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

Licensed by Qatar Financial Center Authority to underwrite General Insurance business, DBAC provides all lines of General Insurance including Fire, Engineering, Marine and Motor Insurance to Corporate customers.

DBAC, whilst only in its third year of operation, has already become an Insurer of choice amongst the large Corporates in Qatar by providing a wide range of insurance products and customer service of exceptional quality. DBAC's customers include various government departments of the State of Qatar as well as other Corporates and institutions.

DBAC, effectively showcasing its business potential, strong capitalization and liquidity, has achieved a Standard and Poor's rating of “BBB/Stable/--“ in September 2010. The Company has earlier achieved the ISO 9001: 2008 for “Providing General Insurance Services under Regulatory Framework” in March 2010.

Risk Management Group

The Risk Management Group has developed into an independent enterprise-wide risk management framework. To optimize this, we consistently and continually monitor risks and processes across the organization to identify, assess, measure, manage and report on opportunities and threats that could impact the achievement of the 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, set policies and procedures, risk limits, organizational framework, committees, authority levels and accountability.

Ajyal winners

Management Report

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 Compliance & Risk Committee reviews the recommendations and findings of the Compliance and internal, external and Qatar 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 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 made available to our employees 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 "Tawasol" to monitor the services rendered through delivery points and ensures timely corrective measures are taken. Additionally, the Bank has established earlier a separate Compliance Department, which is responsible for ensuring stringent compliance procedures across the Bank.

Al Dana gold 6th draw

Doha Islamic product promotion

The Compliance Department is responsible for ensuring bank-wide adherence to instructions from Qatar Central Bank and other regulatory authorities, in addition to developing and strengthening the internal control systems in the Bank. Moreover, it also creates awareness of the related policies and procedures among the Bank staff through 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 a 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: This includes potential loss arising from the non-compliance with legal procedures especially with respect to agreements and documents. The Bank maintains a highly qualified team of in-house 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 risk arising from the potential that an obligor is either unwilling to honor his obligation or has become unable to meet such obligation, which leads to economic loss to the bank or the possibility of losses associated with diminution in the credit quality of borrowers or counter parties. Identification, measurement and management of risk are strategic priorities for the Bank and

Management Report

credit risk is managed by a thorough and well-structured credit assessment process complimented with appropriate collaterals wherever necessary and continuous monitoring of the advances at account and portfolio level.

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

The Management Credit shall review and decide on the following.

- The extent to which the bank should assume credit risk, taking into account the capital base, the bank's ability to absorb losses, the risk-reward ratio etc;
- The credit portfolio, including concentration trends, provisions, quality of portfolio and requirements vis-à-vis credit strategy and risk appetite;
- Portfolio concentration limits against Regulatory and Internal Limits set for counterparties, industry sectors, geographic regions, foreign country or class of countries, and classes of security;
- Business Strategies to ensure consistency with the bank's business/growth plan and other asset/liability management considerations;

Best Commercial Bank - 2010
The Banker Middle East

- Significant delinquent credits (watch list & under settlement accounts) and follow up actions taken to safeguard the interest of the Bank;
- Adequacy of loan loss provisioning requirements;
- Establishment of an authorization structure and limits for the approval and renewal of credit facilities;
- Detailed credit policies, procedures and guidelines, proper segregation of duties, clear authorities matrix for credit approval and periodic audit and examinations by internal and external auditors to ensure that a rigorous environment of checks and balances exist within the Bank;

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

The key objectives of Credit Risk Management are to ensure:

- Bank wide Credit risks are identified, assessed, monitored and reported on a continuous basis at individual and portfolio level;
- The bank's exposure is within the risk appetite limits established and approved by the Board of Directors, which covers group and single obligor limits, borrower ratings, portfolio analysis, counter party limits and concentration of the limits to effectively measure and manage its credit risk;
- Review and assessment of credit exposures in accordance with the authorization structure and limits prior to facilities being committed to customers;
- Monitoring of the concentration of exposure to industry sectors, geographic locations and counter parties;
- Review of compliance with exposure limits agreed for counter parties, industries and countries, on an ongoing basis, and review of limits in accordance with the risk management strategy and market trends;
- Prior to launching of new products, vetting the business proposals from risk perspective especially in light of delinquent reports;

Management Report

Citi Bank Performance Excellence Award for Leadership & Excellence in Global Electronic Payments

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

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

- Executive Management Committee;
- Management Credit Committee;
- Asset and Liability Committee;
- Policy and Procedure Development and Remuneration Committee.

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

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

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

Doha bank Exchange counter in Doha International Airport

Management Report

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

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

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

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

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

Operational Risk: Operational Risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Bank has detailed policies and procedures that are regularly updated to ensure a robust internal control mechanism for the Bank. The Bank is closely reviewing the various recommendations issued by the Basel committee on 'sound practices for the management and supervision of operational risk' for implementation. The Bank continues to invest in risk management and mitigation strategies, such as a robust control infrastructure, business continuity management or through risk transfer mechanisms such as insurance.

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

Al Dana gold winner with Doha Bank Management team

Management Report

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.

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, which include:

- 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 any risk event, which is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are analyzed, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors;
- Introduction of a bottom-up 'self-assessment', resulting in a specific operational risk profile for the business lines, highlighting the areas with high risk. Action points resulting from 'self-assessments' are captured and the progress of the operational risk profile is monitored on an ongoing basis;
- The Bank's insurance policy adequately covers high severity losses and stress losses;
- Capital Intelligence reaffirmed their existing rating on the Bank's foreign currency and financial strength ratings at '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;
- 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.

International Rating

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

Standard & Poor's	Moody's	Capital Intelligence	Fitch
• Long Term A- • Short Term A-2 • Outlook- Stable	• Bank Deposits - LT - A2 • Bank Deposits - ST - 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.

Management Report

Information Technology

Doha Bank, by utilizing advanced technology solutions, continues to provide complete convenience to its customers. The Bank was bestowed with the honor of "Best Technical Website Award" during the 2nd Annual Banking Web Awards Competition, which proved our constant drive to provide innovative and competitive technological solutions.

From its inception, the Bank has been focused on providing high standards of customer service through ongoing innovation. The bank has introduced a variety of banking solutions like ATMs, Phone Banking, Mobile Banking, SMS Banking, and Internet Banking, which cater to retail banking, credit cards and wholesale banking. The Bank has leveraged on Information Technology to efficiently and effectively deliver these banking services to its customers.

The Information Technology is the backbone for the efficient delivery of the Bank's services. Doha Bank has a state of art integrated technology architecture, supporting enterprise wide systems 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, Intrusion Detection System (IDS), Antivirus and Zoning and virtual private network (VPN). A state of the art Disaster Recovery site has been commissioned with alternate processing capabilities for all critical systems. Work Flow Automation facilitates a paperless environment and oracle e-biz suite of applications

Euro Straight Through Processing Excellence Award by Deutsche Bank

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 has been honored with the Green Systems Implementation of the Year - Arab Technology Awards 2010 by the Arabian Computer News, Dubai, for the implementation of the Green System. It is a policy-based power management solution that helps reduce power consumption cost and carbon footprints for enterprise systems. The group website has been re-launched according to top class industry standards during the month of July 2010. It showcases all the products from the various segments of the bank in a structured and easy to navigate layout. The website features updated information of products, news and branch locations in a most convenient and user friendly manner.

Launch of SME Credit Card

Management Report

Seminar on GCC Economies & Growth oppurtunities for China

The various technology solutions provided to our customers for their banking needs have enabled the Bank to stay ahead of our league. 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 highlight 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 conditions in all markets where Doha Bank offers it's suite of services, has led to the process for infrastructure and systems enhancement on many fronts including, ATM Switch upgrade, Treasury and Investments, Anti Money laundering, ATM network enhancement, to mention a few. This will ensure that the Bank provides the most advanced banking solutions with superior quality to its customers.

Human Resources

Human Resources Management is an integral part of our business strategy and an important line management responsibility. Within the Corporate guidelines, every unit manager is responsible for the Human Resource Management of his unit, with the professional support from the Human Resources Department of the Bank.

Doha Bank has created a winning match between individual needs and organizational demands. Doha Bank continuously aims to have the right person with the right experience at the right place. Doha Bank fosters leadership, individual accountability and team work. Our employees are professional whose creativity behavior is result-oriented and guided by personal integrity. They strive for the success of their own units, in the interest of the whole bank. This has more often than not been proven by awards like the "Most Innovative Bank in the Middle East" conferred by EMEA Finance.

The success of Doha Bank over the years has always been its employees. Set amidst a fast paced work environment that nurtures a high performance culture, we believe in creating an environment in which our employees look forward to work, and leading our employees towards excellence in every aspect to make them future leaders in the Banking industry.

Management Report

Qatarisation
Doha Bank is committed to Qatarisation, and grooming future Qatari leaders, the Bank took various initiatives and strengthened the current initiatives to attract local resources. The Management Trainee program was introduced in order to groom fresh university graduates to take up higher positions in the Bank. We have absorbed over 115 Qatari Nationals under the Bank's payroll and have strengthened the Career Development Program and the Induction Banking Program for Qatari Nationals, where we have already enrolled over 90 Qatari Nationals in the Banking Program and certified them as full time employees upon completion of the program. The Bank's scholarship program specially dedicated to Qatari Nationals which initially started off in 2006 with 6 students on Bank sponsored scholarships currently has 53 Qatari students pursuing on-campus higher studies at various renowned educational institutions in Qatar, GCC and UK. The Bank also introduced the Career Enhancement Allowance in appreciation to their contributions, sustenance towards the Bank.

Resourcing
In order to attract talent from the region and strengthen employee branding, the Bank stepped into various

Golden Peacock Global Award for Sustainability

Al Dana winners during the launch of Al Dana gold

recruitment channels. We introduced a Career Website where we are receiving an overwhelming response. Alternatively, the Bank has used Internal Referrals and Overseas Recruitment Drives. In 2010, the Bank hired over 300 new talents with multiple skills in line with the Bank's regional and European market expansion plan.

Re-defined HR Policies
As part of the organizational development process, the Bank has reviewed and re-aligned all the HR Policies and Procedures in the Bank in order to strengthen employee stability and morale and also attract and retain superior quality employees within the Bank.

Performance Management
Doha Bank's compensation policy is based on the view to provide fair remuneration packages which ensure performance-related pay, matches with individual needs and local practices. We support diversity, and where appropriate, we stimulate common remuneration practices in the organization.

Accountability: We foster target setting for individuals;
Encouragement: We encourage individual and team performance by practicing open and motivating appraisal procedures;
Objectivity: We use objective procedures for job ranking;

Through the introduction of a target based, performance driven evaluation system, we have been able to create a culture of achievement and high performance. We strongly believe in retaining talent and high performers and weeding out under performers. This year as system enhancements, we are introducing a partly automated evaluation process.

Management Report

Half Yearly Financial Results announcement

Training & Development

Training & Development policy is practiced with a view that the knowledge, attitude and skills of our employees prove to be an asset to attain the Bank's common goals. We use training programs to create meeting places for exchange of experiences and networks for managers from different Business Units and cultural background and to offer opportunities for benchmarking to the outside world.

E-learning has been focused for staff development in larger extent. Qatari Career Development has been given more focus with a view of grooming Qataris in the bank The bank has customized a program called Individual Career Plan which is absolutely catering the Qatari development.

Business Process Reengineering and Quality Assurance

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

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

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

Best Trade Finance Provider Award - 2010 by Global Finance

Management Report

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

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

Business Process Re-engineering and Quality Assurance activities in 2010 made significant strides in re-engineering and process improvements in the following business interfaces:

- Ensuring business realignment to identified strategies through process enhancements in the operational efficiencies of our key division;
- Review and enhancing the functions of Retail Business unit (Products & Promotions);
- Productivity review;
- Internal Customer-relationship management;
- Benchmarking;
- Process Development of New products;
- IT systems review and upgrade (Corporate websites, LOS);
- Review and Optimizing Central operations;

Doha Bank Chief Offcials expressing their appreciation to Head of Traffic and Patrol Department

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 2011.

Corporate Social Responsibility

Doha Bank is the prime Bank among both the public and private sectors in the Middle East, which is on the forefront of environmental advocacy against global warming and climate change, supporting humanitarian causes, environmental sustainability and education by increasing awareness.

Doha Bank was awarded the "Golden Peacock Global Award for Sustainability" during the 5th Global Conference on Social Responsibility this year as also the "Green Systems Implementation of the Year - Arab Technology Awards" by Arabian Computer News. The Bank also went on to win the "Best Environmental Leadership Award" and the "Best


Al Dana Green run


Al Dana Green run winners

Management Report

Doha Bank handing over Donation Cheque for Pakistan's flood relief and recovery efforts

Public Awareness Campaign Award" by Qatar Today. The Bank was recognized by the Green Qatar Centre for its proactive participation in the National campaign on "Green Qatar Clean Qatar" in 2010.

Doha Bank is the first Bank in the GCC to launch the "Green Banking" concept whereby the Bank's ultimate goal is to make a long-term positive impact in preserving our environment. As an eco-conscious banking institution, it steers the promotion of the green culture among its constituents, customers and the society at large by continuously spreading the concept of Green Banking through various social and environment-friendly activities. The Bank also raises funds to support the needy and generously donating to individuals in need as well as organizations. It also promotes art and culture aside from its charitable work and humanitarian activities. Doha Bank maintains its presence and influence in leading by example when it comes to promoting cultural, professional, education and knowledge forums through generous sponsorships as well as through direct organization of events.

In continuation of its corporate social responsibility, Doha bank donated QR 300,000 to flood ravaged Pakistan's relief and recovery efforts. This included contributions from the employees and management.

The Bank is vision-driven supporting its future activities, progress and expansion with a more diverse portfolio of integrating environmental and social considerations into its product design, mission policy and strategies. Eco-consciousness was integrated into Doha Bank's daily operations through knowledge sharing, seminars, conferences, promotional and marketing materials. Doha Bank and UNESCO Partnership Agreement embarks to cultivate the young minds by visiting schools and educate them on environmental responsibility to make them green advocates at a young age through the ECO-Schools Programme. This is a new green concept in the GCC region reaching out to schools which is another first from Doha Bank.

In line with this concept is the formation of the ECO-Schools Committee, a governing body who will handle the programme from the registration, monitoring, auditing until the awarding process. It will also launch the ECO-Schools website www.ecoschools.com.qa facilitating the activities of this eco-schools initiative in addition to our existing Green Banking website www.dohagreenbank.com, which integrates the Bank's green initiatives.

The Bank has organized a Green Banking Task Force Committee to handle all green-related issues and a Planet Savers Club composed of in-house volunteers for the green cause to participate and promote green activities such as tree planting, beach clean-up, recycling and waste management programmes to name a few as held on a periodic basis in coordination with UNESCO and Ministry of Environment

Management Report

Doha Bank's Green Banking initiatives primarily involve the concept of Paperless Banking and the concept of 3 R's: Reduce, Re-use and Recycle. The Green Banking Account and Green Cards were launched in the market to encourage customers to do all their banking transactions through various electronic channels thereby eliminating paper usage and wastage, reducing the road traffic and carbon emission. With the introduction of e-Statements, it helps rationalize paper consumption and campaigns were also placed on ATMs to discourage unnecessary printing of receipts.

Doha Bank continues to organize the annual "Al Dana Green Run" since its inauguration in 2005 as well as the Doha Bank BizQuiz programmes, which garnered enormous participation and overwhelming response from the residents, both young and old alike, and enthusiasts from all walks of life. The Al Dana Green Run was organized with the support of Traffic Directorate, to instill road safety, traffic discipline and prevent accidents.

Doha Bank encourages energy saving as a corporate habit and is committed to be a carbon neutral entity. The new Doha Bank HO Tower at West Bay Area, Doha, Qatar is designed to be energy-efficient with the new dimming systems for gradual take off and shutdown of lighting using motion sensors, air conditioning variable frequency, transparent glass partitions to let natural light pass through and reduce heat as per the cooling requirements being just some of the modern technologies incorporated in the new infrastructure for the Leadership in Energy & Environmental Design (LEED) Certification. An auto-shutdown software facility was also implemented to further reduce energy consumption.

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

Corporate Governance

OVERVIEW

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

During the period, Doha Bank has enhanced its governance structure by formalizing and documenting governance practices adopted by the Bank. In instances of non-compliance, Doha Bank has endeavored to explain the reasons for non-compliance and, where necessary, the actions we plan to take, to comply in the near future.

Seminar on Changing Market Dynamics

Management Report

This report summarizes Doha Bank's governance processes for 2010 in accordance with QFMA disclosure requirements and has been prepared by Senior Management and approved by the Chairman on behalf of the Board.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Roles and Responsibilities:

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

The roles and responsibilities of the Board are defined in the Board Charter. This document will be published to shareholders in the near future. The Board's roles and responsibilities are compliant with the requirements of the Code, and cover the following areas:

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

The duties of each Board Member are defined in job descriptions prepared for this purpose. Moreover, each Board Member is required to provide sufficient time to perform their required duties. Currently, time commitments are not contractually set but are understood by all directors. Director appointment forms have been developed and will be signed by each member of the board on finalization of the form, as this shall be implemented in the near future.

Composition

The Board consists of 7 members; the breakdown of the current composition of the Board is as follows:

- Chairman;
- Vice Chairman;
- Managing Director;
- 4 Non-Executive directors.

Qtel and Doha Bank launch 'INFINIT'

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

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

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani

Chairman

Date of Appointment on Board: June 3, 1996

Education/ Experience: Graduate of the Royal Academy, Sandhurst, UK

Other Board Memberships: Board Member at Al Khaleej Takaful Insurance & Re Insurance Co.

Ownership: 1.81% (December 31, 2010)

Mr. Ahmed Abdul Rehman Yousef Obeidan

Vice Chairman

Date of Appointment on Board: April 20, 1982

Education/ Experience: General Manager, Al Waha Contracting & Trading Est.

Ownership: 1.82% (December 31, 2010)

Management Report

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director
Date of Appointment on Board: December 21, 1978
Education/ Experience: Bachelor of Civil Engineering, Missouri University, USA
Other Board Memberships: Chairman of the Board of Directors, Qatar Industrial Manufacturing Co. Chairman of the Board of Directors (State of Qatar representative): Qatari Oman Investment Company and Board Member: National Leasing Holding
Ownership: 1.87% (December 31, 2010)

Sheikh Abdulla Mohamed Jabor Al-Thani
Non-Executive Board Member
Date of Appointment on Board: April 20, 1982
Other Board Memberships: Chairman of Al Khaleej Takaful Insurance & Re-Insurance Co.
Ownership: 1.20% (December 31, 2010)

Sheikh Abdulla Bin Nasser Bin Abdulla Al Ahmed Al-Thani
Non-Executive Board Member
Date of Appointment on Board: June 3, 1996
Other Board Memberships: Board Member, Al Khaleej Insurance & Re-Insurance Co., General Manager Nasser Bin Abdulla & Sons Group, General Manager Abdulla Bin Nasser Trading Co.
Ownership: 1.06% (December 31, 2010)

Mr. Jabor Bin Sultan Towar Al Kuwari
Non-Executive Board Member
Date of Appointment on Board: April 12, 1993
Education/ Experience: Businessman
Ownership: 1.26% (December 31, 2010)

Mr. Hamad Mohammed Hamad Abdulla Al Mana
Non-Executive Board Member
Date of Appointment on Board: April 13, 1999
Other Board Memberships: Vice Chairman: Mohammad Hamad Al Mana Group Companies,
Board Member: Qatar General Insurance & Re Insurance Co, Board Member: Qatar Navigation Co., Board Member: Arab Qatari Co. for Dairy Products
Ownership: 1.71% (December 31, 2010)

Board Meetings

The Board meets based on the invitation of the Chairman or two members of the Board. Each Board meeting has an agenda which is submitted to all members at least one week prior to the meeting for preparation purposes.

As per the Board Charter, the Board meets a minimum of 6 times (once every two months at a minimum) .The Board met a total of 7 times in 2010 to conduct its duties and responsibilities.

Board Remuneration

The Bank has adopted a policy which regulates the disbursement of remuneration, bonuses and benefits. At the end of each year prior to the General Assembly meeting,

Inauguration of Mushaireb Branch in new location

Management Report

the proposed remuneration for board members and the chairman is presented to the shareholders for discussion and approval. Additionally, other benefits provided to board members are reviewed by the Qatar Central Bank and the External Auditors, and is subsequently sent to Qatar Central Bank and then presented to the shareholders.

Senior Management Remuneration

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

Board Secretary

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

Doha Bank Retail forum

Launch of Ajyal Young Saver's Account

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

Conflict of Interest and Insider Trading

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

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

Other Board Matters

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

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

Nomination: The Bank has established a system for nomination/ appointment of BOD. Going forward, as per

Management Report

Launch of Al Riyada

the Nomination and Governance Committee Terms of Reference, the committee will convene in the coming year and establish written procedures in this regard.

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

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

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

Seminar on International Trade in Kuwait

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

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

Board Committees

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

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

Audit, Compliance and Risk Committee

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

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

The Audit Committee has met a total of 7 times in 2010, which is above the requirements of quarterly meetings as

Management Report

Launch of Cash Management Program

defined by the Code. The committee has overseen the development of whistle-blowing framework and an external audit appointment policy which have been developed as part of Doha Bank's Governance Manual.

The Committee has had no disagreements with the Board during 2010.

Nomination and Governance Committee

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

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

Policies, Development and Remuneration Committee

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

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

Executive Committee

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

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

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

INTERNAL CONTROL, COMPLIANCE, RISK MANAGEMENT AND INTERNAL AUDIT

Internal Control

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

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

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

Overall compliance of the Bank with rules and regulations;

Internal Audit and External Audit recommendations and findings.

Launch of Vodafone Money Transfer

Management Report

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

Compliance

The main responsibility of the Compliance Department at Doha Bank is to assist the Board and Bank's Management in managing and controlling the Compliance risks to prevent the Bank from suffering as a result of its failure to comply. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or loss of reputation. Compliance also assists the board of directors/ management in improving the internal controls procedures that will mitigate Compliance, AML and Anti – Terrorist Financing (ATF) risks. Moreover, Compliance acts as a liaison between the Bank and the respective regulators and updates management with new laws and regulations.

Internal Audit

The Bank has established an internal audit function staffed with 15 Auditors, which periodically conduct extensive internal audits on both operational and financial aspects as agreed with the Audit, Risk and Compliance Committee. Internal Audit periodically reports its findings and recommendations and the progress against the Internal Audit Plan to the Audit, Compliance and Risk Committee. In 2010, a total of 73 reports were issued. Internal Audit Reports are prepared based on Institute of Internal Audit Standards.

Risk Management

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

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

INTERNAL CONTROL ASSESSMENT

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

General Assembly meeting

Management Report

No major breach of control or internal control failure has taken place which has affected or may affect Bank's financial performance during 2010.

VIOLATIONS OF LISTING REQUIREMENTS

The Bank complies with the rules and conditions which control the disclosure and listing operations in the market. For the financial year 2010, the Company did not have any violations.

EXTERNAL AUDIT

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

SHAREHOLDER RELATIONS

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

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

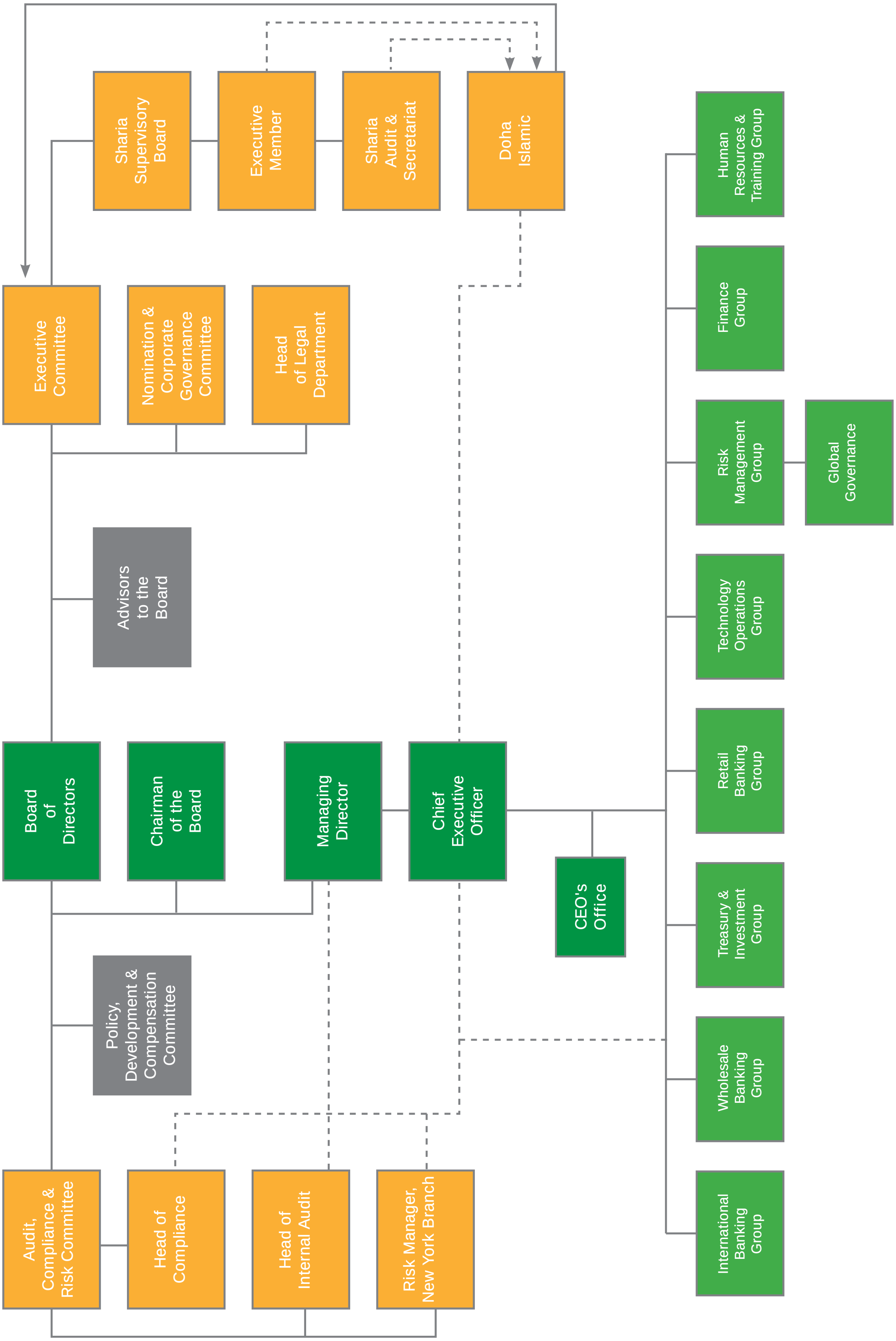
STAKEHOLDER RIGHTS

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

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

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Doha Bank Corporate Organisational Structure



Al Dana Green Run

Focus on wildlife preservation and environmental protection

In support of Qatar's wildlife preservation and environmental protection, Doha Bank conducted the Al Dana Green Run 2010, its sixth consecutive run, in Doha on December 11, 2010. Dandoon, this year's 'foxy' race mascot cheered the participants all the way to the finish line during the 3 km stint. Dandoon represents the Ruppell's Sandfox and was chosen by Doha Bank as a meaningful mascot as it is a species prevalent in Qatar.

Doha Bank Group CEO, Mr. R.Seetharaman said "Doha Bank is committed to promoting the global cause for saving the environment continually throughout the year. The Green Run is just one of our major campaigns which is aimed to raise awareness and motivate people to do something about it even as they go about their daily lives."

Mr. R.Seetharaman also expressed his appreciation to the Ministry of Interior and thanked Colonel Mohammad Sa'ad Al Kharji, Head of Traffic and Patrol Department for their continuous support which is the key for the success of these events. Mr. R.Seetharaman continued that, "Along with promoting the global cause for saving the environment, we are also keen to promote Traffic Awareness and Road Accident Prevention and we are proud to act as a socially responsible organization that guides the community in Qatar though such events."

Colonel Mohammad Sa'ad Al Kharji, said "We are proud to be associated with the Green Run initiative by Doha Bank and will extend our full support to ensure that this event is as successful as the past year's events."

People of diverse backgrounds - different age groups, communities and cultures participated in the run and raised awareness of this worthy cause. The event proved a fun-filled evening with family and friends with lots of prizes given away. There were many fun competitions for adults and children before the start of the run. Live entertainment in connection with the green run included modern and folkloric dance and music.

Financial Results

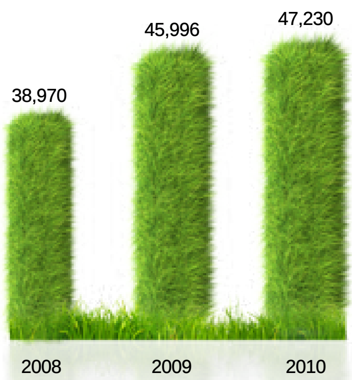
Net profit for the year rose to QR 1,054.2 million compared to QR 973.6 million for the year 2009, an increase of 8.3%. The earnings per share for 2010 was reported as QR 5.56. Net interest income rose by 26.9% to QR 1,378.2 million compared to QR 1,086.4 million during the year 2010. The net operating income during the same period increased from QR 2,044.3 million to QR 2,095.8 million, reflecting an increase of 2.5%.

In 2010 deposits grew by 10.5% to QR 30.8 billion from QR 27.9 billion for the corresponding period in 2009. Net loans & advances increased to QR 26.5 billion from QR 25.9 billion compared to last year, registering a growth of 2.5%. Total assets increased to QR 47.2 billion from QR 46 billion last year, a growth of 2.7%.

The shareholders' funds at the end of the year 2010 was QR 6 billion showing an increase of 3.1%. The shareholders' funds at the end of 2009 was QR 5.9 billion. The excellent operational efficiency has resulted in a return on average equity of 21.40%. The Bank's achievement of a 2.26% return on average assets is a clear indication of the supremacy of the Bank's asset allocation model and operational efficiency.

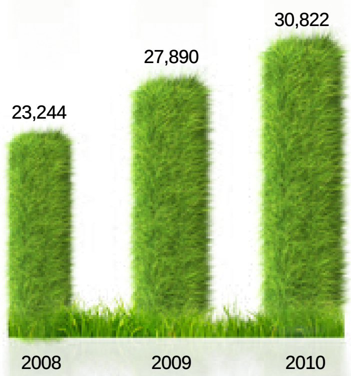
The capital adequacy ratio calculated as per Basel-II guidelines and guidelines issued by Qatar Central Bank was 13.57% in 2010 compared to 14.41% in 2009.

Total Assets (QR million)

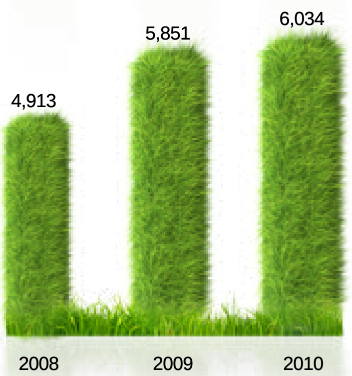


Net Loans & Advances (QR million)

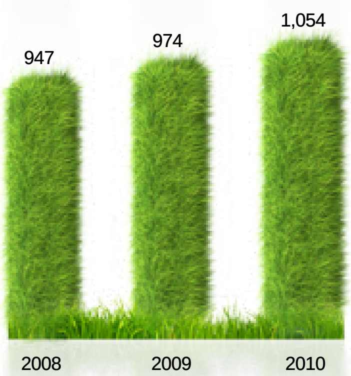
Total Deposits (QR million)



Total Shareholders' Equity (QR million)



Net Profit (QR million)



Independent Auditor's Report

To
The Shareholders
Doha Bank Q.S.C
Doha – Qatar.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Doha Bank Q.S.C. and its subsidiaries (the "Bank"), which comprise the consolidated statement of financial position as at December 31, 2010 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 a surance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated finacial statements give a true and fair view of the financial position of the Bank as of December 31, 2010 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 18, 2011
Doha – Qatar

Consolidated Statement of Financial Position

As on December 31, 2010

	Notes	2010 QR'000	2009 QR'000
ASSETS			
Cash and balances with central banks	5	10,378,704	10,753,828
Due from banks and other financial institutions	6	3,634,244	4,399,729
Loans and advances and financing activities to customers	7	26,546,918	25,895,855
Financial investments	8	5,216,631	3,825,497
Investment in associate company	8	14,031	12,110
Property, furniture and equipment	9	737,442	570,466
Other assets	10	701,641	538,697
Total assets		**47,229,611**	**45,996,182**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to banks and other financial institutions	11	8,683,403	10,488,856
Customer deposits	12	28,946,743	26,177,986
Subordinated debt	13	767,606	824,860
Other liabilities	14	922,133	941,326
		39,319,885	**38,433,028**
Unrestricted investment depositors' accounts	16	**1,875,233**	**1,712,371**
Shareholders' equity			
Paid up share capital	17(a)	1,894,730	1,808,606
Advance capital received	17(b)	-	368,611
Statutory reserve	17(c)	2,717,814	2,433,631
Risk reserve	17(d)	377,650	364,650
Fair value reserve	17(e)	(5,053)	(80,451)
Hedge reserve		(44,039)	(52,689)
Foreign currency translation reserve	17(f)	(2,001)	(2,417)
Proposed dividends	17(g)	947,365	904,303
Retained earnings		148,027	106,539
Total shareholders' equity		**6,034,493**	**5,850,783**
Total liabilities, unrestricted investment depositors' accounts and shareholders' equity		**47,229,611**	**45,996,182**

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 1-36 form an integral part of these consolidated financial statements

Consolidated Statement of Income

For The Year Ended December 31, 2010

	Notes	2010 QR'000	2009 QR'000
Interest income	18	2,299,245	2,253,065
Interest expense	19	(921,073)	(1,166,646)
Net interest income		**1,378,172**	**1,086,419**
Fees and commission income	20	399,453	416,954
Fees and commission expense		(4,925)	(4,858)
Net fees and commission income		**394,528**	**412,096**
Income from Islamic financing and investing activities		249,380	220,608
Unrestricted investment depositors' share of profit		(95,585)	(66,279)
Net Islamic financing and investing income		**153,795**	**154,329**
Gross written premium		97,858	80,711
Premium ceded		(40,119)	(27,918)
Net claims paid		(34,143)	(31,640)
Net income from Insurance activities		**23,596**	**21,153**
Dividend income	21	16,290	42,315
Gain on foreign exchange activities	22(a)	81,556	75,248
Net income from financial investments	22(b)	38,481	221,046
Share of profit (loss) from associate company	23	200	(685)
Net loss on derivatives	24	(29,031)	(32,290)
Other operating income	25	38,186	64,698
Total other income		**145,682**	**370,332**
Net operating income		**2,095,773**	**2,044,329**
General and administration expenses	26	(682,400)	(603,888)
Depreciation of property, furniture and equipment	9	(40,791)	(40,629)
Impairment of financial investments		(47,387)	(298,950)
Impairment of loans and advances, net	7(d)	(311,838)	(126,314)
Other income	27	43,062	--
Net profit for the year before taxes		**1,056,419**	**974,548**
Income tax expense		(2,174)	(929)
Net profit for the year		**1,054,245**	**973,619**
Basic and diluted earnings per share (QR)	28	**5.56**	**5.38**
Weighted average number of shares		**189,472,986**	**180,860,610**

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 1-36 form an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

For The Year Ended December 31, 2010

	Notes	2010 QR'000	2009 QR'000
Net Profit for the year		1,054,245	973,619
Other Comprehensive Income:			
Net movement in fair value of available for sale investments	17(e)	75,398	411,913
Net movement in fair value of cash flow hedge		8,650	44,562
Foreign currency translation adjustment	17(f)	416	564
Total Other Comprehensive Income		**84,464**	**457,039**
Total Comprehensive Income for the year		**1,138,709**	**1,430,658**

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

Consolidated Statement of Changes in Shareholders' Equity

For The Year Ended December 31, 2010

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

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

Consolidated Statement of Cash Flows

For The Year Ended December 31, 2010

	Notes	2010 QR'000	2009 QR'000
OPERATING ACTIVITIES			
Net profit for the year before taxes		1,056,419	974,548
Adjustments for:			
Depreciation of property, furniture and equipment		40,791	40,629
Amortisation of financing costs		1,555	1,191
Provision for impairment of loans and advances		311,838	126,314
Profit on sale of property, furniture and equipment		53	(67)
Profit on sale of financial investments		(38,481)	(221,046)
Provision for impairment of investments		47,387	298,950
Profits before changes in operating assets and liabilities		1,419,562	1,220,519
Net (increase) / decrease in assets			
Due from banks and other financial institutions		61,651	(787,034)
Loans and advances and financing activities to customers		(962,901)	(2,088,940)
Other assets		(162,944)	109,186
Net increase / (decrease) in liabilities			
Due to banks and other financial institutions		(1,805,453)	2,328,289
Customer deposits		2,931,619	4,646,159
Other liabilities		(38,038)	(479,533)
Cash generated from operating activities		**1,443,496**	**4,948,646**
Tax paid		(2,174)	--
Social and sports fund contribution paid		(24,340)	--
Net cash from operating activities		**1,416,982**	**4,948,646**
INVESTING ACTIVITIES			
Purchase of financial investments		(2,839,283)	(3,754,551)
Proceeds from sale of financial investments		1,512,720	3,682,948
Purchase of property, furniture and equipment		(208,055)	(98,537)
Proceeds from sale of property, furniture and equipment		235	75
Net cash used in investing activities		**(1,534,383)**	**(170,065)**
FINANCING ACTIVITIES			
Subordinated debt repurchased		(57,254)	(407,219)
Advance capital received		--	368,611
Dividends paid		(904,303)	(861,241)
Net cash used in financing activities		**(961,557)**	**(899,849)**
Net (decrease)/increase in cash and cash equivalents during the year		(1,078,958)	3,878,732
Cash and cash equivalents – Beginning of the year		11,888,523	8,009,791
Cash and cash equivalents – End of the profit year	33	**10,809,565**	**11,888,523**
Operational cash flows from interest /profit and dividend			
Interest/profit paid		1,055,315	1,345,281
Interest/profit received		2,543,786	2,485,665
Dividends received		16,290	42,315

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

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 37 local branches including seven Islamic branches, three overseas branches in the United States of America, the United Arab Emirates and the State of Kuwait and representative offices in: United Kingdom, 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.

The consolidated financial statements for the year ended December 31, 2010 were authorized for issue in accordance with a resolution of the Board of Directors on January 18, 2011.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current period

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

i) Revised standards

- IFRS 1 (Revised) -First time adoption of International Financial Reporting Standards
- IFRS 2 (Revised) - Share-based Payment
- IFRS 3 (Revised) - Business combinations
- IFRS 5 (Revised) - Non Current assets Held for Sale & Discontinued Operations
- IFRS 8 (Revised) - Operating Segments
- IAS 1 (Revised) - Presentation of Financial Statements.
- IAS 7 (Revised) - Statement of cashflows
- IAS 17 (Revised) - Leases
- IAS 27 (Revised) - Consolidated and Separate Financial Statements
- IAS 28 (Revised) - Investment in associates
- IAS 31 (Revised) - Investment in joint ventures
- IAS 36 (Revised) - Impairment of Assets
- IAS 38 (Revised) - Intangible Assets
- IAS 39 (Revised) - Financial Instruments : Recognition and Measurement

ii) Revised Interpretations

- IFRIC 9 - Reassessment of Embedded Derivatives
- IFRIC 16 - Hedges of Net Investment in Foreign Operations

iii) Withdrawn Interpretations

- IFRIC 8 - Scope of IFRS 2
- IFRIC 11 - Group and Treasury Share Transactions

iv) New Interpretations

- IFRIC 17 - Distributions of Non-cash Assets to Owners
- IFRIC 18 - Transfers of Assets from Customers

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

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 financial statements, the following Standards and Interpretations were in issue but not yet effective:

i) Revised Standards

Effective for periods beginning on or after February 1, 2010

- IAS 32 (Revised) - Financial Instruments : Presentation

Effective for periods beginning on or after July 1, 2010

- IFRS 1 (Revised) - First time adoption of International Financial Reporting Standards.
- IFRS 3 (Revised) - Business combinations
- IAS 27 (Revised) - Consolidated and Separate Financial Statements

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

- IFRS 1 (Revised) - First time adoption of International Financial Reporting Standards
- IFRS 7 (Revised) - Financial Instruments disclosures
- IAS 1 (Revised) - Presentation of Financial Statements
- IAS 24 (Revised) - Related Party Disclosures
- IAS 34 (Revised) - Interim Financial Reporting.

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) Revised Interpretations

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

- IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

iv) New Interpretations

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.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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
		QR'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, 2010

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 (%)		Principal activity
		2010	2009	
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, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
Financial instruments (continued)
Derivatives (continued)

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

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.

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Derecognizing of financial assets and financial liabilities
Financial assets
A financial asset is derecognized where:

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

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

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

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and advances and financing activities to customers (continued)

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

Collective assessment of loans and advances

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

Available-for-sale financial investments

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

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

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

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.

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.

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, furniture and equipment

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

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

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

Employees' end of service benefits and pension fund

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

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

Other provisions

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

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 33.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial guarantees

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

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

Taxes

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

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:

	2010		2009	
	Carrying Value QR'000	Fair Value QR'000	Carrying Value QR'000	Fair Value QR'000
Held to maturity investments	2,865,735	2,951,070	2,239,798	2,276,680

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

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 QR'000	Level 2 QR'000	Level 3 QR'000	Total QR'000
Available for sale financial assets				
Quoted equities	1,311,328	--	--	1,311,328
Unquoted equities	--	--	1,039,568	1,039,568
	1,311,328	--	1,039,568	2,350,896
Financial Liabilities at FVTPL				
Derivative financial liabilities	--	44,039	--	44,039

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.

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.

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

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 31 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.

	2010 QR'000	2009 QR'000
ASSETS		
Cash and balances with Central Banks (excluding cash on hand)	9,989,430	10,482,088
Due from banks and other financial institutions	3,634,244	4,399,729
Loans and advances and financing activities to customers	26,546,918	25,895,855
Investments	5,230,662	3,837,607
Other assets	701,641	538,697
	46,102,895	**45,153,976**
Contingent liabilities and commitments	25,765,455	19,661,477
Total credit exposure	**71,868,350**	**64,815,453**

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 credit default swap and total return swap are 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.

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Interest / Profit rate risk

The Bank's interest sensitivity position of assets, liabilities and off balance sheet items as at December 31, 2010 and 2009 based on the earlier of contract re-pricing or maturity is as follows:

December 31, 2010	Within 3 months	3 months to 1 year	1 to 5 years	Non interest / profit sensitive	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Cash and balances with Central Banks	8,577,140	--	--	1,801,564	10,378,704
Due from banks and other financial institutions	1,995,012	1,037,428	601,804	--	3,634,244
Loans and advances and financing activities to customers	7,575,546	3,599,945	15,218,890	152,537	26,546,918
Financial Investments	443,311	429,509	3,680,673	677,169	5,230,662
Property, furniture and equipment	--	--	--	737,442	737,442
Other assets	--	--	--	701,641	701,641
Total Assets	**18,591,009**	**5,066,882**	**19,501,367**	**4,070,353**	**47,229,611**
Due to banks and other financial institutions	7,401,231	1,282,172	--	--	8,683,403
Customer deposits	17,075,559	6,652,471	389,968	4,828,745	28,946,743
Subordinated debt	767,606	--	--	--	767,606
Other liabilities	--	--	--	922,133	922,133
Unrestricted investment depositors' accounts	1,750,385	124,848	--	--	1,875,233
Shareholder's equity	--	--	--	6,034,493	6,034,493
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**26,994,781**	**8,059,491**	**389,968**	**11,785,371**	**47,229,611**
On Balance sheet gap	(8,403,772)	(2,992,609)	19,111,399	(7,715,018)	--
Off Balance sheet gap	773,273	--	--	--	773,273
Total Interest Rate Sensitivity Gap	**(7,630,499)**	**(2,992,609)**	**19,111,399**	**(7,715,018)**	**773,273**
Cumulative Interest Rate Sensitivity Gap	**(7,630,499)**	**(10,623,108)**	**8,488,291**	**773,273**	**--**

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Interest / Profit rate risk (continued)

December 31, 2009	Within 3 months QR'000	3 months to 1 year QR'000	1 to 5 years QR'000	Non interest / profit sensitive QR'000	Total QR'000
Cash and balances with Central Banks	8,907,209	--	--	1,846,619	10,753,828
Due from banks and other financial institutions	3,183,962	621,904	593,863	--	4,399,729
Loans and advances and financing activities to customers	4,936,320	4,267,576	16,526,854	165,105	25,895,855
Financial Investments	63,583	234,865	2,832,642	706,517	3,837,607
Property, furniture and equipment	--	--	--	570,466	570,466
Other assets	--	--	--	538,697	538,697
Total Assets	**17,091,074**	**5,124,345**	**19,953,359**	**3,827,404**	**45,996,182**
Due to banks and other financial institutions	8,975,527	1,513,329	--	--	10,488,856
Customer deposits	15,623,844	6,651,713	74,660	3,827,769	26,177,986
Subordinated debt	824,860	--	--	--	824,860
Other liabilities	--	--	--	941,326	941,326
Unrestricted investment depositors' accounts	1,608,902	103,469	--	--	1,712,371
Shareholder's equity	--	--	--	5,850,783	5,850,783
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**27,033,133**	**8,268,511**	**74,660**	**10,619,878**	**45,996,182**
On Balance sheet gap	(9,942,059)	(3,144,166)	19,878,699	(6,792,474)	--
Off Balance sheet gap	837,545	--	--	--	837,545
Total Interest Rate Sensitivity Gap	**(9,104,514)**	**(3,144,166)**	**19,878,699**	**(6,792,474)**	**837,545**
Cumulative Interest Rate Sensitivity Gap	**(9,104,514)**	**(12,248,680)**	**7,630,019**	**837,545**	**--**

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Interest / Profit 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.

Profit rate risk, for Shari'a compliant banking products, arises as market rates and yield curves changes over time. The Bank may be exposed to loss in earnings due to the effect of changes in market rates on Shari'a compliant Islamic banking products. The Bank manages its exposure to profit rate risk on Islamic banking assets by utilizing Ijara products which allow the Bank to revise profit rates on a periodic basis, based on market rates.
Assuming that the financing and size of the interest/profit sensitive assets / liability remain the same, the bank will incur a loss of about QR 0.8 million (2009: QR 0.9 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	1 to 3 months	3 months to 1 year	1 to 5 Years	Over 5 years	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
As at December 31, 2010						
Cash and balances with Central Banks	8,908,420	45,138	12,856	--	1,412,290	10,378,704
Due from banks and other financial institutions	1,124,714	870,298	1,037,428	601,804	--	3,634,244
Loans and advances and financing activities to customers	5,820,225	1,254,517	4,482,717	6,980,784	8,008,675	26,546,918
Financial investments	623,569	--	--	1,865,383	2,741,710	5,230,662
Property, furniture and equipment	--	--	--	--	737,442	737,442
Other assets	701,641	--	--	--	--	701,641
Total Assets	**17,178,569**	**2,169,953**	**5,533,001**	**9,447,971**	**12,900,117**	**47,229,611**
Due to banks and other financial institutions	4,847,933	2,553,298	7,647	1,274,525	--	8,683,403
Customer deposits	12,635,052	9,269,252	6,652,471	389,968	--	28,946,743
Subordinated debt	--	--	--	--	767,606	767,606
Other liabilities	922,133	--	--	--	--	922,133
Unrestricted investment depositors' accounts	985,126	765,259	124,848	--	--	1,875,233
Shareholders' equity	--	--	--	--	6,034,493	6,034,493
Total Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	**19,390,244**	**12,587,809**	**6,784,966**	**1,664,493**	**6,802,099**	**47,229,611**
Net Liquidity Gap	**(2,211,675)**	**(10,417,856)**	**(1,251,965)**	**7,783,478**	**6,098,018**	**--**

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Liquidity risk	In 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'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**	**--**

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	US Dollar	Euro	Pound Sterling	Other Currencies	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
As at December 31, 2010						
Assets	37,010,365	8,646,043	172,011	35,632	1,365,560	47,229,611
Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	(38,923,781)	(7,555,435)	(301,340)	(36,543)	(412,512)	(47,229,611)
Net currency position	**(1,913,416)**	**1,090,608**	**(129,329)**	**(911)**	**953,048**	**--**
As at December 31, 2009						
Assets	34,403,206	8,817,781	252,125	143,339	2,379,731	45,996,182
Liabilities, Unrestricted investment depositors' accounts and Shareholders' Equity	(35,554,800)	(8,786,180)	(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**	**--**

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2010

4. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

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 2010 QR'000	Profit / loss 2009 QR'000
GBP	+/- 3%	27	155
EURO	+/- 3%	3,880	221
KWD	+/- 3%	990	6,057
YEN	+/- 3%	5,623	4,973

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:

	2010		2009	
	Change in Price %	Effect on Equity QR'000	Change in Price %	Effect on Equity QR'000
Quoted investments	+/-10%	134,909	+/-10%	98,746

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.

Regulatory capital

	2010 QR'000	2009 QR'000
Tier 1 capital	4,617,904	4,231,397
Tier 2 capital	1,093,131	1,072,544
Total capital	**5,711,035**	**5,303,941**
Risk weighted assets	**42,073,782**	**36,804,237**
Tier 1 Capital ratio	10.98%	11.50%
Total Capital ratio	13.57%	14.41%

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, 2010

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

5. CASH AND BALANCES WITH CENTRAL BANKS

	2010 QR'000	2009 QR'000
Cash and bank balances	544,882	411,418
Cash reserve with Qatar Central Bank	1,369,162	1,262,696
Cash reserve with other Central Banks	43,128	137,978
Other balances with Central Banks	8,421,532	8,941,736
	10,378,704	**10,753,828**

The cash reserve with Qatar Central Bank amounting to QR 1,369 million (2009: QR 1,263 million) and balances with other central banks representing the cash reserve with the Federal Reserve Bank of New York and Central bank of UAE amounting to QR 43 million (2009: QR 138 million) are mandatory reserves and are not available for use in the Bank's day-to-day operations. The bank does not have any other cash and cash equivalents that are not available for day to day use.

6. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2010 QR'000	2009 QR'000
Current accounts	202,547	128,218
Deposits	1,395, 101	2,586,711
Loans to banks	2,074,484	1,735,800
Provision on loans to banks	(37,888)	(51,000)
	3,634,244	**4,399,729**

During the year, an amount of QR 115 million of loans to banks were restructured into "Revolving committed trade finance facility" of QR 30 million, investment of QR 62 million and cash received QR 10 million. The remaining amount of QR 13 million has been written off. (2009: Loans to banks includes an amount of QR 115 million against which an impairment of QR 51 million has been recognized).

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

7. LOANS AND ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

7. a. By Type

		2010 QR'000	2009 QR'000
(i) Conventional banking loans and advances			
Loans		22,097,405	21,273,080
Overdrafts		2,433,895	2,529,257
Discounted notes		99,402	74,679
Gross loans and advances		24,630,702	23,877,016
Specific provision for impairment		(933,073)	(685,714)
Net conventional loans and advances	(i)	**23,697,629**	**23,191,302**
(ii) Islamic Financing activities to customers			
Murabaha and Musawama		1,926,781	1,523,097
Istisna		369,707	230,798
Ijara		749,799	911,532
Mudaraba and Musharaka		306,046	334,636
Others		4,312	4,542
Islamic gross financing activities to customers		3,356,645	3,004,605
Less: Deferred income		(438,630)	(268,638)
Less: Specific provision for impairment		(68,726)	(31,414)
Net Islamic financing activities to customers	(ii)	**2,849,289**	**2,704,553**
Net loans and advances and financing activities to customers	(i) + (ii)	**26,546,918**	**25,895,855**

In 2009, as a part of government assistance program, the Bank disposed of certain loans and advances in the amount of QR 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 QR 30 million was expensed off in 2009. The loss which arose as a difference between the carrying amounts of the loans disposed of and the present value of the bonds acquired is being amortised through the consolidated statement of income over the term of the bonds.

The aggregate amount of non-performing loans and advances as at December 31, 2010 amounted to QR 1,086 million representing 3.94% (2009: QR 851 million representing 3.14%) of the total gross loans and advances and financing activities to customers.

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

7 .b. By Sector

	2010					2009				
	Loans	Overdrafts	Discounted Notes	Islamic Financing Activities	Total	Loans	Overdrafts	Discounted Notes	Islamic Financing Activities	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Government	26,244	932,860	--	--	959,104	37,907	1,140,203	--	--	1,178,110
Government agencies	746,723	301	--	128,809	875,833	836,153	3	--	--	836,156
Industry	424,053	53,458	8,031	289,214	774,756	792,686	52,302	6,347	202,566	1,053,901
Commercial	5,052,742	680,012	69,192	316,893	6,118,839	3,481,777	569,438	49,255	387,016	4,487,486
Services	1,536,625	52,324	3,874	31,550	1,624,373	1,885,414	68,427	2,060	24,104	1,980,005
Contracting	3,009,301	343,384	7,908	425,380	3,785,973	2,421,369	352,963	8,585	509,146	3,292,063
Real estate	3,666,114	106,779	--	765,831	4,538,724	3,239,290	83,112	--	621,226	3,943,628
Personal	7,361,679	449,619	245	1,074,241	8,885,784	8,268,626	445,302	2,409	775,346	9,491,683
Others	59,839	33,756	5,939	324,427	423,961	120,191	11,594	1,603	485,201	618,589
	21,883,320	**2,652,493**	**95,189**	**3,356,345**	**27,987,347**	**21,083,413**	**2,723,344**	**70,259**	**3,004,605**	**26,881,621**

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

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

7.c. Supplementary Information - Distribution of Retail, Corporation and Real Estate Portfolio

Business Sector	Performing Loans/ Islamic Financing Activities	Non-Performing Loans/Islamic Financing Activities	Total	Provisions for impairment
	QR'000	QR'000	QR'000	QR'000
As at December 31, 2010				
Government	1,834,937	--	1,834,937	--
Corporate	12,406,746	321,156	12,727,902	307,377
Retail	8,240,142	645,642	8,885,784	640,430
Real Estate	4,419,912	118,812	4,538,724	53,992
	26,901,737	**1,085,610**	**27,987,347**	**1,001,799**
As at December 31, 2009				
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**

The above business sectors include performing islamic financing activities of QR 3,218 million (2009: QR 2,957 million), non performing islamic financing activities of QR 138 million (2009: QR 48 million) and provision for impairment of QR 69 million (2009: QR 31 million)

7.d. Movement in provisions

	2010			2009		
	Specific	Interest in Suspense	Total	Specific	Interest in Suspense	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
At January 1	466,908	250,220	717,128	347,817	215,701	563,518
Net provisions during the year	311,838	76,803	388,641	126,314	67,706	194,020
Provisions made during the year	368,057	103,038	471,095	187,479	91,534	279,013
Recoveries during the year	(56,219)	(26,235)	(82,454)	(61,165)	(23,828)	(84,993)
Written off during the year	(39,732)	(64,238)	(103,970)	(7,223)	(33,187)	(40,410)
At December 31	**739,014**	**262,785**	**1,001,799**	**466,908**	**250,220**	**717,128**

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	2010 Net Exposure	2010 Collateral	2009 Net Exposure	2009 Collateral
	QR'000	QR'000	QR'000	QR'000
90 - 180 days	261,426	76,115	220,352	67,575
180 to 365 days	151,910	70,272	195,400	33,774
Above 365 days	672,274	126,149	435,067	64,757
	1,085,610	**272,536**	**850,819**	**166,106**

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2010

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

7.f. Analysis of Past due but not Impaired Financial Assets

	2010		2009	
	Net Exposure	Collateral	Net Exposure	Collateral
Classification	QR'000	QR'000	QR'000	QR'000
Less than 90 days	580,285	1,142,538	585,000	956,291

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

	2010	2009
	QR'000	QR'000
Corporate lending	25,141	24,128
Retail lending	53,016	54,435
	78,157	**78,563**

7.h. Collateral

The bank holds collateral with a fair value amounting to QR 24,728 million (2009: QR 22,723 million), consisting of deposits, financial guarantees, marketable securities and real estate against the loans and advances given. Those collaterals which are not readily convertible into cash (i.e. real estate) are accepted by the Bank with the intent of disposing off the same in case of default by the customer.

8. FINANCIAL INVESTMENTS

Available-for-sale and held to maturity investments

	2010	2009
	QR'000	QR'000
Available-for-sale investments (a)	2,350,896	1,585,699
Held to maturity investments (b)	2,865,735	2,239,798
	5,216,631	**3,825,497**

(a). Available for sale investments

	2010			2009		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Equities	207,348	140,613	347,961	248,353	93,496	341,849
State of Qatar debt securities	343,148	950,000	1,293,148	348,276	504,200	852,476
Other debt securities	394,610	--	394,610	38,816	--	38,816
Mutual funds	315,177	--	315,177	352,015	543	352,558
	1,260,283	**1,090,613**	**2,350,896**	**987,460**	**598,239**	**1,585,699**

In 2009 the Bank sold its investments in local shares in the amount of QR 536.6 million to the government.

Fixed rate debt securities and floating rate debt securities amounted to QR 1,523 million and QR 164 million respectively as at December 31, 2010 (December 31, 2009: QR 826 million and QR 65 million respectively).

Included in equities are securities with a market value of QR 18 million (2009: QR 16.2 million), restricted due to the Bank holding directorships in investee companies and securities with a market value of QR 29.5 million (2009: QR 30.9 million) are restricted due to contractual agreement with the investee companies.

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2010

8. FINANCIAL INVESTMENTS (continued)

(b). Held to maturity investments

	2010			2009		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Debt securities	1,142,702	1,723,033	2,865,735	1,076,769	1,163,029	2,239,798

Quoted debt securities include QR 1,038 million of Government Bonds. (2009: QR 719 million). Fixed rate debt securities and floating rate debt securities amounted to QR 2,559 million and QR 307 million respectively as at December 31, 2010 (2009: Fixed rate debt security QR 1,958 million and Floating rate debt security QR 282 million respectively).

Held-to-maturity Investments include bonds to the value of QR 890 million 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

	2010	2009
	QR '000	QR '000
Investment in Associate	14,031	12,110
The movement of investment in associate is as follows:		
Balance at January 1	12,110	12,231
Acquisition during the year	1,305	--
Foreign currency translation	416	564
Share of net profit/(loss)	200	(685)
Balance at the end of the year	**14,031**	**12,110**

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

	2010	2009
	QR '000	QR '000
Total assets	43,030	20,234
Total Liabilities	(21,129)	(8,644)
Net assets	21,901	11,590
Bank's share of net assets of associate	10,731	5,679
Total Revenue	16,129	1,623
Net profit/(loss) for the year	408	(1,398)
Bank's share of profit/(loss)	200	(685)

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

9. PROPERTY, FURNITURE AND EQUIPMENT

	Land and Building	Leasehold Improvements	Furniture and Equipment	Vehicles	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
At December 31, 2010					
Cost:					
Balance at January 1	525,767	108,323	195,065	11,222	840,377
Additions	173,995	14,479	21,298	248	210,020
Disposals	(45)	(8,300)	(3,202)	(244)	(11,791)
	699,717	**114,502**	**213,161**	**11,226**	**1,038,606**
Depreciation:					
Balance at January 1	46,273	61,532	156,199	5,909	269,913
Depreciation for the year	5,477	11,805	21,582	1,927	40,791
Disposals	--	(6,230)	(3,148)	(162)	(9,540)
	51,750	**67,107**	**174,633**	**7,674**	**301,164**
Net Book Value	**647,967**	**47,395**	**38,528**	**3,552**	**737,442**
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
Related to 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**

Land and buildings include capital work in progress at December 31, 2010 amounting to QR 413 million (2009: QR 281 million). Included in Land and Buildings is an amount of QR 41 million (2009: QR 31 million) related to finance cost capitalized.

10. OTHER ASSETS

	2010	2009
	QR'000	QR'000
Interest receivable	179,144	174,305
Advance payments	168,975	82,963
Accounts receivable	4,298	6,076
Property acquired against settlement of debts	20,016	--
Others	329,208	275,353
	701,641	**538,697**

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2010

11. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2010 QR'000	2009 QR'000
Due to Qatar Central Bank	65,621	134,912
Demand and call deposits	172,891	200,081
Term deposits	1,114,196	46,729
Borrowings from banks	7,330,695	10,107,134
	8,683,403	**10,488,856**

12. CUSTOMER DEPOSITS

	2010 QR'000	2009 QR'000
(a) By type		
(i) Conventional banking deposits		
Current and call accounts	7,388,891	5,831,087
Savings accounts	1,314,416	929,946
Term deposits	19,765,205	19,150,277
	28,468,512	**25,911,310**
(ii) Islamic banking current accounts	**478,231**	**266,676**
	28,946,743	**26,177,986**
(b) By sector		
Government	1,553,330	2,504,306
Government agencies	5,380,533	5,140,870
Corporate	11,883,195	9,234,574
Individuals	10,129,685	9,298,236
	28,946,743	**26,177,986**

13. SUBORDINATED DEBT

	2010 QR'000	2009 QR'000
Subordinated notes		
Nominal value	773,273	832,083
Less: Un-amortized portion of financing costs	(5,667)	(7,223)
Amortized cost at December 31	**767,606**	**824,860**

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

During the year, the Bank has repurchased part of its subordinated debt amounting to QR 59 million (2009: QR 405 million). The difference between the carrying amount of the repurchased subordinated debt and the consideration paid has been recognized in statement of income.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

14. OTHER LIABILITIES

	2010 QR'000	2009 QR'000
Provision for end of service benefits (Note 15)	95,585	81,657
Staff provident fund	49,012	40,532
Accrued expenses	189,007	226,794
Derivative instruments, net (Note 29)	45,636	55,254
Social & sports fund	26,356	--
Cash margins	175,053	118,021
Other payables	341,484	419,068
	922,133	**941,326**

The staff provident fund provision includes Qatari staff pension fund contributions amounting to QR 4.9 million (2009: QR 3.7 million).

15. PROVISION FOR END OF SERVICE BENEFITS

	2010 QR'000	2009 QR'000
Balance at January 1	81,657	73,433
Provision for the year	21,490	16,413
Provision used during the year	(7,562)	(8,189)
Balance at December 31	**95,585**	**81,657**

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

16. UNRESTRICTED INVESTMENT DEPOSITORS'ACCOUNTS

	2010 QR'000	2009 QR'000
Call investment accounts	286,693	20,681
Saving accounts	93,466	65,641
Term deposits	1,482,507	1,621,784
Unrestricted investment depositors' share of profit	12,567	4,265
	1,875,233	**1,712,371**

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

17. SHAREHOLDERS' EQUITY

(a) Paid up Share capital

	2010 Number of shares (Thousand)	2009 Number of shares (Thousand)
Authorised		
Shares of QR 10 each	189,473	180,861
Issued and fully paid		
At January 1	180,861	172,248
Additional Shares Issued (Note 17. b)	8,612	8,613
At December 31	**189,473**	**180,861**

(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). On 30 December 2009 the bank received from QIA the second tranche of QR 368.6 million against 8.61 million shares at an issue price of QR 42.80 per share including a premium of QR 32.80 per share. This amount previously shown as advance capital in shareholders' equity, was transferred to share capital after the general assembly meeting held on February 22, 2010. The effective shareholding of QIA as on 31 December 2010 is 9.09%.

On 17 January 2011, the bank received the final tranche from QIA amounting to QR 737.2 million against 17.22 million shares at a price of QR 42.80 per share including share premium of QR 32.80 per share. With this additional subscription, QIA will increase their shareholding in the bank to 16.66%. This increase is subject to ratification of the General assembly. The proposed new shares would not have any entitlement to dividend distribution in respect of the financial year 2010.

(c) Statutory reserve

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

The statutory reserve includes share premium received on issuance of new shares.

(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 QR 13 million to the risk reserve.

(e) Fair value reserve

	2010 QR'000	2009 QR'000
Balance at January 1	(80,451)	(492,364)
Revaluation	73,702	73,974
Amount transferred to the statement of income	1,696	337,939
Net change during the year	75,398	411,913
Balance at December 31	**(5,053)**	**(80,451)**

Net balance as at December 31, 2010 includes negative fair value of QR 69 million (2009: QR 99 million).

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

17. SHAREHOLDERS' EQUITY (continued)

(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 18, 2011 has proposed a cash dividend of 50% (QR 5 per share) (2009: 50% QR 5 per share). The above is subject to the approval of the shareholders in the forthcoming general assembly.

18. INTEREST INCOME

	2010 QR'000	2009 QR'000
Loans and advances to customers	1,908,786	1,906,046
Bonds/Securities (Government and others)	215,255	178,712
Due from banks and other financial institutions	55,238	99,268
Balances with Central Bank	119,966	69,039
	2,299,245	**2,253,065**

19. INTEREST EXPENSE

	2010 QR'000	2009 QR'000
Customer deposits	806,559	976,820
Borrowings from banks	92,298	127,845
Due to banks and other financial institutions	22,216	61,981
	921,073	**1,166,646**

20. FEES AND COMMISSION INCOME

	2010 QR'000	2009 QR'000
Indirect credit facilities	162,437	128,909
Bank services fee	87,682	126,998
Loans and advances	118,020	126,048
Investment activities to customers	4,107	4,434
Others	27,207	30,565
	399,453	**416,954**

21. DIVIDEND INCOME

	2010 QR'000	2009 QR'000
Available-for-sale financial investments	16,290	42,315

22. (a) GAIN ON FOREIGN EXCHANGE ACTIVITIES

	2010 QR'000	2009 QR'000
Gains on foreign exchange dealings	23,431	26,400
Revaluation of assets and liabilities	58,125	48,848
	81,556	**75,248**

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

22. (b) NET INCOME FROM FINANCIAL INVESTMENTS

	2010 QR'000	2009 QR'000
Net income from sale of investments	54,984	237,261
Amortization of Held to Maturity investments	(16,503)	(16,215)
	38,481	**221,046**

23. SHARE OF PROFIT/ (LOSS) FROM ASSOCIATE COMPANY

	2010 QR'000	2009 QR'000
Total revenue	16,129	1,623
Total profit/(loss) for the year / period	408	(1,398)
Share of Profit/(Loss) from Associate company	200	(685)

24. NET LOSS ON DERIVATIVES

	2010 QR'000	2009 QR'000
Losses on derivatives	(29,031)	(32,290)

25. OTHER OPERATING INCOME

	2010 QR'000	2009 QR'000
Profit on disposal of property, furniture and equipment	--	67
Rental income	16,071	12,239
Others	22,115	52,392
	38,186	**64,698**

26. GENERAL AND ADMINISTRATION EXPENSES

	2010 QR'000	2009 QR'000
Salaries, allowances and other staff costs	308,323	259,236
Directors' remuneration	14,000	14,000
End of service benefits	21,490	16,413
Staff provident fund	6,825	6,089
Advertising and marketing	28,844	25,919
Legal and professional fees	7,098	9,044
Communication, utilities and insurance	64,882	83,428
Rent and maintenance	98,772	74,865
Others	132,166	114,894
	682,400	**603,888**

27. OTHER INCOME

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

28. 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.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

28. BASIC AND DILUTED EARNINGS PER SHARE (continued)

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.

	2010	2009
Net profit for the year (QR'000)	1,054,245	973,619
Weighted average number of shares (Thousands)	189,473	180,861
Basic and diluted earnings per share (QR)	5.56	5.38

29. DERIVATIVE INSTRUMENTS

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

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

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

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

				Notional amount by term to maturity		
	Positive Fair Value	Negative Fair Value	Notional Amount	Within 3 Months	3-2 Months	1-5 years
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
December 31, 2010						
Derivatives held for trading						
Credit default swaps	573	--	25,491	--	--	25,491
Total return swaps	--	4,016	36,415	--	--	36,415
Derivatives held as Cash flow hedge:						
Interest Rate Swaps	--	40,596	773,273	--	--	773,273
Fair value hedge						
Foreign currency forward contracts	--	1,597	5,831,979	1,655,637	4,079,155	97,187
Total	**573**	**46,209**	**6,667,158**	**1,655,637**	**4,079,155**	**932,366**
December 31, 2009						
Derivatives held for trading						
Credit default swaps	573	--	25,491	--	--	25,491
Total return swaps	--	5,327	36,415	--	--	36,415
Derivatives held as Cash flow hedge						
Interest Rate Swaps	--	47,935	837,545	--	--	837,545
Fair value hedge						
Foreign currency forward contracts	--	2,565	4,696,786	1,499,110	3,184,972	12,704
Total	**573**	**55,827**	**5,596,237**	**1,499,110**	**3,184,972**	**912,155**

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.

Notes to the Consolidated Financial Statements

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30. 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:

	2010 QR'000	2009 QR'000
(a) Contingent liabilities		
Acceptances	417,506	315,314
Guarantees	14,291,996	11,526,845
Letters of credit	4,283,594	2,657,265
Unused facilities	5,995,363	4,540,629
Others	715,090	559,518
	25,703,549	**19,599,571**
(b) Commitments		
Capital commitments	60,961	142,181
Forward foreign exchange contracts	5,831,979	4,696,786
Interest rate swaps	773,273	837,545
Credit default swaps	25,491	25,491
Total return swaps	36,415	36,415
	6,728,119	**5,738,418**
Total	**32,431,668**	**25,337,989**

Cash margins held against issuance of letter of credit and guarantees is QR 174 million (2009: QR 117 million)

Acceptances, guarantees and letters of credit

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

Unused facilities

Commitments to extend credit represent contractual commitm ents 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:

	2010 QR'000	2009 QR'000
Within one year	44,013	34,759
After one year but not more than five years	36,410	20,829
	80,423	**55,588**

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

31. GEOGRAPHICAL DISTRIBUTION

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

Notes to the Consolidated Financial Statements

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32. 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.

	2010			2009		
	Board of Directors	Others	Total	Board of Directors	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Statement of financial position items (as at December 31)						
Loans and advances	1,023,784	--	1,023,784	822,273	--	822,273
Deposits	81,416	16,975	98,391	83,170	6,476	89,646
Contingent liabilities and other commitments	261,741	--	261,741	239,494	--	239,494
Statement of income items (for the year ended December 31)						
Interest and commission income	46,300	--	46,300	41,476	--	41,476
Interest and commission expense	4,803	253	5,056	5,738	361	6,099

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

	2010			2009		
	Board of Directors	Others	Total	Board of Directors	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Salaries and other benefits	11,047	16,272	27,319	9,296	15,761	25,057
End of service indemnity benefits and provident fund	1,649	1,010	2,659	1,360	1,051	2,411
	12,696	**17,282**	**29,978**	**10,656**	**16,812**	**27,468**

Board of Directors' Fees

The Board of Director's fees for the year 2010 which amounted to QR 14 million (not included in the above) is subject to the approval of General Assembly (2009: QR 14 million).

33. CASH AND CASH EQUIVALENTS

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

	2010	2009
	QR'000	QR'000
Cash and balances with Central Banks	8,966,414	9,353,154
Due from banks and other financial institutions with original maturities of 3 months or less	1,843,151	2,535,369
	10,809,565	**11,888,523**

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

34. 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:

	2010				
	Conventional banking	Islamic banking	Insurance	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Net premium	--	--	23,596	--	23,596
Net interest income	1,378,172	--	--	--	1,378,172
Net fees and commission income	380,436	13,285	--	807	394,528
Net income from Islamic financing and investment activities	--	153,795	--	--	153,795
Profit from Associate Company	200	--	--	--	200
Total other operating income	132,638	5,871	6,964	9	145,482
Provision for impairment of loans and advances	(280,660)	(31,178)	--	--	(311,838)
Net operating income	1,610,786	141,773	30,560	816	1,783,935
General and administration expenses	(633,163)	(28,591)	(19,790)	(856)	(682,400)
Depreciation	(37,406)	(1,622)	(1,762)	(1)	(40,791)
Impairment losses on financial investments	(47,387)	--	--	--	(47,387)
Other income	43,062	--	--	--	43,062
Segment results/net profit before taxes	935,892	111,560	9,008	(41)	1,056,419
Income tax expense	(1,273)	--	(901)	--	(2,174)
Net profit/(loss) for the year	**934,619**	**111,560**	**8,107**	**(41)**	**1,054,245**
Assets and liabilities					
Total assets	**43,179,369**	**3,836,893**	**212,297**	**1,052**	**47,229,611**
Total liabilities	**38,300,322**	**2,808,731**	**85,897**	**168**	**41,195,118**
Other segment information					
Capital expenditure	**199,253**	**393**	**374**	**--**	**200,020**

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

34. SEGMENT INFORMATION (continued)

	2009				
	Conventional banking	Islamic banking	Insurance	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'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**

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 99.3 % of the Bank's profit (2009: 99.7%) and more than 97.3% of the assets (2009: 97.6%). Geographic distribution of the Bank's assets and liabilities is further detailed in Note 31.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2010

35. COMPARATIVE FIGURES

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

36. 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, 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.

Supplementary Information to the Financial Statements

For the Year Ended December 31, 2010

A. Financial Statements for the parent bank
Parent Bank Statement of Financial Position
As at 31 December 2010

	2010 QR'000	2009 QR'000
ASSETS		
Cash and balances with central banks	10,223,096	10,614,150
Due from banks and other financial institutions	3,634,244	4,399,729
Loans and advances and financing activities to customers	26,546,918	25,895,855
Financial investments	5,317,622	3,926,488
Investment in associate company	14,031	12,110
Property, furniture and equipment	732,952	564,609
Other assets	648,390	496,487
Total assets	**47,117,253**	**45,909,428**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Due to banks and other financial institutions	8,683,403	10,488,856
Customer deposits	28,946,743	26,177,986
Subordinated debt	767,606	824,860
Other liabilities	836,068	872,799
	39,233,820	**38,364,501**
Unrestricted investment depositors' accounts	**1,875,233**	**1,712,371**
Shareholders' equity		
Paid up share capital	1,894,730	1,808,606
Advance capital received	--	368,611
Statutory reserve	2,712,597	2,429,619
Risk reserve	377,650	364,650
Fair value reserve	(5,053)	(80,451)
Hedge reserve	(44,039)	(52,689)
Foreign currency translation reserve	(2,001)	(2,417)
Proposed dividends	947,365	904,303
Retained earnings	126,951	92,324
Total shareholders' equity	**6,008,200**	**5,832,556**
Total liabilities, unrestricted investment depositors' accounts and shareholders' equity	**47,117,253**	**45,909,428**

Supplementary Information to the Financial Statements (continued)

For the Year Ended December 31, 2010

Parent Bank Statement of Income
For the year ended December 31, 2010

	2010 QR'000	2009 QR'000
Interest income	2,299,245	2,253,065
Interest expense	(921,073)	(1,166,646)
Net interest income	**1,378,172**	**1,086,419**
Fees and commission income	398,646	415,804
Fees and commission expense	(4,925)	(4,858)
Net fees and commission income	**393,721**	**410,946**
Income from Islamic financing and investing activities	249,380	220,608
Unrestricted investment depositors' share of profit	(95,585)	(66,279)
Net Islamic financing and investing Income	**153,795**	**154,329**
Dividend income	16,290	42,315
Gain on foreign exchange activities	81,556	75,248
Net income from financial investments	38,481	221,046
Share of profit (loss) from associate company	200	(685)
Net loss on derivatives	(29,031)	(32,290)
Other operating income	31,213	56,309
Total other income	**138,709**	**361,943**
Net operating income	**2,064,397**	**2,013,637**
General and administration expenses	(661,754)	(585,955)
Depreciation of property, furniture and equipment	(39,028)	(39,751)
Impairment of financial investments	(47,387)	(298,950)
Impairment of loans and advances, net	(311,838)	(126,314)
Other income	43,062	--
Net profit for the year before taxes	**1,047,452**	**962,667**
Income tax expense	(1,273)	(929)
Net profit for the year	**1,046,179**	**961,738**

Supplementary Information to the Financial Statements (continued)

For the Year Ended December 31, 2010

B. 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

	2010 QR'000	2009 QR'000
ASSETS		
Cash	13,853	7,461
Due from banks & financial institutions	200,000	--
Due from financing activities to customers	2,849,289	2,704,553
Financial investments	--	6,364
Furniture and equipment	5,923	7,016
Other assets	767,828	281,776
Total Assets	**3,836,893**	**3,007,170**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Due to banks	378,000	--
Customer current accounts	478,216	266,676
Other liabilities	77,282	111,521
Total Liabilities	**933,498**	**378,197**
Unrestricted Investment Depositors' Accounts	**1,875,233**	**1,712,371**
Equity		
Funds provided by the Head Office	500,000	500,000
Retained earnings	528,162	416,602
Total Equity	**1,028,162**	**916,602**
Total Liabilities, Unrestricted Investment Depositors' Accounts and Equity	**3,836,893**	**3,007,170**

ii) Statement of income for the year ended December 31

	2010 QR'000	2009 QR'000
Income from financing activities	249,380	220,403
Income from investing activities	--	205
Total income from financing and investing activities	**249,380**	**220,608**
Fees and commission income	13,285	9,475
Other operating income	5,871	3,010
Total Operating Income	**268,536**	**233,093**
General and administration expenses	(28,591)	(24,065)
Provision	(31,178)	(12,070)
Depreciation of furniture and equipment	(1,622)	(1,865)
Net Profit for the year	**207,145**	**195,093**
Less:		
Unrestricted investment depositors' share of profit	(95,585)	(66,279)
Net Profit for the year attributable to Shareholders	**111,560**	**128,814**

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E-mail: islamicbanking@dohabank.com.qa

Doha Islamic, Wakrah Branch
P.O. Box 80521
Tel : +974 44257475/44257477
Fax: +974 44986579
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E-mail: islamicbanking@dohabank.com.qa

Doha Islamic, Al Rayyan Branch
P.O.Box 22191
Tel : +974 44257011
Fax: +974 44456043
Swift : DOHBQAQADIS
E-mail: islamicbanking@dohabank.com.qa

Doha Islamic, City Center Branch
City Center
Tel : +974 44257003
Fax: +974 44456043
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E-mail: islamicbanking@dohabank.com.qa

E-Branches

Royal Plaza
Tel : +974 44131894/95
Fax: +974 44341760

Lulu Gharafa
Tel :+974 4478 0673/59
Fax: +974 44780615

Moaither
Tel : +974 44801949

Lulu Hypermarket
Tel : +974 44660761
+974 44665122
Fax: +974 44663719

DBAC Office
Tel : +974 44434179

Overseas Branches & Representative Offices

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Mr. Peter Lo
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Suite 360, No.1376 Nanjing Road (W)
Shanghai Center, Shanghai 200040
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Fax: 008621-62798009
Mob: 0086 13917981454
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Doha Bank
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Chief Representative
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Mr. M. Sathyamurthy
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Mob: 0065 81266333
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Doha Bank
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Mr. C.K Krishnan
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NY 10005, New York, USA
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Doha Bank
Dubai Branch
Mr. Zaid A. Halbouni
Chief Country Manager
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Ms. Irina Mateescu
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Chief Representative
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Doha Bank
Frankfurt Representative Office
Mr. Maik Gellert
Representative
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Fax: 0049 69 667 748 450
Mobile: 0049 170 321 4999
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Doha Bank
London Representative Office
Mr. Richard H. Whiting
Chief Representative
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London SW1Y 6NY UK
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Fax: 0044 20 7930 5707
Mobile: 0044 790 232 2326
Email: office@dohabank.co.uk

Mobile Branches

Three Mobile Branches

Pay Offices

Industrial City Gate Passes Office, Mesaieed	Qatar Petroleum Dukhan	QPost Muntaza	Waqood	Umm Baab
Tel : +974 44771586 Fax: +974 44771182	Tel : +974 44712298 Fax: +974 44712660	Tel : +974 44352894 Fax: +974 44354284	Tel : +974 44114375	Tel : +974 44712236 Fax: +974 44712678
Qatar Petroleum, NGL Mesaieed	**Pakistan Embassy**	**QPost Main (Corniche)**	**Saudi Arabia Embassy**	
Tel : +974 44774359 Fax: +974 44774359	Tel : +974 44176196 Fax: +974 44176196	Tel : +974 44839210 Fax: +974 44839157	Tel : +974 44456600 Fax: +974 44416331	
Qatar Petroleum Refinery Mesaieed	**Chamber of Commerce D Ring Road**	**QPost Teyseer**	**Qatar Petroleum Ras Abu Aboud, Doha**	
Tel : +974 44771309 Fax: +974 44771309	Tel : +974 44674515 Fax: +974 44674035	Tel : +974 44621299 Fax: +974 44621552	Tel : +974 44402997/44402580 Fax: +974 44402439	

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 organization 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 utilization. Doha Bank also tied-up with Paper Recycling company to further utilize its waste paper and save trees.