

The Board of Directors' Report for the Financial Year Ending 31 Dec, 2013

Doha Bank has continued its success journey every year by achieving remarkable financial results as well as a commendable performance at the financial, organizational and service delivery levels. During 2013, all the objectives defined in the bank's strategic plan and the planned annual budgets were successfully achieved. The bank enhanced and strengthened its financial position, achieved excellent rates of return on average shareholders' equity and average assets, and launched a wide range of advanced banking products and services particularly in the field of e-banking. Achievements also included the recruitment of highly competent and experienced professionals at various key senior positions, expanded its network of branches and representative offices at domestic, regional and global levels.

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

On the domestic level, the total number of Doha Bank's network inside Qatar reached to 31 branches, 9 e-branches, 13 pay offices, three mobile branches and 120 ATMs. On the other hand, Globally the bank has one branch in the Emirate of Dubai and another new branch in the Emirate of Abu Dhabi in UAE in addition to one branch in Kuwait plus eleven representative offices located in Singapore, Turkey, Japan, China, London, South Korea, Frankfurt, Sydney (Australia), Toronto (Canada), Hong Kong and the Emirate of Sharjah (UAE). During the year, Doha bank has been granted a license to commence its banking operations in India and is permitted to open a branch in the city of Mumbai to provide full-scale banking services. Currently, we are in the process of taking all necessary steps to commence our banking operations in India as soon as possible.

The bank also owns Doha Assurance Company, which is fully owned by Doha Bank and has a strategic share of 44% of the capital of one of the Indian brokerage companies which was later re-named as Doha Brokerage and Financial Services and positioned to practice brokerage and asset management businesses.

On April 2013, Doha Bank successfully completed raising its capital from 206,697,802 shares to 258,372,252 shares through a rights issue where 51,674,450 new shares were offered to Doha Bank's existing shareholders who were registered at Qatar Exchange at the close of business on February 19, 2013 at a rate of QR 30 per share representing a premium of QR 20 in addition to a nominal value of QR10 per share. The issue, which was conducted from 28/02/2013 to 13/03/2013, generated an overwhelming response as the total actual subscription amount reached QR 2.8 billion while the required amount was QR 1.55 billion resulting into the fact that the issue was oversubscribed by 1.8 times. The new shares of 51,674,450 were listed on Qatar Exchange on April 8, 2013, and excess amounts were refunded to the subscribers. This capital increase will undoubtedly strengthen bank's lending capacity and improve its competitive edge and realize the highest levels of

performance. It will also support the bank's prospects for achieving its strategic goals at the local, regional and Global levels.

Doha Bank progressed in the implementation of the second phase of its plan to strengthen its capital base. The Extraordinary General Assembly of the Shareholders in its meeting held on 24 November 2013 agreed to issue capital instruments either directly or through a Special Purpose Vehicle amounting to QAR 2 billion qualifying as additional Tier 1 Capital as per the terms and requirements of Qatar Central Bank. This instrument was issued at the end of December 2013 based on the EGM resolutions. This issue will enhance Doha Bank's Tier 1 Capital base, strengthen its Capital Adequacy Ratio and support bank's prospects for achieving its strategic goals. It will also strengthen bank's lending ability and improve its competitive edge especially in the light of anticipated boom in various economic sectors in Qatar in the coming years.

During 2013, Doha Bank achieved noticeable growth rates in all financial indicators where the total assets rose from QR 55.2 Bn in 2012 to QR 67 Bn in 2013; an increase of QR 11.8 Bn with a growth rate of 21.3 %. The growth rate of loans and advances was 21.7 %; an increase from QR 33.8 Bn in 2012 to QR 41.1 Bn in 2013.

The growth rate in total customers' deposits was 23.6 %; an increase from QR 34.4 Bn in 2012 to QR 42.5 Bn in 2013, i.e., an increase of QR 8.1 Bn. As for the growth rate in total shareholders' equity it was 49.3 % rising from QR 7.6 Bn in 2012 to QR 11.3 Bn in 2013, an increase of QR 3.7 Bn.

The financial statements of the bank clearly shows that it achieved a growth rate in net profit of 0.6 % rising from QR 1,305 Mn in 2012 to QR 1,313 Mn in 2013. The statements also demonstrate a growth rate in total operating income of 5% with an increase of QR 122 Mn. These impressive results reflected positively on the performance ratios, where the return on the average shareholders' equity reached 17.9% and the return on average assets reached 2.18 %.

Based on these results, the Board of Directors passed a resolution in its meeting held on the 20th of January, 2014 proposing to the Shareholders General Assembly to approve the distribution of a cash dividend of QR 4.5 per share which is equivalent to 45% of the paid up capital.

Future Plan of the Bank:

The three-year strategic plan of the bank includes carrying out some amendments on the business strategy of the overseas branches and the representative offices all over the world. It also entails the implementation of effective risk management strategies both locally and globally and recruiting Qatari nationals and upgrading the level of performance through hiring highly qualified and experienced personnel, and focusing on specialized training programs at all functional levels. The plan also focused on improving and developing Corporate Governance practices, rendering state-of-the-art banking products and services with a special emphasis on e-banking, cross-selling, and enhancing the financial position of the bank through diversification and enhancing of total assets and maintaining the highest levels of operational performance. The strategy also focuses on

achieving continuous growth in main income items, diversifying income sources particularly the non-interest income, close and professional monitoring and management of costs to keep them within the acceptable norms in the banking industry while optimizing funding costs as well.

Products and Services:

The year 2013 witnessed the launch of many new advanced products and services and the implementation of substantial modifications to the existing service offerings particularly the e-banking services with the objective of satisfying the needs of our valued customer from all walks of life in the Qatari society.

With a view of maintaining the highest level of performance within the retail banking group and confronting the challenges in the market, we focused on strengthening this group by recruiting additional competent staff members with a solid experience in retail business and customer service quality. The back office operations in the branches were centralized and quality of the services of customer-interaction center, Tawasol, and the complaint-processing system within the bank were both further improved. Al-Riyada Unit was also strengthened with banking professionals aiming at providing comprehensive banking services to corporate and VIP customers.

In the middle of 2012, Doha Bank unveiled the new corporate identity branding of its branches which was designed to offer customer convenience and guaranteed smooth workflow and high service standards. The new design was already implemented in West Bay "The Gate" and Museum branches in 2012. During this year, the new design was implemented in several other branches including Abu Hamour Branch at Dar Al-Salam Mall and the new Mirqab Branch. The same design will be implemented at the remaining branches.

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

We concentrated on improving the information security systems of the bank to protect the users of our mobile phone banking services. Additional services to the ATM network were implemented to benefit both Doha Bank and Ooredoo customers enabling them to make Ooredoo bill inquiries and make payments through any of Doha Bank's ATMs. New measures were introduced on our website where more effective security elements were implemented to safeguard DBank service users. Doha bank was the first to launch an online shopping portal in the Middle East through its Doha Souq shopping website. Since its launch to the public in 2007, this scheme has been achieving impressive success. Now, customers can easily purchase what they need online and pay electronically.

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

During 2013 and for the fourth consecutive year, new privileges were added to Dream credit card holders for both old and new customers. Customers were able to double their loyalty points on all their local and overseas spending throughout the months of June, July and August 2013, and customers were also able to redeem these points into cash. These promotional campaigns are the most attractive in the Qatari market and they encouraged most customers to use their Dream credit cards during the summer vacation. This campaign was followed by other attractive offers for Doha Bank credit card holders to motivate them to use their cards on a daily basis through introducing 0% interest rate offers and valuable discounts for using their cards at certain stores.

Doha Bank continued its co-branded credit card with Lulu Hypermarkets with special attractive privileges offered to card holders. The overwhelming response was a huge success since its launch in 2011, where a large number of people obtained the card that became a unique card not only in Qatar but also across the GCC countries. The card rewards shoppers generously with a 5% savings on their purchases from Lulu stores throughout the year and this percentage was raised to 10% during the Holy month of Ramadan. The bank also continued to offer the “Infinite” credit card to Al-Riyada customers to ensure granting them a distinguished and specialized treatment. The Dream cards’ Loyalty scheme was also continued and card holders were able to either exchange the points earned through their purchases from point-of-sale machines available at all participating commercial outlets or use these points for purchasing air tickets.

On celebrating the 10th anniversary of Al Dana programme and the success it has made over the last ten years, we have made the rewards structure more attuned to the celebrations of 10th anniversary of this programme by rewarding Al Dana customers with prizes of QR 10 million, 10 E-300 Class and 10 vacation packages during 2013. The prizes were distributed during raffle draws that took place on a monthly basis.

The car loans campaign was re-launched with a number of attractive benefits and discounts such as a 0% interest rate for the first year with a grace period of three months, comprehensive insurance coverage option for 1 to 3 years, extending the guarantee coverage to 5 years, free membership for roadside assistance, and much more. The bank collaborated with many of the leading car dealers in Qatar and jointly launched promotions on different vehicle brands and this promotion was reinforced by additional offers during the month of Ramadan and festive holidays.

Awards:

Due to the strong financial position enjoyed by Doha Bank at the local and global levels and its pioneering role in delivering innovative banking products and services which elevated the banking experience in Qatar to new horizons, the Bank was conferred with appreciation and recognition from a number of professional bankers and institutions. In addition to the accolades awarded to the Bank in previous years, it was conferred with the award of "Bank of the Year 2013- Qatar" from The Banker, "Best Regional Commercial Bank in the Middle East 2013" and "Best Credit Card in the Middle East 2013" by Banker Middle East Magazine, "Most Innovative Retail Bank in the Middle East for 2013" by Global Banking Finance Magazine, "E Banking 2013 Excellence Award" from Middle East Excellence Awards Institute, "The BIZZ – Peak of Success Award" from World Confederation of Businesses and "The Golden Peacock Award for Global Sustainability 2013" from The Institute of Directors.

H.E. Sheikh Fahad Bin Mohammad Bin Jabor Al-Thani, Chairman of the Board of Directors, also received the "Banking Oscar: The Arab Golden Coin" award from the Union of Arab Banks in recognition of his efforts, achievements and leadership in the banking field. His Excellency received this award in the ceremony held on 15 November, 2013 at the Hilton Beirut Habtoor Grand Hotel marking 40 years since the inception of Union of Arab Banks. The ceremony was attended by a number of dignitaries in the Republic of Lebanon in addition to a number of Arab ministers, ambassadors and leading Arab and international bankers.

Acknowledgement:

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

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

Fahad Bin Mohammad Bin Jabor Al-Thani
Chairman