

## Board of Directors' Report for the Financial Year Ending 31<sup>st</sup> Dec, 2016

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 2016, most of 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. The accomplishments also included 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 29 branches, 7 pay offices, 9 e-branches, 1 mobile branch and 138 ATMs out of which 14 ATMs are in UAE and 2 ATMs in Kuwait and 2 ATMs in India. Globally, the bank has six branches: Dubai and Abu Dhabi branches in UAE, a branch in Kuwait and three branches in India. Furthermore, the bank has 13 representative offices located in Singapore, Turkey, Japan, China, UK, South Korea, Germany, Australia, Canada, Hong Kong, South Africa, the Emirate of Sharjah (UAE) and Bangladesh.

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 will enable 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 its lending capacity and improving its competitive edge and prospects for achieving its 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 10<sup>th</sup> 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 with the aim of diversifying the funding sources and mitigating the liquidity risks.

The Board of Directors had resolved in their meeting held on 16 November 2016 to submit a recommendation to the Extraordinary General Assembly of the shareholders to increase the capital of the bank by 20 per cent of the current paid-up share capital of the bank through the issuance of 51.7million new shares. The issuance will take place after obtaining the approval of the shareholders and the competent supervisory authorities.

During 2016, Doha Bank achieved noticeable growth rates in most financial indicators where the total assets rose from QR 83.3 Bn in 2015 to QR 90.4 Bn in 2016, an increase of QR 7.08 Bn with a growth rate of 8.5%. The growth rate of loans and advances was 6.5%, an increase from QR 55.6 Bn in 2015 to QR 59.2 Bn in 2016.

The growth rate in total customers' deposits was 5.6% rising from QR 52.8 Bn in 2015 to QR 55.7 Bn in 2016, i.e., an increase of QR 2.96 Bn. Total equity grew by 1.5% to reach QR 13.4 Bn in 2016.

The financial statements of the bank clearly shows that the bank has achieved by the end of 2016 net profit of QR 1,054 Mn compared to QR 1,354 Mn in 2015. These results have reflected positively on the performance ratios, where the return on average equity reached 12.1% and the return on average assets reached 1.21%.

Based on these results, the Board of Directors passed a resolution in its meeting held on 22<sup>nd</sup> of January 2017 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, re-organization of business model 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 highest levels of operational performance. The strategy also focuses on achieving continuous growth in the main income



items, improving assets quality, 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 2016 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 services. 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/ 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 branch. 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. It was also implemented at the Old Airport branch in 2015, and at City Center and Gharrafa branches in 2016. The chosen design was meant to offer customer convenience, guarantee smooth workflow and high service standards and this is currently under implementation at the remaining branches.

During 2015, 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 that 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 e-remittances, SMS messaging, 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.

Doha Bank introduced the Biometric Access feature for mobile banking application. The new services offered through this application includes local funds transfer, D-Cardless withdrawal,



Western Union money transfer, remittances through credit card and Click card reload, etc. 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 launched an enhanced version of its mobile banking application in 2016, 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 app as users are offered the option to use their fingerprints to authenticate their identities and sign into mobile banking instead of entering a user ID and password.

Doha Bank upgraded its card processing system in order to provide quick and efficient service ensuring a better customer experience and 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 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 through 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 portal has been achieving impressive success. Now, customers can easily purchase what they need online and pay electronically. Over the past few years, Dohasooq had added many reputed merchants under various segments such as electronics, fashion, watches, jewelry, gifts, food & beverages, cakes & chocolates and flowers to meet our customers' requirements.

"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 seventh consecutive year, new privileges were added during 2016 to credit card holders for both old and new customers. Credit card customers were able to earn up to 10% cash back for using their credit cards at Qatar Duty Free, up to 3% for using their cards inside Qatar during June 2016 and up to 5% on all international spending during the period from 15 May 2016 to 31 July 2016. 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. Doha Bank also launched its promotional 2016 summer campaign through which complementary Doha Bank-branded travel bags were offered to new customers who applied for Primary Al Riyada Visa Infinite, Primary Visa Platinum Credit Card or Primary Visa Al Asriya Ladies Credit Card before 30 April 2016.

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. The offers included complementary travel insurance each time the customer purchases airline tickets using these cards. Those who applied for Visa Platinum or Infinite credit card got exclusive free access to the Oryx lounge at Hamad International Airport in addition to getting two supplementary Visa Platinum cards or Al Asriya Ladies Credit Card "free for life".

During 2015 and 2016, 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 the 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.

On celebrating the 13<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 13<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 (534) rewards, including (10) cash prizes of QR 1 million each, and other (460) monthly cash prizes ranging from QR 2,000 to QR 100,000. Rewards also included giving (10) scholarships to Al Dana Young Savers worth QR 25,000 each, (50) monthly cash prizes of QR 2000 to Al Dana new customers, and (4) quarterly cash prizes of KWD 2,500 for Al Dana customers at Kuwait Branch. The last draw for the millionaire reward worth QR 1 million was held on 14<sup>th</sup> January 2017 where two Al Dana customers won the millionaire rewards, and other customers won cash prizes ranging from QR 2,000 to QR 100,000. On the same day, 110 prizes worth QR 2.65 million were distributed. Total cash prizes given to Al-Dana customers by the end of 2016 were QR 13 million, in addition to KWD 10,000.



Recently, Doha Bank signed a MoU with Qatar Finance Business Academy (QFBA) to implement Kafa'a Competency Framework. The agreement makes Doha Bank the first bank in Qatar to sign up for the implementation of Kafa'a – a first-of-its-kind training and competency framework introduced by QFBA for the banking and finance sector in the GCC region – to develop the skills of its employees. In order to create awareness on changing market dynamics as well as to promote the bilateral relationship between GCC, India and various countries in which Doha Bank has its presence, Doha Bank held economic knowledge sharing sessions in India (Kochi), Abu Dhabi, Dubai and Qatar which were all well attended by the business leaders and dignitaries.

In April 2016, Doha Bank hosted a knowledge sharing session on “Business Opportunities in Poland” at Doha Bank’s headquarters, and in August 2016, the bank hosted another session in Kochi, India on “GCC-India Bilateral Opportunities”. In 2015, 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 Qatar and Kuwait.

As part of Doha Bank’s commitment to raise the 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. Doha Bank also hosted a Tree Planting event in Dukhan in support of the Earth Day 2016. 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 specialized institutions in banking and financial sectors. In addition to the accolades awarded to the Bank in previous years, it was conferred with the award of the ‘Best Regional Commercial Bank’ at the Banker Middle East Industry Awards 2016 for the fourth consecutive year, and the award of ‘Excellence in Investor Relations’ by Qatar Exchange for being the best Qatari company for the mid-cap category on account of displaying best practice and transparency in investor relations. Recently, Doha Bank named as ‘Qatar Domestic Trade Finance Bank of the Year’ at the Asian Banking and Finance Awards 2016. Doha Bank also won the ‘Product of the Year in the Middle East 2016’ award from The Asian Banker in recognition of the superior service offered through Doha Bank’s Mobile Banking application. The bank was also

honored with the 'Golden Peacock Global Award for Excellence in Corporate Governance – 2016' by the Indian Institute of Directors.

**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