



Integration of ESG in QNB Group's Investment Framework

CONTENTS

Document Summary Profile	2
Introduction	3
Purpose	3
Scope	3
Objective	3
Governance	3
Integration of ESG in Investment Decisions	4
Review	4

Document Summary Profile

Scope/ Coverage	QNB Group
Publication Date	October 2025
Version	1.0

Introduction

This public document has been prepared to provide a summary of QNB Group's Investment Policy and QNB Group's Environmental and Social Risk Management Policy and their interaction. This document describes QNB's methodology to integrate Environmental and Social aspects in the investment portfolio decisions.

Purpose

The investment policy ensures that operations with respect to the management of QNB Group's investment portfolio are conducted in accordance with sound and acceptable business practices. It states purposes and objectives of the investment portfolio managed by Group Asset and Liability Committee through its delegates and defines the governance and risk control framework for the management and maintenance of the portfolio. This policy is framed as part of the existing regulatory guidelines, laws governing transactions in financial securities and the financial environment.

Scope

The investment portfolio refers to debt securities that are either held in the bank's Hold to Collect (Amortised Cost) or Hold to Collect and Sell (FVOCI Debt or Equity) and is generally managed the bank's Treasury function, with the assistance of the trading and finance functions. It also includes any derivative instruments and any other on and off balance sheet positions that are directly connected with the portfolio positions.

This is a group wide policy and is applicable to all locations, branches, subsidiaries, regions, and countries where the Group exercises significant control.

It does not cover the following

1. The operational risks associated with the execution and management process. This is covered under the procedural documents such as the Group Treasury Policy.
2. Propriety investment portfolio and the equity share investments (excluding debt securities treated as equity) held in the banking book which are managed by Corporate & Institutional Banking.
3. Investments or capital injections in subsidiary, associates and foreign operations/branches.

Objective

The size, shape and profile of the investment portfolio should be designed to meet the following objectives;

1. Credit Portfolio diversification: The portfolio may be used to allow the Group to diversify its overall credit portfolio, thus improving its overall credit profile through the purchase of approved investment instruments within the portfolio.
2. Maintenance of the Group's liquidity pool and buffer: To ensure that the Group maintains a robust liquidity profile thus meeting key regulatory requirements (such as the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Internal Liquidity Stress Test appetite level), the investment portfolio should not adversely impact the overall liquidity profile of the Bank.
3. Central/Statutory Reserve Management: Maintenance of the statutory or mandatory reserves as per local regulation.
4. Interest Rate Risk in the Banking Book: By altering the duration and maturity profile of the investment portfolio, it may be used as a tool to manage the overall interest rate risk of the Group's banking book in order to maintain the Group's IRRBB with approved limits and thus minimizing earnings volatility.

Governance

The Group maintains adequate internal controls to ensure the integrity of the Investment Portfolio management process.

QNB Group follows a three lines of defence model with respect to Governance and oversight over its investment portfolio.

Treasury and Business departments are responsible for the day-to-day management of the investment portfolio as first line of defence, while Group Strategic Risk Management and Group Financial Control act as second line of defence.

Integration of ESG in Investment Decisions

For debt securities, QNB Group's Environmental and Social Risk Management Policy has an Exclusion List for credit approval.

QNB Group is committed to support the transition to cleaner energy and sustainable development. However, QNB follows a strict list of sectors and activities that it will not finance under any circumstances. These are activities deemed too harmful or risky to the environment, society, or legal compliance. Further details on these exclusions are available in QNB Group's Environmental and Social Risk Management Policy Framework.

QNB Group, in practice, does not have any material investments in equity securities, excluding the investments in subsidiaries and associates.

QNB Group subsidiaries follow QNB Group's environmental and social considerations, subject to local laws. Further details on all applicable environmental and social QNB Group policies are available in QNB Group's Environmental and Social Risk Management Policy Framework.

QNB Group associates have their own investment and ESG policies in line with local requirements and best practices.

Review

This document shall be reviewed at least annually and updated if required.

Qatar National Bank (Q.P.S.C.)
P.O. Box 1000, Doha, Qatar
Tel: +974 4440 7777
Fax: +974 4441 3753

qnb.com