

Board of Directors' Report for the Financial Year Ending 31st Dec, 2017

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 2017, most of the objectives defined in the bank's strategic plan and annual budgets 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 the recruitment of highly competent and experienced professionals for 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, 6 pay offices, 6 e-branches, 1 mobile branch and 119 ATMs out of which 5 ATMs are in the UAE, 2 ATMs in Kuwait and 2 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. 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 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 with the aim of diversifying the funding sources and mitigating liquidity risks.

The Board of Directors 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. 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 up to QR 3,100,467,020 by way of offering 51,674,450 new ordinary shares for subscription to Doha Bank's eligible shareholders, who are registered in the shareholders' register with Qatar Central Securities Depository (QCS) at the close of trading on 15th of March 2017, and to the holders of subscription rights, at a price of QR (25) per share representing a premium of QR (15) in addition to a nominal value of QR (10) per share. Subscription was opened for holders of subscription rights on Tuesday 25/04/2017 and continued until Tuesday 09/05/2017 based on shareholders and the holders of subscription rights data as at the close of trading on Monday 17/4/2017.

The subscription was well received by the shareholders and holders of subscription rights. On 12 July 2017, the new shares were assigned to the subscribers and were listed for trading and the subscription in the capital increase for shares was finalized. A commercial register with the bank's new capital of QR 3,100,467,020 was issued by the Ministry of Economy and Commerce representing 310,046,702 ordinary shares at a nominal value of QR 10 per share.

During 2017, Doha Bank achieved remarkable growth rates in most financial indicators, where the total assets rose from QR 90.4 Bn in 2016 to QR 93.5 Bn in 2017, an increase of QR 3.1 Bn with a growth rate of 3.5%. The growth rate of loans and advances was 1%, an increase from QR 59.2 Bn in 2016 to QR 59.8 Bn in 2017.

The growth rate in total customers' deposits was 6.7% increased from QR 55.7 Bn in 2016 to QR 59.5 Bn in 2017, i.e., an increase

of QR 3.8 Bn while the total equity grew by 10.7% to reach QR 14.8 Bn in 2017.

By the end of 2017, the financial statements of the bank clearly show that it has achieved a net profit of QR 1,110 Mn compared to QR 1,054 Mn in 2016. These results have reflected positively on the performance ratios, where the return on average equity reached 11.9% 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 23rd of January 2018 recommending to the General Assembly of the Shareholders to approve the distribution of cash dividends for QR (3) per share, an equivalent of 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 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 for all functional levels. The plan also focused 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 2017 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 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 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. It was also implemented at the Old Airport, City Center and Gharrafa branches in 2015 and 2016. Whereas in 2017, new branches with this design were opened at Qatar Mall and Doha Festival City. 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, in addition to 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, repay credit card dues, and recharge prepaid cards for both Ooredoo and Vodafone.

Doha Bank introduced the Biometric Access feature within the mobile banking application. The new services offered through this application include local funds transfers, D-Cardless withdrawals, Western Union money transfers, remittances through credit card and Click card reload, etc. The bank also launched a new mobile application, Doha Bank My Book Qatar, through which various offers and vouchers are offered for dining, beauty and wellness, leisure activities, health services and 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 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 application 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 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 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 Soq 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.

"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 control and management of financial affairs. This is in addition to Doha SecureDoc service which provides pickup and delivery of documents, cheques and postdated cheques in a secured way.

The credit cards' Loyalty Scheme has also been enhanced and now card holders 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 include a priority queue at 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 benefits to ensure granting this segment of customers a more personalized and special treatment.

The bank also continued to tailor services for the bank's female customers. One example is Al Asriya credit card, which is a unique product offering from Doha Bank and one 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.

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 2017, 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 in Barwa and Al Messila during January, September and October 2017.

Commemorating the celebration of the 14th 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 14th 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 (180) rewards, including (10) cash prizes of QR 1 million each, and other (10) monthly cash prizes of QR 100,000 each, and (150) monthly cash prizes of QR 10,000 each. Rewards also included giving (10) scholarships worth QR 25,000 each to Al Dana Young Savers. Cash prizes awarded to Al-Dana customers by the end of 2017 amounted to a total of QR 13 million.

Doha Bank signed a MoU with Qatar Finance Business Academy (QFBA) to implement the Kafa'a Competency Framework. The agreement made 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.

During 2017, Doha Bank hosted a knowledge sharing session on "Changing International Dynamics on Foreign Policies and Allied Opportunities". This was preceded by Breakfast Meetings with the theme "Financial & Business Solutions for SMEs", and a business meet in South Korea, which was well attended by senior government representatives and the business community. Additionally, the bank participated in a panel discussion on the topic of "E-Commerce as a Tool for Better SME Integration into Global Value Chains". The bank held many other such sessions in Oman, Kuwait, Singapore, Australia, UK and USA.

Through participation in career fairs, Doha Bank is committed to hiring the most competent individuals in the country. During the year, the bank participated in the career fairs organized by Qatar University and community colleges. The bank also participated in career fairs held in Kuwait and Dubai. 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" in January wherein as many as 6000 residents attended the event. Doha Bank, in cooperation with Qatar's Ministry of Municipality and Environment and the Al Wakra 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.

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 the 'Best Regional Commercial Bank' at the Banker Middle East Industry Awards 2017 for the fifth time in a row, and the award of the 'Best Regional Enterprise for Excellence in Quality in Banking' from the Europe Business Assembly, the 'Best Commercial Bank, Qatar 2016' from the International Finance Magazine, and two awards at the EMEA Finance Middle East Banking Awards 2017, namely, the 'Best Local Bank in Qatar' and the 'Most Innovative Bank in the Middle East'. The bank also won the 'Best Bank Governance – Qatar 2017' award at the Capital Finance International Awards 2017 and the 'Global Good Governance (3G)' award from Cambridge IF Analytica. Recently, the bank has received the 'Golden Peacock Award for Sustainability in the Financial Sector' and the 'Golden Peacock Award for Corporate Social Responsibility' from the Institute of Directors in India, 'Qatar Domestic Trade Finance Bank of the Year' and 'Qatar Domestic Project Finance Bank of the Year' awards from the Asian Banking & Finance Magazine, the 'Best Trade Finance Bank' award from the Global Finance Magazine, and the 'Company of the Year' award from Qatar University. For the tenth consecutive year, Doha Bank has been granted the ISO-20000-2011 certification for its continuous compliance with global standards for IT Service Management.

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 Economy and Commerce, H.E. Sheikh Ahmed Bin Jassim Bin Mohammad Al-Thani, 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 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 Mohammed Bin Jabor Al-Thani
Chairman