

## **Board of Directors' Report for the Financial Year Ending 31<sup>st</sup> Dec, 2015**

Every year Doha Bank continues the success journey of the year before by achieving outstanding financial results as well as a commendable performance at the financial, organizational and service delivery levels. During 2015, all the objectives defined in the bank's strategic plan and intended annual budgets were successfully achieved. The bank enhanced and strengthened its financial position, achieved impressive return on average shareholders' equity and average assets, and launched a wide range of innovative banking products and services particularly in the field of e-banking. Achievements also include recruitment of highly competent and experienced professionals at various key senior positions, expanding the network of branches and representative offices at the domestic, regional and global levels.

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

Domestically, Doha Bank's network inside Qatar includes a total of 30 branches, 11 e-branches, 10 pay offices, two mobile branches and 153 ATMs including 23 ATMs in UAE and 2 ATMs in Kuwait. Globally, the bank has six branches, Dubai and Abu Dhabi branches in UAE, a branch in Kuwait and three branches in India. Furthermore, we have twelve representative offices located in Singapore, Turkey, Japan, China, UK, South Korea, Germany, Australia, Canada, Hong Kong, South Africa and the Emirate of Sharjah (UAE).

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 line with the international expansion strategy adopted by the Board of Directors, Doha Bank inaugurated its 12th representative office in Johannesburg, South Africa in March 2015. During the same month, Doha Bank completed the amalgamation formalities of the Indian operations of HSBC Bank Oman on a going concern basis and on 29<sup>th</sup> April 2015, the bank officially inaugurated its Indian operations in a grand ceremony held at Trident Hotel, Mumbai. The inauguration ceremony was well attended by several high-profile dignitaries including senior officials, diplomats, bankers, economists and prominent dignitaries from both India and Qatar. Doha Bank is the first Qatari Bank to establish its full scale banking operations in India.

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

In June 2015, 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 for the second time 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. The first QR 2 billion issuance of similar instruments was carried out at the end of 2013.

In the Extraordinary General Assembly Meeting held on 4<sup>th</sup> March 2015, the Assembly decided to increase the foreign ownership limit of the bank's share capital from 25% to 49%. The decision was put into force on 21<sup>st</sup> April 2015, giving greater opportunity for foreign capital to invest in Doha Bank's share capital.

During 2015, Doha Bank achieved noticeable growth rates in all financial indicators where the total assets rose from QR 75.5 Bn in 2014 to QR 83.3 Bn in 2015; an increase of QR 7.8 Bn with a growth rate of 10.3%. The growth rate of loans and advances was 14.5%; an increase from QR 48.6 Bn in 2014 to QR 55.6 Bn in 2015.

The growth rate in total customers' deposits was 14.8% rising from QR 45.9 Bn in 2014 to QR 52.8 Bn in 2015, i.e., an increase of QR 6.8 Bn. Total equity grew by 17.4% to reach QR 13.2 Bn in 2015.

The financial statements of the bank clearly shows that it has achieved a growth rate in net profit of 1% rising from QR 1,359 Mn in 2014 to QR 1,374 Mn in 2015. These impressive results reflected positively on the performance ratios, where the return on average equity reached 16.1% and the return on average assets reached 1.73%.

Based on these results, the Board of Directors passed a resolution in its meeting held on 24<sup>th</sup> of January 2016 proposing the General Shareholders Assembly to approve the distribution of a cash dividend of QR (3) per share which is equivalent to 30% of the paid up capital.

#### **Future Plan of the Bank:**

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

interest income and guaranteeing professional monitoring and management of costs to keep them in line with the banking industry while optimizing funding costs.

### **Products and Services:**

The year 2015 witnessed the launch of many new advanced products and services and implementation of substantial modifications to the existing service offerings particularly the e-banking services with the objective of satisfying the needs of our valued customers from all walks of life in the Qatari society.

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

In 2011 and 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. In 2013 and 2014, this new design was implemented in Abu Hamour Branch at Dar Al-Salam Mall, the new Mirqab Branch, Abu Samra, Industrial Area, Al-Khuraitiyat and Bin Omran branches and it was further implemented in several other branches in 2015 including City Center, Gharrafa and Old Airport branches. The chosen design was meant to offer customer convenience and guarantee smooth workflow and high service standards and it is currently under implementation at the remaining branches.

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

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

We also concentrated on improving the information security systems of the bank to protect the users of our mobile phone banking services. New measures were introduced on our website where more effective security features were implemented to safeguard DBank service users. In this

connection, Doha Bank's IT network infrastructure was upgraded to provide Doha Bank's customers with the highest levels of security. This enhanced the customer experience by getting round-the-clock secure access to financial services 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. Marzooq Al Shamlan & Sons (MSS), a leading watch retailer that operates high-end luxurious and popular watch brands was one of the prominent merchants that have joined Doha Souq recently.

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

For the fifth consecutive year, new privileges were added during 2015 to Dream credit card holders for both old and new customers. Customers were able to earn up to 10% cash back for using their credit cards at Qatar Duty Free and up to 5% on all international spendings during the months of June, July and August 2015. These promotional campaigns are the most attractive in the Qatari market and they encourage most customers to use their credit cards inside and outside Qatar during their summer vacations and during the holy month of Ramadan. This is in addition to granting customers the chance to win one of 100 travel vouchers worth QR 1,000 each while retaining their loyalty points.

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

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

The Dream cards' Loyalty Scheme was also continued and card holders were able to either redeem the points earned through their purchases instantly from point-of-sale machines available at all participating commercial outlets or use these points for purchasing air tickets.

On the back of its continued success in 2014, Doha Bank extended its dining offers on preferred restaurants and cafes in Qatar. Doha Bank is the first and only bank to publish a 'Repeat Customer Index' which keeps track of how many Doha Bank cardholders regularly visit a particular restaurant to enjoy dining out. Doha Bank announced during this year, the winners of 'Win your loan back' campaign which offered customers an opportunity to wipe off their loans.

On celebrating the 12<sup>th</sup> anniversary of Al Dana programme and the success it has made over the past years, we made the rewards structure more attuned to the celebrations of the 12<sup>th</sup> anniversary of this programme by focusing on core customer strategy of 'Al Dana for Everyone' which meant that there was something for everyone. The programme included several cash rewards during the year ranging from QR 25,000 to QR 1.5 million. Last draw for the millionaire that was held in January 2016 was worth QR 1.5 million. Total cash prizes given to Al-Dana customers by the end of 2015 were QR 11 million, this is in addition to other prizes i.e. iPhone 6 and Apple iwatches for Al-Dana new customers.

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 leading car dealers in Qatar and jointly launched attractive promotions on different vehicle brands and this promotion was reinforced by additional offers during the month of Ramadan and festive holidays.

Doha Bank hosted the SME customer meet related to the projects financed under Al Dhameen Guarantee program of Qatar Development Bank. Doha Bank also hosted knowledge sharing sessions on various topics encompassing 'Synergetic opportunities between emerging Asia and the GCC', 'Japan electronics technology forum for sustainable development', and 'Economic integration towards a borderless world', in Kuwait and Qatar.

Doha Bank in collaboration with Qatar Development Bank launched full range of credit facilities under the Al Dhameen indirect lending program whereby Doha Bank offers a complete range of SME products and services including Working Capital Financing, Trade Finance Services, Consultancy Services, and Electronic Banking Services.

As part of Doha Bank's commitment to raise awareness of sustainable development issues among students through school and community action, Doha Bank presented selected schools with ECO-Schools Programme awards. The awards recognized schools that played an active role in propagating the concept of eco-consciousness amongst students and demonstrated a high degree of innovation and creativity in successfully completing their green projects as part of the Programme. In

recognition of the strong CSR commitment, Doha Bank received the 'Golden Peacock Global Award for Corporate Social Responsibility'.

#### **Awards:**

Due to the strong financial position enjoyed by Doha Bank at the local, regional and global level and its pioneering role in delivering innovative banking products and services which elevated the banking experience in Qatar to new horizons, the Bank was conferred with appreciation and recognition from a number of 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" from The Banker Middle East 2015, "Bank of the Year" award by ITP group, the "Environmental Award" from the Arab Organization for Social Responsibility, the "Golden Peacock Global Award for Corporate Social Responsibility 2015" from the Institute of Directors, in addition to other accolades such as "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, the "Retail Bank of the Year" at the Enterprise Agility Awards, the "EUR Straight Through Processing (STP) Excellence Award" from Deutsche Bank, the "Best Regional Commercial Bank" from The Banker Middle East 2014, 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" in 2014 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 and Commerce, H.E. Sheikh Ahmed Bin Jassim Bin Mohammad Al-Thani, and H.E. the Governor of Qatar Central Bank, Sheikh Abdullah Bin Saud Al-Thani, and H.E. the Deputy Governor of Qatar Central Bank, Sheikh Fahad Bin Faisal Al-Thani, and to all the officials of Qatar Central Bank, the Ministry of Economy and Commerce, Qatar Financial Markets Authority and Qatar Exchange for their continued cooperation and support.

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

**Fahad Bin Mohammad Bin Jabor Al-Thani**  
**Chairman**