

## GOVERNANCE REPORT FOR THE YEAR 2013

### OVERVIEW

As part of the compliance requirement of the Corporate Governance code for listed companies; issued by Qatar Financial Markets Authority; Doha Bank as a Qatari shareholding company listed on the Qatar Exchange is required to disclose the extent to which it complies with the provisions of the code. The Code adopted by the QFMA is based on the principle of comply or explain.

During the year, the Bank was keen on enhancing the corporate governance framework by approving a corporate governance policies and procedures manual and adopting best practices. This report summarizes Doha Bank's governance processes for 2013 in accordance with QFMA disclosure requirements as illustrated below.

### BOARD OF DIRECTORS AND BOARD COMMITTEES

#### Roles and Responsibilities:

The Board of Directors is responsible for the stewardship of the Bank and to provide effective leadership and supervision of Doha Bank's business, whilst growing value in a profitable and sustainable manner.

The roles and responsibilities of the Board are defined in the Board Charter. The Board Charter shall be published to the public through the Doha Bank website and will be available to shareholders before the Shareholder's meeting and also will be included as an AGM Agenda Item. The Board's roles and responsibilities are compliant with the requirements of the Code, and cover the following areas:

- Strategy
- Governance
- Compliance
- Risk Management
- Authorities and Delegations
- Internal and External Audit
- Board Committees
- Board Code of Conduct
- Board Composition
- Board Meetings
- Board Membership Requirements.

Each Board Member duties have been updated and defined in Job Descriptions prepared for this purpose. Moreover, each Board Member is also required to provide sufficient time to perform his duties. Currently, time commitments are not contractually set but are understood by all Directors. Director Appointment forms have been developed and approved by the Board of Directors and will be put in place as a matter of course. Each Director shall be required to sign this form upon enrollment in the Board.

### **Composition**

The Board currently consists of eight members:

- Chairman;
- Vice Chairman;
- Managing Director;
- 5 Non-Executive directors including two independent members

Briefs of each Board Member's education and experience profile are depicted below:

#### **Sheikh Fahad Bin Mohammad Bin Jabor Al Thani**

- Chairman
- Chairman of the Executive Committee
- Date of Appointment on Board: June 3, 1996
- Education/ Experience: Graduate of the Royal Academy, Sandhurst, UK
- Other Board Memberships: Board Member at Al Khaleej Takaful Group
- Ownership: **1.68%** (December 31, 2013)

#### **Mr. Ahmed Abdul Rehman Yousef Obeidan**

- Vice Chairman
- Member in the Executive Committee and member in the Audit, Compliance and Risk Committee
- Date of Appointment on Board: April 20, 1982
- Education/ Experience: General Manager, Al Waha Contracting & Trading Est.
- Ownership: **1.67%** (December 31, 2013)

**Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani**

- Managing Director
- Chairman of Policies, Development and Remuneration committee and Chairman of Nomination and Governance committee
- Member of Executive Committee
- Date of Appointment on Board: December 21, 1978
- Education/ Experience: Bachelor of Civil Engineering, Missouri University, USA
- Other Board Memberships: Chairman of the Board of Directors, Qatar Industrial Manufacturing Co. Chairman of the Board of Directors (State of Qatar representative): Qatari Oman Investment Company and Board Member: National Leasing Holding
- Ownership: **1.72%** (December 31, 2013)

**Sheikh Abdulla Mohamed Jabor Al-Thani**

- Non-Executive Board Member
- Chairman of Audit, Compliance and Risk Committee
- Member of Policies, Development and Remuneration committee and member of Nomination and Governance committee
- Date of Appointment on Board: April 20, 1982
- Other Board Memberships: Chairman of Al Khaleej Takaful Group
- Ownership: **0.8%** (December 31, 2013)

**Mr. Jabor Bin Sultan Towar Al Kuwari**

- Non-Executive Board Member
- Date of Appointment on Board: April 12, 1993
- Education/ Experience: Businessman
- Ownership: **1.1%** (December 31, 2013)

**Mr. Hamad Mohammed Hamad Abdulla Al Mana**

- Non-Executive Board Member
- Member of Nomination and Governance committee
- Date of Appointment on Board: April 13, 1999

- Other Board Memberships: Vice Chairman: Mohammad Hamad Al Mana Group Companies,
- Board Member: Qatar General Insurance & Re Insurance Co, Board Member: Qatar Navigation Co., Board Member: Arab Qatari Co. for Dairy Products
- Ownership: **1.57%** (December 31, 2013)

**Messrs. Jassim and Falah Trading and Contracting Co. – represented by Sh. Falah Bin Jassim Bin Jabor Bin Mohammad Al - Thani**

- Non-Executive Board Member and Independent
- Member of Policies, Development and Remuneration committee
- Date of Appointment on Board: 27<sup>th</sup> Feb 2011
- Education: Bachelor of Finance
- Experience: EX- Minister of Civil Servant Affair Housing : 1996 to 2006
- Other Board Membership : Chairman of Board of Directors : National Leasing Holding
- Ownership: **1%** (December 31, 2013)

**Messrs. Al Khaleej Takaful Group – represented by Mr. Khalid Abdulaziz Al-Baker**

- Non-Executive Board Member and Independent
- Date of Appointment on Board: 20<sup>h</sup> Feb 2013
- Education: Bachelor of Business Administration, Alexandria University - 1980
- Ownership: **0.77%** (December 31, 2013)

**Independent Board Members**

The current composition of the Board does not include independent directors as required by the Code except for two. This is due to the fact that Board Members have been involved in the stewardship of the Bank over previous terms, and current market and social conditions.

**Duties of Non-Executive Board Members**

Non-Executive Board Members perform their role “as defined in the Bank’s approved Job Description” contributing by considering strategy objectively and providing effective stewardship of the governance framework in safeguarding shareholders’ interests.

The Non-Executive Board Members are actively involved in providing input to the Board’s activities as stipulated in the Board Charter, and review the Bank’s performance periodically and scrutinize the performance of management in achieving agreed goals. Where conflicts of interest arise they should have oversight in ensuring that Bank and Shareholders’ interests are maintained.

### **Duties of the Chairman of the Board**

The role of the Chairman is to lead Doha Bank in achieving its strategic goals and to provide its shareholders with sustainable gains. The Chairman also leads the Board and oversees all aspects of its role and in setting its agenda. He may delegate specific duties to Board Members, Board Committees, Managing Director and CEO as appropriate. Additionally, he discusses with board members recommendations, improvements, strategic initiatives, annual budgets, new investment opportunities available and ensures that the board has performed its assigned duties. He also discusses general bank issues periodically with the members, ensures that there is a mechanism for evaluating board members, and communicates with shareholders. The Chairman also coordinates regularly with the CEO to retain the necessary financial and human resources to achieve the Bank's goal, whilst monitoring performance periodically through the CEO.

### **Fiduciary Responsibilities**

Each Board member owes the Bank by employing diligence, loyalty and integrity in support of the Bank's overall vision and in line with the Board Charter and the Bank's Code of Ethics. Board members act on an informed basis in the best interests of the Bank and in fulfillment of their responsibilities to the Bank. Board members therefore require to possess the required knowledge, experience and skills.

### **Board Meetings**

The Board meets based on the invitation of the Chairman or two members of the Board. Each Board meeting has an agenda which is submitted to all members prior to the meeting giving enough time for preparation purposes. As per the Board Charter, the Board meets a minimum of 6 times (once every two months at a minimum). The Board met a total of seven times in 2013, last meeting was held on 24<sup>th</sup> November 2013.

### **Board Remuneration**

The Bank has adopted a policy which regulates the disbursement of remuneration, bonuses and benefits. At the end of each year prior to the General Assembly meeting, the proposed remuneration for board members and the chairman is made available to the shareholders for discussion and approval. Additionally, other benefits provided to board members are reviewed by the Qatar Central Bank and the External Auditors, and subsequently sent to Qatar Central Bank and thereafter presented to the shareholders.

### **Senior Management Remuneration**

The Bank has adopted a policy which regulates the process for assessing the performance of Senior Management according to strategic goals which are set on a 3 year basis. Based on the performance assessment and the Bank's results the additional benefits and bonuses are set. With regard to salaries, the Bank has adopted a salary scale which is approved by the Board.

### **Board Secretary**

The Board appointed the current Board Secretary in July 2007, holding a Bachelor degree in law from Ain Shams University since 1987 and a Diploma in Law, 1988. It is in Doha Bank's view that the Board Secretary meets all the requirements of the Code.

The Board Secretary maintains all Board documentation and manages the overall processes related to Board Meetings. The Board Secretary reports directly to the Chairman, however, all members have access to the secretary's services.

### **Separation of Positions of Chairman and CEO**

The Chairman and CEO duties and responsibilities are separated in the Bank and each position has clearly defined roles and responsibilities under its own Job Description.

### **Conflict of Interest and Insider Trading**

Doha Bank has set in place several controls to prevent conflict of interest situations from occurring. Specifically, the bank has adopted a related party policy which will be published to shareholders in the near future. Related party transactions are approved by the Board/ Management based on materiality. As per Commercial Companies Law, if a board member has a conflict, he does not participate in the board meeting. It is also worth noting that the Bank has adopted a conflict of interest policy which must be complied with by all employees of the Bank.

Currently, monitoring and controls on insider trading are done by Qatar Exchange directly. A policy on insider trading has been adopted by the Bank.

### **Disclosure of Related Party Transactions**

During the year, the bank has engaged with companies belonging to members of the Board of Directors. The bank has dealt with these companies in accordance with the bank's internal policy for dealing with related parties. These transactions were disclosed at the General Assembly Meeting of the bank held on February 20, 2013.

With regard to trading in the bank's shares, we would like to note that the bank's policy prevents the Chairman, Board members and executive managers from concluding any deals to buy or sell the bank's shares during the period of announcing to the public the date of the meeting of the Board of

Directors to discuss the financial statements until the convention of the Board meeting and the disclosure of the financial statements to the public.

### **Other Board Practices and Duties**

**Consultancy:** The Board may consult at the Bank's expense any independent expert or consultant. The Bank will consider including a clause in its Board Charter to allow non-executive members to seek consultancy services without obtaining Chairman/ Managing Director approval.

**Access to documentation:** As defined in the Board Charter, Board Members shall have full and immediate access to information, documents, and records pertaining to the Bank. The Bank's executive management shall provide the Board and its committees with all requested documents and information pertaining to Board decisions.

**Nominations:** the Bank has established a system for the nomination/appointment of Board Members. As per the Nomination and Governance Committee roles and responsibilities, the committee should consider terms, qualifications and experience required for a nominee to take an active role as a Board Member. Hence, the committee will determine the standards necessary to elect the new Board Member.

**Induction:** Though a formal induction program has not yet been implemented, the Bank has put in place Corporate Governance Policies which include guidelines on Board induction program and formal trainings.

**Governance:** the Board will be kept up to date on governance practices through Management and the Board Nomination and Governance Committee.

**Termination:** Members whom do not attend Board meetings on a regular basis can be removed based on the Articles of Association of Doha Bank.

**Self-Assessment:** Templates and tools have been approved to perform an annual self-assessment which will be implemented in due course.

**Remuneration:** Doha Bank has adopted a Remuneration Policy for the Board and estimates Executive Management remunerations based on the Bank's overall performance and achievements of goals as stipulated in the Bank's strategy.

### **Board Committees**

Board Committees are established to assist the Board of Directors in conducting their duties. Each committee has developed terms of reference that defines the committee's roles and responsibilities in accordance with QFMA regulations and leading governance practices. Board Committee Terms of Reference will be published in the near future.

The following four Board Committees have been established at Doha Bank:

