everything is possible

COMMERCIAL BANK

Success is a journey

Annual Report 2015

His Highness the Father Emir
Sheikh Hamad Bin Khalifa Al Thani

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

Contents

Founded in 1975 as Qatar's first private bank, Commercial Bank has now passed its 40 year milestone. We are inspired by, part of, and wholly committed to Qatar.

everything is possible

Business at a glance

About Commercial Bank

Incorporated in 1974 as the first private bank in the country, Commercial Bank is today one of the leading financial institutions in Qatar with a profitable track record since inception. We continue to play an important role in driving innovation and raising service standards in banking across the region through our investment in new technology, a clear focus on customers and prudent management. Our country-wide network includes 30 full service branches and 154 ATMs, and we also own and operate exclusive Diners Club franchises in Qatar and Oman. We are listed on the Qatar Exchange and were the first Qatari bank to list its Global Depository Receipts, as well as bonds, on the London Stock Exchange.

Our successful strategy has diversified our income streams and expanded our GCC footprint through our associates the National Bank of Oman in Oman and United Arab Bank in the United Arab Emirates. Building on the successful execution of the Bank's regional expansion strategy to date, in July 2013 Commercial Bank acquired a majority stake in ABank in Turkey. These strategic alliances enable Commercial Bank to offer integrated services across the region, including cross border services for corporate banking and capital markets; support on trade services; private banking services; and, syndicated loans in all four markets.

Our continual investment in technology and people, together with our strong capital base, provides a solid foundation for further growth. Commercial Bank has a robust financial position, with total assets of QAR 123.42 billion at 31 December 2015, and a capital adequacy ratio of 13.51% – well above the minimum 12.63% required by the Qatar Central Bank. The Bank enjoys strong credit ratings of A+ from Fitch, A1 from Moody's and A- from Standard & Poors.

True to our pioneering origins and history of success, we are dedicated to supporting Qatar's economic development and social infrastructure through Corporate Social Responsibility programmes and sponsorship of various events, which help to raise Qatar's international profile.

Our business segments

Wholesale Banking provides a range of conventional commercial and investment banking services and products to large, medium and small enterprises, including corporate lending, trade finance, syndicated loans, deposits, letter of credit and guarantees.

Retail Banking provides a full suite of conventional retail banking services and products to retail customers in Qatar, including current and deposit accounts, wealth management, mortgage lending, personal and vehicle loans and credit card and other card services.

THE COMMERCIAL BANK (Q.S.C.) I ANNUAL REPORT 2015

Forward looking statements

This document contains certain forward looking statements with respect to certain plans and current goals and expectations of Commercial Bank and its associated companies relating to their future financial condition and performance.

These forward looking statements do not relate only to historical or current facts. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances including a number of factors which are beyond Commercial Bank's control.

As a result, Commercial Bank's actual future results may differ materially from the plans, goals and expectations set forth in Commercial Bank's forward-looking statements. Any forward-looking statements made by or on behalf of Commercial Bank speak only as of the date they are made. Commercial Bank does not undertake to update forward looking statements to reflect any changes in Commercial Bank's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

Net profit
QAR 1.43 bn

Earnings per share
QAR 3.92

Customer loans and advances
QAR 76.60 bn

Customers' deposits
QAR 69.79 bn

Total assets
QAR 123.42 bn

Financial highlights

In QAR million, except per share amounts and as stated otherwise	2015	2014	2013	2012	2011	2010	2009
Net interest income	**2,534**	2,581	2,188	1,866	1,938	1,695	1,584
Net operating income	**3,949**	3,903	3,434	2,984	2,864	2,562	2,778
Net profit	**1,434**	1,940	1,605	2,012	1,884	1,635	1,524
Total assets	**123,421**	115,652	113,111	80,038	71,638	62,520	57,317
Lending to customers	**76,601**	72,541	66,863	48,594	41,712	33,567	31,929
Basic/diluted earnings per share in QAR	**3.92**	5.93	5.40	8.13	7.71	7.24	7.08
Dividends declared per ordinary share including bonus shares in QAR	**3.00**	4.50	4.00	6.00	6.00	7.00	6.00
Closing market price per ordinary share in QAR (at year end)	**45.90**	68.50	70.80	70.90	84.00	92.00	61.50
Book value per ordinary share in QAR	**52.96**	59.60	66.90	60.37	57.51	55.11	55.47
Long-term debt (at year end)	**20,523**	18,885	17,105	12,177	11,054	10,994	9,924
Shareholders' equity (at year end)	**17,299**	17,696	16,555	14,939	14,230	12,500	12,010
Return on average shareholders' equity	**8.2%**	11.3%	10.2%	13.8%	14.1%	13.3%	13.9%
Return on average assets	**1.2%**	1.7%	1.7%	2.7%	2.8%	2.7%	2.6%
Capital adequacy ratio	**13.5%**	15.2%	14.1%	17.0%	17.9%	18.5%	18.9%
Full-time employees (at year end)	**1,248**	1,159	1,154	1,114	1,115	1,207	1,239

Key highlights

Our development over the past four decades has mirrored the spectacular growth of Qatar. Commercial Bank's success has been underpinned with solid growth and driven by a spirit of ambition, entrepreneurship and innovation.

Chairman's message

Shiekh Abdullah Bin Ali Bin Jabor Al Thani

I am pleased to present Commercial Bank's Annual Report for the year ended 31 December 2015 on behalf of the Board of Directors.

2015 marked an historic milestone for Commercial Bank as we celebrated our 40th anniversary as Qatar's first private sector bank. Since 1975, our Bank's development has mirrored the incredible growth of Qatar, driven by the spirit of entrepreneurship, ambition and innovation of our institution's founding members, a spirit which remains with us today. As we reflect on our successful journey spanning more than four decades, it gives me great pride that we have achieved the ambition of our founding fathers to bring modern banking to Qatar, giving us motivation to continue our journey of success in 2016 and beyond.

One of the key factors behind Commercial Bank's success is our unique approach to supporting citizens, residents, businesses of all sizes in Qatar and internationally through our affiliates. Innovation has guided our journey and it is this commitment which has enabled us to deliver many firsts for the Qatari market, constantly exceeding the expectations of our customers.

Commercial Bank has played a central role in supporting Qatar's economy through all cycles. Concerns about the global economy impacted the world's markets during 2015. We saw a marked slowdown in growth in emerging market and developing economies driven by a rebalancing of economic activity in China, lower oil, energy and commodity prices and the gradual tightening of monetary policy in the United States. China is still growing at a comparatively fast rate, however a quicker than expected slowdown in imports and exports and the accompanying diminishing confidence in financial markets is spilling into other economies.

The price of oil declined markedly during the last quarter of 2015 on expectations of production increased by OPEC members and lower demand. While Qatar's economy remains robust backed by the government's commitment to planned non hydrocarbon projects, the declining price of oil is impacting broader sentiment and straining fiscal position of fuel exporters. In October 2015, the IMF forecast global growth to remain subdued and has since then stated the pickup in global activity is projected to be even more gradual, particularly in emerging and developing economies, with current estimates at 3.1% for 2015, 3.4% in 2016 and 3.6% in 2017. Adding further complexity are additional rises in the US interest rates and its impact on those economies whose currencies, like Qatar, are pegged to the US dollar.

As pressures from a declining oil price, quantitative easing programmes, volatility in one of the world's largest economies and political unrest impacts global markets,

"During 2016, Commercial Bank will focus on delivering the best experience for its customers and provide long-term value for its shareholders as we continue along our journey of success."

Qatar's economy continued to grow, albeit at a slower rate. In December, Qatar adjusted its estimated real projected nominal GDP growth rate for 2015 to 3.7%, down from original forecasts of 7.3% at the end of June 2015, reflecting challenging macro-economic conditions. However, Qatar's vigour in non hydro-carbon diversification, guided by our leader, His Highness The Emir Sheikh Tamim Bin Hamad Al Thani, supports the country's forecasts of delivering a budget surplus in 2017, despite a potential deficit in 2016. Oil remains a challenge for Qatar's economic outlook, which is based on average prices of USD 51.20 per barrel in 2016 and USD 55.30 in 2017. However long-term contracts for liquefied natural gas exports mitigate against the impact of a lower oil price. Real economic growth is expected to remain stable in 2016 and 2017 before tapering as gains from increased gas production are offset by a slowdown in construction once infrastructure spending peaks. The country's strong fiscal reserves will also provide a cushion against any protracted commodity downturn.
This estimated level of growth is based upon major infrastructure expenditure amounting to QAR 50.6 billion to achieve Qatar's National Vision 2030 to transform the country into an advanced society with a focus on health, education, transport and infrastructure. Public expenditure will overhaul Qatar's transport network including a new Doha Metro, Doha Port, expressways as well as other fundamental infrastructure such as the expansion of electricity, water and sewage works. This not only serves to satisfy demand for services but also attracts foreign expatriates. Population growth is expected to increase to 2.8 million by 2018, which would represent a 75% increase in eight years. Also, the government is set to award new contracts worth more than USD 2 billion in 2016 to further advance preparations for the 2022 FIFA World Cup. The National Strategy of Qatar provides Commercial Bank with a wide range of growth opportunities to generate more value for its customers and shareholders.

Against this challenging economic backdrop, Commercial Bank displayed a great degree of adaptability and foresight to successfully navigate the year and deliver financial results. When Commercial Bank maintains profitability, it reflects well on the country's economy as we are actively involved in supporting crucial projects and businesses which will shape Qatar's future. As a pioneering Qatari bank, we contribute significantly to the development of the national economy by financing large-scale projects whilst at the same time strengthening SMEs and implementing the National Vision 2030 objectives across all our business units. In the coming year, we will continue to play an influential role in contributing to the growth and vitality of the national economy as we have done over the previous four decades.

The Board of Directors is recommending, for approval at the Annual General Assembly on 23 March 2016, a cash dividend payout of QAR 3 per share. The level of dividend recognises our shareholders' ongoing loyalty and Commercial Bank's commitment to invest in its ability to generate long-term, stable returns for its shareholders.

On behalf of the Board of Directors, I would like to express our sincere thankfulness and gratitude for the visionary leadership of His Highness the Emir. I also want to take this opportunity to convey our appreciation for the guidance and support we have received from His Excellency the Prime Minister and Minister of the Interior, His Excellency the Minister of Finance, His Excellency the Minister of Economy and Commerce and His Excellency the Governor of Qatar Central Bank. Without the enterprising, yet pragmatic, direction of our country's governing authorities, Commercial Bank would not benefit from the environment which supports our development.

During 2016, Commercial Bank will focus on delivering the best experience for its customers and provide long-term value for its shareholders as we continue along our journey of success. I would like to thank the Board of Directors for their continued guidance, and the Executive Committee for their notable contributions to our accomplishments this past year. We also owe this achievement to the loyalty of our customers and shareholders as well as the dedication and hard work of all our employees who ensure Commercial Bank continues to perform well in challenging circumstances. Going forward, Commercial Bank will continue to find new and innovative ways to support the development of the Qatari economy and we look forward to continuing our journey of prosperity and success.

Abdullah Bin Ali Bin Jabor Al Thani

Board of Directors









Commercial Bank has grown to become part of the fabric of Qatar. We take pride in our achievements and look forward to exploring the new opportunities that lie ahead while continuing to support the economic diversity and sustainability of our country.

Vice Chairman and Managing Director's message

"We see success as a journey and while 2016 will likely be challenging as we adjust to a moderating regional economy, we are committed to supporting Qatar's growth by providing expert and efficient financial solutions."

Mr. Hussain Ibrahim Alfardan

2015 was a symbolic year for Commercial Bank as it marked four decades of the Bank's operations. The journey of success Commercial Bank has experienced during this time mirrors the phenomenal growth in Qatar over the same period. We will continue to play a significant role in the country's economic development, as we have consistently done since our inception in 1975 as the first private sector bank in Qatar. Our contribution to the country, whether through financing major infrastructure projects, delivering returns to shareholders, supporting businesses, serving customers and as a major employer for the private sector, reflects Commercial Bank's commitment to support the Qatar National Vision 2030.

The development of Qatar and the banking industry over the last 40 years has been monumental and with it, Commercial Bank has established itself as a world-class provider of financial services. Supported by technological advances and a heightened level of education about financial products, a relatively unbanked nation has evolved to one which executes transactions at a time and place that is most convenient for customers, whether this be on smartphones, through internet banking or in branch. The widespread access and availability of our Bank's services is driven by our commitment to innovation and our desire to develop the economy of Qatar, a spirit instilled by our founding fathers over 40 years ago.

It is this commitment to innovation which has supported our continued profitability. Against a challenging economic backdrop driven by lower oil prices, increasing interest rates and a slowdown in the Chinese and other emerging market economies, Commercial Bank's fundamentals remain strong and our strategy firm. Net operating income increased 1.2% to QAR 3,949 million for the year ended 31 December 2015, up from QAR 3,902 million in 2014. Our Turkish subsidiary, ABank, delivered net operating income of QAR 711.6 million for the year ended 31 December 2015 which represents 18% of the total net operating income.

Net interest income was QAR 2,534 million for the year ended 31 December 2015, 1.8% lower than in 2014, as tightening liquidity and asset yields compressed margins. ABank contributed QAR 499.5 million, 19.8% of the total net interest income. Net interest margin decreased to 2.5% compared with 2.7% in 2014.

Non-interest income was up 7% to QAR 1,415 million for the year ended 31 December 2015 compared with QAR 1,322 million in 2014 with ABank contributing QAR 212 million. The overall increase in non-interest income was due to higher net fee and commission income and foreign exchange income which were partially offset by lower income from investments securities.

Total operating expenses were up 4.3% to QAR 1,690 million for the year ended 31 December 2015 compared with QAR 1,620 million in 2014. The increase in operating expenses was due to higher staff costs, professional fees and occupancy costs.

The Bank's net provisions for loans and advances were QAR 842 million for the year ended 31 December 2015, up 30.7% from QAR 623 million provided in 2014. The non-performing loan ratio has increased to 4.2% at 31 December 2015 compared with 3.7% at the end of December 2014 and the coverage ratio has decreased to 71% as at December 2015 compared to 74% in December 2014.

Impairment provisions on the Bank's investment portfolio increased to QAR 56 million for the year ended 31 December 2015 compared with QAR 50 million in 2014.

Commercial Bank delivered balance sheet growth of 6.7% at the end December 2015 with total assets at QAR 123.4 billion, compared to QAR 115.7 billion at the end of December 2014. ABank contributed QAR 16.5 billion of assets for the period. Balance sheet growth was driven mainly by an increase in lending to customers and financial investments.

Loans and advances to customers were up by 5.6% to QAR 76.6 billion at 31 December 2015 compared with QAR 72.5 billion at the end of December 2014. The growth in lending since December 2014 has been generated mainly in the services, real estate and retail sectors.

Investment securities were up by 36.4% to QAR 15.8 billion at 31 December 2015 compared with QAR 11.6 billion at the end of December 2014. The increase in investment securities is mainly due to purchase of government debt security.

Customers' deposits increased by 13.4% to QAR 69.8 billion at 31 December 2015, compared with QAR 61.6 billion as at 31 December 2014. The increase in deposits was mainly due to an increase in time deposits, reflecting our strategy to ensure continued diversification of our funding base in tight liquidity conditions.

In line with our innovative nature, Commercial Bank was the first bank in Qatar to pursue inter-regional partnerships by acquiring minority stakes in UAE's United Arab Bank (UAB) and the National Bank of Oman (NBO), which will enhance shareholder returns in the long-term. NBO achieved strong results in 2015, with net profit growing 20% to OMR 60 million, compared with OMR 50 million in 2014. UAB delivered a net loss of AED 166 million for the year ended 31 December 2015 which represents a decrease of 127% over the 2014 results. Our associates achieved profits of QAR 109 million as compared to a profitability of QAR 381 million in 2014.

Our acquisition of a majority stake in Turkey's ABank in 2013 represented the next logical step in our international expansion strategy due to its operations in a dynamic economy with good long-term growth prospects in a strategically and culturally aligned country. We believe our acquisition of ABank will deliver attractive returns for shareholders as we impart best practice knowledge and expertise. ABank delivered a net profit of TL 95.7 million for the year compared to TL 139 million in 2014 and customer lending grew by 20 per cent to TL 10.1 billion.

Commercial Bank's net profit of QAR 1.43 billion for the full year 2015 was impacted by slowing economic growth as well as higher than average provisioning taken by United Arab Bank. Our strategic foresight, which has allowed us to successfully identify commercial opportunities, is the main reason Commercial Bank has been able to deliver credible results in a challenging year.

During 2015, we made significant advances in the expansion of our wholesale and commercial banking offerings. Commercial Bank's strong liquidity position has allowed us to continue supporting the growth of ABank, having participated in its USD 125 million subordinated loan offer. Additionally, in February 2016 a Qatari government entity has subscribed to our QAR 2 billion unsecured perpetual non-cumulative Additional Tier I notes, demonstrating our strategy for securing long-term capital and our strength in the market. Given these positive indicators, Commercial Bank remains well-positioned to generate additional value and we are optimistic about the Bank's long term prospects.

As customer needs change, Commercial Bank will strive to find ways to meet and exceed their requirements as it has done for the last 40 years. We see success as a journey and while 2016 will likely be challenging as we adjust to a moderating regional economy, we are committed to supporting Qatar's growth by providing expert and efficient financial solutions. We are confident Qatar will continue to offer Commercial Bank a wide range of opportunities in 2016 and beyond.

On behalf of the Board of Directors, I would like to convey our sincere gratitude for the visionary and gracious leadership of His Highness the Emir, and His Excellency the Prime Minister and Minister of the Interior, His Excellency the Minister of Finance, His Excellency the Minister of Economy and Commerce and His Excellency the Governor of the Qatar Central Bank for their wisdom in guidance and support, which is something we greatly appreciate.

Hussain Ibrahim Alfardan

CEO's message

"Our capability for bringing world-class banking products to Qatari citizens, residents and businesses has always played an integral role in supporting the prosperity of our nation."

Mr. Abdulla Saleh Al Raisi

This year, Commercial Bank celebrated a key milestone as we commemorated 40 years since the start of operations in Qatar. Guided by our inspiring founders, Commercial Bank's transformation from a small wholesale bank into one of the region's leading financial institutions reflects the swift expansion of Qatar to a commercial, cultural and sporting hub. Commercial Bank is privileged to have been a part of Qatar's success and we are honoured to have contributed to the development of our nation's economy over the last four decades as well as become an integral part of the community through our comprehensive Corporate Social Responsibility programme.

Our success as a financial institution can be attributed to our commitment towards providing high quality, innovative services and continually searching for opportunities. Since our establishment in 1975, we have launched products and services such as personal and vehicle loans, credit and debit cards, ATM's and electronic point-of-sale technology. Commercial Bank offered these products and services for the very first time in Qatar, demonstrating our track record for meeting and exceeding the needs of our customers by consistently investing in banking technology. Today, we lead the market in digital banking, bringing the ease and simplicity of our banking services to our customers' smartphones and tablets from anywhere, anytime. Our capability for bringing world-class banking products to Qatari citizens, residents and businesses has always played an integral role in supporting the prosperity of our nation.

Despite the challenging economic climate, Commercial Bank remained strongly committed to supporting and financing the development of Qatar's major infrastructure projects. This was seen when we arranged a financing agreement of QAR 1 billion to Joannou & Parakskevaides (Overseas) Limited for the construction of the West Corridor Expressway project which will connect Doha's Industrial Area to the new Hamad International Airport. Commercial Bank is proud to facilitate such large-scale infrastructure developments which are essential for accelerating private sector growth ahead of the 2022 World Cup.

Also during 2015, we signed a new 'Al Dhameen' programme portfolio agreement with Qatar Development Bank to support the expansion of SME financing in the country and held a joint workshop with the Qatar Stock Exchange to educate small businesses about the opportunities to list on the Qatar Exchange Venture Market (QEVM). Our heritage of supporting Qatari businesses means we understand the fundamental role that SMEs play in Qatar's economy: providing the engine for private sector growth and diversity, which is one of the strategic pillars of the Qatar National Vision 2030.

One of Commercial Bank's founding principles was, and continues to be, entrepreneurship. For over 40 years we have developed a deep understanding of the SME market and its needs. Our commitment and achievements were honoured this year when we were awarded the 'Best Commercial SME Bank of the Year in Qatar' from The International Banker, the highly respected UK banking publication.

Having originally operated solely as a wholesale bank, we now have a diversified service offering which also includes the retail sector given its growth potential. Our achievements in retail banking were also recognised in 2015 with the prestigious award for 'Best Retail Bank in Qatar' awarded to Commercial Bank by The Asian Banker's Excellence in Retail Financial Services 2015 Awards.

To support retail customers, Commercial Bank launched its new state-of-the-art internet banking website in 2015 to enhance the customer online banking experience. This was part of Commercial Bank's strategy to provide secure, user-friendly and innovative digital banking services for internet and mobile devices and to be a pioneer in the region for this segment of the market. In line with this strategy, we also launched a new online banking service allowing shareholders to manage dividend payments in a more convenient manner and we will continue to improve the customer experience online by offering services which make banking easier, simpler and more accessible than ever before.

To ensure the continued diversity of Commercial Bank's capital structure a USD 2 billion Euro Commercial Paper and Certificate of Deposit Programme was signed during 2015. In addition, Commercial Bank also secured a new USD 1 billion syndicated senior unsecured term loan facility to refinance existing indebtedness and for general corporate purposes. The loan was increased from USD 800 million due to strong demand despite a challenging market for Middle East banks. The success of the loan reflects the market's support of Commercial Bank and its strategy.

Commercial Bank capitalised on its regional expansion strategy during the year and strengthened its affiliate banking relationships. Commercial Bank's alliance bank in Turkey ABank this year received exclusive rights to issue Diners Club Credit Cards in the country, signalling a significant step towards expanding into the business traveller space. Commercial Bank has been the exclusive provider of Diners Club Credit Cards in Qatar for more than 20 years.

As a Qatari bank, we are conscious of fulfilling our responsibilities to the community around us. During the year we continued to invest in programmes to support the holistic development of Qatari society. Our community programmes are designed to enrich Qatar's human capital, in line with Qatar's National Vision, and its success was reflected in the award of "Best CSR Report" at the annual Qatar CSR Awards.

Commercial Bank's multi-faceted strategies based on regional expansion, innovation, trustworthiness, corporate values and commitment towards achieving Qatar's National Vision has marked all our successful endeavours. We can be extremely proud of our accomplishments, both as a private bank and for Qatar as a whole, over the past four decades. Despite entering an economically challenging period, Commercial Bank aims to build on its successful 40 year journey by continuing to deliver sustainable value for our customers and shareholders, and supporting economic and human development, as one of the country's leading private sector banks.

Lastly, we should recognise that our past accomplishments would not have been possible without the skills and dedication of our committed workforce who have been the foundation of our successful journey.

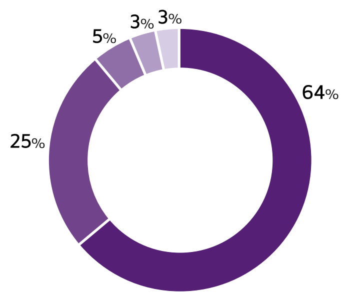
Abdulla Saleh Al Raisi

We will continue to express our commitment to Qatar by actively supporting the Qatar National Vision 2030, which rests on four pillars – Human, Social, Economic and Environmental Development. Our focus is on the long term growth of the Bank while fulfilling our commitment to regulators, shareholders, customers, employees and the community at large.

Management review of operations

Financial Results

QAR million	2015	2014
Net interest income	2,534	2,581
Non-interest income	1,415	1,322
Net operating income	3,949	3,903
Operating expenses	(1,690)	(1,620)
Provisions for impairment losses	(898)	(673)
Share of results of associates	109	381
Income tax expense	(36)	(51)
Net profit for the year	**1,434**	**1,940**



Net Operating Income

- Net interest income
- Net fee income
- Other income
- Investment & dividend income
- Foreign exchange income

Commercial Bank's results for 2015 were affected by slowing economic growth in our markets in addition to higher than average provisioning taken by our UAE associate. However, the fundamentals of our business remain strong and our strategy firm: to continue to build upon our 40 year heritage, further developing a financial institution designed to meet our customers' changing needs.

Financial Results

In 2015, the Bank delivered a net profit of QAR 1,434 million, a decrease of 26.1% compared to the QAR 1,940 million achieved in 2014. Loans and advances to customers increased by 5.6% compared to 2014.

Loans and advances to customers were up 5.6% to QAR 76.6 billion at 31 December 2015, compared with QAR 72.5 billion at the end of 2014. The growth in lending in 2015 was generated mainly through credit growth in the services, real estate and retail sectors. Commercial Bank's Turkish subsidiary AlternatifBank A.S. (ABank) contributed QAR 12.86 billion of the total loans and advances.

Our deposits increased by 13.4%, to QAR 69.8 billion. The increase in deposits is mainly due to an increase in time deposits. This reflects our strategy to ensure continued diversification of our funding base in tight liquidity conditions.

Investment securities were up by 36.4% to QAR 15.8 billion at 31 December 2015 compared with QAR 11.6 billion at the end of December 2014. The increase in investment securities is mainly due to the purchase of Government debt security.

Net Operating Income

Commercial Bank's net operating income increased by 1.2% to QAR 3,949 million for the year ended 31 December 2015, up from QAR 3,903 million achieved in 2014. ABank delivered net operating income of QAR 711.6 million for the year ended 31 December 2015 which represents 18% of the total net operating income.

Net interest income was QAR 2,534 million for the year ended 31 December 2015, 1.8% lower than in 2014, as tightening liquidity and asset yields compressed margin. ABank contributed QAR 499.5 million, 19.8% of the total net interest income. Net interest margin decreased marginally to 2.48% as compared to the third quarter of 2015 at 2.51%.

Non-interest income was up 7% to QAR 1,415 million for the year ended 31 December 2015 compared with QAR 1,322 million in 2014 with ABank contributing QAR 212 million. The overall increase in non-interest income was due to higher net fee and commission income and foreign exchange income which were partially offset by lower income from investment securities.

Operating Expenses

Total operating expenses were up 4% to QAR 1,690 million for the year ended 31 December 2015 compared with QAR 1,620 million in 2014. The increase in operating expenses was due to higher staff costs, professional fees and occupancy costs.

Provisions for Impairment Losses

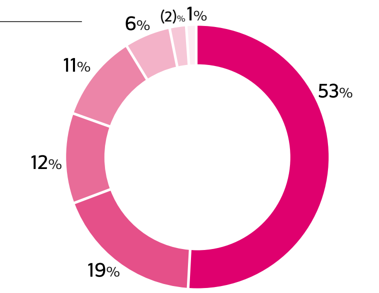
The Bank's net provisions for loans and advances were QAR 842 million for the year ended 31 December 2015, up 35.2% from QAR 623 million provided in 2014. The non-performing loan ratio has increased to 4.20% at 31 December 2015 compared with 3.79% at the end of December 2014 and the coverage ratio has decreased to 70.8% as at December 2015 compared to 74.3% in December 2014.

Operating Expenses

QAR million	2015	2014
Staff costs	864	832
General and administrative expenses	637	592
Depreciation	189	196
Total operating expenses	1,690	1,620

Shareholder's Equity

- Legal reserve
- Share capital
- Tier 1 Note
- Risk reserve
- Retained earnings
- Proposed dividend
- Other reserves



The Bank sets aside a risk reserve against its lending as part of shareholders' equity. At 31 December 2015, the risk reserve was QAR 1,787 million, meeting the minimum level set by the Qatar Central Bank for the end of 2015.

Impairment provisions on the Bank's investment portfolio increased to QAR 56.5 million for the year ended 31 December 2015 compared with QAR 50 million in 2014.

Total Assets and Funding

Commercial Bank delivered balance sheet growth of 6.7% in 2015, with total assets at QAR 123 billion compared to QAR 116 billion in 2014, which includes QAR 16 billion from ABank. Balance sheet growth was driven by QAR 4 billion in lending to customers and an increase of QAR 4 billion in investment securities.

Customers' deposits increased by 13% to QAR 70 billion at 31 December 2015, compared with QAR 62 billion in 2014, with ABank contributing QAR 7 billion of total customer deposits.

Capital

Commercial Bank's capital position remains strong with a capital adequacy ratio of 13.51% as at 31 December 2015 compared with 15.22% at the end of 2014, which is above the Qatar Central Bank's required minimum level of 12.63%.

The Board of Directors is recommending, for approval at the Annual General Assembly, the distribution of a cash dividend payout of QAR 3.0 per share.

Associates and Subsidiaries

AlternatifBank

AlternatifBank (ABank) delivered a net profit of TL 95.7 million for the year ended 31 December 2015 despite challenging market conditions, with total assets of TL 13.9 billion and lending of TL 10.1 billion.

ABank provides its customers in the corporate, commercial and retail banking segments with high value products, services and solutions. ABank has 59 branches located all across Turkey. Through its branch network, ABank has direct access to the regions in Turkey where 85% of the country's GDP is generated. In 2015, ABank continued to work closely with its counterparts in Commercial Bank to implement best international practice and continue to create synergies.

National Bank of Oman

National Bank of Oman (NBO) achieved strong results in 2015, with net profit after tax growing 20% to OMR 60 million, compared with OMR 50 million in 2014. Operating income grew by OMR 22 million to OMR 136 million, from OMR 114 million in 2014, mainly due to an increase in net interest income which was up 14.9% to OMR 95 million.

During 2015, NBO grew its customer lending by 9.4% to OMR 2.5 billion and customers' deposits reduced marginally to OMR 2.2 billion compared to 2014.

United Arab Bank

United Arab Bank (UAB) delivered a net loss of AED 166 million for the year ended 31 December 2015 compared to a profit of AED 605 million in 2014. The total operating income for the year ended 31 December 2015 decreased by 11.6% to AED 1,213 million, from AED 1,373 million for 2014. UAB's loans and advances decreased by 12.7% to AED 15.7 billion as at 31 December 2015, with customers' deposits at AED 16.8 billion, down 10% compared to 2014.

Commercial Bank Investment Services

Commercial Bank Investment Services (CBIS) is a fully owned subsidiary of Commercial Bank. CBIS provides direct access to the Qatar Exchange and offers seamless online trading capabilities for individuals, institutions, corporate and foreign counterparties. In addition to its electronic trading platform, CBIS is also licensed by Qatar Financial Markets Authority to act as Liquidity Provider for certain securities at Qatar Exchange. In 2015, CBIS delivered a net profit of QAR 5.3 million as compared to QAR 19.3 million in the previous year.

Commercial Bank Executive Management and the Qatari Businessmen Association hosted a Turkish business delegation

Management review of operations (continued)

Commercial Bank signed an agreement with Qatar Development Bank's "Al Dhameen Programme" to support the expansion of SME financing in Qatar

Massoun Insurance Services L.L.C.

Massoun Insurance Services is a Qatari incorporated joint venture company between Commercial Bank and Qatar Insurance Company. The company was incorporated in 2010 and provides a range of insurance products which have been tailored to meet the specific needs of the Bank's retail and corporate customers.

Orient 1 Limited

Orient 1 is a fully owned subsidiary of the Bank incorporated in Bermuda and is engaged in supporting the credit card operations of the Diners Club franchise in the Sultanate of Oman.

CB Global Limited

A fully owned subsidiary incorporated in 2015 in Cayman Islands, an Issuing vehicle for Euro Commercial Paper and Certificate of Deposit Programme.

Global Card Services L.L.C.

Global Card Services is a limited liability company registered in the Sultanate of Oman. The principal activities of the Company are to issue Diners Club credit cards in the Sultanate of Oman and to acquire merchant rights and other related services.

CBQ Finance Limited

CBQ Finance limited is an exempt company with limited liability incorporated in Bermuda under the Companies Act 1981. The company is organised as a special purpose entity and has been established to raise capital for the Commercial Bank of Qatar by issue of debt instruments.

Wholesale Banking

Commercial Bank's Wholesale Banking business offers a comprehensive range of financial services to corporate businesses in Qatar, international companies trading or implementing projects in Qatar, and corporate relationships across the Bank's markets of strategic focus in the GCC and Turkey. These services include commercial banking, treasury, investment banking, cash management, trade, transaction banking, corporate finance and advisory services. Wholesale Banking works very closely with Retail Banking, through the successful 'Banking at Work' unit where a key strategic focus has been to enhance the Total Relationship Value for each customer across all business portfolios.

Business Performance

In 2015, Commercial Bank's Wholesale Banking business represented approximately 68% of the total loan book of the Bank, and generated around 49% of the total Bank revenues. The Wholesale Banking department comprises domestic and international business lines, and covers the following sectors: large corporates, mid-market corporates, contracting, Government and public sector, transaction banking, structured finance and international banking which includes financial institutions. Wholesale Banking generated a significant portion of the Bank's customer deposits – both domestic and non-resident, and the Financial Institutions business line also raised medium-term loan funding from worldwide banks and financial institutions.

Despite tougher market conditions, loans and advances to customers increased by 9% to QAR 45.9 billion, mainly in trade finance, services, contracting and commercial sectors. Net interest income, however, remained flat at QAR 1.6 billion as a result of competitive pricing pressures in the market place, which led to a reduction in net interest margins. Wholesale Banking increased 3.3% in market share of Non-resident Deposits from QAR 6.4 billion to QAR 10.7 billion in 2015. Overall asset quality continues to be satisfactory. The non-performing book is adequately provisioned, and some large exposures are further supported by income generating tenanted properties, whose market valuations and rental yields are stable due to continued local demand for quality residential properties.

Commercial Bank was active in the arranging of large financings in the regional syndicated and club loan markets, and was associated with the following successful transactions:

- Mandated Lead Arranger, Facility Agent and Account Bank, for a USD 200 million long-term Syndicated Loan Facility for Alfardan Properties, Qatar;
- Mandated Lead Arrange and Security Agent, for a QAR 737 million Loan Facility for United Development Company, Qatar;
- Mandated Lead Arranger for a USD 284 million and Euro 212 million Term Loan Facility Agreement for Ulker Biskuvi Sanayi AS, Turkey;
- Mandated Lead Arranger for a Euro 730 million Term Loan Facility Agreement for MIGROS TICARET A.Ş., Turkey;
- Mandated Lead Arranger for a USD 450 million Term Loan Facility Agreement for Jordan Petroleum Refinery Public Shareholding Company, Jordan;
- Mandated Lead Arranger for a USD 250 million Term Loan Facility Agreement for Far East Horizon Limited, China;
- Initial Mandated Lead Arranger and Bookrunner for a USD 185 million and Euro 147.5 million Multi Tranche and Dual Currency Syndicated Loan Facility for Alternatifbank A.S., Turkey.

In December 2015, the Bank successfully closed a USD 1 billion 3 year Syndicated Loan. Originally launched at a target size of USD 800 million, the facility attracted a strong level of interest during syndication and was increased to USD 1 billion. This was achieved despite challenging bank market conditions in the Middle East, which demonstrates market confidence in the strength of Commercial Bank's business franchise, and the stable outlook for the Qatari banking sector.

Domestic Corporate Banking

Domestic Corporate Banking provides a comprehensive range of cross-product banking solutions to corporate clients operating in Qatar. This unit services client relationships across the following sectors: large corporates, mid-market corporates, contracting, Government and public sector. Domestic Corporate grew QAR 3 billion or 12% in fiscal 2015 supported by a broad-based uplift in secondary activities with sub-contractors, traders and retailers.

Domestic Corporate Banking's strategy is to strengthen relationships and grow market share of customer value chains in our chosen market space of general trade, services and contracting, with increased relationship profitability and margins. Our focus is developing and assisting our long standing client base, as well as bringing in new to bank customers. There was a pickup in large financings, and Commercial Bank was an active and successful player in this space.

Commercial Bank partnered with HEC Paris for the third Youth Leadership Acceleration Programme for talented young Qatari Nationals

Domestic Corporate Banking has boosted several improvements including the following:

- Sustained improvement in portfolio quality and risk adjusted returns
- Significant investments into technology to improve customer service and reduce turnaround times
- Enhanced account planning process to capture higher share of wallet with a greater anticipation of the customer's needs
- Greater focus on new customer's acquisition to ensure diversification
- Consistent improvement of cross-sell ratios by tapping into more ancillary income and Banking at Work initiatives
- Increase of wallet share on key customers with a view of improved profitability

Management review of operations (continued)

Government and public sector relationships are strategically important for Commercial Bank. In 2015, this sector contributed 35% towards the entire Bank's liability book and secured loans mandates in excess of QAR 2 billion. Commercial Bank continues to be a major trade bank for many public sector companies.

Transaction Banking

Enhancement of Transaction Banking capabilities and services continued to be an important goal in 2015, and its resources were strengthened during the year. Key focus areas were product development and marketing of trade finance, cash and liquidity management, and corporate internet banking solutions.

Commercial Bank was amongst one of the first banks to launch an online solution for Wages Protection System introduced by the Ministry of Labour. Cash Management, payments and liquidity management along with a single window through Corporate Premium Services have been enhanced to meet the market demands.

Trade transaction volumes saw a robust growth increasing 15% from QAR 20.0 billion in 2014 to QAR 23.0 billion in 2015, representing about 14% market share of letters of credit and letters of guarantee generated from Qatar. Transaction Banking has introduced Structured Trade solutions such as Usance Payable At Sight (UPAS) for supplier finance and invoice finance enabling greater liquidity and cash management to customers.

International Banking

The International Banking unit at Commercial Bank is responsible for client relationships and the credit lending business with global financial institutions and corporates outside of Qatar. In 2015, the international corporate and bank loan portfolio grew by 18% to QAR 11 billion, with growth in trade finance related to Qatar's energy exports and infrastructure development, in addition to trade loans and corporate lending across the UAE, Turkey and select markets in the GCC, and Asia Pacific regions.

Commercial Bank's cross-border business strategy remains conservative and focused on diversification of portfolio and revenues from trade finance, banks and relationships with large corporates in the GCC region, Turkey and Asia Pacific region. The lower risk and mostly short-term trade finance book has substantially grown in 2015. There has been good progress to date in financial results from initiatives to align strategy and collaborate more closely on trade finance and other cross-border business activities of Commercial Bank with its Alliance bank partners - ABank in Turkey, United Arab Bank in the UAE and National Bank of Oman in Oman.

Turkey continues to be a key market for Commercial Bank post its acquisition of ABank in 2013, and increasing strategic investment and trade related activity between Qatar and Turkey. Trade loans to financial institutions and relationships with large diversified corporate groups in Turkey remain the primary focus for the Group. The Bank works closely with its Alliance Bank partners to develop network wide lending and cross selling opportunities throughout the GCC, in addition to implementing a coordinated group financial institutions strategy for correspondent banking and its commercial business.

International Banking also plays a key role in supporting the Bank's funding needs working closely with its Treasury department to diversify the Bank's funding, by arranging bilateral and syndicated loans for the Bank, and expanding treasury and corporate deposit relationships with regional sovereign wealth funds, asset managers, and other non-banking financial institutions.

International Banking continued to actively support initiatives that are relevant to the Qatari, GCC and Asia Pacific banking sectors. In 2015, the Bank sponsored or participated in several major banking industry events and conferences. These included:

- Lead Sponsor of The Euromoney Qatar Conference held in Doha, Qatar;
- The Annual Meetings of the IMF and the IIF where Commercial Bank was joined by its Subsidiary, ABank and Alliance bank partner, National Bank of Oman;
- The Annual Meetings of the Asian Development Bank in Kazakhstan;
- Asian Bankers Association 32nd ABA General Meeting and Conference in Taipei, Taiwan;
- SIBOS in Singapore, a major industry event for banks and financial institutions across the world.

Commercial Bank also supported global trade and development institutions such as the ICC Banking Commission, SWIFT, Institute of International Finance, International Finance Corporation, IMF, Arab Trade Finance Program, ISDA and other development institutions.

Retail and Enterprise Banking

The Retail and Enterprise Banking business remains at the forefront of the Qatari Banking sector. Commercial Bank continues to offer individual and small business customers, both Qatari and Expatriate, a full range of banking products and services, including deposits, loans, credit cards, insurance and wealth management solutions. A customer-centric approach is at the core of Retail Banking's strategy and by listening to customers the Bank is able to tailor its products and services to fit their ever-evolving needs.

Technology continues to be a major driver of change as customers gravitate towards the use of digital platforms and increasingly towards mobile. Commercial Bank's cutting edge digital presence gives customers more flexibility to handle their banking transactions in a faster and more responsive manner, when it suits them.

In 2015, Retail Banking delivered growth in its customer base by enhancing the core products offered by the Bank, as well as introducing market leading and innovative services that suit the requirements of its loyal customers. Commercial Bank's Retail Banking excellence was recognised by The Asian Banker's Excellence and Commercial Bank was crowned "Best Retail Bank in Qatar" based on its wide-ranging achievements over the recent years.

Business Performance

Retail Banking has again delivered a strong core business performance in 2015, achieving record numbers across all metrics. Lending to Retail and Enterprise customers grew by 14% to a total of QAR 20.924 billion (2014 – QAR 18.4 billion). Deposits to the same customer groups expanded by 27% to a total of QAR 21.550 billion (2014 – QAR 16.961 billion). Net operating income was greater than 2014 by approximately QAR 177 million with net interest income 15% (includes fund transfer pricing) higher than 2014, despite tougher market conditions, margin pressures, increased competition and regulatory restrictions on banking fees and interest rates.

Retail Banking exhibited consistency in its strategic objectives, experiencing a 27% growth in total customer acquisition compared to 2014 and 31% growth of new salaried customers in 2015 through an ongoing focused acquisition and sales strategy. The acquisition strategy also resulted in over 35,000 new credit cards being issued during the year, 10% uplift over 2014.

Commercial Bank hosted a graduation ceremony celebrating the achievements of staff who joined in the Bank's 2012 Graduate Development Programme

The continued increase in revenues reflects Retail Banking's focus on containing operational cost and margins by effective management and launching intelligent and targeted products and sales campaigns. This was evident with net interest margins consistently and profitably managed throughout 2015.

Strategic Initiatives in 2015

Commercial Bank continued building on the past success; Retail and Enterprise Banking kept on enhancing its value proposition to its Qatari and Expatriate customers offering greater products benefits with more simplicity and convenience in banking transactions. This consistent focus on products, services and marketing initiatives resulted in significant growth for the Bank in all aspects of banking performance.

In particular, the Bank saw growth in customer deposits where the overall portfolio grew by 27%, with distinguished growth in Fixed Deposits which grew by 120% and Regular Saver where growth reached 97%. A strong focus on catering for high net worth customers and the needs of the local Qatari market resulted in the launch of high profile campaigns such as the Sadara Privileged Banking campaign, and an exclusive campaign in celebration of Qatar National Day for the Banks' Qatari customers.

In addition to the ongoing priority to balance Retail and Enterprise Banking portfolio, self-fund and to ensure lower volatility on deposit balances, lending to customers has also been in the centre of Commercial Bank's focus by streamlining processes, getting closer to the customers and offering a fast loan service with great value. The Bank's overall loan portfolio grew by 14% adding more than QAR 2.5 billion.

Management review of operations (continued)

Cards

Commercial Bank's Cards and Payments division continued to deliver excellent results in 2015 leveraging the Bank's overall performance.

Commercial Bank is leading the way with its customer loyalty programme and this year the Bank has made it easier for customers to redeem their "Commercial Bank Rewards" points online. www.cbqrewards.com is a fully automated loyalty rewards portal, where customers can instantly view and redeem their current Commercial Bank Rewards Points balance online, anytime, anywhere, with no paper forms to be filled and no waiting times at branches or retail outlets to receive or redeem vouchers.

Commercial Bank has also rolled out a new Mobile Point of Sale (mPOS), as a new way of accepting payments which has been specifically designed to support merchants' growing demand to use mobile POS devices. mPOS is a new solution for smaller businesses, allowing merchants to use their mobile phones as a Point of Sale device to accept Debit and Credit Card transactions. Being a game changer in the point of sale market, mPOS transforms mobile phones into a highly secure card acceptance device using a Commercial Bank mPOS application and a pocket-sized device that facilitates magnetic stripe, Chip and Pin transactions.

In line with the implementation of the Wages Protection System (WPS), which is a comprehensive electronic system initiated by Ministry of Labour and Social Affairs and Qatar Central Bank to monitor and document the process of worker wage payment, Commercial Bank has developed a fully automated WPS salary processing system, fully integrated with the systems of Qatar Central Bank to process the salaries of the Bank's corporate customers.

The Bank's Manchester United Credit Card programme launched in 2013 continues

Commercial Bank won the "Best New Loyalty Programme" award at The Customer Festival Middle East Awards for its Credit Card loyalty programme "Commercial Bank Rewards"

to surpass all expectations. A number of unique customer activities took place during 2015 allowing Commercial Bank customers to enjoy priceless Manchester United experiences and events. These included the opportunity to participate in the annual Manchester United Soccer Camp held in Doha, Qatar, attended by more 160 children aged between seven and sixteen years old.

2015 has been the year the excellence in cards innovation paid off by receiving two prestigious awards. The first product was the Travel Pre-Paid card which received the "Prepaid Card Marketing Campaign of the Year" award during the annual Visa Prepaid Conference and Awards. Commercial Bank's innovative Travel Pre-Paid card enables customers to purchase up to five different foreign currencies and upload them on the card for overseas travel. The card is designed to reflect the most popular destinations for customers, enabling them to access these funds through their card anywhere Visa is accepted, avoiding the need for customers to carry large amounts of cash. This product was the first of its kind across the Middle East region, in conjunction with Visa. Additionally, in recognition to Commercial Bank unique loyalty programme "Commercial Bank Rewards" was judged to be the best new loyalty programme in the Middle East. The programme has won the "Best New Loyalty Programme" award at The Customer Festival Middle East Awards, held in Dubai.

Vehicle Finance

Commercial Bank remains a market leader in the Vehicle Finance market in Qatar offering great customer experience and competitive value. In 2015, the Bank has partnered with leading authorised car dealers to launch special promotions as part of the summer loan campaigns. Commercial Bank has also enhanced its participation in Qatar Motor Show, the annual international Motor Show held in Doha and in 2015 Commercial Bank was the exclusive Platinum Sponsor. The Bank's contribution was coupled with offering customers great deals on their vehicle loans and insurance products.

Life in Qatar

Retail Banking's market leading and first to market innovation 'Life in Qatar', continued to move from strength to strength in 2015. Tailored specifically for people moving to Qatar, it provides ease and convenience for those relocating, and has already helped over 22,000 customers from over 100 different countries worldwide. The 'Life in Qatar' website alone, filled with useful information, facts, articles and phone numbers, has multiplied its daily visitors in 2015 and the site itself continued to rank no. 1 in digital searches. By anticipating future population growth in Qatar, which will include many professional expatriates, the 'Life in Qatar' proposition remains a key strategic priority as a growth engine for Retail Banking.

Wealth Segments

Commercial Bank's Private Banking unit recognises the importance of catering to its valued high net worth clients by specialising in a range of bespoke services, particularly related to mortgage finance and wealth management. During the year, Private Banking strengthened its strategy and delivered exceptional results by enhancing its tailored offering, improving customer service and expanding the team. The Private Banking team is well equipped to offer discreet banking and investment

Commercial Bank held a joint workshop with Qatar Stock Exchange for SMEs highlighting opportunities to list on the Qatar Exchange Venture Market

solutions for the Bank's select client base. In addition, the Sadara Privileged Banking team expanded with an enhanced proposition of tailored products and services.

Internet and Mobile Banking

Digital innovation and customer migration to convenient, faster and more cost effective electronic channels remained a strategic priority for Retail Banking in 2015, as customers increasingly choose to use the Bank's digital banking services. The year has seen the business achieve a significant number of successes and key milestones in transforming the way it does business with a further reduction in customers using branches. An innovative automated registration service has assisted over 75% of Retail Banking's customer base in registering to digital channels, which in turn has seen a sharp rise in the number of customers actively using these channels.

In 2015, the Bank continued to invest in advanced technologies launching its state-of-art Internet Banking website. Using a variety of innovative new technologies, the website enhances customers' online experience by offering unique information and features and allowing customers to stay on top of their finances.

Commercial Bank's market leading offer through online channels has driven high customer satisfaction scores for both Internet and Mobile Banking. The cutting edge Mobile App (launched in 2013) exceeds equivalent offers provided by the Bank's competitors. Through extensive automation of processes, not only has the cost to serve customers been actively reduced, but the business has delivered a superior customer experience for both account opening and personal loan disbursements.

Commercial Bank has been ranked the no. 1 bank in digital marketing by leading the way in online search and advertising, and also ranked as Qatar's most engaging financial brand on social media over the last two years.

Operational Processes

Commercial Bank enhanced its lending process with an end-to-end automation system allowing for a quicker and cost efficient lending programme. In addition, improvements in the branch network included an enhancement of all teller systems, helping to significantly improve servicing time for customers at branches and the customer experience.

The implementation of these technological improvements is a demonstration of the Bank's recognition of the ongoing use of technology in banking and its commitment to delivering a superior customer experience.

Branch and ATM Networks

Commercial Bank aligns itself with Qatar's demographics by providing convenient access to its network of 30 branches across the country. Through the branch network, the Bank continuously supports Qatar's growing population needs while ensuring the highest standards of service are always within reach for our customers.

Commercial Bank has opened a new branch in Gulf Mall to cater to the growing population in the area of Al Gharrafa and Al Rayyan. The Bank has also taken a series of steps to rationalise its branch network in line with the changing landscape of the country. The branch network is supplemented by 154 ATMs that are strategically located around Qatar to ensure optimum usage of the network by customers. In line with the ongoing branch rationalisation strategy, ATMs were simultaneously reorganised with the removal of non-profitable ATMs and the addition of 8 new ATMs at higher segment footfall locations, notably Hamad International Airport, Gulf Mall, and other prominent locations.

Management review of operations (continued)

Adapting to market needs Commercial Bank enhanced its presence with ATMs machines that combine cash withdrawal and cash deposits providing greater convenience to its customers. More than 60% of the Bank's ATM machines currently combine cash withdrawal and deposit facilities.

Enterprise Banking

Commercial Bank, as Qatar's first private sector bank, values the economic diversity and sustainability in Qatar, and places developing the small and medium enterprise (SME) sectors at the core of its strategy in line with the National Vision 2030, which identifies SMEs as a key constituent of the country's economic diversification and future.

The Enterprise Banking department is part of Retail Banking and it focuses on nurturing Qatar's entrepreneurial business community by offering a complete line of banking products.

Through Enterprise Banking, we also partner with Qatar Development Bank's 'Al Dhameen' programme, which extends investment and working capital facilities to economically-viable SMEs and makes credit more accessible.

As part of the Bank's strategic objective to enhance customer service and increase operational efficiency to our large Enterprise customer base, the Bank centralised its dedicated Enterprise customer relationship managers at Umm Lekhba. The highly specialised team, supported by strong independent operations and credit team, advises existing and potential entrepreneurs on:

- Working capital finance and term lending;
- Trade finance facilities;
- Deposits, remittances, insurance and treasury solutions;
- Retail solutions for employees;
- Business technology solutions; and
- Access to advisory and mentoring services.

Customers can also benefit from 24 hour customer contact centre and the Bank's corporate branch network. The Bank's support for the growth of the SME sector is evident from the contribution of the Enterprise business to the Bank. The Enterprise asset portfolio grew by an impressive 55% in 2015, with liabilities growing by 25% over the previous year.

Enterprise Banking further leveraged on the Bank's technological advancements by actively introducing its customers to alternative banking channels. These included corporate internet banking, direct deposit cards and cheque deposit boxes, enabling customers to bank efficiently, conveniently and safely while focusing on growing their businesses.

In recognition of its active role with the Small and Medium Enterprises of Qatar, Commercial Bank has been awarded the "Best Commercial (SME) Bank of the Year, Qatar" award from The International Banker. Commercial Bank was nominated for the award by the publication's subscribers and judges to be the best bank in Qatar for small to medium-sized enterprises.

Commercial Bank Investment Services

Commercial Bank Investment Services (CBIS) is a fully owned subsidiary of Commercial Bank. CBIS provides direct access to the Qatar Exchange and offers seamless online trading capabilities for individuals, institutions, corporate and foreign counter parties. In addition to its electronic trading platform, CBIS is also licensed by Qatar Financial Markets Authority to act as liquidity provider for certain securities at Qatar Exchange.

Since inception in 2011, CBIS has made rapid progress and in 2015 was positioned third amongst the brokerage houses in Qatar in terms of market share.

Treasury and Financial Markets

Commercial Bank's Treasury department manages the funding and liquidity requirements of the Bank. This includes management of operational and strategic liquidity requirements, as well as accessing the debt markets to lock in funding via debt issuance or via institutional funding. Proactive management allows the Bank to manage its funding base in a cost-efficient manner while ensuring the balance sheet is managed in accordance with the expectations of rating agencies, regulators, the Board of Directors and shareholders. Treasury has been instrumental in reducing the Bank's cost of funds during 2015 and continued to focus on balance sheet optimisation and liquidity management, as well as maintaining key liquidity ratios and related business regulatory ratios well above the minimum required by the Qatar Central Bank.

The Treasury Sales unit provides a full suite of products to the Bank's customers, facilitating client needs with regards to managing and hedging their foreign exchange and interest rate exposures. Commercial Bank Treasury and Financial Markets continues to grow its footprint as a leading market-maker in the GCC fixed income, treasury securities and FX markets, and in providing market access to corporate and institutions. In 2015, Commercial Bank was directly responsible for distributing 17% of the total value of QAR bonds and bills volume traded on the Qatar Exchange.

Commercial Bank partnered with Al Fursan Training Centre to deliver "The Bank of the Future by the Generation of the Future" workshop for young Qatari nationals

Trading and fixed income activity has continued to provide strong revenue generation in 2015, as well as to act as a liquidity buffer for the Bank. In 2016 the goal will be to maintain momentum in the expected rising interest rate environment since the emphasis is now more on shorter duration instruments and asset swaps as a mean to mitigate risks via hedging.

Further, in 2016 Commercial Bank will endeavour to achieve a competitive edge by becoming the first bank in Qatar to be fully compliant with the EMIR and Dodd Frank regulatory requirements for the central clearing of interest rate derivatives. Commercial Bank will be able to intermediate between other GCC banks on a bi-lateral basis and regulated banks via an authorised clearing house. This will result in increased margins, lower capital costs and reduced counterparty credit risk.

Risk Management

Managing financial risk is a fundamental part of Commercial Bank's functional activities. The awareness of risk encompasses every aspect of our business and is seen as the responsibility of each and every member of the Bank. Our Risk Management practices are well embedded and are cascaded down from the Board of Directors through the, Board-level Committees, Management-level Committees, and Executive Management and to the employees.

Accurate, reliable and timely information is vital to support business decisions regarding risk matters at all levels at the Bank.

During 2015, Commercial Bank further strengthened its risk management processes by progressing the credit and risk evaluation solution which in turn will further strengthen the Bank's credit and risk management functions. The Bank integrated risk based returns methodology for portfolio management and balance sheet optimisation strengthened operational risk management capabilities through further up gradation of the Operational Risk Management (ORM) system, and Market Risk Management solution. Significant advances have been made in enhancing our ALM system and functionalities. In 2016, Commercial Bank will continue to employ clear risk management objectives and well-established strategies through core risk management processes.

Risk Management Framework

Commercial Bank uses an integrated risk management framework to identify, assess, manage and report risks and risk-adjusted returns on a consistent and reliable basis. This framework requires each business to manage the outcome of its risk-taking activities.

The Risk Management department provides expertise and oversight for business risk-taking activities. The department develops and maintains an aligned and integrated framework, policies and procedures for risk management and ensures they are embedded and used as part of the day-to-day management of the business. Risk Management also measures risk exposures to support risk decisions by business owners and also to make certain market and credit risk decisions under approved delegations of authority. In particular, it undertakes quantitative and qualitative analysis of credit exposures originated by the business as part of its responsibility for credit rating and decision-making.

Commercial Bank is potentially exposed to four principal categories of risk: Credit, Operational, Market, Funding and Liquidity.

Credit Risk

Commercial Bank has clearly defined credit policies for the approval and management of credit risk. Formal credit standards apply to all credit risks decisions, with specific portfolio standards applying to all major lending areas. These incorporate obligor quality, income capacity, repayment sources, acceptable terms and security, and loan documentation tests.

The Bank assesses the integrity and ability of debtors or counterparties to meet their contracted financial obligations for repayment. Collateral security, in the form

Management review of operations (continued)

of real estate, charge over income or assets, financial securities, etc., is generally taken for business credit, except for Government, major banks and corporate counterparties that are externally risk-rated and of strong financial standing.

Operational Risk

Operational risk is defined as the risk of economic loss arising from inadequate or failed internal processes, people, systems, or from external events. It includes legal, regulatory, fraud, business continuity and technology risks.

The Operational Risk Management (ORM) department supports the achievement of Commercial Bank's financial and business goals. ORM manages operational risk using industry standard operational risk tools. The primary objectives of the Operational Risk unit are as follows:

- Maintenance of an effective internal control environment and system of internal control;
- Demonstration of effective governance, including a consistent approach to operational risk management across the Bank;
- Transparency, escalation and resolution of risk and control incidents and issues.

Market Risk

Market Risk, the potential loss in value or earnings arising from changes in market factors is managed by the Bank's Market Risk Department with full oversight by the Asset and Liability Committee (ALCO), which provides specific guidelines for market risk management.

Commercial Bank uses Value-at-Risk (VaR) as one of the measures for market risk. VaR measures potential loss using historically observed market volatility. Stressed VaR is used at the Bank to measure the potential for economic loss from extreme market events.

For assessing interest rate risk, metrics include Earnings-at-Risk (EaR), change in yield (PV01) and economic value of equity (EVE).

The results of these measures are reported to the ALCO and the Management Risk Committee on a regular basis.

Liquidity and Funding Management

Commercial Bank follows a Balanced Liquidity Management Strategy through the combined use of liquid assets holdings and borrowed liquidity to meet its liquidity needs. The Bank's funding policies provide that:

- Liquidity requirements be measured using a number of approaches, including, sources and uses, structure of funds and liquidity indicators;
- An appropriate level of assets is retained in highly liquid form;
- The level of liquid assets complies with stressed scenario assumptions to provide for the risk of the Bank's committed but undrawn lending obligations;
- Establishment of credit lines.

Board Risk Committees

The two Board Committees which have primary responsibility and oversight for Risk are:

1. The Board Risk Committee (BRC) is responsible for all aspects of enterprise wide risk management including, but not limited to, credit risk, market risk, liquidity risk and operational risk. The BRC reviews policy on all risk issues and maintains oversight of all Bank risks.
2. The Board Executive Committee (BEC) is responsible for evaluating and granting credit facilities within authorised limits as per Qatar Central Bank and Board guidelines. The BEC also reviews strategy on recovery of Special Asset relationships, reviews and approves all credit proposals (other than off-the-shelf products) relating to political figures and persons in ministerial posts, within the Risk Delegation of Authority.

In addition, specific risk-focused management committees (Risk Management, Asset and Liability and Special Assets Management) convene, at a minimum, on a quarterly basis and more frequently on a need basis. The Board of Directors or their sub-committees are regularly updated on any potential risk that the Bank may face.

Risk Management continues to be very well positioned to manage risk resulting from increasing sophistication, scope and diversity of the Bank's business and operations. Risk Management has dedicated teams, underlining Commercial Bank's commitment to a strong risk governance and management framework. In 2016, the Bank will continue to enhance its internal controls and improved various processes in all areas of risk management.

The Bank is in compliance with the provisions of the Basel III framework as per the directive of the Qatar Central Bank.

In summary, the governance framework, policies and administrative procedures and practices relating to risk management in Commercial Bank align well with global best practice, the recommendations of the Basel Committee and the guidelines of the Qatar Central Bank.

Marketing

Commercial Bank's Marketing department is responsible for the Bank's reputation, brand identity and ongoing communications with the Bank's existing and potential customer base through both traditional and digital media channels. Marketing works closely with the Bank's main business lines and support functions to develop integrated marketing campaigns targeting different customer segments with diverse products and services, based on ongoing research, consumer insight and return on investment analysis. Marketing also runs the Bank's sponsorships and key events, as well as its Corporate Social Responsibility (CSR) programme.

As Qatar's first and largest private bank, the Bank regards CSR as integral to its business, and for over 40 years has been committed to supporting Qatar's national development by serving the wider community through CSR programmes and sponsorship of events that build Qatar's international reputation. Commercial Bank's Marketing Department is responsible for formulating, implementing and promoting the Bank's comprehensive range of CSR programmes providing financial, practical, humanitarian and skills-based support to the Qatari community.

In 2015, Commercial Bank's community-focused CSR activities were recognised with an award at the Corporate Social Responsibility awards for organisations in Qatar, held under the patronage of His Excellency Sheikh Abdulla Bin Saoud Al Thani, Governor of the Qatar Central Bank and Chairman of the Board of Directors of the Sports and Social Activities Support Fund (Daam).

Committed to the Qatari community

Commercial Bank believes that CSR is most effective and credible when CSR activities are relevant to an organisation's expertise and can legitimately be seen to make a difference within a chosen field. The Bank's approach to CSR is to invest heavily in the Qatari community and engage with all segments of Qatari society. As Qatar's leading private sector bank, we believe it is our responsibility to take the initiative and give back to the Qatari community of which we are part, and where we operate every day.

Commercial Bank strives to be an outstanding corporate citizen by supporting the development of the Qatari community as a whole through a range of socio-economic initiatives in diverse areas including humanitarian projects and charitable work for the disadvantaged; educational, training and personal development programmes for Qatari youth; sports and health initiatives; support for Qatari arts and culture; and the Bank's Qatar National Day programmes that revive and celebrate Qatar's cultural heritage. During 2015, Commercial Bank's Marketing Department successfully implemented a large number of CSR initiatives both outside and within the Bank.

Qatari youth

Through our National Development Programme, Commercial Bank invests significant resources towards the skills and training of young Qataris as part of our commitment to developing human capital for the benefit of current and future generations. In 2015, the Bank led a number of educational initiatives for Qatari youth that extends the impact of this programme beyond our own staff and towards the wider Qatari community.

24 Qatari nationals aged seven to thirteen completed a five-week workshop titled: "The Bank of the Future by the Generation of the Future" in partnership with the Al Fursan Training Centre. The objective of the workshop was to engage this age group through creative thinking and develop young Qataris' understanding of the banking sector.

In 2015, the Bank's second "Young Bankers" summer internship programme for Qatari students aged fourteen to eighteen was designed to instil a saving culture among the younger generation while simultaneously providing over 100 interns with real-life work experience inside Commercial Bank branches. The Bank hosted a junior staff day for employees' children to gain a first taste of working life, and Qatari students who are deaf were welcomed to Commercial Bank Plaza for a presentation on opportunities available to advance their academic and

Commercial Bank shared Garangao joy with hundreds of children at its branches across Doha

Management review of operations (continued)

professional development, regardless of any physical impairment.

Through its Graduate Development Programme, Commercial Bank announced the graduation of its participants in the Bank's 2012 Graduate Development Programme. The Bank's Graduate Development Programme is known as one of Qatar's most effective professional training programmes.

Also in 2015, 17 Qatari nationals aged 16 to 19 have completed the third Youth Leadership Acceleration Programme. The Youth Leadership Acceleration Programme first launched in February 2013, and is a partnership between Commercial Bank, one of the leading full service banks in Qatar, and HEC Paris, a member of Qatar Foundation and the region's leading hub for executive education, to develop the leadership skills of young Qataris with high potential.

40th anniversary celebrations

As a gesture to thank the Qatari community for its continued support, Commercial Bank chose to share its 40th anniversary celebrations with the public by hosting a free, first-of-its-kind concert with the Qatar Philharmonic Orchestra. The family-friendly classical concert themed: "From Doha to the World", which was held at the Museum of Islamic Art Park, featured traditional Qatari sounds from the Oud, Tabla and Qanun, followed by music from different nations and closed with the premiere of Commercial Bank's anniversary anthem.

Composed for Commercial Bank by the famous Qatari composer Wael Hassan Ali Bin Ali, the 40th anniversary anthem reflects Commercial Bank's Qatari heritage by integrating local Arabic with classic symphony sounds of an orchestra, and the style of music reflects the positivity of Commercial Bank's characteristics as encapsulated in our brand promise: "everything is possible."

Sports and Health

Commercial Bank believes that sport plays an integral role in today's society, promoting active and healthy lifestyle through physical exercise, dedication, teamwork, competition and good sportsmanship.

Continued title sponsorship of the Commercial Bank Qatar Masters and the Grand Prix of Qatar Moto GP in 2015 reflects the Bank's promotion of excellence in sports and its keen interest in enhancing Qatar's sporting reputation by bringing the best international competitors to Qatar for tournaments attracting a global audience.

National Sports Day is a prominent nationwide initiative that holds great significance for Qatar's residents. Participation in sports and physical activity is an important area of focus for human development in the Qatar National Vision 2030 through promoting health, well-being and the development of Qatar's home-grown sportsmen and women.

Commercial Bank is a proud and active supporter of National Sports Day. In 2015, the Bank employees and their families participated in a variety of sporting and community activities. In the spirit of encouraging sports and physical activities, staff took part in a cricket match, football match and a table tennis competition. Staff also took part in the Qatar Central Bank Marathon on Doha's Corniche. To share the celebrations with all members of Qatari society, volunteers from the Bank distributed special National Sports Day gifts to Dhreima - Qatar Orphan Foundation, International Center for Special Needs, and the Qatar Foundation for Elderly People Care (IHSAN) Qatar.

To raise employees' awareness about safety and health tips during emergency situations, Hamad Medical Corporation delivered first aid training to all employees on CPR (Cardio Pulmonary Resuscitation) and essential life saving skills. The Bank also held a workshop for male employees in support of the global "Movember" initiative to raise awareness on colorectal and prostate cancer in partnership with Qatar Cancer Society.

Culture

Celebrating, cherishing and promoting culture is a vital component of any advanced society. Commercial Bank chose to celebrate Qatar National Day with a wide range of traditional activities drawing upon Qatar's rich cultural heritage in a specially constructed Freej (neighbourhood) in an old Qatari style and a pop-up museum at Commercial Bank Plaza. On display at the museum were items of historical significance reflecting the Bank's long Qatari heritage stretching back 40 years, including historical bank notes and old pictures of Commercial Bank in years past. Qatar's rich cultural heritage was brought to the fore at the Freej, where the public enjoyed a range of traditional and folklore art activities, handicrafts, food, drink and music. Among the attractions were the opening of oysters for pearls, henna painting, Al Fajiri (the art of performed sea songs), Al Moradah (a girls' traditional song and dance performance,) Arda (folkloric sword dance) and Bisht (stitching).

Commercial Bank celebrated Qatar National Day with a wide range of traditional activities honouring Qatari Tradition

Charitable activities

Commercial Bank is inspired by, part of, and wholly committed to Qatar. The Bank is committed to supporting the full spectrum of Qatari society, including the disadvantaged and less fortunate.

For Qatar National Day, the Bank engaged in a number of community outreach activities to share the joyful celebrations with the wider Qatari community by visiting twelve schools, Dhreima - Qatar Orphan Foundation, International Center for Special Needs, and the Qatar Foundation for Elderly People Care (IHSAN) Qatar.

During Ramadan, the Bank chose to celebrate Garangao by distributing specially designed Commercial Bank Garangao bags filled with an assortment of treats to children at Hamad Hospital. Taking place on the 14th day of the holy month of Ramadan, Garangao is considered a special custom celebrated in Qatar and the Gulf, with its roots in the pearl diving heritage of the region. The Bank also partnered for Garangao with Nada Al-Musleh, a young Qatari entrepreneur who is introducing her "Joud wa Soud" cartoon characters to children in primary school. Joud wa Soud are twins, a little boy and girl, who represent the Qatari community and are animated in a creative way using the latest 3D art technologies. On the 18th day of Ramadan, Commercial Bank sponsored Qatar Red Crescent's Iftar tent in Old Salata, Doha, serving Iftar meals for 3,000 expatriate labourers. Sponsorship of the country's largest Iftar tent was to highlight the valued role that labourers play in Qatar and to encourage people to share with others in society.

Commercial Bank won the "Best CSR Report" for the Bank's Corporate Social Responsibility activities planned over a period of three years

The Bank supported a number of notable charities in 2015 including humanitarian aid for those suffering from the loss of loved ones and the destruction of homes and property following Nepal's devastating earthquake in April 2015.

Human Capital

Commercial Bank is committed to developing local talent by equipping individuals with skills and training that leads to rewarding careers in banking. Developing Qatar's youth community is a key commitment of the Bank. As a part of this commitment, the Human Capital department is dedicated to creating a robust talent and knowledge pool within the Bank, to support building the nation's professional skills with people who will proudly represent their country at a national and international level in the future.

Commercial Bank's Human Capital department identified three key strategies for the Bank in 2015:

1. Recruitment, engagement and total rewards: Recruit and retain high-quality, diverse staff through effective workforce planning and talent acquisition methods; strong engagement; diversity and inclusion programmes; and a competitive total rewards package.

2. Learning, development and performance management: Create and sustain a high-performing workforce through innovative workforce learning, development and performance management programmes.

3. Human capital infrastructure: Develop human capital infrastructure by creating human capital policies, improving HR information systems, effectively allocating and prioritising resources, and achieving desired human capital outcomes through mutual accountabilities.

Recruitment, engagement and Total Rewards

Human Capital continued to build the Bank's workforce by identifying and recruiting the best qualified talent to meet the immediate and long-term staffing needs of our growing organisation. Human Capital created a comprehensive three-year workforce planning process to improve planning and staffing of Commercial Bank positions. This process aligns with the annual budget process and identifies workforce requirements to allow for proactive planning tied to mission-driven hiring needs, create innovative recruitment strategies, and bring improvements to the recruitment and hiring processes including the development of tailored end-to-end recruitment tools.

Human Capital supported the Bank in 2015 by providing compensation and benefits policies, programmes and practices to

Management review of operations (continued)

Commercial Bank hosted a VIP Gala dinner attended by HE The Prime Minister and Minister of the Interior of Qatar, as well as 300 high profile guests including dignitaries, businessmen, diplomatic missions and the Bank's founders

attract and retain a high-quality workforce, particularly Qatari nationals in line with the Bank's long-term Qatarisation strategy. In order to stay competitive, Human Capital continues to benchmark existing compensation and benefits policies to industry peers in the financial sector in Qatar.

Learning, Development and Performance Management

As Commercial Bank's workforce increased in number, Human Capital prioritised the creation of a comprehensive learning and development programme to ensure that the Bank's workforce continued to develop job-related knowledge, skills and abilities. Human Capital accomplished this by launching a competency modelling development project in 2015 to identify the skills and expertise needed for mission-critical positions across Commercial Bank; by offering increased quantity and scope of learning programmes for employees and leaders; and by continuing to focus on employee engagement and performance management.

Human Capital continued to offer innovative and creative approaches to informal learning in 2015 and encouraged employees to utilise technology for their learning and development needs by launching a new brand of 'Bawabah', a learning, development and career management portal.

Several proprietary educational and professional career advancement programmes continued in 2015, designed for both the Bank's current talented employees and promising applicants. These include the Accelerated Leadership Programme, Future Leaders Programme, Graduate Development Programme and Bachelors Programme. These programmes are designed to empower employees and enable them to excel in their chosen field. Coaching and mentoring are integral to all of the Bank's talent programmes, optimising and accelerating the learning experience through the coaches' broader experience.

Commercial Bank has a unique career development training programme that provides exposure to a wide range of disciplines to create well-rounded banking professionals. The programme aims to ensure the next generation of Qatari bankers are equipped with the skills and passion to provide Commercial Bank's customers with the highest quality of expertise and professional services. We look forward to welcoming our next intake of future banking leaders into Commercial Bank, and continuing our commitment to working hand-in-hand with the Government towards developing Qatar's human capital in line with the Qatar National Vision 2030.

In addition to learning initiatives, Human Capital focused on defining effective performance measures and managing employee performance in the Bank's annual performance cycle. Human Capital introduced a merit-based performance management programme throughout 2015 based on the principle of ongoing feedback and development. This included collaborative performance planning processes, mid-year performance discussions, year-end self-assessments, and a multi-source narrative feedback gathering process at year-end.

The performance management programme also included the creation of standard performance objectives for mission-critical jobs, implementing an automated performance management tool, conducting extensive performance management training, and facilitating management workshops to ensure consistent application of the programme. Continuous evaluation and improvement of this programme is essential to the development of Commercial Bank's workforce.

Human Capital's learning and development strategies continue to develop programmes to explore and refine human capital metrics; explore competency and skill gaps based on performance management and other evolving data sources; respond to those gaps with new learning programmes; organisational development programmes; and leadership strategies.

Human Capital Infrastructure

Over the past year, Human Capital embarked on a massive HR infrastructure automation and transformation by creating and improving HR's information systems. Amongst HR automation initiatives deployed in 2015 were rebranding of 'Bawabah' (learning, development, and career management portal), 'CBSwift' (end-to-end recruitment system), and 'CBTouch' (HR on mobile). While many other initiatives are in the pipeline, Human Capital continues to be a leader in HR automation and transformation for the benefit of Commercial Bank employees.

Acknowledgement

Commercial Bank's successful business performance in 2015 has only been possible through the dedication and hard work of our valued employees and the leadership team. We are also extremely grateful for the ongoing support and guidance provided by the Chairman, Vice Chairman and Managing Director and Members of the Board. Under their leadership, we have continued to achieve growth and have sustained our reputation of being one of Qatar's oldest and most successful banks for the past four decades.

Commercial Bank held a gathering for staff and their families at the Museum of Islamic Art park on the occasion of its 40th Anniversary

In conclusion, we would like to express our sincere gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, Emir of the State of Qatar, for his visionary leadership of Qatar. We would also like to thank His Excellency the Prime Minister and Minister of the Interior Sheikh Abdullah Bin Nasser Bin Khalifa Al Thani, His Excellency the Minister of Finance, Mr Ali Shareef Al Emadi, the Qatar Central Bank and the Ministry of Economy and Commerce for their continued guidance and support of the Bank throughout this past year. The Qatar Central Bank, under the leadership of His Excellency the Governor Sheikh Abdullah Bin Saud Al Thani, has shown prudence with clear and consistent leadership of the banking industry enabling the Qatar financial market to grow despite a challenging operating environment.

We are very proud of our success over the past four decades and are optimistic about what the future will bring for Commercial Bank and for Qatar.

Responsibility statement

To the best of our knowledge, financial statements prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit of The Commercial Bank (Q.S.C.). We confirm that the management review, together with the notes to the financial statements, includes a fair review of development and performance of the business and the position of the Group together with a description of the principal risks and opportunities associated with the expected development of the Group.

23 March 2016

For and on behalf of the Board of Directors:

Mr. Hussain Ibrahim Alfardan
Vice Chairman and Managing Director

Mr. Abdulla Saleh Al Raisi
Chief Executive Officer

Annual Corporate Governance Report 2015

1. Introduction

2015 marked significant milestones particularly in legislation pertaining to governance including the new Commercial Companies Law (promulgated by Law No. 11 of 2015) and governance instructions issued to banks by virtue of Qatar Central Bank's Circular No. 68/2015. This legislation aimed to enhance governance principles for the boards of companies operating in Qatar.

Commercial Bank continued to take proactive measures to further enhance and commit to upholding the highest standards of corporate governance during 2015 as regulators and investors continued to ensure adoption of sound corporate governance practices and risk management. Through the comBined efforts of the Board of Directors, the Executive Management and its employees, the Bank has adopted governance charters and documents, which demonstrate full compliance with regulatory requirements and the best practice in corporate governance.

In fulfilment of the Bank's responsibilities to its stakeholders (being any person who has an interest in the Bank including shareholders, depositors, customers, employees, creditors and investors), the Board of Directors (the Board) has approved and adopted the standards and practices, which provide the framework for the Bank's corporate governance. Such standards are reviewed by the Board periodically to ensure that the Bank applies the best practices in corporate governance, and that these practices provide for the effective oversight and management of the Bank.

These standards are encapsulated in the Bank's governance charters, policies and documents, highlights of and compliance to which are detailed in the succeeding sections of this report.

The Board Charter, the Board Committees Charter and the Corporate Governance Charter are published and can be found on the Bank's website www.cbq.qa and are also available in print to any shareholder upon request.

2. The Board of Directors

2.1 Role of the Board and Executive Management

The Board is entrusted by the shareholders with the authority to govern the Bank, oversee its operations and provide effective governance over the Bank's key affairs, including the appointment and overseeing the Executive Management, setting the Bank's vision and mission, approval of policies relating to the Bank's long-term transactions, strategies including risk strategy and Bank's objectives, ensuring the accuracy of its Financial Statements and returns, evaluation of performance and assessment of major risks facing the Bank, and ensuring compliance with related laws and regulations as well as the Bank's Articles of Association (AOA).

In order to provide an organised and focused means of achieving the Bank's goals and to properly address issues in a timely manner, the Board has set up Board Committees in accordance with leading practices and applicable local governance regulations. In addition, the Board has assigned the day-to-day management of the Bank to the Executive Management subject to clear instructions and within the bounds of their delegated authority. In line with QCB Circular No. 68/2015 (5th Principle), the Executive Management is responsible for the implementation of the processes, activities and board resolutions according to the strategies and policies approved by the board and the bank's risk structure. The Executive Management is also responsible for preparing the Bank's Organisational Chart ensuring the sound distribution and delegation of authorities as well as the limit of responsibility and accountability.

The detailed roles and responsibilities of the Board are defined in the Board Charter. The Board Charter can be found on the Bank's website at www.cbq.qa and is also available in print to any shareholder upon request.

2.2 Board Composition and Directors' Qualifications

In accordance with the Bank's AOA, Corporate Governance Charter, Commercial Companies Law (CCL) and other applicable regulations, the Bank currently has nine (9) Directors and none of them assumes executive (administrative) responsibilities, one (1) of whom is an independent member. The Board has five non-executive and four executive members (subject to QCB classification of board members by virtue of QCB Circular No. 68/2015).

The positions of Chairman of the Board and Chief Executive Officer of the Bank are not being held by the same individual.

Members of the Board possess personal qualities including loyalty, integrity, good reputation and credit worthy and hold the proper educational qualification, industry knowledge, expertise in the field of banking and international markets and the technical skills required to fully, professionally and effectively carry out assigned roles and to provide leadership and supervise management in order to ensure maximisation of shareholder wealth. The Directors are also committed to provide the required amount of time and attention towards the accomplishment of their duties for the duration of their tenure.

2.3 Secretary of the Board of Directors

The Board Secretary provides administrative support to the members of the Board, the Board Committees and the Chairman to facilitate their execution of all functions relating to the Board. The Board Secretary may only be appointed and removed by a Board Resolution.

Under the direction of the Chairman, the Board Secretary is in charge of ensuring timely access to information and coordination among the Board Members as well as between the Board and other stakeholders in the Bank including shareholders, management, and employees. In addition, the Board Secretary is also responsible for maintaining and safekeeping Board documentation and for managing all communication with QCB, government, ministries, institutions and other external entities.

The incumbent Board Secretary possesses the requisite knowledge and skills required to fulfil the role. She has extensive experience in compliance and corporate governance matters for financial institutions. More importantly, the Board Secretary also holds the trust and confidence of the Board in performing Board-related tasks.

2.4 Electing Directors

The Board Remuneration and Nomination Committee is tasked to uphold the transparency in the nomination process for Board membership. This Committee is responsible for recommending Board Members' appointments and nomination for election in the General Assembly, as well as conducting the annual self-assessment of the Board and Board Committees' performance.

Nominations and appointments are made in accordance with formal, rigorous and transparent procedures in line with the Bank's AOA and relevant governance charters. Members of the Board shall be elected by the General Assembly for a period of three years, and a director may be re-elected more than once.

New Board Members have been elected to the Board in 2015 as follows:

1. Mr. Hassan Bin Hassan Al Mulla, representing Hassan Bin Hassan Al Mulla & Sons Co., replaced Late Mr. Abdullah Al Mannai.
2. Mr. Ali Saleh Al Fadala, representing Qatar Insurance Company, replaced Mr. Ali Al Mannai.

In the event that a Director is convicted of an offense of dishonour or breach of trust or is declared bankrupt or absents himself for more than three consecutive meetings of the Board or five non-consecutive meetings without an excuse that has been accepted by the Board, the Director's membership to the Board shall be deemed terminated. Further details relating to the election and removal from office of directors are provided in the Bank's AOA and the Bank's Corporate Governance Charter.

During 2015, in compliance with leading practices and corporate governance regulations and charter, the Board and Board Committees have completed their annual self-assessment for 2015.

2.5 Directors' Responsibilities

The Chairman is responsible for ensuring the proper functioning of the Board in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information.

Directors shall be given appropriate and timely information to enable them to maintain full and effective control over strategic, financial, operational, compliance and governance issues of the Bank.

Other than resolutions passed at each Annual General Assembly absolving the Board from responsibility and the provisions of the AOA stipulating that disputes against Directors can only be brought in accordance with a resolution by the General Assembly, there are no provisions in effect protecting the Board and Executive Management from accountability.

The comprehensive responsibilities of the Board Chairman are as defined in the Directors' Job Descriptions and as prescribed in the rules set out in applicable laws and regulations.

2.6 Directors' Independence

The Bank has fully adopted QCB Corporate Governance Guidelines definition of 'Independent Directors' in assessing independence of its Board Members.

2.7 Board Meetings

The Board shall hold at least once every two months i.e. not less than six meetings annually in line with Qatar Central Bank Corporate Governance Guidelines to Financial Institutions, Commercial Bank's AOA and the Board of Directors Charter. The meeting shall not be deemed valid unless the majority of board members are in attendance (at least five out of nine members whether in person or by proxy) provided that at least four Directors are present in person. Excuses for not attending the meeting must be convincing and recorded by means of minutes kept by the Board Secretary. Board meetings are scheduled in the Board Calendar according to key events and coinciding with financial period closures of the Bank. Directors are expected to make every effort to attend, in person, all scheduled Board meetings and meetings of the Board Committees on which they serve. Voting in Board meetings shall be in accordance with the Bank's AOA. Matters considered, and decisions taken, by the Board shall be recorded by the Board Secretary in a special register.

During 2015, the Board held a total of six (6) Board meetings.

Annual Corporate Governance Report 2015

2.8 Board Committees

To increase the efficiency of the Board's control over the bank's various activities and the risks to which it is exposed in an independent and professional manner, the Board has established committees which are delegated to do specific responsibilities and authorities to act on behalf of the Board. In addition, in line with its commitment to corporate governance principles, the committees instituted by the Board meet the minimum committee requirements set forth by applicable corporate governance regulations.

The Board has formed five (5) Board Committees as follows:

1. Board Audit and Compliance Committee;
2. Board Risk Committee;
3. Board Executive Committee;
4. Policy, Strategy and Governance Committee;
5. Remuneration and Nomination Committee.

Board Risk Committee
The Board Risk Committee is primarily responsible for all aspects of enterprise risk management including but not limited to credit, market and operational risks.

The Terms of Reference provide that the Committee is responsible for (i) all aspects of enterprise risk management including but not restricted to credit risk, market risk, liquidity risk and operational risk, (ii) setting forth risk policies, criteria and control mechanisms for all activities involving any types of risk and (iii) overseeing all Bank risks through the Management Risk Committee (MRC).

The Committee is composed of the following members as at 31 December 2015:

Board Member Name	Status on the Committee	Member Classification
Mr. Omar Hussain Alfardan	Chairman	Non-Independent / Executive
HE Mr. Abdul Rahman Bin Hamad Al Attiyah	Member	Non-Independent / Executive
Mr. Mohd Ismail Mandani Al Emadi	Member	Non-Independent / Executive
Mr. Ali Saleh Nasir Al Fadala	Member	Independent / Non-Executive
Mr. Andrew C. Stevens	Member	-

The Committee is required to meet at least four (4) times a year. During 2015, the Board Risk Committee held a total of nine (9) meetings and minutes of such meetings are duly documented.

Policy, Strategy and Governance Committee
The Policy, Strategy and Governance Committee is primarily responsible for attending to issues relating to governance, approving all strategies, plans, budgets/objectives and policies, procedures and systems as well as reviewing the performance of the Bank in relation to each of the foregoing.

The Terms of Reference provide that the Committee (i) reviews and develops the long term strategy, brand, vision and mission of the Bank, (ii) reviews and develops the annual business plan and the budget in line with the long term strategy and the changes in economic, market, and regulatory environments, (iii) monitors and evaluates the Bank's performance periodically against the strategy, business plan and budget, (iv) reviews and pre-approves the Bank's proposed policies prior to final approval being sought from the Board of Directors unless the Board delegates its "final approval authority" to the Committee and (v) on a periodic basis, reviews and assesses any changes to international and local corporate governance practices and applicable regulations that could impact Commercial Bank's activities and recommends any required changes in practices and documentation to the Board of Directors for review and approval.

The Committee is composed of the following members as at 31 December 2015:

Board Member Name	Status on the Committee	Member Classification
Shiekh Abdullah Bin Ali Bin Jabor Al Thani	Chairman	Non-Independent / Executive
Mr. Hussain Ibrahim Alfardan	Member	Non-Independent / Executive
HE Mr. Abdul Rahman Bin Hamad Al Attiyah	Member	Non-Independent / Executive
Mr. Omar Hussain Alfardan	Member	Non-Independent / Executive
Mr. Andrew C. Stevens	Member	-
Any Independent Member	Alternate Member	-

The Committee is required to meet at least four (4) times a year. During 2015, the Policy, Strategy and Governance Committee met a total of eight (8) times and minutes of such meetings are duly documented.

Board Executive Committee
The Board Executive Committee is responsible for handling matters especially relating to credit facilities (within authorised limits), which may arise between full Board meetings and require the Board's review, as per QCB and Board guidelines.

The Terms of Reference provide that the Committee (i) acts as a consultative body to the Board, which handles matters that require the Board's review, but may arise between Board meetings. In addition, this Committee deliberates matters, specifically credit matters, in detail which are not discussed at length in the meetings of the Board, and assists the Board in detailed reviews and analysis which could be done prior to a Board meeting and (ii) is also delegated certain approval authorities by the Board including the granting of major credit facilities and undertaking major investments within the approved limits as per the Bank's approved delegation of authority matrixes.

The Committee is composed of the following members as at 31 December 2015:

Board Member Name	Status on the Committee	Member Classification
Shiekh Abdullah Bin Ali Bin Jabor Al Thani	Chairman	Non-Independent / Executive
Mr. Hussain Ibrahim Alfardan	Member	Non-Independent / Executive
Mr. Omar Hussain Alfardan	Member	Non-Independent / Executive
Mr. Mohd Ismail Mandani Al Emadi	Member	Non-Independent / Executive
Mr. Andrew C. Stevens	Member	-
Any Independent Member	Alternate Member	-

The Committee is required to meet at least twelve (12) times a year. During 2015, the Board Executive Committee met a total of eleven (11) times and minutes of such meetings are duly documented.

Board Audit and Compliance Committee
The Board Audit and Compliance Committee is primarily responsible for overseeing the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank as well as setting forth compliance and Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) requirements, and defining criteria and control mechanisms for all activities involving Bank-wide related risks.

The Terms of Reference provide that the Committee is responsible for (i) overseeing the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank, (ii) setting forth compliance and Anti-Money Laundering & Combating Financing Terrorism (AML/CFT) requirements, and defining criteria and control mechanisms for all activities involving Bank-wide related risks and (iii) recommending the appointment of the External Auditors to the Board, and in turn, the Board will review and recommend the same for approval in the Annual General Meeting.

The Committee is composed of the following members as at 31 December 2015:

Board Member Name	Status on the Committee	Member Classification
HE Mr. Abdul Rahman Bin Hamad Al Attiyah	Chairman	Non-Independent / Executive
Shiekh Jabor Bin Ali Bin Jabor Al Thani	Member	Non-Independent / Non-Executive
Mr. Ali Saleh Nasser Al Fadala	Member	Independent / Non-Executive
Any Independent Member	Alternate Member	-

Conforming to the transparency and independence principle, the Internal Audit and Compliance Departments report directly to the Board Audit and Compliance Committee whereby the Heads of both the Internal Audit and Compliance functions are responsible to submit reports and observations to the Committee on a periodic basis and as needed.

The Committee is required to meet at least four (4) times a year. During 2015, the Board Audit and Compliance Committee met a total of seven (7) times and minutes of such meetings are duly documented.

Annual Corporate Governance Report 2015

Board Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for evaluating the Bank's compensation and remuneration framework for the Board Members, management and staff, based on the long-term performance and objectives of the Bank. The Committee is also responsible for recommending Board Members' appointments and re-nomination for election by the General Assembly, supervising the training of the Board members with regard to corporate Governance of the bank as well as conducting the annual self-assessment of the Board's performance.

The Terms of Reference provide that the Committee is responsible for (i) setting the Bank's remuneration framework for the Board Members, the management and the employees, as outlined in the Directors' remuneration policy and Human Capital policy on management and employee compensation and benefits, respectively. Remuneration shall take into account the responsibilities and scope of functions of the Board Members and the management as well as the performance of the Bank. Compensation includes fixed and performance related components that are based on the long-term performance of the Bank. The Committee is also responsible for (ii) presenting the Bank's remuneration framework to the Board, with the Directors' Remuneration Policy being subject to further approval by the shareholders in the General Assembly (iii) oversees the establishment of a nomination process for Board Members, (iv) follows "Fit and Proper Guidelines for Nomination of Board Members" annexed to the QFMA Corporate Governance Code, (v) reviews candidate profiles of all new Board Members applying for election to the Board considering current Board composition, (vi) recommends appointment of new members to the Board for recommendation to the General Assembly, (vii) reviews members for re-election and provides opinion to the Board for communication to the General Assembly and (viii) facilitates the performance of an annual self-assessment exercise for the full Board.

The Committee is composed of the following members as at 31 December 2015:

Board Member Name	Status on the Committee	Member Classification
Shiekh Jabor Bin Ali Bin Jabor Al Thani	Chairman	Non-Independent / Non-Executive
Mr. Hussain Ibrahim Alfardan	Member	Non-Independent / Executive
HE Mr. Abdul Rahman Bin Hamad Al Attiyah	Member	Non-Independent / Executive
Mr. Jassim Mohammed Jabor Al Mosallam	Member	Non-Independent / Non-Executive

The Committee is required to meet at least two (2) times a year. During 2015, the Board Remuneration and Nomination Committee held a total of two (2) meetings and minutes of such meetings are duly documented.

2.9 Directors' Remuneration

Board Members' remuneration shall be disclosed in accordance with QCB Circular No. 18/2014. This remuneration framework shall be presented to the shareholders in the General Assembly for approval and shall be made public. The Board shall regularly evaluate and measure risks involved in determining and paying incentives and compensations and review the policy and the system accordingly.

In conformity with the Bank's Remuneration Policy for the Board, remuneration shall take into account the responsibilities and scope of functions of the Board Members and shall be based on their performance compared to the bank's long-term achievements, not only the current years's achievements. The remuneration and incentive policy approved by the Board shall take into consideration the bank's risk structure, overall performance, profitability indicators, liquidity, capital adequacy and operating performance.

Remuneration of Board Members may take the form of (i) fixed salaries, (ii) Directors' fees, (iii) in-kind benefits or (iv))a percentage of the Bank's profits.

As reported in the Bank's Annual Report 2015, total remuneration earned by the Board in 2015 (including fixed remuneration and meeting attendance fees) was QAR 18,500 million (subject to approval during the Bank's AGM). (2014: QAR 19,190 million).

With respect to Executive Management and employees, the Bank has a remuneration framework developed that outlines the compensation structures for Executive Management and employees, which are competitive relative to the market, reward performance that contributes to the Bank's growth and profitability and are consistent with the Bank's strategy.

Total remuneration earned by the senior executive management in 2015 was QAR 57,657 million (2014: QAR 97,238 million).

2.10 Independent Advisors

The Board and its Committees may retain counsel or consultants with respect to any issue relating to the Bank's affairs. Costs and expenses incurred pursuant to appointment of independent advisors or consultants shall be borne by the Bank.

For 2015, total costs incurred by the Bank with respect to retaining counsel and consultants amounted to QAR 55.4 million.

2.11 Independent and Non-Executive Members of the Board of Directors

As at 31 December 2015, the Board of Directors of the Bank comprised the following members:

Director	Position	Date of First Appointment	Expiry of Current Appointment	Status
Shiekh Abdullah Bin Ali Bin Jabor Al Thani	Chairman	1990	2016	Non-Independent & Executive
Mr. Hussain Ibrahim Alfardan	Vice Chairman & Managing Director	1975	2016	Non-Independent & Executive
HE Mr. Abdul Rahman Bin Hamad Al Attiyah	Member	2014	2016	Non-Independent & Executive
Mr. Jassim Mohammed Jabor Al Mosallam	Member	1975	2016	Non-Independent & Non-Executive
Mr. Omar Hussain Alfardan	Member	2002	2016	Non-Independent & Executive
Shiekh Jabor Bin Ali Bin Jabor Al Thani	Member	2002	2016	Non-Independent & Non-Executive
Mr. Ali Saleh Al Fadala (Representative of Qatar Insurance Company)	Member	2015	2016	Independent & Non-Executive
Mr. Hassan Bin Hassan Al Mulla Al Jufairi (Representative of Hassan Bin Hassan Al Mulla & Sons Co.)	Member	2015	2016	Non-Independent & Non-Executive
Mr. Mohd Ismail Mandani Al Emadi (Representative of M/S Savings Development Company LLC)	Member	2014	2016	Non-Independent & Non-Executive

The status of the Board Members as Non-Executive, Independent or Non-Independent is determined in accordance with the Qatar Central Bank Guidelines to Banks.

Sheikh Abdullah Bin Ali Bin Jabor Al Thani
Chairman

- Graduated from Qatar University with a BA in Social Science;
- Owner of Vista Trading Company;
- Partner in Dar Al Manar and Domopan Qatar;
- Director of National Bank of Oman;
- Director of United Arab Bank.

Mr. Hussain Ibrahim Alfardan
Vice Chairman & Managing Director

- Chairman of Alfardan Group;
- Chairman of United Development Company;
- Chairman of QIC International LLC;
- Vice Chairman of Gulf Publishing and Printing Company;
- Vice Chairman of the Qatar Businessmen Association;
- Director of Qatar Insurance Company;
- Founding member and Director of Investcorp Bahrain.

HE Mr. Abdulrahman Bin Hamad Al Attiyah
Board Member

- State Minister;
- Vice President of the Board of Trustees of the Arab Thought Forum – Amman, Jordan;
- Former Undersecretary of the Foreign Ministry;
- Former Ambassador of the State of Qatar to Saudi Arabia, France, Italy, Greece, Yemen, Switzerland and Djibouti;
- Former permanent representative of the State of Qatar to the United Nations and other international organizations (Geneva, Rome and Paris);
- Owner and Chairman of Mawten Trading Co;
- Director of the National Bank of Oman (NBO);
- Graduated from the USA with a BA in Political Science;
- Holder of the State Award of Appreciation.

Annual Corporate Governance Report 2015

Mr. Jassim Mohammed Jabor Al Mosallam
Board Member

- Owner of Al Mosallam Trading Company;
- Director of Qatar German Medical Devices Company;
- Director of Qatar Clay Bricks Company.

Mr. Omar Hussain Alfardan
Board Member

- Graduated from Webster University, Geneva with a BA degree in Business; Administration and a Master's degree in Finance;
- CEO of Alfardan Group, Alfardan Hotels and Resorts, Alfardan Hospitality;
- CEO of Alfardan Automobiles and Alfardan Properties in Qatar and Oman;
- Director of Alfardan Jewellery in Qatar and KSA, Alfardan Investment and Alfardan Marine Services in Qatar;
- Vice Chairman of the Board of Directors and Chairman of the Board Executive Committee of United Arab Bank in UAE;
- Vice Chairman of the Board of Directors and Chairman of the Board Executive Committee of Alternatifbank (ABank) in Turkey;
- Chairman of Qatar District Cooling Company (Qatar Cool);
- Manager of Marsaarabia;
- Director of United Development Company;
- Member of the Board of Trustees of the American University of Beirut;
- Director of Qatar Red Crescent Society.

Sheikh Jabor Bin Ali Bin Jabor Al Thani
Board Member

- Owner of Al Maha Contracting Co;
- Director of Gulf Publishing and Printing Company;
- Director of Qatar Clay Bricks Company.

Mr. Ali Saleh Al Fadala
Board Member

- Completed his training and education in Egypt, UK and US;
- With over 29 years of experience in insurance;
- Member of the boards of a number of insurance entities in the region and Europe;
- Former CEO of Damaan Islamic Insurance Company (Beema);
- Joined QIC Group in 1986 & was appointed Senior Deputy Group President & CEO in February 2013.

Mr. Hassan Bin Hassan Al Mulla Al Jufairi
(Representative of Hassan Bin Hassan Al Mulla & Sons Co.)
Board Member

- Graduated from the Faculty of Commerce;
- Businessman since 1948;
- Board Member in Al Khaleej Takaful Group and in National Cement Company;
- Chairman of Hassan Bin Hassan Al Mulla & Sons.

Mr. Mohd Ismail Mandani Al Emadi
(Representative of M/S Savings Development Company LLC)
Board Member

- Graduated from Holy Names University, California with a Bsc degree in Business Administration & Economics;
- Over 30 years of experience in banking;
- Occupying a number of key roles in Commercial Bank from 1983 to 2006 including Head of Banking, Operations, Commercial Services and Risk Management;
- Deputy General Manager of Commercial Bank from 2004 to 2007;
- Director of National Bank of Oman;
- Director of Alternatifbank (ABank) in Turkey;
- Managing Director of Qatar Cinema & Film Distribution Co. in Qatar;
- CEO of Qatar Real Estate Investment Co. from 2008 to 2011;
- Former Director of Qatar Real Estate Investment Co;
- Former Director of Mannai Corporation;
- Former Director of Qatar Shipping Co;
- Former Director of Doha Securities Market.

3. Executive Management

While the Board has the ultimate responsibility on the governance of the Bank, the Executive Management is composed of a group of the bank's senior employees headed by the CEO, who are responsible for the implementation of the processes, activities and board resolutions according to the strategies and the policies approved by the board and the bank's risk structure. The Executive Management is responsible for preparing the bank's organizational chart ensuring the sound distribution and delegation of authorities as well as the limit of responsibility and accountability. The members of the Executive Management shall contribute to the implementation and development of the sound governance system in collaboration with the Board and to ensure that operations are carried out in an effective, safe and sound manner, and in compliance with applicable internal Bank policies and procedures and external laws and regulations. The Board may delegate authorities to the CEO to act generally on behalf of the bank to accomplish a third party's transactions. However, the board may impose any restrictions on the position of the CEO or any other official in the bank such as the financial transactions, which they are allowed to tackle without the approval of the board. Since 2013, Mr. Abdulla Saleh Al Raisi has been appointed as the CEO of the Bank. The CEO is supported by a specialized expertise and highly qualified team overseeing the core banking areas of Wholesale Banking and Retail and Consumer Banking and other support functions which include areas of Risk Management, Banking Operations, Strategic Clients, Legal Affairs, Finance, Organizational Effectiveness, Internal Audit and Compliance and AML/CFT.

As at 31 December 2015, Executive Management of the Bank comprised the following:

Mr. Abdulla Saleh Al Raisi
Chief Executive Officer
Owns 9,240 shares in the Commercial Bank

- Graduated from Portland State University in 1982 with a B.Sc. in Political and Social Sciences;
- Joined Commercial Bank in 1998;
- Appointed Deputy CEO in March 2007 then CEO in July 2013;
- Previously with QAFCO;
- Over 26 years of experience including extensive banking experience in Arab Gulf States; Folklore Centre and Doha Bank, respectively;
- Chairman of Commercial Bank Investment Services;
- Director of CBQ Finance Limited.

Mr. Colin Macdonald
Deputy Chief Executive Officer
Does not own any shares in the Commercial Bank

- An Honours graduate in Business Finance, a London Business School Alumnus (Corporate Finance programme);
- A Certified Professional Director having completed the Director Development Programme at the Mudara Institute of Directors;
- 27 years of wide ranging financial banking services experience;
- Previously Group CEO of Shuaa Capital;
- Held several key positions in ABN AMRO Bank including Regional Head, Middle East;
- Led various origination and business strategy roles in National Westminster Bank.

Mr. Rehan Khan
EGM, Chief Financial Officer
Does not own any shares in the Commercial Bank

- Graduated from London School of Economics with a Bachelor in Economics;
- Trained with KPMG in London and member of the Institute of Chartered Accountants in England and Wales;
- 22 years banking experience with HSBC working in London, India, Malaysia and Saudi Arabia;
- Joined Commercial Bank as Chief Financial Officer in 2013;
- Director of Orient 1 and CBQ Finance.

Mr. Rajbhushan Buddhirajuman
EGM & Head of Wholesale Banking
Does not own any shares in the Commercial Bank

- Graduated from Indian School of Mines, India with a Bachelor in Petroleum Engineering
- Post Graduate Diploma in Management
- Joined Commercial Bank in 2014 as EGM & Head of Wholesale Banking
- Previously EGM, Retail & SME Banking, Dubai Islamic Bank, Dubai, U.A.E
- Joined Commercial Bank as Executive General Manager in Retail and Enterprise Banking in 2008 till Sept of 2012
- General Manager & Head of Retail & Consumer Group, Arab National Bank, Saudi Arabia in May 2006 and Head of Retail Assets in Sept. 2002

Annual Corporate Governance Report 2015

Mr. Dean Proctor
EGM, Consumer and Private Banking
Does not own any shares in the Commercial Bank

- Joined Commercial Bank in January 2012 as EGM, Retail & Consumer Banking
- Previously CEO of Arbuthnot Latham & Co. Ltd, a private bank in the UK, for 3 years
- Concurrently an Executive Director and Board Member of Arbuthnot Banking Group a UK listed company
- Previously with Citibank working in the UK as Managing Director, UK Retail & Wealth Management including Egg Banking Plc and internationally as Head of Credit Cards for the Middle East based out of UAE
- Spent 14 years with Lloyds Bank Plc working in retail and corporate banking across all divisions
- Chairman of Asteco Qatar and Massoun Insurance Services and Director of Commercial Bank Investment Services and Orient 1 Limited

Mr. Parvez Khan
EGM, Treasury, Investments & Strategy
Owns 35,000 shares in the Commercial Bank

- Graduated from Aligarh Muslim University with Bsc in Chemical Engineering
- Joined in 1994 and was responsible for setting up Investment services business
- Over 20 years of experience in Treasury Capital Markets and Investment Banking
- Completed Diploma in International Capital Markets from New York Institute of Finance
- Director of Commercial Bank Investment Services

Ms. Rana Salatt
EGM, Chief Risk Officer
Owns 1,265 shares in the Commercial Bank

- Graduated from Qatar University in 1996 with a major in English;
- Joined Commercial Bank in 1996 as a graduate trainee in Retail Banking and was then promoted to Risk Administration Assistant;
- A number of promotions followed: Manager, Credit Risk Administration in 2003, Head of Credit Administration & Control in 2005, Head of Client Relations in 2008, Head of Credit Control in 2009, Assistant General Manager and Head of Risk Controls in 2011 and EGM, Chief Risk Officer in 2013;
- 16 years of banking experience in Commercial Bank between Retail and Risk.

Mr. Fahad Badar
EGM, International Banking
Owns 726 shares in the Commercial Bank

- Joined Commercial Bank in 2000 and currently serves as EGM, International Banking;
- Over 11 years of experience in various areas of the retail, corporate banking and operations divisions, where he has built strong relationships and an excellent reputation amongst key industry stakeholders, from customers to peers;
- Bsc in Banking & Finance from the University of Wales and an MBA from Durham University;
- Director of Alternatifbank.

Mr. Samir El Shaikh
EGM, Chief Operating Officer
Does not own any shares in the Commercial Bank

- Graduated from Menoufia University with a Degree of Bachelor of Science in Electronic Engineering;
- Joined Commercial Bank as EGM, Chief Operating Officer in 2015
- Previously Group Chief Information Officer in Al Ahli Bank of Kuwait, Salmiyah, Kuwait;
- Appointed as Senior Vice President, Head of Information Technology in Union National Bank, Abu Dhabi, U.A.E;
- Joined the National Bank of Egypt as Chief Operation Officer in 2007; Chief Information Officer in Arab National Bank, Riyadh Saudi Arabia in 2004 and as General Manager, Head of IT and premises in Saudi Hollandi Bank, Riyadh July 2000.

Ms. Sharoq Ibrahim Al Malki
EGM, Chief Human Capital Officer

- She was appointed in March 2015 as EGM, Chief Human Capital Officer.
- Her services were terminated on 10 December 2015.

Ms. Mona Abdallah
Acting Chief Marketing Officer
Does not own any shares in the Commercial Bank

- Bachelor of Arts degree in English from the University of Illinois with a strategic focus on business writing;
- Ms. Abdallah joined Commercial Bank in 2012;
- Ms. Abdallah brought more than 15 years of experience in marketing, communications and public relations gained at various communication agencies in the USA managing Fortune 500 clients, and in banking previously working for regional investment banks;
- Her primary focus is to lead all integrated marketing efforts that continually increase brand awareness for the Bank to help drive business results;
- She has daily oversight of the teams managing the Bank's image and brand presence, digital marketing and social channels, external and internal print campaigns, PR activities and corporate collateral, key sponsorships and bank-wide events;
- An adept bilingual communication specialist, she also positions the Bank's executive leaders as expert speakers at key industry conferences, business forums and speaking engagements to further raise the profile of the Bank.

Mr. Gary Williams
Senior AGM & Chief Internal Auditor
Does not own any shares in the Commercial Bank

- Joined Commercial Bank in 2010 as Senior AGM and Chief Internal Auditor;
- Previously with Standard Chartered Bank for 25 years, the last 12 of which were in Group Internal Audit and Operational Risk Assurance positions;
- Roles in the Group Internal Audit function included postings in UK, Singapore, Hong Kong and South Korea;
- Final role in Standard Chartered Bank, prior to joining Commercial Bank was to establish and manage the Operational Risk Assurance function in 20 countries across the Africa, Middle East and Pakistan regions for the Bank.

Mr. Mohamad Mansour
Senior AGM, Chief Compliance Officer
Does not own any shares in the Commercial Bank

- Started his banking career at the Treasury Bills Department of the Central Bank of Lebanon;
- Founding member and a former Senior Investigator and Research Analyst of the Financial Information Unit at the Central Bank of Lebanon, where he led numerous money laundering and terrorism financing investigations with regional and international counterparts as well as conducting banks' examinations on anti-money laundering programs;
- A Certified Anti Money Laundering Specialist (CAMS) and Certified Compliance Officer actively involved with local and international regulators on enhancing the AML/CFT implementation, raising awareness, and introducing the latest AML/CFT information technology solutions.

3.1 Management Committees

The CEO relies on a number of internal committees in the day-to-day management of the Bank. Based on the governance requirements and broad nature of operations, seven (7) committees were formed. Decisions are formalized if the required quorum is achieved, including the Chairman or his deputy. All decisions shall be unanimous.

A summary of their main activities is documented in the Risk Charter as discussed below:

Executive Committee (EXCO)
EXCO is chaired by the CEO and meets on a regular basis, monthly, or as required by the business. Its principal function is to develop the annual business plan and budget for the Bank, and to monitor performance against these.

Management Risk Committee (MRC)

The MRC is the highest management level authority on all risk-related issues facing the Bank, and reports on all risk policy and portfolio issues to the Board Risk Committee. It monitors and controls levels of credit, retail and operational risk to ensure that the risk strategies and policies approved by the Board are adhered to and implemented. The MRC also sets up and monitors the policies and procedures relating to the management of business continuity.

The Chief Risk Officer serves as Chairman of the MRC, which meets at least four times a year, and more frequently if necessary.

Asset and Liability Committee (ALCO)
ALCO is a decision making body for developing policies relating to asset and liability and market risk management with the objective of maximizing shareholder value, enhancing profitability and protecting the Bank from facing adverse consequences arising from changes in extreme market condition and compliance with regulatory guidelines. Its key functions are to formulate policies on market risk, liquidity risk and interest rate risk, and to ensure that such risks are effectively assessed, controlled, monitored and managed.

The Chief Financial Officer serves as Chairman of ALCO. Meetings of ALCO are held once a month or more frequently if necessary, particularly in the case of a volatile operating environment.

Annual Corporate Governance Report 2015

Special Assets Management (SAM) Committee
Special Assets are those assets of the Bank which require extensive monitoring and control in order to minimize risk, prevent losses, maximize recoveries and restore profits through rehabilitation, restructuring, workout, collection or legal actions. The SAM Committee supervises these activities, reviews related policies and procedures and monitors actions being taken on all accounts within the Special Asset portfolio.

Senior AGM & Head of Special Assets serves as Chairman of the committee. Meetings are held at least four times a year, or more frequently as deemed appropriate by the Chairman.

Management Credit Committee (MCC)
The MCC reviews, recommends and implements approved credit policies and procedures relating to the Bank. The Committee reviews the delegated authorities related to credit and recommends amendments to the BOD where appropriate. It also escalates its decisions relating to credit facilities, which exceed its authority, to the BEC.

The Chief Credit Officer serves as Chairman of the committee. Meetings are held as and when required.

Investment Committee (ICO)
The Investment Committee reviews the delegated authorities related to investments and recommends amendments to the BOD where appropriate. The Committee also assumes the responsibility to review and approve the range of investment products across the Bank. It also monitors and reviews the performance of all the investment portfolio activities.

EGM, Treasury, Investments & Strategy, serves as Chairman of the committee. Review and approval of the Committee is obtained by circulation to all members.

Crisis Management Committee (CMC)
The CMC is responsible for heading incidents which may result in a crisis situation for the Bank. The Committee ensures that a bank-wide Crisis Management Plan (CMP) is developed and communicated to all stakeholders. The Bank's Crisis Management Plan has been reworked to provide a framework for all potential crisis management activities. It defines our intent, sets out our approach and is designed to be easy-to-follow and user-friendly.

It also ensures formal drills and training are conducted and a comprehensive communication process is developed regarding Crisis Management. In the event of an incident, which may conceivably result in the activation of the Bank's Crisis Management Plan, the Bank's Call Tree will be used to communicate the incident to the CEO, who will decide whether the Bank's Recovery Plans require to be actioned or not. In the event that the Bank's Recovery Plans are activated this will be rapidly communicated to all stakeholders by way of activation of the Bank's mobile phone Call Trees.

The Chief Executive Officer serves as Chairman of the committee. Meetings are held as and when required.

3.2 Senior Management Remuneration

Total remuneration earned by the Senior Management in 2015 was QAR57,657 million.

4. Ownership Structure

In accordance with Article (7) of the Bank's Articles of Association, no person (whether natural or juridical) shall own at any time more than 5% of the total shares in the Bank by any means other than inheritance, with the exception of (i) Qatar Investment Authority, Qatar Holding L.L.C or any of their associated companies and (ii) a custodian or depository bank holding shares in respect of an offering of Global Depositary Receipts.

As at 31 December 2015, 86.39% of the total number of shares in the Bank were held by Qatari nationals (whether individuals or entities) and 13.61% of such shares by foreign investors. As at 31 December 2015, in percentage terms, the largest shareholdings in the Bank were as follows:

Qatar Holding L.L.C	16.67%
Wadi Al Sail Fund 8	2.60%
Pension Fund of General Retirement & Social Insurance Authority (GRSIA)	1.84%
Al Watani Fund 3	0.81%

5. Compliance, Internal Audit and Risk Management

5.1 Compliance Culture

The Bank promotes a robust compliance culture across the organization and requires everyone, from the Board down to staff, to consistently comply with applicable laws, regulations and standards.

5.2 Compliance Set-up

The Bank has incorporated the regulatory requirements into the Bank's policies, procedures and systems. The Bank has comprehensive compliance and AML/CFT policies describing the compliance and AML/CFT functions at Commercial Bank Group, and this has been assessed and evaluated by internal and external bodies.

The Compliance and AML/CFT business unit does, on a pro-active basis, identify, document and assess the compliance risks associated with the Bank's business activities, including but not limited to the development of new products and business practices, and the proposed establishment of new types of business or customer relationships, or material changes in the nature of such relationships. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or loss to reputation as a result of failure to comply with applicable laws, regulations and standards.

5.3 Compliance Milestones

The Compliance and AML/CFT business unit monitors and tests compliance by performing compliance reviews to identify regulatory breaches and non-compliance issues. The results of the compliance reviews are reported to the Board Audit and Compliance Committee, the CEO, the Chief Risk Officer, the Executive Management and the concerned unit/department heads on a regular basis. The reports summarize deficiencies and/or breaches and recommend measures to address them, in addition to the corrective measures already taken and those which shall be taken in accordance with agreed target dates.

5.4 Compliance Awareness

As a result of the Bank's commitments to the implementation of the regulatory requirements and to keep the Bank's staff up to the standard, the Bank has provided its staff with an AML compliance E-Learning course, live training and an induction programme for new joiners, covering different aspects of regulatory requirements.

During 2015, the Compliance and AML/CFT business unit carried out 21 Compliance Reviews which identified compliance and controls deficiencies all of which were appropriately addressed by the Bank's management. None of the compliance issues identified in the department's compliance reviews had any material financial impact on the Bank.

5.5 Internal Audit

The Internal Audit Department is an independent function that intends to enhance/augment Commercial Bank's overall control environment. Its mandate and authority are defined in its Internal Audit Charter which has been approved by the Board Audit and Compliance Committee and ratified by the Board.

To maintain its independence, the Internal Audit Department reports to the Board, through the Board Audit and Compliance Committee. The remuneration of the department is determined by the Board Audit and Compliance Committee. The Chief Internal Auditor is nominated by the Board Audit and Compliance Committee and submits periodic reports directly to the Committee and the senior management.

In line with the 2015 Internal Audit Plan, the Department issued and submitted a total of 34 Internal Audit Reports and Investigation Reports to the Board Audit and Compliance Committee. These reports in total covered 171 units within the Bank's inventory of "auditable units", with certain units, including the majority of the Bank's branches, being covered in more than one audit assignment. All key recommendations with respect to these reports are presented and discussed during the Board Audit and Compliance Committee meetings, with 7 meetings of this committee being held during 2015. The Bank's management proactively and timely responds to all recommendations made within Internal Audit reports, such that there was no requirement for the Bank's Board Audit and Compliance Committee to become involved in ensuring the resolution of any such matters. However, there is a Governance framework in place to enable the escalation of issues to the Board Audit and Compliance Committee in need.

Additionally, the Internal Audit function undertook 2 ad hoc assignments which, in certain instances, did not result in a formal report being issued to the Board Audit and Compliance Committee.

5.6 Risk Management

The Risk Management function at CB continues to be well positioned to manage the risk associated with the banks business.

The Risk Management process addresses all risks, including Credit, Market, Operational, Liquidity, Reputational and Strategic Risk. It ensures effective identification, measurement, mitigation and reporting of all risks, the allocation of adequate capital against those risks, and the assurance of an appropriate risk/return relationship. These core values are embodied in the Board-approved Risk Charter and Risk policies which outline the enterprise-wide risk management activities of the Bank and detail high level organization, authorities and processes relating to all aspects of risk management.

The Bank follows the "three lines of defence" model, to Enterprise Risk Management, whereby responsibility and accountability for risk management within each line are well embedded and practiced, cascading from the Board of Directors, Board-level Committees, Management-level Committees, Executive Management and Employees.

Annual Corporate Governance Report 2015

Within Commercial Bank, risk management is based on the banks strategy and its risk appetite both set by the Board of Directors. The strategy and resultant risk policies and procedures are implemented through specialist risk functions reporting to the Chief Risk Officer. Risk Management is provided the requisite level of independence and works closely with other business units in the Bank, to support their activities.

The following represent the key objectives of the risk management framework:

- Implement and advance market best practice in Risk Management;
- Ensure adherence/compliance of all policies and procedures listed for management at the individual and portfolio levels;
- Institute prudent risk control mechanisms across the Bank;
- Ensure compliance with local legal and regulatory guidelines; and
- Maintain primary relationship with the local regulators with respect to risk-related issues.

Commercial Bank's Board is involved in risk decisions through the:

1. The Board Risk Committee is responsible for all aspects of Enterprise-Wide Risk management including, but not limited to credit risk, market risk, liquidity risk and operational risk. The BRC reviews the policy on all risk issues and, maintains oversight of all the risks the bank may be exposed to;

2. The Board Executive Committee (BEC) is responsible for evaluating and granting credit facilities within authorized limits as per QCB and Board guidelines as well as for reviewing the strategy on recovery of Special Asset relationships whenever required, reviewing and approving all credit proposals (other than off-the-shelf products) relating to political figures and persons in ministerial posts, within the Risk Delegation of Authority, and approving credit facilities with tenor above 8 years.

6. The Bank's Policies

The Bank currently has a total of forty-three (43) policy manuals/charters, five (5) of which are specifically focused on and involved in corporate governance and risk management.

6.1 Corporate Governance Charter

The Bank recognizes that an effective corporate governance framework is the focal component in the achievement of the Bank's corporate objectives and maximization of shareholders' value. The Bank has established corporate governance practices and protocols in compliance with its AOA and relevant regulatory requirements and in line with relevant corporate governance leading practices.

The Corporate Governance Charter captures the detailed guidelines of the Bank's governance framework in line with the transparency and disclosure requirements as per Qatar Central Bank (QCB) Corporate Governance Guidelines for Banks and Financial Institutions and QFMA Corporate Governance Code for Companies Listed in the Stock Exchange.

6.2 Anti-Fraud Policy

The Anti-Fraud Policy facilitates development of controls that aid in the detection and prevention of fraud perpetrated against the bank.

The Bank promotes an anti-fraud risk culture by adopting the following principles: (i) Commitment to the principles of integrity, and accountability and to an environment of sound governance which includes robust internal controls; (ii) Commitment to a culture that safeguards public funds and property in order to protect shareholder interest; (iii) Zero tolerance approach to fraudulent and/or unethical conduct and holding all employees accountable for their actions; and (iv) Consistent handling of all cases regardless of positions held, connections to authorities, nationality or length of service.

6.3 Policy on Promotions

Commercial Bank continue to invests heavily in Human Capital in line with Qatar National Vision 2030 by developing our employee talent and helping to make Commercial Bank one of the best places to work in Qatar.

The Bank is committed to fostering ongoing education, professional and personal development and career advancement of our employees.

The Bank recognises that, in the course of meeting objectives, the duties and functions of its employees may change in complexity and responsibility and promotions are given pursuant to increased responsibility levels but subject to exceptional past performance. The added benefits of a promotion serve as an incentive for better work performance, enhance morale and create a sense of individual achievement and recognition.

A promotion may occur through:

1. A reclassification of an employee's existing position as a result of the employee performing duties at a higher degree of responsibility and complexity than the current classification calls for; or

2. The filling of a higher level vacancy (in the event of a vacancy, the Bank will first look internally for suitable candidates and no external advertisement of the vacancy shall run unless and until exhausting all internal recruitment avenues).

For promotion through the filling of a higher level vacancy, employees need only satisfy the qualifications as specified in the job description for the vacant position (and not the qualities, skills or knowledge of the incumbent) and are eligible for promotion:

1. Pursuant to successful completion of the probation period specified by the conditions of employment;

2. Pursuant to exceptional semi-annual and annual performance appraisals; and

3. Regardless of age, gender, nationality or religion.

6.4 Penalties or Fines Imposed on the Bank by Regulatory Authorities

Penalties imposed on the Bank in 2015 by QCB amounted to QAR 115,000.

6.5 Material Issues Regarding the Bank's Employees and Stakeholders

There are no material issues regarding the Bank's employees and stakeholders to be disclosed in this report.

6.6 Corporate Social Responsibility

The Bank, as a responsible corporate citizen, recognises its social responsibility to integrate business values and operations to meet the expectations and needs of its stakeholders.

Commerce + Conscience + Compassion = Corporate Social Responsibility

The Bank is committed to promoting sustainable development, protecting and conserving human life, health, natural resources and the environment and adding value to the communities in which it operates. In so doing, the Bank recognizes the importance of both financial and non-financial commitment and contribution.

How the Bank Behaves:

a. Stakeholder Engagement – establishing relationships with stakeholders and communities and soliciting their input and involvement on critical issues.

b. Health and Safety – conducting business with a high regard for the health and safety of employees, contractors, and the communities including following local and best practice health and safety guidelines and standards.

c. Environmental Stewardship – operating in a safe and environmentally responsible manner and minimizing the impact of operations on the environment, including by reducing waste.

What the Bank Invests in:

a. Community Development – sustainable programs to improve quality of life in the community.

b. Education and Training – programs and learning opportunities to develop a skilled, competitive workforce.

c. Corporate Citizenship – philanthropic, social development and volunteer programs, community service projects, humanitarian works, arts and sports.

What the Bank Influences and Promotes:

a. Human Rights – respect and protection of fundamental human and worker rights, including ensuring a discriminations-free work environment; equal opportunities; no racism of any form; no harassment of any form; regulated working hours and paid holidays; fair compensation and the principle of 'equal pay for equal work' for men and women.

b. Rule of Law – respect of local laws and promotion of the principles of justice, fairness and equality.

c. Transparency – promotion of openness in all business dealings.

d. High Performance – high performance team culture and a collaborative, supportive work environment where employees are encouraged to reach their full professional potential.

What the Bank believes in:

Code of Business Conduct – conducting business honestly and with integrity, maintaining ethical behavior in all operations, including fighting all forms of corruption. Enforcing strict principles of corporate governance and supporting transparency in all operations.

The Bank supports many charities and NGOs and actively promotes creative projects and activities useful to society. In addition to broad support of sports and cultural and charitable activities, the Bank focuses its CSR programme on the promotion of Qatari youth development and related educational activities. In so supporting, the Bank strives to be more than a financial sponsor and is committed to engaging in a broad range of CSR activities to establish a long-standing and sustainable social platform, enabling positive change within the community. The ultimate objective of the Bank's CSR activities is to foster relationships that enhance community spirit in a responsible manner by contributing to the development of the nation and its communities for the benefit of Qatar's future generations.

Annual Corporate Governance Report 2015

6.7 Environmental Policy

The Bank is committed to protecting the natural resources and environments of the communities in which we serve and operate and minimising the impact of the Bank's activities on the environment.

In keeping with these beliefs and commitments, the Bank endeavours to ensure that all management and employees comply with the following environmental policies:

1. Conduct business in an environmentally responsible manner;
2. Comply with all applicable environmental laws and regulations;
3. Make environmental concerns an integral part of the planning and decision making process;
4. Control environmental impacts and prevent or minimize pollution, including operating a paperless environment;
5. Educate management and employees to be accountable for environmental stewardship;
6. Promote the efficient use of resources and reducing (and where possible eliminating) waste through recycling and pursuing opportunities to reuse waste;
7. Ensure the proper handling and disposal of all waste;
8. Assess the environmental condition of property interest acquired by the Bank and appropriately address the environmental impacts caused by these properties;
9. Support research and development of programmes and technologies aimed at minimizing the environmental impacts of company operations; and
10. Notify the Board of any pertinent environmental issues.

6.8 Health policy

The Bank, recognising that good health and safety management has positive benefits to an organisation, is committed to providing and maintaining a healthy, safe and secure working environment for all employees.

The Bank is committed to:

1. Ensuring the health, safety, security and welfare of all its employees whilst at work;
2. Ensuring that visitors to the Bank's premises are not exposed to risks to their health and safety;
3. Identifying hazards, assessing risks and managing those risks;
4. Maintaining arrangements for ensuring the safe use, handling, storage and transport of articles and substances; and
5. Encouraging the development and maintenance of a positive attitude towards health and safety throughout the Bank.

The Bank maintains comprehensive Fire, Health and Safety policies and provides extensive Medical Insurance through an internationally recognized insurance provider for the benefit of all permanent staff.

6.9 Code of Ethics

The Bank-wide Code of Ethics serves as a guide to the everyday professional conduct of its employees. The Code covers all applicable laws and regulations and the highest standards of business ethics that the Bank employees should be aware of and comply with in the conduct of their day-to-day business activities. In addition to the Bank-wide Code of Ethics, the standards of conduct expected from the Board are also covered in the Board Charter.

The Code extends to the Bank's subsidiaries and outsourced staff and covers the following specific topics:

- Compliance with laws and regulations;
- Board and employee conduct;
- Restrictions on acceptance of gifts or commissions;
- Avoidance of conflict of interest;
- Quality service and operational efficiency;
- Protection and proper use of company assets;
- Prohibition on insider trading;
- Media relations and publicity;
- Whistle-blowing;
- Relations between employees and the Bank;
- Use of proprietary and insider information and stakeholder information;
- Employee information and privacy; and
- Respect for human rights and prohibition of discrimination within the workplace

Abdullah Bin Ali Bin Jabor Al Thani
Chairman

Consolidated Statement of Financial Position

Independent Auditors' Report

TO THE SHAREHOLDERS OF THE COMMERCIAL BANK (Q.S.C.)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of The Commercial 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 2015, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes 1 to 40, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the applicable provisions of the Qatar Central Bank regulations.

Report on other legal and regulatory requirements

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

Gopal Balasubramaniam
Partner, KPMG
Qatar Auditor's Registry No. 251

15 February 2016
Doha, State of Qatar

Consolidated Statement of Financial Position

Figures in thousand Qatar Riyals

As at 31 December	Notes	2015	2014
ASSETS			
Cash and balances with central banks	8	5,423,592	6,940,968
Due from banks	9	15,830,943	15,493,763
Loans and advances to customers	10	76,601,549	72,541,236
Investment securities	11	15,854,241	11,621,238
Investment in associates and joint arrangement	12	4,423,172	4,446,826
Property and equipment	13	1,345,381	1,310,515
Intangible assets	14	638,379	859,923
Other assets	15	3,303,797	2,437,879
TOTAL ASSETS		**123,421,054**	115,652,348
LIABILITIES			
Due to banks	16	12,456,035	14,124,506
Customer deposits	17	69,787,654	61,561,219
Debt securities	18	8,449,337	9,544,796
Other borrowings	19	12,074,417	9,339,678
Other liabilities	20	3,354,931	3,386,036
TOTAL LIABILITIES		**106,122,374**	97,956,235
EQUITY			
Share capital	21(a)	3,266,292	2,969,356
Legal reserve	21(b)	8,820,294	8,820,294
General reserve	21(c)	26,500	26,500
Risk reserve	21(d)	1,787,308	1,708,632
Fair value reserve	21(e)	(70,305)	91,003
Foreign currency translation reserve		(804,995)	(411,131)
Other reserves	21(f)	1,139,887	1,098,090
Other equity	39	(651,052)	(723,721)
Retained earnings		1,239,526	1,449,313
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**14,753,455**	15,028,336
Non-controlling interests		545,225	667,777
Instrument eligible for additional capital	21(i)	2,000,000	2,000,000
TOTAL EQUITY		**17,298,680**	17,696,113
TOTAL LIABILITIES AND EQUITY		**123,421,054**	115,652,348

The consolidated financial statements were approved by the Board of Directors on 15 February 2016 and were signed on its behalf:

Sheikh Abdullah Bin Ali Bin Jabor Al Thani	**Mr. Hussain Ibrahim Alfardan**	**Mr. Abdulla Saleh Al Raisi**
Chairman	Vice Chairman & Managing Director	Chief Executive Officer

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Income Statement

Figures in thousand Qatar Riyals

For the year ended 31 December	Notes	2015	2014
Interest income	24	4,291,204	4,641,111
Interest expense	25	(1,756,915)	(2,060,445)
Net interest income		**2,534,289**	2,580,666
Fee and commission income	26	1,264,145	1,170,253
Fee and commission expense	27	(293,428)	(290,641)
Net fee and commission income		**970,717**	879,612
Net foreign exchange gain	28	141,406	119,656
Income from investment securities	29	104,884	185,470
Other income	30	197,862	137,065
Net operating income		**3,949,158**	3,902,469
Staff costs	31	(864,464)	(832,467)
Depreciation	13	(136,327)	(143,261)
Amortization of intangible assets	14	(52,562)	(52,657)
Impairment loss on investment securities		(56,355)	(49,811)
Net impairment loss on loans and advances to customers	10(c)	(841,836)	(622,818)
Other expenses	32	(637,373)	(591,962)
Profit before share of results of associates and joint arrangement		**1,360,241**	1,609,493
Share of results of associates and joint arrangement	12	109,066	381,166
Profit before tax		**1,469,307**	1,990,659
Income tax expense		(35,682)	(50,446)
Profit for the year		**1,433,625**	1,940,213
Attributable to:			
Equity holders of the Bank		1,401,457	1,880,316
Non-controlling interests		32,168	59,897
Profit for the year		**1,433,625**	1,940,213
Earnings per share			
Basic/diluted earnings per share (QAR per share)	33	**3.92**	5.39

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Figures in thousand Qatar Riyals

For the year ended 31 December	Notes	2015	2014
Profit for the year		**1,433,625**	1,940,213
Other comprehensive income for the year:			
Items that are or may be subsequently reclassified to profit or loss:			
Foreign currency translation differences for foreign operation	22	(524,760)	(239,955)
Share of other comprehensive income of investment in associates and joint arrangement	22	(15,452)	(6,392)
Net movement in fair value of available-for-sale investments	22	(150,286)	243,920
Other comprehensive income for the year		**(690,498)**	(2,427)
Total comprehensive income for the year		**743,127**	1,937,786
Attributable to:			
Equity holders of the Bank		841,855	1,939,701
Non-controlling interests		(98,728)	(1,915)
Total comprehensive income for the year		**743,127**	1,937,786

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Figures in thousand Qatar Riyals

For the year ended 31 December	Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserves	Other equity	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Instrument eligible for additional capital	Total equity
Balance as at 1 January 2015		**2,969,356**	**8,820,294**	**26,500**	**1,708,632**	**91,003**	**(411,131)**	**1,098,090**	**(723,721)**	**1,449,313**	**15,028,336**	**667,777**	**2,000,000**	**17,696,113**
Total comprehensive income for the year														
Profit for the year		-	-	-	-	-	-	-	-	1,401,457	1,401,457	32,168	-	1,433,625
Other comprehensive income		-	-	-	-	(165,738)	(393,864)	-	-	-	(559,602)	(130,896)	-	(690,498)
Total comprehensive income for the year		-	-	-	-	(165,738)	(393,864)	-	-	1,401,457	841,855	(98,728)	-	743,127
Transfer to risk reserve	21(d)	-	-	-	78,676	-	-	-	-	(78,676)	-	-	-	-
Dividend for instrument eligible for additional capital	21(i)	-	-	-	-	-	-	-	-	(120,000)	(120,000)	-	-	(120,000)
Net movement in other reserves	21(f)	-	-	-	-	-	-	41,797	-	(41,797)	-	-	-	-
Social and sports fund appropriation	23	-	-	-	-	-	-	-	-	(35,841)	(35,841)	-	-	(35,841)
Transactions with equity holders of the Bank recognised directly in equity														
Contributions by and distributions to equity holders of the Bank:														
Increase in share capital		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in legal reserve		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends for the year 2014	21(h)	-	-	-	-	-	-	-	-	(1,039,275)	(1,039,275)	-	-	(1,039,275)
Bonus issue	21(a)	296,936	-	-	-	-	-	-	-	(296,936)	-	-	-	-
Put option on non-controlling interest	39	-	-	-	-	-	-	-	72,669	-	72,669	-	-	72,669
Total contributions by and distributions to equity holders of the Bank		296,936	-	-	-	-	-	-	72,669	(1,336,211)	(966,606)	-	-	(966,606)
Net movement in non-controlling interest		-	-	-	-	4,430	-	-	-	1,281	5,711	(23,824)	-	(18,113)
Balance as at 31 December 2015		**3,266,292**	**8,820,294**	**26,500**	**1,787,308**	**(70,305)**	**(804,995)**	**1,139,887**	**(651,052)**	**1,239,526**	**14,753,455**	**545,225**	**2,000,000**	**17,298,680**

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity continued

Figures in thousand Qatar Riyals

For the year ended 31 December	Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserves	Other equity	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Instrument eligible for additional capital	Total equity
Balance as at 1 January 2014		2,474,464	8,820,259	26,500	1,316,300	(146,525)	(232,988)	835,840	(512,761)	1,381,870	13,962,959	592,136	2,000,000	16,555,095
Total comprehensive income for the year														
Profit for the year		-	-	-	-	-	-	-	-	1,880,316	1,880,316	59,897	-	1,940,213
Other comprehensive income		-	-	-	-	237,528	(178,143)	-	-	-	59,385	(61,812)	-	(2,427)
Total comprehensive income for the year		-	-	-	-	237,528	(178,143)	-	-	1,880,316	1,939,701	(1,915)	-	1,937,786
		-												
Transfer to risk reserve	21(d)	-	-	-	392,332	-	-	-	-	(392,332)	-	-	-	-
Dividend for Instrument eligible for additional capital	21(i)	-	-	-	-	-	-	-	-	(120,000)	(120,000)	-	-	(120,000)
Net movement in other reserves	21(f)	-	-	-	-	-	-	262,250	-	(262,250)	-	-	-	-
Social and sports fund appropriation	23	-	-	-	-	-	-	-	-	(48,505)	(48,505)	-	-	(48,505)
Transactions with share holders of the Bank recognised directly in equity														
Contributions by and distributions to equity holders of the Bank:														
Increase in share capital		-	-	-	-	-	-	-	-	-	-	80,555	-	80,555
Increase in legal reserve		-	35	-	-	-	-	-	-	-	35	-	-	35
Dividends for the year 2013	21(h)	-	-	-	-	-	-	-	-	(494,894)	(494,894)	-	-	(494,894)
Bonus issue	21(a)	494,892	-	-	-	-	-	-	-	(494,892)	-	-	-	-
Put option on non-controlling interest	39	-	-	-	-	-	-	-	(210,960)	-	(210,960)	-	-	(210,960)
Total contributions by and distributions to equity holders of the Bank		494,892	35	-	-	-	-	-	(210,960)	(989,786)	(705,819)	80,555	-	(625,264)
Net movement in non-controlling interest		-	-	-	-	-	-	-	-	-	-	(2,999)	-	(2,999)
Balance as at 31 December 2014		2,969,356	8,820,294	26,500	1,708,632	91,003	(411,131)	1,098,090	(723,721)	1,449,313	15,028,336	667,777	2,000,000	17,696,113

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Figures in thousand Qatar Riyals

For the year ended 31 December	Notes	2015	2014
Cash flows from operating activities			
Profit before tax		1,469,307	1,990,659
Adjustments for:			
Net impairment loss on loans and advances to customers	10 (c)	841,836	622,818
Impairment loss on investment securities		56,355	49,811
Depreciation	13	136,327	143,261
Amortization of intangible assets	14	52,562	52,657
Amortization of transaction costs		64,851	50,620
Loss / (gain) on investment securities at fair value through profit or loss	29	1,332	(2,179)
Net gain on disposal of available-for-sale investments	29	(86,636)	(166,787)
Gain on disposal of property and equipment and other assets		(89,761)	(17,102)
Share of results of associates and joint arrangement	12	(109,066)	(381,166)
Operating profit before working capital changes		**2,337,107**	2,342,592
Working capital changes			
Change in due from banks		(696,538)	(2,613,438)
Change in loans and advances to customers		(8,875,663)	(7,658,614)
Change in other assets		(131,200)	314,098
Change in due to banks		(1,331,506)	1,694,420
Change in customer deposits		10,042,228	(1,010,400)
Change in other liabilities		152,492	(150,517)
Contribution to social and sports fund		(48,505)	(40,135)
Cash from /(used in) operations		**1,448,415**	(7,121,994)
Income tax paid		(34,062)	(44,015)
Net cash from / (used in) operating activities		**1,414,353**	(7,166,009)
Cash flows from investing activities			
Acquisition of investment securities		(15,101,187)	(11,035,104)
Proceeds from redemption of capital from investment in associates and joint arrangement		-	7,500
Dividend received from associates and joint arrangement		117,269	118,916
Proceeds from sale/maturity of investment securities		10,448,007	14,257,835
Acquisition of property and equipment and intangible assets	13&14	(233,331)	(183,385)
Proceeds from the sale of property and equipment and other assets		125,750	17,873
Net cash (used in) / from investing activities		**(4,643,492)**	3,183,635
Cash flows from financing activities			
Proceeds from issue of debt securities	18	403,427	4,064,863
Repayment of debt securities	18	(1,399,732)	(4,020,435)
Repayment of other borrowings	19	(6,539,127)	(4,425,817)
Proceeds from other borrowings	19	9,819,002	6,835,137
Dividends paid		(1,039,275)	(494,892)
Net cash from financing activities		**1,244,295**	1,958,856
Net (decrease) / increase in cash and cash equivalents		**(1,984,844)**	(2,023,518)
Effect of exchange rate fluctuations		174,405	(91,479)
Cash and cash equivalents as at 1 January		12,749,677	14,864,674
Cash and cash equivalents as at 31 December	35	**10,939,238**	12,749,677
Net cash flows from operating activities:			
Interest paid		1,683,749	1,158,924
Interest received		4,313,970	3,162,607
Dividend received		19,580	16,504

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

The Commercial Bank of Qatar (Q.S.C.) ("the Bank") is an entity domiciled in the State of Qatar and was incorporated in 1974 as a public shareholding company under Emiri Decree No.73 of 1974. The commercial registration number of the Bank is 150. The address of the Bank's registered office is PO Box 3232, Doha, State of Qatar. The legal name of the Bank was amended from The Commercial Bank of Qatar (Q.S.C.) to The Commercial Bank (Q.S.C.), based on the shareholders' approval during the Extraordinary General Meeting held on 18 March 2015. The consolidated financial statements of the Bank for the year ended 31 December 2015 comprise the Bank and its subsidiaries (together referred to as "the Group"). The Group is primarily engaged in conventional banking, brokerage services and credit card business and operates through its head office, subsidiaries and branches.

The principal subsidiaries of the Group are as follows:

Name	Country of incorporation	Capital	Activity	Percentage of ownership 2015	2014
Alternatifbank A.S. ("ABank")	Turkey	TRY 620,000,000	Banking services	75%	74.24%
Commercial Bank Investment Services (S.P.C.)	Qatar	QAR 100,000,000	Brokerage services	100%	100%
Orient1 Limited	Bermuda	US$ 20,000,000	Holding Company	100%	100%
Global Card Services L.L.C.	Sultanate of Oman	OMR 500,000	Credit card business	100%	100%
CBQ Finance Limited	Bermuda	US$ 1,000	Debt issuance for the Bank	100%	100%

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group presents its consolidated statement of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement of assets within twelve months after the end of the reporting date ("current") and more than twelve months after the reporting date ("non-current") is presented in Note 4(c) (iii).

(b) Basis of measurement

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

- investment securities designated at fair value through income statement;
- derivatives;
- available-for-sale investments; and
- the carrying values of recognised assets and liabilities that are hedged items in quantifying fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

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

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in note 3(z), the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

(ii) Non-controlling interests (NCI)

In accordance with IFRS 3R, for each business combination, the acquirer can measure, at the acquisition date, components of NCI in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

(a) fair value on the acquisition date; or
(b) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

NCI is measured only on initial recognition. The Group measures the NCI at fair value, including its share of goodwill.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an investee if it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

The accounting policies of subsidiaries are consistent with the accounting policies adopted by the Group.

(iv) Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(v) Associates and joint arrangements

Associates and joint arrangement are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates and joint arrangement 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 associates and joint arrangement). The Group's investment in associates and joint arrangement includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates and joint arrangement post-acquisition profits or losses is recognised in the consolidated income statement; its share of post-acquisition reserve movements 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 associates and joint arrangement equals or exceeds its interest in the associates and joint arrangement, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint arrangement.

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

(vi) Funds management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity. Information about the Group's funds management is set out in Note 37

(vii) Put option on non-controlling interests (NCI)

The fair value of the put option on the NCI is calculated as the present value of the redemption amount in accordance with IAS 32 is recognised as a liability, regardless of the probability of exercise, as this is not within the Group's control. This put option does not affect the goodwill and NCI valuation as it is recorded separately within equity. If the put option expires without exercising, this recorded value would be reversed.

This puttable instrument on NCI relates to the acquisition of Alternatifbank A.S. ("ABank") and is recognised as a liability with the debit recognised in 'Other Equity'. Subsequent changes in the fair value are recognised through equity.

(b) Foreign currency

(i) Foreign currency transactions and balances

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

The gains and losses on revaluation of foreign currency non-monetary available-for-sale investments are recognised in the consolidated statement of changes in equity.

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.

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(ii) 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 (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in equity and NCI as 'foreign currency translation reserve'. When the Group has any foreign operation that 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. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the foreign exchange translation reserve in equity.

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Group initially recognises loans and advances to customers, due from / to banks, customer deposits, debt securities and other borrowings on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

(ii) Classification

Financial assets

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

- loans and receivables (LaR);
- held to maturity (HTM);
- available-for-sale (AFS); and
- at fair value through profit or loss (FVTPL), either as: held for trading; or FVTPL on initial designation

Financial assets held for trading

A financial asset is classified as held-for-trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- a derivative, except for a derivative that is a designated and effective hedging instrument.

Financial assets designated as at FVTPL

In addition to financial assets held for trading, financial assets are classified in the FVTPL category on initial recognition, to designate such instruments as a FVTPL using the fair value option in one of the following circumstances:

When doing so results in more relevant information because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would result from measuring assets or liabilities or recognising gains or losses on them on different bases (an "accounting mismatch"); or
- a group of financial assets or liabilities (or both) is managed and its performance is evaluated on a fair value basis in accordance with the entity's document risk management or investment strategy and information is provided by key management personnel on this basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial liabilities

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

(iii) Derecognition

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

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

(iv) 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 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.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(v) Measurement principles

(i) 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. The calculation of effective interest rate includes all fees paid or received that are an integral part of the effective interest rate (EIR).

(ii) 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial assets and financial liabilities (continued)

(v) Measurement principles (continued)

(ii) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(iii) Identification and measurement of impairment

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are 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 asset(s), and that the loss event has an impact on the future cash flows of the asset(s) 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.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial assets and financial liabilities (continued)

(v) Measurement principles (continued)

(iii) Identification and measurement of impairment (continued)

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

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

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

In subsequent periods, the appreciation of fair value of previously impaired available-for-sale equity investment securities is recorded in fair value reserve.

(d) 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 original 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 include amounts due from banks and with an original maturity of 90 days or less.

(e) Loans and advances to customers

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.

Loans and advances to customers, cash and balances with central banks and due from banks are classified as 'loans and receivables'.

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.

(f) 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'.

(i) 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.

(ii) 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.

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment securities (continued)

(iii) Available-for-sale financial investments

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. 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 profit or loss.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are transferred to profit or loss.

(g) Derivatives

(i) 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. 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 instrument(s) and hedged item(s), 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 instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) 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 profit or loss 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 profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

Cash value hedges

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within 'Other gains/ (losses) – net'.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Derivatives (continued)

(i) Derivatives held for risk management purposes and hedge accounting (continued)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement within 'Other gains/ (losses) – net'.

(ii) Derivatives held for trading purposes

The Group's derivative trading instruments includes, forward foreign exchange contracts and interest rate swaps. 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 profit or loss.

(h) Property and equipment

(i) 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 (major components) 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.

(ii) 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.

(iii) Depreciation

The 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. 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	6 - 10 years
Furniture and equipment	3 - 8 years
Motor vehicles	5 years

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of goodwill and intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) 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.

(l) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and this initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits

Defined contribution plans

The Bank provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included in staff cost in the consolidated income statement. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Defined benefit plan

The Bank makes provision for end of service benefits payable to its expatriate employees on the basis of the employees' length of service in accordance with the employment policy of the Bank and the applicable provisions of the Labour Law. This provision is included in other provisions as part of other liabilities in the consolidated statement of financial position. The expected costs of these benefits are accrued over the period of employment.

ABank (the Bank's subsidiary), under Turkish Labour Law, is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires. There are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary subject to a maximum threshold per employee for each year of service. There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement.

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 under short-term cash bonus or profit-sharing plans 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.

(n) Share capital and reserves

(i) Share issue costs

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

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders.

(o) Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading, are recognized within 'interest income' and 'interest expense' using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Fee and commission income and expense

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

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees 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.

(q) Income from investment securities

Gains or losses on the disposal 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.

Unrealised gains or losses on fair value changes from remeasurement of investment securities classified as held for trading or designated as fair value through profit or loss are recognised in profit or loss.

(r) Dividend income

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

(s) Income tax expenses

Taxes are calculated based on tax laws and regulations in other countries in which the Group operates. A tax provision is made based on an evaluation of the expected tax liability. The Group operations inside Qatar are exempted from income tax.

(t) Earnings per share

The Bank 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 Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Chief Executive Officer of the Bank as its chief operating decision maker.

All transactions between operating segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining operating segment performance.

(v) Fiduciary activities

The Group acts as fund manager and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, corporate and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

(w) Repossessed collateral

Repossessed collaterals in settlement of customers' debts are stated under "Other assets" at carrying value of debts or fair value if lower. According to QCB instructions, the Group should dispose of any land and properties acquired in settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended with the approval of QCB.

(x) Comparatives

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

(y) Parent financial information

Statement of financial position and income statement of the Parent, disclosed as supplementary information, are prepared following the same accounting policies as mentioned above except for; investment in subsidiaries and associates and joint arrangement which are not consolidated and are carried at cost; and, any dividends received from subsidiaries and associates and joint arrangement are recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) New standards, amendments and interpretations

New standards, amendments and interpretations effective from 1 January 2015

The following authoritative pronouncements which introduce certain improvements to existing standards which did not have any impact on the accounting policies, financial position and performance of the Bank:

a) Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
b) Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles various standards

New standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

a) IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 13 Revenue – Barter Transactions Involving Advertising Services.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

c) Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.

The Group does not have any bearer plants.

d) Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. The amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect to have a significant impact on its consolidated financial statements.

e) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

The amendment to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The Group does not expect to have a significant impact on its consolidated financial statements.

Notes to the Consolidated Financial Statements continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) New standards, amendments and interpretations (continued)

f) Equity Method in Separate Financial Statements (Amendments to IAS 27).

The IASB has made amendments to IAS 27 Separate Financial Statements, which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.

IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates).

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

g) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect to have a significant impact on its consolidated financial statements.

h) Annual Improvements to IFRSs 2012–2014 Cycle – various standards.

The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application are permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application.

The following are the key amendments in brief:

- **IFRS 5** – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such
- **IFRS 7** – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition.
- **IFRS 7 –** that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.
- **IAS 19** – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.
- **IAS 34 –** what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) New standards, amendments and interpretations (continued)

i) Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify that:

- The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities.
- An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.
- Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

The amendments to IFRS 10 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. Early adoption is permitted.

j) Disclosure Initiative (Amendments to IAS 1).

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

4. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Group's business involves taking risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Financial instruments

Financial instruments comprise the Group's financial assets and liabilities. Financial assets include cash and balances with Central banks, due from banks, loans and advances, investment securities, derivative financial assets and certain other assets and financial liabilities include customer deposits, borrowings under repurchase agreements and due to banks, debt issued and other borrowed funds, derivative financial liabilities and certain other liabilities. Financial instruments also include rights and commitments included in off- balance sheet items.

Note 3(c) describes the accounting policies followed by the Group in respect of recognition and measurement of the key financial instruments and their related income and expense.

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(a) Introduction and overview (continued)

Risk management

The Group derives its revenue from assuming and managing customer risk for profit. Through a robust governance structure, risk and return are evaluated to produce sustainable revenue, to reduce earnings volatility and increase shareholder value. The most important types of risk are credit risk, liquidity risk, market risk and operational risk. Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations. Market risk, which includes foreign currency, interest rate risks and other price risks, is the risk of fluctuation in asset and commodity values caused by changes in market prices and yields. Liquidity risk results in the inability to accommodate liability maturities and withdrawals, fund asset growth or otherwise meet contractual obligations at reasonable market rates. Operational risk is the potential for loss resulting from events involving people, processes, technology, legal issues, external events or execution or regulatory issues.

The Group's Market Risk and Structural Risk Management policies envisage the use of interest rate derivative contracts and foreign exchange derivative contracts as part of its asset and liability management process.

Risk and other committees

The governance structure of the Group is headed by the Board of Directors. The Board of Directors evaluates risk involving the Chief Executive Officer and the following Board and Management Committees:

1) Board Risk Committee is responsible for all aspects of Enterprise Risk Management including but not restricted to credit risk, market risk, and operational risk. This committee sets the policy on all risk issues and maintains oversight of all Group risks through the Management Risk Committee.

2) Board Audit Committee is responsible for setting the policy on all Audit issues and maintains oversight of all Bank audit issues through the Management Audit Committee. In addition, it is also be responsible for Compliance & Anti-Money Laundering.

3) Policy, Strategy and Governance Committee is a Board committee which is responsible for all policies and strategies of the business and compliance of corporate Governance.

4) Board Executive Committee is responsible for evaluating and granting credit facilities and approval of the Group's investment activities within authorized limits per Qatar Central Bank and Board of Directors' guidelines.

5) Management Credit Committee is the third highest-level authority on all Counterparty Credit Risk Exposures, after the Board of Directors and Board Executive Committee. The Committee exercises the powers as conferred upon it by the Delegation of Authority ("DoA") for Corporate Credit as approved by the Board.

6) Management Risk Committee is the highest management authority on all risk related issues in the Group and its subsidiaries and affiliates in which it has strategic investments. This committee provides recommendations on all risk policy and portfolio issues to the Board Risk Committee.

7) Asset and Liability Committee (ALCO) is a management committee which is a decision making body for developing policies relating to Asset and Liability management. (i.e. balance sheet structure, funding, pricing, hedging, setting limits etc) Under the overall risk management framework, ALCO is a key component of risk management within the Bank.

8) Investment Committee (IC) is the decision making committee for Cb's investment activities, with a view to optimize returns, ensuring that the investment book provides a liquidity buffer for the bank and mitigate market risk attached to the nature of targeted investment.

9) Special Assets Management (SAM) Committee is the authority for management of all Special Assets (SA) to minimize risks, prevent losses, maximize recoveries and restore profits through rehabilitation, restructuring, workout, collection or legal actions.

10) Crisis Management Committee (CMC) is the authority for management of a crisis entailing, prevention, planning, testing, evaluation and maintenance to mitigate and minimize the consequences.

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit risk is attributed to both on-balance sheet financial instruments such as loans, overdrafts, debt securities and other bills, investments, and acceptances and credit equivalent amounts related to off-balance sheet financial instruments. The Group's approach to credit risk management preserves the independence and integrity of risk assessment, while being integrated into the business management processes. Policies and procedures, which are communicated throughout the organisation, guide the day-to-day management of credit exposure and remain an integral part of the business culture. The goal of credit risk management is to evaluate and manage credit risk in order to further enhance this strong credit culture.

(i) Credit risk measurement

1. Loans and advances

The Group's aim is to maintain a sound asset portfolio by enhancing its loan mix. This is being achieved through a strategy of reducing exposure to non-core client relationships while increasing the size of the consumer portfolio comprising of consumer loans, vehicle loans, credit cards and residential mortgages, which have historically recorded very low loss rates. In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

(i) The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They combine statistical analysis along with the business relationship officers and credit risk officers assessment and are validated, where appropriate, by comparison with externally available data. Clients of the Group are segmented based on a 10 point rating scale. The Group's rating scale reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

The ratings of the major rating agency are mapped to Group's rating grades based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

(ii) Exposure at default is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

(iii) Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

2. Debt securities and other bills

For debt securities and other bills, external ratings such as Standard & Poor's and Moody's ratings or their equivalents are used by Group Treasury for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

(ii) Risk limit control and mitigation policies

Portfolio diversification

Portfolio diversification is an overriding principle, therefore, the credit policies are structured to ensure that the Group is not over exposed to a given client, industry sector or geographic area. To avoid excessive losses if any single counter-party is unable to fulfil its payment obligations, large exposure limits have been established per credit policy following the local regulations. Limits are also in place to manage exposures to a particular country or sector. These risks are monitored on an ongoing basis and subject to an annual or more frequent review, when considered necessary.

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

Collateral
In order to proactively respond to credit deterioration, the Group employs a range of policies and practices to mitigate credit risk.

The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Credit-related commitments
The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as at the reporting date. With gross-settled derivatives, the Group is also exposed to a settlement risk, being the risk that the Group honours its obligation but the counterparty fails to deliver the counter-value.

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iii) Maximum exposure to credit risk before collateral held or other credit enhancements

Figures in thousand Qatar Riyals

	2015	2014
Credit risk exposures relating to assets recorded on the consolidated statement of financial position are as follows:		
Balances with central banks	4,767,631	6,258,314
Due from banks	15,830,943	15,493,763
Loans and advances to customers	76,601,549	72,541,236
Investment securities - debt	15,009,934	10,800,524
Other assets	1,021,251	1,123,417
Total as at 31 December	**113,231,308**	106,217,254
Other credit risk exposures are as follows:		
Guarantees	22,900,522	21,449,106
Letters of credit	3,520,761	4,046,513
Unutilised credit facilities	5,828,606	6,156,369
Total as at 31 December	**32,249,889**	31,651,988
	145,481,197	137,869,242

The above table represents a worse-case scenario of credit risk exposure to the Group, without taking account of any collateral held or other credit enhancements attached.

(iv) Concentration of risks of financial assets with credit risk exposure

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

Figures in thousand Qatar Riyals

2015	**Qatar**	**Other GCC**	**Other Middle East**	**Rest of the world**	**Total**
Balances with central banks	2,944,434	-	1,823,197	-	4,767,631
Due from banks	4,872,171	1,731,328	4,452,914	4,774,530	15,830,943
Loans and advances to customers	59,259,694	2,431,200	14,248,132	662,523	76,601,549
Investment securities - debt	12,309,773	1,011,357	1,107,081	581,723	15,009,934
Other assets	509,926	19,017	367,827	124,481	1,021,251
	79,895,998	**5,192,902**	**21,999,151**	**6,143,257**	**113,231,308**

Figures in thousand Qatar Riyals

2014	Qatar	Other GCC	Other Middle East	Rest of the world	Total
Balances with central banks	4,287,298	-	1,971,016	-	6,258,314
Due from banks	3,082,722	4,476,771	2,175,690	5,758,580	15,493,763
Loans and advances to customers	54,055,200	3,201,501	14,764,923	519,612	72,541,236
Investment securities - debt	7,947,761	885,566	1,457,970	509,227	10,800,524
Other assets	549,928	57,815	388,699	126,975	1,123,417
	69,922,909	8,621,653	20,758,298	6,914,394	106,217,254

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure (continued)

Figures in thousand Qatar Riyals

2015	**Qatar**	**Other GCC**	**Other Middle East**	**Rest of the world**	**Total**
Guarantees	9,024,495	2,308,206	3,160,215	8,407,606	22,900,522
Letters of credit	2,511,681	336,300	455,148	217,632	3,520,761
Unutilised credit facilities	4,023,844	910,050	894,712	-	5,828,606
	15,560,020	**3,554,556**	**4,510,075**	**8,625,238**	**32,249,889**

Figures in thousand Qatar Riyals

2014	Qatar	Other GCC	Other Middle East	Rest of the world	Total
Guarantees	7,779,080	2,547,735	2,645,223	8,477,068	21,449,106
Letter of credit	3,249,747	48,810	593,327	154,629	4,046,513
Unutilised credit facilities	3,878,649	910,050	1,332,775	34,895	6,156,369
	14,907,476	3,506,595	4,571,325	8,666,592	31,651,988

Industry sectors

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

Figures in thousand Qatar Riyals

	Gross exposure 2015	Gross exposure 2014
Funded		
Government	22,642,855	20,321,133
Government agencies	2,756,631	2,992,344
Industry	4,562,473	6,168,011
Commercial	11,339,308	11,259,543
Services	32,441,111	29,591,236
Contracting	7,181,317	6,755,481
Real estate	21,399,039	19,546,127
Consumers	9,799,452	7,775,635
Other sectors	1,109,122	1,807,744
Total funded	**113,231,308**	106,217,254
Un-funded		
Government institutions & semi government agencies	1,852,813	2,013,008
Services	8,857,854	5,205,187
Commercial and others	21,539,222	24,433,793
Total un-funded	**32,249,889**	31,651,988
Total	**145,481,197**	137,869,242

Total maximum exposure net of tangible collateral is QAR 59 billion (2014: QAR 64 billion). The types of collateral obtained include cash, mortgages over real estate properties and pledges of shares.

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure (continued)

Credit risk exposure

The table below presents an analysis of financial assets by rating grade equivalent to the rating of the international rating agencies.

Figures in thousand Qatar Riyals

	2015	2014
Equivalent grades		
AAA to AA-	30,251,489	30,054,417
A+ to A-	15,307,770	11,573,752
BBB+ to BBB-	68,342,158	65,055,922
BB+ to B-	12,057,329	11,926,010
Unrated/ equivalent internal grading	19,522,451	19,259,141
	145,481,197	137,869,242

The majority of the unrated exposures represent credit facilities granted to corporations by the Group's subsidiary ABank.

(v) Credit quality

The following table sets out the credit qualities of the Group's credit exposure at carrying amounts before taking into account collateral held or other credit enhancements.

Figures in thousand Qatar Riyals

	Loans and advances to customers		Due from banks		Investment securities - debt	
	2015	2014	**2015**	2014	**2015**	2014
Neither past due nor impaired:						
A: Low risk	23,416,453	22,176,228	8,374,279	8,707,085	13,517,933	9,731,770
B: Standard/satisfactory risk	49,756,802	47,570,032	7,456,664	6,786,678	1,492,001	1,068,754
	73,173,255	69,746,260	**15,830,943**	15,493,763	**15,009,934**	10,800,524
Past due but not impaired :						
A: Low risk	432,832	1,012,327	-	-	-	-
B: Standard/satisfactory risk	2,042,887	1,055,193	-	-	-	-
	2,475,719	2,067,520	**-**	-	**-**	-
Impaired:						
C: Substandard	1,829,503	317,152	-	-	-	-
D: Doubtful	290,172	253,547	-	-	-	-
E: Bad debts	1,193,358	2,256,530	-	-	118,883	104,526
	3,313,033	2,827,229	**-**	-	**118,883**	104,526
Less: impairment allowance-specific & collective	(2,360,458)	(2,099,773)	-	-	(118,883)	(104,526)
	952,575	727,456	**-**	-	**-**	-
Carrying amount – net	**76,601,549**	72,541,236	**15,830,943**	15,493,763	**15,009,934**	10,800,524

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit quality (continued)

Figures in thousand Qatar Riyals

	2015	2014
Investment securities - debt		
Available-for-sale	15,070,075	10,787,029
Investment securities designated at fair value through income statement	58,742	118,021
Less: impairment allowance	(118,883)	(104,526)
Carrying amount – net	**15,009,934**	10,800,524

Note: None of the other assets are past due or impaired as at 31 December 2015.

Impaired loans and advances to customers and investment in debt securities
Individually impaired loans and advances to customers and investment in debt securities are those instruments 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 agreement(s).

Investment in debt securities carried at fair value through profit or loss are not assessed for impairment but are subject to the same internal grading system, where applicable.

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.

Loans and advances to customers less than 90 days as at 31 December past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Figures in thousand Qatar Riyals

	2015	2014
Up to 30 days	1,071,934	1,440,755
31 to 60 days	1,029,064	252,722
Above 60 days	374,721	374,043
Gross	**2,475,719**	2,067,520

Rescheduled loans and advances to customers
Rescheduled 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. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts as non impaired. The carrying value of renegotiated loans and advances as at 31 December 2015 was QAR 3,528 million (2014: QAR 5,835 million).

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(vi) 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 indices 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 is QAR 2,662 million (2014: QAR 3,741 million) for past due loans and advances to customers up to 30 days, QAR 3,488 million (2014: QAR 537 million) for past due from 31 to 60 days and QAR 1,080 million (2014: QAR 365 million) for past due above 60 days.

(vii) Repossessed collateral
During the year, the Group acquired ownership of land and building by taking possession of collateral held as security for an amount of QAR 885 million (2014: QAR nil million).

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

(viii) Write-off policy
The Group writes off a loan or an investment in debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is uncollectible. QCB approval is required for such write off when the amount to be written off exceeds Qatar Riyal hundred thousand.

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 standardised loans, write-off decisions generally are based on a product-specific past due status. The amount written off during the year was QAR 613 million (2014: QAR 174 million).

(c) Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of e.g. customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives etc. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfill lending commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

(i) Management of liquidity risk
The management of liquidity risk is governed by the Group's liquidity policy. The primary objective of liquidity risk management; over which ALCO has oversight, is to provide a planning mechanism for unanticipated changes in the demand or needs for liquidity created by customer behaviour or abnormal market conditions. ALCO emphasises the maximisation and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes. Deposit marketing plans are regularly reviewed for consistency with the liquidity policy requirements. ALCO has in place a contingency plan, which is periodically reviewed. The Group's ability to raise wholesale and/or long term funding at competitive costs is directly impacted by the Bank's credit ratings, which are as follows:

Moody's:	Long Term A1, Short Term P1, financial strength Baa2 and outlook Negative.
Fitch:	Long Term A+, Short Term F1, financial strength bbb and outlook stable.
Standard & Poor's:	Long Term A-, Short Term A-2, financial strength bbb- and outlook Negative.

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(ii) 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 under the heading 'Liquidity adequacy ratio' (LAR). The minimum ratio limit set by QCB is 100%.

Following table sets out the LAR position of the Group during the year as follows:

	2015	2014
At 31 December	**108.12**	106.89
Average for the year	**107.52**	107.02
Maximum for the year	**115.86**	110.91
Minimum for the year	**102.80**	103.32

(iii) Maturity analysis

The following table sets out the maturity profile of the Group's assets and liabilities. The contractual/expected maturities of assets and liabilities have been determined on the basis of the remaining period at 31 December 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. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

Figures in thousand Qatar Riyals

	Carrying amount	**Demand / within 1 month**	**1-3 months**	**3 months – 1 year**	**Subtotal 1 year**	**1-5 years**	**More than 5 years**	**No Maturity**
31 December 2015								
Cash and balances with central banks	5,423,592	409,361	-	-	409,361	-	-	5,014,231
Due from banks	15,830,943	8,505,741	2,607,660	3,343,124	14,456,525	1,374,418	-	-
Loans and advances to customers	76,601,549	4,282,270	2,284,027	7,913,894	14,480,191	21,882,540	40,238,818	-
Investment securities	15,854,241	3,147,562	9	1,069,676	4,217,247	6,594,826	4,197,860	844,308
Investment in associates and joint arrangement	4,423,172	-	-	-	-	-	-	4,423,172
Others assets	5,287,557	472,049	143,092	152,812	767,953	2,238,452	-	2,281,152
Total	**123,421,054**	**16,816,983**	**5,034,788**	**12,479,506**	**34,331,277**	**32,090,236**	**44,436,678**	**12,562,863**
Due to banks	12,456,035	9,627,865	896,065	1,233,889	11,757,819	698,216	-	-
Customer deposits	69,787,654	39,377,801	18,057,223	9,967,219	67,402,243	2,385,411	-	-
Debt securities	8,449,337	-	77,739	94,661	172,400	7,594,936	682,001	-
Other borrowings	12,074,417	94,206	743,526	4,495,524	5,333,256	6,137,474	603,687	-
Other liabilities	3,354,931	861,312	703,615	216,272	1,781,199	996,578	-	577,154
Total	**106,122,374**	**49,961,184**	**20,478,168**	**16,007,565**	**86,446,917**	**17,812,615**	**1,285,688**	**577,154**
Difference	**17,298,680**	**(33,144,201)**	**(15,443,380)**	**(3,528,059)**	**(52,115,640)**	**14,277,621**	**43,150,990**	**11,985,709**

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iii) Maturity analysis (continued)

Figures in thousand Qatar Riyals

	Carrying amount	Demand / within 1 month	1-3 months	3 months – 1 year	Subtotal 1 year	1-5 years	More than 5 years	No Maturity
31 December 2014								
Cash and balances with central bank	6,940,968	3,853,433	-	-	3,853,433	-	-	3,087,535
Due from banks	15,493,763	7,926,758	3,055,598	4,043,350	15,025,706	468,057	-	-
Loans and advances to customers	72,541,236	5,530,518	2,553,930	8,423,931	16,508,379	18,745,346	37,178,624	108,887
Investment securities	11,621,238	1,941,760	4,633	689,777	2,636,170	4,899,743	3,264,608	820,717
Investment in associates and joint arrangement	4,446,826	-	-	-	-	-	-	4,446,826
Others assets	4,608,317	569,564	138,942	117,195	825,701	951,920	456,346	2,374,350
Total	115,652,348	19,822,033	5,753,103	13,274,253	38,849,389	25,065,066	40,899,578	10,838,315
Due to banks	14,124,506	12,880,923	629,951	-	13,510,874	613,632	-	-
Customer deposits	61,561,219	37,955,256	18,683,600	4,105,797	60,744,653	816,566	-	-
Debt securities	9,544,796	64,561	224,889	1,158,978	1,448,428	5,419,093	2,677,275	-
Other borrowings	9,339,678	156,511	4,077,880	3,314,574	7,548,965	1,790,713	-	-
Other liabilities	3,386,036	1,111,675	464,644	130,430	1,706,749	909,925	-	769,362
Total	97,956,235	52,168,926	24,080,964	8,709,779	84,959,669	9,549,929	2,677,275	769,362
Difference	17,696,113	(32,346,893)	(18,327,861)	4,564,474	(46,110,280)	15,515,137	38,222,303	10,068,953

(iv) Maturity analysis (financial liabilities and derivatives)

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

Figures in thousand Qatar Riyals

31 December 2015	**Carrying amount**	**Gross undiscounted cash flows**	**Less than 1 month**	**1-3 months**	**3 months – 1 year**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Due to banks	12,456,035	12,905,048	9,930,028	900,771	1,359,491	714,758	-
Customer deposits	69,787,654	70,847,753	39,870,411	18,472,412	10,092,889	2,412,041	-
Debt securities	8,449,337	9,611,069	-	84,188	102,514	8,663,143	761,224
Other borrowings	12,074,417	12,464,563	96,991	763,192	4,600,455	6,382,393	621,532
Other liabilities	3,273,794	3,273,794	780,175	703,615	216,272	996,578	577,154
Total liabilities	**106,041,237**	**109,102,227**	**50,677,605**	**20,924,178**	**16,371,621**	**19,168,913**	**1,959,910**

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iv) Maturity analysis (financial liabilities and derivatives) (continued)

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

Figures in thousand Qatar Riyals

	Total	Up to 1 Year	1 - 5 years	More than 5 years
Derivatives Held for Trading:				
Forward foreign exchange contracts:				
Outflow	(17,282,853)	(15,097,933)	(1,943,673)	(241,247)
Inflow	17,602,483	15,127,469	2,233,767	241,247
Interest rate swaps:				
Outflow	(166,107)	(25,823)	(85,510)	(54,774)
Inflow	167,644	26,053	86,270	55,321
Derivatives Held as Cash Value Hedges:				
Forward foreign exchange contracts:				
Outflow	-	-	-	-
Inflow	-	-	-	-
Interest rate swaps:				
Outflow	(15,830)	(15,830)	-	-
Inflow	13,592	13,592	-	-
Total Outflows	**(17,464,790)**	**(15,139,586)**	**(2,029,183)**	**(296,021)**
Total inflows	**17,783,719**	**15,167,114**	**2,320,037**	**296,568**

Figures in thousand Qatar Riyals

31 December 2014	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Due to banks	14,124,506	14,154,580	12,633,025	483,752	422,841	614,962	-
Customer deposits	61,561,219	62,112,012	38,397,666	18,740,832	4,123,962	849,552	-
Debt securities	9,544,796	11,014,434	-	-	1,639,780	5,352,807	4,021,847
Other borrowings	9,339,678	9,491,307	68,323	3,938,306	3,628,229	1,856,449	-
Other liabilities	3,176,736	3,176,736	1,069,484	330,417	130,430	909,925	736,480
Total liabilities	97,746,935	99,949,069	52,168,498	23,493,307	9,945,242	9,583,695	4,758,327

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iv) Maturity analysis (financial liabilities and derivatives) (continued)

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

Figures in thousand Qatar Riyals

	Total	Up to 1 Year	1 - 5 years	More than 5 years
Derivatives Held for Trading:				
Forward foreign exchange contracts:				
Outflow	(5,735,349)	(4,996,998)	(738,351)	-
Inflow	5,845,692	5,052,778	792,914	-
Interest rate swaps:				
Outflow	(192,577)	(27,122)	(92,121)	(73,334)
Inflow	194,791	27,732	93,014	74,045
Derivatives Held as Fair Value Hedges:				
Interest rate swaps:				
Outflow	(50,666)	(26,199)	(24,467)	-
Inflow	57,598	29,003	28,595	-
Derivatives Held as Cash Value Hedges:				
Forward foreign exchange contracts:				
Outflow	(38,534)	(38,534)	-	-
Inflow	42,662	42,662	-	-
Interest rate swaps:				
Outflow	(171,993)	-	(171,993)	-
Inflow	171,993	-	171,993	-
Total Outflows	(6,189,119)	(5,088,853)	(1,026,932)	(73,334)
Total inflows	6,312,736	5,152,175	1,086,516	74,045

(v) Off-balance sheet items

Figures in thousand Qatar Riyals

	Below 1 Year	Above 1 Year	Total
As at 31 December 2015			
Loan commitments	1,461,272	4,367,334	5,828,606
Guarantees and other financial facilities	10,060,028	16,361,255	26,421,283
Capital commitments	149,610	250,585	400,195
Total	**11,670,910**	**20,979,174**	**32,650,084**

Figures in thousand Qatar Riyals

	Below 1 Year	Above 1 Year	Total
As at 31 December 2014			
Loan commitments	1,001,721	5,154,648	6,156,369
Guarantees and other financial facilities	14,971,794	10,523,825	25,495,619
Capital commitments	10,400	389,457	399,857
Total	15,983,915	16,067,930	32,051,845

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks

The Group takes 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 and by product type.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's held-to-maturity and available-for-sale investments.

(i) Management of market risks

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

The Group's proprietary investments are managed according to the Group's internal investment policy, which has been approved by the Board of Directors and drafted in accordance with the Qatar Central Bank guidelines. The Group's trading activities are conducted by Treasury and Investments Division. These activities are subject to business line guidelines and policies. The Group employs several techniques to measure and control activities including sensitivity analysis, position limits and risk based limits. The maximum limit of the Group's total proprietary investments (i.e. total of fair value through profit and loss, held to maturity and available for sale investment excluding Qatar Government issued or guaranteed investment or debt security portfolios) is restricted to 70% of the Group's capital and reserves (Tier 1 capital). However the individual limit for the held for trading investment portfolio is 10% of capital and reserves (Tier 1 capital) with a maximum permissible loss to carry for local securities at any given time. Investment policy is reviewed by the Board of Directors annually and day to day limits are independently monitored by the Market Risk Management department.

Investment proposals are approved at the Investment Committee and decisions driven by the investment strategy, which is developed by the business line under ALCO oversight and approved by the Board.

(ii) Exposure to interest rate risk – non-trading portfolio

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

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by Group Treasury.

The Asset and Liability Management ("ALM") process, managed through ALCO, is used to manage interest rate risk associated with non-trading financial instruments. Interest rate risk represents the most significant market risk exposure to the Group's non-trading financial instruments.

The Group's goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect net interest income. Interest rate risk is measured as the potential volatility to the net interest rate income caused by changes in market interest rates. The Group typically manages the interest rate risk of its non-trading financial instruments by segmenting these assets and liabilities into two broad portfolios: non–discretionary and discretionary. The non-discretionary portfolio consists of the Group's customer driven loans and deposit positions and securities required to support regulatory requirements. To manage the resulting interest rate sensitivity of the Group's non-discretionary portfolio, the Group uses a discretionary portfolio of securities, long dated deposits, inter-bank takings and placements, and when warranted, derivatives. Strategically positioning the discretionary portfolio, the Group largely manages the interest rate sensitivity in the non-discretionary portfolio.

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks (continued)

(ii) Exposure to interest rate risk – non-trading portfolio (continued)

The following table summarises the interest sensitivity position at year end, by reference to the re-pricing period or maturity of the Group's assets and liabilities.

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

Figures in thousand Qatar Riyals

		Repricing in:					
	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-interest sensitive	Effective interest rate %
31 December 2015							
Cash and balances with central banks	5,423,592	1,928,200	-	-	-	3,495,392	
Due from banks	15,830,943	12,178,419	3,652,524	-	-	-	1.07
Loans and advances to customers	76,601,549	38,196,456	31,313,376	4,876,218	1,730,731	484,768	5.09
Investment securities	15,854,241	3,098,235	1,873,482	7,001,118	3,037,099	844,307	3.46
Investment in associates and joint arrangement	4,423,172	-	-	-	-	4,423,172	
Property and equipment and all other assets	5,287,557	104,021	59,027	224,621	33,602	4,866,286	
	123,421,054	**55,505,331**	**36,898,409**	**12,101,957**	**4,801,432**	**14,113,925**	
Due to banks	(12,456,035)	(11,222,146)	(1,233,889)	-	-	-	1.05
Customer deposits	(69,787,654)	(47,575,225)	(9,692,636)	(2,353,832)	-	(10,165,961)	1.98
Debt securities	(8,449,337)	-	(172,400)	(7,594,936)	(682,001)	-	4.44
Other borrowings	(12,074,417)	(1,742,471)	(9,032,127)	(947,884)	(351,935)	-	1.58
Other liabilities	(3,354,931)	(51,457)	(17,724)	(221,468)	(1,622)	(3,062,660)	
Equity	(17,298,680)	-	-	(2,000,000)	-	(15,298,680)	
	(123,421,054)	**(60,591,299)**	**(20,148,776)**	**(13,118,120)**	**(1,035,558)**	**(28,527,301)**	
Interest rate sensitivity gap	**-**	**(5,085,968)**	**16,749,633**	**(1,016,163)**	**3,765,874**	**(14,413,376)**	
Cumulative Interest rate sensitivity gap	**-**	**(5,085,968)**	**11,663,665**	**10,647,502**	**14,413,376**	**-**	

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks (continued)

(ii) Exposure to interest rate risk – non-trading portfolio (continued)

Figures in thousand Qatar Riyals

	Carrying amount	Repricing in: Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-interest sensitive	Effective interest rate %
31 December 2014							
Cash and balances with central bank	6,940,968	3,700,433	-	-	-	3,240,535	
Due from banks	15,493,763	10,979,226	4,043,350	468,057	-	3,130	1.11
Loans and advances to customers	72,541,236	40,866,002	26,919,817	3,568,821	694,632	491,964	5.71
Investment securities	11,621,238	2,563,932	892,737	4,685,470	2,658,385	820,714	4.74
Investment in associates and joint arrangement	4,446,826	-	-	-	-	4,446,826	-
Property and equipment and other assets	4,608,317	13,876	30,765	171,993	-	4,391,683	-
	115,652,348	58,123,469	31,886,669	8,894,341	3,353,017	13,394,852	
Due to Bank	(14,124,506)	(14,124,506)	-	-	-	-	2.56
Customer deposits	(61,561,219)	(46,749,637)	(3,849,687)	(795,934)	-	(10,165,961)	2.16
Debt securities	(9,544,796)	(289,449)	(1,158,979)	(5,419,093)	(2,677,275)	-	4.78
Other borrowings	(9,339,678)	(6,143,782)	(2,662,777)	(533,119)	-	-	1.56
Other liabilities	(3,386,036)	(170,240)	(30,765)	(171,993)	-	(3,013,038)	-
Equity	(17,696,113)	-	-	-	(2,000,000)	(15,696,113)	-
	(115,652,348)	(67,477,614)	(7,702,208)	(6,920,139)	(4,677,275)	(28,875,112)	
Interest rate sensitivity gap	-	(9,354,145)	24,184,461	1,974,202	(1,324,258)	(15,480,260)	
Cumulative Interest rate sensitivity gap	-	(9,354,145)	14,830,316	16,804,518	15,480,260	-	

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks (continued)

(ii) Exposure to interest rate risk – non-trading portfolio (continued)

Sensitivity analysis

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50 basis point (bp) parallel fall or rise in all yield curves worldwide and a 50 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no a symmetrical movement in yield curves and a constant financial position, is as follows:

Figures in thousand Qatar Riyals

	50 bp parallel increase	50 bp parallel decrease
Sensitivity of net interest income		
2015		
At 31 December	**(137,479)**	**137,479**
Average for the year	**(133,473)**	**133,473**
2014		
At 31 December	(130,883)	130,883
Average for the year	(139,666)	139,666

Figures in thousand Qatar Riyals

	50 bp parallel increase	50 bp parallel decrease
Sensitivity to reported Fair value reserve in equity of interest rate movements		
2015		
At 31 December	**2,650**	**(2,650)**
Average for the year	**4,423**	**(4,423)**
2014		
At 31 December	6,195	(6,195)
Average for the year	7,197	(7,197)

Interest rate movements affect reported equity in the following ways:

- retained earnings arising from increases or decreases in net interest income and the fair value changes reported in profit or loss; and
- fair value reserves arising from increases or decreases in fair values of available-for-sale financial instruments are reported directly in other comprehensive income.

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.

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks (continued)

(iii) Exposure to other market risks – non-trading portfolios

Foreign currency transactions

The Group monitors any concentration risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities. The table shows the net foreign currency exposure by major currencies at the end of the reporting period along with the sensitivities if there were to be a change in the currency exchange rate.

Figures in thousand Qatar Riyals

	2015	2014
Net foreign currency exposure:		
Pounds Sterling	**(387)**	12,951
Euro	**(2,508,715)**	(1,219,142)
USD	**(1,799,140)**	(1,891,798)
Other currencies	**4,678,699**	3,286,147

Figures in thousand Qatar Riyals

	Increase / (decrease) in profit or loss		Increase / (decrease) in fair value reserve	
5% increase / (decrease) in currency exchange rate	**2015**	2014	**2015**	2014
Pound Sterling	**(19)**	648	**39**	43
Euro	**(125,436)**	(60,957)	**118**	37
Other currencies	**233,935**	164,307	**7,941**	7,130

Open exchange position in other currencies represents Group's investment in associates and joint arrangement denominated in RO and AED. As these currencies and Qatar Riyal are pegged to the USD, there is no impact to income statement and impact to equity is insignificant.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as held for trading and available for sale. A 10 per cent increase in the Qatar Exchange and Bombay Stock Exchange and a 15 per cent increase in the Abu Dhabi Securities Exchange market index at 31 December 2015 would have increased equity by QAR 25 million (2014: QAR 24 million). An equivalent decrease would have resulted in an equivalent but opposite impact.

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

Figures in thousand Qatar Riyals

	2015	2014
Increase / (decrease) in other comprehensive income:		
Qatar Exchange	**16,458**	15,330
Bombay Stock Exchange	**2,670**	6,609
Abu Dhabi Securities Exchange	**5,783**	2,467

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 and is subject to impairment assessment at the end of each reporting period.

4. FINANCIAL RISK MANAGEMENT (continued)

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid Control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address Operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

(f) Capital management

Regulatory capital

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

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. The Capital Adequacy Ratio (CAR) of the group is calculated in accordance with the Basel Committee guidelines as adopted by Qatar Central Bank (QCB). From 1st January 2014 QCB adopted Basel III guidelines for CAR calculation.

Notes to the Consolidated Financial Statements continued

4. FINANCIAL RISK MANAGEMENT (continued)

(f) Capital management (continued)

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

Figures in thousand Qatar Riyals

	Basel III 2015	Basel III 2014
Common Equity Tier 1 (CET 1) Capital	10,503,678	10,930,246
Additional Tier 1 Capital	2,000,000	2,000,000
Tier 1 Capital	**12,503,678**	12,930,246
Tier 2 Capital	1,784,830	2,141,821
Total Eligible Capital	**14,288,508**	15,072,067
Risk Weighted Assets for Credit Risk	97,796,316	91,441,410
Risk Weighted Assets for Market Risk	1,013,644	1,475,991
Risk Weighted Assets for Operational Risk	6,915,529	6,102,566
Total Risk Weighted Assets	**105,725,489**	99,019,967
CET 1 Ratio	9.93%	11.04%
Tier 1 Capital Ratio	11.83%	13.06%
Total Capital Ratio	13.51%	15.22%

The minimum requirement for Capital Adequacy Ratio under Basel III as per QCB regulations are as follows:

	Without Capital Conservation Buffer	Including Capital Conservation Buffer	Additional DSIB charge	Including DSIB and Capital Conservation Buffer
Minimum limit for CET 1 ratio	6%	8.5%	0.13%	8.63%
Minimum limit for Tier 1 capital ratio	8%	10.5%	0.13%	10.63%
Minimum limit for Total capital ratio	10%	12.5%	0.13%	12.63%

5. USE OF ESTIMATES AND JUDGMENTS

(a) Key sources of estimation uncertainty

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

5. USE OF ESTIMATES AND JUDGMENTS (continued)

(a) Key sources of estimation uncertainty (continued)

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on the basis as described in the 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.

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

(ii) Determining fair values

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

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

Goodwill impairment

Goodwill is tested annually for impairment; assets are grouped together into smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to the CGU which is expected to benefit from the synergies of the combination.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Notes to the Consolidated Financial Statements continued

5. USE OF ESTIMATES AND JUDGMENTS (continued)

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

(i) Valuation of financial instruments

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

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

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable 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 in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which 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 value based on quoted prices for similar instruments for which 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 and comparison to similar instruments for which market observable prices exist.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Figures in thousand Qatar Riyals

31 December 2015	Level 1	Level 2	Carrying amount
Derivative assets	-	155,181	155,181
Investment securities	1,347,029	14,241,701	15,854,241
	1,347,029	**14,396,882**	**16,009,422**
Derivative liabilities	-	81,137	81,137
	-	**81,137**	**81,137**

31 December 2014	Level 1	Level 2	Carrying amount
Derivative assets	-	223,757	223,757
Investment securities	1,746,411	9,628,708	11,621,238
	1,746,411	9,852,465	11,844,995
Derivative liabilities	-	209,300	209,300
	-	209,300	209,300

All unquoted available for sale equities and investment funds are recorded at fair value except for investments with a carrying value of QAR 266 million (2014: QAR 246 million), which are recorded at cost since their fair value cannot be reliably estimated. There have been no transfers between levels 1, 2 and 3 during the years 2015 and 2014.

Fair value of financial assets and liabilities not measured at fair value is approximately equal to the carrying value.

5. USE OF ESTIMATES AND JUDGMENTS (continued)

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

(ii) 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 the 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 the 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 the accounting policies.

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

(iii) 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.

(iv) 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.

(v) 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.

(vi) Useful life of intangible assets

The Group's management determines the estimated useful life of its intangible assets for calculating amortization. This estimate is determined after considering the expected economic benefits from the use of intangible assets.

6. OPERATING SEGMENTS

For management purposes, the Group is divided into four operating segments, which are based on business lines, together with its associates and joint arrangement companies, as follows:

Commercial Bank:

1. **Wholesale Banking** provides an extensive range of conventional funded and non-funded credit facilities, demand and time deposit services, currency exchange facilities, interest rate swaps and other derivative trading services, loan syndication and structured financing services to corporate, commercial and multinational customers. Money market funds and proprietary investment portfolio are also managed by this operating segment.

2. **Retail Banking** provides personal current, savings, time and investment account services, credit card and debit card services, consumer and vehicle loans, residential mortgage services and custodial services to retail and individual customers.

Subsidiaries:

3. **Alternatifbank A.S. ("ABank"):** A subsidiary that provides banking services through its branch network in Turkey. Abank also has its subsidiaries. The Group reported Abank group result under this operating segment.

4. **Other Subsidiaries:**

a) Orient 1 and Global Card Services L.L.C. provide credit card services in the Sultanate of Oman.
b) Commercialbank Investment Services (S.P.C.) provides brokerage services in the State of Qatar.
c) CBQ Finance Limited, a SPV used for debt issuance for the bank,

Notes to the Consolidated Financial Statements continued

6. OPERATING SEGMENTS (continued)

Unallocated assets, liabilities and revenues are related to certain central functions and non-core business operations. (For example, Group head quarters, staff apartments, common property & equipment, cash functions and development projects and related payables, net of intra-group transactions).

Associates and joint arrangement Companies – includes the Group's strategic investments in the National Bank of Oman in the Sultanate of Oman, and United Arab Bank in United Arab Emirates, Asteco Qatar L.L.C. and Massoun Insurance Services L.L.C. which operate in the State of Qatar. All Associates and joint arrangement Companies are accounted for under the equity method.

Management monitors the results of the operating segments separately to make decisions about resource allocation and performance assessment. Transfer prices between operating segments are on an arm's length basis.

(a) By operating segment

Segment assets and liabilities comprise operating assets and liabilities which are directly handled by the operating segment and income or expenses are attributed with the assets and liabilities' ownership. The following table summarizes performance of the operating segments:

Figures in thousand Qatar Riyals

	Commercial Bank			**Subsidiaries**			
	Wholesale Banking	**Retail Banking**	**Total Commercial Bank**	**ABank**	**Others**	**Unallocated**	**Total**
31 December 2015							
Net interest income	1,175,941	860,830	2,036,771	566,495	3,322	(72,299)	**2,534,289**
Net other operating income	558,940	469,777	1,028,717	212,132	23,565	150,455	**1,414,869**
Segmental revenue	1,734,881	1,330,607	3,065,488	778,627	26,887	78,156	**3,949,158**
Impairment loss on investment securities	(56,355)	-	(56,355)	-	-	-	**(56,355)**
Net impairment loss on loans and advances to customers	(507,723)	(145,945)	(653,668)	(187,889)	(279)	-	**(841,836)**
Segmental profit			**1,190,310**	**128,675**	**4,327**	**1,247**	**1,324,559**
Share of results of associates and joint arrangement							**109,066**
Net profit for the year							**1,433,625**
Other information							
Assets	75,649,940	20,669,463	96,319,403	17,410,953	273,599	4,993,927	**118,997,882**
Investments in associates and joint arrangement	-	-	-	-	-	-	**4,423,172**
Liabilities	71,388,188	17,856,678	89,244,866	16,120,196	61,797	695,515	**106,122,374**
Contingent items	25,467,646	1,396,149	26,863,795	4,814,751	571,343	-	**32,249,889**

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,365 million and Liabilities: QAR 440 million).

6. OPERATING SEGMENTS (continued)

(a) By operating segment (continued)

Figures in thousand Qatar Riyals

	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
31 December 2014							
Net interest income	1,222,839	744,139	1,966,968	638,364	3,226	(27,892)	2,580,666
Net other operating income	692,494	339,727	1,032,221	210,846	29,029	49,707	1,321,803
Segmental revenue	1,915,323	1,083,866	2,999,189	849,210	32,255	21,815	3,902,469
Impairment loss on investment securities	(49,811)	-	(49,811)	-	-	-	(49,811)
Net impairment loss on loans and advances to customers	(451,498)	(64,485)	(515,983)	(105,047)	(1,788)	-	(622,818)
Segmental profit			1,404,435	231,411	19,597	(96,396)	1,559,047
Share of results of associates and joint arrangement							381,166
Net profit for the year							1,940,213
Other information							
Assets	70,954,750	18,607,437	89,562,187	17,567,453	311,855	3,764,027	111,205,522
Investments in associates and joint arrangement	-	-	-	-	-	-	4,446,826
Liabilities	66,994,281	14,043,574	81,037,855	16,055,454	105,635	757,291	97,956,235
Contingent items	26,777,603	29,451	26,807,054	4,844,934	-	-	31,651,988

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,659 million and Liabilities: QAR 410 million)

Notes to the Consolidated Financial Statements continued

6. OPERATING SEGMENTS (continued)

(b) By geography

Figures in thousand Qatar Riyals

Consolidated statement of financial position	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
As at 31 December 2015							
Cash and balances with central banks	3,500,186	9	1,923,397	-	-	-	5,423,592
Due from banks	4,872,171	1,731,328	4,452,914	1,645,087	232,749	2,896,694	15,830,943
Loans and advances to customers	59,259,693	2,431,200	14,248,133	136,948	72,807	452,768	76,601,549
Investment securities	12,309,773	1,011,357	1,951,388	205,567	104,856	271,300	15,854,241
Investment in associates and joint arrangement	9,464	4,413,708	-	-	-	-	4,423,172
Property and equipment and all other assets	3,819,579	64,302	1,266,649	127,118	2,501	7,408	5,287,557
Total assets	**83,770,866**	**9,651,904**	**23,842,481**	**2,114,720**	**412,913**	**3,628,170**	**123,421,054**
Due to banks	3,718,668	4,165,194	1,903,102	2,340,842	71,358	256,871	12,456,035
Customer deposits	53,326,573	4,778,832	6,842,143	579,514	24,950	4,235,642	69,787,654
Debt securities	454,362	-	803,372	7,009,860	181,743	-	8,449,337
Other borrowings	227,398	2,194,379	1,078,208	6,857,932	1,405,413	311,087	12,074,417
Other liabilities	2,553,795	94,313	666,018	36,208	1,318	3,279	3,354,931
Equity	17,298,680	-	-	-	-	-	17,298,680
Total liabilities and equity	**77,579,476**	**11,232,718**	**11,292,843**	**16,824,356**	**1,684,782**	**4,806,879**	**123,421,054**

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Figures in thousand Qatar Riyals

Consolidated statement of income	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
Year ended 31 December 2015							
Net interest income	1,981,035	18,819	635,124	(146,826)	67,410	(21,273)	2,534,289
Net Fee, commission and other income	1,141,520	33,793	220,516	7,770	3,561	7,709	1,414,869
Net operating income	3,122,555	52,612	855,640	(139,056)	70,971	(13,564)	3,949,158
Staff cost	(634,093)	-	(229,209)	-	-	(1,162)	(864,464)
Depreciation	(124,079)	-	(11,929)	-	-	(319)	(136,327)
Amortization of intangible assets	(47,339)	-	(5,223)	-	-	-	(52,562)
Impairment loss on investment securities	(1,820)	(15,971)	-	(2,161)	(16,023)	(20,380)	(56,355)
Net impairment loss on loans and advances to customers	(653,668)	(279)	(187,889)	-	-	-	(841,836)
Other expenses	(453,816)	-	(180,020)	-	-	(3,537)	(637,373)
Profit before share of results of associates and joint arrangement	1,207,740	36,362	241,370	(141,217)	54,948	(38,962)	1,360,241
Share of results of associates and joint arrangement	4,690	104,376	-	-	-	-	109,066
Profit for the year before tax	**1,212,430**	**140,738**	**241,370**	**(141,217)**	**54,948**	**(38,962)**	**1,469,307**
Income tax expenses	-	-	(35,682)	-	-	-	(35,682)
Net profit for the year	**1,212,430**	**140,738**	**205,688**	**(141,217)**	**54,948**	**(38,962)**	**1,433,625**

Notes to the Consolidated Financial Statements continued

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Figures in thousand Qatar Riyals

Consolidated statement of financial position	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
As at 31 December 2014							
Cash and balances with central bank	4,817,430	9	2,123,529	-	-	-	6,940,968
Due from banks	3,082,761	4,476,771	2,175,651	1,318,994	869,953	3,569,633	15,493,763
Loans and advances to customers	54,055,199	3,201,501	14,764,923	87,688	16	431,909	72,541,236
Investments securities	7,947,761	885,566	2,278,684	145,454	158,553	205,220	11,621,238
Investment in associates and joint arrangement	8,274	4,438,552	-	-	-	-	4,446,826
Property and equipment and other assets	2,832,028	64,302	1,575,973	127,118	2,501	6,395	4,608,317
Total assets	72,743,453	13,066,701	22,918,760	1,679,254	1,031,023	4,213,157	115,652,348
Due to banks	5,670,227	5,249,778	1,836,223	1,100,059	37,133	231,086	14,124,506
Customer deposits	47,345,107	4,142,708	8,545,445	932,747	32,261	562,951	61,561,219
Debt securities	-	-	1,335,649	8,027,233	181,914	-	9,544,796
Other borrowings	674,624	3,977,480	593,049	2,428,461	752,138	913,926	9,339,678
Other liabilities	2,260,662	68,051	904,059	150,424	814	2,026	3,386,036
Equity	17,696,113	-	-	-	-	-	17,696,113
Total liabilities and equity	73,646,733	13,438,017	13,214,425	12,638,924	1,004,260	1,709,989	115,652,348

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Figures in thousand Qatar Riyals

Consolidated statement of income	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
Year ended 31 December 2014							
Net interest income	1,838,244	74,564	699,789	(104,703)	19,898	52,874	2,580,666
Net Fee, commission and other income	1,026,275	41,279	219,304	(935)	3,444	32,436	1,321,803
Net operating income	2,864,519	115,843	919,093	(105,638)	23,342	85,310	3,902,469
Staff cost	(554,393)	-	(276,084)	-	-	(1,990)	(832,467)
Depreciation	(128,062)	-	(14,667)	-	-	(532)	(143,261)
Amortization of intangible assets	(47,339)	-	(5,318)	-	-	-	(52,657)
Impairment loss on investment securities	(1,820)	(6,728)	-	(1,531)	(19,269)	(20,463)	(49,811)
Net impairment loss on loans and advances to customers	(515,983)	(1,788)	(105,047)	-	-	-	(622,818)
Other expenses	(421,863)	-	(166,237)	-	-	(3,862)	(591,962)
Profit before share of results of associates and joint arrangement	1,195,059	107,327	351,740	(107,169)	4,073	58,463	1,609,493
Share of results of associates and joint arrangement	3,446	377,720	-	-	-	-	381,166
Profit for the year before tax	1,198,505	485,047	351,740	(107,169)	4,073	58,463	1,990,659
Income tax expenses	-	-	(50,446)	-	-	-	(50,446)
Net profit for the year	1,198,505	485,047	301,294	(107,169)	4,073	58,463	1,940,213

Notes to the Consolidated Financial Statements continued

7. FINANCIAL ASSETS AND LIABILITIES

(a) 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:

Figures in thousand Qatar Riyals

	Fair value through income statement	Held-to-maturity	Loans and receivables (at amortised cost)	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
31 December 2015							
Cash and balances with central banks	-	-	5,423,592	-	-	5,423,592	5,423,592
Due from banks	-	-	15,830,943	-	-	15,830,943	15,830,943
Derivative assets	155,181	-	-	-	-	155,181	155,181
Loans and advances to customers	-	-	76,601,549	-	-	76,601,549	76,601,549
Investment securities:							
Measured at fair value	58,742	-	-	15,795,499	-	15,854,241	15,854,241
	213,923	**-**	**97,856,084**	**15,795,499**	**-**	**113,865,506**	**113,865,506**
Derivative liabilities	81,137	-	-	-	-	81,137	81,137
Due to banks	-	-	-	-	12,456,035	12,456,035	12,456,035
Customer deposits	-	-	-	-	69,787,654	69,787,654	69,787,654
Debt securities	-	-	-	-	8,449,337	8,449,337	8,858,556
Other borrowings	-	-	-	-	12,074,417	12,074,417	12,074,417
	81,137	**-**	**-**	**-**	**102,767,443**	**102,848,580**	**103,257,799**

The fair value of loans and receivables has been arrived at using a level 2 valuation method, except for the impaired loans and receivables net of provisions amounting to QAR 953 million for which a level 3 valuation method has been used.

The fair value of liabilities measured at amortized cost has been arrived at using a level 2 valuation method, except for debt securities which are quoted and valued using a level 1 method.

7. FINANCIAL ASSETS AND LIABILITIES (continued)

(a) Accounting classifications and fair values (continued)

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

Figures in thousand Qatar Riyals

	Fair value through income statement	Held-to-maturity	Loans and receivables (at amortised cost)	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
31 December 2014							
Cash and balances with central bank	-	-	6,940,968	-	-	6,940,968	6,940,968
Due from banks	-	-	15,493,763	-	-	15,493,763	15,493,763
Derivative assets	223,757	-	-	-	-	223,757	223,757
Loans and advances to customers	-	-	72,541,236	-	-	72,541,236	72,541,236
Investment securities:	-	-	-	-	-	-	-
Measured at fair value	118,021	-	-	11,503,217	-	11,621,238	11,621,238
	341,778	-	94,975,967	11,503,217	-	106,820,962	106,820,962
Derivative liabilities	209,300	-	-	-	-	209,300	209,300
Due to banks	-	-	-	-	14,124,506	14,124,506	14,124,506
Customer deposits	-	-	-	-	61,561,219	61,561,219	61,561,219
Debt securities	-	-	-	-	9,544,796	9,544,796	10,129,981
Other borrowings	-	-	-	-	9,339,678	9,339,678	9,339,678
	209,300	-	-	-	94,570,199	94,779,499	95,364,684

The fair value of loans and receivables has been arrived at using a level 2 valuation method, except for the impaired loans and receivables net of provisions amounting to QAR 727 million for which a level 3 valuation method has been used.

The fair value of liabilities measured at amortized cost has been arrived at using a level 2 valuation method, except for debt securities which are quoted and valued using a level 1 method.

Notes to the Consolidated Financial Statements continued

8. CASH AND BALANCES WITH CENTRAL BANKS

Figures in thousand Qatar Riyals

	2015	2014
Cash	655,961	682,654
Cash reserve with central banks *	4,358,270	4,137,873
Other balances with central banks	409,361	2,120,441
	5,423,592	6,940,968

*The cash reserve with central banks is mandatory reserve not available for use in the Group's day to day operations.

9. DUE FROM BANKS

Figures in thousand Qatar Riyals

	2015	2014
Current accounts	554,791	937,737
Placements	10,338,325	11,015,113
Loans to banks	4,937,827	3,540,913
	15,830,943	15,493,763

10. LOANS AND ADVANCES TO CUSTOMERS

a) By type

Figures in thousand Qatar Riyals

	2015	2014
Loans	74,047,529	69,343,221
Overdrafts	3,972,334	4,597,622
Bills discounted	485,669	360,315
Bankers acceptances	484,768	383,079
	78,990,300	74,684,237
Deferred profit	(28,293)	(43,228)
Allowance for impairment of loans and advances to customers	(2,360,458)	(2,099,773)
Net loans and advances to customers*	**76,601,549**	72,541,236

*The aggregate amount of non-performing loans and advances to customers amounted QAR 3,313 million which represents 4.20% of total loans and advances to customers (2014: QAR 2,827 million, 3.79% of total loans and advances to customers).

Allowance for impairment of loans and advances to customers includes QAR 327 million of interest in suspense (2014: QAR 297 million).

During the year 2015, and as approved by Qatar Central Bank, a loan-asset swap to settle a non-performing loan against the takeover of real estate collateral was concluded and was classified under other assets.

By internal business segment

Figures in thousand Qatar Riyals

	2015	2014
Government and related agencies	7,658,085	8,103,980
Wholesale	40,553,811	37,927,779
Retail	28,389,653	26,509,477
Net loans and advances to customers	**76,601,549**	72,541,236

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

b) By sector

Figures in thousand Qatar Riyals

At 31 December 2015:	**Loans**	**Overdrafts**	**Bills discounted**	**Bankers acceptances**	**Total**
Government and related agencies	5,988,419	1,669,666	-	-	7,658,085
Non-banking financial institutions	3,231,172	19,399	-	-	3,250,571
Industry	4,848,537	60,313	48	769	4,909,667
Commercial	8,307,134	224,846	250,893	312,146	9,095,019
Services	13,016,912	190,961	135,185	32,012	13,375,070
Contracting	7,224,010	184,235	53,093	139,841	7,601,179
Real estate	20,985,263	338,205	888	-	21,324,356
Personal	9,017,096	1,176,658	45,562	-	10,239,316
Others	1,428,986	108,051	-	-	1,537,037
	74,047,529	**3,972,334**	**485,669**	**484,768**	**78,990,300**
Less: Deferred Profit					(28,293)
Allowance for impairment of loans and advances to customers					(2,360,458)
					(2,388,751)
Net loans and advances to customers					**76,601,549**

Figures in thousand Qatar Riyals

At 31 December 2014:	Loans	Overdrafts	Bills discounted	Bankers acceptances	Total
Government and related agencies	5,883,558	2,220,423	-	-	8,103,981
Non-banking financial institutions	2,309,240	10,812	-	-	2,320,052
Industry	5,562,595	153,311	2,925	4,404	5,723,235
Commercial	9,727,787	220,445	145,610	252,733	10,346,575
Services	10,098,864	221,062	79,801	32,425	10,432,152
Contracting	6,416,271	300,011	46,097	93,517	6,855,896
Real Estate	18,902,833	178,005	1,983	-	19,082,821
Personal	7,155,672	1,293,425	83,899	-	8,532,996
Others	3,286,401	128	-	-	3,286,529
	69,343,221	4,597,622	360,315	383,079	74,684,237
Less: Deferred Profit					(43,228)
Allowance for impairment of loans and advances to customers					(2,099,773)
					(2,143,001)
Net loans and advances to customers					72,541,236

Notes to the Consolidated Financial Statements continued

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

c) Movement in impairment loss on loans and advances to customers

Figures in thousand Qatar Riyals

	2015	2014
Balance at 1 January	2,099,773	1,571,881
Allowance made during the year	1,252,434	1,068,662
Recoveries during the year	(258,941)	(328,526)
Net allowance for impairment during the year *	993,493	740,136
Written off during the year	(610,717)	(156,639)
Exchange differences	(122,091)	(55,605)
Balance at 31 December	**2,360,458**	2,099,773

*This includes net interest suspended during the year QAR 151.6 million (2014: QAR 117.3 million). The movement includes the effect of interest suspended on loans and advances to customers as per QCB regulations.

Further analysis is as follows:

Figures in thousand Qatar Riyals

	Commercial Bank	Abank	Other subsidiaries	Total
Balance at 1 January 2015	1,499,233	589,007	11,533	2,099,773
Allowance made during the year	874,306	376,957	1,171	1,252,434
Recoveries during the year	(68,981)	(189,067)	(893)	(258,941)
Written off during the year	(454,452)	(156,265)	-	(610,717)
Exchange differences	-	(122,091)	-	(122,091)
Balance at 31 December 2015	**1,850,106**	**498,541**	**11,811**	**2,360,458**

Figures in thousand Qatar Riyals

	Commercial Bank	Abank	Other subsidiaries	Total
Balance at 1 January 2014	1,022,562	539,566	9,753	1,571,881
Allowance made during the year	712,522	353,733	2,407	1,068,662
Recoveries during the year	(79,220)	(248,687)	(619)	(328,526)
Written off during the year	(156,631)	-	(8)	(156,639)
Exchange differences	-	(55,605)	-	(55,605)
Balance at 31 December 2014	1,499,233	589,007	11,533	2,099,773

11. INVESTMENT SECURITIES

Investment securities as at 31 December 2015 totaled QAR 15,854 million (2014: QAR 11,621 million). The analysis of investment securities is detailed below:

Figures in thousand Qatar Riyals

	2015	2014
Available-for-sale	15,795,499	11,503,217
Investment securities designated at fair value through income statement	58,742	118,021
Total	**15,854,241**	11,621,238

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 2,392 million (2014:QAR 1,439 million)

a) Available-for-sale

Figures in thousand Qatar Riyals

	2015			2014		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
Equities	314,314	169,133	483,447	282,702	219,750	502,452
State of Qatar debt securities	4,957,114	7,047,036	12,004,150	3,272,138	4,349,843	7,621,981
Debt and other securities*	2,804,585	142,457	2,947,042	2,889,582	170,940	3,060,522
Investment funds	67,729	293,131	360,860	57,144	261,118	318,262
Total	**8,143,742**	**7,651,757**	**15,795,499**	6,501,566	5,001,651	11,503,217

* Fixed rate securities and floating rate securities amounted to QAR 2,476 million and QAR 471 million respectively (2014: QAR 1,939 million and QAR 1,121 million respectively).

b) Investment securities designated at fair value through income statement

Figures in thousand Qatar Riyals

	2015	2014
Debt securities	58,742	118,021
Total	**58,742**	118,021

c) Movement in impairment loss on investment Available for sale - debt securities

Figures in thousand Qatar Riyals

	2015	2014
Balance at 1 January	104,526	125,421
Allowance for impairment during the year	20,469	3,887
Recoveries during the year	(3,640)	(7,607)
Written off during the year	(2,472)	(17,175)
Total	**118,883**	104,5261

The Group has also recognised impairment loss for investments in equities and funds during the year amounting to QAR 35.9 million (2014: QAR 45.9 million).

Notes to the Consolidated Financial Statements continued

12. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENT

Figures in thousand Qatar Riyals

	2015	2014
Balance at 1 January	4,446,826	4,198,469
Share of results -note 21(f)	109,066	381,166
Cash dividend - note 21(f)	(117,269)	(118,916)
Other movements	(15,451)	(13,893)
Balance at 31 December	**4,423,172**	4,446,826

Figures in thousand Qatar Riyals

Name of the Associate	Classification	Amount 2015	Amount 2014	Country	Activities	Ownership % 2015	Ownership % 2014
National Bank of Oman SAOG ('NBO')	Associate	1,918,657	1,787,144	Oman	Banking	34.9%	34.9%
United Arab Bank PJSC ('UAB')	Associate	2,495,053	2,651,410	UAE	Banking	40%	40%
Asteco Qatar L.L.C*	Associate	1,264	1,395	Qatar	Facilities management	30%	30%
Massoun Insurance Services LLC	Joint venture	8,198	6,877	Qatar	Insurance brokerage	50%	50%
		4,423,172	4,446,826				

*Asteco Qatar L.L.C. is in the process of liquidation.

The summarised financial position and results of associates and joint arrangement as at the end of reporting period are as follows:

Figures in thousand Qatar Riyals

	2015	2014
Total assets	**54,326,439**	53,626,549
Total liabilities	**46,884,966**	47,304,889
Operating income	**2,490,690**	2,450,806
Net profit	**412,733**	1,081,533
Total comprehensive income	**365,476**	1,058,892
Share of results	**109,066**	381,166

Shares of National Bank of Oman SAOG are listed on the Muscat Securities Market, having a market value of QAR 1,181 million as at 31 December 2015 (2014: QAR 1,269 million).

Shares of United Arab Bank PJSC are listed on the Abu Dhabi Securities Market, having a market value of QAR 2,643 million as at 31 December 2015 (2014: QAR 2,952 million).

13. PROPERTY AND EQUIPMENT

Figures in thousand Qatar Riyals

	Land and buildings	Leasehold improvements	Furniture and equipment	Motor vehicles	Capital work in progress	Total
Cost						
Balance at 1 January 2014	1,024,360	159,653	883,233	6,719	199,249	2,273,214
Additions / transfers	31,925	7,466	64,741	1,254	70,968	176,354
Disposals	(638)	(915)	(5,878)	(413)	-	(7,844)
Exchange differences	(256)	(6,225)	(9,315)	(4)	-	(15,800)
Balance at 31 December 2014	1,055,391	159,979	932,781	7,556	270,217	2,425,924
Balance at 1 January 2015	1,055,391	159,979	932,781	7,556	270,217	2,425,924
Additions / transfers	365	7,948	101,124	420	107,161	217,018
Disposals	(45,527)	(10,138)	(5,215)	-	-	(60,880)
Exchange differences	157	(14,507)	(22,382)	(41)	-	(36,773)
Balance at 31 December 2015	**1,010,386**	**143,282**	**1,006,308**	**7,935**	**377,378**	**2,545,289**
Accumulated depreciation						
Balance at 1 January 2014	226,930	120,994	636,593	5,511	-	990,028
Depreciation for the year	34,893	16,220	91,740	408	-	143,261
Disposals	-	(851)	(5,819)	(403)	-	(7,073)
Exchange differences	(3)	(4,115)	(6,686)	(3)	-	(10,807)
Balance at 31 December 2014	261,820	132,248	715,828	5,513	-	1,115,409
Balance at 1 January 2015	261,820	132,248	715,828	5,513	-	1,115,409
Depreciation for the year	27,605	7,798	100,393	531	-	136,327
Disposals	(14,637)	(6,478)	(3,775)	-	-	(24,890)
Exchange differences	-	(10,541)	(16,349)	(48)	-	(26,938)
Balance at 31 December 2015	**274,788**	**123,027**	**796,097**	**5,996**	**-**	**1,199,908**
Net carrying amounts						
Balance at 31 December 2014	793,571	27,731	216,953	2,043	270,217	1,310,515
Balance at 31 December 2015	**735,598**	**20,255**	**210,211**	**1,939**	**377,378**	**1,345,381**

Notes to the Consolidated Financial Statements continued

14. INTANGIBLE ASSETS

Figures in thousand Qatar Riyals

	Goodwill	Brand	Customer relationship	Core deposit	Internally developed software	Total
Cost						
Balance at 1 January 2014	449,465	116,459	381,521	102,639	13,969	1,064,053
Additions / transfers	525	4,253	-	-	2,253	7,031
Disposals	-	-	-	-	-	-
Exchange differences	(41,003)	(10,875)	(34,776)	(9,356)	(1,411)	(97,421)
Balance at 31 December 2014	408,987	109,837	346,745	93,283	14,811	973,663
Balance at 1 January 2015	408,987	109,837	346,745	93,283	14,811	973,663
Additions / transfers	-	9,593	-	-	6,720	16,313
Disposals	-	-	-	-	-	-
Exchange differences	(83,163)	(23,039)	(70,507)	(18,968)	(3,502)	(199,179)
Balance at 31 December 2015	**325,824**	**96,391**	**276,238**	**74,315**	**18,029**	**790,797**
Amortisation						
Balance at 1 January 2014	-	59,469	-	-	8,098	67,567
Amortisation during the year	-	4,743	36,894	8,323	2,697	52,657
Impaired during the year	-	-	-	-	-	-
Exchange differences	-	(5,646)	-	-	(838)	(6,484)
Balance at 31 December 2014	-	58,566	36,894	8,323	9,957	113,740
Balance at 1 January 2015	-	58,566	36,894	8,323	9,957	113,740
Amortisation during the year	-	4,010	36,894	8,323	3,335	52,562
Impaired during the year	-	-	-	-	-	-
Exchange differences	-	(11,911)	-	-	(1,973)	(13,884)
Balance at 31 December 2015	**-**	**50,665**	**73,788**	**16,646**	**11,319**	**152,418**
Net carrying amounts						
Balance at 31 December 2014	408,987	51,271	309,851	84,960	4,854	859,923
Balance at 31 December 2015	**325,824**	**45,726**	**202,450**	**57,669**	**6,710**	**638,379**

Impairment testing for CGU containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's CGU-ABank. A discount rate of 16.5% and a terminal growth rate of 2% were used to estimate the recoverable amount of ABank. No impairment losses on goodwill were recognised during 2015 (2014: nil).

The recoverable amount for the CGU has been calculated based on the 'Value In Use Method', determined by discounting the future cash flows expected to be generated from the continuing use of the CGU. No impairment losses were recognised during 2015 (2014: nil) because the recoverable amounts of this CGU was determined to be higher than their carrying amount. The discount rate was a pre-tax measure based on the Government Bonds 10 year yield USD, adjusted for an equity market risk premium, equity beta and inflation differential in Turkey and for USD.

Five years of cash flow are included in the discounted cash model. A long term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for the country in which CGU operate and the long term compound annual profit before taxes, depreciation and amortization growth rate estimated by the management. The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of CGU to decline below the carrying amount.

15. OTHER ASSETS

Figures in thousand Qatar Riyals

	2015	2014
Interest receivable and accrued income	592,398	573,440
Prepaid expenses	73,664	82,032
Accounts receivable	245,864	296,807
Repossessed collateral*	1,959,536	1,107,543
Positive fair value of derivatives (Note 36)	155,181	223,757
Clearing cheques	27,808	29,413
Others	249,346	124,887
	3,303,797	2,437,879

*This represents the value of the properties acquired in settlement of debts and subsequent additions, which have been stated at their carrying value net of any allowance for impairment. The estimated market values of these properties at the end of the reporting period are not materially different from the carrying values.

16. DUE TO BANKS

Figures in thousand Qatar Riyals

	2015	2014
Balances due to central banks	240,928	364,000
Current accounts	628,626	606,192
Placements with banks	9,428,341	11,912,257
Repurchase agreements with banks	2,158,140	1,242,057
	12,456,035	14,124,506

17. CUSTOMER DEPOSITS

Figures in thousand Qatar Riyals

		2015	2014
a)	**By type**		
	Current and call deposits	18,082,053	17,635,842
	Saving deposits	5,362,247	5,343,913
	Time deposits	46,343,354	38,581,464
		69,787,654	61,561,219
b)	**By sector**		
	Government	9,054,395	5,384,681
	Government and semi government agencies	10,616,050	12,491,436
	Individuals	21,951,875	18,643,744
	Corporate	26,777,580	21,122,880
	Non-banking financial institutions	1,387,754	3,918,478
		69,787,654	61,561,219

Notes to the Consolidated Financial Statements continued

18. DEBT SECURITIES

Figures in thousand Qatar Riyals

	2015	2014
EMTN unsecured Programme – Senior unsecured notes	4,524,582	4,514,279
Senior Notes	1,076,371	1,335,648
Subordinated Notes	2,848,384	2,677,276
CHF Fixed Rate Bond *	-	1,017,593
Total	**8,449,337**	9,544,796

The following table provides the breakdown of the Debt Securities as at close of 31 December 2015.

Instrument	Issuer	Issued amount	Issued on	Maturity	Coupon
EMTN - Senior notes	CBQ Finance Ltd	USD 500 million*	Apr-12	Apr-17	Fixed Rate 3.375%
	CBQ Finance Ltd	USD 750 million*	Jun-14	Jun-19	Fixed Rate 2.875%
CHF Fixed Rate Bond	CBQ Finance Ltd	CHF 275 million*	Dec-10	Dec-15	Fixed Rate 3.0% , repaid
Subordinate notes	CBQ Finance Ltd	USD 600 million*	Nov-09	Nov-19	Fixed Rate 7.50%
Senior Notes	ABank	USD 250 million**	Jul-14	Jul-19	Fixed Rate 3.125%
Subordinate notes	ABank	USD 105 million	Dec-10	Jun-21	Floating Rate LIBOR +4.50%
	ABank	EUR 30 million	Dec-11	Jun-22	Floating Rate LIBOR +4.50%
	ABank	USD 50 million	Jun-15	Jun-25	Floating Rate LIBOR +6.00%
Senior Notes	ABank	TL 62.4 million	Sep-15	Feb-16	Fixed Rate 12.098%
	ABank	TL 75.9 million	Oct-15	Apr-16	Fixed Rate 11.66%

* issued for and Guaranteed by the Bank
** Guaranteed by the Bank

Movements in debt securities are analysed as follows:

Figures in thousand Qatar Riyals

	2015	2014
Balance at beginning of the year	9,544,796	9,759,667
Additions	403,427	4,064,863
Repayments	(1,399,732)	(4,020,435)
Fair value adjustment	11,415	(125,404)
Amortisation of discount and transaction cost	14,345	19,363
Exchange difference	(124,914)	(153,258)
Balance at 31 December	**8,449,337**	9,544,796

The table below shows the maturity profile of debt securities:

Figures in thousand Qatar Riyals

	2015	2014
Up to 1 year	172,400	1,448,427
Between 1 and 3 years	1,812,031	1,806,462
Over 3 years	6,464,906	6,289,907
Balance at 31 December	**8,449,337**	9,544,796

19. OTHER BORROWINGS

Figures in thousand Qatar Riyals

	2015	2014
Syndicated loans	6,326,467	3,629,880
Bilateral loans	1,092,135	2,002,069
Others *	4,655,815	3,707,729
Total	**12,074,417**	9,339,678

*This includes the other borrowings of Abank QAR 4,125 million (2014: QAR 3,708 million).

Movements in other borrowings are as follows:

Figures in thousand Qatar Riyals

	2015	2014
Balance at beginning of the year	9,339,678	7,345,717
Additions	9,819,002	6,835,137
Repayments	(6,539,127)	(4,425,817)
Fair value adjustment on consolidation of ABank	(37,291)	(20,717)
Amortisation of discount and transaction cost	9,521	8,487
Exchange difference	(517,366)	(403,129)
Balance at 31 December	**12,074,417**	9,339,678

The table below shows the maturity profile of other borrowings:

Figures in thousand Qatar Riyals

	2015	2014
Up to 1 year	5,333,259	3,770,556
Between 1 and 3 years	5,727,114	5,068,645
Over 3 years	1,014,044	500,477
Balance at 31 December	**12,074,417**	9,339,678

Notes to the Consolidated Financial Statements continued

20. OTHER LIABILITIES

Figures in thousand Qatar Riyals

	2015	2014
Interest payable	234,396	161,229
Accrued expense payable	192,498	157,996
Other provisions (Note i)	210,006	178,413
Negative fair value of derivatives (Note 36)	81,137	209,300
Unearned income	77,406	68,171
Cash margins	350,510	275,833
Accounts payable	362,850	372,678
Directors' remuneration and meeting attendance fee	18,500	18,000
Social & sports activities support fund ("Daam") (Note 23)	35,841	48,505
Dividend payable	15,190	12,139
Managers' cheque and payment order	10,657	27,619
Unclaimed balances	65,227	11,580
Due for trade acceptances	484,768	383,078
NCI – put option fair value	651,052	723,721
Deferred tax liabilities	69,446	134,227
Income tax payable	26,003	30,755
Others	469,444	572,792
Total	**3,354,931**	3,386,036

(i) Other provisions

Figures in thousand Qatar Riyals

	Provident fund (a)	**Pension fund (b)**	**Total 2015**	Total 2014
Balance at 1 January	177,011	1,402	178,413	178,202
Provision made during the year (note 31)	42,412	11,930	54,342	43,074
Earnings of the fund	5,423	-	5,423	5,044
Provident fund – staff contribution	7,675	6,659	14,334	11,693
Transferred to state retirement fund authority	-	(17,550)	(17,550)	(13,388)
Payment during the year	(23,262)	-	(23,262)	(45,458)
Exchange difference	(1,694)	-	(1,694)	(754)
Balance at 31 December	**207,565**	**2,441**	**210,006**	178,413

(a) The provident fund includes the Group's obligations for end of service benefits to expatriate staff per Qatar labour law and the employment contracts.

(b) Pension fund contributions in respect of the national staff are paid to the State administered retirement fund at the end of each month. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized when they are due.

21. EQUITY

(a) Share capital

The issued, subscribed and paid up capital of the Bank is QAR 3,266,292,100 (2014: QAR 2,969,356,460) divided into 326,629,210 (2014: QAR 296,935,646) ordinary shares of QAR 10 each.

In thousands of shares	**2015**	2014
On issue at the beginning of the reporting period	296,936	247,446
Bonus shares issued	29,693	49,490
In issue at 31 December	**326,629**	296,936

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 shareholders' Annual/Extra-ordinary General meeting of the Bank.

(b) Legal reserve

The Legal Reserve of Commercial Bank and ABank are QAR 8,740 million (2014: QAR 8,740 million) and QAR 80 million (2014: QAR 80 million) respectively, totalling QAR 8,820 million (2014: QAR 8,820 million)

In accordance with Qatar Central Bank Law No 33 of 2006 as amended, 10% of the net profit of the year is required to be transferred to legal reserve. Share premium collected from the issuance of new shares also transferred to legal reserve. Transfer to legal reserve from net profit is mandatory until the legal reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No 11 of 2015 and is subject to pre-approval from QCB.

In accordance with the Turkish Commercial code, an entity is required to transfer 5% of net profit until the legal reserve is equal to 20% of issued and fully paid up share capital. Rate for transfer to legal reserve goes up to 10% of net profit allocated for distribution excluding the first 5% of the allocated profit. Share premium and proceeds from cancelled shares, if any net of related expenses are also transferred to legal reserve.

(c) General reserve

As per the Bank's Articles of Association, the general reserve may only be used in accordance with a resolution from the General Assembly upon the Board of Directors recommendation and after obtaining Qatar Central Bank approval.

(d) Risk reserve

In accordance with QCB regulations, a risk reserve should be created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.50% of the total loans and advances of the Group inside and outside Qatar after the exclusion of the specific provisions and interest in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees is excluded from the gross direct finance. From distributable profit of the year, the total amount of transfer made to the risk reserve was QAR79 million (2014: QAR 392 million).

(e) Fair value reserve

The fair value reserve arises from the revaluation of the available-for-sale investments and change of post acquisition fair value reserve of its associates.

Notes to the Consolidated Financial Statements continued

21. EQUITY (continued)

(f) Other reserves

This includes the Group's share of profit from investment in associates and joint arrangement and non-distributable profit of subsidiaries, net of cash dividend received, as required by QCB regulations as follows:

Figures in thousand Qatar Riyals

	2015	2014
Balance as at 1 January	1,098,090	835,840
Share of result of associates and joint arrangement (note 12)	109,066	381,166
Dividend from associates and joint arrangement (note 12)	(117,269)	(118,916)
	(8,203)	262,250
Transferred from retained earning	50,000	-
Net movement	41,797	262,250
Balance as at 31 December	**1,139,887**	1,098,090

(g) Proposed cash dividend and bonus shares

The Board of Directors has proposed a cash dividend of 30% or QAR 3 per share for the year 2015 (2014: 35% or QAR 3.5 per share and 1bonus share for every 10 shares held). This proposal is subject to approval at the Annual General Assembly.

(h) Dividends paid

During the year, the shareholders received a dividend of QAR 3.5 per share totalling QAR 1,039 million in respect of the year ended 31 December 2014 (2014: QAR 2.0 per share totalling QAR 495 million in respect of the year ended 31 December 2013).

(i) Instrument eligible for additional capital

In December 2013 the Bank raised additional tier 1 capital by issuing unsecured perpetual non-cumulative unlisted Tier 1 notes for an amount of QAR 2 billion. The distributions (i.e. coupon payments) are discretionary and non-cumulative and priced at a fixed rate of 6% per annum, payable annually until the first call date (i.e. 1 December 2019), and thereafter to be reset at a prevailing 5 year mid-swap rate plus margin every sixth year.

The Note is ranked junior to the Bank's existing unsubordinated obligations including existing subordinated debt and depositors, pari passu to all current and future subordinated obligations and senior to the ordinary shares issued by the Bank

The Note has no fixed redemption date and the Bank can only redeem the Note in the limited circumstance as mentioned in the term sheet i.e. regulatory / tax redemption and other general redemption conditions solely at the Bank's discretion. The Bank might be required to write-off the proposed Capital issue, if a "loss absorption" event is triggered and the Bank has non-discretionary obligation to deliver cash or financial assets. These notes have been classified under equity.

During the year bank paid a 6% dividend amounting to QAR 120 million in respect of the year ended 31 December 2015 (2014: QAR 120 million)

22. OTHER COMPREHENSIVE INCOME

Figures in thousand Qatar Riyals

	2015	2014
Available-for-sale investments:		
Positive change in fair value	32,146	323,986
Negative change in fair value	(119,408)	(17,719)
Net change in fair value	(87,262)	306,267
Net amount transferred to profit or loss*	(63,024)	(62,347)
	(150,286)	243,920
Foreign currency translation differences for foreign operation	(524,760)	(239,955)
Share of other comprehensive income of associates and joint arrangements	(15,452)	(6,392)
Total other comprehensive income	**(690,498)**	(2,427)

*Net amount transferred to profit or loss includes a positive change in fair value of QAR 64.5 million (2014: QAR 62.6 million) and a negative change in fair value of QAR 1.5 million (2014: QAR 0.3 million).

23. CONTRIBUTION TO SOCIAL AND SPORTS ACTIVITIES SUPPORT FUND ("DAAM")

Pursuant to Law No. 13 of 2008, the Bank made an appropriation of QAR 35.9 million (2014: QAR 48.5 million) from retained earnings for its contribution to the Social and Sports Activities Support Fund ("Daam") of Qatar. This amount represents 2.5% of the net profit for the year ended 31 December 2015.

24. INTEREST INCOME

Figures in thousand Qatar Riyals

	2015	2014
Loans and advances to customers	3,612,648	3,833,458
Debt securities	501,498	651,448
Amounts deposited with banks	163,189	146,015
Amounts deposited with central banks	13,869	10,190
	4,291,204	4,641,111

25. INTEREST EXPENSE

Figures in thousand Qatar Riyals

	2015	2014
Customer deposits	1,066,908	1,136,497
Debt securities	397,369	519,657
Other borrowings	168,661	128,371
Amount deposited by banks	123,977	275,920
	1,756,915	2,060,445

26. FEE AND COMMISSION INCOME

Figures in thousand Qatar Riyals

	2015	2014
Loans and financing advisory services	609,861	473,544
Credit and debit card fees	356,912	323,326
Indirect credit facilities	146,507	137,450
Banking and other operations	108,808	186,270
Investment activities for customers	42,057	49,663
	1,264,145	1,170,253

27. FEE AND COMMISSION EXPENSE

Figures in thousand Qatar Riyals

	2015	2014
Credit and debit card fees	235,625	225,538
Brokerage services	10,139	40,955
Others	47,664	24,148
	293,428	290,641

28. NET FOREIGN EXCHANGE GAIN

Figures in thousand Qatar Riyals

	2015	2014
Dealing in foreign currencies & revaluation of spot assets	**141,406**	119,656

Notes to the Consolidated Financial Statements continued

29. INCOME FROM INVESTMENT SECURITIES

Figures in thousand Qatar Riyals

	2015	2014
Net gain on disposal of available-for-sale securities	86,636	166,787
Dividend income	19,580	16,504
(Loss) /Gain on investment securities at fair value through income statement	(1,332)	2,179
	104,884	185,470

30. OTHER INCOME

Figures in thousand Qatar Riyals

	2015	2014
Rental and other income	105,479	112,881
Gain on sale of property & equipment	89,761	17,102
Management fees from associates	2,622	7,082
	197,862	137,065

31. STAFF COSTS

Figures in thousand Qatar Riyals

	2015	2014
Salary & allowances	776,207	754,014
Health care and medical insurance expenses	17,768	21,340
Staff end of services and pension fund contribution (Note 20 (i))	54,342	43,074
Training & education	16,147	14,039
	864,464	832,467

32. OTHER EXPENSES

Figures in thousand Qatar Riyals

	2015	2014
Marketing and advertisement	91,978	103,742
Professional fees	161,991	91,159
Communication, utilities and insurance	60,701	55,940
Board of Directors' remuneration and attendance fees	18,500	18,630
Occupancy, IT consumables and maintenance	127,397	129,577
Travel and related costs	3,444	11,161
Printing and stationery	11,133	12,726
Outsourcing service costs	96,185	93,322
Others	66,044	75,705
	637,373	591,962

33. EARNINGS PER SHARE

Earnings per share of the Bank is calculated by dividing profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year:

Figures in thousand Qatar Riyals

	2015	2014
Profit for the year attributable to the equity holders of the Bank	1,401,457	1,880,316
Less: Dividend on instrument eligible for additional capital	(120,000)	(120,000)
Profit for EPS calculation	**1,281,457**	1,760,316
Weighted average number of outstanding ordinary shares in thousands*	326,629	326,629
Earnings per share (QAR)	**3.92**	5.39

*Number of ordinary share of 2014 restated for 10% Bonus share issue.

34. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Figures in thousand Qatar Riyals

		2015	2014
a)	**Contingent liabilities**		
	Unutilized credit facilities	5,828,606	6,156,369
	Guarantees	22,900,522	21,449,106
	Letters of credit	3,520,761	4,046,513
	Total	**32,249,889**	31,651,988
b)	**Other commitments**		
	Forward foreign exchange contracts and derivatives at notional value	37,522,866	16,002,708
	Capital commitments	400,195	399,857
	Total	**37,923,061**	16,402,565

Unused facilities
Commitments to extend credit represent contractual commitments to make loans and revolving credits. The total contractual amounts do not necessarily represent future cash requirements, since commitments may expire without being drawn upon.

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 leases a number of branches and office premises under operating leases. Lease rentals are payable as follows:

Figures in thousand Qatar Riyals

	2015	2014
Less than one year	3,148	2,725
Between one and five years	32,014	124,782
More than five years	1,329	9,829
	36,491	137,336

Notes to the Consolidated Financial Statements continued

35 CASH AND CASH EQUIVALENTS

Figures in thousand Qatar Riyals

	2015	2014
Cash and balances with central banks *	1,065,322	2,803,095
Due from banks up to 90 days	9,873,916	9,946,582
	10,939,238	12,749,677

*Cash and balances with central banks exclude the mandatory cash reserve.

36. DERIVATIVES

Figures in thousand Qatar Riyals

				Notional / expected amount by term to maturity			
	Positive fair value	**Negative fair value**	**Notional amount**	**within 3 months**	**3 - 12 months**	**1-5 years**	**More than 5 years**
At 31 December 2015:							
Derivatives held for trading:							
Interest rate swaps	106,587	60,732	1,089,489	13,417	48,701	285,183	742,188
Forward foreign exchange contracts and others	48,594	20,262	34,885,337	22,430,425	7,794,977	4,177,440	482,495
Derivatives held for fair value hedges:							
Interest rate swaps	-	-	1,274,000	-	-	-	1,274,000
Derivatives held for cash flow hedges:							
Forward foreign exchange	-	-	-	-	-	-	-
Interest rate swaps	-	143	274,040	274,040	-	-	-
Total	**155,181**	**81,137**	**37,522,866**	**22,717,882**	**7,843,678**	**4,462,623**	**2,498,683**
At 31 December 2014:							
Derivatives held for trading:							
Interest rate swaps	162,315	160,674	2,967,174	12,816	46,130	270,180	2,638,048
Forward foreign exchange contracts and others	59,173	23,799	11,581,046	8,685,304	1,406,729	1,489,013	-
Derivatives held for fair value hedges:							
Cross currency interest rate swaps	-	11,415	1,029,306	-	1,029,306	-	-
Derivatives held for cash flow hedges:							
Forward foreign exchange	2,269	-	81,196	38,944	-	42,252	-
Interest rate swaps	-	13,412	343,986	-	-	343,986	-
Total	223,757	209,300	16,002,708	8,737,064	2,482,165	2,145,431	2,638,048

The bank maintains strict control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the bank (i.e. assets) which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counter-parties.

37. INVESTMENT CUSTODIAN

As at the end of the reporting date, the Group holds QAR 267.63 million (2014: QAR 268 million) worth of international investment securities on behalf of its customers. Out of this amount, investment securities with a value of QAR 226 million (2014: QAR 223 million) are held with an international custody and settlement house. The remaining investment securities are held with the financial institutions through whom the securities were purchased. These financial institutions are industry leaders in their respective fields. The Group has established maximum limits for such holding with each financial institution according to its risk management policy

38. RELATED PARTIES

The Group carries out various transactions with subsidiaries, associates and joint arrangement companies, members of the Board of Directors and the executive management or companies in which they have significant interest or any other parties of important influence in the Group's financial or operations decisions. The balances at the year end with these accounts were as follows:

Figures in thousand Qatar Riyals

	2015	2014
Board members of the bank	**2015**	**2014**
- Loans, advances and financing activities (a)	2,141,555	1,646,600
- Deposits	177,832	272,589
- Contingent liabilities, guarantees and other commitments	5,659	5,603
- Interest and fee income	9,496	10,532
- Interest paid on deposits accounts of board members	9,699	9,495
- Remuneration and meeting attendance fees	18,500	19,190
Associates and joint arrangement companies		
Due from banks	506,368	506,181
Due to banks	5,149	95,313
Deposits	9,754	12,363
Contingent liabilities	772,252	757,271
- Interest earned from Associates	1,131	1,124
- Interest paid to Associates	320	404
Senior management of the bank		
- Remuneration and other benefits	57,657	97,238
- Loans and advances	11,502	9,366

(a) A significant portion of the loans, advances and financing activities' balance at 31 December 2015 with the members of the Board and the companies in which they have significant influence are secured against tangible collateral or personal guarantees. Moreover, the loans, advances and financing activities' are performing satisfactorily honouring all obligations.

39. OTHER EQUITY - PUT OPTION

The Group acquired 75% of the ordinary shares and voting interest in Abank. For the remaining ordinary shares a put option is held by the non-controlling shareholder of ABank. Although the Group considers there is only a small likelihood of the put option being exercised, IAS 32 Financial Instruments - Presentation requires the present value of the potential amount payable to be recognized as a liability regardless of the probability of exercise of the put option, as this is not within the Group's control.

40. POST BALANCE SHEET EVENT

On 24th January 2016 the Bank received Qatar Central Bank approval to raise additional tier I capital by issuing unsecured perpetual non-cumulative Tier I notes through a private placement. On the same day, a government entity in the State of Qatar communicated its intention to subscribe to this additional tier I capital issuance by the Bank amounting to QAR 2.0 billion in the first quarter of 2016. The distributions will be discretionary and non-cumulative and priced at a fixed rate of 6.0% per annum, payable annually until the first call date falling in the sixth year from the issue date.

Financial Statements of the Parent

a. Statement of Financial Position – Parent
As at 31 December

Figures in thousand Qatar Riyals

	2015	2014
ASSETS		
Cash and balances with central bank	3,500,186	4,817,430
Due from banks	15,022,053	15,843,404
Loans and advances to customers	63,737,274	58,936,439
Investment securities	14,846,664	10,181,121
Investment in associates and joint arrangement and subsidiaries	5,648,520	5,645,954
Property and equipment	1,308,213	1,258,893
Other assets	2,718,032	1,778,221
TOTAL ASSETS	**106,780,942**	98,461,462
LIABILITIES		
Due to banks	11,429,925	13,269,035
Customer deposits	62,877,719	53,128,421
Debt securities	6,690,964	7,694,511
Other borrowings	6,692,246	5,631,949
Other liabilities	2,686,680	2,478,706
TOTAL LIABILITIES	**90,377,534**	82,202,622
EQUITY		
Share capital	3,266,292	2,969,356
Legal reserve	8,740,365	8,740,365
General reserve	26,500	26,500
Risk reserve	1,487,500	1,487,500
Fair value reserves	(20,775)	109,364
Other equity	(651,052)	(723,721)
Retained earnings	1,554,578	1,649,476
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	14,403,408	14,258,840
Instrument eligible for additional capital	2,000,000	2,000,000
TOTAL EQUITY	**16,403,408**	16,258,840
TOTAL LIABILITIES AND EQUITY	**106,780,942**	98,461,462

Financial Statements of the Parent continued

b. Income Statement – Parent
For the year ended 31 December

Figures in thousand Qatar Riyals

	2015	2014
Interest income	3,076,545	2,981,833
Interest expense	(1,045,033)	(1,019,987)
Net interest income	**2,031,512**	1,961,846
Fee and commission income	949,351	864,504
Fee and commission expense	(252,055)	(246,141)
Net fee and commission income	**697,296**	618,363
Foreign exchange gain	197,965	166,494
Income from investment securities	102,761	184,238
Other operating income	183,158	112,833
Net operating income	**3,212,692**	3,043,774
Staff costs	(628,596)	(550,141)
Depreciation	(122,666)	(126,652)
Impairment loss on investment securities	(56,355)	(49,811)
Net impairment loss on loans and advances to customers	(653,668)	(515,983)
Other expenses	(471,526)	(419,306)
Profit before dividend income from associates and joint arrangement	**1,279,881**	1,381,881
Dividend income from associates and joint arrangement	117,269	118,916
Profit for the year	**1,397,150**	1,500,797

www.cbq.qa

Commercial Bank was incorporated in 1974, as Qatar's first private sector bank. Today, we offer a complete range of banking services, including: current and savings accounts, loans, credit cards, insurance, brokerage and investment services. We are committed to delivering excellent service and innovation that makes banking easy and gives you greater flexibility over the way you manage your money.

The Commercial Bank (Q.S.C.)
PO Box 3232
Doha, State of Qatar