

## The Board of Directors' Report for the Financial Year Ending 31 Dec, 2014

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 2014, 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 in 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 the bank's various branches and representative offices spread across the world.

Domestically, the total number of Doha Bank's network inside Qatar reached to 31 branches, 10 e-branches, 15 pay offices, 3 mobile branches and 152 ATMs including 22 ATMs in UAE and 2 ATMs in Kuwait. Globally, the bank has 4 branches, Dubai and Abu Dhabi in UAE, a branch in Kuwait and another branch in Mumbai, India. Furthermore, we have eleven representative offices located in Singapore, Istanbul (Turkey), Tokyo (Japan), Shanghai (China), London (UK), Seoul (South Korea), Frankfurt (Germany), Sydney (Australia), Toronto (Canada), Hong Kong and the Emirate of Sharjah (UAE).

The Bank also owns Doha Bank Assurance Company, which is fully owned by Doha Bank and also 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.

In line with the international expansion strategy adopted by the Board of Directors, the bank has obtained during the year a license from the Reserve Bank of India to commence its banking operations in India. Accordingly, we obtained the approval of the Ordinary General Assembly of Shareholders during its meeting which was held in March 2014 to acquire one or more branches of a foreign bank operating in India to utilize the license obtained by the bank. In April 2014, Doha Bank entered into an agreement with HSBC Bank Oman to buy their operations in India. In November 30, 2014 the EGM of the Shareholders has approved the Scheme of Amalgamation under section 44A of the Banking Regulation Act, 1949 of India to take over and to combine their banking business in India with Doha Bank, India operation as a going concern subject to approvals and fulfillment of requirements of the regulatory authorities in Qatar, India, Oman and Jersey.

In the second quarter of 2014, Doha Bank hosted knowledge sharing sessions on the topic of 'Opportunities in Qatar and GCC' in the cities of Mumbai and Chennai in India as a precursor to its entry into the Indian market. The sessions were well-attended by various heads of Indian companies, businessmen and senior officials from both banking and economic sectors.

In reference to this, it is worth mentioning that India has significant bilateral trade relationships not only with Qatar and the GCC countries but also with all global locations where Doha Bank has

presence through its representative offices located around the world. This presence will enable the bank to serve all the companies operating in these locations, capture investment opportunities and add more value to the shareholders.

By the end of 2013, Doha Bank enhanced its Tier 1 capital base and Capital Adequacy Ratio, strengthened its lending capacity and improved its competitive edge and prospects for achieving its strategic goals through the issuance of Tier 1 capital instruments amounting to QR 2 billion qualifying as additional Tier 1 capital for Doha Bank in Qatar as per the terms and requirements of Qatar Central Bank.

During 2014, Doha Bank achieved noticeable growth rates in all financial indicators where the total assets rose from QR 67 Bn in 2013 to QR 75.5 Bn in 2014; an increase of QR 8.5 Bn with a growth rate of 12.8%. The growth rate of loans and advances was 18.1 %; an increase from QR 41.1 Bn in 2013 to QR 48.6 Bn in 2014.

The growth rate in total customers' deposits was 8.1%; an increase from QR 42.5 Bn in 2013 to QR 45.9 Bn in 2014, i.e., an increase of QR 3.4 Bn. Total shareholders' equity rose to 11.3 Bn with a growth rate of 0.2%.

The financial statements of the bank clearly shows that it achieved a growth rate in net profit of 3.5% rising from QR 1,313 Million in 2013 to QR 1,359 Million in 2014. The statements also demonstrate a growth rate in total operating income of 12.5% with an increase of QR 318 Mn. These impressive results reflected positively on the performance ratios, where the return on the average shareholders' equity reached 16.5% and the return on average assets reached 1.93%.

Based on these results, the Board of Directors passed a resolution in its meeting held on 20 January 2015 proposing the Shareholders General Assembly to approve the distribution of a cash dividend of QR 4 per share which is equivalent to 40% 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 the 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.

#### **Products and Services:**

The year 2014 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-Service 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.

At the end of 2011 and by the middle of 2012, Doha Bank unveiled the new corporate branding for its branches and implemented it at "The Gate" - West Bay, Museum Area, Parco Mall and Al-Khor branches. The chosen design was meant to offer customer convenience and guarantee smooth workflow and high service standards. In 2013, this new design was further implemented in Abu Hamour Branch at Dar Al-Salam Mall and at the new Mirqab Branch and in 2014 it was implemented at several other branches including Abu Samra, Industrial Area, Al-Khuraitiyat and Bin Omran branches and it is under implementation 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 Bank's 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. Additional services to the ATM network were implemented to benefit both Doha Bank and Ooredoo customers enabling them to make Ooredoo bill inquiries and make payments through any of Doha Bank's ATMs.

We also concentrated on improving the information security systems of the bank to protect the users of our mobile phone banking services. New measures were introduced on our website where more effective security elements were implemented to safeguard DBank service users. In this connection, Doha Bank signed an agreement with Ooredoo to upgrade Doha Bank's IT network infrastructure and consequently enhanced the customer experience through round-the-clock secure access to financial services using any ATM across the globe easily and efficiently. Doha Bank has been awarded the coveted ISO 20000-2011 certification for its continuous compliance to global standards for IT Service Management.

Doha bank was the first to launch an online shopping portal in the Middle East through its Doha Souq shopping website. Since its launch to the public in 2007, this scheme has been achieving impressive success. Now, customers can easily purchase what they need online and pay electronically. During the year, Marzooq Al Shamlan & Sons (MSS) joined Doha Souq offering up to 25% off on leading brands to online shoppers via DohaSouq.com. MSS is a leading watch retailer that operates high-end luxurious and popular watch brands.

"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 2014, Doha Bank was one of the receiving banks for the IPO of Mesaieed Petrochemical Holding Company. The bank through its branches across Qatar received the subscription requests from bank's customers and offered eligible subscribers a financing option of 100% of the subscription amount.

For the fourth consecutive year, new privileges were added during 2014 to Dream credit card holders for both old and new customers. Customers were able to earn 5% cash back on all international spend as well as 2% cash back on all local spends using their credit cards during the months of June, July and August 2014. 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.

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 7% during the summer campaign. 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 11<sup>th</sup> anniversary of Al Dana programme and the success it has made over the last eleven years, we have made the rewards structure more attuned to the celebrations of the 11<sup>th</sup> anniversary of this programme by focusing on a core customer strategy of 'Al Dana for Everyone' which means there was something for everyone. The programme included quarterly draws against maintaining a minimum balance of QR 1,000 during the eligible months. It also provided customers with the opportunity to participate in the monthly and bi-monthly draws to have the chance to win cash prizes ranging from QR 10,000 to QR 500,000 based on the minimum balances maintained as per the terms and conditions of the programme.

The car loan 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, regional and global level and its pioneering role in delivering innovative banking products and services which elevated the banking experience in Qatar to new horizons, the Bank was conferred with appreciation and recognition from a number of professional bankers and institutions. In addition to the accolades awarded to the Bank in previous years, it was conferred with the award of the "Best Regional Commercial Bank in the Middle East 2014" from the Global Banking & Finance Magazine, "The Bizz 2014 – Beyond Success" award from the World Confederation of Business and the "Retail Bank of the Year" at the Enterprise Agility Awards in addition to other accolades such as the "EUR Straight Through Processing (STP) Excellence Award" from Deutsche Bank, the "Best Regional Commercial Bank" from The Banker Middle East, the "Best Retail Bank in Qatar" from The Asian Banker in Sydney, the "Best Domestic Retail Bank in Qatar" as well as the "Best Domestic Trade Finance Bank in Qatar from The Asian Banking and Finance Magazine.

#### **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