

Board of Directors' Report for the Financial Year Ending 31st Dec, 2018

Every year Doha Bank continues the success journey of the previous years by achieving outstanding financial results as well as a commendable performance at the financial, organizational and service delivery levels. During 2018, most of the objectives defined in the bank's strategic plan and annual budget were successfully achieved. The bank enhanced and strengthened its financial position, achieved an impressive return on average shareholders' equity and average assets, and launched a wide range of innovative banking products and services particularly in the field of e-banking. The accomplishments also included recruitment of highly competent and experienced professionals at various key senior positions and optimization of domestic branches.

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

Domestically, Doha Bank's network inside Qatar includes a total of 27 branches, 3 pay offices, 5 e-branches, 1 mobile branch and 105 ATMs out of which 3 ATMs are in the UAE, 2 ATMs in Kuwait and 3 ATMs in India. Globally, the bank has six branches: Dubai and Abu Dhabi branches in the UAE, a branch in Kuwait and three branches in India in Mumbai, Kochi and Chennai where the Chennai branch was opened on 4th April 2018. Furthermore, the bank has 14 representative offices located in Singapore, Turkey, Japan, China, UK, South Korea, Germany, Australia, Canada, Hong Kong, South Africa, and Bangladesh in addition to Sri Lanka and Nepal representative offices which were opened during 2018.

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

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

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

In the Ordinary General Assembly Meeting held on 10th May 2016, the shareholders unanimously approved the issuance of Certificates of Deposit (CDs) within a program of up to USD 3 billion and Commercial Papers (CPs) within a program of up to USD 2 billion as per the salient features specified under each program. On 7/3/2018, the shareholders agreed to reduce the minimum amount per issuance from USD 50.0 million under the commercial paper (CP) program to USD 1.0 million. The shareholders also approved the issuance of debt bonds within the bank's EMTN programme of USD 2 billion with the aim to diversify the funding sources and enhance the liquidity position of the bank.

On 06/03/2017, the Extraordinary General Meeting approved the Board's recommendation to increase the bank's capital from QR 2,583,722,520 to QR 3,100,467,020 by way of offering 51,674,450 new ordinary shares for subscription to Doha Bank's shareholders and the holders of subscription rights at a price of QR (25) per share. The right issue was oversubscribed and the response by both the shareholders and the holders of subscription rights was overwhelming. On 12/07/2017, new shares were allotted to the shareholders who subscribed to the new shares and were listed at Qatar Exchange. In this connection, the bank has successfully completed the process of subscription to the bank's capital increase along with the issuance of the new Commercial Registration with the bank's new capital of QR 3,100,467,020.

Doha Bank successfully implemented new accounting standards (IFRS 9) as directed by QCB, wherein a conservative approach has been taken on recognition of impairments from the current approach of 'incurred losses' to forward looking 'expected losses'. In recognition of Doha Bank's ability to maintain strong fundamentals, Fitch re-affirmed Doha Bank's rating at 'A' and upgraded the outlook to 'Stable'. During the quarter, Moody's also upgraded Doha Bank's outlook to 'Stable'.

The financial results for the year 2018 showed that the total assets amounted to QAR 96.1 billion. Net loans and advances reached QAR 59.8 billion. The investment portfolio amounted to QR 20.6 billion, registering an increase of 17.4% as compared to the previous year. Customer deposits amounted to QR 55.5 billion, and the total shareholder's equity stood at 12.7 billion. By the end of 2018, the financial

statements of the bank clearly shows that it has achieved a net profit of QR 830 Mn compared to QR 1.110 Mn in 2017 after taking significant loan loss provisions. However, the average return on shares is QR 1.97 and the return on average equity is 9% and the return on average assets is 0.88%.

Based on these results, the Board of Directors passed a resolution in its meeting held on 27th of January 2019 recommending to the General Assembly of the Shareholders to approve the distribution of cash dividends for QR (1) one per share, an equivalent of 10% of the paid up capital.

Future Plan of the Bank:

The three-year strategic plan of the bank includes carrying out some revisions on the business strategy of the overseas branches and representative offices across the globe as well as the business strategy of local branches following the merger between some of them. It also entails the implementation of effective risk management strategies, both locally and internationally, recruiting Qatari nationals, upgrading the level of performance through recruiting highly qualified and experienced personnel and focusing on specialized training programs at all functional levels. The plan also focuses on improving and developing Corporate Governance practices, re-structuring the business models and rendering state-of-the-art banking products and services with special emphasis on e-banking, cross-selling, and enhancing the financial position of the bank by increasing and diversifying the total assets and maintaining the highest operational performance efficiency. The strategy also focuses on achieving continuous growth in the main income items, improving asset quality, diversifying income sources, particularly the non-interest income, and professionally monitoring and managing costs to be in line with the banking industry and to optimize the cost of funding as well.

Products and Services:

The year 2018 witnessed the launch of many new advanced products and services and implementation of substantial modifications to the existing service offerings particularly the e-banking services with the objective of satisfying the needs of our valued customers from all walks of life in the Qatari society.

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

In 2011/ 2012, Doha Bank unveiled the new corporate branding for its branches and implemented it at The Gate - West Bay, Museum Area and Al-Khor branches. In 2013 and 2014, this new design was implemented in Abu Hamour Branch at Dar Al-Salam Mall, the new Mirqab Branch, Abu Samra, Industrial Area, Al-Khuraiyat and Bin Omran branches. In 2015/2016 it was also implemented at the Old Airport, City Center and Gharrafa branches. Whereas in 2017, new branches with this design were opened at Mall of Qatar and Doha Festival City. The new design was also implemented during 2018 at Al-Rayyan branch and North Gate Mall branch which will be opened during 2019. The chosen design is meant to offer customer convenience, guaranteed smooth operation and high service standards and this is currently under implementation at the remaining branches.

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

The new services offered through Mobile Banking application includes local funds transfers, D-Cardless withdrawals, Western Union money transfers, remittances through credit card and Click card reload, etc. During the year 2018, the bank also launched a new mobile application, Doha Bank My Book Qatar through which various vouchers are offered for dining, beauty and wellness, leisure activities, health services and many more. 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 have also concentrated on improving the information security systems of the bank to protect the users of our mobile banking services. New measures were introduced on our website where more effective security features have been implemented to safeguard DBank service users. In this connection, Doha Bank launched an enhanced version of its mobile banking application, offering a host of new features and allowing customers to conduct their banking

transactions more easily and efficiently. Security is the prime new feature in the new enhanced version of the application as users are offered the option to use their fingerprints or Face ID to authenticate their identities and sign into mobile banking instead of entering a user ID and password.

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

Doha Bank was the first to launch an online shopping portal in the Middle East through its Doha Sooq shopping website. Since its launch to the public in 2007, this portal has been achieving an impressive success. Now, customers can easily purchase what they need online and pay electronically.

Doha Bank and Mastercard have announced the launch of a suite of new debit card products with innovative value-added services for its customers. The cards allows users to conduct contactless transactions using their debit cards. For the first time, Doha Bank customers will also be able to carry out e-commerce transactions with the added security of Mastercard SecureCode® and QPAY (Qatar Central Bank Payment gateway system) using their Mastercard debit cards. In another first for Doha Bank, cardholders will also enjoy unlimited access to VIP Lounges worldwide via Lounge Key airport, lifestyle concierge services, fine dining offers and earn Doha Miles which is bank's loyalty program on their e-commerce and cross-border spend.

The credit cards' Loyalty Scheme has also been enhanced and now cardholders are able to either redeem Doha Miles earned through usage of their credit cards instantly through the point-of-sale machines available at all participating commercial outlets or use these miles for purchasing air tickets. During the year, the bank launched the new loyalty scheme "Doha Miles" which is designed to convert credit card spends, locally and internationally into reward points which can be redeemed against free flights and hotel bookings. The bank also offered complementary travel insurance each time the customer purchases airline tickets using these cards. Those who hold Visa Platinum or Infinite credit cards got exclusive free access to the Oryx lounge at Hamad International Airport. The bank continued to offer additional benefits to Doha Bank Al-Riyada Visa Infinite credit cardholders and VIP customers. These benefits included a priority queue at the branches, loan approvals within 60 minutes, WhatsApp chat service support, free valet parking from Mr. Valet, free car wash at Hi-Wash station and a free cinema ticket for each purchased ticket in addition to other additional benefits at several stores and restaurants to ensure granting this segment of customers a more personalized and special treatment.

Doha Bank continued its co-branded credit card with Lulu Hypermarkets with special attractive privileges offered to the cardholders. The overwhelming response was a huge success since its launch in 2011 as a large number of people obtained the card that became a unique card not only in Qatar but also across the GCC countries. The card generously rewards shoppers with a 5% saving on their purchases from Lulu stores throughout the year. During 2018, joint campaigns have been conducted in collaboration with Lulu whereby Lulu cardholders were given an additional redemption of 5% of the value of their purchases at Lulu centers during specific periods.

Commemorating the celebration of the 15th anniversary of Al Dana programme and the success it has made over the past years, we have restructured the rewards program during the year 2018 to be more attuned to the celebrations of the 15th anniversary of this programme by focusing on the core customer strategy of 'Al Dana for Everyone' which meant that there was something for everyone. The programme included (629) rewards, including a cash prize of QR 2 million, and (3) cash prizes of QR 1 million each. This is in addition to (11) cash prizes of QR 100,000 each on monthly basis and (440) monthly cash prizes of QR 2,000 each. Al Dana programme also included a cash prize of QR 1 million to Al-Riyada and private banking customers. Other cash prizes were also given to Al Dana Young Savers and senior customers. Cash prizes awarded to Al-Dana customers by the end of 2018 amounted to a total of QR 8.9 million.

During 2018, Doha Bank participated in a number of forums and panel discussions and hosted two knowledge sharing sessions: "Qatar- Sri Lanka Bilateral Opportunities" and "Qatar's Resilience Post Blockade - A Year on" at Doha Bank HO, Doha Qatar. The "Qatar- Sri Lanka Bilateral Opportunities" knowledge sharing session witnessed the conclusion of an agreement between Doha Bank and Bank of Ceylon on remittance of funds from Qatar to Sri Lanka. The

bank also hosted in Nepal another knowledge sharing session under the name "Qatar-Nepal Bilateral opportunities". These events, not only help in creating awareness on the changing market dynamics, but also promote the bilateral relationship and synergies between Qatar and various countries where Doha Bank has a presence. Doha Bank has also extensively leveraged on its vast international network to garner cost effective deposits.

Through participation in career fairs, Doha Bank is committed to hiring the most competent individuals in the country. As part of its employee engagement efforts, the bank honored long-serving employees and organized various sporting activities involving the staff and their families.

As part of its commitment to societal interests, environmental sustainability and raising awareness on sustainability issues, Doha Bank was involved in various related activities throughout the year. On one hand, Doha Bank organized the 12th edition of "Al Dana Green Run" wherein a large number of residents attended the event. Doha Bank in cooperation with Qatar's Ministry of Municipality and Environment and Al Wakrah Municipality, organized a "Beach Clean-up" event at Al Wakrah beach. Earlier during the year, Doha Bank organized its annual ECO-School Programme awards, which aims at recognizing the schools that played an active role in propagating the concept of eco-consciousness amongst students and demonstrated a high degree of innovation and creativity in successfully completing their green projects as part of the Programme. Doha Bank also joined hands with Hamad Medical Corporation's Blood Donor Unit to hold a blood donation drive at its headquarters in West Bay. In its continued support of the Earth Hour global call, Doha Bank participated by switching off the lights at its headquarters and branches across Qatar.

Reinforcing its commitment to sustainability and social responsibility, Doha Bank, one of the largest commercial banks in Qatar signed the UN Global Compact, a UN policy initiative encouraging businesses worldwide to adopt sustainable and socially responsible policies. The Bank has made a cash donation to the Qatar Red Crescent Society and Qatar Cancer Society (QCS), and sponsored the Al Ruwad Business Case Competition and the sixth edition of Qatar International Agricultural Exhibition. Doha Bank has been selected in the FTSE4 Good emerging index due to its continued leadership in environmental, social and governance performance.

Awards:

Due to the strong financial position enjoyed by Doha Bank at the local, regional 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 specialized institutions in the banking and financial sectors. In addition to the accolades awarded to the Bank in previous years, it was conferred with the award of Qatar Domestic Trade Finance of the Year by the Asian Banking and Finance awards and with the "Best Arab Customers Services" award by World Union Arab Banks Awards and Commendations of Excellence 2018.

Doha Bank has also won the "Best Bank in Capital Position" during the New Age Banking Summit, and conferred with the 'Golden Peacock Global Award for Excellence in Corporate Governance' by the Institute of Directors (IOD). Doha Bank has also received the 2018 Corporate Excellence Award from CV Magazine in Qatar and won the "Elite Quality Recognition Award for 2018 from JP Morgan, New York" due to outstanding achievements of best-in-class STP. Doha Bank has been ranked first in Qatar and among top three banks in the Arab World in 2018 by ESG Invest in terms of environmental, social and governance. The Bank was also awarded the ISO27001 Certification for Information Security Management Systems for Entire Banking Operations of Doha Bank in The State of Qatar. In recognition of the Bank's continuous compliance with global standards for IT Service Management Doha Bank has been granted the ISO-20000 certification.

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, the Minister of Finance, H.E. Mr. Ali Sherif Al-Emadi, the Minister of Commerce and Industry, H.E. Ali Bin Ahmed Al Kuwari H.E. the Governor of Qatar Central Bank, Sheikh Abdullah Bin Saud Al-Thani and to all the officials of Qatar Central Bank, the Ministry of Commerce & Industry, Qatar Financial Markets Authority and Qatar Exchange for their continued cooperation and support.

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

Fahad Bin Mohammed Bin Jabor Al-Thani
Chairman