



بنك الدوحة  
DOHA BANK



**Investor Presentation**  
February 2019

# Overview of Doha Bank

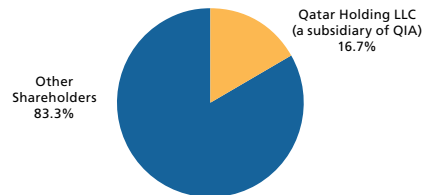
## Key highlights

- Incorporated in 1979, Doha Bank is the third largest local conventional bank by assets in Qatar with a market share of approximately 6.8%<sup>(1)</sup> and assets totaling QR96.1bn
- Doha Bank has a strong domestic franchise with the 2<sup>nd</sup> largest retail footprint with 27 local branches, 7 e-branches including pay offices, 1 active mobile unit and around 100 ATMs as at 31<sup>st</sup> December 2018
- Doha Bank has one of the largest international networks of the Qatari banks through branches located in UAE (Dubai and Abu Dhabi), Kuwait and India (Mumbai, Chennai & Kochi) and representative offices in United Kingdom, Germany, Turkey, Singapore, China, South Korea, Japan, Hong Kong, Australia, South Africa, Canada, Sri Lanka, Nepal and Bangladesh
- Doha Bank, leveraging its network, has a strong market presence in contract financing (29% market share), trade loans (15% market share) and real estate (12% market share) and has been fast growing (9% net loans CAGR since 2008)
- The bank operates principally through four business groups: Wholesale Banking, Retail Banking, International Banking and Treasury & Investments
- Doha Bank's long-term local and foreign currency rating was assessed at A3 / BBB+ / A / A+ by Moody's, S&P, Fitch and Capital Intelligence respectively

## Strong international footprint



## Diversified shareholder base and strong support



Second largest  
Retail footprint

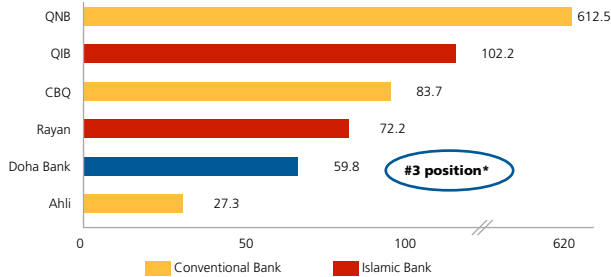
Largest international  
network of representative  
offices among Qatari banks

Strong position in select business lines  
including contract financing, trade  
finance, real estate and retail

Source: Company information, Doha Bank estimates based on public information and OCB data  
Note: 1. Measured as a percentage of the aggregate assets of the banking sector in Qatar as at 31 December 2018

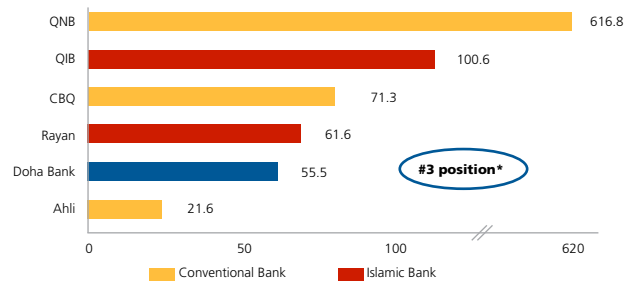
# Significant player in a fast growing banking sector

## Net Loans (QRbn) - December - 2018



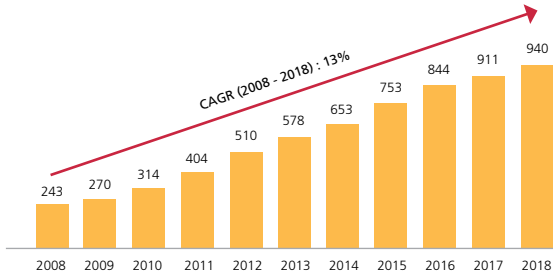
Source: Company information  
Note: \*Among conventional banks

## Total Deposits (QRbn) - December - 2018



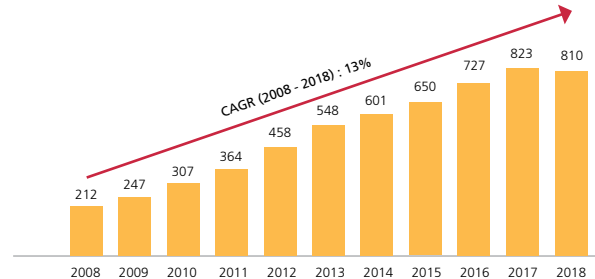
Source: Company information  
Note: \*Among conventional banks

## Qatari banking system – Total Loans (QRbn)



Source: QCB banks' monthly statements and annual reports

## Qatari banking system – Total Deposits (QRbn)



Source: QCB banks' monthly statements and annual reports

# Qatar has strong historic and planned economic growth...

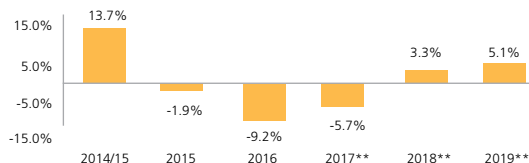
## Stable economic situation

Sovereign rating:	AA- (Stable) by Fitch / AA- (Stable) by S&P / Aa3 (Stable) by Moody's
Gas reserves:	Qatar has the 3 <sup>rd</sup> largest reserves of natural gas in the world <sup>(2)</sup>
Oil reserves:	25.2bn barrels of proven oil reserves <sup>(2)</sup>
Current account balance:	Surplus of 4.8% in 2018 <sup>(1)</sup> and 6.6% in 2019 <sup>(1)</sup> of nominal GDP
Forecasted real GDP growth:	2.7% in 2018 <sup>(1)</sup> and 2.8% in 2019 <sup>(1)</sup>
Population:	2.67 million as at 31 December 2018 <sup>(4)</sup>
GDP per capita:	With US\$67,818 in 2018 Qatar is one of the wealthiest countries in the world <sup>(1)</sup>
Government fiscal position:	Estimated surplus of 5.1% of GDP in 2019 <sup>(3)</sup>
Government gross debt:	QR366.0bn (53.4% of GDP) in 2018 <sup>(1)</sup>
Significant future government & infrastructure spending:	Significant investments in the run up to hosting the 2022 FIFA World Cup and achieving the 2030 Qatar National Vision (e.g. gas projects, airport, rail, infrastructure, housing)
Currency:	Pegged to the U.S. dollar since 1980

**Source:**

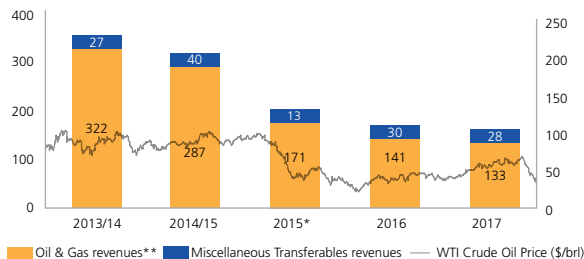
1. IMF World Economic Outlook Database (October 2018)
2. British Petroleum Statistical Review of World Energy (June 2018)
3. Qatar Economic Outlook December 2018
4. Population statistics of Ministry of Development Planning & Statistics (December 2018)

## Government fiscal surplus/deficit (% of GDP)



**Source:** QCB annual reports & QCB Quarterly Statistic Bulletins  
**Note:** The above data until 2014/15 is for the fiscal year from 1 April – 31 March  
 \*\* Qatar Economic Outlook 2018-2020

## Government revenues (QRbn)



**Source:** Government revenues: QCB annual reports & WTI Crude Oil Price: Bloomberg report - December 2018  
**Note:**

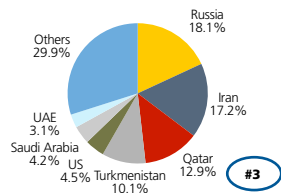
- \* Preliminary data covers 9 months (1/4- 31/12/2015) where the period has been extended as per Law No. (2) for the year 2015 for amending the fiscal year to a calendar year.
- \*\* Oil & Gas Revenue includes investment revenue transferred from Qatar Petroleum.

Qatar enjoys one of the highest GDP per capita at US\$ 67,818 in 2018 <sup>(1)</sup> and has a strong historic economic growth

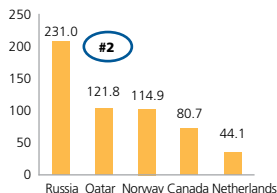
# ...With large planned expenditure to diversify the economy benefiting the banking sector

## 3<sup>rd</sup> largest reserves and 2<sup>nd</sup> largest exporter of natural gas

Natural gas reserves (2017)

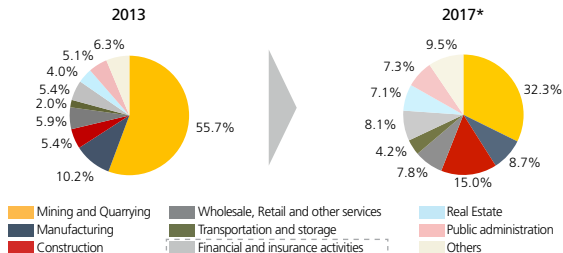


Export of natural gas in 2017 (cubic meters bn)



Source: British Petroleum Statistical Review of World Energy (June 2018)

## Development of GDP composition 2013–2017\*



Source: QCB Quarterly Statistical Bulletin – September 2018  
Note: \* Preliminary estimates

## Infrastructure projects & events to benefit from the National Vision 2030

### Infrastructure projects in Qatar

- QF - Education City (2019)
- ASHGHAL - Expressway Programme (2021)
- FIFA World Cup Football Stadiums (2020)
- UDC - Pearl Qatar (2020)
- Msheireb Properties - Msheireb Downtown Doha (2020)
- QP - Bul Hanine Field Redevelopment Project (2021)
- LREDC - Lusail Development (2022)
- ASHGHAL - Local Roads & Drainage Program (2022)
- QatarGas - Barzan Gas Development (2023)
- NPP - Hamad Port (2025)
- Barwa Real Estate - Barwa Al Khor Development (2025)
- Manateq - Qatar Economic Zone (2025)
- QRAIL - Qatar Integrated Rail Project (2026)
- Kahramaa - Water Security Mega Reservoirs (2026)
- Kahramaa - Qatar Transmission (2020)
- Qatargas - North Field Gas Expansion (2022)

### 2022 FIFA World Cup

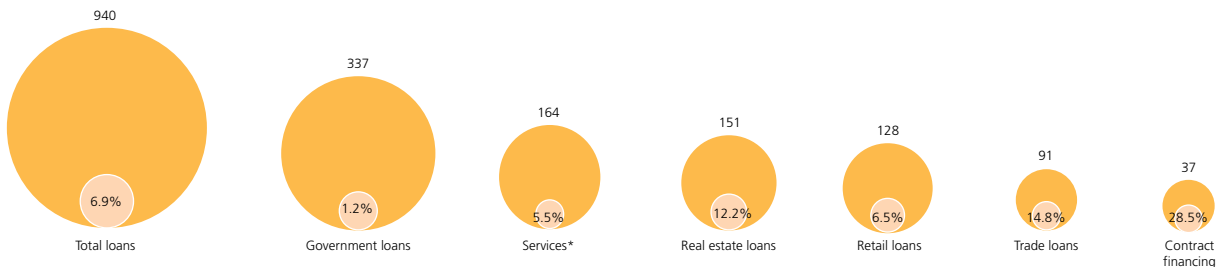
- '2022 FIFA World Cup' is expected to draw around half a million visitors, circa 19% of Qatar's current population

Source: Business Monitor International, research reports

Upcoming projects and economic development have attracted an influx of expatriate labor and benefited the economy

# Leading franchise of Doha Bank and entrenched position

## Loan market size (QRbn) and Doha Bank market share (%)



\* Includes Non-Banking Financial Institution

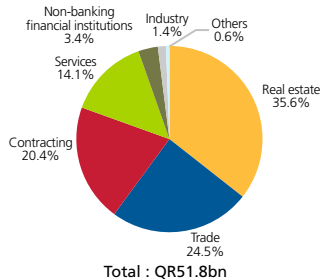
● Doha Bank market share as of 31 December 2018

● Loan market size as of 31 December 2018

### Comments:

- A leading franchise in real estate, contract financing and trade
- Well diversified loan portfolio
- Worldwide network of representative offices in key locations
- Strong and prominent brand recognition in Qatar
- First to introduce many innovative products and services in Qatar
- Many of the Board members belong to the ruling 'Al Thani' family
- Excels in providing the right products to the right customers

## Overview of the corporate banking loan book - December 2018

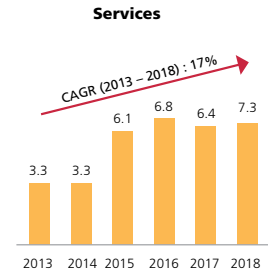
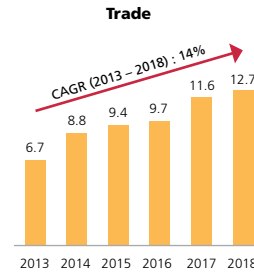
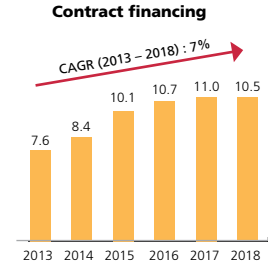
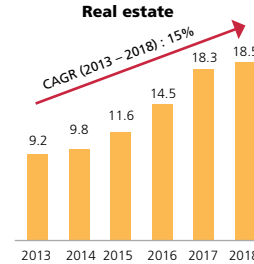


Source: Company information

### Comments:

- A significant contributor to the total income of Doha Bank
- Evolved to be one of the core competencies of the bank and will be one of the major growth areas of the Bank
- Targets local and international companies
- Well diversified portfolio focused on private sector

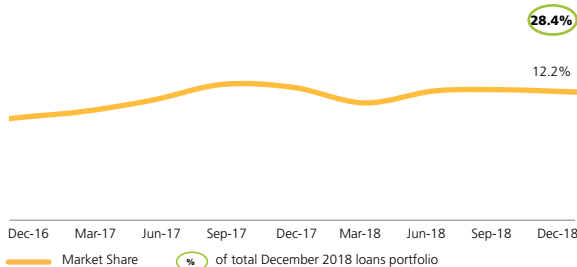
## Loans (QRbn)



Source: Company information

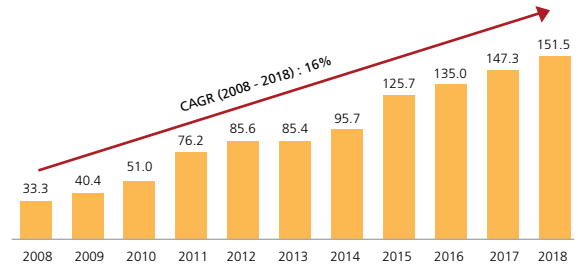
# Conservative approach to the fast growing real estate sector

## Real estate market share development



Source: Company information and QCB data

## Qatari market real estate loans (QRbn)



Source: QCB banks' monthly statements and annual reports

### Comments:

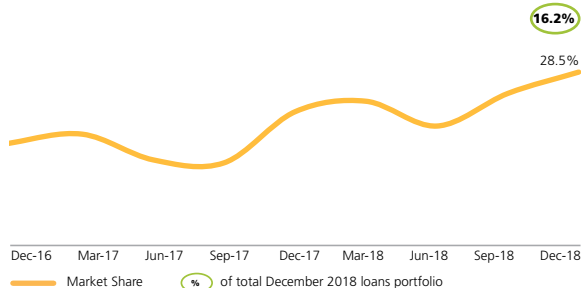
- Conservative regulatory environment with real estate lending limits well defined
- Loan portfolio is highly collateralized at circa 170%





# Leading market position in the contract financing sector based on strong relationships

## Contract financing market share development

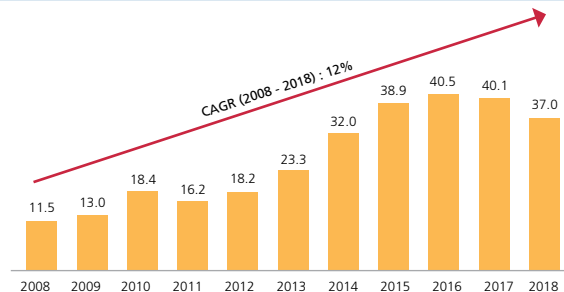


Source: Company information and QCB data

### Comments:

- Doha Bank's high market share benefits from strong relations with key contractors through Doha Bank representative offices (eg. Turkey, South Korea, Japan, Germany)
- Doha bank is looking to reduce its market share in this segment

## Qatari market contract financing loans (QRbn)



Source: QCB banks' monthly statements and annual reports

### Comments:

- The Qatari contract financing sector growth has been declining in recent years
- The contract financing sector is set to benefit from planned infrastructure spending in Qatar as well as the '2022 FIFA World Cup'

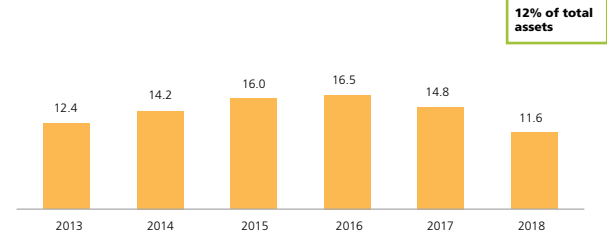
# Leading international franchise on the back of a targeted network of branches and representative offices around the world

## Timeline of international expansion

- 2005: Doha Bank established a representative office in Dubai
- 2006: Representative offices in Singapore and Turkey commenced operations
- 2007: First full branch outside of Qatar – in Dubai (upgraded from a representative office to a branch). Representative offices were established in Japan and China
- 2008: Kuwait branch was established. Representative offices in the United Kingdom and South Korea were established
- 2011: Representative offices were established in Abu Dhabi and Germany
- 2012: A representative office was opened in Australia. Abu Dhabi representative office was upgraded to a full branch
- 2013: Representative offices were established in Hong Kong & Canada
- 2014: Opened a branch in Mumbai, India and first e-branch in Dubai
- 2015: Acquired 2 new branches in India (Mumbai & Kochi) from HSBC Oman and a representative office opened in South Africa
- 2016: Representative office was established in Bangladesh
- 2018: Commencement of Chennai Branch. Representative Office established in Sri Lanka and Nepal

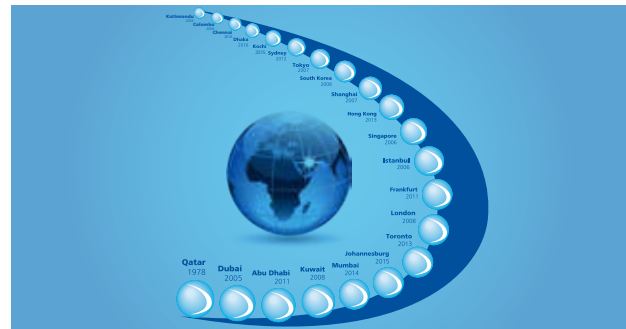
Source: Company information

## International asset evolution (QRbn)



Source: Company information

## Increasing international reach

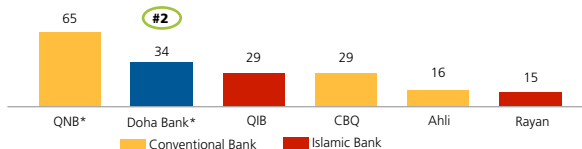


Source: Company information

## Innovative range of retail products

<b>Transactional / Deposit accounts</b>	<ul style="list-style-type: none"> <li>Doha Bank offers a wide range of accounts to its customers, including term deposit accounts, savings certificates, call accounts, payroll accounts and various accounts of different maturities &amp; yields</li> <li>Doha Bank Offers New Debit Cards with contactless, secure online payment capability along with Doha Miles</li> </ul>
<b>Loans</b>	<ul style="list-style-type: none"> <li>Personal and Vehicle loan products are available to customers, who transfer their salaries to the bank, for up to six years (Qataris) and four years (Expatriates)</li> <li>Mortgage loans are tailored to suit individual needs with competitive interest rates. Available for eligible customers in Qatar and other selected markets</li> </ul>
<b>Expatriate banking</b>	<ul style="list-style-type: none"> <li>The division is focused on Qatar, UAE, Kuwait and India and offers cross-border remittances, wealth management and off-shore banking services</li> </ul>
<b>Credit cards</b>	<ul style="list-style-type: none"> <li>The Bank Offers an extensive range of credit cards including Contactless Cards</li> </ul>
<b>Private banking</b>	<ul style="list-style-type: none"> <li>Offer privileged services such as Home Service, Real Estate Advisory, Global emergency cash access services, brokerage services</li> <li>Products include capital protected close-ended investments, Visa Infinite Credit Card, Mortgage Lending in UK and Kuwait, leveraging on local tie-ups</li> </ul>

## Second largest conventional retail footprint in Qatar



Source: Annual Reports from respective Banks' Websites  
 Note: \* Includes E-Branches & Pay offices

## Distribution channels: Innovative and increasing efficiency

<b>Branches</b>	<ul style="list-style-type: none"> <li>Second largest retail footprint in Qatar widespread throughout the country</li> <li>Full service branches in Abu Dhabi, Dubai, Kuwait and India</li> </ul>
<b>ATMs</b>	<ul style="list-style-type: none"> <li>Network of around 100 ATMs throughout the country</li> <li>The Bank has many ATMs with multi functional capabilities</li> </ul>
<b>Internet banking</b>	<ul style="list-style-type: none"> <li>Doha Bank has the award winning first bilingual website in Arabic and English amongst the banks in Qatar</li> <li>Doha Bank has launched the New online portal for customers with enhanced features including E- Statements and Activation of Credit &amp; Debit Cards through Online &amp; Mobile Banking</li> </ul>
<b>E-shopping portal</b>	<ul style="list-style-type: none"> <li>Doha Sooq (e - commerce website) - first 'online shopping mall' offered by a Qatari bank</li> </ul>
<b>Mobile banking</b>	<ul style="list-style-type: none"> <li>Grants access to bank account details and enables instant transfer of funds, paying registered utility and credit card bills, recharging pre-paid mobile or internet services and viewing current exchange rates</li> </ul>

## Strong reputation for new and innovative products and strong brand quality

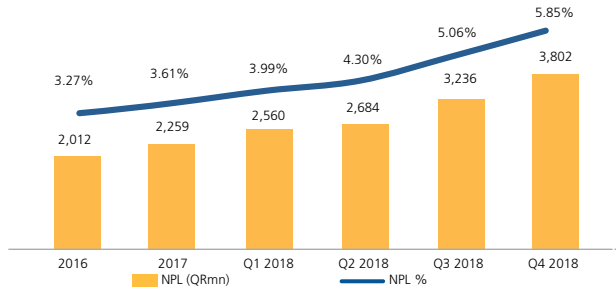
Doha Bank was the first to introduce many products & services in Qatar such as:

- Expansion of digital customer service through WhatsApp, Hello Doha and FB messenger
- Doha Sooq—Ecommerce platform
- Whatsapp Chat service
- Biometric authentication in Mobile Banking
- Apple iWatch Banking Application and Tablet Banking
- Al Dana Savings Scheme
- Online money transfer through credit card
- Co-branded credit cards and travel cards
- Gold bar sales
- Green Banking (including 'Green Mortgage' Home Loan Product and Green Car Loan)
- Qatar Exchange Traded Fund (QETF)

Source: Company information

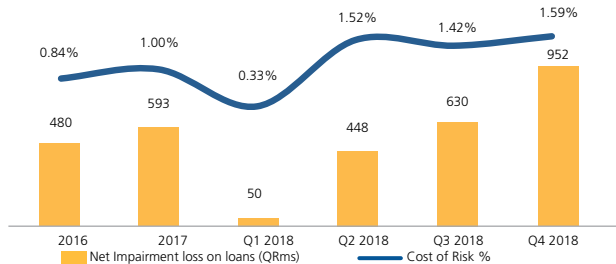
# Credit Quality

## NPL evolution



Source: Company information

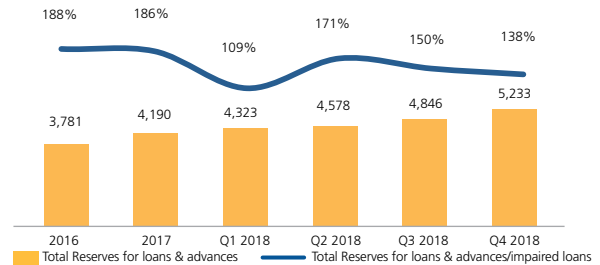
## Net impairment loss on loans and cost of risk\*



\* Includes expected credit losses (ECL) as per IFRS 9 for 2018

Source: Company information

## Total Reserves\* for loans & advances divided by impaired loans



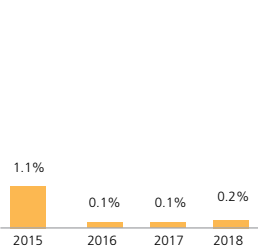
\* Includes expected credit losses for 2018 (Note: 2016 to 2017 include risk reserves)

Source: Company information

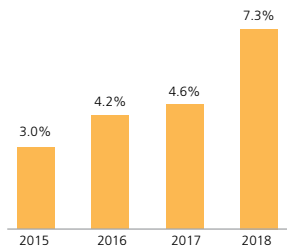


# Credit quality in Doha Bank's core businesses and by geography

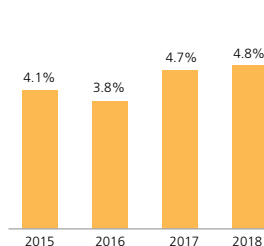
## Real estate NPL ratio



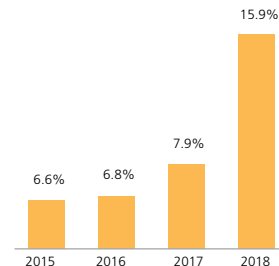
## Corporate NPL ratio



## Retail NPL ratio



## Contracting NPL ratio

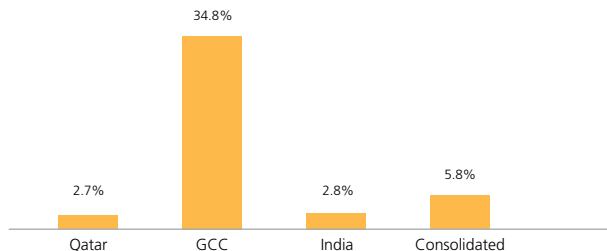


### Comments:

- Real estate NPL% is almost nil
- GCC branches showing significantly high NPL%
- Corporate and Contracting NPL% increase mainly attributable to exposure from GCC branches
- Qatar operation's NPL% remain low

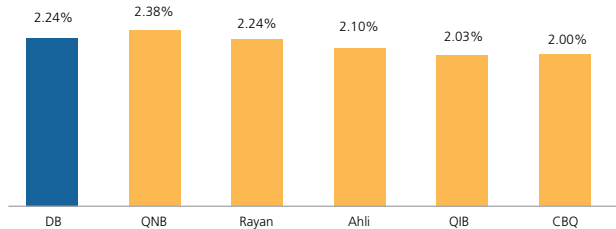
Source: Company information

## NPL per geographical location - December 2018



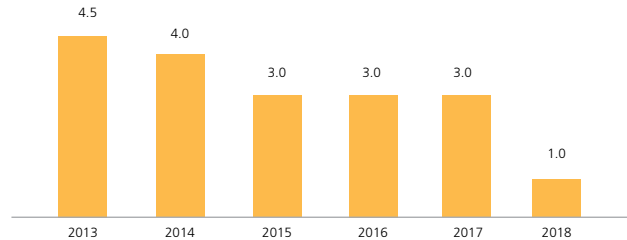
# High margin and high dividend yield

## High net interest margin % - December 2018



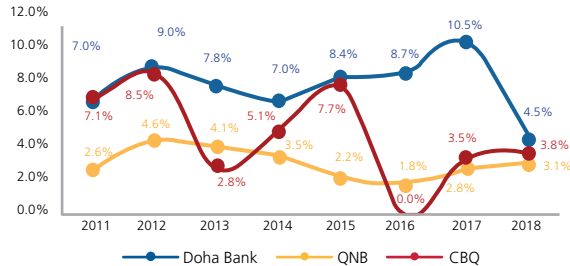
Source: Company information

## Cash dividend (QR per share)



Source: Company information

## Attractive dividend yield



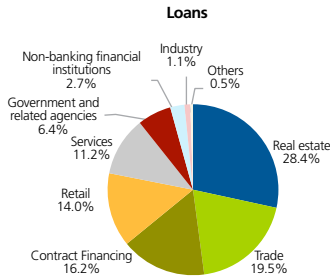
Source: Company information & Bank's Annual Financial Statements

## Comments:

- High Net Interest Margin amongst competitors
- Historically high dividend yield as compared to competitors
- 2018 Dividend reduced in order to enhance capital ratios

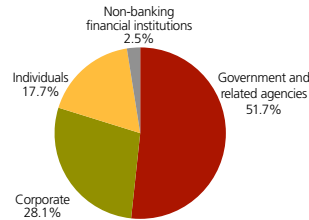
# Diversified loans and deposits

## By sector – December 2018



Total loans: QR59.8bn

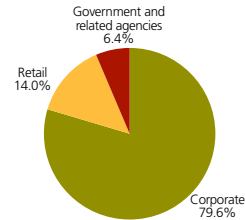
## Deposits



Total deposits: QR55.5bn

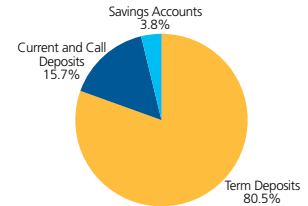
## By type – December 2018

## Loans



Total loans: QR59.8bn

## Deposits



Total deposits: QR55.5bn

### Comments:

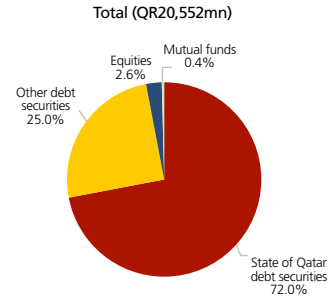
- Doha Bank has maintained a very well diversified loan mix
- Doha Bank consistently ensures it retains a diversified deposit and funding base to minimize concentration risks
- Qatar Central Bank (QCB) imposes certain credit concentration limits on regulated banks in Qatar and the Bank follows QCB's credit concentration policy
- Those credit concentration limits impose restrictions such as single obligor limits as well as restrictions on real estate lending

Source: Company information

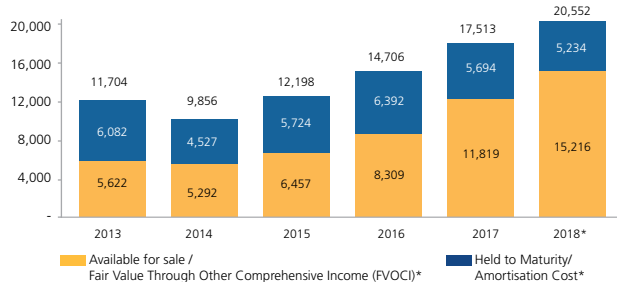
## Portfolio overview

- Conservative investment philosophy
  - Low hard limits for discretionary trading / investments
- Majority of portfolio in local sovereign fixed income
- State of Qatar portfolio repo-able with central bank to the extent liquidity is needed
- Conservative investments limits linked to Tier 1 capital as per QCB
- Investment portfolios are re-classified and re-measured post adoption of IFRS 9 with effect from 1 January 2018

## Investment portfolio – split by type – December 2018 (%)

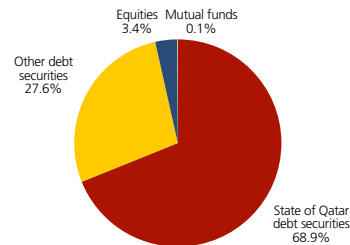


## Investment portfolio - evolution by classification (QRmn)

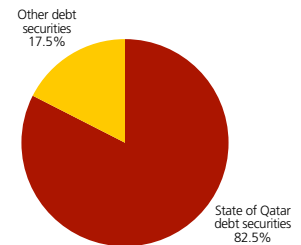


Source: Figures are sourced from Annual Reports and Quarterly Financials  
\*As per IFRS 9 classification

### FVOCI (QR15,216mn)

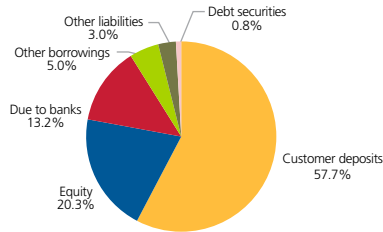


### Amortised Cost (QR5,234mn)





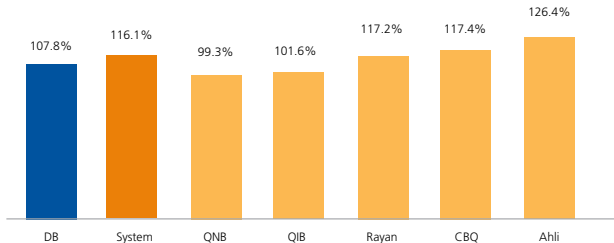
## Funding mix – December 2018



Total liabilities and equity: QR96.1bn

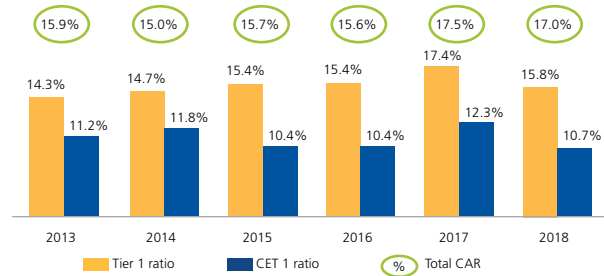
Source: Company information

## Loan to Deposit ratio (%) - December - 2018



Source: Company information

## Evolution of tier 1 and capital adequacy ratio



Source: Company information  
Note: 2014 onwards based on Basel III

### Comments:

- Doha Bank has a diverse funding profile including a mixture of retail, wholesale, interbank, long term liabilities and shareholder funds
- The bank maintains holdings of QR14.8bn of State of Qatar bonds which it could repo with the QCB at any time
- 2018 capital adequacy ratios are post ECL adjustment

# Doha Bank strategy – Clear path to future growth

## Improve credit quality

- Maintain conservative and cautious approach to underwriting in particular with regards to contracting sector
- Continue improvement in risk management procedures and systems

## Further improve efficiency

- Leverage on strong existing distribution channels to expand loan book, generate more revenues and improve efficiency
- Identify areas of potential operational and cost efficiency improvements
- Leverage on latest digital technologies to increase operational efficiency

## Continue targeted international expansion

- Doha Bank intends to further continue its targeted international expansion strategy
- Expand and further leverage the trade finance business through the network of representative offices, by further developing relations with companies doing business with countries where we have our presence

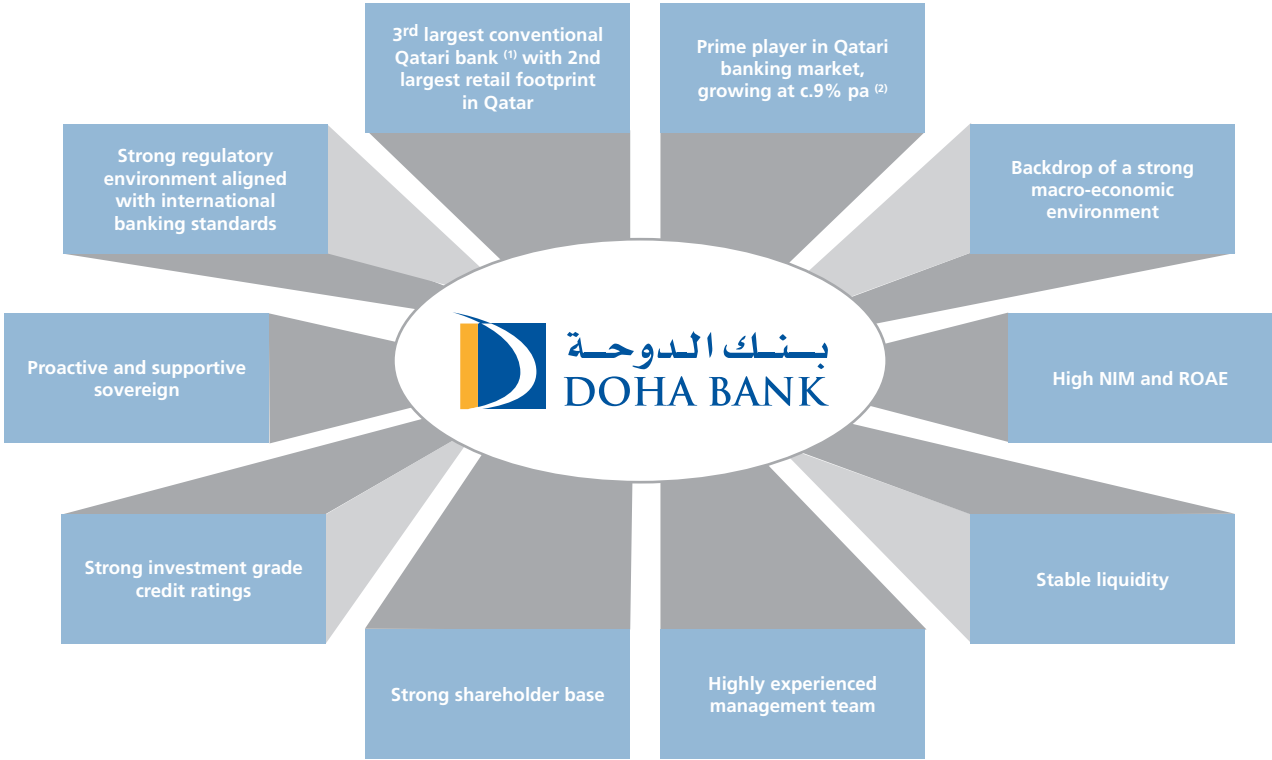
## Further develop international branch network

- Further develop existing operations and position Doha Bank at the center of the infrastructure growth in the economies where we operate

## Further consolidate Qatari position

- Doha Bank is positioned to capture the upcoming infrastructure growth in Qatar

Source: Company information



Source: Company information  
Note: 1. Ranked by assets, excluding Islamic banks  
2. 2008 - 2018 CAGR of Doha Bank's Total Assets



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