



Corporate Governance Report 2015



Table of contents

Chairman's Foreword	5
Introduction	6
1. QNB Corporate Governance Framework	6
1.1 Objective	6
1.2 Commitment to Comply with Corporate Governance	6
1.3 Applying of Corporate Governance Principles	6
1.4 The Scope	7
2. QNB Group Achievements during 2015 to Enhance Corporate Governance Approach	7
2.1 New Corporate Governance Arrangements: The Future Starts Now	7
2.2 Compliance: A Key Corporate Governance Driver	8
2.3 Building the Governance Structures Globally	11
2.4 Thinking Beyond the Borders: International Entities Integration	12
2.5 Risk Management for Risk Governance	13
2.6 Internal Audit and Corporate Governance: Promote a Framework of Oversight and Responsibility	15
2.7 Why Human Resources Governance Matters?	16
2.8 Corporate Governance & Business Performance	17
3. The Board of Directors (Board / BOD)	18
3.1 Board of Directors Structure	18
3.2 Board Composition and Size	18
3.3 Board Responsibilities and Fiduciary Duties	19
3.4 The Chairman of the Board	19
3.5 Independent and Non-Executive Board Members	19
3.6 Board Secretary	19
3.7 Board Meetings	19
3.8 Board Member Resignation	20
3.9 The Committees of the Board	20
4. The Board of Directors and the Executive Management Members' Remuneration	22
5. Executive Management	22
5.1 Group Risk Committee	23
5.2 Group Credit Committee	23
5.3 Group Asset and Liability Committee	24
5.4 Group Strategy Committee	24
5.5 Centralised Purchasing Committee	24
5.6 Group Information Technology Committee	25
5.7 Group Business Development Committee	25
5.8 Group Operations and Services Committee	25
5.9 Group Human Capital Committee	26

6. Risk Management	26
7. QNB Group Organisation Structure and Succession Plan	27
7.1 Succession Planning and Organisation Structure	27
7.2 Training and Development of Future Leadership	27
8. Internal Control System	28
8.1 Group Internal Audit Division	28
8.2 Group Compliance Division	28
9. External Audit	29
10. QNB Group Ratings	29
11. Capital and Shares	29
12. Shareholders' Rights	30
13. Disclosure	31
14. Conflicts of Interest and Insider Trading	31
15. Handling Customers' Complaints	31
16. Corporate Social Responsibility	31
17. Spotlights on Corporate Governance Practices:	
The new BOD Committees and Practices Arrangements Effective 2016	33
17.1 Board of Directors New Committees Structure	33
17.2 Board of Directors Practices and Roles	33
Conclusion	35
Appendix (1) The Board of Directors - Biographies	36
Appendix (2) Executive Management - Biographies	37
Appendix (3) QFMA Corporate Governance Checklist	38
Appendix (4) QCB Corporate Governance Disclosure Requirements	49

Chairman's Foreword

Dear shareholders,

Greetings,

Legislation for sound Corporate Governance has seen a quantum leap during the year 2015. A new Commercial Companies Law No. 11 of 2015 was issued including several provisions aimed to enhance the culture and practice of governance within companies operating in the State of Qatar.

Qatar Central Bank has also issued instructions for Corporate Governance with principles to be followed by banks and financial institutions in order to enhance the transparency and the decision-making processes in addition to forming of the Board of Directors' related committees and defining their powers and responsibilities.

Internationally, Basel Committee issued the updated principles of global governance with growing focus on the basic aspects that affect the companies and subsidiaries of the group as a whole. All these developments were in favour of both the companies and their shareholders in terms of providing appropriate information and safeguarding the rights and interests of shareholders and minorities.

QNB Group is always the leading institution in implementing the latest requirements and international best practices in the area of Corporate Governance through the adoption of a strategic vision based on fostering the Culture of Compliance with the laws and regulations that are the cornerstone of good governance and efficient operations. We pay special attention to strategic planning and the development of operational plans in line with the timetables and best quality standards.

It is my honour to present the 2015 Annual Report of Corporate Governance of QNB Group, which reflects our efforts to comply with the supervisory and regulatory requirements issued by Qatar Central Bank and Qatar Financial Markets Authority, which contribute to maintaining the gains of the Group and serve its expansion plans to be in line with the Qatar National Vision 2030.

Ali Shareef Al-Emadi

Chairman of the Board of Directors

Introduction

QNB Group considers sound Corporate Governance as a key factor to enhance the image of the Group, both locally and internationally, through a commitment to Corporate Culture that motivates directors, managers and employees to maximise operational efficiency and comply with sound principles of conduct, by ensuring high returns on investment and long-term productivity growth. Corporate Governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders.

Corporate Governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Effective Corporate Governance is not an end in itself, it is a means to the proper functioning of a financial institution and the banking sector overall. QNB's safety and soundness are key to the financial stability of the Group, and the manner in which it conducts its business, therefore, is central to create market confidence and business integrity.

1. QNB Corporate Governance Framework

QNB Group believes strongly that good Corporate Governance complements and significantly helps its long-term business success. This success has been the direct outcome of the Group's key business strategies, including the commitment of the Board to the quality, integrity and transparency of QNB's financial reports.

1.1 Objective

The Board of Directors (BOD) and Executive Management believe that Corporate Governance is an essential element to enhance shareholders' trust, specifically minority shareholders and stakeholders, by increasing the level of transparency of the ownership and control, and the implementation of effective monitoring systems for strategic business management. Hence, all necessary efforts were combined to create awareness of the importance of Corporate Governance within QNB Group.

The Board of Directors of QNB Group has adopted the Corporate Governance framework to support the effective functioning of the Board and its committees, to promote the interests of shareholders, and to ensure a common set of expectations as to how the Board, its various committees, individual directors and management should perform their functions. The Board and Executive Management believe that the primary objective of Corporate

Governance is safeguarding stakeholders' and depositors' interest in conformity with public interest on a sustainable basis with a view to contribute to improved corporate performance and accountability in creating long-term shareholder value.

1.2 Commitment to Comply with Corporate Governance

The BOD, Executive Management and Officers commit themselves to the Governance principles and best practices as detailed in the QNB Group Corporate Governance Manual, in order to achieve the Group's objectives. Periodically, the Board ensures that QNB Group complies with the principles of Corporate Governance, reviews and updates the professional codes of conduct for the purpose of updating its governance practices. The Board also promotes the institutional values, policies and other internal procedures that apply to all members of the BOD, Executive Management and staff of the Group.

1.3 Applying of Corporate Governance Principles

Corporate Governance standards in QNB Group are naturally pursued in a manner consistent with the applicable national laws, regulations and codes. It also follows the recommendations and international best practices issued by the Basel Committee on Banking Supervision (BCBS), the Organisation for Economic Cooperation and Development (OECD), the International Corporate Governance Network (ICGN), International Chamber of Commerce (ICC) and other international institutions.

QNB Group's BOD has approved applying of a comprehensive set of Corporate Governance policies and procedures within QNB Group. This assures that obvious vigilance is exerted by the BOD and Executive Management, as this is compatible with the legal and regulatory requirements and reflects the real orientation to comply with the international standards developed by the OECD. The roles and responsibilities of the BOD are segregated from the functions of Executive Management, whereby the Board assumes the overall supervision of the Group and provides strategic direction through the approval of the strategic initiatives, policies and objectives, while the daily affairs of the Group are carried out by the Group Chief Executive Officer.

1.4 The Scope

QNB maintained comprehensive Corporate Governance strategy for years before Corporate Governance became headline news. QNB's Board of Directors adopted the Corporate Governance Program in 2007. The Project included nine integrated and interrelated phases to achieve the proper application of such project, taking into consideration the laws and regulations issued in the State of Qatar. The program initially incorporated the application of wide-ranging measures of governance and contained the preparation of overall policies, procedures, manuals, organisational structure and accurate job descriptions, the determination of the authorities and responsibilities, the internal and external reporting requirements and the roles, responsibilities and charters of the BOD, its committees and management committees of the Executive Management.

In this context, the annual Corporate Governance report submitted to both regulators (QCB and QFMA) aims to ensure a transparent disclosure of the governance practices within QNB Group. It embodies the values of the Group and the policies that all parties must abide by. The report includes the capital structure, control, shareholders' rights, equality, development of the Charters of the BOD and its committees systems, related parties' transactions policy, rotation, and the periodic review of the principles of professional conduct, in order to ensure the application of best professional practices that meet the needs and objectives of QNB Group.

2. QNB Group Achievements During 2015 to Enhance Corporate Governance Approach

QNB Group is continuously working to develop the inbuilt Corporate Governance framework with a vision to maintain a healthy Corporate Governance environment and practices. During 2015, the Executive Management have continued to assist all divisions to develop sound and globally recognised Corporate Governance practices and in building the appropriate culture at the Board of Directors level and the rest of staff by enhancing and applying the Corporate Governance principles across all divisions and the Group's entities. The below topics summarise QNB's 2015 key efforts with respect to the enhancement of the Corporate Governance Framework:

2.1 New Corporate Governance Arrangements: The Future Starts Now

The new changes to the regulatory framework pertaining to the Corporate Governance are the following:

- **New Commercial Companies Law number (11) of 2015**
- **Qatar Central Bank (QCB) Corporate Governance Instructions issued during July 2015**
- **Basel Rules- Corporate Governance Principle for Banks issued during July 2015**

Executive Management has taken set of measures and extensive analysis with the aim to identify the impact of the regulatory changes on the current Corporate Governance Framework and the mandate documentation of QNB. More specifically, Group Compliance studied and reviewed the following practices:

- The processes used to select Board Members and Executive Management
- The role of the Board of directors in overseeing the implementation of effective risk management systems
- The risk governance, including the risk management roles played by business units, risk management teams, internal audit and control functions (the three lines of defence), as well as underline the importance of a sound risk culture to drive risk management within the Group

Based on the review, a number of scenarios and proposals were submitted to the Executive Management and Board of Directors to agree on the best and appropriate aligns QNB practices to the new requirements. In this regards, a number of decisions

therefore has been taken pertaining to enhance the risk governance approach and promote the efficiency of Board Committees together with effective control functions.

As a new key change, the new BOD Committees Composition will be as follows:

1. Group Board Executive Committee
2. Group Board Audit and Compliance Committee
3. Group Board Risk Committee
4. Group Board Nomination, Remuneration Governance and Policies Committee

The required set-up and terms of references of these committees together with the required induction file for the new BOD members are finalised to be implemented and effective after the new BOD election scheduled during the General Assembly meeting early 2016.

2.2 Compliance: A Key Corporate Governance Driver

In light of the increased risk environment, and heightened expectations of regulators and enforcement agencies, Compliance risk-management within QNB is a focus of Board of Directors and, of course, a preoccupation of the Group Audit and Compliance Committee as well as Executive Management.

Compliance Monitoring and Oversight

Effective Implementation Mechanism of the New Regulatory Requirements

Coping with ever-growing regulatory oversight and supervision, QNB has put in place an efficient and effective mechanism to monitor and ensure proper implementation of all new regulatory requirements in a timely manner. Appropriate analysis is conducted to determine the requirements, impact and time frame of fulfilling QNB obligations towards regulatory authorities to respect and adhere to its statutory and non-statutory regulations. The implementation mechanism is duly formalised and documented in the Group's Compliance policy specifying clearly the role and responsibilities of concerned parties.

Robust Follow-up to Ensure Proper Implementation of New Regulations

Aiming to ensure full and adequate adherence of new regulatory requirements, QNB maintains in place an efficient follow up tools to ensure completeness of actions required to be taken by relevant stakeholders across the Group. The follow up engine is derived by Group Compliance Division who reports to the Group Audit & Compliance Committee, on regular basis, the Compliance position of each new requirements and action taken and plans to lessen the non-compliance risk.

Upfront Compliance Assurance

Integrity of the products and services offered by QNB Group is an utmost feature that meets the expectations of regulatory authorities and ultimately the Group's customers. An on-going effort exerted to ensure compliance of new products and services initiatives as well as development of the existing ones that are offered by the different business units and support functions. During 2015 Executive Management assisted in assuring compliance integrity of numerous activities, processes and supported the Group's Business and Operations divisions to sought regulatory approvals from QCB, QFMA and other authorities in a smooth and successful manner.

Compliance Monitoring Program (CMP)

QNB Group Compliance undergoes intensive efforts to maintain robust and dynamic CMP to adequately keep an on-going oversight and continuous monitoring of various and detailed requirements of regulatory authorities. The CMP entail process to identify each requirements, the process owner(s), frequency of compliance assurance review, and current status of each issue. The CMP will also classify and differentiate the permanent from the one-off regulatory requirements.

Promotion of the Ethical Behaviour

Ethical & Professional Behaviour: Tone at the Top
Among the responsibilities of the Executive Management is ensuring that the culture within the Group reinforce the ethical behaviours that is a prerequisite of the banking industry. The example set by individuals at the top will always have a huge influence on how the rest of the organisation behaves. Hence QNB Group is spending efforts to encourage seniors to "led by example" and report the unethical behaviours and misconducts through various tools meeting the highest standards and best practice including anonymous reporting. In this

regards, during 2015 Group Compliance has taken the led to promote that awareness of the importance of every one's obligation to bond by the code of ethics and safeguard the interest of QNB group by reporting unethical behaviours such as, but not limited to embezzlement, fraud, corruption, bribe, conflicts of interest, customer privacy violations, discrimination, harassment, violations of laws and misrepresentation of facts.

QNB Group Code of Ethics: Practical Implementation

As a prime responsibility of Compliance function common under global practice, QNB Group Compliance bring ahead to the attention of the Board of Directors and Executive Management the latest development of the best practices and conducts of business in compliance with ethical and moral standards in addition to implementation tools to enforce them across the Group. During 2015, Group Compliance interacted with several related issues including enhancement of the declaration of conflict of interest, relationship with vendors, avoidance of inducement, disclosure of confidential information, proper management of staff accounts and investments and dealing with media.

Healthy Relationship with Regulators: Openness is Key Element of Transparency

"Compliance" a Single Point of Contact with Regulators

Group Compliance strengthened and improved the communication channels with the regulators, Business Divisions and enduring the process of single point of contact for all regulatory compliance related matters within the organisation. This will ensure providing the regulatory authorities (QCB, QFMA, QFCRA, QE, Ministries and any other regulatory bodies where QNB Group operates) with accurate, clear and transparent information in order to assist Business units to obtain the necessary approval to conduct business activities and launching of new products, services and marketing activities.

Regulatory Reports

During 2015, QNB Group aimed to ensure effective and proper reporting to the regulatory authorities all new and existing required data and information. Group Compliance ensured that all relevant divisions submitted the new regulatory reports on time such as DSIBs, ICAAP and Basel III new required data. Group Compliance also has taken the led to answer all regulatory inquires and inspection reports and resolve pending issues that may led to violations or financial penalties.

Tax Reporting & Data Security: For Better Transparency

FATCA Compliance

Due to the continuing change in the tax compliance landscape across the globe, and after having effectively implemented FATCA requirements, QNB has initiated the Common Reporting Standard (CRS) Programme. The CRS was developed by the OECD, to tackle tax avoidance and evasion and improve tax compliance.

As the Group is operating in a number of jurisdictions where required to report information regarding certain accounts and follow related due diligence procedures, consistent with the scope of exchange, the reporting and due diligence procedures set out in the provisions.

Data Security Challenges

As a part of its plan to bring innovative banking solutions and payment products in the banking sector for improved customer satisfaction, QNB has introduced QNB mPOS-the first ever Mobile Point-of-Sale (mPOS) solution in Qatar, new Electronic Cash Register Integration solution with enhanced card data security, no double swipe and no amount key-in features, IRIS Recognition System-allowing customers to securely access their banking facilities through the biological traits of their irises, giving customers the ability to authenticate themselves without using their banking card or PIN. This technology solution reduced the risk of fraud, identity theft and unauthorised access by protecting confidentiality, integrity, and availability.

International Sanctions Programs and Tools

Compliance Sanctions Framework and Manual

Group Compliance has prepared the "Compliance Sanctions Framework and Manual" as QNB is operating in a number of sanctioned / high-risk countries and therefore the Group is committed to comply with the relevant sanctions programs and the different laws and regulations in all related jurisdictions.

Failure to comply with such sanctions programs, or to prevent or manage the related risks, would not only constitute a breach of the regulatory requirements, but would also lead to a significant reputational damage, legal and regulatory actions and financial loss for the Group. Accordingly, Group Compliance ensured that the Framework establishes the roles and responsibilities within a governance structure

that is designed to ensure the on-going development, maintenance and oversight of the sanctions compliance function across the Group. Moreover, the Framework satisfies the requirement of maintaining a high-level / restrictive monitoring system and the escalation and reporting requirements up to the Board level.

Compliance Sanctions Portal: Raising the Awareness Level

Group Compliance has created a new training and awareness tool, "Compliance Sanctions Q&A". This tool is a portal accessible for all QNB staff and is dedicated to provide an introduction to the international sanctions programs and enable QNB Staff to understand the different sanctions programs and be aware of the risks associated with breaching any of them. The tool was created to maximise the awareness efforts and deliver information / updates to all QNB staff on a timely manner. The awareness tool is also providing a direct channel for QNB staff to contact the Compliance Sanctions team, make inquiries and receive responses as business needs.

Continuous Monitoring of the International Sanctions Programs

Due to the changing political and economic situation worldwide, Group Compliance has developed a strong monitoring mechanism for all transactions connected with the sanctioned / high-risk countries. This mechanism is intended to ensure compliance with the relevant sanctions programs and avoid any financial / reputational risk that could occur by breaching any of the sanctions programs. The sanctions monitoring mechanism as well as the related embedded criteria are regularly revisited and amended considering the new updates and challenges in the different sanctions programs and the applicable laws and regulations, taking into consideration the differences in the scope and requirements of each nature of sanctions.

Combatting Financial Crime

Maintaining a Global AML/CTF Framework

Group Compliance has initiated a diagnostic exercise on the Global AML/CTF framework to evaluate and initiate new actions and improvements based on the new international requirements. The exercise is intended to address strategic AML/CFT risk areas and prepare new enhancement program on a global basis to accommodate the regulatory and international best practices requirements along with preparing the overseas branches located in EU to comply with the Fourth Money Laundering Directive (4MLD).

AML/CTF System Enhancement: Keep Up With the Latest Technology

Group Compliance, in coordination with overseas entities and Head Office stakeholders, has successfully completed the AML/CTF System Enhancements Project within the projected time frame for all the countries. The enhancements have taken into consideration all applicable AML/CTF threshold limits in each jurisdiction where QNB Group operates and cover the regulatory requirements. Special consideration was also given to FATF recommendations to ensure that overseas branches apply AML/CFT measures consistently with the applicable laws and regulations in the home operating country.

Improve the Efficiency of Reporting the Suspicious Transactions (STR)

Group Compliance has successfully achieved the enhancement of the STR reporting to the FIU by automating the process and reducing the turnaround time for submitting the STR reporting. QNB Group has also developed a new records retention strategy to respond the FIU queries within a short time frame as submitting the cases to FIU will discharge QNB from any potential obligation/ responsibility should their investigation prove the involvement of the reported customer in any prohibited activity.

Group Wide Compliance Strategy: Risk Based Approach

Group Compliance has developed a Global Risk Based Approach at all the Overseas Branches for the risk categorisation of the customers based on several risk components including Customer, Channel, Product Jurisdiction and Transaction Risks. The mechanism is embedded through a scoring mechanism that classifies the customer under High, Medium and Low Risk. In addition this mechanism is run on a periodic basis to re-evaluate the risk category of the customer which is retained in the core banking system.

The risk classification is a critical indicator adopted which assists the AML/CTF investigation both while monitoring the accounts or maintaining relationships with existing customers based on their transactional behaviour.

Know Your Customer and Customer Due Diligence: An On-going Practice

Group Compliance in coordination with Retail Banking division have completed the project of automating the KYC forms on the internal systems. The KYC forms are categorised into several customer types including Retail Banking, Private Banking and Corporate Banking. The KYC information is a

critical tool for the AML/CTF due diligence as well as identifying customers using their personal accounts for commercial activities to meet the regulatory requirements.

Compliance Training Strategy: Staff Awareness is the Starting Point

Group Compliance has conducted various training programs for the entire staff on Compliance, AML/CTF, Whistle Blowing, Chinese Walls, Sanctions, etc. and developed attendance monitoring tools to convey the message of the importance of Compliance and bringing employees one step closer to the Compliance Culture within QNB Group. There were special trainings conducted as well on the "need basis" for the staff that needed special attention towards AML/CTF matters. Group Compliance is enhancing the training by enhancing the existing training materials with new concepts.

2.3 Building the Governance Structures Globally

Global Expansion

QNB Group continued to expand its footprint in line with the vision to become a Middle East & Africa Icon by 2017, for this purpose:

- In the first quarter of 2015 QNB Group opened a representative office at Ho Chi Min City in Vietnam and keen on expanding to include a branch in 2016, (application on-going)
- A Representative Office is opening in Myanmar
- Plan to convert QNB Representative office in China to a full-fledged branch in 2016
- Plans to open a representative office in Cuba
- Closely following up on our application for a full branch license in India
- In the process of obtaining the license for a branch in Saudi Arabia

Improve the Independency of the Control Functions: Reporting to Head Office

In order to improve the decision making process, it was decided that International branch Heads of Risk /Credit Officers report into Group Credit Department in respect of all Credit Risk Matters to preserve independence of function. Also, Credit applications from international branches include an independent credit advice from local Credit function addressed to Group Credit Department.

In terms of reporting, a new monthly portfolio reporting format was introduced for International branches and a quarterly problem loan reporting system introduced.

Moreover, for the enhancement of the credit risk governance, Group-wide Credit Policy, Retail Credit Policy, SME Policy and the Specialised Financing Handbook were re-written in 2015.

Establishing a Clear Governance Frame

On a high level, QNB Group Compliance Division assumes overarching oversight of the proper development and functioning of the Corporate Governance Arrangements, which entails the implementation of sound Board Policies, establishment of Board-level and Management Committees, institution of relevant Charters and Terms of Reference, and the application of a self-assessment mechanism for the Members of the Board of Directors.

QNB's Global Governance Framework

In the course of 2015, Group Compliance developed new supervision arrangements that provide the framework for attaining QNB Group's objectives; it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

The Governance framework for QNB allows the global integration of the business in accordance with the Group's business model, maximising operational efficiency at the subsidiary companies and providing the dissemination, implementation, and Compliance with the general strategy, through the exchange of best practices among subsidiary companies and ensuring their decision-making autonomy.

IT Infrastructure Management: A Centralised Approach

In its international expansion plan, QNB Group has rolled out its systems and banking features to the QNB international branches/subsidiaries in order to have common and centralised system infrastructure for better administrative and operational controls.

Remedy Compliance Gaps and Security Vulnerabilities

Along with the technical advancement and implementation of customer centric initiatives, QNB Group has also concentrated in IT Infrastructure Assessment projects, which covers intense assessment of bank's IT infrastructure including many areas such as Network and Security Infrastructure Assessment, Platforms (Server, Storage & Backup) Infrastructure Assessment, Access and Platform Gap Analysis. Based on such assessments, Group ITD has performed platform

upgrades and enhancing its system infrastructure to maintain its pace and place as the front runner in introducing customer friendly features, complying with regulatory requirements and achieving the business continuity.

Organisation Structure

As an integral part of the Corporate Governance Project which commenced in 2007, and to support QNB's rapid international expansion activities, Group Human Capital continued carrying out group-wide enhancements to the organisation structures. These activities were conducted with reference not only to QNB's requirements, but also to the international best practices, various international regulatory requirements and to be fit for purpose for future growth. Enhancements were primarily focused on the expansion of sales internationally leveraging off QNB Qatar's successes.

2.4 Thinking Beyond the Borders: International Entities Integration

The continuous enhancement of the Corporate Governance Arrangements across QNB Group, including overseas branches and subsidiaries, in line with international standards and local regulatory requirements, is at the heart of the Group's initiatives for achieving its Vision and Mission.

Organisational Structure – Group Level

In this respect, action plans are developed specifically for each subsidiary, latest being relevant to QNB Tunisia and Mansour Bank, in order to ensure that solid Corporate Governance Frameworks are established and robust Compliance structures are embedded. Moreover, Compliance Committees were founded in the subsidiaries acquired/established by the Group in Tunisia, Switzerland and Syria, and across the overseas branches.

Incorporating Governance Fundamentals for the Group Entities

The Articles of Association and Organisation Rules of QNB Suisse were reviewed and approved by the Swiss regulator; the Board of Directors of Mansour Bank was elected; and the Charter, policies and procedures of QNB Indonesia's Board of Commissioners were updated in line with the recent related regulations.

Setup of Clear Reporting Mechanisms

On the reporting level, a comprehensive mechanism for exchanging of Management Information is implemented catering for periodic reporting between Group Compliance and the overseas branches and subsidiaries aiming to identify areas of risk and challenges, both at a macro and micro levels, facing each entity in constantly changing and rather unstable environments. The reporting mechanism results in setting short and long-term strategies and action plans to safeguard QNB Group's reputation, activities and stakeholders.

Unify the Efforts

Furthermore, Group Compliance contributes to unifying the Compliance Framework across overseas entities, in order to ensure that Basel principles on Compliance apply to the same standards across the Group, as well as the related regulations.

Comprehensive Evaluation Measures

Last but not least, Control Self-Assessment exercises are periodically launched to cover the overseas Compliance Departments as well as overseas Management, primarily aiming to increase recipients' awareness of their duties in the areas of Corporate Governance and Compliance, and also to identify areas where greater focus should be placed.

Group Human Capital Policy

Since reformatting the Group Human Capital Policy in October 2014, Group Human Capital has been carrying out frequent reviews and enhancements to both Global Policy as well as Country Addendums. These were in form of new inclusions, changes and deletions so as to ensure full compliance with all countries laws and regulations and keeping in line with the best market practices at all times. The Policy was published in three languages: Arabic, English and French. A mini handbook featuring salient topics related to day-to-day HR matters was published and distributed to Executive Management and Heads of Departments both local and international so as to empower them to deal with staff issues directly.

Target Operating Model (TOM)

The annual International Operations Conference held in October 2015 highlighted the Target Operating Model (TOM) of Group Operations which described the current and the desired future state of the Operations. The conference explained the road map over time that specifies what International Branched need to do to move from the "as is" to the "to be".

"Think Beyond" Program

Group Operations launched the "Group Operations - Think Beyond" program, which encourages all employees in Group Operations to present ideas and initiatives, with the overall objective of positively impacting the business and processes of the Division.

Implement International Processes

Enhancement and integration of account opening workflow was launched to introduce more control (e.g. avoid duplicate customer base) in addition to increase in processing efficiency as well as better customer service.

Operations Risk Assessment

Risk Assessment exercise has been completed for all operations covering QNB different divisions and vital processes. High risk processes have been identified and proper course of action will be taken to mitigate the identified risk.

2.5 Risk Management for Risk Governance

During 2015, Group Risk continued the efforts to build up a strong Risk management framework to better serve the notoriety and safety of the organisation.

Risk Mitigation Tools and Mechanisms

QNB risk exposures are mitigated through various specific mechanisms for risk assessment and control. The success of risk management in QNB Group is generated from the ability to focus on the roles and responsibilities defined for the BOD, Executive Management, various committees, officers and staff. Risk management is considered an important element for the QNB Group to ensure continued profitability, and every employee in the Group is responsible for dealing with potential risks when carrying out his/her duties.

The BOD assumes the ultimate responsibilities for identifying, monitoring and managing QNB Group risks, but delegates the day to day responsibilities to GCEO, the Group Risk Committee, the Group Credit Committee, and the Group Assets and Liabilities Committee. The BOD through the Enterprise Risk Management framework and the Group Risk Appetite Statement determines QNB's risk management objectives and mechanisms. The various risks are monitored and tracked on a daily basis through the various committees that are responsible for risk management. The Group Risk Management department, headed by the Group Chief Risk Officer, undertakes the implementation of the Enterprise Risk Management (ERM) framework. Risk management

policies and procedures are established in order to identify, assess and monitor the risks at Group level. The process of independent risk oversight is a part of the strategic planning for QNB Group and includes business risks such as variables that may arise in the environment, technology and business.

The BOD assumes full responsibility for the development of strategic risks and the application of the relevant principles, frameworks and policies. This includes the implementation of appropriate restrictions with respect to products, issuer, geographic location, and maturity. However, separate and independent entities responsible for the management and control of certain risks are nominated and predefined. Accordingly, QNB Group's Treasury, Risk Management and Internal Audit Divisions are responsible for the Group's commitment to trading restrictions imposed by the BOD. In this regards, detailed monthly reports are submitted to the Group Assets and Liabilities Committee.

Sound Risk Governance Practices

The Group Risk Management Division is considered the ultimate administrative authority vested to deal with the various risk aspects, at Group level. The Department undertakes the formulation and review of the risk management strategy, defines the risk management policies, evaluates the activities of risk management and control mechanisms, and assesses and determines the Group's operational, credit, market, strategic, legal, and reputational risks. Group Risk Management also ensures the implementation of operational plans to monitor and manage these risks, reviews and monitors cases of fraud and operating losses, and oversees the legal disputes at all levels of QNB Group.

Risk Identification, Monitoring and Controlling

The identification of Principal Risks is a process overseen by the Group Risk Division, the material risks are regularly reported to the Group Risk Committee (GRC), together with a regular evaluation of the effectiveness of the underlying risk operating controls. The day-to-day governance is delegated through an ERM oversight structure and a robust risk control framework. For that reason, the risk management framework was further enhanced in 2015 through improved resourcing and enhanced functional capability.

Operational Risk Management

Operational risk frameworks are continually being enhanced and embedded with further implementation of data security systems, improved business continuity infrastructure and disaster recovery sites, as notable achievements in 2015. Data quality and reporting on key risk indicators continue to improve as the frameworks evolve, new risk staff members are recruited and risk awareness increases. Oversight of operational risk is monitored as part of the ERM control framework and risk scorecard, where the evaluation of risk control efficiency and also assessed in the context of emerging threats as well our effectiveness in containing any losses arising within the desired risk appetite levels.

Stress Testing

QNB Group internal stress testing methodology has been integrated widely to cover all of our international operations, it is aligned to our Group Economic department scenarios and coverage, and is able to meet local QCB requirements as well as various host Regulators in various jurisdictions in which QNB Group operate. A robust stress testing approach supports risk appetite measures and setting of our risk tolerance thresholds and is accordingly integrated with decision making processes and relevant to the determination of group risk appetite measures.

Interaction of Group Risk Appetite with Business Strategy

The QNB Group Risk Appetite Framework has been enhanced through continued progress in the development of appropriate risk appetite measures. These measures provide a principle basis for determining and monitoring risk-based performance across the Group [as Actual, Forecast and Stress targets]. The target measures are a product of the Group Risk Appetite Statement and definition that flows directly from the Group Vision and Strategy. To embed QNB's Group risk appetite, risk adjusted performance indicators for key business units, their segments and all of QNB's international entities are calculated and distributed on a monthly basis to the Group Asset and Liability Committee and senior managers. QNB Group has also updated its country risk limits framework which is also aligned to the Group's capital adequacy targets and enhances QNB's ability to cascade risk appetite limits on a risk discriminant basis.

Enterprise Risk Management

The QNB Group's Enterprise Risk Management (ERM) framework requires a full understanding of the Group's external stakeholder requirements at its core, and is focused on sustaining the creation of shareholder value. The risk control framework that is in operation comprises policies, processes, tools/models, reports and the right governance structures to help manage all material risks, the cross dependencies between risks, linkages between risk and business strategy, risk appetite and capital management. The Bank's Market Risk and Interest Rate Risk in the Banking Book Policies have been comprehensive rewritten, thereby improving the control environment and supporting the application of ALM. In addition, delegation of authorities and other parts of the credit and risk policies were upgraded, and the regulatory risk management approach was reviewed, particularly in the context of Basel III "Liquidity Risk Ratios" and relevant computation and reporting processes introduced. A Group-wide Liquidity Framework, aligned to international best practice has also been delivered in 2015. To support the framework, a Liquidity Contingency Plan (LCP), Early Warning Indicators (EWI's) and Stress testing processes have been developed. To enhance its risk control effectiveness and further embed its risk culture, QNB has in 2015 cascaded business and functional level assessment of their risk controls. This process focusses on business lines' ability to identify measure, monitor, control and mitigate risks.

Regulatory and Business Standards

Qatar Central Bank (QCB) has officially implemented Basel III requirements in Qatar. As per QCB guidelines, QNB is required to submit periodical Capital Adequacy Ratio (CAR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio reports to QCB. The enhancements to the QCB Basel requirements also entail annual submission of a document describing QNB's Internal Capital Adequacy Assessment Process (ICAAP) and semi-annual submission of stress test results to QCB.

Impact of Basel III

Furthermore, as part of Basel III implementation, QCB has also issued guidelines on the implementation of the Domestic Systemically Important Banks (DSIBs) framework in Qatar. Banks designated as DSIBs are subject to higher capital requirements, increased monitoring / reporting requirements in addition to annual submission of a recovery plan and 5 year capital plan. In line with the guidelines, official submission to QCB of DSIB

related requirements has commenced since January 2015. QNB has complied with the increased capital requirements during the period as issued in the QCB guidelines on the DSIBs framework. As a designated DSIB, QNB submitted its first Recovery Plan to QCB in 2015. The plan establishes a recovery management and governance framework to ensure that a crisis which threatens QNB's capital and liquidity adequacy is swiftly identified and viable recovery options are deployed so that the Group and international entities continue to operate on a going concern basis.

Risk Mitigation and Controls

Group Internal Audit Division (GIAD) has enhanced the reporting to the different stakeholders; by placing particular focus on risk analysis based reporting to achieve management by objectives. Also, in order to continue the emphasis on adopting the latest technology in audit management and audit delivery, GIAD is upgrading the audit management system to better serve the objectives.

Unified Approach at International Activities-Key Driver of Efficiency

Operations Division has continued the on-going exercise of enhancing and harmonising the work processes and procedures by the:

- Customisation and Standardisation of QNB Forms, Policies and Procedures among the Group.
- Rolling out QNB Workflow system in the International Branches

This exercise has been launched based on a risk assessment with the purpose of revising vital processes across the different divisions of the Bank to boost the efficiency and time management.

Planning and Evaluation

The Group made significant advancement in the planning and reporting process throughout 2015. The implementation of a new budgeting and reporting system covering the whole QNB Group has improved the ability to produce, monitor, and report management information. This has enabled the Group to respond quickly to changes in the economic and reporting environments and allowed management further insight and awareness into the performance of QNB. This has been further fed into the Group KPI process allowing granular linkage of management performance against key financial metrics.

2.6 Internal Audit and Corporate Governance: Promote a Framework of Oversight and Responsibility

Internal Audit Governance

The Group Internal Audit Charter and policy have been enhanced to align with the Basel Committee on Banking Supervision recommended standards and to stay abreast with business expansion of the Group with adequate oversight of the Group subsidiaries and affiliates.

Risk Based Audit Approach

Risk Based Audit continued to be the driving factor, with additional focus being placed on coverage of Risk Management policies, processes and Capital Adequacy in conformity with the regulatory requirements and Basel Committee guidelines and standards.

Audit Universe has been carefully monitored and progressively refined to consider and reflect Group business growth and business strategy.

Recognise and Promote Integrity

Group Internal Audit Division (GIAD) has substantially contributed to analysis of the Group's quarterly and year-end financial statements and other performance data. The presentation to the Group Audit and Compliance Committee (GACC) has been refined to focus on critical key data and information that would enable effective monitoring and oversight of performance in various activities and jurisdictions.

The audit management system has been enhanced by operationalising the issue tracking module which strengthens the audit issue follow-up and reporting process. This has considerably enriched the follow-up reporting to the stakeholders such as the GACC and the Group Risk Committee (GRC).

Resource Development

GIAD has placed key importance in resource development, with due emphasis on development of Qatari nationals. Currently about 60% of the GIAD staff hold globally recognised professional qualifications and certifications with the required credentials for their respective roles.

Group Wide Focus

The oversight of subsidiaries has refined with focused scope and additional emphasis on the Governance, Risk Management and Internal Control structure and Frameworks as part of the oversight and assessment process. This will also enable GIAD to align the governance structure and arrangements in the subsidiaries with those of the Group thereby promoting the achievement of the Group's strategic vision.

2.7 Why Human Resources Governance Matters?

A wide-ranging set of influences has propelled Corporate Governance issues out of the boardroom and onto the desktops of business executives throughout the organisation. HR executives face significant challenges, including managing a global function, realising returns on technology, accelerating the pace of organisational change, leveraging human capital strategically, and reforming management practices in response to proliferating regulation. The below are the main challenges that were faced by Group Human Capital Division in terms of Corporate Governance during the year 2015.

Certifications

In 2015, QNB provided banking training programs required prior to sitting for certification to help QNB employees achieve the professional accreditation such as International Introduction to Securities & Investment (CISI) and ACI Dealing Certificate.

Moreover and based on the Divisions requirements, QNB provided curricula adequate to prepare employees to be successful when they sit for certification exams such as: Gulf Certified Public Accountant (GCPA), Certified Internal Auditor, Chartered Financial Analyst, ILM Endorsed Recruitment Selection & Retention and ILM accredited Level 3 Coaching and Mentoring.

To meet the demands of projects, QNB organised the Project Management Professional (PMP), Certified Business Operations Professional (CBOP) and Lean Six Sigma Green and Black Belt as the most important industry-recognised certification.

New Human Capital Developments

2014-2015 saw the successful implementation of full automation of some key highly repetitive HR Processes such as: Requests for Business Trip, Additional Allowance and Justification on Absence from Leave. The main objective on automating these processes was to increase efficiency and deliver quicker delivery of services whilst simultaneously

minimising the manual processes and curtail paperwork as much as possible. Achievements were further made with the implementation of HRMS Core HR & Payroll in QNB Kuwait, South Sudan, Oman, Singapore, UK and France with the aim of centralising HR activities of international entities, preserve data integrity and accuracy.

Assessment & Development Centres

QNB Group uses Assessment & Development centres to help to identify employee strengths and development needs aligned to desired business skills, abilities and competencies. The outcome of an Assessment and Development Centre enables management to make appropriate people decisions. Through formal feedback on the performance in the Assessment and Development Centre, it also helps to enhance self-awareness of the individual undergoing assessments.

Career Development

Career Development is one of the key strategic initiatives of QNB Group. The Career Management team, in partnership with the direct manager and department/division heads, provide targeted support to develop self-motivated employee pools at all levels with a simple objective of helping them to grow in role and fulfil their career aspirations. Appropriate career development opportunities and development road map options are created for employees who are tailored to meet both individual and business needs. Aligned to this and through a divisional partnership, guidance is provided to enable the identification and fast-track learning and development of high potential employees as part of a formal talent pool.

An appropriate mix of On-the-Job Training (OJT), development experiences at the workplace driven by employees and their Direct/ Department Manager, coupled with formal learning via classroom and e-Learning through web-based technologies now forms part of the development plan creation. Development plans are reviewed on regular basis to monitor effectiveness of implementation and the application of learning.

2.8 Corporate Governance & Business Performance

QNB emphasises on the clear distribution of responsibilities, as the Board providing strategic oversight and tactical guidance, the management being engaged with operational planning, decisions and implementation. Both parties pay a special attention and anticipate the types of questions that shareholders might ask the board about strategy, for this purpose a specific effort was extended to the below topics:

Transparency: Safeguarding Stakeholders' Interest on a Sustainable Basis

In 2015, QNB Group Retail Banking Division (QNB Group RBD) continued its growth momentum in both Qatar and International markets by offering competitive products and services, leveraging leading edge technologies and implementing effective business strategies to offer greater value, convenience and transparency to its Retail banking customers.

The Cross-Border Products & Advisory: A Customer Oriented Approach

Group RBD continued to recognise and fulfil its customers' needs both at home and abroad, through cross-border banking, investment opportunities, and lifestyle needs as one of its key business priorities in 2015. In view of this the "QNB First Global Recognition Program" has been enhanced with a cross-border real estate advisory and mortgage proposition in five markets (Qatar, UK, France, UAE and Lebanon); new range of lifestyle offerings have been introduced with local and international partners; and customers can now access their accounts in multiple markets through "Global Account Access" on Internet and Mobile banking, giving them seamless account access capabilities to perform transactions.

Achieving Stakeholders Satisfaction by Measuring the Service Quality

QNB Group RBD continued its relentless efforts to enhance services and processes to deliver a superior customer experience. In view of that, several initiatives have been taken by the Group Retail RBD which included periodic Customer Satisfaction Surveys, Mystery Shopper Audits and Process enhancement projects.

Private Banking: An integrated Global Strategy

Asset and Wealth Management (AWM) division have continued to enhance the quality of services offered to QNB customers by:

- Getting the Certification requirement for Private Bankers
- Implementing the Investment Policy Statement; this will be applied to existing and new customers alike
- New media plan to be implemented in 2016 to meet vision as per the strategy project

Corporate Banking: New Initiative All Around

Self-Assessment initiative was launched: this is being done throughout periodic survey that is being conducted on our corporate clients in terms of corporate services/ products/ customer satisfaction in order to maintain best practice and value at risk to ensure customer satisfaction and preserving QNB image and reputation under the adherence and compliance of bank's policies and procedures.

RM KPI's: Each team and Relationship Manager has their own set of KPIs that includes specific criteria and measures to ensure proper adherence to goals and objectives set for the year, including financial targets of their respective portfolios, branches as well as risk relevant areas such as controlling and monitoring of provisions, write-offs and regularising irregular accounts. KPI's are being closely monitored and reviewed monthly by senior management.

Relationship Strategy: Accounts relationship strategies are being identified for corporate clients; aligned to the Account Planning concepts in the Global Account Management initiative, in order to ensure proper utilisation of facilities within the stipulated limits as well as to continue to maintain satisfactory conduct of accounts and have clients benefit from QNB overall network coverage for the client businesses in addition to cross selling of the bank's products.

Target Market Strategy International Corporate Banking: An added component of our involvement is the definition of Target markets; either on a presence / non- presence basis and their relevant risk acceptance criteria; as part of the group/branch strategy in discussion with key stakeholders bank-wide.

3. The Board of Directors (Board / BOD)

The BOD monitors and guides QNB Group strategies through the review and approval of the various Group policies, including the investment and credit policies, whether they originated directly from the BOD or through Board Committees, to ensure the adherence to specific standards in order to minimise the Group's risk exposure. The BOD also ensures that QNB Group adopts a number of policies and rules that include the functions and responsibilities of the Board, along with defining the duties of its members. These policies and rules are developed in compliance with the provisions of applicable laws, allowing the possibility of being amended from time to time.

The BOD also administers the development and implementation of the code of conduct for its members, explaining their roles and responsibilities and establishing the principles of ethical behaviour. The Board of Directors Charter is published and available on the Bank's website. The BOD meets at least six times a year to review and approve the annual budgets, capital expenditures and business plans. Moreover, the BOD regularly monitors the Group's progress towards achieving its strategic goals and objectives, and recommends the necessary adjustments where applicable. As part of its duties, the BOD also ensures the implementation of an internal control system, including risk management, internal audit, compliance and financial control.

3.1 Board of Directors Structure

According to the Articles of Association, (10) Members of the BOD are elected or nominated for three years renewable for the same period. The major shareholder in QNB which is the Government of Qatar, through the Qatar Investment Authority (QIA) (holding 50% equity stake) is entitled to appoint five (5) of these members while the other shareholders have the right to elect the remaining five (5) members. QIA shall appoint the Chairman among the BOD members and the Board shall elect its Vice Chairman among its members by a majority secret vote of the Board. The Board of Directors has the widest authority to manage the bank and has also the right to appoint several managers or authorised persons and to vest in them the right to sign jointly or separately on behalf of the bank.

On the 7th of July 2013, QIA appointed H.E. Mr. Ali Shareef Al-Emadi, the Minister of Finance, as Chairman of the BOD. H.E. Ali Shareef Al Emadi was the former Group Chief Executive Officer of QNB Group and has predominant experience in financial sector spanning over 20 years where he

started his career with Qatar Central Bank at the Banking Supervision and Control Department and progressively held higher posts, culminating in being the GCEO of QNB from 2005 to 2013. H.E. has Bachelor of Science, Finance from the University of Arizona. Beside his mentioned positions above, H.E. also holds several important occupations in the government such as Secretary General of the Supreme Council of Economic Affairs and Investment, and Chairman of Qatari Diar and Qatar Airways.

3.2 Board Composition and Size

During the General Assembly held on 30th of January 2013, (5) Members of the BOD from the private sector were elected and Qatar Investment Authority (QIA) appointed the other (5) Members. The term of the current Board expires in February 2016. During 2015, the composition of QNB Group's BOD has witnessed the appointment of H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani by Qatar Investment Authority as a new representative Board Member to replace H.E. Mr. Ahmad Mohamed Ahmad Al Sayed.

Members of the BOD have the requisite expertise and management skills that qualify them to conduct their duties towards the Bank's best interests. Board members are selected according to the criterion of "the right person in the right place", taking into account the efficiency and competence of the Members. They are also committed to investing the required amount of time and attention towards the accomplishment of their duties for the duration of their tenure.

In order to preserve the principle of transparency in the nomination for Membership of the BOD, and in order to ensure the rights and interests of all shareholders to stand for the Board Membership process by the direct election of the General Assembly without exclusion or deprivation, the BOD maintains strict and direct supervision over the nomination and election process and does not delegate such tasks to any of its committees. Nominations and appointments are made in accordance with an approved mechanism to accept candidates in line with QCB requirements. Moreover, for this specific purpose, the BOD has adopted a clear policy in light of international professional and technical standards to measure the eligibility of individuals to apply for Board Membership.

3.3 Board Responsibilities and Fiduciary Duties

Each Board Member owes the Bank the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations, including QCB Corporate Governance Instructions, QFMA Corporate Governance Code and the Board Charter. Board Members act at all times on an informed basis, in good faith, with due diligence and in the best interests of the Group and all shareholders and act effectively to fulfil their responsibilities towards QNB Group. The Board is also responsible for protecting the Company from illegal, abusive or inappropriate actions and practices.

3.4 The Chairman of the Board

The Chairman is responsible for heading the Board of Directors meetings and ensuring the proper functioning of the Board in an appropriate and effective manner, including timely receipt by the Board Members of complete and accurate information. He also has to approve the agenda of every meeting of the Board of Directors taking into consideration any matter proposed by any other Board Member. This may be delegated by the Chairman to a Board Member, but the Chairman remains responsible for the proper discharge of this duty by the said Board Member. The duties of the Chairman, in addition to the provisions of the Board Charter, also endeavour to encourage all Board Members to fully and effectively participate in dealing with the affairs of the Board of Directors for ensuring that the Board of Directors is working in the best interest of the company in addition to ensure effective communication with shareholders and the communication of their opinions to the Board of Directors. The Chairman is also responsible for allowing effective participation of the Non-Executive Board Members in particular; he is also in control of promoting constructive relations between Board Members.

3.5 Independent and Non-Executive Board Members

All of QNB Group's BOD members are Non-Executive Members; out of them three (3) are Independent Members. None of the Board members assume executive responsibilities, and no Board Director holds a full-time or part-time job within the Group compliant with QFMA Corporate Governance Regulations. At the beginning of 2015, the BOD has completed the evaluation of the Board's performance as a whole, as well as the performance of its members by means

of self-assessment and group-assessment criteria. An induction program has been put in place for the new Board members to provide them with sufficient information about the organisation and the Board activities and to ensure they have proper understanding of the manner in which the bank operates.

3.6 Board Secretary

The BOD has appointed a Secretary of the Board that can be removed only by Board resolution. The BOD secretary is entrusted to record, coordinate and register all the Board's meetings, in addition to keeping custody of records, books and reports sent and received by the Board. The Secretary's functions also include the distribution of information and coordination among Members of the Board and between the Board and stakeholders within the Group, including shareholders, Executive Management and employees, and to ensure the timely access of Members of the Board to all minutes of meetings, information, documents and records related to the Group.

Mr. Mohamed Mahmoud Muslim Arar - Secretariat Management Diploma- is the Secretary of the Board of Directors since 1990. He has previous experience in banking and secretarial work, as he has been a member of the Bank since 1974 in the Current Accounts Department of the Bank then moved to Credit Facility Management in 1980. He was appointed as Office Manager of the Group CEO in 1988.

Mr. Ghanem Hasan Al-Hail – Bachelor of Law, is the Board Office Manager. He was the Head of the Legal Department of the Bank since 2008 up to February 2013 and has previous experience of six years at the Ministry of Civil Service and Housing.

3.7 Board Meetings

The Board should hold at least six meetings during the year. The meetings are held regularly or when called for by the Chairman or by two Board Members, according to QNB Group's Articles of Association. The invitation for the Board meeting should be communicated to all members at least one week prior to the meeting. In this regard, any member can add a subject to the meeting's agenda. The Group's Articles of Association also provide detailed information on the attendance, quorum, voting and meeting requirements. The Board should periodically meet in order to ensure that it is adequately fulfilling its roles and responsibilities. In 2015, the BOD held **six** meetings.

3.8 Board Member Resignation

Following the issuance of the new commercial companies law No. 11 for the year 2015, the provisions of the article (105) have been considered, whereby the article states that in the event that a Board Member is absent from three consecutive (or four non-consecutive) Board meetings, with no acceptable excuse by the Board, the member shall be legally considered as having resigned. The Article (118) of the Commercial Companies Law states that “the General Assembly is entitled to dismiss the Chairman or any elected member based on the recommendation made by the Board of Directors with absolute majority or based on the request signed by shareholders who represent a minimum of a quarter of the shares in the capital. In the last case, the chairman shall call for a General Assembly session within a period of ten days as of the dismissal request; otherwise, the competent administrative unit at the Ministry of Economy and Commerce shall proceed with the General Assembly request”.

The above provisions have been considered in the draft of the new Articles of Association that will be submitted to the General Assembly for approval to be in line with the provisions of the law and QFMA requirements.

3.9 The Committees of the Board

To appropriately perform their duties, the BOD is assisted by three specialised committees composed of Members of the Board who report directly to it, perform functions on its behalf and improve its efficiency. The Chairman of the Board of Directors shall not be a member of any of these committees. These committees include, until the end of the year 2015, the Group Executive Committee, Group Audit and Compliance Committee, and Group Policies, Development, Governance and Remuneration Committee. The BOD considers holding meetings of Board Committees to review significant decisions reached by Management Committees to improve collaboration and coordination. The following is a summary on the composition, duties and the working mechanism of these committees:

Group Executive Committee (GEC)

The Group Executive Committee is composed of three Board Members; one of them is selected by the BOD as Chairman of this Committee. The Group Chief Executive Officer attends all meetings, without voting rights. This Committee shall ensure the facilitation of the effective supervision and overall control of the Group's business by receiving and reviewing overall customer credit, inter-group and investment exposures. It also authorises individual transactions and sectorial limits that fall within the authority delegated to the GEC by the BOD. Moreover, the Committee approves credit facilities above the authorised limit set for the Executive Management up to the GEC limit delegated by the BOD and reviews credit proposals above the GEC limit then makes appropriate recommendations to the BOD regarding impaired indebtedness cases or obligation above the delegated limit. Additionally, The Group Executive Committee is in charge of reviewing and recommending the action to be taken on impaired loans in line with the delegated limits and authorities as approved by the BOD and in line with QCB regulations. On a quarterly basis, the GEC also enjoys the authority to review the status of pending litigation matters, approving expenditure for amounts above the Centralised Purchasing Committee limit up to the limit delegated to the GEC by the BOD, and seeking independent external counsel to advise and help the committee in conducting any of its responsibilities. The Committee held **five** meetings during the year 2015.

Group Audit and Compliance Committee (GACC)

The Group Audit and Compliance Committee reviews the Financial Statements; and ensures the effectiveness of the Internal Control and the performance of Internal Audit, External Audit, Compliance, and the combating of money laundering and terrorist financing within QNB Group. For the purposes of confirming the adherence to transparency and independence principle, the Internal Audit and Compliance Divisions report directly to the Group Audit and Compliance Committee, whereas the Chiefs of both Audit and Compliance are responsible to submit reports and observations to the Committee on a quarterly basis and as needed.

The committee carries out the responsibilities pertaining to Financial Statements by reviewing significant accounting and reporting issues including complex or unusual transactions, the judgments by Executive Management, and the results of the audit, including any difficulties encountered. It

also reviews the annual financial statements and considers whether they are complete, consistent and reflect appropriate accounting standards and principles. The Group Audit and Compliance Committee is in control of reviewing the Group's annual report notes thereto and related regulatory filings, in addition to reviewing with management and the external auditors all matters required to be communicated under generally accepted auditing standards. Furthermore, the committee is responsible of understanding how management develops interim financial information, and the nature and extent of internal and external auditor involvement. It considers with internal and external auditors any fraud, illegal acts or deficiencies in internal control or other similar areas as well.

The Group Audit and Compliance Committee also carries out duties related to Internal Control by understanding the scope of internal and external auditors' review of internal control over financial reports and obtaining reports on significant findings and recommendations, together with management's responses. It is also in command of procurement explanation from Executive Management and internal and external auditors on whether the Group's financial and operating controls are functioning effectively. In addition, it considers the effectiveness of the Group Risk monitoring and internal controls over annual and interim financial reporting, and regulatory and other reporting, including information technology security and controls. The committee exercises the Internal Audit responsibilities by reviewing and approving the charter, plans, activities, staffing and organisational structure of Group Internal Audit (GIA) and by ensuring there are no unjustified restrictions or limitations on the functioning of GIA, as well as on its access to the Group's records, documents, personnel, as and when required, in performance of their functions. It reviews also and approves the appointment, replacement, resignation or dismissal of the audit personnel, as well as their remuneration, in line with the Group's Remuneration Policy and Practice.

The Group Audit and Compliance Committee performs responsibilities on the subject of Compliance Division by reviewing and approving the charter, plans, activities, staffing and organisational structure of Group Compliance (GC) and ensuring there is an effective mechanism for control, monitoring and reporting on the Anti-Money Laundering and Combating Terrorism Financing measures and related issues. It also reviews the whistle-blowing process and the related register in

addition to recommending the Corporate Governance Annual Report, prepared by Group Compliance, in accordance with regulatory requirements. The committee ensures the efficiency of the Compliance function in detecting the deviations and breaches within QNB Group, and ensures the non-existence of any factors that would impact its independence and objectivity as well as proper reporting of the compliance function with appropriate consideration to Basel Committee requirements and Financial Action Task Force (FATF) recommendations.

The Committee also carries out responsibilities pertaining to Reporting Responsibilities by regularly reporting to the BOD about committee activities, issues and related recommendations. Subject to applicable regulatory requirements, the committee reports annually to shareholders, describing the committee's composition, role and responsibilities and how they were performed, and any other information required by regulations. It reviews also any other reports the group issues that relate to Group Audit and Compliance Committee's area of responsibility. The Committee held **eight** meetings during the year 2015.

Group Policies, Development, Governance and Remuneration Committee (GPDGRC)

This Committee develops the long-term strategy of QNB Group. It ensures the annual business plans and budget are in line with the long-term strategy by monitoring the quarterly performance of the Group. The Committee is also entrusted with the development and promotion of business activities, products and services and the allocation of resources across the Group, along with marketing and communication plans. On a periodic basis, the Committee reviews and assesses changes in the local and international Corporate Governance practices and recommends improvements to the Board.

The Committee also reviews Board-level policies and provides recommendations prior to final approval by the Board. Business policies, operations and other support functions are observed and/or approved by the Group Risk Committee and reported to the committee for information. The Committee also forms the QNB Group's remuneration policy, including that of the BOD and Executive Management, through a framework and policy to be approved by the Board. The Board's remuneration is approved by shareholders at the annual General Assembly meeting, which has the sole right on such a decision based on the Board's proposal. The Committee held **five** meetings during the year 2015.

4. The Board of Directors and the Executive Management Members' Remuneration

The remuneration system within the Group forms a key component of the governance and incentive structure through which the Board and Executive Management promote good performance, convey acceptable risk-taking behaviour and reinforce the bank's operating and risk culture. The board through its Group Policies, Development, Governance and Remuneration Committee (GPDGRC) (by delegation) is responsible for the overall oversight of management's implementation of the remuneration system for the entire bank. In addition, the GPDGRC regularly monitors and reviews outcomes to assess whether the bank-wide remuneration system is creating the desired incentives for managing risk, capital and liquidity. The board reviews the remuneration plans, processes and outcomes on an annual basis.

In accordance with the Commercial Companies Law provisions, as well as the QCB circular 18-2014 dated 24 February 2014 related to the remuneration of the Board of Directors' Chairman and members, QNB Group adopted a special remuneration policy for the BOD in line with the said regulations, whereby the Group's Articles of Association have established a framework for the Board Members' remuneration which is far below the limits referred to in the Commercial Companies Law. The remuneration policy of the BOD Members was duly acknowledged to be in line with QCB instructions; whereas the remuneration of the BOD Members is presented on an annual basis to the General Assembly for approval. GPDGR Committee defines a specific policy for remuneration of the Executive Management before presenting it to the BOD for approval.

The policy defines a mechanism whereby the remuneration is directly linked to the effort and performance at both department and employee levels, through the achievement of assigned goals and objectives in accordance with the profitability, risk assessment and the overall performance of the Group.

5. Executive Management

The Board of Directors of QNB Group appointed on the 9th of July 2013 Mr. Ali Ahmed Al Kuwari as Acting Group Chief Executive Officer before being named in December 2014 as Chief Executive Officer for the Group.

Mr. Ali Al Kuwari has over 28 years of extensive experience in all aspects of Business: Strategic Planning, Sales and Marketing, Finance, Operations, Credit, Human Resources Development, Information Systems, System Analysis and Design, Programming, Business and Customer Partnership, and Business and Product Development. He held several executive positions with QNB, where he occupied the post of Executive General Manager – Chief Business Officer with responsibility for Corporate, Retail, Assets and Wealth Management, Treasury and International Divisions.

Mr. Abdulla Mubarak Al-Khalifa was appointed as "Executive General Manager – Chief Business Officer" in Mr. Ali Al Kuwari's place after the latter left the post to assume his current position.

In accordance with the Corporate Governance Code of QFMA, article (7) and the Corporate Governance instructions issued by QCB, in order to ensure the separation of powers between the Chairman of the BOD and the Group Chief Executive Officer (GCEO), the BOD has given due attention to this aspect and has adopted a clear policy since the establishment of the Bank with a complete segregation between the duties of Chairman of the BOD and the GCEO.

The GCEO is assisted in his duties by a specialised and highly qualified team from the Executive Management. Four Chiefs report directly to the GCEO: The Executive General Manager – Group Chief Business Officer; the Executive General Manager - Chief Operating Officer; General Manager – Chief Risk Officer; the General Manager - Chief Financial Officer; in addition to the General Manager of Strategy.

Two other independent Chiefs appointed by the Group Audit and Compliance Committee, who are responsible for generating reports and reporting on violations and concerns to the Committee and GCEO, are the Group Chief Compliance Officer and the Group Chief Audit Executive.

QNB's Executive Management is fully aware of its role in terms of Corporate Governance through its commitment to implement the legislative requirements and the BOD's instructions in a way that strengthens the control environment in the various processes and banking activities; this includes determining the deviations from

the objectives, ensuring the convergence of operations to achieve the desired goals and implementing corrective actions when required.

Executive Management is also committed to assess the behaviour of individuals and organisational units through the development of effective internal controls which enhance the monitoring of business performance and risk measurement. In addition, soft controls have been implemented, such as incremental audit checks, segregation of duties, and restriction of powers, in addition to the implementation of ceilings on all banking operations through the adoption and monitoring of an authority matrix. The GCEO relies on a number of multi-function internal committees in the execution of his functions.

Based on the Corporate Governance Project that the QNB Group implemented since 2007, nine specialised committees were formed. The Committees' meetings are authenticated if a quorum of majority of the Committee Members is achieved, including the Chairman of the Committee or his deputy. If any member is absent, a representative must be nominated to attend the meeting. Where the majority of the attendees' votes are the norm for decisions, the vote of the Chairman of the Committee prevails in case of a tie, with the exception of the Group Credit Committee, where unanimous decisions are required and any suggestion that is not approved by all the members is denied. In addition, the GCEO presides the Crisis Management Team, which includes the GM - Chief Risk Officer as Vice Chairman and includes members from the various divisions of the Bank. The Crisis Management Team addresses issues that may affect the QNB Group reputation, customers trust, financial matters, and operation failures in some pre-set scenarios.

A summary of the tasks of the various committees is highlighted below:

5.1 Group Risk Committee

The Group Risk Committee is headed by the GCEO, with the General Manager - Chief Risk Officer as the Vice Chairman. The Committee also includes the Executive General Manager – Chief Business Officer, Executive General Manager – Chief Operating Officer, General Manager - Chief Financial Officer, and General Manager Strategy. The Group Chief Audit Executive and Group Chief Compliance Officer attend the meetings as required observers. The Head of Group Operational Risk acts as Secretary for this Committee. The Committee holds quarterly meetings at minimum, provided that the majority of the Committee Members at least attend, including

the Chairman of the Committee or his deputy. The decisions taken are by majority of the attendees, with the Chairman's vote deciding in case of a tie. The committee held **four** meetings during 2015.

The Group Risk Committee establishes implements and monitors QNB Group's risk management strategy and defines risk policies. It reviews the processes and control framework for the management of risks and defines related roles and responsibilities across the QNB Group. The Committee also monitors risk management activities from several perspectives: operational, credit, market, strategic, legal and reputational. The review of the Committee's policies and supervision of its activities falls under the responsibilities of the Board. The Committee reviews compliance with policies and procedures, audit recommendations, regulatory requirements, including combating money laundering and counter terrorist financing requirements.

It also implements and manages the Crisis Management Plan and framework and provides strategic direction during a crisis, including the management of external communications liaising with media, regulatory authorities, emergency services and government agencies.

5.2 Group Credit Committee

The Group Credit Committee is headed by the GCEO, with the Group Chief Credit Officer as the Vice Chairman. The Committee also includes the Executive General Manager – Chief Business Officer, General Manager - Chief Risk Officer, General Manager of Corporate and Institution Banking, Assistant General Manager – Group Credit, and General Manager - Asset and Wealth Management. The Assistant General Manager – Group Credit acts as Secretary for this committee. The Committee meets at least every month, provided that a majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decision consensus is unanimous. Any proposal not supported by all members present is rejected. The Committee held forty **seven** meetings during 2015.

The Group Credit Committee reviews, recommends and implements approved credit policies and procedures related to all corporate and financial institutions across the Group. The Committee also reviews and recommends the investment strategy, policies and procedures to the Group Executive Committee and BOD. The Committee reviews the delegated authorities related to credit

and investments and recommends amendments to the BOD where appropriate. It also escalates its decisions to the Group Executive Committee where said decisions pertain to BOD credit facilities which exceed its authority. The Committee also assumes the responsibility to review and approve the range of investment products across the Group and approves acceptable brokers/ dealers and custodians for the Group. It also monitors and reviews the performance of all the investment portfolio activities. In addition, the Committee monitors and reviews country risk exposures for compliance with the approved investment limits and ratios. The Committee also provides investment and credit risk reports to the Board as and when required.

5.3 Group Asset and Liability Committee

The Group Asset and Liability Committee is headed by the GCEO, with the General Manager – Chief Financial Officer as the Vice Chairman. Other members of this Committee include the Executive General Manager – Chief Business Officer, Executive General Manager – Chief Operating Officer, General Manager – Chief Risk Officer, and General Managers of Treasury and Strategy. Other members of senior management may be invited to attend if needed.

The Assistant General Manager - Trading acts as a Secretary for this Committee. The Committee meets every month, provided that a majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions are taken by majority, with the Chairman's vote deciding in case of a tie. The Committee held **twelve** meetings during the year 2015.

The Committee reviews and recommends the strategies, policies and procedures related to Asset Liability Management across the Group. It also monitors and reviews Treasury performance and products, including banking and trading book portfolios; interest rate risk; liquidity risk; and foreign exchange risk. The Committee also ensures compliance with Treasury's limits and ratios. The Committee oversees inter-group transfer pricing policy. It also monitors monthly financial performance and budget targets and market share targets against performance.

5.4 Group Strategy Committee

The Group Strategy Committee is headed by the GCEO, with the Executive General Manager – Chief Business Officer as the Vice Chairman. The Committee also includes the Executive General Manager – Chief Operating Officer, General Manager – Chief Risk Officer, General Manager – Chief Financial Officer and General Manager – Strategy. General Managers of Business and Support Divisions are invited as needed. The Assistant General Manager - Strategy and Business Development acts as Secretary for this Committee. The Committee meets at a minimum on a quarterly basis, provided that a majority of the Committee Members attend including the Chairman of the Committee or his deputy. The decisions are taken by majority, with the Chairman vote deciding in case of a tie. The Committee held **four** meetings during 2015.

The main function of this Committee is to develop the vision and strategy for QNB Group which is submitted to the BOD for review and approval. The Committee monitors market developments and the competitive positioning against peers in the Middle East, Africa and Southeast Asia Regions. QNB's 2017 vision and strategy was reviewed and refined to a 2020 horizon. The Group's strategic plan was approved by the BOD and communicated to the Group.

5.5 Centralised Purchasing Committee

The Centralised Purchasing Committee is headed by the GCEO, with the Chief Financial Officer as Vice Chairman. The Committee includes the Chief Business Officer, Chief Operating Officer, and Assistant General Manager – Group Financial and Regulatory Reporting. Required observers in this Committee include the Group Chief Audit Executive, Group Chief Compliance Officer and Head of Legal. This Committee also includes a representative from the concerned department as an Observer. The Head of Tenders and Contracts Admin acts as a Secretary for this committee. The Committee meets as and when required, and the decisions are taken by majority, with the Chairman's vote deciding in case of a tie. The Centralised Purchasing Committee ensures the compliance with Tenders and Auction Policy directives manages relevant contractual relations and is committed to disclose any situation of conflicts of interest emanating from members. It reviews and approves the procedures for purchases and auctions, along with the formation of auction working groups to oversee bid openings, selection and evaluation. The Committee also reviews and approves vendor lists and

associated products and services, and the awarding of tenders and auctions. It has the authority to form sub-committees in other jurisdictions where required.

5.6 Group Information Technology Committee

The Group Information Technology Committee is headed by the Group Chief Operating Officer, with the General Manager of Group Information Technology as Vice Chairman. The Committee includes the Group Chief Business Officer, the Group Chief Risk Officer, the General Managers of Group Operations, Group Administration and General Services, Group Retail International Banking and the Heads of Operations Control and Business Excellence, Infrastructure and Development and User services. The Head of Planning and Governance acts as a Secretary for this committee. The Committee meets at a minimum of every two months, provided that a majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions are taken by majority, with the Chairman's vote deciding in case of a tie. The Committee held **four** meetings during 2015.

The Group Information Technology Committee is responsible for establishing IT standards and aligning all IT activities across the Group to meet business plans and objectives. The Committee also formulates and monitors the implementation of the annual IT strategy throughout the Group, including capital and operating expenditure budgets assigned to IT projects and services. It is also the responsibility of the Committee to prioritise the management of IT projects across the Group and to monitor the progress towards their implementation. In addition, this Committee sets, monitors and reports on the aspects related to technology key performance indicators (KPIs) and key risk indicators (KRIs). The Committee also makes relevant recommendations for enhancing the value and contribution of the Group's information systems, as appropriate.

5.7 Group Business Development Committee

The Group Business Development Committee is headed by the Group Chief Business Officer, with the General Manager of Corporate Banking as Vice Chairman. The Committee includes the Group Chief Operating Officer, the Group Chief Financial Officer, the Group Chief Risk Officer and the General Managers of Asset and Wealth Management, Group Retail, International Banking, Group Treasury, Group Strategy, Group Communications and the CEO of QNB Capital. The Head of Cash Management Sales acts as a Secretary for this committee. The Committee

meets at a minimum of once every two months, provided that a majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie. The Committee held **twelve** meetings during the year 2015.

The Group Business Development Committee formulates the implementation framework for realising expansion plans and aligns the required regulatory, business, support and marketing resources. The Committee develops a five-year international expansion plan in line with QNB Group's five-year strategy. It also reviews mergers and acquisitions to implement appropriate integration standards across QNB Group's business. The Committee reviews the new business and product initiatives, as well as market share and competitor information and recommends business plan amendments as needed. It also reviews regulatory developments and their impact on business strategy and products. The Committee develops and monitors the implementation of operational standards across the Group and reviews the performance of Business Departments. It maintains inter-group working priorities in areas of business and operations, at the same time it reviews support units' delivery against business objectives. It is also the Committee's responsibility to review and recommend marketing plans and branding opportunities, as well as the participation in events and to ensure maximum benefit from staff and management engagement.

5.8 Group Operations and Services Committee

The Group Operations and Services Committee is headed by the Group Chief Operating Officer, with the General Manager, Group Operations as Vice Chairman. The Committee includes the Group Chief Business Officer, Group Chief Risk Officer and General Managers of Group Administration and General Services, Group IT, Group Retail, and International Banking. The Assistant General Manager of Operations Control and Excellence acts as Secretary for this Committee. The Committee meets every two months at a minimum, provided that the majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie. The Committee held **six** meetings during 2015.

The Group Operations and Services Committee ensures follow-up and conducts regular reviews of the Bank's operational activities, transaction monitoring, procedure execution and improvements, operational efficiencies, oversight of premises and facilities, and insurance and back-office centralisation initiatives. The Committee aligns all operation activities with QNB Group's vision, mission and business plans. It conducts a regular reengineering program to support continuous process and service improvement. The Committee prioritises the management of relevant projects and manages QNB Group's real estate interests. It reviews and monitors branch, office and ATM expansions across the Group. It also defines and monitors the implementation of security and safety standards across the Group. The Committee also monitors the implementation of internal and external signage and branding standards, and provides quarterly capital budget utilisation and reassignments reports.

5.9 Group Human Capital Committee

The Group Human Capital Committee is headed by the Group Chief Operating Officer, with the General Manager of Group Human Capital as Vice Chairman. The Committee includes the Group Chief Business Officer, the Group Chief Risk Officer and the General Managers of Group Retail, International Business, Group Strategy, the Assistant General Managers of Human Resources Strategy and Integration, Human Resources Services and the Executive Manager of International Human Resources Integration. The Assistant General Manager of Human Resources Strategy and Integration acts as Secretary for this Committee. The Committee meets every two months at a minimum, provided that the majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman vote deciding in case of a tie. The Committee held **four** meetings during 2015.

The Group Human Capital Committee handles all human capital matters across the Group, including manpower planning, recruitment, job evaluations, promotions, disciplinary actions, and compensations and benefits review. The Committee also handles the integrated performance management and development, learning and development initiatives, staff rewards and recognition, and the implementation of staff suggestion schemes. The Committee regularly reviews the Human Resources policies and recommends changes as needed, and deals with the fulfilment of the nationalisation program objectives.

6. Risk Management

QNB risk exposures are mitigated through various specific mechanisms for risk assessment and control. The success of risk management in QNB Group is generated from the ability to focus on the roles and responsibilities defined for the BOD, various committees, Executive Management, officers and staff. Risk management is considered an important element for the QNB Group to ensure continued profitability, and every employee in the Group is responsible for dealing with potential risks when carrying out his/her duties. The BOD assumes the ultimate responsibilities for monitoring QNB Group's risks by assuming the responsibility of risk assessment and supervision in coordination with the GCEO, the Group Risk Committee, the Group Credit Committee, and the Group Assets and Liabilities Committee.

The BOD also performs complete supervision over credit, market and operational risks affecting the Group. The BOD has determined the objectives and framework of the Group's risk management policy and is committed to monitor the various risks on a daily basis through the various committees that are responsible for the establishment of the risk management policy based on the objectives and mechanisms identified by the Board. The Group Risk Management Division, headed by the Group Risk Officer, undertakes the implementation of the policy. Risk management policies and procedures are established in order to identify, assess and monitor the risks at Group level. The process of independent risk oversight is a part of the strategic planning for QNB Group, and includes business risks such as variables that may arise in the environment, technology and business. The BOD assumes full responsibility for the development of strategic risks and the application of the relevant principles, frameworks and policies. This includes the implementation of appropriate restrictions with respect to products, issuer, geographic location, and maturity. However, separate and independent entities responsible for the management and control of certain risks are nominated and pre-defined. Accordingly, QNB Group's Treasury, Risk Management and Internal Audit Divisions are responsible for the Group's commitment to trading restrictions imposed by the BOD. In this regards, detailed monthly reports are submitted to the Group Assets and Liabilities Committee.

The Group Risk Management Division is considered the ultimate administrative authority vested to deal with the various risk aspects at Group level. The Department undertakes the formulation and review of the risk management strategy, defines the risk management policies, evaluates the activities of risk management and control mechanisms, and assesses and determines the Group's operational, credit, market, strategic, legal, and reputational risks.

Group Risk Management also ensures the implementation of operational plans to monitor and manage these risks, reviews and monitors cases of fraud and operating losses, and oversees the legal disputes at all levels of QNB Group. In order to achieve the strategic objectives of QNB Group, the Group Risk Division has spent obvious efforts to strengthen Risk Management, as referred to in the introduction of this report on the QNB Group Achievements during 2015 to Strengthen Corporate Governance Approach.

Starting from 2016 and in line with QCB instructions on Corporate Governance, risk management will be overseen at two levels:

- A. Group Risk Management Committee
- B. Group Board Risk Committee

7. QNB Group Organisation Structure and Succession Plan

7.1 Succession Planning and Organisation Structure

As part of the on-going Corporate Governance project which started in 2007, the BOD is keen to update the organisation structure of the Bank when required to be in line with international best practices, support the application of Corporate Governance and enhance the internal control of various management levels. The updates also fulfil the regulatory requirements and cover future plans of internal and external growth as well as the development of financial and banking services locally and abroad.

Leadership Continuity Planning

Leadership Continuity Planning is an exercise that QNB Group conducts on a quarterly basis to identify Back-ups (Successors), review and update the status and focuses the efforts to enhance high potential employees' readiness through implementation of short / long term development planning.

Institutionalising Learning Culture & Building Leadership Capability

In 2015, Talent Management (Group Human Capital) continued to drive Global Talent Management & Leadership Development Programs through numerous staff development initiatives which were aligned to QNB Group Strategy & GHC business plan. These plans incorporated need-based Assessment Centres for talent identification, Career Development interventions to facilitate staff career growth, and Leadership Continuity Planning (Succession Planning) to identify and build strong in-house leadership capability and drive Leadership & Management development initiatives.

7.2 Training and Development of Future Leadership

Developing QNB Training Programs

A blended learning approach is used for delivery of a wide range of learning interventions. Based on understanding the needs, QNB design the products and provide several programs required by QNB employees such as Personal Effectiveness skills, English Language skills, Credit Risk and Management & Leadership Development programs etc. Additionally, QNB provide the e-learning catalogue to encourage all employees to get the opportunity to learn and develop their skills.

QNB has also developed various programs for Nationals as part of the nationalisation strategy to ensure that they become future star performers of QNB. In 2015, QNB Group has conducted total 9,633 man-hours in classroom training and 3,220 e-learning hours for staff based in Qatar & International locations.

Management and Leadership Development Programs

To develop good future leaders restricted not only within QNB but also globally, for turning strategy into action and capable of bridging levels and functions, QNB had designed various Leadership courses starting from supervisors to executive management and delivered by world-class institutions such as Franklin Covey and AON Hewitt.

At the same time, GHC continue to deliver the Leadership Development Program (LDP) and Management Development Program too many of the Group's international locations in collaboration with Chartered Management Institute.

8. Internal Control System

The BOD assumes full responsibility for the QNB Group System of Internal Controls, whereby specific policies, guidelines and controls covering the entire Group's transactions have been devised. Moreover, the determinations of responsibility limits, performance monitoring, privileges and authorisations on all banking operations have been implemented in addition to a clear policy for segregation of duties and dual control. QNB Group's Executive Management is considered responsible for the overall control of these systems in coordination with the concerned General Managers, Divisional Managers and domestic and overseas Branch Managers. The responsibility of implementing efficient internal control systems at the Group level is the direct responsibility of every employee at the Group.

The Group Audit and Compliance Committee, on behalf of the BOD, performs on a regular basis a review of the framework of internal controls and assesses the internal systems through the evaluation of processes carried out by the Group Internal Audit and Group Compliance in addition to the reviews that the external auditors conduct. The BOD is notified on a quarterly basis of control issues (including risk management); it confirms the adequacy of the existence of effective internal controls at Group level based on the recommendations and advice presented by the Group Audit and Compliance Committee as supported by the Group Internal Audit and Group Compliance through:

8.1 Group Internal Audit Division

The Group Internal Audit is an independent function within QNB Group that intends to add value to the Group's operations and improve their performance. It is the responsibility of the Group Internal Audit to determine and report on the failures or weaknesses in the systems and operations of the Group in order to control its activities and adequately manage its risks. The department also reviews the systems and internal controls for the activities of the Group by assessing the efficiency and effectiveness of the systems and the implemented procedures and by ensuring compliance with the control mechanisms implemented by management. The department also ensures compliance with all rules, regulations and internal procedures, and reviews the validity and reliability of the information that is provided to management. The Group Internal Audit submits its reports directly to the BOD or through the Group Audit and Compliance Committee.

The remuneration of the department is determined by the Group Audit and Compliance Committee, which enhances its objectivity and independence. The Group Chief Audit Executive is nominated by the Group Audit and Compliance Committee and submits periodic reports directly to the Committee and the GCEO. During 2015, Group Audit liaised on a quarterly basis with Group Finance, Group Compliance and External Auditors, ensuring the timely certification of quarterly results as per statutory requirements.

Audit participates in project committees of Information Technology, Corporate Governance, and Tender committees as a non-voting but value-adding member. Audit actively participates in the deliberations of the Group Risk Committee as an Observer and updates Risk Analysis of Business as appropriate. In conformity with the IIA's Standards and Mandatory Guidance in the matter of assurance and consultancy activity, and in terms of the Group Internal Audit Charter, the GIAD reviewed during 2015 a number of policies, procedures, circulars, legal agreements, providing contextual, legal, financial, control related value additions on a continual basis without prejudicing its right to subsequently audit such systems or processes.

8.2 Group Compliance Division

Monitoring of Compliance with laws, provisions and standards is considered the common prominent responsibility to the Group Audit and Compliance Committee, Executive Management and the BOD. Group Compliance is an independent function, characterised by an official status within the Group, which undertakes the identification, evaluation, monitoring and reporting on compliance risks, which include the risk of legal sanctions, legislative and financial loss, or damage to the reputation of the Group as a result of failure to abide by laws and regulations, the charter of professional conduct and the standards of good practices. In order to enable Group Compliance to efficiently perform its functions and responsibilities, it has been granted authority to deal with compliance matters within the Group's activities and has been given unrestricted access to all information, employee records and Group operations in Qatar and abroad.

Group Compliance is also empowered to conduct investigations relevant to any possible irregularity. Group Compliance's responsibilities are carried out through the implementation of a compliance program that specifies its activities. The Group Audit and Compliance Committee approves the annual

compliance plans, which are executed in accordance with the Group Compliance Charter and its policies and procedures. Group Compliance submits periodic reports to the Group Audit and Compliance Committee and the GCEO concerning compliance issues, irregularities, and the corrective actions hence implemented.

During 2015, Group Compliance has made significant efforts to enhance the implementation of the principles of Corporate Governance and Institutional Compliance, along with supporting the Executive Management and Board of Directors in the consolidation of Corporate Governance concepts and to meet legal and regulatory requirements of QNB Group, as well as identifying and assess the risks of business related discipline. The different steps taken by Group Compliance in this regard are referred to in the "Achievements" section 2 of this report. As a result of the Group Compliance efforts to adhere to the regulatory requirements and directives, no penalty of whatever nature was imposed on QNB Group by any regulatory authority during the year 2015.

9. External Audit

According to the Commercial Companies Law No. (11) of 2015, Article (141) provisions, and QCB instructions; QNB Group's General Assembly appoints an external auditor for one fiscal year based on recommendations made by the Group Audit and Compliance Committee to the BOD, where the General Assembly assesses the evaluation of this remuneration. Currently, and for the third consecutive year, Ernst and Young was assigned to audit QNB Group accounts until the 31st of December 2015. The external auditors attend the General Assembly meetings to present their report and answer shareholders' questions. Based on QCB's instructions, and in line with International Standards, the External Auditor conducts the review and the audit of the financial statements quarterly and annually according to the relevant International Standards on Auditing. The External Auditor presents his reports to the BOD and the General Assembly in conformity with the Laws of the State of Qatar.

10. QNB Group Ratings

During 2015, Standard and Poor's, Capital Intelligence and Moody's affirmed QNB's rating. The QNB Group credit rating is considered amongst the highest in the region. The following table highlights the rating of QNB Group's by the most important rating agencies world-wide:

QNB Group	Fitch	Capital Intelligence	S&P	Moody's
Long-Term Rating	AA-	AA-	A+	Aa3
Short-Term Rating	F1+	A1+	A-1	P-1
Outlook	Stable	Stable	Stable	Stable

11. Capital and Shares

The authorised, issued and fully paid up share capital of the Bank totalling QR 6,997 million consists of 699,729,438 ordinary shares of QR 10 each (2014: 699,729,438 shares of QR 10 each). The ownership structure of QNB Group has been stable since its establishment in 1964. Qatar Investment Authority holds 50% of the ordinary shares of the Bank with the remaining 50% held by members of the public whereby any natural or legal person, except QIA, cannot, at any time, possess more than (2%) of the shares other than by way of inheritance or testament. All shares issued are of the same class and carry equal rights.

This is considered as an important aspect designed to reduce the dominance of the majority shareholders on minority shareholders. Consequently, the BOD composition reflects the ownership structure whereby five members of the ten BOD Members, including the Chairman, are representatives of QIA, while the remaining five members are from the private sector and are elected by shareholders at the General Assembly meeting.

12. Shareholders' Rights

The Corporate Governance practices within QNB protect and facilitate the exercise of shareholders' rights and ensure the equitable treatment of all shareholders, including minority shareholders. QNB Group maintains open and transparent channels of communication with its shareholders and has published all the information for investors and stakeholders on a regular basis through its website, as well as other media. The QNB Group has also developed a modern version on its website www.qnb.com that provides detailed reports to shareholders on Corporate Governance, financial data and other important information on the disclosure of financial and non-financial information.

A dedicated work team, led by the General Manager – Group Chief Financial Officer and the Assistant General Manager – Economic Financial Analysis and Research, are entrusted to provide analysts and shareholders with the latest updates on QNB Group's activities. The Bank's Articles of Association also confirm that all capital shares hold equal rights, without discrimination, in terms of ownership in the Bank's assets, profits, attendance to the General Assembly meetings and voting, in application of the principle of "one vote per share".

In accordance with the Commercial Companies Law, the Articles of Association states that the General Assembly shall hold one ordinary meeting within four months following the end of each financial year. The Board of Directors may call for a meeting of the General Assembly at its own discretion or whenever requested to do so for a certain purpose by the External Auditor or by shareholders holding at least one tenth of the capital.

In case of an extraordinary meeting, an application in writing shall be addressed to the Chairman by shareholders holding at least (25%) of the company share capital. Notification of the General Assembly meeting as well as the meeting agenda are published prior to its date as per the Commercial Companies Law and the Bank's Articles of Association, and is published on the Bank's website. Copies of the Annual Report and financial statements are also published at least 15 days prior to the annual General Assembly meeting, to give the shareholders reasonable time to obtain and to discuss the Bank's performance with the Chairman of the BOD and other Members of the Board.

The General Assembly may hear any proposal included in the agenda by the Board of Directors, and such proposal may be presented by a number of shareholders owning not less than a tenth of the total number of shares. Shareholders have the right to vote during the General

Assembly in person or be replaced by another shareholder as a proxy. The BOD presents its suggestions on the dividends distribution to the shareholders in the General Assembly based on QNB Group's performance and results, along with the Group strategy.

The shareholders have the sole authority to approve and decide about the profit allocation, together with the modalities.

- Article (23) of QFMA Corporate Governance Code regarding the Shareholder's Register in the point (2) stipulates that any shareholder shall have the right to obtain a copy of such register.
- We recommend reconsidering this clause; that is incompatible with the principle of confidentiality of information, especially for the Bank shareholders, taking into account their right to access to any information or reports with respect to the financial matters, and any other aspect of the Bank's business, as set out in the Commercial Companies Law. For the sake of further transparency, QNB has, during 2014, deposited the shareholders register with the Qatar Securities Depository, which is entrusted with this responsibility as per QFMA regulations.
- Article (29) clause (2) of QFMA Corporate Governance Code regarding the rights of minority shareholders requires the inclusion of particular provisions in the Articles of Association to protect the minority shareholders' right to object to the vote of majority shareholders in favour of large deals.
- However, a key to protecting QNB's minority shareholders is the Charter of the Board of Directors that clearly articulates duty of loyalty by board members to the Bank and to all shareholders. It includes in its terms of reference the obligation to submit appropriate recommendations to the General Assembly during the session to take strategic decisions and to consider the interests of the bank and minor shareholders.

Moreover, following the issuance of the new Commercial Companies' Law No. (11), 2015 and in order to comply with QFMA requirements, a new paragraph was introduced in the draft Articles of Association (AOA) satisfying this requirement. The new AOA were submitted to QCB, QFMA and the Ministry of Economy and Commerce for feedback before being approved by the General Assembly meeting.

13. Disclosure

The Corporate Governance framework within QNB ensures timely and accurate disclosure is made on all material matters regarding the Group, including the financial situation, performance, ownership, and governance of the Bank. It abides by all disclosure requirements and furnishes all financial information and audit reports accurately and transparently to remain in line with international best practices as well as local regulatory requirements including financial data, Qatar Central Bank's reports and the disclosures made to the Qatar Stock Exchange.

QNB is considered among the first companies to publish its financial statements in the Middle East and North Africa region. Based on this, the Bank is also committed to a clear policy of disclosure, since the Corporate Governance Report intended for QFMA and QCB includes information on the Board of Directors along with brief summaries of their roles and qualifications, as well as their membership in other companies' Boards of Directors (Appendix). Since there are no major shareholders other than Qatar Investment Authority, which own 50% of the Bank's Capital, no further details require disclosure regarding the major shareholders.

QNB Group affirms that all statements supplied in this regard are true, accurate and not misleading, to the best of its knowledge and belief. Moreover, all of the QNB Group annual financial reports comply with the International Financial Reporting Standards (IFRS) and the applicable provisions of Qatar central Bank regulations. The External Auditors' report includes affirmations that they have received all required information and that the audit was conducted in accordance with the International Standards on Auditing (ISA).

Regarding Article (13) of the QFMA code relevant to conflict of interest in sections (13-4) that requires the Board Members to disclose their trading activities in company's stocks and other financial securities, we believe that this contradicts with the secrecy of the shareholders' private information. Furthermore, the Commercial Companies Law article (122) cites the statements and information that must be disclosed to the shareholders and does not refer to the transactions of the Board Members in the company's stocks or its other financial securities.

14. Conflicts of Interest and Insider Trading

QNB Group has established its own internal policy applicable to related parties, personal account dealing, tenders, auctions and outsourcing based on the Commercial Companies Law and Qatar Central Bank instructions in this regard. According to this policy, all the QNB Group employees are required to periodically disclose any personal interests and dealing in the Bank's shares, including third parties that have relations with the Bank.

15. Handling Customers' Complaints

Customers' complaints are a crucial source of information in order to enhance and develop the Group's activities, whereby customers are considered key to success and prosperity. Some organisations consider the customer the backbone for their survival, continuity and success; therefore, the establishment of a Customer Satisfaction Unit that addresses their complaints has become a major and crucial objective for the Bank Executive Management in developed institutions. In the light of progress in legislation, laws and regulations that govern the relationship with the customers, and for the purpose of promoting and developing the transparency with stakeholders, QNB Group has established the framework and the appropriate mechanism for an independent unit specialised in managing customers' complaints (Complaint Management).

16. Corporate Social Responsibility

QNB Group has continued achieving its lofty goals with regard to its social responsibilities towards the local and the international communities for this year through the support of many initiatives that are intended to contribute to support the development within the countries where it operates. As well, the many events hosted by the Group reflected its orientation and highlighted its activities in the various areas that underpin the Group's corporate social responsibility, especially the activities carried out by the Group in foreign countries through its branches and representative offices located abroad. The Group considers spreading its social responsibility policy as a top priority, as the culture of promoting social awareness among individuals fosters interconnection between all and reflects the Group's commitment to the local and international communities in which it operates.

Culture and Arts

In line with its vision, QNB Group has carried out several initiatives in the six core areas of its social responsibility policy this year. In the field of Culture and Arts, the Group, as an institution that enjoys the best of modern technological methods, celebrated Garangao in a unique and innovative way, merging the Qatari heritage with modern technology. It launched the Garangao Challenge Game on smartphones and tablets with images inspired by local buildings, including QNB's head office building. The Group also designated a special location to celebrate this occasion in which various contests were held for children in addition to the distribution of Garangao treats for all visitors and toy figures of the four characters of the game. The Group also participated in the Garangao festivities with a special booth in Souq Waqif along with all other state institutions. The QNB booth attracted large turnout of visitors and children who enjoyed the atmosphere of the glorious Qatari history and heritage.

Economic and International Affairs

In the area of Economic and International Affairs, the Group has provided sponsorship for many important economic events including the official sponsorship of the Doha Jewellery & Watches 2015 Exhibition which is one of the most important annual events hosted by the State. The sponsorship of this exhibition enabled the Group to present and display its brand and identity and the high profile brands of the participating institutions. It also promoted the objectives of the exhibition and highlighted the importance of the State of Qatar as a trading hub for financial activity. The Group also sponsored and hosted the meetings of the Institute of International Finance, which took place with the participation of 700 senior professionals in the financial services sector from all around the world. These meetings discussed a number of topics that aimed to support the financial industry through prudent risk management, the development of balanced methods, enhancement of organisational matters and considering the financial and economic policies that are essential for the stability of the international financial environment and sustainable economic growth.

Health and Environment

With respect to Health and Environment, the Group has devoted efforts to supporting the protection of the environment and contributed to the activities of cleaning the beaches and islands in cooperation with the Ministry of Municipality and Urban Planning. QNB also sponsored the 1st Qatar International Conference on Obesity and Metabolic Surgery which witnessed the participation of more than 30 countries. The conference aimed to enrich the knowledge of the medical cadres with regard to providing specialised medical care to patients who suffer

from obesity and the related problems. The conference also discussed the state of the art methods used in metabolic and obesity surgeries. The Group also provided many medical tips in this regard through its social media accounts.

Social and Humanitarian Affairs

In the area of Social and Humanitarian Affairs, QNB Group took many initiatives towards society, such as sponsoring the preparatory summit for youth which paved the way for participation in the International Summit for Humanitarian Work that aimed to encourage the youth to effectively take part in the international humanitarian issues. The Group also took the initiative of developing the mobile services projects of the Qatar Foundation for Elderly People Care by donating buses to be used in transporting home care staff who provide home medical care and psychological support to elderly people. The Group was also the sponsor of the World Autism Awareness Day organised by the Al-Shaflah Center for Children with Special Needs, in which many topics were discussed to stress the importance of integrating handicapped children in society and remove the barriers between different social categories.

Youth and Education

In the field of Youth and Education, the Group took several initiatives such as sponsoring the first MENA Universities Summit. The summit discussed several important topics, such as areas of strength and weakness in the region's educational sector, satellite-based education and cooperation between universities and the industrial sector. The Group also presented several training courses to Qatari youth to prepare them for the labor market, particularly the banking sector. This leading role played by QNB in this area asserts its genuine interest in qualifying and employing Qatari youth and utilising their potential in the development of the Qatari community.

17. Spotlights on Corporate Governance Practices: The new BOD Committees and Practices Arrangements Effective 2016



The year 2015 witnessed the issuance of the new Commercial Companies Law No 11 of 2015 and the Corporate Governance Instructions issued by Qatar Central Bank (QCB). Both regulations aim to provide a framework within which companies and banks should operate to achieve robust and transparent risk management and decision-making and, in doing so, promote public confidence and uphold the safety and soundness of the commercial and banking system.

Group Compliance has conducted a comprehensive analysis study that sets out all of the material amendments introduced by the new Law and QCB instructions considering the effect they may have on the QNB Group Corporate Governance Framework. The analysis was accompanied by a proposal and an action plan to meet the new requirements. The study was submitted and approved by the BOD for effective implementation early 2016 which will consider the following elements:

17.1 Board of Directors New Committees Structure

The new Board Committees structure would include the following committees to meet the new requirements:

Group Board Risk Committee

The full BOD was having the oversight responsibility over the Risk Management; however, such responsibility will be assigned to this newly formed board committee in order to meet the new regulatory requirements. Based on that, the BOD approved to establish a new Group Board Risk Committee and the Terms of Reference (TORs) will be established in line with the required roles and responsibilities as determined by the relevant regulations as well as international best practices.

Group Board Nomination, Remuneration, Governance & Policies Committee

The Board agreed to rename the existing Group Policies, Governance, Development and Remuneration Committee (PGDRC) to be as mentioned above. The Committee TORs will be also amended to reflect the new responsibilities pertaining to the Nomination and moving all responsibilities related to the Development functions to the Group Executive Committee.

Group Board Audit & Compliance Committee

The existing Terms of References of the committee will be amended to reflect the new requirements for having the majority of the committee's members to be independent and non-executive; in addition to a condition that none of the members of this committee should be a member of any other Board Committee. Based on that two members of the committee now should be independent and membership in other committees will no longer be allowed.

Group Board Executive Committee

The existing Terms of References of the committee will be updated and will include along with the existing responsibilities others provisions related to the Development function which include Planning, Budgeting, Business Development, Visions, Strategies, Brand, Communications, Corporate Social Responsibility, Marketing, etc.

17.2 Board of Directors Practices and Roles

The Board responsibilities will also include the below new provisions based on the new regulatory requirements as the following:

The Directors Independency

The BOD assesses, reviews on an annual basis and documents the independency of each director to determine whether each director is independent in light of QCB guidelines.

Delegation of Authorities

Further element has been added to the Delegation of Authorities; the regulator confirmed on the need to keep the responsibility of ensuring an adequate and effective Corporate Governance process is in place with the BOD. As per QCB instructions, such accountability may not be delegated to any other party and need to remain with the Board only.

BOD Members Resignation

A Board member may resign by submitting a written and signed notice to the Chairman to be distributed to all board members. In case of resignation for reasons of irregularities observed by the member, the written letter should be addressed with a statement explaining all related facts and must be documented in the Board of Directors' Meeting Minutes.

The Directors Induction

To put emphasis on awareness, acknowledgment and undertaking of BOD responsibilities and duties with the intention of ensuring the Board Induction process to allow an effective and informed performance of each Director. This makes a start immediately after its appointment focusing on QNB business and strategies, organisation and corporate governance issues, on internal control and risk management system and compliance models. In this regards, Group Compliance will ensure preparing the induction file to the BOD members after the election of the new Board which will include a comprehensive data about the governing framework of QNB.

BOD Awareness

The Group Board Nominating, Remuneration, Governance and Policies Committee will design, monitor and maintain the training and continuous professional development of directors pertaining to Corporate Governance matters.

BOD Evaluation

The Group Board Nominating, Remuneration, Governance & Policies Committee will be required to arrange the annual evaluation of performance of the Board, its Committees and individual Directors consistent with BOD Policy.

Mandate Documentation

QNB Group documentation arrangements will be updated to take into account the interactions and complementarity between different elements of the Corporate Governance framework and its overall ability to promote ethical, responsible and transparent corporate governance practices and fostering sound Corporate Governance culture within the Group. The documentation will include the following:

- Articles of Association
- Board of Directors Policy and Charter
- BOD Committees Terms of Reference
- Corporate Governance Manual

The documentation update practice will also cover certain aspects pertaining to the General Assembly conduct, adoption of the Corporate Governance Report during the General Assembly session and Proxy vote rules.

Conclusion

In line with its strategic vision to become a Middle East & Africa Icon by 2017, QNB Group continued its efforts to enhance the existing Corporate Governance Framework and adopt the latest best practices in this regards in order to maintain the stability and soundness of the organisation and the trust of the shareholders, potential investors and all the other stakeholders.

The year 2015 was a pivotal step towards preparing the next era of QNB Governance and management pillars in terms of preparing the new set-up of the Board of Directors, the Board committees together with related executive management supporting functionalities.

As the Corporate Governance is the business of all the financial players in the State of Qatar, we would like to extend our warm thanks to QCB, QFMA and the Ministry of Economy and Commerce for their efforts and support in fulfilling the transitional procedures smoothly, and to all QNB stakeholders for their attention, consideration and contribution in what QNB is today.

With reference to Article (31) of the Corporate Governance Code issued by the QFMA, QNB Group has provided the QFMA with the required annual report within the time stipulated for this task.

Article (18-5) of the QFMA's Code that stipulates the necessity to disclose any conflict between the recommendations of the Group Audit and Compliance Committee and the decisions of the BOD taken following these reported suggestions, we confirm that the system of regularly raising the adopted reports between the Group Audit and Compliance Committee and the BOD ensures full commitment of all responsible parties to abide by the Committee's recommendations, and that, during the year 2015, no such conflicts have occurred in QNB Group.

Rashid Misfer Al-Hajri

Member of the BOD
Chairman of the GACC

Ali Shareef Al-Emadi

Chairman of the Board of Directors

Appendix (1) The Board of Directors - Biographies

Name of the Director	Brief Biography Summary
H.E. Mr. Ali Shareef Al-Emadi Chairman of the Board of Directors	H.E. was appointed as Chairman of QNB Group in July 2013. He is also the Minister of Finance and the Secretary General of the Supreme Council of Economic Affairs and Investment. His Excellency is also the Chairman of Qatari Diar Company and Qatar Airways, the Vice Chairman of Qatar Telecom (Ooredoo), Board member of Qatar Investment Authority and the Chairman of its Investment Committee; and a Governor at the International Monetary Fund, the International Bank for Reconstruction and Development, the Islamic Development Bank, OPEC Fund for International Development and the Arab Monetary Fund; and member of the Board of Lycée Voltaire.
H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al Thani Vice Chairman	H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al Thani has been a member of the Board since 2004. He was elected Vice Chairman in January 2011. He is currently the Deputy Chairman of the Supreme Council for Communications and Information Technology and a member of the Supervisory Committee of Porsche, as well as being a member of the Qatar Foundation Fund.
H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al Thani	H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al Thani was elected as a Board member in the beginning of 2013 and being a member of the Group Policies, Development, Governance, and Remuneration Committee. His Excellency has B.A. in Political Science from European University, London, - United Kingdom.
H.E. Sheikh Hamad Bin Jabor Bin Jassim Al Thani	H.E. Sheikh Hamad Bin Jabor Bin Jassim Al Thani has been a member of the Board since 2004. He is a chairman of the Group Executive Committee and a member of the Group Policies, Development, Governance, and Remuneration Committee. He is also the Chairman of the permanent Population Committee and a member of the Boards of Qatar University, Hamad Medical Corporation and Qatar Water and Electricity Company.
H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani	H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani was appointed as a Board member in April 2015. He is currently the Minister of State and Chief Executive Officer of Qatar Investment Authority, where he oversees and manages the Government of Qatar's investment funds in international and domestic markets. Sheikh Abdullah is Member of the Supreme Council for Economic Affairs and Investment. His Excellency also serves as a Commissioner to the United Nations ITU Broadband Commission for Digital Development, a Member of the World Bank's Advisory Council on Gender and Development and is currently the Chairman of Ooredoo.
Mr. Bader Abdullah Darwish Fakhroo	Mr. Bader Abdullah Darwish Fakhroo has been a member of the Board since 2001 and is a member of the Group Executive Committee. He is also the current the Chairman of Darwish Holding.
Mr. Rashid Misfer Al- Hajri	Mr. Rashid Misfer Al-Hajri has been a member of the Board since 1998 and he is the Chairman of the Group Audit and Compliance Committee.
Mr. Ali Hussain Ali Al-Sada	Mr. Ali-Hussain Ali Al-Sada has been a member of the Board since 1998 and a member of the Group Executive Committee. He is also the Chairman of Qatar Syrian Company for Investment and Development, as well as being a member of the Board of Qatar Navigation, Safwah Financial Services, Tharawat Investment House and Dlala Holding Company.
Mr. Fahad Mohammed Fahad Buzwair	Mr. Fahad Mohammed Fahad Buzwair has been a member of the Board since 2001. He is the Chairman of the Group Policies, Development, Governance and Remuneration Committee and a member of the Group Audit and Compliance Committee. He is also the Chairman of Buzwair Group.
Mr. Mansoor Ebrahim Al-Mahmoud	Mr. Mansoor Ebrahim Al-Mahmoud has been a member of the Board since 2004 and member of the Group Audit and Compliance Committee. He is also a member of the Board of Qatari Diar, Hassad Food Company, Enterprise Qatar and Doha Film Institute.

Appendix (2) Executive Management - Biographies

Name and Position	Brief Biography Summary
Mr. Ali Ahmed Al-Kuwari Group Chief Executive Officer	Mr. Ali Ahmed Al-Kuwari joined QNB in 1988. Prior to his appointment as Group Chief Executive Officer in July 2013, he was the Executive General Manager - Chief Business Officer of QNB. He was responsible for all business lines of QNB and played a key role in QNB becoming the leading financial institution in the Middle East and North Africa. Mr. Al Kuwari is also the Chairman of MasterCard Middle East and North Africa Advisory Board, Chairman of QNB Capital LLC, Chairman of QNB Indonesia and Chairman of QNB Privée Suisse in Switzerland. Vice-Chairman of Commercial Bank International (CBI) in the UAE, and Vice-Chairman of the Qatar Stock Exchange. Mr. Al-Kuwari has a Master's degree of Science in Management Information System from the Seattle Pacific University, and a Bachelor's degree in Math and Computer Science from Eastern Washington University. He also has attended a number of Executive programmes at Wharton School of Business, London Business School, Cambridge University and Duke University.
Mr. Abdulla Mubarak Al-Khalifa Executive GM - Chief Business Officer	Mr. Abdulla Al-Khalifa joined QNB in 1996 and currently serves as the Executive General Manager, Chief Business Officer and was previously General Manager, Corporate Banking. Mr. Al-Khalifa has almost 20 years of banking experience and is a member of the Board of Directors of the Housing Bank for Trade & Finance in Jordan, QNB Al-Ahli in Egypt and QNB Capital in Qatar. Mr. Al-Khalifa holds a Bachelor's degree in Business Administration from Eastern Washington University in the United States.
Mr. Ali Rashid Al- Mohannadi Executive GM - Chief Operating Officer	Mr. Ali Rashid Al-Mohannadi joined QNB in 1996 and currently serves as the Executive General Manager and Chief Operating Officer and was previously General Manager, Retail Banking and General Manager, Information Technology. Mr. Al-Mohannadi is the Chairman of QNB Tunis, a member of the board of directors of the Housing Bank for Trade & Finance in Jordan, QNB Al-Ahli in Egypt; he is also a member of the board of directors of Commercial Bank International PSC and QNB Syria in Syria. Mr. Al-Mohannadi has almost 20 years of experience in the financial sector and has a Bachelor's degree in Computer Science from Qatar University.
Mr. Ramzi Mari GM - Chief Financial Officer	Mr. Ramzi Mari joined QNB in 1997 from the Bank of Jordan and currently serves as the General Manager, Chief Financial Officer. Mr. Mari has almost 24 years of experience in the banking sector and passed the certified public accountant exam in the State of California in 1989. Mr. Mari holds a Master's degree in Accounting from California State University in the USA. He is a member of the Board of the Housing Bank for Trade & Finance in Jordan and QNB Al-Ahli in Egypt.
Mr. Grant Eric Lowen GM - Chief Risk Officer	Mr. Grant Eric Lowen joined QNB in 2012 and currently serves as the General Manager, Chief Risk Officer. Prior to joining QNB, Mr. Lowen was with the Commonwealth Bank of Australia and worked in Risk and Finance roles within Westpac Banking Corporation and KPMG. Mr. Lowen has over 30 years of experience in the financial sector and is a Chartered Accountant and member of Chartered Accountants Australia and New Zealand. Mr. Lowen is a member of the Board of QNB Al-Ahli in Egypt and QNB Indonesia.
Mr. Saleh Nofal Group Chief Compliance Officer	Mr. Saleh Nofal joined QNB in June 2003 and currently serves as the Group Chief Compliance Officer. Prior to joining QNB, Mr. Nofal was with Arab Bank, Jordan National Bank, the Arab World Auditing Bureau and a Jordanian public accountancy firm. Mr. Nofal has more than 27 years of experience in the banking sector and the Internal Audit field. Mr. Saleh holds a Bachelor's degree in commerce; he is a Certified Internal Auditor, a Certified Fraud Examiner and a Certified Compliance Officer and has a professional Diploma in Audit & Accounting and is a professional member of CAMS, IIA and ACFE.
Mr. Khaled Gamaleldin Group Chief Audit Executive	Mr. Khaled Gamal Eldin joined QNB in March 2014 as the Group Chief Audit Executive with 28 years of Banking experience in leading banks in the region. Prior to joining QNB, Mr. Gamal Eldin worked as GM – Chief Internal auditor for Al Rajhi Bank in Saudi Arabia and as GM – Chief Internal Auditor for Gulf Bank in Kuwait. In addition, Mr. Gamaleldin was previously working with QNB for 11 years in different roles in Internal Audit and as the Head of the Compliance Department. In addition, he worked as an Examiner in the Banking Control Department in the Central Bank of Egypt. Mr. Gamal Eldin is a Certified Public Accountant (CPA) from the State of Colorado, a Certified Fraud Examiner (CFE), and Certified Anti-Money Laundering Specialist (CAMS) and has an MBA in International Finance and a Diploma in Risk Management.

Appendix (3) QFMA Corporate Governance Checklist

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable	
3	Company's Obligation to comply with Corporate Governance Principles	3.1	The Board shall ensure that the Company complies with the principles set out in this Code.	✓	Section 1.3		
	3.2	The Board shall also review and update its corporate governance practices, and regularly review the same.	✓	Section 1.2			
	3.3	The Board shall regularly review and update professional conduct rules setting forth the Company's corporate values and other internal policies and procedures all of which shall be binding upon the Members of the Board of Directors and the Company's staff as well as the Company's advisors (These professional conduct rules may include but are not limited to the Board Charter, audit committee's charter, company regulations, related party transactions policy and insider trading rules). The Board should review these professional conduct principles regularly so as to ensure they reflect best practices and they meet the needs of the Company.	✓	Section 1.2			
4	Board Charter		The Board shall make sure that the Company adopts a Charter for the Board of Directors detailing the Board's functions and responsibilities as well as the Board Members duties which shall be fulfilled by all Board Members. The said Board Charter shall be drafted to comply with the provisions of this Code, and shall be based on the Board Charter annexed to this Code and as may be amended from time to time by the Authority. The said Board Charter shall be published and made available to the public.	✓	Sections 3 & 3.3		
5	Board Mission and Responsibilities	5.1	The Company shall be managed by an effective Board of Directors which shall be individually and collectively responsible for the proper management of the Company.	✓	Section 3.3		
		5.2	In addition to the Board functions and responsibilities as set out in the Board Charter, the Board shall be responsible for:				
		5.2.1	Approving the Company's strategic objectives, appointing and replacing management, setting forth management compensation, reviewing management performance and ensuring succession planning concerning the Company's management.	✓	Sections 3 & 4 & 7		
		5.2.2	Ensuring the Company's compliance with related laws and regulations as well as the Company's articles of association and by-laws. The Board is also responsible for protecting the Company from illegal, abusive or inappropriate actions and practices.	✓	Section 3.3		
		5.3	The Board may delegate some of its functions and constitute special committees, for the purpose of undertaking specific operations on its behalf. In this case written and clear instructions shall be given concerning the delegated function or authority with the requirement to obtain the Board's prior approval on specific matters. In any event, and even where the Board delegates one of its functions or authorities, the Board remains liable for all of its functions or authorities so delegated.	✓	Sections 3.9 & 3.1		
6	Board Members' Fiduciary Duties	6.1	Each Board Member owes the Company the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations including this Code and the Board Charter.	✓	Section 3.3		
		6.2	Board Members must at all times act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders.	✓	Section 3.3		
		6.3	Board Members shall act effectively to fulfil their responsibilities towards the Company.	✓	Section 3.3		
7	Separation of Positions of Chairman and CEO	7.1	The same person may not hold or exercise the positions of Chairman and Chief Executive Officer at the same time. The division of responsibilities between the two positions shall be clear.	✓	Section 5		
		7.2	In all circumstances, no one person in the Company should have unfettered powers to take decisions.	✓	Section 5		

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable	
8	Duties of the Chairman of the Board	8.1	The Chairman is responsible for ensuring the proper functioning of the Board; in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information.	✓	Section 3.4		
		8.2	The Chairman may not be a member of any of the Board committees prescribed in this Code.	✓	Section 3.9		
		8.3	The duties and responsibilities of the Chairman of the Board of Directors shall, in addition to the provisions of the Board Charter, include but not be limited to the following:				
		8.3.1	to ensure that the Board discusses all the main issues in an efficient and timely manner;	✓	Section 3.4		
		8.3.2	to approve the agenda of every meeting of the Board of Directors taking into consideration any matter proposed by any other Board Member; this may be delegated by the Chairman to a Board Member but the Chairman remains responsible for the proper discharge of this duty by the said Board Member;	✓	Section 3.4		
		8.3.3	to encourage all Board Members to fully and effectively participate in dealing with the affairs of the Board of Directors for ensuring that the Board of Directors is working in the best interest of the Company;	✓	Section 3.4		
		8.3.4	to ensure effective communication with Shareholders and communication of their opinions to the Board of Directors; and	✓	Section 3.4		
		8.3.5	to allow effective participation of the Non-Executive Board Members in particular and to promote constructive relations between Executive and Non- Executive Board Members;	✓	Section 3.4		
9	Board Composition	9.1	The Board composition shall be determined in the Company's by-laws. The Board shall include executive, non-executive and independent Board Members so as to ensure that the Board decisions are not dominated by one individual or a small group of individuals.	✓	Section 3.2		
		9.2	At least one third of the Board Members shall be Independent Board Members and a majority of the Board Members shall be Non-Executive Board Members.			✓	QNB's BOD members are independent as per QCB instructions.
		9.3	Board Members shall have adequate expertise and knowledge to effectively perform their functions in the best interest of the Company and they shall give sufficient time and attention to their role as Board Members.	✓	Section 3.2		
		9.4	The ownership of a nominee standing for independent Board membership in the Company's capital shall not exceed the number of shares required for Board membership.			✓	QNB's BOD members are independent as per QCB instructions.
10	Non-Executive Board Members	10.1	Duties of the Non-Executive Board Members include but are not limited to the following:				
		10.1.1	Participation in the meetings of the Board of Directors and providing independent opinion on strategic matters, policy, performance, accountability, resources, key appointments and operation standards;	✓	Section 3.7 & In accordance with the applicable QNB Corporate Governance Manual		
		10.1.2	Ensuring that priority shall be given to the Company's and Shareholders' interests in case of conflict of interests;	✓	Section 1.1 & As per QNB Group wide Policies and QNB Corporate Governance Framework		
		10.1.3	Participation in the Company's Audit Committee;	✓	Section 3.9		
		10.1.4	Monitoring the Company's performance in realising its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports; and	✓	Section 3.9		
		10.1.5	the development of the procedural rules for the Company's corporate governance for ensuring their implementation in a consistent manner; and	✓	Section 3.9 & In accordance with the applicable QNB Corporate Governance Manual		
		10.1.6	Availing the Board of Directors and its different Committees of their skills, experiences, diversified specialties and qualifications through regular presence in the Board meetings and effective participation in the General Assemblies and the acquisition of a balanced understanding of Shareholders' opinions.	✓	Section 3 & In accordance with the applicable QNB Corporate Governance Manual		
		10.2	A majority of the Non-Executive Board Members may request the opinion of an independent consultant, in relation to any of the Company's affairs, at the Company's expense.	✓	In accordance with the applicable QNB Corporate Governance Manual		

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable
11	Board Meetings					
	11.1	✓	Section 3.7			
	11.2	✓	Section 3.7			
12	Board Secretary					
	12.1	✓	Section 3.6			
	12.2	✓	Section 3.6			
	12.3	✓	Section 3.6			
	12.4	✓	Section 3.6			
	12.5	✓	Section 3.6			
13	Conflict of Interests and Insider Trading					
	13.1	✓	Section 14			
	13.2	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	13.3	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	13.4	✓		✓	A disclosure was made in the report under Section 13	

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable
14	Other Board Practices and Duties					
	14.1	✓	3.6 & As per QNB Group wide Policies and QNB Corporate Governance Framework			
	14.2	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	14.3	✓	Section 3.5			
	14.4	✓	Sections 3.5 & 17 & As per QNB Group wide Policies and QNB Corporate Governance Framework			
	14.5	✓	Sections 3.9 & 17			
	14.6			✓	Considered in the new AOA.	
15	Board Committees	✓	Section 3.9			
16	Board Members Appointment. The Nomination Committee					
	16.1	✓	Section 3.2			
	16.2			✓		
	16.3	✓	Section 3.2			
	16.4			✓	TOR's GBNRGC was amended to include the task of nomination.	
	16.5			✓	The BOD reviews and evaluate annually its performance including the BOD nomination and election process.	
	16.6	✓	Section 3.2			

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable
17	Board Members' Remuneration, Remuneration Committee					
	17.1	The Board of Directors shall establish a Remuneration Committee comprised of at least three Non-Executive Board Members the majority of whom must be Independent.		✓		
	17.2	Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities.	✓	Section 3.9 & As per QNB Group wide Policies and QNB Corporate Governance Framework		
	17.3	The Remuneration Committee's main role shall include setting the remuneration policy of the Company including remuneration of the Chairman and all Board Members as well as Senior Executive Management.	✓	Section 3.9		
	17.4	The Remuneration Policy shall be presented to the shareholders in the General Assembly for approval and shall be made public.	✓	Sections 3.9 & 4		
	17.5	Remuneration shall take into account the responsibilities and scope of the functions of the Board Members and members of Senior Executive Management as well as the performance of the Company. Compensation may include fixed and performance-related components, noting that such performance related components should be based on the long-term performance of the Company.	✓	Section 4		
18	Audit Committee	18.1	The Board of Directors shall establish an Audit Committee that shall be comprised of at least three members the majority of whom should be Independent. The Audit Committee must include at least one member with financial and audit experience. If the number of available Independent Board Members was not sufficient to fill the Audit Committee membership, the Company may appoint members that are not Independent Board Members provided that the Chairman of the Committee is Independent.		✓	
		18.2	In any event, any person who is or has been employed by the Company's external auditors within the last 2 years may not be a member of the Audit Committee.	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		18.3	The Audit Committee may consult at the Company's expense any independent expert or consultant.	✓	Section 9 & In accordance with the applicable QNB Corporate Governance Manual	
		18.4	The Audit Committee shall meet as needed and regularly at least once every three months and shall keep minutes of its meetings.	✓	Section 3.9	
		18.5	In the event of any disagreement between the Audit Committee's recommendations and the Board's decision including where the Board refuses to follow the Committee's recommendations concerning the external auditor, the Board shall include in the Company's Governance Report, a statement detailing such recommendations and the reason(s) behind the Board of Directors' decision not to follow the recommendations.	✓	Conclusions Section	
		18.6	Upon its establishment, the Audit Committee shall adopt and make public its terms of reference explaining its main role and responsibilities in the form of an Audit Committee Charter including in particular the following:	✓	Section 3.9 & As per QNB Group wide Policies and QNB Corporate Governance Framework	
		18.6.1	a. to adopt a policy for appointing the External Auditors; and to report to the Board of Directors any matters that, in the opinion of the Committee, necessitate action and to provide recommendations on the necessary procedures or required action;	✓	Section 9	
		18.6.2	b. to oversee and follow up the independence and objectivity of the external auditor and to discuss with the external auditor the nature, scope and efficiency of the audit in accordance with International Standards on Auditing and International Financial Reporting Standards;	✓	Section 13	

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable
	c. to oversee, the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports, and to review such statements and reports. In this regard particularly focus on:	✓	Section 3.9			
	1. Any changes to the accounting policies and practices;	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	2. Matters subject to the discretion of Senior Executive Management;	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	3. The major amendments resulting from the audit;	✓	Section 8			
	4. Continuation of the Company as a viable going concern;	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	5. Compliance with the accounting standards designated by the Authority;	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	6. Compliance with the applicable listing Rules in the Market; and	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	7. Compliance with disclosure rules and any other requirements relating to the preparation of financial reports;	✓	Section 13			
	d. to coordinate with the Board of Directors, Senior Executive Management and the Company's chief financial officer or the person undertaking the latter's tasks, and to meet with the external auditors at least once a year;	✓	Sections 8 & 9			
	e. to consider any significant and unusual matters contained or to be contained in such financial reports and accounts. And to give due consideration to any issues raised by the Company's chief financial officer or the person undertaking the latter's tasks, or the Company's compliance officer or external auditors;	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	f. to review the financial and Internal Control and risk management systems;	✓	Section 3.9 & In accordance with the applicable QNB Corporate Governance Manual			
	g. to discuss the Internal Control systems with the management to ensure management's performance of its duties towards the development of efficient Internal Control systems;	✓	Section 3.9 & In accordance with the applicable QNB Corporate Governance Manual			
	h. to consider the findings of principal investigations in Internal Control matters requested by the Board of Directors or carried out by the Committee on its own initiative with the Boards' approval;	✓	Section 3.9 & In accordance with the applicable QNB Corporate Governance Manual			

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable
18.6	18.6.9 i. to ensure ;coordination between the Internal Auditors and the External Auditor, the availability of necessary resources, and the effectiveness of the Internal Controls;	✓	Section 3.9			
	18.6.10 j. to review the Company's financial and accounting policies and procedures;	✓	Section 3.9			
	18.6.11 k. To review the letter of appointment of the External Auditor, his business plan and any significant clarifications he requests from senior management as regards the accounting records, the financial accounts or control systems as well as the Senior Executive management's reply ;	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	18.6.12 l. to ensure the timely reply by the Board of Directors to the queries and matters contained in the External Auditors' letters or reports;	✓	Section 3.9			
	18.6.13 m. to develop rules, through which employees of the Company can confidentially report any concerns about matters in the financial reports or Internal Controls or any other matters that raise suspicions. And to ensure that proper arrangements are available to allow independent and fair investigation of such matters whilst ensuring that the aforementioned employee is afforded confidentiality and protected from reprisal. Such rules should be submitted to the Board of Directors for adoption.	✓	Section 3.9			
	18.6.14 n. to oversee the Company's adherence to professional conduct rules;	✓	Section 3.9			
	18.6.15 o. to ensure that the rules of procedure related to the powers assigned to the Board of Directors are properly applied;	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	18.6.16 p. to submit a report to the Board of Directors on the matters contained in this Article ;	✓	Section 3.9			
18.6.17 q. to consider other issues as determined by the Board of Directors;	✓	Section 3.9				
19	19.1 The Company shall adopt Internal Control Systems, approved by the Board, to evaluate the methods and procedures for risk management, implementation of the Company's corporate governance code and compliance with related laws and regulations. And the Internal Control Systems shall set clear lines of responsibility and accountability throughout the Company's departments.	✓	Section 8			
	19.2 Internal Control Systems shall include effective and independent risk assessment and management functions, as well as financial and operational internal audit functions in addition to the external audit. The Internal Control Systems shall also ensure that all related-party transactions are handled in accordance with the requirements related thereto	✓	Section 8			
	19.3 The Company shall have an internal audit function with clearly defined functions and role. In particular, the internal audit function shall :	✓	Section 8.1			
	19.3.1 audit the Internal Control Systems and oversee their implementation;	✓	Section 8.1			
	19.3.2 be carried out by operationally independent, appropriately trained and competent staff; and	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	19.3.3 submit its reports to the Board of Directors either directly or through the Board's Audit Committee; and is responsible to the Board; and	✓	Section 3.9			
	19.3.4 Has access to all Company's activities; and	✓	Section 8.1			
Compliance, Internal Controls and the Internal Auditor	19.1	✓	Section 8			
	19.2	✓	Section 8			
	19.3	✓	Section 8.1			
	19.3.1	✓	Section 8.1			
	19.3.2	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	19.3.3	✓	Section 3.9			
	19.3.4	✓	Section 8.1			

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable
19	19.3.5 Be independent including being independent from the day-to-day Company functioning. Its independence should be reinforced for example by having the Board determine compensation of its staff.	✓	Section 8.1			
	19.4 The internal audit function shall include at least one internal auditor appointed by the Board of Directors. This internal auditor shall report to the Board or the Chief Executive Officer of the Company, either directly or through the Audit Committee.	✓	Section 3.9			
	The internal auditor shall prepare and submit to the Audit Committee and the Board of Directors an "internal audit report" which shall include a review and assessment of the Internal Control system of the Company. The scope of the Internal Audit Report shall be agreed between the Board (based on the Audit Committee recommendation) and the internal auditor and shall include particularly the following:	✓	Section 8.1			
	- Control and oversight procedures of financial affairs, investments, and risk management.	✓	Section 8.1			
	- Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes.	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	- Assessment of the performance of the Board and senior management in implementing the Internal Control Systems, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board.	✓	Section 8			
	- Internal Control failure, weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedure followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements).	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	- The Company's compliance with applicable market listing and disclosure rules and requirements.	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
	- The Company's compliance with Internal Control systems in determining and managing risk.	✓	Section 8.1			
	- All relevant information describing the Company's risk management operations.	✓	Section 8.1			
19.6 The Internal Audit Report shall be prepared every three months.	✓	Section 8.1				
20	20.1 An External Auditor who is independent, and qualified, and appointed upon the recommendation of the Audit Committee to the Board and the decision of the Company's General Assembly, shall undertake an annual and semi-annual independent audit. The purpose of the said audit is to provide an objective assurance to the Board and shareholders that the financial statements are prepared in accordance with this Code, related laws and regulations and international financial reporting standards and accurately represent the financial position and performance of the Company in all material respects.	✓	Section 9			
	20.2 The External Auditor shall comply with the highest professional standards and he shall not be contracted by the Company to provide any advice or services other than carrying out the audit of the Company. The External Auditor must be completely independent from the Company and its Board Members and shall not have any conflict of interests in his relation to the Company.	✓	Section 9			
	20.3 The Company's External Auditor must attend the Company's annual ordinary General Assembly where he shall deliver his annual report and answer any queries in this respect.	✓	Section 9			
	20.4 The External Auditor is accountable to the shareholders and owes a duty to the Company to exercise due professional care in the conduct of the audit. The External Auditor is also responsible for notifying the Authority and any other regulatory authority should the Board fail to take proper action concerning suspicions raised or identified by the External Auditors.	✓	Section 9			
	20.5 A listed company shall change its External Auditor every three years at a maximum.	✓	Section 9			
External Auditor	20.1	✓	Section 9			
	20.2	✓	Section 9			
	20.3	✓	Section 9			
	20.4	✓	Section 9			
	20.5	✓	Section 9			

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable	
21	Disclosure	21.1	The Company must comply with all disclosure requirements including financial reporting as well as disclosing shareholdings of Board Members, senior executives and major or controlling shareholders. The Company must also disclose information about its Board Members including notably a resume of each member describing his/her respective education, profession, other board seats that they may hold (if any). Names of the members of various Committees constituted by the Board as mentioned in Article 5.3, along with the composition of the committee, should also be disclosed.	✓	Compliant Except as stated in Section 13		
			21.2	The Board shall ensure that all disclosure made by the Company provides accurate and true information which is non-misleading.	✓	Section 13	
			21.3	The Company's financial reports must comply with IFRS /IAS and ISA standards and requirements. In addition to stating whether the external auditor obtained all information needed, the external auditor report shall also state whether the Company conforms to IFRS/IAS and that the audit has been conducted in accordance with IAS.	✓	Section 13	
			21.4	The Company audited financial reports shall be circulated to all shareholders.	✓	Section 13	
22	General Rights of Shareholders and Key Ownership Elements	✓	Section 12				
23	Ownership Records	23.1	The Company shall keep valid and up to date records of share ownership.	✓	QNB Deposited the Shareholder register with Qatar Central Securities Depository which is entrusted with this responsibility as per QFMA regulations. A disclosure was made in the report under point 12		
			23.2	Shareholders shall have the right to review and access for free the Company's shareholders' register at the Company's regular office hours or as otherwise determined in the Company's Access to Information Procedures.	✓	A disclosure was made in the report under point 12	
			23.3	The shareholder shall be entitled to obtain a copy of the following: Board Members' register, Articles of Association and by-laws of the company, instruments creating a charge or right on the company's assets, related party contracts and any other document as the Authority may decide upon payment of a prescribed fee.	✓	Section 12	
24	Access to Information	24.1	The Company shall include in its articles of association and by-laws Procedures of Access to Information to ensure that shareholders rights of access to Company documents and information in a timely manner and on a regular basis, are preserved. The Access to Information Procedures shall be clear and detailed and shall determine:	✓	Considered in the new AOA.		
			24.1.1	the Accessible Company Information including the types of information that is made accessible on an on-going basis to individual shareholders or to shareholders representing a minimum percentage of the Company's share capital, and	✓	Section 12	
			24.1.2	Clear and express procedures to access such information	✓	Section 12	
			24.2	The Company shall have a website where all relevant information and public information and disclosures must be posted. This includes all information that is required to be made public by this Code and any related laws and regulations.	✓	Section 12	

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable
25	Shareholders Rights with Regard to Shareholders' Meetings	✓	Section 12			
26	Equitable Treatment of Shareholders and Exercise of Voting Rights	26.1	All shares of the same class, shall have the same rights attached to them.	✓	Section 12	
		26.2	Proxy voting is permitted in compliance with related laws and regulations.	✓	Section 12	
27	Shareholders' Rights Concerning Board Members' Election	27.1	The Company's articles of association and by-laws shall include provisions ensuring that shareholders are given information relating to Board Members' candidates including a description of candidates' professional and technical skills, experience and other qualifications.	✓	Considered in the new AOA.	
		27.2	Shareholders shall have the right to cast their votes for Board Member's election by Cumulative Voting.	✓	Considered in the new AOA.	
28	Shareholders' Rights Concerning Dividend Distribution	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework			
29	Capital Structures, Shareholders' Rights, Major Transactions	29.1	Capital Structures should be disclosed and Companies should determine the type of shareholders agreements that should be disclosed.	✓	Section 11	
		29.2	Companies shall adopt in their articles of association and/or by-laws provisions for the protection of minority shareholders in the event of approval of Major Transactions where the said minority shareholders have voted against such Major Transactions.	✓	Considered in the new AOA.	
		29.3	Companies shall adopt in their articles of association and/or by-laws, a mechanism ensuring the trigger of a public offer or the exercise of Tag Along Rights in the case of a change in ownership exceeding a specific percentage (threshold) . The thresholds should take into consideration shares held by third parties but under the control of the disclosing shareholder, including shares covered by shareholder agreements which should also be disclosed.	✓	Considered in the new AOA.	
30	Stakeholders' Rights	30.1	The rights of Stakeholders are to be respected. Where Stakeholders participate in the corporate governance arrangements; they shall have access to relevant, sufficient and reliable information on a timely and regular basis.	✓	Section 12	
		30.2	The Board of Directors shall ensure that the Company's employees are treated according to the principles of fairness and equity and without any discrimination whatsoever on the basis of race, gender, or religion.	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		30.3	The Board shall develop a remuneration policy and packages that provide incentive for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company.	✓	Sections 3.9 & 4	
		30.4	The Board shall adopt a mechanism enabling company employees to report to the Board suspicious behaviour, where such behaviour is unethical, illegal, or detrimental to the Company. The Board shall ensure that the employee addressing the Board shall be afforded confidentiality and protected from any harm or negative reaction by other employees or the employee's superiors.	✓	Sections 2.4 & 3.9	
		30.5	Companies must comply in full with the provisions of this Article as it is excluded from the compliance principle or the non-compliance justification.	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework	

Appendix (3) QFMA Corporate Governance Checklist - Continued

Article	Clause	Compliant	Application	Non-compliant	Non-compliance Justification	Not Applicable
31	The Corporate Governance Report	31.1	The Board shall prepare an annual Corporate Governance Report signed by the Chairman.	✓	Chairman's Foreword	
		31.2	This Report shall be submitted to the Authority on an annual basis and whenever required by the Authority and shall be attached to the annual report prepared by the company in compliance with the periodical disclosure requirement.	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		31.3	The Corporate Governance Report shall include the agenda of the company's ordinary General Assembly and distribute a copy of it among the participants in the meeting.	✓	Agenda circulated as per the Companies Law	
		31.4	The said Report shall include all information related to the application of this Code, including notably:			
		31.4.1	Procedures followed by the Company in this respect;	✓	Section 1.3	
		31.4.2	Disclosure of any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future;	✓	Section 8.2	
		31.4.3	Disclosure of members of the Board of Directors and its Committees and their responsibilities and activities during the year, according to the categories and terms of office of said members along with the method of determining the Directors and Senior Executive Managers remuneration;	✓	Section 4 & BOD Biographies with the exception of the Board members categories	
		31.4.4	4. Disclosure of internal Control procedures including particularly the Company's oversight of financial affairs, investments, and risk management;	✓	Section 8	
		31.4.5	5. Disclosure of the procedure followed by the Company in determining, evaluating and managing significant risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes;	✓	Section 6	
		31.4.6	Disclosure of the performance assessment of the Board and senior management in implementing the Internal Control systems, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board;	✓	Section 8	
		31.4.7	Disclosure of the internal control failures or weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedures followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements);	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		31.4.8	Disclosure of the company's compliance with applicable market listing and disclosure rules and requirements;	✓	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		31.4.9	Disclosure of the company's compliance with Internal Control systems in determining and managing risks;	✓	Sections 6 & 8	
		31.4.10	All relevant information describing the Company's risk management operations and Internal Control procedures.	✓	Sections 6 & 8	

Appendix (4) QCB Corporate Governance Disclosure Requirements

Clause	Description	Disclosure	
1	Shareholding	1.1 Shareholding breakdown by Nationality	Qatar 92.6% - Others 7.4%
		1.2 Shareholding breakdown by Number of Shareholders	Total No. of shareholders 2961 and total No. of shares 699,729,438 (as of November 2015)
		1.3 Government's Shareholding	50%
		1.4 Principal Shareholders (Above 10%)	Only QIA owns more than 10%
		1.5 Significant Shareholders (Above 5%)	Only QIA owns more than 5%
2	Board of Directors and Executive Management	2.1 Board Detailed Functions	Section 3
		2.2 Types of Transactions requiring Board Approval	Section 14
		2.3 Board Members	Please refer to the BOD Biographies Appendix
		BOD Shareholding	No. of shares as of 29-10-2015 (QIA representative directors do not hold any QNB shares)
		H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al Thani	816,056
		2.4 H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al. Thani (Borooq Company)	4,057,996
		Mr. Bader Abdullah Darwish Fakhroo	1,130,000
		Mr. Ali Hussain Ali Al-Sada	40,000
		Mr. Fahad Mohammed Fahad Buzwair	1,015,000
		2.5 New Board Members Induction measures	Please refer to Sections 2.1 & 3.5
		2.6 Board Election Process	Please refer to Sections 2.1 & 3.2
		2.7 Membership Termination Arrangements	Please refer to Section 3.8
		2.8 Number of Board Meetings and dates	Please refer to Section 3.7 (6 BOD Meetings) 1 st Meeting: 13 January 2015 2 nd Meeting: 04 March 2015 3 rd Meeting: 04 May 2015 4 th Meeting: 21 June 2015 5 th Meeting: 14 September 2015 6 th Meeting: 01 December 2015
2.9 Attendance record	Please refer to QNB annual Report		
2.10 Board and Executive Management Remuneration Policy	Please refer to section 4		
2.11 Key Senior Management	Executive Management Biographies Section		
2.12 Executive Management Shareholding	Key Executive Managers do not hold any QNB shares		
2.13 Business Ethics Charter	Please refer to QNB BOD Policy, BOD Charter and QNB Code of Ethics		
3	Board Committees	3.1 Board Committee Names	Section 3.9
		3.2 Committee Members Attendance	Please refer to QNB annual Report
		3.3 Total Committee Members Remuneration	Please refer to section 4
		3.4 Committees Scope and Major Issues/ Outcomes	Please refer to Section 3.9, Major Issues Disclosed to Qatar Exchange
4	Corporate Governance	4.1 Separate Section within the Annual Report	Please refer to QNB Annual Reports
		4.2 Reference to the Corporate Governance Manual	Please refer to Section 1
5	External Auditors	5.1 Audit Scope Related Fees	1,858,000 QR for the year 2015
		5.2 Reasons for replacing/reappointing the External Auditor	This is subject to the General Assembly decision based on the recommendation of GACC to the BOD
6	Other Disclosures	6.1 Related-party transactions	Please refer to Section 14
		6.2 Communication with shareholders and investors	Please refer to Section 12
		6.3 Risk Management	Please refer to Section 2.5 & Section 6
		6.4 Review of Internal Audit Procedures	Please refer to Section 2.6 & Section 8
		6.5 Financial Statements	Please refer to QNB Annual Report & Website
		6.6 Balance Sheet	Please refer to QNB Annual Report & Website
		6.7 Income statement	Please refer to QNB Annual Report & Website
		6.8 Cash flow statement	Please refer to QNB Annual Report & Website
		6.9 Statement of Changes in Equity	Please refer to QNB Annual Report & Website
		6.10 External auditor certificate	Please refer to QNB Annual Report & Website
		6.11 Statement of responsibility by the Board of Directors	Please refer to section 1
		6.12 Detailed Steps to ensure independent decision making on related-party Transactions/Agreements	Please refer to Section 14
		6.13 Evaluating the Performance of the Board and Directors	Please refer to Section 3.5

Corporate Governance Report - 2015