ANNUAL REPORT 2016

بنك الدوحة
DOHA BANK

His Highness
Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani

The Emir of the State of Qatar

CONTENTS

AWARDS & RECOGNITION

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

Few of the key awards received for 2016 are as below:

Best Regional Commercial Bank - 2016
Banker Middle East

Best Commercial Bank in Qatar - 2016
International Finance Magazine

Most Innovative Bank in the Middle East - 2016
EMEA Finance

Best Local Bank in Qatar - 2016
EMEA Finance

Best Domestic Trade Finance Bank in Qatar - 2016
Asian Banking & Finance Awards

Best Web/Mobile Banking Services - 2016
Banker Middle East

Best Saving Account - 2016
Banker Middle East

Best Co-Branded Credit Card - 2016
Banker Middle East

Best Regional Commercial Bank
Banker Middle East

2016,2015, 2014, 2013, 2010
2009, 2007 & 2006

Best Commercial Bank in Qatar
International Finance Award

2016, 2014, 2013

Most Innovative Bank
in the Middle East
EMEA Finance

2016, 2010

Best Local Bank in Qatar
EMEA Finance

2016, 2012, 2011, 2010

Best Domestic Trade Finance
Bank in Qatar
Asian Banking & Finance Awards

2016, 2014

Best Web/Mobile Banking Services
Banker Middle East

2016, 2015

Golden Peacock Global
Excellence in Corporate Governance
Institute of Directors

2016, 2015

Best Saving Account
Banker Middle East

2016, 2015

Golden Peacock Global Award for
Corporate Social Responsibility
Institute of Directors

2016, 2014, 2013, 2012

Best Co-branded Credit card
Banker Middle East
Product Awards

2016, 2015

Best Commercial Bank
Middle East - Global Banking
& Finance Review

2015, 2014

Bank of the Year - Qatar
Arabian Business - ITP Group

2015

The Bizz - World Business leader
World Confederation of Business

2015

Localization in Kuwait branch
Board of Ministers of labor - GCC

2015

Environmental Award
The Arab Organisation
for Social Responsibility

2015, 2014

Best Trade Finance Offering
Banker Middle East

2014

Best Corporate Account
Banker Middle East

2014

Best SME Card
Banker Middle East

2014

Golden Peacock Global Award for
Sustainability
Institute of Directors

2014, 2013, 2011, 2010

Bank of The Year
The Banker

2013

GLOBAL NETWORK

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

FINANCIAL HIGHLIGHTS

Key Financials (QAR Million)	2012	2013	2014	2015	2016	Growth % '16 Vs '15
Total Assets	55,212	66,970	75,518	83,289	90,365	8.5%
Net Loans & Advances	33,775	41,109	48,559	55,595	59,186	6.5%
Customer Deposits	34,401	42,522	45,947	52,767	55,730	5.6%
Total Equity	7,551	11,271	11,293	13,187	13,381	1.5%
Total Revenues	3,095	3,208	3,517	3,708	3,978	7.3%
Net Profit	1,305	1,313	1,359	1,354	1,054	-22.1%

Key Ratios (%)	2012	2013	2014	2015	2016
Return on Shareholders' Equity	20.6%	17.9%	16.5%	15.9%	12.1%
Return on Average Assets	2.42%	2.18%	1.93%	1.70%	1.21%
Total Capital Ratio	13.59%	15.90%	15.03%	15.73%	15.57%
Total Equity to Total Assets	13.68%	16.83%	14.95%	15.83%	14.81%
Net Loans to Total Assets	61.17%	61.38%	64.30%	66.75%	65.50%
Net Loans to Total Deposits	98.18%	96.68%	105.68%	105.36%	106.20%

CHAIRMAN'S MESSAGE

Every year Doha Bank continues the success journey of the previous years by achieving outstanding financial results as well as a commendable performance at the financial, organizational and service delivery levels. During 2016, most of the objectives defined in the bank's strategic plan and intended annual budgets were successfully achieved. The bank enhanced and strengthened its financial position, achieved impressive return on average shareholders' equity and average assets, and launched a wide range of innovative banking products and services particularly in the field of e-banking. The accomplishments also included recruitment of highly competent and experienced professionals at various key senior positions, expanding the network of branches and representative offices at the domestic, regional and global levels.

During the same year, the management concentrated on recruiting Qatari nationals who were enrolled in intensive training programs and were given the opportunities to gain international business banking skills and in-depth experience by joining bank's various branches and representative offices spread across the world.

Domestically, Doha Bank's network inside Qatar includes a total of 29 branches, 7 pay offices, 9 e-branches, 1 mobile branch and 138 ATMs out of which 14 ATMs are in UAE and 2 ATMs in Kuwait and 2 ATMs in India. Globally, the bank has six branches: Dubai and Abu Dhabi branches in UAE, a branch in Kuwait and three branches in India. Furthermore, the bank has 13 representative offices located in Singapore, Turkey, Japan, China, UK, South Korea, Germany, Australia, Canada, Hong Kong, South Africa, the Emirate of Sharjah (UAE) and Bangladesh.

The Bank also owns Doha Bank Assurance Company which is fully owned by Doha Bank and has a strategic share of 44.02% of the capital of one of the Indian brokerage companies which was later re-named as Doha Brokerage and Financial Services and positioned to practice brokerage and asset management businesses.

In this connection, it is worth mentioning that India has significant bilateral trade relationships not only with Qatar and the GCC countries but also with all the global locations where Doha Bank has presence through its representative offices located around the world. This presence will enable the bank to serve all the companies operating in these locations, capture investment opportunities and add more value to the shareholders.

In 2013 and 2015, with a view to strengthening its lending capacity and improving its competitive edge and prospects for achieving its strategic goals, Doha Bank enhanced its Tier 1 capital base and Capital Adequacy Ratio through the issuance of Tier 1 capital instruments amounting to QR 2 billion in each issuance (i.e. a total of QR 4 billion) qualifying as additional Tier 1 capital for Doha Bank in Qatar as per the terms and requirements of Qatar Central Bank.

In the Ordinary General Assembly Meeting held on 10th May 2016, the shareholders unanimously approved the issuance of Certificates of Deposit (CDs) within a program of up to USD 3 billion and Commercial Papers (CPs) within a program of up to USD 2 billion as per the salient features specified under each program with the aim of diversifying the funding sources and mitigating the liquidity risks.

The Board of Directors had resolved in their meeting held on 16 November 2016 to submit a recommendation to the Extraordinary General Assembly of the shareholders to increase the capital of the bank by 20 per cent of the current paid-up share capital of the bank through the issuance of 51.7million new shares. The issuance will take place after obtaining the approval of the shareholders and the competent supervisory authorities.

During 2016, Doha Bank achieved noticeable growth rates in most financial indicators where the total assets rose from QR 83.3 Bn in 2015 to QR 90.4 Bn in 2016, an increase of QR 7.08 Bn with a growth rate of 8.5%. The growth rate of loans and advances was 6.5%, an increase from QR 55.6 Bn in 2015 to QR 59.2 Bn in 2016.

The growth rate in total customers' deposits was 5.6% rising from QR 52.8 Bn in 2015 to QR 55.7 Bn in 2016, i.e., an increase of QR 2.96 Bn. Total equity grew by 1.5% to reach QR 13.4 Bn in 2016.

The financial statements of the bank clearly shows that the bank has achieved by the end of 2016 net profit of QR 1,054 Mn compared to QR 1,354 Mn in 2015. These results have reflected positively on the performance ratios, where the return on average equity reached 12.1% and the return on average assets reached 1.21%.

Based on these results, the Board of Directors passed a resolution in its meeting held on 22nd of January 2017 proposing the General Shareholders Assembly to approve the distribution of a cash dividend of QR (3) per share which is equivalent to 30% of the paid up capital.

Future Plan of the Bank:

The three-year strategic plan of the bank includes carrying out some revisions on the business strategy of the overseas branches and representative offices across the Globe. It also entails implementation of effective risk management strategies both locally and globally and recruiting Qatari nationals and upgrading the level of performance through recruiting highly qualified and experienced personnel and focusing on specialized training programs at all functional levels. The plan also focused on improving and developing Corporate Governance practices, re-organization of business model and rendering state-of-the-art banking products and services with special emphasis on e-banking, cross-selling, and enhancing the financial position of the bank by increasing and diversifying the total assets and maintaining highest levels of operational performance. The strategy also focuses on achieving continuous growth in the main income items, improving assets quality, diversifying income sources particularly the non-interest income and guaranteeing professional monitoring and management of costs to keep them in line with the banking industry while optimizing funding costs.

Products and Services:

The year 2016 witnessed the launch of many new advanced products and services and implementation of substantial modifications to the existing service offerings particularly the e-banking services with the objective of satisfying the needs of our valued customers from all walks of life in the Qatari society.

With a view of maintaining the highest level of performance within the Retail Banking Group and confronting the challenges in the market, we focused this year on strengthening the Retail Banking group by recruiting additional competent staff members with a solid experience in retail business and quality customer services. The back office operations in the branches were centralized. Al-Riyada Unit was also strengthened with professional bankers to provide better services to VIP customers.

In 2011/ 2012, Doha Bank unveiled the new corporate branding for its branches and implemented it at "The Gate" - West Bay, Museum Area, Parco Mall and Al-Khor branch. In 2013 and 2014, this new design was implemented in Abu Hamour Branch at Dar Al-Salam Mall, the new Mirqab Branch, Abu Samra, Industrial Area, Al-Khuraitiyat and Bin Omran branches. It was also implemented at the Old Airport branch in 2015, and at City Center and Gharrafa branches in 2016. The chosen design was meant to offer customer convenience, guarantee smooth workflow and high service standards and this is currently under implementation at the remaining branches.

During 2015, Doha Bank introduced Tablet Banking, a digitized account opening solution for the first time in Qatar. The new account opening process was engineered with a contemporary twist that will attend to customers' banking needs whereby a customer can open an account and receive his debit card instantly.

In addition to the e-banking services provided through DBank (for example the DCardless banking service where the beneficiary can receive the transferred amount through Doha Bank's ATM network without using the ATM card, in addition to e-remittances, SMS messaging, telebanking, mobile-banking, Internet banking and e-branches), the bank also offered additional mobile banking services that allow users to access their bank accounts easily and make transfers among their own accounts or to any other registered beneficiary of the service, pay utility bills, repay credit card dues, recharge prepaid service cards for both Ooredoo and Vodafone.

Doha Bank introduced the Biometric Access feature for mobile banking application. The new services offered through this application includes local funds transfer, D-Cardless withdrawal, Western Union money transfer, remittances through credit card and Click card reload, etc. Additional services to the ATM network were implemented to benefit both Doha Bank and Ooredoo customers enabling them to make Ooredoo bill inquiries and make payments through any of Doha Bank's ATMs.

We also concentrated on improving the information security systems of the bank to protect the users of our mobile phone banking services. New measures were introduced on our website where more effective security features were implemented to safeguard DBank service users. In this connection, Doha Bank launched an enhanced version of its mobile banking application in 2016, offering a host of new features and allowing customers to conduct their banking transactions more easily and efficiently. Security is the prime new feature in the new enhanced version of the app as users are offered the option to use their fingerprints to authenticate their identities and sign into mobile banking instead of entering a user ID and password.

Doha Bank upgraded its card processing system in order to provide quick and efficient service ensuring a better customer experience and enhanced safety measures through the "credit card fraud guard module", which is able to monitor fraudulent transactions and generate automatic alerts. In this connection, Doha Bank's IT network infrastructure was upgraded to provide Doha Bank's customers with the highest levels of security. This enhanced the customer experience by getting round-the-clock secure access to financial services through any ATM across the Globe easily and efficiently. Doha Bank has been awarded the coveted ISO 20000-2011 certification for its continuous compliance to global standards for IT Service Management.

Doha Bank was the first to launch an online shopping portal in the Middle East through its Doha Souq shopping website. Since its launch to the public in 2007, this portal has been achieving impressive success. Now, customers can easily purchase what they need online and pay electronically. Over the past few years, Dohasooq had added many reputed merchants under various segments such as electronics, fashion, watches, jewelry, gifts, food & beverages, cakes & chocolates and flowers to meet our customers' requirements.

"Tadbeer", on the other hand, which is a unique and innovative product in internet banking was further enhanced to facilitate necessary solutions for customers' cash management, collections, payments, and liquidity both domestically and globally in accordance with the best standards and practices. Through this product, institutions would also be able to monitor, control and centralize receivables and payables via one e-banking system with guaranteed effective controls and financial affairs management in addition to Doha SecureDoc service which provides pickup and delivery of documents, cheques and postdated cheques in a secured way.

For the seventh consecutive year, new privileges were added during 2016 to credit card holders for both old and new customers. Credit card customers were able to earn up to 10% cash back for using their credit cards at Qatar Duty Free, up to 3% for using their cards inside Qatar during June 2016 and up to 5% on all international spending during the period from 15 May 2016 to 31 July 2016. These promotional campaigns are the most attractive in the Qatari market and they encourage most customers to use their credit cards inside and outside Qatar during their summer vacations and during the holy month of Ramadan. Doha Bank also launched its promotional 2016 summer campaign through which complementary Doha Bank-branded travel bags were offered to new customers who applied for Primary Al Riyada Visa Infinite, Primary Visa Platinum Credit Card or Primary Visa Al Asriya Ladies Credit Card before 30 April 2016.

The Dream cards' Loyalty Scheme was also continued and card holders were able to either redeem the points earned through their purchases instantly from point-of-sale machines available at all participating commercial outlets or use these points for purchasing air tickets. The offers included complementary travel insurance each time the customer purchases airline tickets using these cards. Those who applied for Visa Platinum or Infinite credit card got exclusive free access to the Oryx lounge at Hamad International Airport in addition to getting two supplementary Visa Platinum cards or Al Asriya Ladies Credit Card "free for life".

During 2015 and 2016, we targeted bank's female customers with Al Asriya credit card which is a unique product offering from Doha Bank and the only of its kind in Qatar. It provides various benefits to female customers including a complimentary Cancer Care Insurance with an assured sum of QR 25,000, discounts of up to 25% at some restaurants and stores in addition to the fact that this card and two complimentary cards are free for life. On the other hand, Doha Bank entered into partnership with UnionPay International and became the first issuer of UnionPay cards in Qatar.

Doha Bank continued its co-branded credit card with Lulu Hypermarkets with special attractive privileges offered to the card holders. The overwhelming response was a huge success since its launch in 2011 as a large number of people obtained the card that became a unique card not only in Qatar but also across the GCC countries. The card generously rewards shoppers with a 5% saving on their purchases from Lulu stores throughout the year. The bank also continued to offer the "Infinite" credit card to Al-Riyada customers to ensure granting them a special and distinguished treatment.

On celebrating the 13th anniversary of Al Dana programme and the success it has made over the past years, we made the rewards structure more attuned to the celebrations of the 13th anniversary of this programme by focusing on core customer strategy of 'Al Dana for Everyone' which meant that there was something for everyone. The programme included (534) rewards, including (10) cash prizes of QR 1 million each, and other (460) monthly cash prizes ranging from QR 2,000 to QR 100,000. Rewards also included giving (10) scholarships to Al Dana Young Savers worth QR 25,000 each, (50) monthly cash prizes of QR 2000 to Al Dana new customers, and (4) quarterly cash prizes of KWD 2,500 for Al Dana customers at Kuwait Branch. The last draw for the millionaire reward worth QR 1 million was held on 14th January 2017 where two Al Dana customers won the millionaire rewards, and other customers won cash prizes ranging from QR 2,000 to QR 100,000. On the same day, 110 prizes worth QR 2.65 million were distributed. Total cash prizes given to Al-Dana customers by the end of 2016 were QR 13 million, in addition to KWD 10,000.

Recently, Doha Bank signed a MoU with Qatar Finance Business Academy (QFBA) to implement Kafa'a Competency Framework. The agreement makes Doha Bank the first bank in Qatar to sign up for the implementation of Kafa'a – a first-of-its-kind training and competency framework introduced by QFBA for the banking and finance sector in the GCC region – to develop the skills of its employees. In order to create awareness on changing market dynamics as well as to promote the bilateral relationship between GCC, India and various countries in which Doha Bank has its presence, Doha Bank held economic knowledge sharing sessions in India (Kochi), Abu Dhabi, Dubai and Qatar which were all well attended by the business leaders and dignitaries.

In April 2016, Doha Bank hosted a knowledge sharing session on "Business Opportunities in Poland" at Doha Bank's headquarters, and in August 2016, the bank hosted another session in Kochi, India on "GCC-India Bilateral Opportunities". In 2015, Doha Bank hosted the SME customer meet related to the projects financed under Al Dhameen Guarantee program of Qatar Development Bank. Doha Bank also hosted knowledge sharing sessions on various topics encompassing 'Synergetic opportunities between emerging Asia and the GCC', 'Japan electronics technology forum for sustainable development', and 'Economic integration towards a borderless world', in Qatar and Kuwait.

As part of Doha Bank's commitment to raise the awareness of sustainable development issues among students through school and community action, Doha Bank presented selected schools with ECO-Schools Programme awards. The awards recognized schools that played an active role in propagating the concept of eco-consciousness amongst students and demonstrated a high degree of innovation and creativity in successfully completing their green projects as part of the Programme. Doha Bank also hosted a Tree Planting event in Dukhan in support of the Earth Day 2016. In recognition of the strong CSR commitment, Doha Bank received the 'Golden Peacock Global Award for Corporate Social Responsibility'.

Awards:

Due to the strong financial position enjoyed by Doha Bank at the local, regional and global level and its pioneering role in delivering innovative banking products and services which elevated the banking experience in Qatar to new horizons, the Bank was conferred with appreciation and recognition from a number of specialized institutions in banking and financial sectors. In addition to the accolades awarded to the Bank in previous years, it was conferred with the award of the 'Best Regional Commercial Bank' at the Banker Middle East Industry Awards 2016 for the fourth consecutive year, and the award of 'Excellence in Investor Relations' by Qatar Exchange for being the best Qatari company for the mid-cap category on account of displaying best practice and transparency in investor relations. Recently, Doha Bank named as 'Qatar Domestic Trade Finance Bank of the Year' at the Asian Banking and Finance Awards 2016. Doha Bank also won the 'Product of the Year in the Middle East 2016' award from The Asian Banker in recognition of the superior service offered through Doha Bank's Mobile Banking application. The bank was also honored with the 'Golden Peacock Global Award for Excellence in Corporate Governance – 2016' by the Indian Institute of Directors.

Acknowledgement:

The Board of Directors of Doha Bank would like to extend their sincere thanks and gratitude to H.H. the Emir, Sheikh Tamim Bin Hamad Al-Thani, H.E. the Prime Minister, Sheikh Abdullah Bin Nasser Al-Thani, and the Minister of Finance, H.E. Mr. Ali Sherif Al-Emadi, and the Minister of Economy and Commerce, H.E. Sheikh Ahmed Bin Jassim Bin Mohammad Al-Thani, and H.E. the Governor of Qatar Central Bank, Sheikh Abdullah Bin Saud Al-Thani, and H.E. the Deputy Governor of Qatar Central Bank, Sheikh Fahad Bin Faisal Al-Thani, and to all the officials of Qatar Central Bank, the Ministry of Economy and Commerce, Qatar Financial Markets Authority and Qatar Exchange for their continued cooperation and support.

The Board of Directors would also like to sincerely thank all the shareholders and customers in addition to the Bank's executive management and staff for their cooperation and efforts towards these remarkable achievements.

Fahad Bin Mohammad Bin Jabor Al-Thani
Chairman

BOARD OF **DIRECTORS**

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

Graduate of the Royal Academy, Sandhurst, UK

Board Member, Al Khaleej Takaful Group

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

Chairman of the Board of Directors, Qatar Industrial Manufacturing Co.
Board Member, National Leasing Holding
Chairman of the Board of Directors Qatar Oman Investment Company "State of Qatar representative"

Mr. Ahmed Abdul Rahman Yousuf Obaidan
Vice Chairman

General Manager, Al Waha Contracting & Trading Est.

Sheikh Abdulla Bin Mohamed Bin Jabor Al Thani
Board Member

Chairman of the Board of Directors Al Khaleej Takaful Group

Sheikh Falah Bin Jassim Bin Jabor Bin Mohammad Al Thani
- Representative of Jassim and Falah Trading and Contracting Co.
Board Member

Chairman of the Board of Directors National Leasing Holding

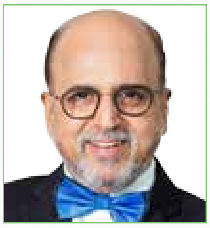
Mr. Ahmed Abdullah Ahmed Al Khal
Board Member

Businessman

Mr. Hamad Mohammed Hamad Abdulla Al Mana
Board Member

Vice Chairman, Al Mana Group
Board Member, Qatar General Insurance & Reinsurance Co.
Board Member, Qatar Navigation Co

EXECUTIVE MANAGEMENT



Dr. R. Seetharaman
Chief Executive Officer

Sheikh Mohamed Abdulla Mohamed Jabor Al Thani
Chief Human Resources Officer

Mr. David Challinor
Chief Financial Officer

Mr. Abdullah Asad Al-Asadi
Head of Shareholder Affairs

Mr. Krishnan C.K
Chief Wholesale Banking Officer

Mr. Khalid Alnaama
Head of Public Sector

Mr. David Whitcroft
Chief Treasury & Investments Officer

Mr. Hassan Ali Kamal
Corporate Branch Manager

Mr. Maher Ahmed Ali Ahmed
Main Branch Manager

Mr. Khalid Latif
Chief Risk Officer

Mr. Khalifa Kaabi
Head of Recovery

Mr. Frank Hamer
Chief International Banking Officer

Mr. Ahmed Ali Al-Hanzab
Head of Administration

Mr. Gul Khan
Chief Retail Banking Officer

Mr. Braik Al HS Al-Marri
Acting Head of Distribution

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

Mr. Jamal Eddin H. Al Sholy
Chief Compliance Officer

Dr. Mohammad Omar Abdelaziz Daoud
Chief Internal Auditor

INTERNATIONAL BANKING OFFICES

Mr. G. Pattabiraman
Country Manager
India Branch

Mr. Ahmed Yusuf Ahmed Al-Mehza
Chief Country Manager
Kuwait Branch

Mr. Alaga Raja
Head of Business
Abu Dhabi Branch

Mr. Richard Whiting
Chief Representative
United Kingdom
Representative Office

Mr. Nael Zahi Rashed El - Zagha
Head of Branch
Dubai Branch

Mr. Hilton Wood
Chief Representative
Australia
Representative Office

Mr. Kanji Shinomiya
Chief Representative
Japan
Representative Office

Mr. Pawan Kumar
Chief Representative
Sharjah
Representative Office

Mr. Young Joon
Chief Representative
South Korea
Representative Office

Mr. Peter Lo
Chief Representative
China
Representative Office

Mr. M. Sathyamurthy
Deputy Head -
International Banking
Singapore Representative Office

Mr. Venkatesh Nagoji
Chief Representative
Canada
Representative Office

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

Mr. Nezih Akalan
Chief Representative
Turkey
Representative Office

Mr. Maik Gellert
Chief Representative
Germany
Representative Office

Mr. Andre Leon Snyman
Chief Representative
South Africa
Representative Office

Mr. Ajay Kumer Sarker
Chief Representative
Bangladesh Representative Office

Note: As of 31st December 2016

MANAGEMENT REPORT

Board Members

Global Economy

According to the recent IMF report (January 2017), global growth is expected to be at 3.1 percent. Advanced economies are now projected to grow by 1.9 percent in 2017. Emerging and Developing economies growth is currently estimated at 4.5 percent for 2017. There is a need to anticipate what policy shifts could do for the world's economic outlook. There are also risks associated with political uncertainty, trade frictions and adverse effects of a rising dollar. The capital rules for Banking sector are getting redefined and the financial markets are getting more volatile on account of the changing dynamics. Contentious issues are coming between developed and developing world on global trade and investment. The lack of convergence between politics and economics could impact global growth. The World is entering a new stage of international global relations where national policies could shape how globalization eventually develops.

Financial stability in advanced economies has improved, but risks have moved towards emerging economies. As the Federal Reserve (Fed) continues to normalize its monetary policy, a smooth implementation will be critical to avoid disruptions of market liquidity, in both advanced and emerging market economies. Fed resumed its rate hike in December 2016 following which all the GCC Central Banks except Oman hiked their respective rates. Clear communication and attention to liquidity developments across markets will be important to avoid disruptions in market liquidity in both advanced and emerging market economies. Systematic market liquidity has a challenge for adjusting to new equilibrium in markets and the wider global economy.

The persistently low oil prices has impacted the economic growth of the Gulf Cooperation Council (GCC) countries. Saudi Arabia, United Arab Emirates (UAE) and Qatar have already initiated fiscal reforms on account of low oil prices and other GCC countries are expected to bring in similar measures. Liquidity pressure expected to remain in 2017. The funding of GCC banks remains anchored by low-cost deposits, a credit strength, but it is under pressure because of slow deposit growth. With the outlook for prices improved by OPEC's move to curtail oil output, borrowers in the region are likely to use the opportunity.

Domestic Trend

Qatar is one of the largest LNG exporters in the world. Qatar has one of the lowest costs of production - $1.6 to $2 a million British Thermal Units - and is a profitable LNG producer. Qatar's strategy has been to diversify into all major markets. The majority of its gas exports are under long-term contracts. According to IMF Report (October 2016) Qatar economy is expected to grow by 3.4% for 2017. The Qatar State Budget estimated revenues of QR170.1bn and an expenditure of QR198.4bn thus expecting to post a deficit of QR28.3bn. The fiscal deficit is expected to be covered by issuing debt instruments in the local and international financial markets, while maintaining its reserves and investments. Qatar had come up with a bond issue of $9bn in 2016. The State of Qatar's budget for 2017 has earmarked expenditure for health, education and infrastructure totaling to QR 87.1bn or 44% of the budget. Qatar plans to start applying VAT at a rate of 5% from 2018.

Qatar was ranked 18th in the 'Global Competitiveness Report 2016-17', according to World Economic Forum and reclaims top spot as region's most competitive economy. In Qatar's banking sector, lending growth was close to 14% in 2016. Government, real estate and services sector were the main drivers of growth in 2016. Deposit growth was close to 12% in the same year. It is also observed that Qatari banks have diversified their funding base on account of weak domestic funding.

Wholesale Banking Group

Wholesale Banking Group's (WSB) strategy is driven by its clients' fast changing needs, and places digitization of services on top of the priority list in the year 2017. WSB had lined up many projects to ensure better customer service as well as improved turnaround time. Processes are put in place connecting the international operations and with the functional business units making cross-selling more effective and efficient. To further support, Doha Bank's corporate client's repetitive operations, WSB has automated salary payments.

Despite tight liquidity in the domestic market and region, WSB has grown its assets strongly. All business divisions within WSB have performed well and made significant contribution to the Bank's overall profitability.

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

The organization under WSB has been reformed into various divisions

- Corporate and Commercial Banking
- Mortgage Finance and Real Estate
- SME Banking
- Corporate Finance
- Public Sector Unit
- Cash Management Services

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

Mortgage Finance and Real Estate division focuses on both standard real estate lending and customized solutions through a variety of tailored products. The comprehensive valuation service is designed to meet region specific requirements, drawing its extensive experience and expert knowledge to deliver leading-edge solutions. The divisions' strength is its deep industry knowledge, forming a part of clients' decision making team when pursuing their agenda.

Dr. R. Seetharaman, CEO of Doha Bank on the occasion of the Human Resources monthly award ceremony

The Small-and-Medium Enterprise (SME) banking has shifted its portfolio towards medium-sized enterprises where credit risk is considered lower and the non-interest related returns are higher. To address the root challenges and barriers to SMEs, there is a growing need for 'Digitization' and 'Consultant Banking'. Digitization will help transform the interaction with clients, guiding them on how to integrate new technologies and adapting straight-through-processing (STP). Consultant-Banking is backed by partnerships with world-class consultants on liquidity and working capital management, managing operating expenses, establishing a reliable financial reporting and Management Information System. These support the SMEs to successfully compete, develop and expand with profitable growth. SME Banking also launched various products with local financing partners to further address the needs of its customers.

Corporate Finance provides services for large-cap and mid-cap corporates, governments and financial sponsors. The division successfully closed a number of syndicated loan transactions as mandated lead arranger both within the GCC and internationally by leveraging on Doha Bank's international footprint and is able to provide a complete origination, structuring and distribution offering. Corporate Finance's highly qualified team takes a holistic and research driven approach capital and debt raising with the ability to effectively leverage the bank's balance sheet for the benefit of its clients. In addition, the unit also works with other units within Doha Bank to mobilise domestic and international corporate deposits and borrowings.

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

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

Uncertainties in the macro-economic environment and a broad range of challenges will reflect on the agenda in 2017 and beyond. One of the most important threat faced by WSB is the possibility that the budget deficits of the large economies within GCC will affect government spending and private consumption, which potentially can result in weakening credit qualities. For protecting the asset quality, regular portfolio reviews are being done. A risk distribution desk will also help to manage industry and peak exposures for individual borrowers. Liability management has also been institutionalized to support cost efficient fund raising.

Treasury and Investments Group

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

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

T&I continues to execute on strategies to widen and diversify sources of funding for the Bank. There has been considerable success in raising new international deposits to optimize the Bank's liquidity profile. The Bank has further secured the required Board and Shareholder approvals to issue up to USD2Bn under the Euro Medium Term Note (EMTN) Programme (with issuances planned in several currencies) and up to USD 5.0 Bn under the Joint Certificate of Deposit (CD) / Commercial Paper (CP) Program.

Dr. R. Seetharaman, CEO of Doha Bank, attending the "Made in China" exhibition at Doha Exhibition and Convention Centre in the presence of H.E. the Deputy Prime Minister of Qatar, Minister of State for Cabinet Affairs, H.E. the Qatar Central Bank Governor, Qatar Chamber Chairman and other dignitaries from corporates and banks in Qatar.

During the year 2016, the Board of Directors resolved in its meeting held in November 2016, to submit a recommendation to the Extraordinary General Assembly of the shareholders that will be held in March 2017 to increase the capital of the bank during the 1st half of 2017 by 20% to meet the bank's strategic business development requirements. The issuance details will be disclosed after completion of necessary studies and obtaining approvals from the competent authorities.

The Bank's investment philosophy remains prudent and cautious. The focus has been on increasing holdings of very high quality Regional Sovereign debt, with a particular focus on debt issued by the State of Qatar.

Doha Bank will continue to evolve and align its investment and liquidity management activity to accommodate the requirements of Basel III.

In recognition of its superior services related to Forex, Doha Bank was awarded the 'Best Forex' award at the Banker Middle East product awards.

International Banking Group

International Banking Group (IBG) covers Doha Bank's international operations, facilitates substantial cross-border trade and is responsible for the overall relationship management with over 700 financial institutions worldwide. As part of its operations, IBG arranges loans and participates in syndicated loans to financial institutions across all the strategic international locations. IBG also supports the bank's funding resources and treasury management by arranging cost effective term loan borrowings for the bank. IBG offers trade advisory services with intent to provide continuous and effective advice to companies engaged in the business of Imports/Exports with cost efficient, appropriate risk-mitigation and trade finance solutions. The Representative Offices in Australia, Japan, Korea, China, Hong Kong, Singapore, Bangladesh, Turkey, Germany, United Kingdom, South Africa, Sharjah and Canada cover all relevant trade and infrastructure related transactions with the partner countries of Qatar, Kuwait, India and the UAE. During the year 2016, the bank has established its new Representative Office in Dhaka, Bangladesh.

Growing Opportunities in Qatar
QFC CEO and Board Member Yousuf Mohammed Al Jaida, Amwal CEO Fahim Alghussein, Doha Bank Group CEO Dr. R. Seetharaman, and Qatar Exchange CEO Rashid bin Ali Al Mansoori

A network of full-fledged branches in Dubai, Abu

Dhabi, Kuwait and three branches in India offer the entire range of Wholesale, Retail, Treasury and Foreign Exchange besides Trade Finance products and services to the domestic customers. The branches also meet the cross border banking needs of Doha Bank customers in these countries.

Doha Bank's operations in India pave the way for the Bank to support all Non-Resident Indian expatriates in the GCC countries with the best-in class solutions including remittance solutions through all its existing branches in Mumbai and Kochi. During the Year, the bank has shifted its Kochi branch to the new location and the Inauguration of the branch in the new premises was performed in August 2016 by the Honorable Chief Minister, State of Kerala, India and well attended by prominent local corporates, business leaders and dignitaries.

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 Doha Bank's existing branch network both within and outside Qatar by better understanding the various international markets, thus enabling enhanced customer experience with globalized expertise for GCC companies. The international network aims to facilitate customers to conduct and optimize cross-border trade transactions between Qatar, Kuwait, UAE, India and other overseas countries. The network also helps to better understand the activities of large international companies in the GCC mainly engaged in the infrastructure projects.

In line with the vision of the Board of Directors to expand the Bank's overseas operation, the Bank constantly assesses the potential opportunities to expand the bank's operations globally in select countries. Doha Bank also organized various knowledge sharing sessions, roadshows and forums across Qatar, India, UAE, Kuwait and Japan in 2016; Topics included 'Changing Dynamics and Market Opportunities', 'Bilateral Opportunities between Japan & GCC' and 'Changing Global Dynamics and Opportunities'.

Retail Banking Group

During the year 2016, the Retail Banking Group (RBG) has been keen to balance the dynamics in the market place and to offset the impact of the macro challenges on the business, such as the effect of the liquidity crunch, the lower oil prices, the rising interest rates, and the favorable exchange rates for South Asian currencies, which have changed the conventional acumen of the retail business management.

RBG has been focused on realigning the efforts to transform the business in order to meet the market challenges. RBG has demarcated a methodical process for business conceptualization, based on the commercial viability of any product or service and how the proposition enhances the brand health and the customer experience and how much it results in market share development, revenue optimization with more contributions, margin growth and less breakeven volumes.

The vision for RBG has been molded to radically transform the overall brand experience, which contributes to the brand equity, sales, loyalty, and the leadership position for Doha Bank in Qatar and the GCC region. RBG is now on a mission to create a customer centric culture by design, which supports the inbound business generation model based on service rather than the conventional thrust driven sales.

As such, the entire RBG products and services will be supported with enhanced TAT for inquiries, sales, fulfillment, and complaints resolutions supported with streamlined process and robust procedures at multiple interfaces.

Financial Results: H.E Sheikh Fahad Bin Mohammad Bin Jabor Al-Thani thanked Dr. R. Seetharaman, CEO of Doha Bank and all the Board members and Executive Management for their efforts and achievements in 2015, during the Ordinary General Assembly Meeting of the shareholders

RBG is now working meticulously to enhance the user experiences across all distribution networks and interfaces, which will reinforce the position of Doha Bank as a leadingly innovative bank and aims to impact the customer preference and affinity for the Doha Bank brand. Examples entail a reduced turnaround time for account opening, continued roll out of e-forms, on-boarding of services on mobile apps, the facelift of the website, and the production of interactive tools on all platforms such as socio connect, interactive calculators, to enhance the user journeys, from browsing to after-sales support.

In 2016, the Al Dana Scheme featured QAR 1 Million prizes every month with the highest number of winners, dedicated prizes for 'New to Al Dana' to reinforce customer attraction, scholarships to the Young Saver and bonus chances for existing customers based on the balances and retention period. Despite the difficult market conditions, RBG was able to counterbalance the fluctuations in the portfolio via marketing and balance up gradation schemes, which have supported in maintaining a stable resilient portfolio to the adverse market conditions.

Furthermore, RBG has been leveraging on its India Operations as well as Doha Bank Qatar, UAE, Kuwait corridor for recruiting NRI business. In 2016, RBG has offered competitive INR exchange rates and preferential rates for remittances to Doha Bank India Branch. RBG has continued to build up NRI awareness for Doha Bank via a series of new product and service campaigns on the loan/overdraft against NRE / FCNR deposits, remittances to India, 'Portfolio Investment Scheme' (PIS) accounts and the 4 in 1 accounts.

Doha Bank hosts monthly Employee Recognition Award ceremonies, to recognize the outstanding job and efforts of its staff from all different divisions

RBG has also identified prodigious prospects, mainly in the cards business and on the loyalty vanguard and has conducted a comprehensive audit, which covers all the dimensions of the cards products and the service enablers and qualities. Ever since, RBG has been geared to differentiate the cards portfolio with card products mapped directly to the customer benefits. Moreover, global loyalty solutions have been identified for integration as brand enhancers and the teams have been aligned for the constitution of simplified process for service enabling.

In 2016, RBG has offered its annual awaited cash back offers, fee waivers, Platinum Card upgrades and Thank You rewards programs. For the mass affluent segment, 0% Interest offers payment plans were extended to cover 27 merchants, spread over 100 locations offering installment payments on everything from home appliances to holiday packages, in addition to the discount offers at 118 partnering outlets and an exclusive dining program for Doha Bank cardholders. Pre-approved & Top-up loans have been offered to existing customers who have a good repayment history, loan postponement offers have been catered to eligible applicants.

RBG has developed a comprehensive credit indicator report for tracking credit performance for Qatar & Overseas branches. The bank now adopts a skip analysis to ensure continuous enhancements for the lending policy & to exercise a more robust recovery strategy that takes into account the important key relationships for the bank. RBG has also focused on engaging with multiple insurance partners who operate in Qatar to offer more choices and 'Over The Counter' (OTC) insurance solutions mainly to Doha Bank's 'High Networth Individuals' (HNWI).

On the digital roadmap and following the 'First in Qatar' tablet based account opening service and the mobile banking launched last year, RBG has been on an expedition of developments to further improve the user interface and the user experience and to help expand the reach of services beyond the traditional banking. This year RBG has launched the 7th release of the mobile/ tablet banking application for Qatar, GCC and India. With the highest security of biometric access offered by Doha Bank in Qatar (First in Qatar) on mobile banking application, the latest release of the Doha Bank mobile banking app features an all-new look and feel, a smart layout, and easier navigation. With the latest app functionalities, customers can now do Local Fund Transfers, Manage their beneficiaries and conduct overseas money transfers. Other transactional features include the function to temporarily block a debit card in the event of suspected card loss or misuse, payment solutions which allow customers to pay their telecom, Kahrama and school fees through the app. Also, the app features the facility to apply for loans, cards and insurance. And for those who enjoy online shopping, the Doha Bank mobile banking app is connected to Doha Sooq to offer a rewarding shopping experience online. For those who fancy an Apple Watch, the mobile banking app can be paired for customers to watch over their finances.

Doha Bank First in Qatar to achieve ISO 9001:2015
Doha Bank Assurance Company, Doha Bank's insurance arm has been successfully recertified with ISO 9001:2015 - A global symbol for compliance with the established standards for business excellence

This year the mobile banking transactions have increased by 66% which is mainly due to the 48% increase in the number of users.

Doha Sooq has successfully signed up with Grand Mart Hypermarket and RBG has been poised to position the e-commerce platform as the first and only online grocery seller in Qatar. Also, on the lane of developments, RBG has introduced new payment methods to Doha Sooq customers, besides the currently used credit and debit card payment, to include cash on delivery and the payment directly from Doha Bank customer account without the need for any card. Moreover, RBG has integrated the Dream Loyalty Points to Doha Sooq to enhance the redemption avenues for Doha Bank cardholders and to increase the footfall to the Doha Sooq site.

Currently, Doha Sooq has 47 active merchants with over more than 15,000 products currently on display.

RBG continued the developments for enhancing the e-payments solutions by signing an agreement with 'PayFort' – the pioneer Payments Facilitator in MENA region, to provide value added and cutting edge services to merchants, which has added almost 100% growth in the RBG online acquiring monthly volume in no time. Also RBG has gone live with 'American Express' online acquiring, creating further value addition for partnering merchants and users. RBG has also restored the Q-Pay acquiring services to further provide a full suite of digital payment services. In numerals this year, RBG has added 14 major new valuable merchants to the e-commerce merchant portfolio which include the biggest names such as Bein Sports.

In yet another demonstration of its commitment to provide innovative payment solutions to customers, Doha Bank, has continued to familiarize the market with the new mobile Point-Of-Sale (mPOS) solution that enables merchants across Qatar to accept credit and debit card payments using a smartphone connected to a secure card reader. The new solution brings about higher levels of efficiency, flexibility and convenience, while providing merchants with the ability to adopt a multi-channel approach to doing business.

During 2016, Doha Bank continued to enhance the customer experience and convenience with the relocation of two branches Gharrafa & City Center into the state of the art crafted branches with a customer centric design, more agile flow for customer services, and greater electronic banking facilities. Also, in effort to optimize the performance of the branches, Doha Bank retail team has merged the Najma Branch with C Ring Road Branch in line with the country wide developments, and the Souq Area Branch with Museum Branch which offers a great banking environment to customers in a large 2 story branch. Also RBG continues its International expansion plans in UAE with the inauguration of a new Musafah e-branch in Abu Dhabi.

Intl. Ethics Summit Discusses Challenges, From left: Dr Eyad Masad, Vice Dean, Texas A&M University at Qatar (TAMUQ); Dr. R. Seetheraman, CEO, Doha Bank; Dr. Joyce Marie Alexander, Dean, Texas A&M University, USA; and Dr. Mohammed Yousef Al Mulla, MD and CEO, QAPCO, at the summit

In compliance with QCB, RBG was geared to implement the new socially responsible project, which enables special needs services at a selection of Doha Bank branches and at 5 ATM locations. In brief, RBG has one of the largest retail footprint in Qatar with 29 branches, 16 pay-offices and e-branches, 120 ATMs and 1 active mobile banking units and plans are on the way for more optimization, digitization and development of more sales driven customer friendly ecosystem.

RBG continued to lead the marketing transformation with the core focus on enhancing the brand experience across distribution networks, optimization of communication platforms, Branding and Merchandising, Integrated Marketing Communications, Digital and Inbound Marketing and leads generation for business support. Also, in efforts to ensure optimization of owned media vehicles, RBG has launched this year the new revamped mobile responsive devise agnostic website, worked closely with the customer service department on enhancing the user experience on the IVR and with IT partners on the deployment of SMS platform for transactional messaging.

2016 has been a stepping stone for RBG transformation in realigning all efforts, which would safeguard the maximum impact in bringing about a customer experience fit for the modern age Retail Bank which we plan to lead in Qatar and the GCC. As such, RBG is now ready to meet the challenges with smart cutting edge financial solutions, enabled with technology and agile operations, across all the RBG functions and suited for the aspirations of the digital savvy consumer, in line with Doha Bank slogan "There is so much to look forward to".

Doha Bank Assurance

Doha Bank Assurance Company LLC ('DBAC') was established in 2007 as a 100% owned subsidiary of Doha Bank, being the first GCC bank to establish a fully-owned insurance subsidiary. The strategic vision of the company is to provide clients with a wide range of professional services to meet their holistic insurance needs and financial security. With authorization from the Qatar Financial Centre Regulatory Authority, the company is licensed to underwrite all lines of general insurance business (including Fire, Engineering, Marine, Aviation, Liability, Motor, Travel, Medical and Personal Accident). DBAC provides insurance advisory services and financial protection for all corporate entities & individuals, being a full end-to-end insurer with the following internal functions:

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

- HR & Admin
- IT

Effectively showcasing its robust risk control framework and solid underwriting profits coupled with DBAC's extremely strong capital adequacy, S&P continued DBAC's financial rating of 'BBB+' in 2016. In addition, DBAC also successfully became the first insurance company in Qatar to be awarded with ISO 9001:2015 certification, after the external assessment conducted earlier in 2016.

DBAC bears testimony to the fact that it has established itself as one of the preferred general insurance risk carriers for leading corporates in Qatar and is steadily expanding its footprint (with both Bank and non-Bank clientele). The company is empanelled by leading enterprises in Qatar as an approved insurance vendor and has one of the highest underwriting profit ratios domestically.

Since inception, DBAC's shareholder equity has steadily increased by 55%, due to DBAC's prudent Underwriting, Risk and ALM/investment management; with significant aspirations to increase its market share and fully optimize its capital in alignment with future growth strategies.

In order to dramatically increase market share and revenue – DBAC will continue to capitalize on its strong parent branding and from identifying critical success factors; clearly articulate and execute its robust strategy. To facilitate the execution of sustainable and profitable growth, DBAC's diverse and competitive product suite caters to all Bank/non-Bank customers and is effectively integrated within its multi-channel distribution network (Retail, Corporate, SME, Project Finance, Mortgage Lending, Trade Finance, Brokers and Direct etc.)

To maximize bottom line profitability and solid sustainability, all risk management facets comprise an integral part of operational controls (incl. underwriting, claims, pricing, reinsurance, MIS, ORM & ALM etc.) and with a well-defined destination model and clear/realistic and well executed strategy, there continues to be significant growth opportunity for DBAC, even in this challenging & highly competitive insurance market.

Islamic Banking

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

Risk Management Group

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

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

The Board has laid down the risk appetite of the Bank since the Board and the Executive Management are ultimately responsible for all the risks assumed by the Bank. The risk appetite framework sets out the qualitative and quantitative thresholds for risk capacity and tolerance. The risk strategy seeks to balance the risk profile against sustainable returns to achieve the business goals of the Bank. Doha Bank has engaged qualified professionals, and has set out policies and procedures, limits, thresholds, authority levels, committees, review mechanism, controls and accountabilities to manage risk through a common framework.

Implementation of the Risk Management framework is entrusted to a highly competent team and is controlled and implemented through various senior level management committees chaired by the CEO - mainly in Credit, Operational Risk, Investment and Asset and Liability Committees. In addition, the Board level committees viz. Audit, Risk and Compliance Committee, reviews the observations and findings of internal auditors, Risk management reports, external auditors, compliance and the regulators to prevent deviations.

Risk Management Committee:

A number of committees / Task Force 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 (ALCO)
- Risk Management committee
- Operational Risk committee*
- Retail Credit committee

*As part of committee restructuring exercise, Operational Risk committee has been merged with Risk Management Committee during 2016

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

Implementation of Capital and Recovery planning framework:

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

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

The Bank also submits a detailed Internal Capital Adequacy Assessment Process (ICAAP) document covering quantitative impact of various identified risks in the balance sheet. The ICAAP encompassed internal assessment of material risks such as Liquidity risk, Interest rate risk, Country risk, Credit concentration risk, Sector concentration risk, Counterparty credit risk, Residual risk, Strategic risk and Reputational risk. The assessment also involved calculation of quantitative impact of these risks on capital adequacy of the bank. Furthermore, ICAAP included capital planning and projections, defining and aligning risk appetite, stress testing & scenario analysis and defining risk universe for the bank. Considering the nature of operations of the Bank and the material risks, a comprehensive assessment of capital was conducted to determine the level of extra capital required to meet risks identified under Pillar 2.

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

Strategic Risk: This risk can arise from adverse business decisions, poor implementation of decisions, absence of clearly defined strategic business 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 these risks by implementing a well-defined strategy and growth plans. In addition, the Bank's Disaster Recovery Plan (DRP) has been well-documented, and detailed manuals have been made available to the employees. The employees are regularly updated on the developments through ongoing training, education and system updates.

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

Doha Bank named Best Regional Commercial Bank
Dr. R. Seetharaman (left), Group CEO of Doha Bank, receiving the 'Best Regional Commercial Bank' award in Dubai

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

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

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

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

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

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

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

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

Green Economy Visionary Award
Dr. R. Seetharaman receiving the 'Green Economy Visionary Award'

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

- The extent to which the Bank should assume credit risk, taking into account the capital base, the Bank's ability to absorb losses, the risk-reward ratio, probability of default etc;
- The credit portfolio, including concentration trends, provisions, quality of portfolio and requirements vis-à-vis credit strategy and risk appetite;
- Portfolio concentration limits against Regulatory and Internal Limits set for counterparties, industry sectors, geographic regions, foreign country or class of countries, and classes of security;
- Business strategies to ensure consistency with the Bank's business/growth plan and other asset/ liability management considerations;
- Significant delinquent credits (watch list and under settlement accounts) and follow up actions taken to safeguard the interests of the Bank;

- Adequacy of loan loss provisioning requirements;
- Establishment of an authorization structure and limits for the approval and renewal of credit facilities;
- Detailed credit policies, procedures and guidelines, proper segregation of duties, well defined authority matrix for credit approval and periodic audit and examinations by internal and external auditors to ensure that a rigorous environment of checks and balances exist within the Bank.

Credit Risk Management (CRMD) Structure:

The CRMD function is independent of the business functions. Such functions include policy formulation, underwriting and 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 CRMD are to ensure:

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

Liquidity Risk: Liquidity risk can be defined as the potential inability of the Bank to meet its maturing obligations. Liquidity risk is inherent in banking operations and liquidity planning and management are necessary to ensure that the Bank meets its obligations at all times. The Treasury division, in conjunction with other departments, manages the liquidity on a daily basis. ALCO, which meets regularly, sets the broad framework for Treasury to operate so that the Bank is always in a position to meet its financial commitments. During crisis, the bank's ability to manage liquidity requirements could be impacted due to increased cost of funds or accessibility to wholesale funding. Moreover, any market disruption may impact liquidity of investments. Doha bank has a comprehensive Liquidity Management framework for managing the liquidity risk. The framework sets the group's risk appetite for liquidity risk by setting limits and benchmarks.

The Bank's approach to manage the liquidity risk is to ensure that it has adequate funding from diverse sources at all times. Diversification of the Bank's depositor base, reducing dependence on large depositors for reducing concentration risk and maintaining a suitable mix of 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's liquidity policy requires the bank to maintain a pool of liquid assets which can be accessed at the time of liquidity crises. The Bank also has in place credit lines with several international banks to make funds available in case of need. The Bank's liquidity position is subjected to diverse stress scenarios in order to evaluate the impact of unlikely but potentiality plausible events on liquidity. 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.

In addition, the Bank maintains a Contingency Liquidity plan, which details how liquidity stress events would be managed during a crisis situation. Since nature of any such event cannot be ascertained in advance, the plans are designed to be flexible and hence provide various options that could be used during liquidity crisis situation. The bank has also implemented an Asset-Liability Management system, which provides further guidance towards the Bank's balance sheet management.

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

- Liquidity risk appetite
- Prudential Limits

- Stress testing
- Early warning indicators
- Liquidity buffers

- Liquidity crises contingency plan

QCB through its guidelines issued in 2014 and 2015 has mandated all the banks in Qatar to comply with Liquidity coverage ratio (LCR) and Net stable funding ratio (NSFR). Doha Bank ensured compliance with LCR and NSFR ratio reporting implementation in line with QCB instructions. QCB has issued final guidelines for maturity ladder in August 2016 for monitoring liquidity mismatch and accordingly the Bank has set up the liquidity gap limits.

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

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

- Net open position in various currencies are reported to ALCO regularly while evaluating proposals and also as reports.
- 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;

Kochi Branch Inauguration
Honorable Chief Minister of the southern Indian state of Kerala, Pinarayi Vijayan leads the inauguration of Doha Bank's Kochi branch at Lulu Shopping Mall.

- Currency gap analysis is produced at month end – it includes forward purchases and sales;
- A report on total foreign currency assets and liabilities excluding contingent exposure is produced daily;
- Transaction limits have been set up for foreign exchange dealers to avoid excess exposure; the limits are monitored on online real time basis.
- All outstanding Foreign Exchange 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. It is evaluated from two different perspectives: with respect to the Fixed Income Investment Portfolio of the Bank, and with respect to the entire Bank's Assets and Liabilities.

Interest Rate Risk of Fixed Income Portfolio

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

The Bank's Bond Portfolio is analyzed daily, and its interest rate risk is based on the portfolio modified duration. Bank keeps its portfolio duration within its risk appetite. The risk department analyzes each investment proposal separately, and potential market risks are identified and mitigated before placing the proposal for Investment Committee review and approval. The Bank's hedging policy sets the framework to be followed for hedging the interest rate risk if certain thresholds are triggered.

Bank-wide Interest Rate Risk: The Bank is exposed to interest rate risk as a result of mismatches or gaps in the quantum of Assets and Liabilities and Off-Balance Sheet instruments that mature or re-price in a given period. Since most of the Bank's financial assets such as loans and advances contain an option to re-price, majority of the bank's interest rate risk is hedged naturally due to simultaneous re-pricing of deposits and loans.

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

Additionally Interest rate Risk on Banking Book Pillar 2 Capital Charge is required to be calculated for 200 bps change in interest rates as per NII (Net Interest Income) and EVE (Economic value of equity) approach as defined in the QCB circular

(ICAAP) of March 2016. The Bank will also complete the implementation of Earnings at Risk (EAR) and Economic Value of Equity (EVE) in the coming days.

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

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

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

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

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

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

- regulatory breaches which could result in fines and penalties; and
- significant reputational damage which could adversely affect customer and investor confidence in Doha Bank
- However, to mitigate the above risks Doha Bank has taken various measures to secure our Bank's IT infrastructure. The key steps taken by the Bank in this direction are as below:
- The Bank has laid out a roadmap to enhance control framework and technology infrastructure to strengthen our ability to prevent, detect and respond to the ever increasing and sophisticated threat of cyber-attacks;
- Protection of Sensitive information is being the utmost priority for the Bank and it has High Level Management committee for review and monitoring the Information Security posture of the Bank;
- As mandated by Qatar Center Bank (QCB), Doha Bank have participated in Cyber Security Maturity Assessment by Third party and met majority of the requirements and also developed Cyber Security Strategy Road map for next three years.
- The Bank has realigned the information Security Governance architecture across the Board for effective cyber and information risk management and initiated various security improvement programs within IT infrastructure and process.

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

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

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

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

• Effective staff training, documented processes/ procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, process of introducing new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by Doha Bank to manage the Bank-wide operational risk;

• Investigation and Reporting of any risk event (losses, near misses and potential losses), which is used to help identify the root cause and lay down the corrective action plans to reduce the recurrence of risk events. Risk events are analyzed to identify the root cause of incidents, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors;

Doha Bank on the occasion of Qatar National Day in 2016

• Preparation of 'Control Risk Self-Assessment' across business and support units including subsidiaries and overseas branches. This approach results in detailed understanding of inherent and residual risks with evaluation of controls across the Bank. Therefore, it enhances the determination of specific operational risk profile for the business units while corrective action points are captured and the changes on the operational risk profile is monitored on an ongoing basis.

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

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

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

International Rating: Below is the summary of Doha Bank's rating from International Rating agencies as on 31st December 2016:

Rating Agency	Foreign Currency LT	Foreign Currency ST	Local Currency LT	Local Currency ST	Financial Strength / Viability / Baseline	Support	Outlook
Capital Intelligence	A	A2	-	-	A	2	Neg
Moody's	A2	P-1	A2	P-1	baa3	-	Stable
Standard & Poor's	A-	A2	A-	A2	-	-	Neg
Fitch	A+	F1	A+	F1	bbb	1	Stable

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

• Capital Intelligence has downgraded its outlook from Stable to Negative, mainly due to uncertainties around the low hydrocarbon prices and their medium-term effects on government spending and on system liquidity. However, the Rating Agency has reaffirmed its existing rating on the Bank's foreign currency and financial strength at 'A', recognizing Doha Bank's strong domestic franchise, growing operations in India which are expected to boost non-interest revenues, and sound asset quality with full loan loss reserve coverage.

• Moody's has confirmed Doha Bank's existing ratings and outlook, and mentioned that rating captured (1) the Bank's high earnings-generating capacity supported by healthy margins and loan growth; (2) strong asset-quality metrics; (3) high capitalization metrics; and (4) high liquidity buffers which partially offset risks relating to the bank's resilience on market funding.

• S&P's has reaffirmed Doha Bank's ratings and assessed Doha Bank as a strong franchise with resilient earnings and increased capitalization.

• Fitch Ratings has reaffirmed their ratings and outlook on Doha Bank, in recognition of Qatar's ability to provide support to the banking sector in stress situations, and has recognized the Bank's ability to generate strong and stable profits, achieve sound liquidity and maintain adequate capitalization levels.

Information Technology

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

Doha Bank has incorporated technology as an innovation driver to provide state-of-the-art products and services to its customers and has leveraged on Information Technology for efficiency and effectiveness of banking services delivery. Since Doha Bank believes in technology being the key driver for enhanced and improved service delivery to the customers, the Bank has been continuously keeping its technology up to date in order to ensure best in class technology in place. Doha Bank has been a pioneer and renowned as prime mover of banking technology and has provided its customers with several innovative products and 'first' in the country.

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

In line with its strategy, the Bank continues upon Digital Transformation projects to improve customer services and drive them towards self-service Omni channels. As part of this Digital Transformation, Doha Bank believes in mobility and has continued to enhance its Mobile Banking application with enhanced banking services and complete new user experience, and multi-platform support. Doha Bank became the first bank in Qatar to launch 'biometric authentication' in its mobile banking application in a step to enhance customer experience as well as enhance security. In addition to the above, as part of the Digital Transformation journey, Doha Bank also revamped its website to enhance the customer experience as well as ensure efficient navigation around the website.

In testament to Doha Bank's commitment on excellence in customer service, Doha Bank established a new contact center system for its customers which provides seamless service for its customers across channels. Doha Bank also enabled customers to make their credit card bill payment through Doha Bank ATM to enhance convenience.

Doha Bank's winning teams at the annual inter-staff cricket tournament, organized every year as part of the organization's calendar of recreational and team-building activities

Doha Bank received PCI-DSS Level 1 certification by the renowned PCI Certification body SISA. PCI is the only standard dedicated to security of cardholder data and rated as one of the most stringent security standard. This initiative confirms the dedication of Doha Bank for securing the account data in their environment. Doha Bank was the first organization in the GCC to have achieved the ISO/IEC 20000 certification for its IT Service Management System in 2007. As part of this journey, IT Processes were recertified regularly by relevant authorities against ISO 20000-1: 2011 standards. It is important to note that for the 10th year in a row, Doha Bank achieved recertification to ISO20000-2011. Doha Bank is also proud to be the only financial institution in the country to be accredited with the same. Doha Bank also became the first bank in Qatar to achieve accredited certification for ISO 9001:2015, the newly revised international standards for Quality management systems. This certification is an evidence and an assessment of the quality of management, best practices in the organization, the company's focus on quality – improving product performance and customer service, transparency and efficiency of the bank's internal processes and risk management

The Bank has provided its customers with different channels in terms of e-banking and m-banking, ATMs, Online Cash Deposit Machines, Cheque Deposit Machines using the latest technology solutions to perform their day to day banking anywhere and anytime with fully secured solutions. This has been the key differentiator and has given the Bank an edge over its competitors. Further to the strong technology foundation that the Bank has laid over the last decade for providing world-class banking solutions, it is now focused towards more effective real-time services to its customers by way of providing new banking services through new channels of distribution and also by enhancing the internal services allowing the Bank to better serve its customers.

Doha Bank's CEO Dr. R. Seetharaman acknowledging the outstanding achievements of the Bank's staff members from various departments in December 2016

Beside the above initiatives, Doha Bank has also finalized its next five years IT Strategy in order to ensure a step change in bringing technology based services for our customer base across our local and international presence. The IT Strategy has focus on three major themes – Digital Ecosystem, Borderless Banking and Business restructuring. There are several new initiatives which will be 'first in the region'. It also covers major system enhancements, upgrades and new solution implementation.

Human Resources

Human capital development and employee engagement have been the key priorities in the bank. Within the corporate guidelines, every business partner is responsible for People Management within the unit – professional support is provided by the Human Resources (HR) department of the bank.

One of the key success of Doha Bank over the years has been its employees. Doha Bank believes in creating an environment in which its employees enjoy working and striving towards excellence in every aspect of their roles.

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

Equal Employment Opportunity and Diversity are key variables, which are woven into each step of the recruitment process at Doha Bank. Proper planning and evaluation will lead to hiring the right person for the role and team. To attract talent from the region and strengthen employee branding, the bank uses recruitment channels such as Doha Bank's Career Website, Advertisements, Internal Referrals, Overseas Recruitment Drives, Social Network / Media. For assessment of a good quality and high potential candidate, Psychometric Testing skills are applied.

The key word for successful employee engagement is 'Association'. The bank strongly believes employee engagement is of high importance for mutual success. Employees should attribute to the organization physically, emotionally and intellectually. The bank sponsored several social activities such as Knowledge Sharing sessions, Business Quiz, Sports Activities, Blood Donation drive, Recognition Awards and Long Service Awards.

HR strives continuously to implement new electronic technology solutions to increase efficiency in HR services, not only to cut down on time and provide online services, but also encourage a paperless environment.

There was an inspiring vision in 2016 for learning; Doha Bank's learning strategy clearly communicates that learning is critical to the bank's success. Leaders take an excellent leading role in creating and sustaining a supportive learning culture in Doha Bank. The bank uses training programs to create meeting places for exchange of experience and networks for managers from different Business Units and cultural background and to offer opportunities for benchmarking to the outside world. Knowledge and Learning Skills of Doha Bank Employees are the most important assets to realize its ambition.

HR has signed a Memorandum of Understanding with Qatar Finance and Business Academy (QFBA) to adopt a Competency Framework. Doha Bank is the first bank in Qatar to take this initiative. Currently HR is involved in an extensive Competency Mapping exercise and based on results of this Competency Mapping, HR will provide trainings for the growth and development of Doha Bank Employees for future opportunities in the bank.

Corporate Social Responsibility (CSR)

Since its early days, Doha Bank has taken great pride in being a dynamic entity with strong values and a customer-centric approach and has sustained them over a period of time. The Bank's functional model with Social, Environmental, and Business goals, contributing towards the welfare of the community has always been a welcomed approach.

Doha Bank is and continues to be one of the pioneers of 'Green Banking' in the State of Qatar. The Bank has sustained its position with utmost care for public welfare and social consciousness. This is one of the main reasons why Doha Bank has successfully won the 'Golden Peacock Global Award for Corporate Social Responsibility'. This award is also in recognition of Doha Bank's society-driven initiatives like educational, health benefits and commitment to social causes, which has seen it introduce innovative products even during tough market conditions resulting from the global financial crisis.

Eco School
Doha Bank's Annual ECO-Schools Programme aims at encouraging students and school across Qatar to contribute to the protection of the environment

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

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

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

Doha Bank now looks forward to a promising future, with better banking experiences for its customers, better returns for its shareholders and an even more progressive and prosperous environment for its employees. Doha Bank, as one of the main pillars supporting sustainable development in Qatar, was also recognized as one of the proactive supporters on Clean and Green Qatar Programme, School Exhibition for Arabic Schools in coordination with Ministry of Education, Climate Change - School Competition in coordination with Qatar Petroleum DG/HSE, promoting the ECO-Schools Programme to schools in the State of Qatar. Green activities provide a venue for building global awareness, cooperation and participation of international organizations and companies specialized in environment technologies and sustainable energy.

The Board of Directors of Doha Bank has reiterated their continued support for environmental development, which will eventually support the development drive in the country as a whole. Doha Bank also looks forward to increasing its role in preserving the environment and supporting the endeavors of other national organizations aimed at curbing the deterioration of environmental systems and preserving the changing as well as the unchanging resources. It is customary for Doha Bank to find itself occupying a distinguished position in the programs drawn up for celebrating the Qatari Environment Day as it is at the core of the strategies designed for protecting the health and safety of humans as well as their environmental security.

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

- Dedicated Green Bank Website
- ECO-Schools Programme

- Beach Clean-up
- Green Accounts and e-Statements, Environment-friendly and Biodegradable Credit Cards, Paperless Banking
- Green Banking Task Force Committee
- ECO-Schools Committee
- Participation in Earth-related global event
- Annual Marathon - Al Dana Green Run
- Public Awareness Campaigns through ATMs
- Green Forms
- Green System for Auto-shutdown of PCs
- Recycling of Papers
- Use of natural lighting, LED lights, power stabilizers, auto-shutters, etc.

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

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

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

Doha Bank conducted its 12th annual 'Al Dana Green Run' in 2017. People across age groups, nationalities and social background came forward enthusiastically to take part in the run. Participants included professionals, males and females from different age groups, sports enthusiasts and members of various socio-cultural groups. The 'Al Dana Green Run' is one of the Bank's major campaigns, which is aimed to raise awareness and motivate people to become advocates of environmental issues as they go about their daily lives.

Doha Bank continued to build upon its environmental leadership in Qatar by hosting its Tree Planting event using irrigation system equipment, near its branch in Dukhan. A number of Doha Bank staff volunteers teamed up to plant trees and install the automatic irrigation system, to demonstrate Doha Bank's support for the Earth Day, celebrated around the world to promote the cause of environmental protection.

As part of its ongoing ECO-Schools programme, Doha Bank presented select schools in Qatar with awards to recognize their environment-friendly activities. The ECO-Schools Programme, which is organized and championed by Doha Bank, aims to have a lasting impact on the students for the betterment of society.

In order to call attention to the importance of preserving the environment and spread awareness on sustainable living, Doha Bank joined forces with Qatar's Ministry of Municipality and Environment and Al Wakra Municipality to host a 'Beach Clean-up Campaign at Al Wakra Beach in 2016. Organized under the theme 'Save the beaches for the future', the campaign was led by Doha Bank volunteer staff members and the Management who joined efforts to clear hordes of litter from the beach.

Green Banking Awards:

The Leading Bank in Every Domain

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

CORPORATE GOVERNANCE

OVERVIEW

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

During the year, the Bank was keen to enhance the corporate governance framework by applying the corporate governance policies and procedures' manuals and adopting best practices. This report summarizes Doha Bank's governance processes for 2016 in accordance with the disclosure requirements of QFMA and QCB as illustrated below.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Roles and Responsibilities:

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

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

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

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

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

1. Delegate the authority to the Managing Director to oversee the CEO of Doha Bank to implement Board directives and resolutions. The Board shall define the jurisdiction and duties of both the Managing Director and the CEO, their responsibilities and the mechanism of their reporting to the Chairman and the Board.
2. Approve Doha Bank's organization structure, authorities delegated to the Board Committees and Executive Management, financial commitments in excess of delegated authorities to the Board Committees and Executive Management, the remuneration and bonus policy of the CEO and staff recommended by the relevant Board Committee, the strategic initiatives including new business initiatives and key investments and divestitures, and periodically approve the Bank's polices and procedures' manuals. The Board shall also approve the annual Doha Bank budget, the Board Committees' recommendations, and the appointment of the CEO and senior staff of the Bank including the compliance and reporting officers and the Head of Internal Audit.
3. Approve the Bank's strategy and work on developing the strategic plan and business objectives on a periodic basis and whenever necessary.
4. Create Board committees and set their authorities and duties, and annually evaluate the work of the Board Committees, including the Audit, Compliance and Risk Committee, Executive Committee, Nomination and Governance Committee, Policy, Development and Remuneration Committee, etc.
5. Call the Ordinary and Extraordinary General Assembly for convention, and approve the agenda of both meetings, and submit recommendations to the General Assembly to approve the proposed cash dividends, the remuneration of the Chairman and the Board members, the appointment of the External Auditor, the capital increase, the amendment of the Bank's Articles of Association, and other issues as stated in the Commercial Companies' Law.
6. Monitor the financial performance of the Bank and its subsidiaries, and meet with the External Auditor to learn about any existing substantial problems and work on resolving them.
7. Discuss with the Audit, Compliance and Risk Committee matters related to internal audit, AML/CTF issues, QCB reports, external audit, and financial statements.
8. Ensure that Doha Bank maintains adequate levels of capital and reserves, according to sound commercial principles and banking regulations.
9. Make enquiries about potential problems that come to the Board's attention and follow up until the Board is satisfied that the management is addressing the issues appropriately.
10. Supervise and ensure the implementation of proper internal control systems, mainly through the Audit, Compliance and Risk Committee, and monitor

operations and assess Doha Bank's performance and management of risks, and ensure that necessary and adequate financial and human resources are in place to achieve Doha Bank's goals and objectives.

11. Oversee the overall corporate governance of Doha Bank. Review and approve governance policies (including policies on conflict of interest and insider trading), principles recommended by the Executive Management and external consultants, and the Code of Ethics.
12. Review the Bank's policies, directly or through a delegated committee, periodically to ensure that they are adequate, suitable and in line with the internal business changes and the external macro-economic factors.
13. Delegate the authority to the CEO of Doha Bank to implement Board directives and resolutions. The Board shall define the jurisdiction and duties delegated to the CEO who should report to the Chairman and the Board.
14. Ensure that Doha Bank is in compliance with its Articles of Association and applicable international and local laws and regulations including QCB regulations. Receive and review any legal cases brought against the Bank periodically.
15. Provide shareholders with timely information to be able to take decisions in the general assembly. Ensure the fair treatment of all shareholders within the same class in accordance with the law. Ensure that a transparent process of stakeholder relations is in place including procedures for disclosures and communication, and assume responsibilities towards shareholders and other stakeholders and related parties within Doha Bank and the community at large.
16. Assist management in addressing related entities' issues brought forward by respective Board representatives.
17. Appoint independent advisors to assist the Board in their activities. The Board should receive adequate funding from Doha Bank for independent advisors and the related administrative expenses.

Financial Statements

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

Review of the Board and Board Committees' Performance

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

Main Transactions that Require Board Approval:

Board authorities include approval of the following transactions:

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

BOD's Tasks & Other Duties:

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

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

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

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

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

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

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

Remuneration: the Board estimates the Executive

Management's remunerations based on the Bank's overall performance and on the extent to which the goals stated in the Bank's strategy are achieved.

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

Board Composition

The Board currently consists of seven members:
- Chairman;
- Vice Chairman;
- Managing Director;
- 4 Non-Executive directors including one independent member who meets QFMA's requirements.

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

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani
- Chairman
- Chairman of the Executive Committee
- 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 Group
- Ownership: 4,339,753 shares; i.e. 1.68% as at December 31, 2016 & 4,339,753 shares as at December 31, 2015
- Attendance: Attended six Board meetings

Mr. Ahmed Abdul Rehman Yousef Obeidan
- Vice Chairman
- Member in the Executive Committee
- Date of Appointment on Board: April 20, 1982
- Education/ Experience: General Manager, Al Waha Contracting & Trading Est.
- Ownership: 4,346,203 shares; i.e. 1.68% as at December 31, 2016 & 4,306,203 shares as at December 31, 2015
- Attendance: Attended five Board meetings

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani
- Managing Director
- Chairman of Policies, Development and Remuneration committee and Chairman of Nomination and Governance committee
- Member in the Executive Committee
- 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, Qatari Oman Investment Company (State of Qatar representative); and Board Member, National Leasing Holding.
- Ownership: 4,988,617 shares; i.e. 1.93% as at December 31, 2016 & 4,988,617 shares as at December 31, 2015
- Attendance: Attended six Board meetings

Sheikh Abdulla Mohamed Jabor Al-Thani
- Non-Executive Board Member
- Chairman of Audit, Compliance and Risk Committee
- Member in the Nomination and Governance Committee
- Date of Appointment on Board: April 20, 1982
- Other Board Memberships: Chairman of Al Khaleej Takaful Group
- Ownership: 1,937,792 shares; i.e. 0.75% as at December 31, 2016 & 1,937,792 shares as at December 31, 2015
- Attendance: Attended three Board meetings

Mr. Ahmed Abdullah Al Khal
- Non-Executive and Independent Board Member (as per QFMA's requirements)
- Member in the Policies, Development and Remuneration Committee and the Audit, Compliance and Risk Committee
- Date of Appointment on Board: March 3, 2014
- Education: Economics & Political Science
- Experience: Businessman
- Ownership: 1,939,993 shares; i.e. 0.75% as at December 31, 2016 & 1,939, 993 shares as at December 31, 2015
- Attendance: Attended six Board meetings

Mr. Hamad Mohammed Hamad Abdullah Al Mana
- Non-Executive Board Member
- Member in the Nomination and Governance Committee
- 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.
- Ownership: 4,058,901 shares; 1.57% as at December 31, 2016 & 4,058,901 shares as at December 31, 2015
- Attendance: Attended 4 Board meetings

Sheikh Falah Bin Jassim Bin Jabor Al-Thani representative of Jassim and Falah Trading and Contracting Co.
- Non-Executive Board Member
- Member in the Policies & Procedures, Development and Remuneration Committee and the Executive Committee
- Date of Appointment on Board: Feb 27, 2011

- Experience: Ex-Minster of Civil Service Affairs and Housing
- Other Board Membership : Chairman of Board of Directors, National Leasing Holding
- Ownership: 2,583,722 shares; i.e. 1% as at December 31, 2016 & 2,583,722 shares as at December 31, 2015
- Attendance: Attended six Board meetings

The current term of the Board of Directors started on March 03, 2014 for a period of three years through election at the AGM.

Independent Board Member

The current composition of the Board includes one independent Board member who meets QFMA's requirements but doesn't meet QCB's requirements. This is due to the amendment of the new governance code issued by QCB concerning banks during the current session of BOD and it is stipulated that the independent member shouldn't own more than 0.25% of the bank's shares, Knowing that the ownership percentage of this member at the time of nomination for the board is not more than the number of shares required to ensure his membership in the bank's board.

Fiduciary Responsibilities

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

Duties of the Chairman of the Board

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

Duties of the Vice Chairman

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

Duties of the Managing Director

- Supervise the implementation of the Board resolutions in accordance with Doha Bank's strategy and objectives.
- Oversee that the Board receives timely, accurate and complete information to enable sound decision-making, effective monitoring and advising.
- Sign/ countersign (endorse) correspondence, reports, contracts or other documents on behalf of Doha Bank.
- Supervise the implementation of strategic initiatives and investments within the level of authority delegated by the Board.
- Approve investments, credit facilities and expenditures within the level of authority delegated by the Board.
- Oversee the implementation of key initiatives within Doha Bank in coordination with the CEO and Executive Management.
- Provide the Board and the Board Committees with the required reports and disclosures in a timely manner for review and approval.
- Update the Board with periodic reports on Doha Bank's performance and activities.
- Participate in various board-level committees.
- Any additional responsibility entrusted to him by the Board/ the Chairman of the Board.

Duties of the Non-Executive/ Independent Board Member

- Work actively on providing information required for the Board to undertake its activities as stipulated in the Board of Directors' Terms of Reference.
- Assist in Doha Bank's strategic planning and business planning processes and constructively challenge and develop strategic proposals.
- Review Doha Bank's performance periodically and scrutinize the performance of management in achieving agreed goals and objectives.
- Review the integrity of financial information and monitor that financial controls and systems of risk management are robust and defensible.
- Spearhead the development of Doha Bank's Corporate Governance policies and monitor compliance to the same.
- Assist the Board to properly attend to the External Auditor's report.
- Oversee that Bank and Shareholder interests are maintained, especially in conflict of interest situations between executive members and other members.

- Be available to shareholders if they have concerns which have not or cannot be resolved through contact with the Chairman, MD and the CEO or if such contact is not appropriate.
- Act as a supplier to the Board for the communication of shareholder concerns when otherchannelsofcommunicationareinappropriate.
- Any additional responsibility entrusted by the Board/ Board Chairman.
- Be collectively responsible for the Board decisions and actions.
- Participate in various Committees including the Audit, Compliance and Risk Committee, Policies, Development and Remuneration and Nomination and Governance Committee.

Board Meetings

The Board meets based on the invitation of the Chairman or two members of the Board. Each Board meeting has an agenda which is submitted to all members prior to the meeting giving enough time for preparation purposes. As per the Board Charter, the Board meets a minimum of 6 times a year. The Board met a total of six times in 2016, last meeting was held on 16/11/2016.

Board Remuneration

At the end of each year prior to the General Assembly meeting, the proposed remuneration for Board members and the Chairman is made available to the shareholders for discussion and approval.

Departments Reporting to the Board

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

Mr. Mukhtar Al Henawy has joined Doha Bank in 2002 as Legal Advisor reporting to the Board. He was also appointed as a Secretary to the Board in 2007. He has more than 28 years of experience, and he worked at law firms before joining the bank.

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

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

Chief Compliance Officer: Mr. Jamal Al Sholy

Mr. Jamal Al Sholy has joined Doha Bank in 1997 as Head of the Internal Audit Department and in 2002 he has become Head of the Compliance Department to date. He has more than 35 years of experience, and he worked in external audit before joining the bank. The Compliance Department includes the Compliance Control Unit and the AML/CTF Unit. Head of Compliance works independently from the Executive Management and reports to the Board of Directors.

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

Chief Internal Auditor: Mr. Mohammad Daoud

Mr. Mohammad Daoud has joined Doha Bank in 2012 as an Deputy Head of Internal Audit Department. In 2016, he was appointed as a Head of Internal Audit Department. He has more than 24 years of experience in the field of banking and financial institutions before joining Doha Bank.

Mr. Mohammad Daoud has got a PhD in Finance.

Executive Management

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

Chief Executive Officer: Dr. Raghavan Seetharaman

Dr. R. Seetharaman has joined Doha Bank in 2002 as Assistant General Manager. In 2007, he was appointed as CEO of the bank. He has an extensive experience of more than 36 years during which he worked in a number of banks and institutions before joining Doha Bank, including Bank Muscat.

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

Chief Risk Officer: Mr. Khalid Latif

Mr. Khalid Latif has joined Doha Bank in 1990 and has held several positions since then. He has more than 33 years of experience and has worked for several years in the banking sector and other sectors in Pakistan before joining the bank.

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

Chief Treasury & Investment Officer: Mr. David Whitcroft

Mr. Whitcroft has joined Doha Bank in 2015 as Head of Treasury and Investment. He has more than 20 years of experience and has worked in several financial and banking institutions before joining the bank.

Mr. David Whitcroft holds a Post Graduate Diploma in Actuarial Science from London.

Chief Wholesale Banking Officer: Mr. Cherussery Krishnan

Mr. Cherussery Krishnan has joined Doha Bank in 2000 as an Executive Manager in the Wholesale Banking Group. He has more than 32 years of experience and has worked at a number of institutions and banks before joining Doha Bank.

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

Chief Treasury & Investment Officer: Mr. David Challinor

Mr. David Challinor has joined Doha Bank in 2008 as Head of Group Finance. He has more than 22 years of experience and has worked at several financial institutions in Australia before joining Doha Bank.

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

Chief Retail Banking Officer: Mr. Gul Abbass Khan

Mr. Gul Abbass Khan has joined Doha Bank in 2016 as a Head of Retail Banking Department. He has more than 18 years of experience and has worked at several banks and financial institutions.

Mr. Gul Abbas Khan holds a Bachelor's Degree and Special Diploma in Economics and Sociology.

Chief International Banking Officer: Mr. Frank Hamer

Mr. Frank Hamer has joined Doha Bank in 2016 as a Head of International Banking Department. He has more than 23 years of experience and has worked at the banking sector before joining Doha Bank.

Mr. Frank Hamer holds a Master's Degree in Business Administration & Chartered Account Certificate.

Chief Human Resources Officer: Sheikh Mohamed Abdulla Mohamed Jabor Al Thani

Sheikh Mohamed Abdulla Al Thani has joined Doha Bank in 2015 as Head of the Human Resources Group. He has more than 24 years of experience and has held several positions in the financial sector and other sectors before joining Doha Bank.

Sheikh Mohamed Abdulla Al Thani holds a Bachelor of Science degree.

Senior Management Remuneration

The Bank adopts a policy, which regulates the process for assessing the performance of Senior Management based on the achievement of the bank's strategic goals. Based on the performance assessment and the Bank's results, the additional benefits and bonuses are set. With regard to salaries, the Bank has hired one of the consulting firms to prepare a study and proposal for the salaries and financial benefits of the staff, which is approved by the Board in its third meeting of 2016.

Separation of Positions of Chairman and CEO

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

Conflict of Interest and Insider Trading

Doha Bank has set in place several controls to prevent conflict of interest situations from occurring. Specifically, the Bank has adopted a related party policy under Corporate Governance policies. Related party transactions are approved by the Board based on materiality. As per Commercial Companies Law, if a Board Member has a conflict of interest related to a certain transaction, he shall not participate in the Board meeting at the time of taking a decision on the transaction and shall not participate in the issuance of a resolution if it is passed to him by circulation. It is also worth noting that the Bank has adopted a conflict of interest policy which must be complied with by all employees of the Bank.

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

Related Party Transactions

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

Approval of Related Party Transactions

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

Disclosure of Related Party Transactions

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

Board Committees

Board Committees are established to assist the Board of Directors in conducting their duties. Each committee has developed Terms of Reference that define the committee's roles and responsibilities in accordance with QFMA regulations and leading governance practices. Doha Bank has been unable to fulfill the requirement of having a majority of members being independent in Policies, Development and Remuneration Committee, and independent members in Nomination and Governance Committee. Doha Bank will consider changes in the composition of these committees in the future taking social facts into consideration.

The Bank has four Board committees as follows:

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

Audit, Compliance and Risk Committee

Membership:

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

Mr. Ahmed Abdullah Al Khal – Non-Executive and Independent Board Member (as per QFMA's requirements). He attended six meetings.

Mr. Khalid Abdel Aziz Al Baker – Independent Member and not a board member. He attended all the Committee meetings.

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

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

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

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

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

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

The Bank has approved a whistle-blowing policy to encourage the Bank's employees to detect/ disclose any violations that may adversely affect the Bank. The critical issues are then reported to the Audit, Compliance & Risk Evaluation Committee which in turn ensures taking the necessary actions to rectify the violations. There has been no conflict between the Committee's recommendations and the Board's resolutions or any other issues of material impact during the year 2016.

Nomination and Governance Committee

Membership:

Managing Director (Chairman of Committee) and 2 Non-Executive Board Members (Members)

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

Sheikh Abdulla Mohammad Bin Jabor Al Thani – Non-Executive Board Member. He attended the Committee's meeting.

Mr. Hamad Mohammed Hamad Abdullah Al Mana – Non-Executive Board Member. He attended the Committee's meeting.

Meetings: One meeting was held as per the Governance Code requirements.

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

Policies, Development and Remuneration Committee

Membership:

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

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

Mr. Ahmed Abdullah Al Khal – Non-Executive and Independent Board Member (as per QFMA's requirements). He attended all the Committee meetings.

Meetings: Two meetings were held as per the Governance Code requirements.

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

Executive Committee

Membership:

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

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

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

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

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

Roles and Responsibilities:

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

INTERNAL CONTROL, COMPLIANCE, RISK MANAGEMENT AND INTERNAL AUDIT

Internal Control

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

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

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

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

Compliance

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

Internal Audit

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

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

Risk Management

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

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

INTERNAL CONTROL ASSESSMENT

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

No major breach of control or internal control failure has taken place which has affected or may affect Bank's financial performance during 2016.

EXTERNAL AUDIT

Annually, the external account auditors are appointed by the General Assembly of Shareholders based on a recommendation submitted by the Board of Directors. The Bank takes into consideration the instructions of the regulatory authorities related to the appointment of external auditors in terms of the number of times for the appointment of any auditor. The Board of Directors also takes QCB's prior approval for the nomination of an external auditor/more than one external auditor for the approval of the General Assembly of Shareholders. After choosing an external auditor by the General Assembly of Shareholders, an engagement letter is signed between the two parties.

Under this engagement, the external auditor shall be required to comply with the best professional standards and exert the necessary professional due diligence upon conducting any audit assignment, and to inform the regulatory authorities in the event of the failure of the Bank (the Board) to take appropriate actions towards the material issues that have been raised by them. The external auditor also reviews the balance sheet and profit & loss accounts.

Ernst & Young review and audit the Bank's accounts since 2012 to date, including the Islamic activities, overseas branches' accounts, Doha Bank Assurance Company's accounts in addition to investment fund accounts and periodic reports pertaining to QCB requirements. The external audit fee for 2016 was QR 2,450,000.

We have received three quotations from three well-known auditing firms. These quotations were presented to the Ordinary General Assembly of shareholders and Ernst & Young were selected to review the bank's accounts for 2016.

MEANS OF COMMINICATION WITH SHAREHOLDERS:

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

DISCLOSURE AND SHAREHOLDERS RIGHTS

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

Disclosure Duty

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

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

Access to Information

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

Shareholders' Rights and Shareholders' Meetings

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

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

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

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

Equitable Treatment of Shareholders

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

Shareholders' Rights Concerning Board Members' Elections

After notifying the competent regulatory authorities, the Bank shall announce that nominations are open for the membership of the Board of Directors in the local newspapers, and then the Nomination & Governance Committee, after the closure of the nomination period, shall study the applications received from shareholders. All information on the nominees may be obtained by shareholders by visiting the Bank before the General Assembly. After obtaining approval of the competent authorities, these names shall be submitted to the Ordinary General Assembly of Shareholders to elect new Board Members from the nominees. The Bank's Articles of Association gives shareholders the right to vote on the Assembly's resolutions and also on the nominees for Board membership, pursuant to Commercial Companies Law No. (11) of 2016 which refers to QFMA's Governance Code with regard to public shareholding companies.

Shareholders' Rights Concerning Dividend Distribution

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

Shareholders' Rights and Major Transactions

Doha Bank is a Qatari shareholding company with a capital of QR 2,583,722,520 divided into 258,372,252 ordinary nominal shares, at a value of QR (10) per share, listed on Qatar Exchange. With the exception of Qatar Holding "The Government of Qatar", which owns 16.68% of the shares, any natural or legal person neither shall possess more than 2% of the bank's shares nor less than 100 shares, with the exception of ownership by way of inheritance. However, Qatar Investment Authority may buy and own up to 20% of the Bank's share capital. The Extraordinary General Assembly may approve the registration of a number of shares, not exceeding 20% of the share capital, in the name of a trusted depositary agent in the event of a capital increase through the issuance of global depositary receipts. The investment funds shall be considered as a single investment group, regardless of their number, if each is managed by one natural or judicial person, or if the founder in each is a natural

Nationality	No. of Shares	Percentage
Qatar	224,067,173	86.72%
GCC	8,905,705	3.45%
Arab countries	2,497,997	0.97%
Asia	4,603,487	1.78%
Europe	7,393,037	2.86%
Africa	91,925	0.04%
USA	9,042,829	3.50%
Other	1,770,099	0.68%
Total	**258,372,252**	**100%**

or judicial person. In these two cases, the investment group shall not own more than 2% of the capital shares. Foreigners, on the other hand, may invest in the shares of the bank up to 49% of the issued capital. Doha Bank hereby confirms that there are no shareholder agreements related to capital structuring and the exercise of shareholder rights, and there is nothing stated in the Bank's Articles of Association on minority rights.

Ownership of Shares:

The ownership of Doha Bank's shares distributed by nationality as at December 31, 2016 is as follows:

The number of shareholders reached 3246 as at 31/12/2016. The Government of Qatar, represented by Qatar Holding, owns 16.68% of the shares. No shareholders possess more than 2% of the Bank's shares as per the Bank's Articles of Association.

STAKEHOLDER RIGHTS

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

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

BANK BRANCHES, REPRESENTATIVE OFFICE AND SUBSIDIARIES

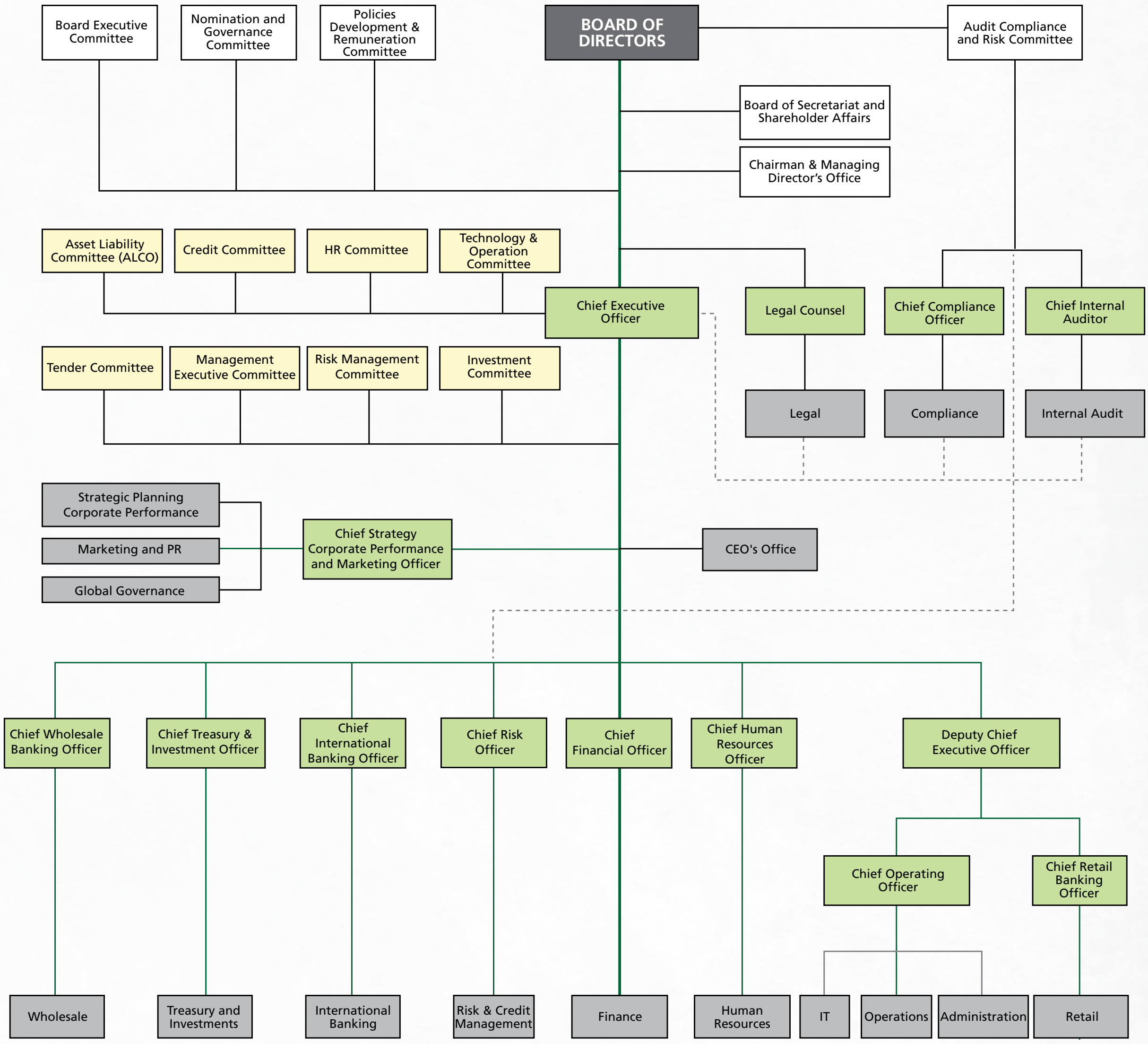
Domestically, Doha Bank's network inside Qatar includes a total of 29 branches, 9 e-branches, and 7 pay offices. Globally, the bank has six branches, Dubai and Abu Dhabi branches in UAE, a branch in Kuwait and three branches in India. Furthermore, we have thirteen representative offices located in Singapore, Turkey, Japan, China, UK, South Korea, Germany, Australia, Canada, Hong Kong, South Africa and the Emirate of Sharjah (UAE) & Bangladesh.

The Bank also owns Doha Bank Assurance Company which is fully owned by Doha Bank and has a strategic share of 44.02% of the capital of one of the Indian brokerage companies which was later re-named as Doha Brokerage and Financial Services and positioned to practice brokerage and asset management businesses. The Bank owns also Doha Finance Limited, registered in the Cayman Islands and primarily used for debt issuance on behalf of the Bank.

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

DOHA BANK CORPORATE
ORGANISATIONAL STRUCTURE

(as at 31st December 2016)

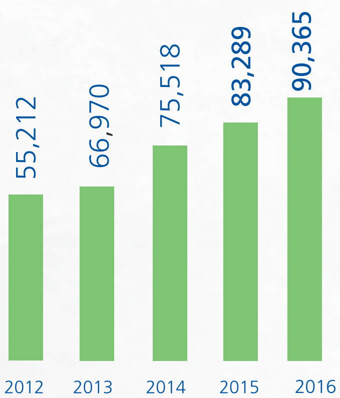


More details on all the business segments as well as products and services offered to the customers by Doha Bank can be found on its website (www.dohabank.com). Details of Doha Bank's entities included in its financial statements can also be located on Doha Bank's website (www.dohabank.com - 'About Us', 'Investor - Overview', 'Investor – Annual Reports' etc)

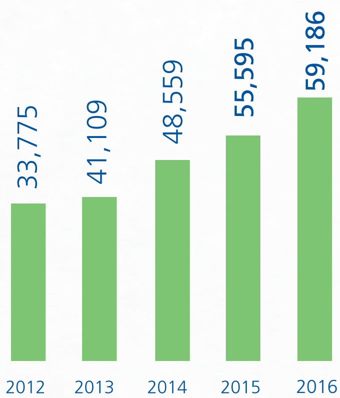
Accepting the need to change owing to the external and internal environmental challengers, Doha Bank is embarking on a transformation journey encompassing improved organizational structure, operating model, governance structure as well as other essential areas of attention. On this journey, Doha Bank's new Organizational Structure was approved in 2016 and the implementation of the same in is progress.

FINANCIAL
RESULTS

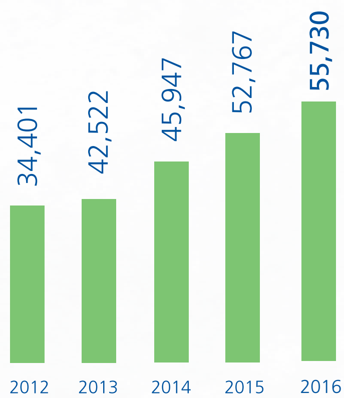
TOTAL ASSETS
(QAR Million)



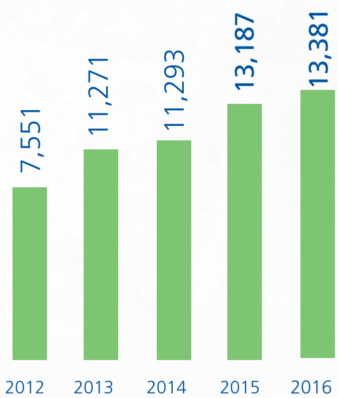
NET LOANS & ADVANCES
(QAR Million)



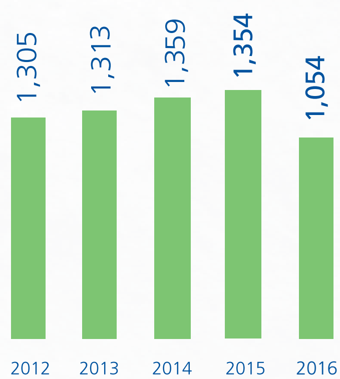
TOTAL DEPOSITS
(QAR Million)



TOTAL EQUITY
(QAR Million)

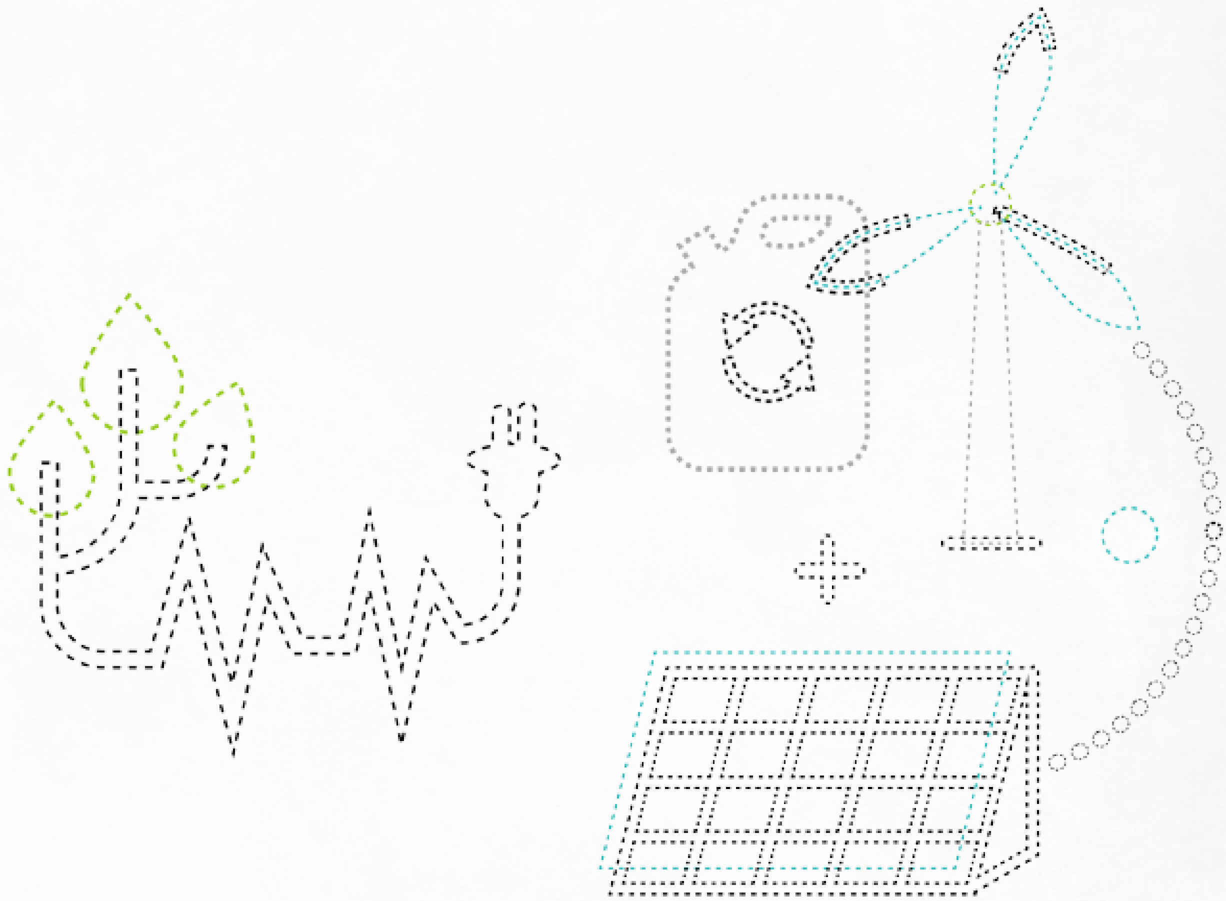


NET PROFIT
(QAR Million)



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DOHA BANK Q.S.C.



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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Doha Bank Q.S.C. (the "Bank") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the applicable provisions of Qatar Central Bank regulations.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment of loans and advances to customers

Determining the adequacy of impairment allowance on loans and advances to customers is a key area of judgement for the management. The Qatar Central Bank ("QCB") regulations require banks to estimate impairment allowance in accordance with the International Financial Reporting Standards and the applicable provision QCB regulations. The International Financial Reporting Standards require estimation of impairment loss when there is objective evidence of impairment and the loss is measured as the difference between the present value of estimated future cash flows and the carrying amount of the loan. Note 10 to the consolidated financial statements provides details relating to the impairment of loans and advances.

Due to the significance of loans and advances to customers, subjectivity in identifying impairment indicators and estimation uncertainty in measuring impairment loss, this is considered a key audit risk.

Our procedures included, selecting samples of loans and advances based on our judgement and considering whether there is objective evidence that impairment exists on these loans and advances. We also assessed whether impairment losses for non-performing loans and advances were reasonably determined in accordance with the requirements of IFRS and applicable provisions of QCB regulations. In addition, we considered, assessed and tested relevant controls over credit granting, booking, monitoring and settlement, and those relating to the calculation of credit provisions.

With respect to the collective impairment on loans and advances to customers, we tested management's calculation to assess the adequacy of the Group's collective impairment in accordance with the requirements of the QCB regulations and International Financial Reporting Standards.

Impairment of Investment securities

The Group's investment securities, as set out in Note 11 to the consolidated financial statements, consist of held for trading, available-for-sale ("AFS") and held-to-maturity ("HTM") investments. Held for trading and available-for-sale financial investments are carried at fair value while held-to-maturity investments are carried at amortised cost.

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

The International Financial Reporting standards require assessment at each reporting date to determine whether there is objective evidence that an investment is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Impairment loss is recognised for debt securities classified as AFS and HTM if there is objective evidence of impairment due to credit-related factors.

Identifying impairment indications and the determination of what is 'significant' or 'prolonged' requires management judgement. In making this judgement, the management evaluates, amongst other factors, the duration or extent to which the fair value of an investment is less than its cost.

Due to the subjectivity in assessment of impairment indicators, use of estimations and assumptions in measuring impairment losses and the magnitude of the account balance, this is considered to be a key audit matter.

Our procedures included, review of management impairment assessment on investment securities (both equity investment securities and debt securities) to determine whether there was objective evidence of impairment on these investments. We also checked the impairment allowance computation to assess whether impairment losses for investment securities were determined in accordance with the requirements of IFRS and applicable provisions of QCB regulations.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

Responsibilities of the Board of Directors and the Board Audit Committee for the Consolidated Financial Statements

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

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

The Board Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association, the applicable provisions of Qatar Central Bank Law No. 13 of 2012 and of the Qatar Commercial Companies Law No. 11 of 2015, during the financial year that would materially affect its activities or its financial position.

Firas Qoussous

Partner

(Qatar Auditors Registry Number 236)

Date 30 January 2017

Ernst & Young

State of Qatar

DOHA BANK Q.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2016

	Notes	2016 QAR'000	2015 QAR'000
ASSETS			
Cash and balances with central banks	8	4,260,410	3,562,821
Due from banks	9	10,505,250	10,385,414
Loans and advances to customers	10	59,186,222	55,595,004
Investment securities	11	14,706,110	12,198,232
Investment in an associate	12	10,343	8,908
Property, furniture and equipment	13	770,845	785,787
Other assets	14	925,769	752,766
TOTAL ASSETS		**90,364,949**	**83,288,932**
LIABILITIES			
Due to banks	15	12,275,336	8,776,130
Customer deposits	16	55,729,950	52,766,613
Debt securities	17	1,819,598	2,587,728
Other borrowings	18	4,994,474	3,452,534
Other liabilities	19	2,165,056	2,518,809
TOTAL LIABILITIES		**76,984,414**	**70,101,814**
EQUITY			
Share capital	20 (a)	2,583,723	2,583,723
Legal reserve	20 (b)	4,317,561	4,316,950
Risk reserve	20 (c)	1,372,000	1,292,000
Fair value reserves	20 (d)	(103,412)	(269,676)
Foreign currency translation reserve	20 (e)	(24,991)	(19,825)
Proposed dividend	20 (f)	775,117	775,117
Retained earnings		460,537	508,829
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		**9,380,535**	**9,187,118**
Instrument eligible as additional capital	20 (g)	4,000,000	4,000,000
TOTAL EQUITY		**13,380,535**	**13,187,118**
TOTAL LIABILITIES AND EQUITY		**90,364,949**	**83,288,932**

These consolidated financial statements were approved by the Board of Directors on 22 January 2017 and were signed on its behalf by:

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

The attached notes 1 to 38 form an integral part of these consolidated financial statements

DOHA BANK Q.S.C.
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2016

	Notes	**2016 QAR'000**	2015 QAR'000
Interest income	21	3,181,459	2,842,175
Interest expense	22	(1,108,349)	(794,570)
Net interest income		**2,073,110**	**2,047,605**
Fee and commission income	23	502,948	537,297
Fee and commission expense	24	(43,169)	(40,752)
Net fee and commission income		**459,779**	**496,545**
Gross written premium		93,204	88,294
Premium ceded		(45,313)	(35,108)
Net claims paid		(31,333)	(26,263)
Net income from insurance activities		**16,558**	**26,923**
Foreign exchange gain	25	102,246	97,541
Income from investment securities	26	43,120	69,541
Other operating income	27	54,879	73,428
		200,245	**240,510**
Net operating income		**2,749,692**	**2,811,583**
Staff costs	28	(516,304)	(520,524)
Depreciation	13	(93,642)	(81,800)
Impairment loss on investment securities	11	(139,499)	(109,652)
Net impairment loss on loans and advances to customers	10	(480,224)	(313,350)
Other expenses	29	(467,979)	(428,327)
		(1,697,648)	**(1,453,653)**
Share of results of the associate	12	(46)	168
Profit for the year before tax		**1,051,998**	**1,358,098**
Tax expense	30	1,783	(4,569)
Profit for the year		**1,053,781**	**1,353,529**
Earnings per share			
Basic earnings per share (QAR per share)	31	3.23	4.58
Diluted earnings per share (QAR per share)	31	3.23	4.58

The attached notes 1 to 38 form an integral part of these consolidated financial statements

DOHA BANK Q.S.C.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2016

	Notes	2016 QAR'000	2015 QAR'000
Profit for the year		**1,053,781**	1,353,529
Other comprehensive income (loss):			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation differences for foreign operations		(5,166)	(9,230)
Net change in fair value of available-for-sale investment securities	20	166,264	(212,102)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**161,098**	(221,332)
Items not to be reclassified to profit or loss in subsequent periods		**-**	-
Other comprehensive income (loss)		**161,098**	(221,332)
Total comprehensive income for the year		**1,214,879**	1,132,197

The attached notes 1 to 38 form an integral part of these consolidated financial statements

DOHA BANK Q.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2016

	Equity attributable to shareholders of the Bank									
	Share capital QAR' 000	Legal reserve QAR'000	Risk reserve QAR'000	Fair value reserves QAR'000	Foreign currency translation reserve QAR'000	Proposed dividend QAR'000	Retained earnings QAR'000	Total QAR'000	Instrument eligible as additional capital QAR'000	Total equity QAR'000
Balance as at 1 January 2016	2,583,723	4,316,950	1,292,000	(269,676)	(19,825)	775,117	508,829	9,187,118	4,000,000	**13,187,118**
Total comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	1,053,781	1,053,781	-	**1,053,781**
Other comprehensive income	-	-	-	166,264	(5,166)	-	-	161,098	-	**161,098**
Total comprehensive income for the year	-	-	-	166,264	(5,166)	-	1,053,781	1,214,879	-	**1,214,879**
Transfer to legal reserve	-	611	-	-	-	-	(611)	-	-	**-**
Transfer to risk reserve	-	-	80,000	-	-	-	(80,000)	-	-	**-**
Distribution for Tier 1 Capital notes	-	-	-	-	-	-	(220,000)	(220,000)	-	**(220,000)**
Contribution to social and sports fund	-	-	-	-	-	-	(26,345)	(26,345)	-	**(26,345)**
Dividends paid (Note 20 f)	-	-	-	-	-	(775,117)	-	(775,117)	-	**(775,117)**
Proposed dividends (Note 20 f)	-	-	-	-	-	775,117	(775,117)	-	-	**-**
Balance as at 31 December 2016	**2,583,723**	**4,317,561**	**1,372,000**	**(103,412)**	**(24,991)**	**775,117**	**460,537**	**9,380,535**	**4,000,000**	**13,380,535**

	Equity attributable to shareholders of the Bank									
	Share capital QAR' 000	Legal reserve QAR'000	Risk reserve QAR'000	Fair value reserves QAR'000	Foreign currency translation reserve QAR'000	Proposed dividend QAR'000	Retained earnings QAR'000	Total QAR'000	Instrument eligible as additional capital QAR'000	Total equity QAR'000
Balance as at 1 January 2015	2,583,723	4,313,177	1,140,000	(57,574)	(10,595)	1,033,489	290,533	9,292,753	2,000,000	11,292,753
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	-	1,353,529	1,353,529	-	1,353,529
Other comprehensive income	-	-	-	(212,102)	(9,230)	-	-	(221,332)	-	(221,332)
Total comprehensive income for the year	-	-	-	(212,102)	(9,230)	-	1,353,529	1,132,197	-	1,132,197
Transfer to legal reserve	-	3,773	-	-	-	-	(3,773)	-	-	-
Transfer to risk reserve	-	-	152,000	-	-	-	(152,000)	-	-	-
Distribution of Tier 1 Capital notes	-	-	-	-	-	-	(170,000)	(170,000)	-	(170,000)
Issuance of additional tier 1 capital instruments (Note 20g)	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Contribution to social and sports fund	-	-	-	-	-	-	(34,343)	(34,343)	-	(34,343)
Dividends paid	-	-	-	-	-	(1,033,489)	-	(1,033,489)	-	(1,033,489)
Proposed dividends (Note 20 f)	-	-	-	-	-	775,117	(775,117)	-	-	-
Balance as at 31 December 2015	2,583,723	4,316,950	1,292,000	(269,676)	(19,825)	775,117	508,829	9,187,118	4,000,000	13,187,118

The attached notes 1 to 38 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 QAR'000	2015 QAR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		**1,051,998**	1,358,098
Adjustments for:			
Net impairment loss on loans and advances to customers	10	**480,224**	313,350
Impairment loss on investment securities	11	**139,499**	109,652
Depreciation	13	**93,642**	81,800
Amortisation of financing cost		**11,502**	7,180
Net gain (loss) on investment securities	26	**5,095**	(30,673)
Profit on sale of property, plant and equipment		**446**	597
Share of results of the associate	12	**46**	(168)
Profit before changes in operating assets and liabilities		**1,782,452**	1,839,836
Change in due from banks		**541,188**	(554,000)
Change in loans and advances to customers		**(4,480,255)**	(7,198,263)
Change in other assets		**(173,003)**	25,303
Change in due to banks		**3,499,206**	(4,018,605)
Change in customer deposits		**2,963,337**	6,820,038
Change in other liabilities		**51,487**	181,770
Social & sports fund contribution		**(34,343)**	(33,966)
Income tax paid		**1,783**	(22,823)
Net cash from (used in) operating activities		**4,151,852**	(2,960,710)
Cash flows from investing activities			
Acquisition of investment securities		**(8,066,482)**	(10,587,113)
Proceeds from sale of investment securities		**5,578,839**	7,954,022
Acquisition of property, furniture and equipment	13	**(89,143)**	(77,326)
Proceeds from the sale of property, furniture and equipment		**9,997**	745
Acquisition of foreign branches, net of cash	36	**-**	17,416
Net cash used in investing activities		**(2,566,789)**	(2,692,256)
Cash flows from financing activities			
Proceeds from issuance of instrument eligible as additional capital	20	**-**	2,000,000
Proceeds from other borrowings	18	**1,541,940**	2,717,673
Repayment of debt security		**(773,273)**	-
Distribution on Tier 1 capital notes		**(220,000)**	(170,000)
Dividends paid		**(775,117)**	(1,033,489)
Net cash (used in) from financing activities		**(226,450)**	3,514,184
Net increase in cash and cash equivalents		**1,358,613**	(2,138,782)
Cash and cash equivalents as at 1 January		**7,557,401**	9,696,183
Cash and cash equivalents at 31 December	33	**8,916,014**	7,557,401
Interest received		**3,200,642**	2,433,661
Interest paid		**1,041,332**	709,946
Dividends received		**48,215**	38,868

The attached notes 1 to 38 form an integral part of these consolidated financial statements

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

1. REPORTING ENTITY

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

Doha Bank is engaged in conventional banking activities and operates through its head office in Qatar (Doha) and 29 local branches, six overseas branches in the United Arab Emirates (Dubai & Abu Dhabi), State of Kuwait, the Republic of India (two branches in Mumbai and one branch in Kochi) and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Hong Kong, United Arab Emirates (Sharjah), Canada, Bangladesh and South Africa. In addition, the Bank owns 100% of the issued share capital of Doha Bank Assurance Company L.L.C., an insurance company registered under Qatar Financial Centre and Doha Finance Limited, a special purpose vehicle set up for the issuance of debt. The consolidated financial statements for the year ended 31 December 2016 comprise the Bank and its subsidiaries (together referred to as "the Group").

The principal subsidiaries of the Group are as follows:

Company's name	Country of incorporation	Company's capital (QAR'000)	Company's activities	Percentage of ownership 2016	Percentage of ownership 2015
Doha Bank Assurance Company L.L.C	Qatar	100,000	General Insurance	100%	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	100%	100%

The consolidated financial statements for the year ended 31 December 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 22 January 2017.

2. BASIS OF PREPARATION

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

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

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

Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations adopted by the Group
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee ("IFRIC") interpretations effective as of 1 January 2016.

The following amended accounting standards became effective in 2016 and have been adopted by the Group in the preparation of these Consolidated Financial Statements as applicable. Although these new standards and amendments applied for the first time in 2016, they did not have any a material impact on the annual Consolidated Financial Statements of the Group.

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements 2012-2014 Cycle
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The Group has not early adopted any other standards, interpretation or amendment that has been issued but is no yet effective.

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

Topic

Disclosure initiative (Amendment to IAS 7) 1 January 2017

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) 1 January 2017

IFRS 9 Financial Instruments 1 January 2018

IFRS 16 Leases 1 January 2019

IFRS 15 Revenue from Contracts with Customers 1 January 2018

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model based on expected credit losses for recognising loan loss provisions and provides for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

The application of IFRS 9 may have significant impact on amounts reported in the consolidated financial statements and will result in more extensive disclosures in the consolidated financial statements. However, the Group is currently in the process of evaluating and implementing the required changes in its systems, policies and

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processes to comply with IFRS 9 and regulatory requirements, and hence it is not practical to disclose a reliable quantitative impact until the implementation programme is further advanced.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries ("the Group") as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

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

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Associates

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

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

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

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

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

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

Company Name	Country of incorporation and operation	Ownership Interest (%)		Principal activity
		2016	2015	
Doha Brokerage and Financial Services Limited	India	**44.02%**	44.02%	Brokerage and assets management

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Foreign currency

Foreign currency transactions and balances

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

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

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

Foreign operations

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

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

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

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

Financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

Measurement principles

Amortised cost measurement

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

Fair value measurement

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

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

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

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

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

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

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

Identification and measurement of impairment

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

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

Due from banks and loans and advances to customers

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

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

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

Investment securities

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

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

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

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

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

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

Derivatives

Derivatives held for risk management purposes and hedge accounting

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

Fair value hedges

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

Other non-trading derivatives

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

Derivatives held for trading purposes

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

Property and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

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

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Impairment of non-financial assets

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

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

Provisions

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

Onerous contracts

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

Financial guarantees

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

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

Employee benefits

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

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share capital and reserves

Share issue costs:

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

Dividends on ordinary shares

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

Revenue recognition

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

Interest income and expense

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

Premium on insurance

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

Fees and commission income and expense

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

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

Income from investment securities

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

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

Dividend income

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

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Tax expense

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

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

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

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

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

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

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

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

Earnings per share

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

Segment reporting

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

Fiduciary activities

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

Repossessed collateral

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

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

Comparatives

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

Parent bank financial information

Statement of financial position and income statement of the Parent bank as disclosed in Note 38 are prepared following the same accounting policies as mentioned above except for investment in subsidiaries, associates which are not consolidated and carried at cost.

4. FINANCIAL RISK MANAGEMENT

Introduction and overview

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

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

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

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

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

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

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

Credit risk

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

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

Credit risk measurement

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

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

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

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

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

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

Analysis of maximum exposure to credit risk before taking account of collateral held or other credit enhancements

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

	2016 QAR'000	2015 QAR'000
Credit risk exposures relating to assets recorded on the statement of financial position are as follows:		
Balances with central banks	**3,824,450**	3,086,661
Due from banks	**10,505,250**	10,385,414
Loans and advances to customers	**59,186,222**	55,595,004
Investment securities - debt	**13,625,492**	10,839,918
Other assets	**554,396**	592,098
Total as at 31 December	**87,695,810**	80,499,095
Other credit risk exposures are as follows:		
Guarantees	**22,246,187**	23,335,322
Letters of Credit	**7,196,260**	3,058,478
Unutilised credit facilities	**3,577,504**	7,253,819
Total as at 31 December	**33,019,951**	33,647,619
	120,715,761	114,146,714

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

Geographical sectors

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

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2016 Total QAR'000
Balances with central banks	**2,319,749**	**1,385,028**	**-**	**119,673**	**3,824,450**
Due from banks	**4,396,420**	**2,396,738**	**696,609**	**3,015,483**	**10,505,250**
Loans and advances to customers	**43,900,118**	**9,576,525**	**820,061**	**4,889,518**	**59,186,222**
Investment securities - debt	**11,436,573**	**1,714,345**	**1,812**	**472,762**	**13,625,492**
Other assets	**492,743**	**13,923**	**1,525**	**46,205**	**554,396**
	62,545,603	**15,086,559**	**1,520,007**	**8,543,641**	**87,695,810**

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2015 Total QAR'000
Balances with central banks	2,151,468	930,017	-	5,176	3,086,661
Due from banks	4,618,031	751,402	2,123,727	2,892,254	10,385,414
Loans and advances to customers	40,684,291	9,152,656	865,264	4,892,793	55,595,004
Investment securities - debt	9,199,503	1,175,666	52,534	412,215	10,839,918
Other assets	547,992	31,849	-	12,257	592,098
	57,201,285	12,041,590	3,041,525	8,214,695	80,499,095

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2016 Total QAR'000
Guarantees	**12,455,861**	**4,674,749**	**182,969**	**4,932,608**	**22,246,187**
Letters of Credit	**5,459,057**	**276,249**	**130,304**	**1,330,650**	**7,196,260**
Unutilised credit facilities	**2,727,640**	**724,758**	**-**	**125,106**	**3,577,504**
	20,642,558	**5,675,756**	**313,273**	**6,388,364**	**33,019,951**

	Qatar QAR'000	Other GCC QAR'000	Other Middle East QAR'000	Rest of the World QAR'000	2015 Total QAR'000
Guarantees	13,107,032	4,575,860	464,719	5,187,711	23,335,322
Letters of Credit	1,578,788	516,986	138,987	823,717	3,058,478
Unutilised credit facilities	5,557,620	1,670,281	-	25,918	7,253,819
	20,243,440	6,763,127	603,706	6,037,346	33,647,619

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Industry sectors

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

	Gross exposure 2016, QAR'000	Gross exposure 2015 QAR'000
Funded and unfunded		
Government and related agencies	20,491,337	15,793,933
Industry	1,981,446	3,061,313
Commercial	9,300,278	9,200,372
Services	20,129,988	20,169,835
Contracting	10,287,927	9,042,053
Real estate	13,897,943	11,536,185
Personal	10,400,778	10,374,915
Others	1,206,113	1,320,489
Guarantees	22,246,187	23,335,322
Letters of credit	7,196,260	3,058,478
Unutilised credit facilities	3,577,504	7,253,819
	120,715,761	114,146,714

Credit risk exposure

The tables below presents an analysis of financial assets by rating agency designation based on ratings published by external rating agencies

	2016 QAR'000	2015 QAR'000
Equivalent grades		
Sovereign (State of Qatar)	20,201,854	12,267,995
AAA to AA-	3,581,667	2,405,828
A+ to A-	11,970,506	6,164,453
BBB+ to BBB-	3,562,554	3,254,344
BB+ to B-	1,495,400	1,470,186
Below B-	469,757	26,122
Unrated (equivalent internal grading)	79,434,023	88,557,786
	120,715,761	114,146,714

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

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Credit quality for class of assets

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

	Loans and advances to customers		*Due from banks*		*Investment securities– debt*	
	2016 QAR'000	2015 QAR'000	**2016 QAR'000**	2015 QAR'000	**2016 QAR'000**	2015 QAR'000
Neither past due nor impaired (low risk):						
Standard monitoring	**54,262,221**	52,284,944	**10,505,250**	10,385,414	**13,600,441**	10,777,394
Special monitoring	**90,198**	89,734	**-**	-	**-**	-
	54,352,419	52,374,678	**10,505,250**	10,385,414	**13,600,441**	10,777,394
Past due but not impaired						
Standard monitoring	**2,347,074**	888,650	**-**	-	**-**	-
Special monitoring	**2,883,666**	2,520,728	**-**	-	**-**	-
	5,230,740	3,409,378	**-**	-	**-**	-
Impaired						
Substandard	**327,954**	287,388	**-**	-	**39,245**	79,556
Doubtful	**288,082**	303,755	**-**	-	**-**	-
Loss	**1,396,266**	1,290,101	**-**	-	**-**	-
	2,012,302	1,881,244	**-**	-	**39,245**	79,556
Less: Impairment allowance-specific	**(2,282,717)**	(1,946,833)	**-**	-	**(14,194)**	(17,032)
Less: Impairment allowance-collective	**(126,522)**	(123,463)	**-**	-	**-**	-
	(2,409,239)	(2,070,296)	**-**	-	**(14,194)**	(17,032)
Carrying amount – net	**59,186,222**	55,595,004	**10,505,250**	10,385,414	**13,625,492**	10,839,918
Investment securities - debt						
Held to maturity	-	-	-	-	**6,405,787**	5,738,356
Held for Trading	-	-	-	-	**5,657**	5,328
Available for sale	-	-	-	-	**7,228,242**	5,113,266
Less: Impairment allowance	-	-	-	-	**(14,194)**	(17,032)
Carrying amount – net	-	-	-	-	**13,625,492**	10,839,918
Total carrying amount	**59,186,222**	55,595,004	**10,505,250**	10,385,414	**13,625,492**	10,839,918

Impaired loans and advances to customers and investment in debt securities

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

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Loans and advances to customers past due but not impaired

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

	2016 QAR'000	2015 QAR'000
Up to 30 days	766,042	443,883
31 to 60 days	871,716	726,897
61 – 90 days	3,592,982	2,238,598
Gross	5,230,740	3,409,378

Rescheduled loans and advances to customers

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

Collateral

The determination of eligible collateral and the value of collateral are based on QCB regulations and are assessed by reference to market price or indexes of similar assets.
The Group has collateral in the form of blocked deposits, pledge of shares or legal mortgage against the past dues loans and advances to customers.
The aggregate collateral in respect to the past due but not impaired loans are QAR 6,943 million as of 31 December 2016 (2015: QAR 3,021 million).
The aggregate collateral in respect to the loans and advances to customers are QAR 46,913 million as of 31 December 2016 (2015: QAR 43,651 million).

Repossessed collateral

There were no repossessed collateral as at 31 December 2016 (2015: Nil).

Write-off policy

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

This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions are generally based on a product-specific past due status. The amount written off during the year was QAR315 million (2015: QAR 130 million).

Liquidity risk

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

Exposure to liquidity risk

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

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

At 31 December	2016	2015
Average for the year	95.50%	105.85%
Maximum for the year	104.90%	114.49%
Minimum for the year	87.14%	91.58%

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Maturity analysis of assets and liabilities

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

	Carrying amount QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months – 1 year QAR'000	Subtotal 1 year QAR'000	Above 1 year QAR'000	Undated QAR'000
31 December 2016							
Cash and balances with central banks	4,260,410	2,222,898	-	-	2,222,898	-	2,037,512
Due from banks	10,505,250	5,943,514	749,601	956,616	7,649,731	2,855,519	-
Loans and advances to customers	59,186,222	10,533,174	2,965,159	7,539,618	21,037,951	38,148,271	-
Investment securities	14,706,110	1,909,720	511,456	525,009	2,946,185	10,679,307	1,080,618
Investment in an associate	10,343	-	-	-	-	-	10,343
Property, furniture and equipment	770,845	-	-	-	-	-	770,845
Other assets	925,769	925,769	-	-	925,769	-	-
Total	90,364,949	21,535,075	4,226,216	9,021,243	34,782,534	51,683,097	3,899,318
Due to banks	12,275,336	8,421,017	3,036,060	619,055	12,076,132	199,204	-
Customer deposits	55,729,950	22,226,469	14,754,528	17,337,454	54,318,451	1,411,499	-
Debt securities	1,819,598	-	1,819,598	-	1,819,598	-	-
Other borrowings	4,994,474	-	364,150	2,928,876	3,293,026	1,701,448	-
Other liabilities	2,165,056	2,165,056	-	-	2,165,056	-	-
Total equity	13,380,535	-	-	-	-	-	13,380,535
Total	90,364,949	32,812,542	19,974,336	20,885,385	73,672,263	3,312,151	13,380,535
Maturity gap	-	(11,277,467)	(15,748,120)	(11,864,142)	(38,889,729)	48,370,946	(9,481,217)

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Maturity analysis of assets and liabilities (Continued)

	Carrying amount QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months – 1 year QAR'000	Subtotal 1 year QAR'000	Above 1 year QAR'000	Undated QAR'000
31 December 2015							
Cash and balances with central banks	3,562,821	1,327,949	71,663	-	1,399,612	-	2,163,209
Due from banks	10,385,414	6,092,966	764,429	2,038,001	8,895,396	1,490,018	-
Loans and advances to customers	55,595,004	14,412,618	5,037,509	5,365,768	24,815,895	30,779,109	-
Investment securities	12,198,232	1,475,304	171,425	601,334	2,248,063	8,591,854	1,358,315
Investment in an associate	8,908	-	-	-	-	-	8,908
Property, furniture & equipment	785,787	-	-	-	-	-	785,787
Other assets	752,766	752,766	-	-	752,766	-	-
Total	83,288,932	24,061,603	6,045,026	8,005,103	38,111,732	40,860,981	4,316,219
Due to banks	8,776,130	7,014,908	36,416	1,500,827	8,552,151	223,979	-
Customer deposits	52,766,613	23,564,382	20,577,129	8,405,134	52,546,645	219,968	-
Debt securities	2,587,728	-	-	772,736	772,736	1,814,992	-
Other borrowings	3,452,534	-	250,077	26,301	276,378	3,176,156	-
Other liabilities	2,518,809	2,518,809	-	-	2,518,809	-	-
Total equity	13,187,118	-	-	-	-	-	13,187,118
Total	83,288,932	33,098,099	20,863,622	10,704,998	64,666,719	5,435,095	13,187,118
Maturity gap	-	(9,036,496)	(14,818,596)	(2,699,895)	(26,554,987)	35,425,886	(8,870,899)

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

	Carrying amount QAR'000	Upto 3 months QAR'000	3 months to 1 year QAR'000	1-5 years QAR'000	Above 5 years QAR'000
31 December 2016					
Guarantees	**22,246,187**	**6,097,173**	**8,136,881**	**7,847,552**	**164,581**
Letters of credit	**7,196,260**	**1,506,415**	**1,036,875**	**72,292**	**4,580,678**
Unutilised credit facilities	**3,577,504**	**705,170**	**2,073,448**	**495,662**	**303,224**
Total	**33,019,951**	**8,308,758**	**11,247,204**	**8,415,506**	**5,048,483**
31 December 2015					
Guarantees	23,335,322	6,448,671	6,996,870	9,813,447	76,334
Letters of credit	3,058,478	1,804,203	534,976	718,113	1,186
Unutilised credit facilities	7,253,819	2,405,384	2,667,334	1,907,909	273,192
Total	33,647,619	10,658,258	10,199,180	12,439,469	350,712

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

	Carrying amount QAR'000	Gross undiscounted cash flows QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months-1 year QAR'000	1-5 years QAR'000	More than 5 years QAR'000
31 December 2016							
Non-derivative financial liabilities							
Due to banks	**12,275,336**	**12,301,844**	**8,429,774**	**3,045,531**	**624,849**	**201,690**	-
Customer deposits	**55,729,950**	**56,007,999**	**22,240,996**	**14,795,865**	**17,503,288**	**1,467,850**	-
Debt securities	**1,819,598**	**1,832,520**	-	**1,832,520**	-	-	-
Other borrowings	**4,994,474**	**5,120,105**	-	**387,392**	**2,988,799**	**1,743,914**	-
Other liabilities	**2,136,080**	**2,136,080**	**2,136,080**	-	-	-	-
Total liabilities	**76,955,438**	**77,398,548**	**32,806,850**	**20,061,308**	**21,116,936**	**3,413,454**	-

Derivative financial instruments:

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

31 December 2016	Total QAR'000	Up to 1 Year QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivative financial instruments:				
Outflow	**(30,716,511)**	**(30,716,511)**	-	-
Inflow	**30,748,829**	**30,748,829**	-	-

	Carrying amount QAR'000	Gross undiscounted cash flows QAR'000	Less than 1 month QAR'000	1-3 months QAR'000	3 months-1 year QAR'000	1-5 years QAR'000	More than 5 years QAR'000
31 December 2015							
Non-derivative financial liabilities							
Due to banks	8,776,130	8,811,137	7,025,439	36,580	1,521,104	228,014	-
Customer deposits	52,766,613	52,939,903	23,574,427	20,623,206	8,502,451	239,819	-
Debt securities	2,587,728	2,680,721	-	19,907	832,900	1,827,914	-
Other borrowings	3,452,534	3,527,670	-	260,431	55,571	3,211,668	-
Other liabilities	2,498,743	2,498,743	2,498,743	-	-	-	-
Total liabilities	70,081,748	70,458,174	33,098,609	20,940,124	10,912,026	5,507,415	-

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Derivative financial instruments (Continued):

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

31 December 2015	Total QAR'000	Up to 1 Year QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivatives financial instruments :				
Outflow	(11,037,704)	(8,699,367)	(2,338,337)	-
Inflow	11,046,514	8,719,070	2,327,444	-

Market risks

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

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

Management of market risks

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

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

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

Exposure to interest rate risk

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

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

	Carrying amount QAR'000	*Repricing in:* Less than 3 months QAR'000	3-12 months QAR'000	Above 1 year QAR'000	Non-interest sensitive QAR'000
31 December 2016					
Cash and cash equivalents	4,260,410	449,916	70,969	-	3,739,525
Due from banks	10,505,250	8,626,205	1,588,272	-	290,773
Loans and advances to customers	59,186,222	56,365,664	335,657	164,612	2,320,289
Investment securities	14,706,110	904,644	454,039	12,266,809	1,080,618
Investment in an associate	10,343	-	-	-	10,343
Property, furniture and equipment	770,845	-	-	-	770,845
Other assets	925,769	-	-	-	925,769
Total	90,364,949	66,346,429	2,448,937	12,431,421	9,138,162
Due to banks	12,275,336	9,970,519	2,025,252	71,498	208,067
Customer deposits	55,729,950	38,173,092	16,153,845	1,403,013	-
Debt securities	1,819,598	1,819,598	-	-	-
Other borrowings	4,994,474	4,994,474	-	-	-
Other liabilities	2,165,056	-	-	-	2,165,056
Total equity	13,380,535	-	-	-	13,380,535
Total	90,364,949	54,957,683	18,179,097	1,474,511	15,753,658
Interest rate sensitivity gap	-	11,388,746	(15,730,160)	10,956,910	(6,615,496)
Cumulative interest rate sensitivity gap	-	11,388,746	(4,341,414)	6,615,496	-

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Exposure to interest rate risk (Continued)

		Repricing in:			
	Carrying amount QAR'000	Less than 3 months QAR'000	3-12 months QAR'000	Above1 year QAR'000	Non-interest sensitive QAR'000
31 December 2015					
Cash and cash equivalents	3,562,821	-	-	-	3,562,821
Due from banks	10,385,414	9,792,531	584,301	6,471	2,111
Loans and advances to customers	55,595,004	52,627,482	160,913	208,615	2,597,994
Investment securities	12,198,232	171,486	601,334	10,067,098	1,358,314
Investment in an associate	8,908	-	-	-	8,908
Property, furniture and equipment	785,787	-	-	-	785,787
Other assets	752,766	-	-	-	752,766
Total	83,288,932	62,591,499	1,346,548	10,282,184	9,068,701
Due to banks	8,776,130	7,107,334	1,500,827	-	167,969
Customer deposits	52,766,613	41,493,729	11,052,916	219,968	-
Debt securities	2,587,728	772,736	-	1,814,992	-
Other borrowings	3,452,534	3,452,534	-	-	-
Other liabilities	2,518,809	-	-	-	2,518,809
Total equity	13,187,118	-	-	-	13,187,118
Total	83,288,932	52,826,333	12,553,743	2,034,960	15,873,896
Interest rate sensitivity gap	-	9,765,166	(11,207,195)	8,247,224	(6,805,195)
Cumulative interest rate sensitivity gap	-	9,765,166	(1,442,029)	6,805,195	-

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Sensitivity analysis

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

	10 bp parallel increase QAR'000	10 bp parallel decrease QAR'000
Sensitivity of net interest income		
At 31 December 2016	**(5,673)**	**5,673**
At 31 December 2015	(4,698)	4,698

	10 bp parallel increase QAR'000	10 bp parallel decrease QAR'000
Sensitivity of reported equity to interest rate movements		
At 31 December 2016	**(27,285)**	**27,285**
At 31 December 2015	(14,917)	14,917

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

Exposure to other market risks

Currency risk

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

Net foreign currency exposure:	2016 QAR'000	2015 QAR'000
Pound Sterling	**16,193**	7,785
Euro	**1,133**	11,310
Kuwaiti Dinar	**39,415**	5,482
Japanese Yen	**230**	58
Other currencies	**820,807**	384,162

Foreign currency sensitivity analysis

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

	Increase / (decrease) in profit or loss	
	2016 QAR'000	2015 QAR'000
5% increase / (decrease) in currency exchange rate		
Pound Sterling	**810**	389
Euro	**57**	565
Kuwaiti Dinar	**1,971**	274
Japanese Yen	**11**	3
Other currencies	**41,040**	19,208

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Equity price risk

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

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

	2016		2015	
	Effect on OCI QAR'000	**Effect on income statement QAR'000**	Effect on OCI QAR'000	Effect on income statement QAR'000
5% increase / (decrease) in Qatar Exchange	**± 31,016**	-	± 35,566	-
5% increase / (decrease) in Other than Qatar Exchange	**± 17,193**	-	± 24,575	± 634
	± 48,209	-	± 60,141	**± 634**

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

Operational risks

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

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

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

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

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

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

Capital management

Regulatory capital

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

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

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

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Capital management (Continued)

	2016 QAR'000	2015 QAR'000
Common Equity Tier 1 Capital	**8,247,923**	8,327,067
Additional Tier 1 Capital	**4,000,000**	4,000,000
Additional Tier 2 Capital	**126,522**	278,118
Total Eligible capital	**12,374,445**	12,605,185

Risk weighted assets

	2016 Basel III Risk weighted amount QAR'000	2015 Basel III Risk weighted amount QAR'000
Total risk weighted assets for credit risk	**72,201,446**	73,132,247
Risk weighted assets for market risk	**2,275,992**	2,414,429
Risk weighted assets for operational risk	**4,993,761**	4,605,490
	79,471,199	80,152,166

	2016 QAR'000	2015 QAR'000
Risk weighted assets	**79,471,199**	80,152,166
Total eligible capital	**12,374,994**	12,605,185
Total capital ratio	**15.57%**	15.73%
CET 1 ratio	**10.38%**	10.39%

The Bank has followed QCB Basel III capital adequacy ratio ("CAR") with effect from 1 January 2014 in accordance with QCB regulations.

The minimum accepted CAR under QCB Basel III requirements are as follows:

- Minimum total capital ratio limit without Capital Conservation Buffer is 10%
- Minimum total capital ratio limit including Capital Conservation Buffer is 12.63%
- Minimum CET 1 ratio limit including Capital Conservation Buffer and other charges is 8.63%

5. USE OF ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

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

Impairment allowances for credit losses

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

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

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

Determining fair values

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

Critical accounting judgements in applying the Group's accounting policies

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

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

- Level 1: Quoted market price unadjusted in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

Fair value measurement

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

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Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2016:

	Date of valuation	Level 1 QAR'000	Level 2 QAR'000	Level 3 QAR'000	Total QAR'000
Assets measured at fair value:					
Available-for-sale investment securities	31 Dec 2016	6,597,526	1,652,081	-	8,249,607
Investment securities classified as held for trading	31 Dec 2016	5,657	-	-	5,657
Derivative instruments:					
Interest rate swaps	31 Dec 2016	-	55,601	-	55,601
Forward foreign exchange contracts	31 Dec 2016	-	52,145	-	52,145
		6,603,183	1,759,827	-	8,363,010
Assets for which fair values are disclosed (note 7)					
Cash and balances with central banks	31 Dec 2016	-	-	4,260,410	4,260,410
Due from banks	31 Dec 2016	-	-	10,505,250	10,505,250
Loans and advances to customers	31 Dec 2016	-	-	59,186,222	59,186,222
Held to maturity investment securities	31 Dec 2016	3,819,815	2,672,725	-	6,492,540
Other Assets	31 Dec 2016	-	-	554,396	554,396
Liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2016	-	9,149	-	9,149
Forward foreign exchange contracts	31 Dec 2016	-	19,827	-	19,827
		-	28,976	-	28,976
Liabilities for which fair values are disclosed (note 7)					
Due to banks	31 Dec 2016	-	12,275,336	-	12,275,336
Customer deposits	31 Dec 2016	-	55,729,950	-	55,729,950
Debt securities	31 Dec 2016	1,819,598	-	-	1,819,598
Other borrowings	31 Dec 2016	-	4,994,474	-	4,994,474
Other liabilities	31 Dec 2016	-	1,458,503	-	1,458,503

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

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Fair value hierarchy for financial instruments measured at fair value as at 31 December 2015:

	Date of valuation	Level 1 QAR'000	Level 2 QAR'000	Level 3 QAR'000	Total QAR'000
Assets measured at fair value:					
Available-for-sale investment securities	31 Dec 2015	5,264,799	1,131,313	-	6,396,112
Investment securities classified as held for trading	31 Dec 2015	16,697	-	-	16,697
Derivative instruments:					
Interest rate swaps	31 Dec 2015	-	5,158	-	5,158
Forward foreign exchange contracts	31 Dec 2015	-	23,718	-	23,718
		5,281,496	1,160,189	-	6,441,685
Assets for which fair values are disclosed (note 7)					
Cash and balances with central banks	31 Dec 2015	-	-	3,562,821	3,562,821
Due from banks	31 Dec 2015	-	-	10,385,414	10,385,414
Loans and advances to customers	31 Dec 2015	-	-	55,595,004	55,595,004
Held to maturity investment securities	31 Dec 2015	4,120,943	1,729,028	-	5,849,971
Other Assets	31 Dec 2015		-	592,098	592,098
Liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2015	-	15,635	-	15,635
Forward foreign exchange contracts	31 Dec 2015	-	4,431	-	4,431
		-	20,066	-	20,066
Liabilities for which fair values are disclosed (note 7)					
Due to banks	31 Dec 2015	-	-	8,776,130	8,776,130
Customer deposits	31 Dec 2015	-	-	52,766,613	52,766,613
Debt securities	31 Dec 2015	2,620,025	-	-	2,620,025
Other borrowings	31 Dec 2015	-	-	3,452,534	3,452,534
Other liabilities	31 Dec 2015	-	-	1,434,666	1,434,666

During the reporting period 31 December 2015, there were no transfers between Level 1 and Level 3 fair value measurements.

All unquoted available for sale equity investments amounting to QAR 59.3 million (2015: QAR 61.3 million) are recorded at cost since the fair value cannot be reliably measured.

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Financial asset and liability classification

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

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

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

Qualifying hedge relationships

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

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

Impairment of investments in equity and debt securities

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

Going concern

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

Useful lives of property and equipment

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

6. OPERATING SEGMENTS

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

Conventional Banking

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

Insurance Activities

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

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Details of each segment as of and for the year ended 31 December 2016 are stated below:

	2016					
	Corporate Banking QAR'000	Retail Banking QAR'000	Unallocated QAR'000	Total QAR'000	Insurance QAR'000	Total QAR'000
Interest income	2,788,502	392,957	-	**3,181,459**	-	**3,181,459**
Net income from insurance activities	-	-	-	-	16,558	**16,558**
Other income	439,657	158,228	54,874	**652,759**	7,265	**660,024**
Segmental revenue	3,228,159	551,185	54,874	**3,834,218**	23,823	**3,858,041**
Net impairment loss on loans and advances to customers	(407,216)	(73,008)	-	**(480,224)**	-	**(480,224)**
Impairment loss on investment securities	(138,771)	-	-	**(138,771)**	**(728)**	**(139,499)**
Segmental profit				**1,050,765**	**3,062**	**1,053,827**
Share of results of associates						**(46)**
Net profit for the year						**1,053,781**
Other information						
Assets	78,461,105	6,970,182	4,657,665	**90,088,952**	265,654	**90,354,606**
Investments in an associate	-	-	-	-	-	**10,343**
Total						**90,364,949**
Liabilities	65,790,217	10,404,519	679,716	**76,874,452**	109,962	**76,984,414**
Contingent items	32,881,346	138,605	-	**33,019,951**	-	**33,019,951**

DOHA BANK Q.S.C.
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OPERATING SEGMENTS (Continued)

	2015					
	Corporate Banking QAR'000	Retail Banking QAR'000	Unallocated QAR'000	Total QAR'000	Insurance QAR'000	Total QAR'000
Interest income	2,414,442	427,733	-	2,842,175	-	2,842,175
Net income from insurance activities	-	-	-	-	26,923	26,923
Other income	481,325	174,407	73,428	729,160	7,895	737,055
Segmental revenue	2,895,767	602,140	73,428	3,571,335	34,818	3,606,153
Net impairment loss on loans and advances to customers	(250,822)	(62,528)	-	(313,350)	-	(313,350)
Impairment loss on investment securities	(107,682)	-	-	(107,682)	(1,970)	(109,652)
Segmental profit				1,341,490	11,871	1,353,361
Share of results of associates						168
Net profit for the year						1,353,529
Other information						
Assets	70,076,268	7,916,107	5,023,461	83,015,836	264,188	83,280,024
Investments in an associate	-	-	-	-	-	8,908
Total						83,288,932
Liabilities	58,628,806	10,579,332	782,521	69,990,659	111,155	70,101,814
Contingent items	33,471,992	175,627	-	33,647,619	-	33,647,619

Geographical areas

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

	Qatar QAR'000	Other GCC QAR'000	India QAR'000	Total QAR'000
2016				
Net operating income	**2,432,893**	**290,870**	**25,929**	**2,749,692**
Net profit	**1,081,566**	**(33,909)**	**6,124**	**1,053,781**
Total assets	**80,021,671**	**9,721,550**	**621,728**	**90,364,949**
Total liabilities	**68,015,770**	**8,516,098**	**452,546**	**76,984,414**
2015				
Net operating income	2,507,704	293,025	10,854	2,811,583
Net profit	1,298,516	55,649	(636)	1,353,529
Total assets	73,692,350	9,272,281	324,301	83,288,932
Total liabilities	61,913,681	8,031,429	156,704	70,101,814

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

7. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

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

	Fair value through profit or loss QAR'000	Held to maturity QAR'000	Loans and receivables QAR'000	Available-for-sale QAR'000	Other amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
31 December 2016							
Cash and balances with central banks	-	-	4,260,410	-	-	4,260,410	4,260,410
Due from banks	-	-	10,505,250	-	-	10,505,250	10,505,250
Positive fair value of derivatives	107,746	-	-	-	-	107,746	107,746
Loans and advances to customers	-	-	59,186,222	-	-	59,186,222	59,186,222
Investment securities:							
Measured at fair value	5,657	-	-	8,308,860	-	8,314,517	8,314,517
Measured at amortised cost	-	6,391,593	-	-	-	6,391,593	6,492,540
Other Assets	-	-	-	-	554,396	554,396	554,396
	113,403	6,391,593	73,951,882	8,308,860	554,396	89,320,134	89,421,081
Negative fair value of derivatives	28,976	-	-	-	-	28,976	28,976
Due to banks	-	-	-	-	12,275,336	12,275,336	12,275,336
Customer deposits	-	-	-	-	55,729,950	55,729,950	55,729,950
Debt securities	-	-	-	-	1,819,598	1,819,598	1,819,598
Other borrowings	-	-	-	-	4,994,474	4,994,474	4,994,474
Other liabilities	-	-	-	-	1,458,503	1,458,503	1,458,503
	28,976	-	-	-	76,277,861	76,306,837	76,306,837

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

FINANCIAL ASSETS AND LIABILITIES (Continued)

	Fair value through profit or loss QAR'000	Held to maturity QAR'000	Loans and receivables QAR'000	Available-for-sale QAR'000	Other amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
31December 2015							
Cash and balances with central banks	-	-	3,562,821	-	-	3,562,821	3,562,821
Due from banks	-	-	10,385,414	-	-	10,385,414	10,385,414
Positive fair value of derivatives	28,876	-	-	-	-	28,876	28,876
Loans and advances to customers	-	-	55,595,004	-	-	55,595,004	55,595,004
Investment securities:			-				
Measured at fair value	16,697	-	-	6,457,373	-	6,474,070	6,474,070
Measured at amortised cost	-	5,724,162	-	-	-	5,724,162	5,849,971
Other Assets	-	-	-	-	592,098	592,098	592,098
	45,573	5,724,162	69,543,239	6,457,373	592,098	82,362,445	82,488,254
Negative fair value of derivatives	20,066	-	-	-	-	20,066	20,066
Due to banks	-	-	-	-	8,776,130	8,776,130	8,776,130
Customer deposits	-	-	-	-	52,766,613	52,766,613	52,766,613
Debt securities	-	-	-	-	2,587,728	2,587,728	2,620,025
Other borrowings	-	-	-	-	3,452,534	3,452,534	3,452,534
Other liabilities	-	-	-	-	1,434,666	1,434,666	1,434,666
	20,066	-	-	-	69,017,671	69,037,737	69,070,034

Investment securities – unquoted equity securities at cost

The above table includes to QAR59.3 million (2015 : QAR 61.3 million) at 31 December 2016 of unquoted equity investments in both the carrying amount and fair value columns that were measured at cost and for which disclosure of fair value was not provided because their fair value was not considered to be reliably measureable.

8. CASH AND BALANCES WITH CENTRAL BANKS

	2016 QAR'000	2015 QAR'000
Cash	**435,960**	476,160
Cash reserve with QCB*	**1,926,658**	2,042,869
Cash reserve with other central banks*	**110,854**	120,341
Other balances with central banks	**1,786,938**	923,451
	4,260,410	3,562,821

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

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

9. DUE FROM BANKS

	2016 QAR'000	2015 QAR'000
Current accounts	**1,331,053**	468,556
Placements	**5,124,797**	4,995,184
Loans to banks	**4,049,400**	4,921,674
	10,505,250	10,385,414

10. LOANS AND ADVANCES TO CUSTOMERS

	2016 QAR'000	2015 QAR'000
Loans	**54,456,707**	51,679,322
Overdrafts	**5,903,930**	4,517,287
Bills discounted	**520,874**	328,339
Other loans*	**715,293**	1,158,228
(Note-i)	**61,596,804**	57,683,176
Less :		
Deferred profit	**(1,343)**	(17,876)
Specific impairment of loans and advances to customers	**(2,282,717)**	(1,946,833)
Collective impairment allowance	**(126,522)**	(123,463)
Net loans and advances to customers	**59,186,222**	55,595,004

The aggregate amount of non-performing loans and advances to customers amounted QAR 2,012.3 million, which represents 3.27% of total loans and advances to customers (2015: QAR 1,881.2 million, 3.26% of total loans and advances to customers).

During the year, the Group has written-off fully provided non-performing loans amounting to QAR 290.7 million (2015: QAR 111.2 million) as per Qatar Central Bank circular no. 68/2011.

Specific impairment of loans and advances to customers includes QAR 457.0 million of interest in suspense (2015: QAR 368.7 million).

*This includes acceptances pertaining to trade finance amounting to QAR 308 million (2015: QAR 716.8 million).

Note-i:

	2016 QAR'000	2015 QAR'000
Government and related agencies	**4,906,445**	3,557,633
Corporate	**45,826,545**	43,225,569
Retail	**10,863,814**	10,899,974
	61,596,804	57,683,176

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

By industry

At 31 December 2016	Loans QAR'000	Overdrafts QAR'000	Bills discounted QAR'000	Other loans QAR'000	Total QAR'000
Government and related agencies	2,359,726	2,546,719	-	-	4,906,445
Non-banking financial institutions	1,750,013	-	-	-	1,750,013
Industry	1,551,236	53,450	67,707	17,278	1,689,671
Commercial	8,290,573	961,795	145,951	273,710	9,672,029
Services	6,352,930	249,268	161,080	11,564	6,774,842
Contracting	9,090,955	1,248,194	95,194	310,208	10,744,551
Real estate	14,147,652	315,635	40,013	11,496	14,514,796
Personal	10,320,926	462,389	7,823	72,676	10,863,814
Others	592,696	66,480	3,106	18,361	680,643
	54,456,707	5,903,930	520,874	715,293	61,596,804
Less: Deferred profit					(1,343)
Specific impairment of loans and advances to customers					(2,282,717)
Collective impairment allowance					(126,522)
					59,186,222

At 31 December 2015	Loans QAR'000	Overdrafts QAR'000	Bills discounted QAR'000	Other loans QAR'000	Total QAR'000
Government and related agencies	2,597,853	943,855	-	15,925	3,557,633
Non-banking financial institutions	2,306,255	186,137	-	-	2,492,392
Industry	2,713,233	64,567	82,179	5,551	2,865,530
Commercial	7,769,002	846,409	109,388	645,325	9,370,124
Services	5,749,818	288,621	52,035	10,899	6,101,373
Contracting	8,525,823	1,237,616	49,726	241,193	10,054,358
Real estate	11,234,959	302,620	23,277	26,389	11,587,245
Personal	10,160,182	549,257	124	190,411	10,899,974
Others	622,197	98,205	11,610	22,535	754,547
	51,679,322	4,517,287	328,339	1,158,228	57,683,176
Less: Deferred profit					(17,876)
Specific impairment of loans and advances to customers					(1,946,833)
Collective impairment allowance					(123,463)
					55,595,004

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

Movement in impairment loss on loans and advances to customers

	2016 QAR'000	2015 QAR'000
Balance at 1 January	**2,070,296**	1,775,385
Foreign currency translation	**(895)**	(2,476)
Provisions made during the year	**753,184**	559,409
Recoveries during the year	**(98,360)**	(132,046)
Net allowance for impairment during the year*	**654,824**	427,363
Written off/transfers during the year	**(314,986)**	(129,976)
Balance at 31 December	**2,409,239**	2,070,296

*The movement includes the effect of interest suspended on loans and advances to customers as per QCB regulations amounting to QAR 174.6 million during the year (2015: QAR 113.9 million).

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

	Corporate lending QAR'000	**SME lending QAR'000**	**Retail lending QAR'000**	**Real Estate Mortgage lending QAR'000**	**Total QAR'000**
Balance at 1 January	**1,553,606**	**68,745**	**362,421**	**85,524**	**2,070,296**
Foreign currency translation	**(681)**	**-**	**(214)**	**-**	**(895)**
Provisions made during the year	**618,295**	**18,529**	**109,429**	**6,931**	**753,184**
Recoveries during the year	**(31,279)**	**(4,907)**	**(32,971)**	**(29,203)**	**(98,360)**
Written off/transfers during the year	**(179,279)**	**(21,978)**	**(97,382)**	**(16,347)**	**(314,986)**
Balance at 31 December 2016	**1,960,662**	**60,389**	**341,283**	**46,905**	**2,409,239**

	Corporate lending QAR'000	SME lending QAR'000	Retail lending QAR'000	Real Estate Mortgage lending QAR'000	Total QAR'000
Balance at 1 January	1,274,387	53,622	365,996	81,380	1,775,385
Foreign currency translation	(1,829)	-	(647)	-	(2,476)
Provisions made during the year	430,395	20,482	102,407	6,125	559,409
Recoveries during the year	(99,367)	(1,422)	(29,276)	(1,981)	(132,046)
Written off during the year	(49,980)	(3,937)	(76,059)	-	(129,976)
Balance at 31 December 2015	1,553,606	68,745	362,421	85,524	2,070,296

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

11. INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

	2016 QAR'000	2015 QAR'000
Available-for-sale	8,524,454	6,656,781
Investment securities classified as held for trading	5,657	16,697
Held to maturity*	6,405,787	5,738,356
	14,935,898	12,411,834
Impairment losses	(229,788)	(213,602)
Total	14,706,110	12,198,232

*The Group has pledged State of Qatar Bonds amounting to QAR 2,545 million (2015: QAR 2,829 million) against repurchase agreements.

Available-for-sale

	2016		2015	
	Quoted QAR'000	Unquoted QAR'000	Quoted QAR'000	Unquoted QAR'000
Equities	1,109,292	68,042	1,349,144	70,166
State of Qatar debt securities	3,282,312	1,652,005	2,119,273	1,129,283
Other debt securities	2,293,850	76	1,862,680	2,030
Mutual funds	118,877	-	124,205	-
Less: Impairment losses	(206,805)	(8,789)	(190,503)	(8,905)
Total	6,597,526	1,711,334	5,264,799	1,192,574

Fixed rate securities and floating rate securities amounted to QAR 7,130 million and QAR 98.7 million respectively as of 31 December 2016 (2015: QAR 5,100 million and QAR 10 million respectively).

Investment securities classified as held for trading

The investment securities classified as held for trading comprise quoted bonds amounted to QAR 5.7 million. (2015: Quoted bonds amounting to QAR 5.3 million and quoted equity amounting to QAR 11.4 million).

Held to maturity

	2016		2015	
-By issuer	Quoted QAR'000	Unquoted QAR'000	Quoted QAR'000	Unquoted QAR'000
State of Qatar debt securities	3,351,341	1,675,596	2,943,952	1,710,820
Other debt securities	381,721	997,129	395,642	687,942
Less: Impairment losses	(14,194)	-	(14,194)	-
Total	3,718,868	2,672,725	3,325,400	2,398,762
-By interest rate				
Fixed rate securities	3,733,062	2,672,725	3,300,630	2,398,762
Floating rate securities	-	-	38,964	-
Less: Impairment losses	(14,194)	-	(14,194)	-
Total	3,718,868	2,672,725	3,325,400	2,398,762

The fair value of held-to-maturity investments amounted to QAR 6,391 million at 31 December 2016 (2015: QAR 5,850 million).

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

Movement in impairment losses on investment securities

	2016 QAR'000	2015 QAR'000
Balance at 1 January	213,602	122,795
Provision for impairment loss during the year	139,499	109,652
Transferred to consolidated income statement on disposal	(123,313)	(18,845)
Balance at 31 December	229,788	213,602

12. INVESTMENT IN AN ASSOCIATE

	2016 QAR'000	2015 QAR'000
Balance at 1 January	8,908	9,244
Foreign currency translation	(257)	(439)
Acquisitions during the year	1,738	-
Share of results	(46)	168
Cash dividend	-	(65)
Balance at 31 December	10,343	8,908

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

31 December	2016 QAR'000	2015 QAR'000
Total assets	30,140	31,903
Total liabilities	16,295	16,690
Total revenue	8,300	9,038
(Loss) / profit	(104)	382
Share of (loss) /profit	(46)	168

13. PROPERTY, FURNITURE AND EQUIPMENT

	Land and buildings QAR'000	Leasehold improvements QAR'000	Furniture and equipment QAR'000	Vehicles QAR'000	Total QAR'000
At 31 December 2016 Cost:					
Balance at 1 January	821,100	156,429	449,557	11,931	1,439,017
Additions/ transfers	91	26,169	62,196	687	89,143
Disposals / write-off	(9,681)	(2,907)	(18,542)	(2,884)	(34,014)
	811,510	179,691	493,211	9,734	1,494,146
Depreciation:					
Balance at 1 January	187,558	121,561	333,556	10,555	653,230
Depreciation for the year	32,673	13,210	47,127	632	93,642
Disposals / write-off	(320)	(2,908)	(17,460)	(2,883)	(23,571)
	219,911	131,863	363,223	8,304	723,301
Net Book Value	591,599	47,828	129,988	1,430	770,845

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

PROPERTY, FURNITURE AND EQUIPMENT (Continued)

	Land and buildings QAR'000	Leasehold improvements QAR'000	Furniture and equipment QAR'000	Vehicles QAR'000	Total QAR'000
At 31 December 2015 Cost:					
Balance at 1 January	768,420	146,586	417,237	12,536	1,344,779
Additions/Transfers	61,672	9,856	35,596	794	107,918
Disposals	(8,992)	(13)	(3,276)	(1,399)	(13,680)
	821,100	156,429	449,557	11,931	1,439,017
Depreciation:					
Balance at 1 January	162,743	109,593	300,375	11,057	583,768
Depreciation for the year	32,927	11,976	36,239	658	81,800
Disposals	(8,112)	(8)	(3,058)	(1,160)	(12,338)
	187,558	121,561	333,556	10,555	653,230
Net Book Value	633,542	34,868	116,001	1,376	785,787

14. OTHER ASSETS

	2016 QAR'000	2015 QAR'000
Interest receivable	**165,942**	185,125
Prepaid expenses	**53,573**	109,306
Positive fair value of derivatives (Note 34)	**107,746**	28,876
Deferred tax asset	**89,177**	51,521
Sundry debtors	**2,122**	22,023
Others	**507,209**	355,915
	925,769	752,766

15. DUE TO BANKS

	2016 QAR'000	2015 QAR'000
Balances due to central banks	**728,300**	375,141
Current accounts	**208,068**	179,272
Certificate of deposits	**700,000**	-
Short-term loan from banks	**8,272,925**	5,828,771
Repo borrowings*	**2,366,043**	2,392,946
	12,275,336	8,776,130

** Collateral details relating to Repo borrowings are disclosed in Note 11.*

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

16. CUSTOMER DEPOSITS

By type

	2016 QAR'000	2015 QAR'000
Current and call deposits	**10,022,348**	10,885,356
Saving deposits	**2,312,654**	2,502,901
Time deposits	**43,394,948**	39,378,356
	55,729,950	52,766,613

By sector

	2016 QAR'000	2015 QAR'000
Government and semi government agencies	**21,543,253**	21,696,932
Individuals	**10,218,732**	10,429,439
Corporates	**22,291,246**	17,571,977
Non-banking financial institutions	**1,676,719**	3,068,265
	55,729,950	52,766,613

17. DEBT SECURITIES

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

	2016 QAR'000	2015 QAR'000
Subordinated debt notes (a)	**-**	772,736
Senior guaranteed notes (b)	**1,819,598**	1,814,992
	1,819,598	2,587,728

Note (a)
On 12 December 2006, the Group issued US$ 340 million subordinated floating rate step up notes at a nominal value of US$ 100,000 per note, and carry interest at three months US$ LIBOR plus 1.32% per annum payable. The notes matured in December 2016.

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

18. OTHER BORROWINGS

	2016 QAR'000	2015 QAR'000
Term loan facilities	**4,994,474**	3,452,534

The table below shows the maturity profile of other borrowings.

	2016 QAR'000	2015 QAR'000
Up to 1 year	**3,293,026**	276,378
Between 1 and 3 years	**1,701,448**	3,176,156
	4,994,474	3,452,534

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

19. OTHER LIABILITIES

	2016 QAR'000	2015 QAR'000
Interest payable	**281,650**	214,633
Accrued expense payable	**58,030**	84,505
Provision for end of service benefits (Note-i)	**125,207**	216,122
Staff provident fund *	**58,231**	99,524
Tax payable	**31,308**	25,884
Negative fair value of derivatives (Note 34)	**28,976**	20,066
Unearned income	**83,387**	70,108
Cash margins	**315,179**	297,284
Dividend payable	**48,178**	39,704
Unclaimed balances	**8,240**	9,755
Proposed transfer to social and sport fund	**26,345**	34,343
Others**	**1,100,325**	1,406,881
Total	**2,165,056**	2,518,809

* Staff provident fund contribution was ceased effective July 2016 except for the Qatari and other GCC nationals.
**This includes acceptances pertaining to trade finance amounting to QAR 308 million (2015: QAR 716.8 million).

Note-i

Provision for end of service benefits

	2016 QAR'000	2015 QAR'000
Balance at 1 January	**216,122**	193,505
Provision for the year	**35,245**	39,467
Provisions used during the year*	**(126,160)**	(16,850)
Balance at 31 December	**125,207**	216,122

** 50% of the end of service benefits have been paid to all staff during the year*

20. EQUITY

a. Share capital

	Ordinary shares	
	2016	2015
In thousands of shares		
On issue at the beginning of the reporting period	**258,372**	258,372
On issue at 31 December	**258,372**	258,372

At 31 December 2016, the authorised share capital comprised 258,372 thousands ordinary shares (2015: 258,372 thousands). These instruments have a par value of QAR 10. All issued shares are fully paid.

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

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

b. Legal reserve

In accordance with Qatar Central Bank's Law No. 13 of 2012, 10% of the net profit for the year is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in the Qatar Commercial Companies' Law No. 11 of 2015 and is subject to the approval of QCB.
The legal reserve includes share premium received on issuance of new shares in accordance with Qatar Commercial Companies Law 11 of 2015.

c. Risk reserve

In accordance with the Qatar Central Bank regulations, a minimum requirement of 2.5% of the net loans and advances to customers except for facilities granted to Government, is required as risk reserve to cover any contingencies.
For the year ended 31 December 2016 the Group has transferred QAR 80 million (2015: QAR 152 million) into the risk reserve which is 2.5% of the net loans and advances to customers except for facilities granted to Government.

d. Fair value reserves

This reserve comprises the fair value changes recognised on available-for-sale financial assets.

	2016 QAR'000	2015 QAR'000
Balance at 1 January	**(269,676)**	(57,574)
Net unrealized (loss) gain on available-for-sale investment securities	**(34,035)**	(296,132)
Reclassified to consolidated statement of Income	**200,299**	84,030
Net change in fair value of available – for – sale investment securities	**166,264**	(212,102)
Balance at 31 December	**(103,412)**	(269,676)

e. Foreign currency translation reserve

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

f. Proposed dividend

The Board of Directors of the Group has proposed a cash dividend of 30 % of paid up share capital amounting to QAR 775.1 million - QAR 3.00 per share (2015: 30% of paid up share capital amounting to QAR 775.1 million - QAR 3.00 per share) which is subject to approval at the Annual General Meeting of the shareholders.

g. Instrument eligible as additional capital

	2016 QAR'000	2015 QAR'000
Issued on 31 December 2013	**2,000,000**	2,000,000
Issued on 30 June 2015	**2,000,000**	2,000,000
	4,000,000	4,000,000

The Group has issued regulatory Tier I capital notes totaling to QAR 4 billion. These notes are perpetual, subordinated, unsecured and each has been priced at a fixed rate for the first six years and shall be re-priced thereafter. The coupon is discretionary and the event on non-payment is not considered as an event of default. The notes carry no maturity date and have been classified under Tier 1 capital.

21. INTEREST INCOME

	2016 QAR'000	2015 QAR'000
Balance with central banks	**1,774**	6,701
Due from banks and non-banking financial institutions	**100,393**	117,930
Debt securities	**459,343**	383,163
Loans and advances to customers	**2,619,949**	2,334,381
	3,181,459	2,842,175

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

22. INTEREST EXPENSE

	2016 QAR'000	2015 QAR'000
Due to banks	**231,118**	110,545
Customer deposits	**798,725**	607,625
Debt securities	**78,506**	76,400
	1,108,349	794,570

23. FEE AND COMMISSION INCOME

	2016 QAR'000	2015 QAR'000
Credit related fees	**108,741**	139,749
Brokerage fees	**645**	586
Bank services fee	**232,601**	229,023
Commission on unfunded facilities	**134,113**	136,420
Others	**26,848**	31,519
	502,948	537,297

24. FEE AND COMMISSION EXPENSE

	2016 QAR'000	2015 QAR'000
Bank fees	**1,185**	1,314
Others	**41,984**	39,438
	43,169	40,752

25. FOREIGN EXCHANGE GAIN

	2016 QAR'000	2015 QAR'000
Dealing in foreign currencies	**47,169**	21,439
Revaluation of assets and liabilities	**55,077**	76,102
	102,246	97,541

26. INCOME FROM INVESTMENT SECURITIES

	2016 QAR'000	2015 QAR'000
Net (loss) / gains on investment securities	**(5,095)**	30,673
Dividend income	**48,215**	38,868
	43,120	69,541

27. OTHER OPERATING INCOME

	2016 QAR'000	2015 QAR'000
Recoveries from the loans and advances previous written-off	**28,875**	35,196
Rental income	**12,509**	12,903
Others	**13,495**	25,329
	54,879	73,428

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

28. STAFF COSTS

	2016 QAR'000	2015 QAR'000
Staff cost	469,159	465,692
Staff pension fund costs	9,845	11,369
End of service benefits	35,245	39,467
Training	2,055	3,996
	516,304	520,524

29. OTHER EXPENSES

	2016 QAR'000	2015 QAR'000
Advertising	33,424	36,355
Professional fees	42,529	28,391
Communication and insurance	51,841	49,801
Board of Directors' remuneration	15,221	15,339
Occupancy and maintenance	100,686	88,932
Computer and IT costs	38,159	29,069
Printing and stationary	11,734	14,695
Travel and entertainment costs	7,189	8,269
Others	167,196	157,476
	467,979	428,327

30. TAX EXPENSE

	2016 QAR'000	2015 QAR'000
Current tax expense		
Current year	32,207	25,701
Adjustments for prior years	29	100
	32,236	25,801
Deferred tax expense		
Temporary differences	(34,019)	(21,232)
	(34,019)	(21,232)
Income tax expense reported in the statement of income	(1,783)	4,569

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

31. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share of the Group is calculated by dividing profit for the year attributable to the equity holders (further adjusted for interest expense on tier 1capital notes) of the Bank by the weighted average number of ordinary shares in outstanding during the year:

	2016 QAR'000	2015 QAR'000
Profit for the year attributable to the equity holders of the Group	1,053,781	1,353,529
Deduct : Interest on Tier 1 capital notes	(220,000)	(170,000)
Net profit attributable to equity holders of the Group	833,781	1,183,529
Weighted average number of outstanding shares (in thousands)	258,372	258,372
Earnings per share (QAR)	3.23	4.58

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

	2016	2015
In thousands of shares		
Weighted average number of shares at 1 January	258,372	258,372

32. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2016 QAR'000	2015 QAR'000
Contingent liabilities		
Unused facilities	3,577,504	7,253,819
Guarantees	22,246,187	23,335,322
Letters of credit	7,196,260	3,058,478
Others	161,142	49,052
Total	33,181,093	33,696,671
Other commitments		
Forward foreign exchange contracts	30,696,684	11,017,638
Interest rate swaps	1,822,890	949,275
Total	32,519,574	11,966,913

Unused facilities

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

Guarantees and Letters of credit

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

Lease commitments

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

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

Future minimum lease payments under non-cancellable leases as at December 31 are as follow:

	2016 QAR'000	2015 QAR'000
Less than one year	**14,375**	22,198
Between one and five years	**21,830**	20,944
More than five years	**2,584**	3,820
	38,789	46,962

33. CASH AND CASH EQUIVALENTS

	2016 QAR'000	2015 QAR'000
Cash and balances with central banks*	**2,222,899**	1,399,611
Due from banks and other financial institutions maturing within 3 months	**6,693,115**	6,157,790
	8,916,014	7,557,401

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

34. DERIVATIVES

				Notional / expected amount by term to maturity			
At 31 December 2016:	**Positive fair value QAR'000**	**Negtive fair value QAR'000**	**Notional amount QAR'000**	**within 3 months QAR'000**	**3 - 12 months QAR'000**	**1-5 years QAR'000**	**More than 5 years QAR'000**
Derivatives held for trading:							
Forward foreign exchange contracts	**52,145**	**19,827**	**30,696,684**	**26,292,656**	**4,404,028**	**-**	**-**
Derivatives held for fair value hedges:							
Interest rate swaps	**55,601**	**9,149**	**1,822,890**	**-**	**25,491**	**733,398**	**1,064,001**

				Notional / expected amount by term to maturity			
At 31 December 2015:	Positive fair value QAR'000	Negative fair value QAR'000	Notional amount QAR'000	within 3 months QAR'000	3 - 12 months QAR'000	1-5 years QAR'000	More than 5 years QAR'000
Derivatives held for trading:							
Forward foreign exchange contracts	23,718	4,431	11,017,638	5,661,317	25,491	2,325,501	-
Derivatives held for fair value hedges:							
Interest rate swaps	5,158	15,635	949,275	-	-	232,692	716,583

35. RELATED PARTIES

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

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

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

	2016		2015	
	Board of directors QAR'000	**Others QAR'000**	Board of directors QAR'000	Others QAR'000
Assets:				
Loans and advances to customers	**1,350,895**	**-**	1,280,508	-
Liabilities:				
Customer deposits	**394,631**	**19,506**	404,306	4,723
Unfunded items:				
Contingent Liabilities and other commitments	**754,262**	**-**	931,377	-
Other assets	**8,305**	**-**	8,305	-
Income statement items:				
Interest , commission and other income	**40,669**	**-**	35,022	-
Interest, commission and other expense	**7,825**	**515**	6,698	270

No impairment losses have been recorded against balances outstanding during the period with key management personnel.

Key management personnel compensation for the year comprised:

	2016 QAR'000	2015 QAR'000
Salaries and other benefits	**57,282**	61,394
End of service indemnity benefits and provident	**6,352**	7,685
	63,634	69,079

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

36. BUSINESS COMBINATION

Acquisitions in 2015

On 1 April 2015, the Group acquired the business of HSBC Bank Oman S.A.O.G.'s Mumbai and Kochi branches which specialise in corporate and retail Banking. The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of HSBC Bank Oman S.A.O.G.'s Mumbai and Kochi branches as at the date of acquisition were:

	Fair value recognised on acquisition QAR'000
ASSETS	
Property, furniture and equipment	30,649
Cash and balances with central banks	5,026
Due from banks	86,956
Loans and advances to customers	425
Investment securities	17,919
Other assets	7,140
	148,115
LIABILITIES	
Customer deposits	71,075
Other liabilities	2,086
	73,161
Total identifiable net assets at fair value	74,954
Gain on bargain purchase arising on acquisition	(388)
PURCHASE CONSIDERATION TRANSFERRED	**74,566**
Analysis of cash flows on acquisition:	
Net cash acquired with the branches	91,982
Cash paid	(74,566)
Net cash flows on acquisition (included in cash flows from investing activities)	**17,416**

37. EVENTS AFTER REPORTING DATE

At the first meeting of the Board of Directors in year 2017 held on 22 January 2017, the Board of directors has resolved to increase 20% of the current paid-up share capital through the issuing of new shares to the Group's existing shareholders who are registered at Qatar Exchange, at the close of business on 15 March 2017, at a premium of QAR 15 in addition to a nominal value of QAR10 per share.

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

38. FINANCIAL STATEMENTS OF THE PARENT
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
Statement of Financial Position – Parent Bank

As at 31 December	2016 QAR'000	2015 QAR'000
ASSETS		
Cash and balances with central banks	4,260,410	3,562,821
Due from banks	10,434,909	10,330,715
Loans and advances to customers	59,186,222	55,595,004
Investment securities	14,707,791	12,198,968
Investment in an associate	10,343	8,908
Property, furniture and equipment	770,292	785,461
Other assets	848,286	692,672
TOTAL ASSETS	90,218,253	83,174,549
LIABILITIES		
Due to banks	12,275,336	8,776,130
Customer deposits	55,745,593	52,803,580
Debt securities	1,819,598	2,587,728
Other borrowings	4,994,474	3,452,534
Other liabilities	2,058,409	2,420,492
TOTAL LIABILITIES	76,893,410	70,040,464
EQUITY		
Share capital	2,583,723	2,583,723
Legal reserve	4,305,737	4,305,737
Risk reserve	1,372,000	1,292,000
Fair value reserves	(100,001)	(266,667)
Foreign currency translation reserve	(24,991)	(19,825)
Proposed dividend	775,117	775,117
Retained earnings	413,258	464,000
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	9,324,843	9,134,085
Instrument eligible as additional capital	4,000,000	4,000,000
TOTAL EQUITY	13,324,843	13,134,085
TOTAL LIABILITIES AND EQUITY	90,218,253	83,174,549

DOHA BANK Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2016

Income Statement – Parent Bank

For the year ended 31 December	2016 QAR'000	2015 QAR'000
Interest income	3,181,459	2,842,175
Interest expense	(1,109,061)	(795,248)
Net interest income	2,072,398	2,046,927
Fee and commission income	502,948	543,848
Fee and commission expense	(43,169)	(47,303)
Net fee and commission income	459,779	496,545
Foreign exchange gain	102,246	97,541
Income from investment securities	41,556	68,432
Other operating income	54,541	70,787
	198,343	236,760
Net operating income	2,730,520	2,780,232
Staff costs	(505,068)	(509,044)
Depreciation and amortisation	(93,388)	(81,602)
Impairment loss on investment securities and due from banks	(138,771)	(107,682)
Net impairment loss on loans and advances to customers	(480,224)	(313,350)
Other expenses	(464,462)	(423,757)
	(1,681,913)	(1,435,435)
Profit for the year before tax	1,048,607	1,344,797
Tax expense	2,158	(3,307)
Profit for the year	1,050,765	1,341,490

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

3) Museum (204)
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Umm Baab, Dukhan	+974 4471 2236	+974 4471 2678
Woqood	+974 4411 4374 / 6674 3509	+974 4411 4372
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Lulu Hypermarket-Gharafa	+974 44780659 / 77866470	+974 4478 0615
D-Payroll Center	+974 44420726 / 55023789	+974 4442 0632
QP Handasa	+974 4437 5738 / 6660 3646	+974 4437 6022
Lulu Al Khor (Al Khor Mall)	+974 4015 3128 / 6654 5149	+974 4472 6147
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Note: As of 31st March 2017