

Report of the Board of Directors

Dear Shareholders,

Greetings,

The Board of Directors of Doha Insurance Company is honored to present the fifteenth annual report regarding the activity and financial position of the Company for the financial year ended on 31 December, 2015 along with the future plan of the company for the year 2016.

The results of the financial statements of the company for the year ended 31\12\2015 realized an unprecedented net profit amounting to 111 million QAR against 77 Million for last year. Such achievement is attributed largely to the company's sale of a plot in the Lusail area during the last quarter of 2015. However, the results of the insurance operations in addition to other investments revenues were generally below expectations as they were adversely affected by the international and regional fluctuations that mostly as a result of the severe decline in oil prices and its impact on the financial markets and investments along with the geopolitical turmoil and its consequences on the Arab and regional area. The results of the financial statements have shown a decline in investment return by 39% (excluding the return on sale of plot in Lusail), the net underwriting results have witnessed a decline by 7% as well. The company was also not able to increase its share of gross insurance premiums as previously hoped. While the outcomes contrarily reflected a decline in gross insurance premiums by 7%. In addition to the intense competition between insurance companies which still pushes down the insurance prices to unprecedented low levels .

In order to achieve the Company's policy with regards to regional expansion, it has obtained the final license to establish its fully owned subsidiary "Mena Re Underwriters LTD" at Dubai International Financial Center to carry out reinsurance activities, particularly, in the fields of property, engineering and liability insurance outside the State of Qatar. On December 2015, the new company has commenced operations after finalizing the appointment of its technical staff.

- At the local level, the Company has obtained the approval of Qatar Central Bank for opening a new branch in the industrial area to cater for Motor claims in addition to issuance of Motor insurance policies. The new branch is currently being equipped with furniture, fitouts and other supplies. It is expected that the branch will start operating in the second quarter of 2016.
- During 2015, the Global credit rating agency Standard & Poor's has announced it has reaffirmed the company's credit rating at A- (excellent) with a stable outlook.

- Additionally, in 2015, the international credit rating agency A.M. Best, a specialized Company in rating insurance companies, has announced it has reaffirmed the company's credit rating at A- (excellent) with a stable outlook.
- Since the Board of Directors is keen on diversifying the Company's investment portfolio, the Board has recommended conducting a study of the development of the two land plots located in Rawdat Al-Khail: the first plot is designated for commercial purposes and the other for residential purposes. On the basis of current available data, the study has concluded that the expected annual revenue from leasing the plots would be between 6 to 7%.
- The Company has started to seek design proposals from experienced international design Companies as a primary step towards land development procedures.

Below is a summary of the most important outcomes achieved in 2015 compared with 2014:

1. Net underwriting revenues of technical departments achieved by insurance activity were 79 million QAR vs 85 million QAR in 2014.
2. Investment returns from local shares, bank interests and other revenues were 116 million QAR vs 61.5 million QAR in 2014.
3. Islamic branch of the Company "Doha Takaful" has a policy holders deficit amounting to 784 thousand QAR vs. surplus amounting to 1.7 million QAR in the previous year.
4. The company has achieved a net profit amounting to 111 million QAR including the Islamic branch of the Company "Doha Takaful" vs. 77 million QAR in 2014.
5. Total equity of shareholders was QAR 1,075 million vs. QAR 1,075 million in 2014.

Future plan:

1. **Risk Management**

During 2015, the Board of Directors formed a Risk Management Committee in the Company headed by the chief executive officer and membership of department managers and relevant personell in the different sectors of the Company. This Committee will be charged with identifying and monitoring the risks facing the Company's activities.

The bylaws of Committee and the general policy are currently being drafted to be completed during 2016. Major risks are: insurance operations, credit and investment risks .

The Board of Directors will consider the possibility of assigning the task of establishing the risk management function, including the process of Own Risk and Solvency Assessment to an external consulting party specialized in this field.

2. Real estate Development

The Board of Directors decided to disregard developing the plot of land in Lusail, therefore the plot was sold instead of developing it, taking into account the high cost of development on one hand and the long duration for obtaining the expected return on investment on the other hand.

Based on the foregoing, the Company decided to disregard establishing a real estate development Company and to make the best of selling the plot in Lusail in order to provide a margin of additional liquidity to contribute in promoting the financial position of the Company and to help in achieving its future plans for developing the land owned by the company in Doha. This will provide a steady stream of income in the medium run as was previously explained in this report.

3. Health Insurance

Doha Insurance Company received positively the decision of the concerned authorities to award National Insurance Companies the privilege to provide health insurance to all members of the Community including residents and Qataris.

The Company is exerting its best possible efforts in order to be able to obtain a reasonable share of health insurance premiums market and ensure profitability and continuity in providing excellent health insurance services to its customers.

Nawaf Bin Nasser Bin Khaled Al – Thani
Chairman