



Corporate Governance Report 2014





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Chairman's Foreword

Dear QNB Group Shareholders,

Greetings,

In light of the growing international and local interest to promote and develop the legislations and practices of governance, I am pleased to present to you QNB Group's Annual Governance Report for 2014.

During 2014, Basel Committee on Banking Supervision (BCBS) has issued a consultative paper on the principles of Corporate Governance in banks focused on the role of the Board of Directors and the risks linked with poor Corporate Governance practices. The paper is expected to get international attention from all relevant parties, particularly the supervisory authorities and regulators.

Qatar Central Bank (QCB) has also carried out during the year a comprehensive review of the guidelines of Governance and prepared a consultative paper on strengthening Corporate Governance practices. QCB has circulated this paper to national banks seeking their comments on the proposed guidelines. Moreover, Qatar Financial Markets Authority (QFMA) has made changes to its Governance regulations and circulated the revised copy of the document to the companies listed on Qatar Exchange for implementation and compliance.

We would like to highlight that QNB Group was among the leading companies in tracking the new developments in this area and adopting the best international practices of Corporate Governance. This has been manifested in the consolidated and developed Governance system of QNB Group in place since 2007.

All sectors and units of QNB Group have adopted the same approach, which is focused on the principles of good Governance, especially risk governance, institutional compliance and development of leadership skills in addition to product and business development to achieve the goals and objectives of the Group at large. In addition, 2014 has witnessed continued progress in framing out integrated policies for consolidated supervision over international branches and subsidiaries in accordance with the supervisory requirements in every country where QNB Group operates.

Finally, we highly value the efforts being made by the various regulatory authorities in the State of Qatar to keep pace with - and conform to - the global trends and practices in Governance frameworks to improve the institutional performance of the various economic sectors in implementation of vision and aspirations of the State of Qatar.

Ali Shareef Al Emadi
Chairman of the Board

1. 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.

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.

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 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 Application of Corporate Governance Principles

To ensure the proper application of the principles of sound Corporate Governance, as stipulated in the guidelines issued by Qatar Central Bank (QCB) and the Corporate Governance Code issued by Qatar Financial Markets Authority (QFMA), recommendations of the Basel Commission, the International Network for Corporate Governance, International Chamber of Commerce and other international institutions. QNB Group's BOD has approved the application 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 Organisation for Economic Cooperation and Development.

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.

2. The Scope

Based on the Corporate Governance project that has been applied in QNB Group since 2007, which included nine integrated and interrelated phases to achieve the proper application of such a project, taking into consideration the laws and regulations issued in the State of Qatar, especially the QCB instructions and governing Law, the project included at that time the application of comprehensive 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 and its committees as well as the roles and responsibilities of the management committees of the Executive Management.

In this context, the annual Corporate Governance report submitted to QFMA aims to ensure a transparent disclosure of the governance practices applied by QNB Group, which 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.

3. Management of QNB Group

According to the Articles of Association, QNB is managed by the Board of Directors (ten members) whereby Qatar Investment Authority (QIA) - the major shareholder holding 50% of the Capital - is entitled to appoint five of these members and the other shareholders elect the remaining five members. QIA shall appoint the Chairman among the BOD members and the Board shall elect its Vice-Chairman. 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.

3.1 Board of Directors

The composition of QNB Group's BOD did not witness any change during 2014. On the 7th of July 2013, QIA appointed **H.E. Mr. Ali Shareef Al-Emadi**, the Minister of Finance, as Chairman of the BOD instead of H.E. Yousef Hussain Kamal, the former Minister of Economy and Finance.

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 Executive Management

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

Mr. Ali Al Kuwari has over 25 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.

It is worth mentioning that **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.

4. QNB Group's Achievements during 2014 to Strengthen Corporate Governance Approach

QNB Group is committed to attain the highest level of Corporate Governance practices to ensure sustainable growth of the organisation and to create long term value for its shareholders. During 2014, the Group has continued the efforts to adopt, implement and enhance the application of the latest Corporate Governance standards throughout the organisation.

The key achievements related to the application and enhancement of the Corporate Governance framework are summarised below:

4.1 QNB Corporate Culture and Values

Transparency, Treating Customers Fairly and Customer Protection

The fair treatment of customers remains central to the priorities of Corporate conduct. QNB places the well-being of customers at the heart of how the Group runs its businesses. The below are the main initiatives undertaken in this regard:

- Customer Protection Policy has been documented and published
- All existing procedures are being frequently reviewed in order to ensure the integrity and best interest of QNB customers.
- Provide the appropriate information for customers and disclose the risk associated with the services and products to take the right decision.
- Emphasis on respecting Banking Secrecy laws and Customer Privacy.
- Policies, Procedures, and Forms were amended to comply with FATCA requirements. Customers subjected to this act are informed of its requirements.
- All QNB members have access to the relevant Procedures and Policies.

Group Policy Towards Social Responsibility

QNB Group is well-aware that the Corporate Social Responsibility Policy is of great importance as it reflects the Group's clear and concrete commitment towards the local community in the State of Qatar. The CSR is aimed at serving the homeland, the citizen and the various fields of development, and is therefore considered the basis of the modern renaissance of any country.

Each year, the Group seeks to strengthen its engagement and deepen the roots of its social ties with members of the community. As a result, QNB has become the State's most supportive financial institution today, in addition to being a key aide in activating the State's future vision by supporting the events that are in line with the Group's six broad fields:

- Arts and Culture
- Economic and International Affairs
- Health and Environment
- Social and Humanitarian Affairs
- Sports
- Youth and Education

Through its network located in more than 26 countries, QNB Group, One of the World's Strongest Banks, is a well-known name in the area of social responsibility abroad. The Group's overseas branches and representative offices exert distinguished efforts in covering some of the events held in the branch premises.

Promoting the Culture of Social Responsibility Among Employees

QNB believes that social contribution is a shared responsibility; therefore, the Group is constantly working to incorporate this culture among its employees and get them involved in all of its contributions. The Group seeks to highlight the skills of its employees through individual social responsibility programs in order to help them attain their ambitious goals.

Arts and Culture

Arts and culture symbolise the memories of the past and pass on the stories and experiences of the old generation to future generations; thus the activities that fall within this realm are considered among the top areas supported by QNB Group, which is keen on preserving the Qatari cultural heritage by shedding light on it with pride in all the events that are held in Qatar or abroad.

Adopting the Environmental Policy in Many Internal and External Activities

QNB Group adopts an innovative health and environment policy in its various buildings. The Group works on implementing modern methods that will contribute to maintaining a green sustainable environment. The Group is keen to educate its employees on the systems of maintaining offices and on understanding the methods used in paper disposal.

The Group's efforts are not limited to environmental standards adopted by its employees, as some of the initiated activities involve clients. This includes using advertisements via smart devices in addition to launching several competitions through the relevant social media channels.

Supporting Local and International Sports Events

QNB Group is considered one of the first institutions to take the initiative to support sport events in the State. In addition, the Group also participates in sports-related events organised by the State of Qatar abroad. Given the paramount importance of sports, aside from being a part of the State's objectives to achieve the intended vision in this area, the Group continuously strives to support sporting events to reach the desired goals.

QNB Group Celebrates 50 Years of Excellence

QNB Group this year celebrated 50 years of excellence since its inception. The Group confirmed that it is eligible to receive this honour due to what it has offered throughout the years to the present date. The Group has become one of the largest financial institutions across the globe and one of the World's Strongest Banks. The achievements realised today were envisioned by past generations who wished for the Group to become a major icon in the world of finance.

4.2 QNB's Compliance and Governance Culture

Centralised Compliance management standards have been adopted as part of a revised Enterprise Risk Management Policy, and they constitute a framework developed in order to reinforce a strong Compliance Culture throughout the Group.

Group Compliance Division has also continued the efforts to enhance the efficiency of Corporate Governance by developing various governance tools in joint efforts exerted with other departments for smooth implementation. The Conflict of Interest

declaration form has been developed together with the Group Human Capital to effectively identify the outside directorship supported by QNB employees. Group Compliance has also developed a Compliance Self-Assessment Questionnaire to improve compliance awareness among employees of other departments and to bring them closer to the Compliance Culture. Implementation of new Compliance Management System will further boost the capabilities of Group Compliance by automating several activities of the Division.

The following outlines QNB Group's efforts to enhance the efficiency of Compliance and Corporate Governance:

4.2.1 Corporate Governance Implementation: A Group Wide Vision

QNB Capital Compliance with QFCRA Rules

The Qatar Financial Centre Regulatory Authority (QFCRA), the regulatory body of QNB Capital (QNBC), has a number of requirements that are more strict and prescriptive than for other regulatory bodies. During 2014 QFCRA has conducted a thematic risk assessment of QNBC's level of compliance with the related "Know Your Customer" and "AML/CFT" requirements.

Upon performing the assessment, QFCRA has issued its report wherein they have expressed their satisfaction with the level of Compliance with the KYC requirements as well as the overall AML/CFT framework at QNBC. Moreover, the report has highlighted the efficient AML/CFT Governance at QNBC and the independency of its Audit Function as well.

The onsite assessment has provided a clear message to QFCRA of the Senior Management's involvement in the daily AML/CFT matters at QNBC with a view to ensure compliance with the related rules.

Appointment of BOD Members at the Subsidiaries

Subsequent to the changes in QNB Executive Management and also to comply with local regulations, Corporate Secretariat has participated in the re-appointment of directors in the boards of a number of the Group companies as well as board committees nominations such as The Housing Bank for Trade and Finance -Jordan, QNB-India, and the board elections of CBI in UAE. The Corporate Secretariat continues its efforts in promoting training and educational opportunities for directors through assessments and evaluations.

4.2.2 Enhancement of Corporate Governance Tools

Committees at the Overseas Branches: Forums for Sound Decision Making

Group Compliance ensures that QNB overseas branches have established committees proportionate to their size, complexity, structure, economic significance, and risk profile. At a minimum, a Management Committee and a Compliance Committee are required to be established.

The Operational Level: an Integral Part of the Corporate Governance

Corporate Governance also affects the operational level of each institution. On this level, and in line with regulatory developments and emerging best practices, Group Compliance, in coordination with overseas entities and Head Office stakeholders, contribute to the development of operational practices and processes, the continuous enhancement of the AML/CTF systems and controls, the periodic update of policies and procedures, the regular strengthening of staff awareness through classroom and e-training sessions and the issuance of periodic internal circulars, newsletters and guidance manuals.

Management Committee Terms of Reference

Group Compliance Division has reviewed and revised the Management Committee Terms of Reference according to the agreed upon process to ensure efficiency and alignment to the organisational requirements. As the department is responsible for overseeing the Terms of Reference development, Group Compliance has adopted a strategic approach on consulting key stakeholders to hear their opinions and recommendations and reflect these in the project with the intention of adhering to QNB's internal standards and practices.

Automated Workflow System

Group Compliance division has set up a workflow system to facilitate/simplify the process of Fund Transfers and minimise the human risks that could occur. This system has been suggested as a result of Group Compliance's assessment that was performed to ensure adequacy and effectiveness of the related policies, procedures, systems, controls as well as the mechanism for obtaining the required approvals before processing Fund Transfers that are connected with Sanctioned and / or High-Risk countries.

Establishing an Investment Management Committee (IMC)

As mandated by the QNB Group Executive Management, the IMC has the responsibility of overseeing and monitoring clients' investment management function. The Investment Management Committee is responsible for ensuring that the clients' investment business is conducted in line with internal policies, procedures and guidelines.

4.2.3 Corporate Governance Through Business Partnership

Group Compliance Advisory Services

Group Compliance has helped enhance the decision-making process of Assets and Wealth Management (AWM) through client's Investment Management Committee (IMC) to have better Corporate Governance capabilities within the department. A new "fund checklist" was developed to facilitate the preparation process of launching new funds followed by performing a high-level study in association with AWM and other relevant departments for the new proposed Mutual Funds Law. Appropriate feedback and QNB's views and recommendations were provided to QFMA for consideration.

Furthermore, Group Compliance developed new outsourcing guidelines to effectively manage the outsourcing activities and to adhere to the regulations while QNB Group is engaging in an outsourcing activity, especially when outsourcing partners have access to the customer's data or control the assets.

Executive Management Alignment to Corporate Governance Principles

A solid Corporate Governance framework extends beyond merely the establishment of committees but also addresses the role of Executive Management. In this context, Group Compliance focuses on the role of Executive Management in overseas entities in fostering a tone-at-the-top approach; thus creating a Culture where everyone has ownership and responsibility for doing the right thing. QNB Group recognises that Culture contributes to the mitigation of fraud risk. Executive Management is entrusted with assuming the following responsibilities:

- Ensure that the bank's activities are consistent with the business strategy, risk tolerance/ appetite and policies approved by the Board;
- Put in place an internal controls system that is effective in design and operation, and avoid activities and practices that undermine its effectiveness;

- Understand and guide the Bank's overall corporate structure and its evolution;
- Align corporate activities and behaviour with the expectation that the Group will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations;
- Effectively utilise the work conducted by the Bank's control functions and recognise the importance of the effectiveness of these functions to the long-term soundness of the bank, promote the independence of the control functions, and recognise and communicate their importance throughout the bank.

Working Together to Serve Global Expansion

The QNB Group's announced ambition of being a MEA Icon by 2017 is brought closer through the acquisition of 19.4% of the capital of EcoBank, this move further consolidates the growth strategy pursued by QNB. Ecobank is a leading pan-African bank with a presence in 36 countries across the Middle East and Africa region and in 4 other countries across the globe. As of June 2014, Ecobank operates across its unique network of 1,241 branches, 2,500 ATMs and 16,245 POS terminals servicing over 10.8 million customers served by 20,114 employees.

QNB Group continues the expansion of its network in Asia, especially the underpenetrated markets in South and South East Asia with considerable growth potentials.

4.2.4 Building a Culture of Compliance with Rules and Regulations

Development of AML/CTF Program Efficiency for QNB Group

Group Compliance division is continuously improving the capabilities of QNB Group to combat Money Laundering and Terrorist Financing activities through the best AML systems and controls. In addition, the core banking system (Equation) has been improved to profile the overall business relationship with all customers based on a sophisticated Risk Matrix that compiles different AML risks associated with them. Group Compliance has also included the new QCB requirements related to the AML Risk Profile Template after several productive discussions with QCB and International Monetary Fund (IMF) representatives. This practice has shed more focus on the AML risk posed by the customers of QNB subsidiaries operating in other jurisdictions. As part of Group Compliance responsibilities, the new developments around the AML/CTF regulations are always under close focus following the FATF public statements to update

Management and all staff of QNB Group with the related publications on a timely basis.

Complying with FATCA

Group Compliance has undertaken a comprehensive project for compliance and implementation of the new regulation. The methodology aimed to act on three fronts:

- **First**, to develop practical procedures that minimise the inevitable compliance burden of allowing QNB to be compliant with FATCA on its effective date (1st July 2014).
- **Second**, to build a robust technology platform and reporting system, this not only caters to FATCA requirements but also is adaptable to any future laws introduced by other regulatory authorities. We have worked with different departments, overseas Branches and Subsidiaries across the Group and collaborated with them in complying with similar regulatory changes introduced by local regulatory authorities from time to time.
- **Third**, to prepare and ensure a high level of staff awareness of FATCA and its implications on the operations of the Bank. We have appointed specialists to assist in delivering this training in different functional areas to certify proper understanding of the operational and functional requirements.

Basel Committee on Banking Supervision (BCBS)

Based on BCBS guidelines on financial crime risk mitigation, Group Compliance has issued a set of guidelines to describe how QNB should include risks related to money laundering and the financing of terrorism within its overall risk management framework. The approach was to synthesise AML/FT standards, and to analyse corresponding elements that are currently applicable within QNB (in terms of Policies, Procedures, and Terms of References) with the aim of evaluating the positioning of the Bank and to mitigate interconnected risks related to reputational loss, operational failures and incompliance.

Group Compliance recommended reiterating this assessment exercise on an annual basis in order to provide clear guidance for the Management to proceed with the work of improving related practices within their respective departments.

Compliance Sanctions Awareness

Due to the regular challenges and updates on both local and international environments, Group Compliance is acting as a watchdog for all International Sanctions Programs and ensures management / staff awareness of such updates in a timely manner. As part of its responsibility to maximise such awareness efforts, Group Compliance during 2014, has delivered several training sessions and courses using all available channels (face to face, online, conferences, etc.) to all concerned divisions.

4.3 Internal Audit: Set-up the Right Priorities and Initiatives

Mr. Khaled Gamaleldin joined QNB Group and has taken over the full responsibility as the Group Chief Audit Executive effective March 2014. Staff members from Internal Audit Division and other Divisions participated in the IIA-USA National Conference which was held during the year 2014 and was of significant professional relevance. GIAD deputed staff for professional training during the year in Credit reviews, leadership, and professional regulatory certification.

GIAD also continues to maintain emphasis on Qatarisation and on the development, training and empowerment of Qatari staff by nominating them for relevant professional training as well as for acquiring university education in some cases. As a matter of participation and interaction with the professional community in Qatar, QNB sponsored the National Conference of the IIA-USA in Doha during May 2014. In line with enterprise-wide initiative, GIAD is also working towards setting up a new international operating model for control functions relevant to Internal Auditing.

4.4 Investing in People for a Better Future

Supporting QNB Resources

To support this initiative, the global best practice "70:20:10 Learning Model" that emphasises experiential, social and formal learning was introduced as an integral part of the Group's Talent Management framework. It was cascaded further through stakeholder engagement initiatives such as regular communications, group briefing sessions and one-to-one coaching, which have enabled greater participation and integration.

Encouraging the Right Values and Behaviours

GHC has implemented Halogen Integrated Talent Management System software within 2014, which brings global best practices to the Group in regard to employee talent management. In 2015 and beyond, the system will be rolled out in phases to those employees who are deemed eligible of assuming leading positions, as well as those within the QNB talent pool, for use to perform various Talent Management processes such as Competency Assessment, Development Planning, Multi-rater Feedback and Succession Management. This world leading software will lift the quality and timelines of Talent Management processes globally; for both the employee's and Group's benefit.

Focusing on Certifications

In 2014, QNB Learning and Development have increased their focus on supporting employees to gain internationally recognised Certifications as a key part of the Group's employee value proposition. Successful employees have been certified in a wide range of accreditations, including Credit Risk, Financial Analysis, Securities and Investments and Project Management, amongst others.

Recruiting and Induction

Trainee Development Program Leads to 'Fast-Tracking' for Inexperienced New Entrants. Building on the success of the Trainee Development Program (TDP) launched in 2013, GHC has continued to enrol all inexperienced new entrants into this program, which provides structured development over their first 12 months in role and reduces 'time to competency'. 2014 saw the 'graduation' of the first employees from the program; with a number of them receiving promotions upon their completion and migrating into new roles.

Ambassador Program

The purpose of the QNB Ambassador Program is to have talented QNB employees represent the bank in international operations as part of their career development. It is important that future leaders within QNB have exposure to different banking environments outside of Qatar to provide a more global outlook within this expanding global Group. Whilst on placement, the Ambassador is there to perform a job role in its entirety, not as a trainee, and will have an objective for personal development as well as completing the role they are assigned to. Growing on the previous year's successes, 2014 saw Qatari nationals deployed to countries such as Singapore, Kuwait, Oman and Indonesia as part of the Ambassador Program. This year also saw some of these Ambassadors from previous placements return

to Qatar, into roles with increased responsibilities, so as to apply what they have learnt and add value to the Group.

Expansion in Use of Virtual Learning Technologies

The survey ran from 19 May to 8 Jun 2014, during which time the employees provided their honest and candid feedback on a multitude of aspects, including Work Culture at the Bank, Company Practices and Processes, Pay and Career Opportunities, to name a few. The Group achieved a 75% participation rate or 1,735 responses out of 2,332 employees eligible to participate in the survey. As a headline score, QNB scored 56%, which was modestly down from the 57% scored in the last survey, conducted in 2012. However, benchmarked against market comparators including GCC Commercial Banks, GCC Financial Sector, Qatar's General Industrial sector and the Middle East Financial Sector, QNB performed well above norms in each. QNB recognises that the Group still has a room for improvement, as it strives to reach the Best Employer in the Middle East benchmark (currently standing at 81%).

4.5 Risk Governance for a Safe Organisation

Risk Identification, Monitoring and Controlling

The identification of Principal Risks is a process overseen by the Group Risk Committee (GRC). The material risks are regularly reported to the Committee, together with a regular evaluation of the effectiveness of the underlying risk operating controls. The day-to-day Governance is delegated through an Enterprise Risk Management oversight structure and a robust risk control framework. For that reason, the risk management framework was further enhanced in 2014 through improved resourcing and enhanced functional capability.

Operational Risk Management in the Setting of Strategy

Operational Risk has also been enhanced with further implementation of data security systems, improved business continuity infrastructure and disaster recovery sites. The same Risk Governance motivation is scheduled to continue in line with the continued implementation of the QNB Group's business strategy until 2017.

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 were introduced.

Stress Testing

QNB internal stress testing methodology has been integrated widely to cover all of its international operations, it is aligned to the Group Economic Department scenarios and coverage, and is able to meet localised requirements of various host Regulators. A robust stress testing approach supports risk appetite measures and setting of the Bank's 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 definition that flows directly from the Group Vision and Strategy.

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 has been introduced in 2014 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.

Impact of Basel III

Qatar Central Bank (QCB) has officially implemented Basel III requirements in Qatar effective from this year (2014). 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.

Furthermore, as part of Basel III implementation, QCB has also issued guidelines on the implementation of the Domestic Systematically Important Banks (DSIBs) framework in Qatar. Banks

designated as DSIBs will be subject to higher capital requirements, increased monitoring / reporting requirements in addition to annual submission of a recovery plan and 5 year capital plan. As a designated DSIB, QNB has established a cross-functional working group to ensure smooth implementation of these requirements. In line with the guidelines, official submission to QCB of DSIB related requirements will begin from January 2015.

Unified Approach to Improve the Efficiency of International Activities

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.

4.6 Information Technology (IT): Develop the Best Technology for the Group

IT Governance

IT Governance is the set of processes that ensure right decision-making and effective, efficient use of IT in enabling the organisation to achieve its goals. QNB Group's IT governance framework was improved during 2014 by establishing adequate governance structure, aligning IT with business objectives, investing in IT resources that can deliver maximum business value at affordable cost and managing IT Risk and Compliance programs in line with business requirements.

Setting High Standards

During 2014, QNB Group ITD combined 6 international standards and industry best practices as part of the overall IT Governance Framework. By adopting this IT governance framework, QNB has aligned their IT governance processes to most of the requirements of international standards and industry best practices of ISO 38500, COBIT, Val IT, Risk IT, ISO 31000 and ITIL v3.

IT Assurance

During 2014, the ITD Organisation Structure saw a major change which was the result of the IT Governance exercise and to suit International

Expansion. Regarding the implementation phase of IT Governance Structure, 23 IT Processes were streamlined and for each process respective Policies, Procedures, KPI's (Key Performance Indicators) and KC's (Key Controls) were established and implemented. The KPIs selected to measure performance reflect all types of IT activities performed within the ITD Domain including Change Management, Business Alignment, Value Realisation, Project Governance, Service Governance, Performance Measurement, Risk Management and Compliance Management. The measures of the KPIs are then aggregated into scorecards which are specific to measure performance at a divisional, departmental and individual level.

Adherence to International Standards

QNB Group, following a detailed IT compliance audit, has been certified Two International Certifications:

- Business Continuity Management System - ISO 22301-2012
- Information Security Management System – ISO / IEC 27001 – 2205 for our:
 - Data Center Operations and Disaster Recovery operations
 - QNB Internet Banking, QNB Mobile Banking, QNB Corporate Cash Management, QNB Eazypay, QNB Eazycash, QNB SMS Banking, QNB USSD, QNB Global Website

This certification makes QNB the first bank in Qatar to have its disaster recovery operations certified to this standard in addition to the recertification of its primary data centre operations after successfully demonstrating an effective implementation and maintenance of the ISO 27001:2005 certificate awarded to the Bank in 2007. It also greatly highlights QNB's domestic and international position as a leading bank committed to ensuring continuing service quality across all its banking channels.

Implementation of Compliance Tools

Money laundering has become one of the most serious economic crimes with adverse impacts on society, being the common denominator in most patterns and forms of crimes and illegal activities. Keeping in mind the customer's benefits, QNB implemented during 2013 one of the world's best Anti Money Laundering systems in Doha and for all its International Branches. During 2014 ITD continued upgrading the AML system as per compliance requirements and according to the best International Standards.

Corporate Credit Work Flow System (CCWF)

CCWF is an automated loan approval workflow process, which covers the loan process from loan origination until approval for commercial banking only. The System was also integrated with QNB Core Banking System to recognise all the Group's possible exposures. During phase II, we introduced post approval workflow stages including credit documentation, credit administration, QCB, and Credit operations workflow steps. The System is capable of handling all types of standalone and group credit facility cases for commercial banking, private banking, and contracting business.

Data Leakage Prevention System (DLP)

QNB has implemented an enterprise data leak prevention solution which currently monitors the various exit points (egress points) for data leaving QNB over email, web post etc. We have conducted an enterprise data classification activity at QNB Doha, and the proper policies have been defined. A data classification policy is defined whereby all QNB data is classified into Restricted, Confidential and Internal Public categories. Based on the classification of the document, while allowing the document to be used by legitimate users, the DLP solution monitors the unauthorised copying of data to clipboard, printing of data, and emailing of information.

eChannels: Facilitate Reliable Payments and Transactions

In 2014, QNB Group incorporated more state of the art technologies to ensure utmost customer convenience and satisfaction in Electronic Channel usage. QNB's ATM network expanded by 6% in 2014 and reached a total of 360 ATMs across Qatar, which is the biggest ATM network in the country. To cater to customer segments with differential choices, QNB has upgraded its Mobile Banking application and made it compatible with iOS8 and Windows based devices. In 2014, QNB Mobile Banking usage increased by 8%. Along with the effort of expanding the Electronic Channel offering, QNB Group has high focus on securing customer information and transactions. Hence the security feature has been enhanced by incorporating Password Protection in E-Statements and a One-time password system for Internet Banking access.

4.7 Business Initiatives at the Service of the Organisation Goals

Optimise Retail Banking Suitability

Throughout 2014, QNB Group Retail Banking continued its growth momentum both in Qatar and International markets by ensuring competitive product offerings, effective marketing strategies, enriched customer experience, in addition to acquiring new technologies and expanding its footprint in strategic locations. The new initiatives like 'QNB First Global Recognition', Programs for 'New to Country', 'Non Resident' expats and 'Retired Qatari', and the enhanced 'Life Reward Program' etc. were launched in 2014 to build a deep and long lasting relationship with the customer. Moreover, enhanced customer experience was ensured through process re-engineering, technology upgrades and staff training and coaching in all customers touch-points, including Branches, Electronic Channels and Customer Contact Centre.

Enhancing Service Quality

Customer satisfaction has been one of the top priorities of QNB Group RBD, and several activities and projects were carried out in 2014 to ensure the highest level of service excellence, including Customer Satisfaction Surveys, Mystery shopper audits and regular Branch visits. Also to ensure a quick resolution of customer complaints QNB Group RBD has streamlined the Problem Escalation process, both for Qatar and International markets.

International Retail has extended its International foot-print over the last few years by enhancing its value-proposition through innovative products and value-added services resulting in expansion of its customer base across the Middle East and Africa. As a continuation of the above, in 2014, RBD's primary focus has been to leverage its cross-border synergies for enhancing eServices and launching Non-Resident value propositions in the respective markets to support customer acquisition and retention, resulting in a positive business growth.

Repositioning the Business to Support Qatar's 2030 Vision

In addition to the new products launched, QNB is also extending its support to the several Manufacturing, Tourism, Education and Medical and Healthcare sectors. These sectors are crucial to Qatar's 2030 National Vision, and, as such, benefit from dedicated products. QNB support is extended through its "one stop shop" approach to SMEs. The complete package of products and services is available to customers through dedicated branches and in collaboration with many government and private sector partners.

5. The Board of Directors (BOD)

The BOD monitors and guides QNB Group strategy through the review and approval of the various Group policies, including the investment and credit policies, whether they originated directly by the BOD or through the 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, with 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 Charter was published on the Bank's website on the Internet.

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.

5.1 Board Composition

In conformity with QNB Group's Articles of Association, (10) Members of the BOD are elected or nominated for three years renewable for the same period. During the General Assembly, which was 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.

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.

5.2 Board Members' 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 Guidelines, 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.

5.3 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 Executive and Non- Executive Board Members.

5.4 Independent and Non-Executive Board Members

QNB Group's BOD is composed of (10) Members. All of them are Non-Executive Members, out of them (5) are Independent Members. Moreover, none of the BOD members assumes executive responsibilities, and no member holds a full-time or part-time job with the Group in accordance with QFMA Corporate Governance Regulations. At the beginning of 2014, the BOD has completed the evaluation of the Board's performance, as well as the performance of its members as a whole using the self-assessment and group-assessment criteria in the evaluation. An induction program was put in place for new Board Members in order to ensure they have proper understanding of the manner in which the bank operates.

5.5 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 staff, 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.

5.6 Board Meetings

The BOD 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. The requirements of the article (104) of the Commercial Companies Law number (5) of the year 2002 are also considered, whereby the article states that in case of a member's absence from three consecutive meetings of the Board, or non-consecutive five meetings thereof without any acceptable excuse by the Board, the member shall legally be considered as resigned. The Board should hold at least six meetings during the year. In 2014, the BOD held six meetings.

The Article (117) 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 own a minimum of a quarter of the underwritten shares in the capital.

In the last case, the chairman shall call for a meeting of the General Assembly within a period of ten days as of the dismissal request; otherwise, the management shall proceed with the dismissal".

5.7 Board Committees

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 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 is also in control of reviewing 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 2014.

- 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 the 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 the Compliance are responsible to submit reports and observations to the Committee on a quarterly basis and as needed.

The committee shall carry 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 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 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 2014.

- 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 2014.

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

In accordance with the Commercial Companies Law number (5), 2002, 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 a mechanism regarding the remuneration policy dedicated to the BOD Members should be 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 draws down a mechanism whereby the remuneration is tied to the effort and performance at the level of each department and each employee, through their achievement of the tasks assigned to them and in accordance with the profitability, risk assessment and the overall performance of QNB Group.

7. Executive Management

In accordance with the Corporate Governance Code of QFMA, article (7) and the Corporate Governance Guidelines 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 this aspect due attention 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.

In line with this policy, the day-to-day operations of the Group are managed and presided over by Mr. Ali Ahmed Al Kuwari as GCEO for the QNB Group. He is assisted in his duties by a specialised and highly qualified team from the Executive Management. Five Executives report directly to the GCEO: The Executive General Manager – Chief Business Officer; the Executive General Manager - Chief Operating Officer; General Manager – Chief Risk Officer; the General Manager - Chief Financial Officer; and the General Manager of Strategy. Two other Executives, 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 Compliance Officer and the Group Chief Audit Executive.

Executive Management of the QNB Group is fully aware of its role in 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 deviation 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 a 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's 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 over 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:

7.1 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 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 2014.

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.

7.2 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 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 one** meetings during 2014.

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.

7.3 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 2014.

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.

7.4 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.

On a regular basis, General Managers of Business and Support Divisions are invited. 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 at least 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 2014.

The main function of this Committee is to develop a five-year vision and strategy for approval by the BOD, while making recommendations for adjustments as needed. In line with the five-year strategy, the Committee develops the annual business plan and budget for the QNB Group and quarterly monitors the performance against it. The Committee monitors and analysis market movement developments and the competitive positioning, quantitatively and qualitatively against peers in the Middle East and Africa Region.

QNB Group's specialised strategic vision was crystallised in early 2011, in coordination with the implementation of a company project defining the Group's strategy until the year 2017. The Group's strategic plan was hence approved by the BOD and disseminated to the concerned departments in order to harmonise the action plans of each department with the Group's strategic vision. In addition, within the frame of the strategy committee, quarterly performance updates have been made. This has been established as part of the terms of reference of the Strategy Committee to update the performance of all divisions (business and support) against set key performance indicators (KPIs) on a quarterly basis.

7.5 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 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.

7.6 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 2014.

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.

7.7 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 2014.

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.

7.8 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 2014.

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.

7.9 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 2014.

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.

8. 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 department, 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 Department has spent obvious efforts to strengthen Risk Management, as referred to in the introduction of this report on the QNB Group Achievements during 2014 to Strengthen Corporate Governance Approach.

9. QNB Group Organisation Structure and Succession Plan

9.1 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 regulatory requirements and cover future plans of internal and external growth as well as the development of financial and banking services locally and abroad.

Strengthening Human Capital

Throughout 2014, QNB Group Human Capital Division (GHC) continued the execution of its defined strategic initiatives within the context of QNB Group's five year strategic plan. In 2014, GHC's focus has been on the improvement of the service to its customers (QNB employees) and upgrading QNB's talent pool to ensure that we have the right people in the right job at the right time to support the future growth of QNB Group globally.

As of 30 September 2014, QNB Group has approximately 13,900 employees, of which 2,055 are located in Qatar. This represents an increase of approximately 1.7% in employee head count during 2014.

Revision of Group Human Capital Policies

In 2014, GHC enhanced the Group Human Capital Policy. The aim of the project was to re-format the Human Capital Policy when compared to the previous version and include as much data as possible in a generic tone for global application. Where a law, regulation, or market practice impacts on the global standards, a separate, individual 'Country Attachment' will detail the difference.

Revision of Qatar's Salary Bands

In early 2014, QNB's Board of Directors approved an upward revision of QNB Qatar's salary bands, which was implemented in tranches across all employee job grades throughout the year.

A comprehensive study was conducted to determine the correct pay levels by utilising market data analytics gathered from top employers in Qatar, the majority of which were 'Q companies'. The move to further boost QNB's pay and benefits practices enable the Group to remain a highly competitive, market

leading organisation, which, in turn, supports GHC's goal of attracting, motivating and retaining highly talented employees.

Global Employee Engagement Survey

The GCEO and Executive Leadership team acknowledge and recognise the fact that the employees of the bank are the most important asset in delivering exceptional customer experience and driving QNB Group's performance. That is why at QNB, employees' opinions are taken seriously. This led to GHC commissioning Aon Hewitt, a leading HR consulting firm, to conduct a Global Employee Engagement Survey that measured the engagement, satisfaction and motivation of valued employees.

9.2 Succession Planning and Leadership Development

Succession Planning

GHC has institutionalised Assessment Centres, Development Planning and Career Management, Succession Planning and Leadership Capability Development initiatives in line with QNB Group's strategic objectives. Leadership and Management Capability Building programs for senior and middle management leaders continued in 2014, with QNB's Centres of Excellence team driving greater participation of employees to further enhance their competence, knowledge and careers within the Group.

Recruitment Activities

As part of its strategic nationalisation initiative, QNB Group continued to lead the banking sector's efforts to hire Qatari nationals. A Qatarisation ratio exceeding 50% of domestic employees in 2014 was achieved, comprising strong representation at all levels, including senior leadership positions.

QNB has continued to support the Qatar 2030 Vision by prioritising the recruitment of Qatari talent. The GHC team has attended over 10 major Career Events in 2014, including a UK Career Fair, events at local Universities, events in partnership with the Labour Department, as well as hosting a QNB Recruitment Open Day. Qatari nationals were successfully recruited at these events, which also attracted students to join both the QNB Scholarship Program and the QNB Internship Program.

GHC has continued to support the expansion of QNB Group into new international locations by implementing a standardised global recruitment process.

Global Leadership and Talent Management

In 2014, GHC continued the execution of its Global Leadership and Talent Management Program, which addresses on-going leadership development needs across QNB Group's continually growing network both locally and globally. The program was further successfully launched in five QNB international locations – Sudan, South Sudan, Mauritania, Kuwait and Lebanon.

International Human Resources Conference

In 2014 GHC convened the first ever gathering of its international HR professionals at a special Conference held in Doha. The purpose of the event was to discuss innovative and relevant best practice Human Capital solutions across a range of subject matters. Attending the two day Conference were QNB Country Human Resources Managers drawn from 13 different countries and from across a number of Group subsidiaries.

A key component of the Conference was the discussion around the important subjects of Talent Management and Career Development. As both a leading 'Employer of Choice' and the biggest bank in Qatar, it is important that QNB has a coordinated and high quality, performance based approach towards attracting and retaining top talent in an increasingly competitive marketplace. The Conference discussed these matters in detail, and HR professionals from across the QNB Group agreed that the subject of career development remained an essential deliverable for QNB Group's leadership population and GHC.

9.3 Training and Development of Future Leadership Profiles

Learning by Doing

The culmination of this activity was the formulation and development of action plans to address the pressing issues raised by the employees. QNB Group is committed to further improving engagement scores in the years to come; a testament to the drive that exists to make QNB a better place to work and the 'Employer of Choice'.

New Supervisory Development Program Introduced

To supplement the Management/Leadership Development programs (MDP and LDP programs), which are aimed at middle managers and senior leaders, GHC has, in 2014, launched a new Supervisory Development Program (SDP) aimed at first-line managers and team leaders who are new to

the responsibilities of overseeing other employees. This program uses world-leading 'accelerated learning' techniques in order to drive greater results faster, which has led to the program receiving exceptionally positive feedback from participants.

Nationalisation Targets

In many markets within which QNB Group operates, local regulators have set targets for employment percentages of their nationals as a priority. QNB is determined to not only run profitable operations throughout its global business, but also to be seen as good corporate citizens within each country where the Group operates. A major element of achieving this aim is the commitment to prioritise the hiring of as many talented citizens of each particular country within which we operate as we can. These efforts have ensured that QNB Group has successfully met not only the minimum nationalisation ratios in all countries within which we operate; but also in many cases far exceed them.

Management and Leadership Development Programs Rolled-Out to International Locations

Further to the continuation of the Leadership and Management Development detailed above, which has been delivered in Qatar for a number of years, in 2014, GHC rolled-out both its Management Development Program (MDP) and Leadership Development Program (LDP) to many of the Group's international locations in collaboration with the Chartered Management Institute. Further locations will be added to this roll-out in 2015 and beyond, following a positive reception from employees in 2014, which have benefitted from the career development that the programs have facilitated.

Developing QNB's Training Delivery Tools

Since the introduction of e-learning to QNB in 2011, the Group has continued to expand the adoption of such technologies by employees year-on-year. Virtual and 'blended' learning techniques are now used throughout the Group for delivery of a wide range of development interventions, including Induction, Personal Effectiveness skills, Credit Risk and Management and Leadership Development. Indeed, further to GHC's 2013 launch of its innovative 3D 'second life' on-line Induction Program, which was the first of its kind, GHC has successfully, in 2014, launched a full Arabic language version of the same solution, enabling greater integration across all sections of QNB Group.

10. 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 determination 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:

10.1 Group Internal Audit

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 2014, 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 2014 a number of policies, procedures, circulars, legal agreements, and new businesses / processes, providing contextual, legal, financial, control related value additions on a continual basis without prejudicing its right to subsequently audit such systems or processes.

10.2 Group Compliance

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 2014, Group Compliance has made proven 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 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 2014.

11. External Audit

According to the Commercial Companies Law Number (5) for the Year 2002, Article (141), and QCB instructions – applicable to the date; QNB Group’s General Assembly appoints an external auditor for one fiscal year based on recommendations made by the Group Audit and Compliance Committee, where the General Assembly assesses the evaluation of this remuneration. Currently, and for the second consecutive year, Ernst and Young was assigned to audit QNB Group accounts until the 31st of December 2014. 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.

12. QNB Group Ratings

During 2014, Standard and Poor’s, Fitch, 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	A+	AA-	A+	Aa3
Short-Term Rating	F1	A1+	A-1	P-1
Outlook	Stable	Stable	Stable	Stable

13. Capital and Shares

As of December 31st, 2014 QNB Group's share capital reached QR 6,997,294,000, consisting of 699,729,400 ordinary shares of QAR 10 each. The ownership structure of QNB Group has been stable since its establishment in 1964. A (50%) stake is held by the Government of the State of Qatar through its investment arm – Qatar Investment Authority (QIA), while the remaining (50%) is held by 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.

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.

14. Shareholders' Rights

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.qa 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 special work team, including the General Manager – Group Chief Financial Officer and Assistant General Manager – Economics, Financial Analysis and Research, are entrusted to provide analysts and shareholders with the latest updates on QNB Group's activities.

The Group'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 "one vote per share" principle of.

In accordance with the Commercial Companies Law number (5), 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 the 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 requirement, which is incompatible with the principle of the confidentiality of information, especially for Bank shareholders, taking into account the right of shareholders to have access to any information or reports regarding financial matters, along with 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) item (2) of the 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.

We would like to note that article (42) of the Articles of Association of the Bank is in line with article (133) of the Commercial Companies Law, stating that the decisions of the General Assembly shall be binding to all shareholders, whether they were present in the meeting

in which the decisions were taken or absent, and whether they agreed to the decision or disagreed. However, the Charter of the Board of Directors includes in the assigned tasks to the Board the obligation to submit appropriate recommendations to the General Assembly while meeting to take a strategic decision, so as to take into consideration the interests of the Bank and the minority shareholders.

15. Disclosure

QNB Group abides by all disclosure requirements and furnishes all the financial and audit reports, as well as all information, accurately and transparently, including financial data, Qatar Central Bank's reports and the disclosures to the Qatar 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 committed to a clear policy of disclosure, since the Corporate Governance Report intended for QFMA includes information about the BOD with briefs on the position of each member, as well as their membership on the Boards of other companies (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 the statements supplied in this regard are accurate, true and are not misleading, to the best of our knowledge and belief. In addition, all of the QNB Group annual financial reports comply with the International Financial Reporting Standards (IFRS). The External Auditors' report includes affirmations that they have received all the 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. In addition, the Commercial Companies Law article (121) 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.

16. 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. In addition, the CPC members are requested to disclose any personal interests during the tendering of any bids or auctions relevant to the Bank's contracts, projects and commitments.

QNB Group is also applying the Qatari Commercial Companies Law number (5) for the Year 2002, article number (108) regarding the work of contractors and general tenders that allows everybody to compete and participate in tender offers equally. If an offer is made by the Chairman of the BOD or any Board Member or Managers, it must be presented to the shareholders in the General Assembly for approval.

17. 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).

18. Spotlights on Specific Corporate Governance Practices at QNB

This part of the Corporate Governance report is intended to show specific practices and tools being applied at QNB Group as part of the Corporate Governance Framework. The purpose is to allow all the users of this report to take further knowledge and better information of QNB best practices as part of its commitment to enhance and strengthen the Bank's Corporate Governance practices.

18.1 Review and Update of the Management Committees Structure and Terms of Reference

During 2014, QNB management conducted an overall and in-depth review of the existent management committees, their role, composition, reporting and decision-making processes. The review also covered the alignment of these committees with their peers and correspondent committees at the overseas branches and subsidiaries to fulfil the Consolidated Governance and Supervision Approach within QNB Group as per QCB requirements.

The exercise has also taken into consideration several governance and organisational factors and was conducted as a Group-wide project.

Below are the general principles that have been considered while designing the Governance and Operating rules:

- Existence of clear reporting lines and definition of responsibilities;
- Clear monitoring and reporting lines from/to the Subsidiaries and Overseas Branches;
- Clear disclosure and approval process for the important decisions (impacting the business/operations);
- Effective supporting/ control activities (FCD, Risk, Compliance, Audit) and communication tools.

While conducting this exercise, the new committee model was built on major criteria to split the nine current Head Office management committees into a hierarchy. The "Decision-Making" committees (CPC, Risk, Credit, ALCO and Strategy) will form the tier 1 "Executive Committees" level. The "Action-Taking" committees (Business Development, IT, HR and Operations and Services) will form the tier 2 "Management Committees" level reporting to a parent committee in tier 1.

This will lighten the burden of the Executive Management in attending The Executive Committees' meetings, while ensuring that they continued to be chaired by the GCEO and that their meetings are attended by the Four Chiefs. The Management Committees will be chaired by one of the four Chiefs and their meetings will no longer require the attendance of all Four Chiefs. It will be necessary to create an additional tier 1 committee for Operations. This "Senior Management Committee" will be the parent of IT, HR, Business and Development and the Operations and Services Committees.

On the subsidiaries level, as a general rule, subsidiaries will be asked to form their respective board and management committees according to their own needs, size and nature, taking into consideration the Corporate Governance framework of QNB Group. For supervision and coordination purposes, those committees will interact with their peer committees at the Head Office level through the secretary of each committee and heads of the relevant Divisions as and when required.

On the overseas branch level, each branch will be asked to form only one or more management committees on their own according to the size and activities, taking into consideration the Corporate Governance framework of QNB Group. These committees will interact with the peer committees at the head office in the same manner described for committees at the subsidiaries level.

18.2 Compliance level of QNB Group: Towards Building a Solid Governance Culture

The year 2014 witnessed an increasingly high cadence of regulatory changes in terms of laws, rules and regulations. As an international bank operating under several regulatory regimes along with adopting the best practice guidance and principles, QNB Group is in a continuous race to spot any new changes to its regulatory framework in order to reflect them in the applicable policies, procedures and guidelines.

The Group extended all the required efforts during the year 2014 in order to actively implement all new rules and regulations and kept an active spirit and culture of compliance for the benefit of the QNB Group regulatory safety and reputation.

Below are the main new laws and regulations that have been promulgated and published during 2014:

State of Qatar Laws	
Regulating Charitable Activities new law	Qatar Real Estate Development new law
Project of new Mutual Funds law	Project of new Commercial Companies law
Qatar Central Bank	Qatar Financial Markets Authority
<ul style="list-style-type: none"> • Consultative Paper on Governance for Banks • Implementation of Basel III - Capital Adequacy Ratio • Application of new Liquidity Coverage Ratio (LCR) Leverage Ratio and Credit to Deposit Ratio • Domestic Systemically Important Banks (DSIBs) in Qatar • Remuneration of National Banks' Chairmen and Members of Boards • Hot-Line for reporting suspected fraudulent transactions 	<ul style="list-style-type: none"> • Capital Adequacy Standards for Financial Services Companies • Rules of Licensing and Regulating Depositary • Merger and Acquisition Rules • Corporate Governance Code in Venture Market • Selling of Subscription Rights • Margin Trading • External Auditors and Financial Evaluators
Qatar Financial Centre Regulatory Authority	Economic Sanctions Programs
<ul style="list-style-type: none"> • Banking Business Prudential Rules • Investment Management and Advisory Rules • Approved Individuals Regime and Miscellaneous Amendments Rules 	<ul style="list-style-type: none"> • Syria • Iran • Russia
Financial Action Task Force -FATF	Basel Committee on Banking Supervision
<ul style="list-style-type: none"> • Risk-based approach guidance for the Banking Sector • Action on the terrorist group ISIL • Strategic anti-money laundering and combating the financing of terrorism (AML/CFT) action plan • Guidance on Transparency and Beneficial Ownership 	<ul style="list-style-type: none"> • Sound management of risks related to money laundering and financing of terrorism • Corporate governance principles for banks - consultative document

Conclusion

As the largest bank in the GCC and Middle East, QNB Group's safety and soundness are key to financial stability and the trust all our stakeholders are seeking in our organisation. Sound Corporate Governance practices in QNB Group are also a positive gauge of the healthiness of the financial system and the banking sector in the State of Qatar.

The benefits to a company of practising good Corporate Governance are now well known. The Governance of a corporation is a process that allows outsiders examining a company to assess whether the company is being well governed. What is essential for us, as QNB Group, is that directors choose the Governance processes that are in the best interests of the Group's business as a whole, and this is the vital idea we are pursuing to disseminate.

During the year 2014, considerable progress has been made on many fronts, with improvements to both the Board's role of supervision and the Executive Management's effectiveness through a deep work of re-engineering the management committees' roles and structures in order to improve the decision-making process and the supervision approach.

In the end, since the evaluation of the quality of the Governance by the marketplace is what is important, we seize this occasion to thank QCB, QFMA and all the economic players for their sustained efforts in enhancing and promoting sound Corporate Governance practices for the best interest of the financial sector and the State of Qatar's economy in general.

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 2014, 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 BOD

The Board of Directors - Brief Overview

BOD Member	Brief Overview of BOD Members Practical Experience
<p>H.E. Mr. Ali Shareef Al Emadi</p> <p>The Chairman</p>	<p>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. The chairman is considered as non independent member.</p>
<p>H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al Thani</p> <p>Vice Chairman</p>	<p>H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al-Thani has been a non independent 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.</p>
<p>H.E. Sheikh Khalid Bin Hamad Bin Khalifa Al. Thani</p>	<p>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. is non independent member.</p>
<p>H.E. Sheikh Hamad Bin Jabor Bin Jassim Al Thani</p>	<p>H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani has been an independent 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.</p>
<p>H.E. Mr. Ahmad Mohamed Ahmad Al Sayed</p>	<p>Mr. Ahmed Mohammed Ahmad Al Sayed is a Minister of State and an independent member of the Board since 2010. His Excellency is also the Managing Director and CEO of Qatar Holdings, as well as being the Vice Chairman of Qatar Exchange, board member of Canary Wharf Group (UK) and supervisory board member of Volkswagen AG.</p>
<p>Mr. Bader Abdullah Darwish Fakhroo</p>	<p>Mr. Bader Abdullah Darwish Fakhroo has been a non independent member of the Board since 2001 and is a member of the Group Executive Committee. He is also currently the Chairman of Darwish Holding.</p>

BOD Member	Brief Overview of BOD Members Practical Experience
Mr. Rashid Misfer Al- Hajri	Mr. Rashid Misfer Al-Hajri has been an independent 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 an independent 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 non independent 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 an independent 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: QFMA Corporate Governance Mandatory Checklist

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.2	
		3.2	The Board shall also review and update its corporate governance practices, and regularly review the same.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.2	
4	Board Charter	4.1	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1	
		5.2	In addition to the Board functions and responsibilities as set out in the Board Charter, the Board shall be responsible for:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 and 6 and 8.2	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.2	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.2	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.2	
		6.3	Board Members shall act effectively to fulfil their responsibilities towards the Company.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.2	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	
		7.2	In all circumstances, no one person in the Company should have unfettered powers to take decisions.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.3	
		8.2	The Chairman may not be a member of any of the Board committees prescribed in this Code.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		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:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		8.3.1	to ensure that the Board discusses all the main issues in an efficient and timely manner;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.3	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
		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 ;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.3	
		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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.3	
		8.3.4	to ensure effective communication with Shareholders and communication of their opinions to the Board of Directors; and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.3	
		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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.3	
		8.3.6	to ensure the conducting of an annual evaluation to the Board's performance.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.4	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.4	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13	
10	Non-Executive Board Members	10.1	Duties of the Non-Executive Board Members include but are not limited to the following:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.6 and 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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		10.1.3	Participation in the Company's Audit Committee;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		10.1.5	the development of the procedural rules for the Company's corporate governance for ensuring their implementation in a consistent manner; and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7 and 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.1 and 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	In accordance with the applicable QNB Corporate Governance Manual	
11	Board Meetings	11.1	The Board of Directors shall hold meetings regularly, so as to ensure that the Board is effectively performing its duties. The Board shall meet at least six times during a year. Page 18 of 42	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.6	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
		11.2	The Board shall meet when convened by its Chairman or upon the written request of two Board Members. The invitation for the Board meeting and agenda shall be communicated to each Board Member at least one week before the date of the meeting, noting that any Board Member may add any item to the agenda.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.6	
12	Board Secretary	12.1	The Board shall appoint a Board Secretary whose functions shall include recording the minutes of all the Board meetings and safekeeping records, books and reports submitted by or to the Board. Under the direction of the Chairman, the Board Secretary shall also be in charge of ensuring timely access to information and coordination among the Board Members as well as between the Board and the other stakeholders in the company including shareholders, management, and employees.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.5	
		12.2	The Board Secretary shall ensure that Board Members have full and timely access to the minutes of all Board meetings, information, documents, and records pertaining to the Company.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.5	
		12.3	All Board Members shall have access to the services and advice of the Board Secretary.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.5	
		12.4	The Board Secretary may only be appointed or removed by a Board resolution.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.5	
		12.5	The Board Secretary should preferably be a member of a recognised body of professional accountants, or a member of a recognised or chartered body of corporate secretaries, or a lawyer or a graduate from a recognised university or equivalent. He should have at least three years of experience in handling the affairs of a public company listed in the market..	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.5	
13	Conflict of Interests and Insider Trading	13.1	The Company shall adopt and make public general rules and procedures governing the Company's entering into any commercial transaction with a Related Party (the Company's "Related Party Policy"). In any event, it shall not be permitted to enter into any commercial transaction (or contract) with any a Related Party unless in strict compliance with the aforementioned Related Party Policy. The said policy shall include principles of transparency, fairness and disclosure in addition to the requirement that a related party transaction be approved by a majority vote of the shareholders, without the concerned Related Party participating in the voting.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16	
		13.2	Whenever an issue involving conflict of interests or any commercial transaction between the Company and any of its Board Members or any Party related to said Board Member, is discussed in a Board meeting, the said issue shall be discussed in the absence of the concerned Board Member who may not in any event participate in the voting on the matter. In any event, such transaction shall be made at market prices and on arm's length basis and shall not involve terms that are contrary to the interests of the Company.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		13.3	In any event, such transactions shall be disclosed in the Company's annual report and specifically referred to in the General Assembly following such commercial transactions.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		13.4	Trading by Board Members' in the Company's shares and other securities shall be disclosed and the Company shall adopt clear rules and procedures governing trading by Board Members and employees in the company securities.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		A disclosure was made in the report under point 16
14	Other Board Practices and Duties	14.1	Board Members shall have full and immediate access to information, documents, and records pertaining to the Company. The Company's executive management shall provide the Board and its committees with all requested documents and information.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		14.2	The Board Members shall ensure that the Nomination, Remuneration and the Audit Committee members, the Internal Audit and representatives of the External Auditors attend the General Assembly.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		14.3	The Board shall put in place an induction program for newly appointed Board Members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which the Company operates.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.4	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
		14.4	The Board Members are responsible for having an appropriate understanding of their role and duties, and for educating themselves in financial, business, and industry practices as well as the Company's operations and functioning. In this respect, the Board shall adopt an appropriate formal training to enhance Board Members' skills and knowledge.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		14.5	The Board of Directors shall at all times keep its Members updated about the latest developments in the area of corporate governance and best practices relating thereto. The Board may delegate the same to the audit committee or the governance committee or any other body as it deems appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		14.6	The Company's articles of association shall include clear procedures for removing Board Members in the event of failing to attend Board meetings.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		The New AOA will consider this item
15	Board Committees	15.1	The Board shall evaluate the advantages/feasibility of establishing specialised Board committees to over watch critical work progress. Upon deciding on the committees to be set up, the Board has to take the committees mentioned in this code into account.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
16	Board Members Appointment. The Nomination Committee	16.1	Nominations and appointments of Board Members shall be made according to formal, rigorous and transparent procedures.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1	
		16.2	The Board shall constitute a Nomination Committee chaired by an Independent Board Member and comprised of Independent Board Members which shall recommend Board Members' appointments and re-nomination for election by the General Assembly (for the avoidance of doubt, nomination by the Committee does not deprive any shareholder of his rights to nominate or to be nominated);	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Justification in 5.1	
		16.3	Nominations shall take into account inter alia the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications and personality and should be based on the Fit and Proper Guidelines for Nomination of Board Members' annexed to the Code as amended by the Authority from time to time;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1	
		16.4	Upon its establishment, the Nomination Committee shall adopt and publish its terms of reference explaining its authority and role.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		16.5	The Nomination Committee's role shall also include conducting an annual self-assessment of the Board's performance.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.4	
		16.6	Banks and other companies shall comply with any conditions or requirements relating to the nomination, election or appointment of Board Members issued by Qatar Central Bank or any other relevant authority.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		17.2	Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		17.4	The Remuneration Policy shall be presented to the shareholders in the General Assembly for approval and shall be made public.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7 and 6	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Biographies		
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	In accordance with the applicable QNB Corporate Governance Manual and 11 5.7		
		18.4	The Audit Committee shall meet as needed and regularly at least once every three months and shall keep minutes of its meetings.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Conclusion		
		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:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework		
		18.6.1	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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11		
		18.6.2	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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15		
		18.6.3	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:	1. Any changes to the accounting policies and practices;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
				2. Matters subject to the discretion of Senior Executive Management;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
				3. The major amendments resulting from the audit;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	
				4. Continuation of the Company as a viable going concern;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
				5. Compliance with the accounting standards designated by the Authority;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
				6. Compliance with the applicable listing Rules in the Market; and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
		18.6.4	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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 and 10	
		18.6.5	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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		18.6.6	To review the financial and Internal Control and risk management systems;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7 and In accordance with the applicable QNB Corporate Governance Manual	
		18.6.7	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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7 and In accordance with the applicable QNB Corporate Governance Manual	
		18.6.8	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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7 and In accordance with the applicable QNB Corporate Governance Manual	
		18.6.9	To ensure ;coordination between the Internal Auditors and the External Auditor, the availability of necessary resources, and the effectiveness of the Internal Controls;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		18.6.10	to review the Company's financial and accounting policies and procedures;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		18.6.11	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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		18.6.12	To ensure the timely reply by the Board of Directors to the queries and matters contained in the External Auditors' letters or reports;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		18.6.13	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4.2.4 and 5.7	
		18.6.14	To oversee the Company's adherence to professional conduct rules;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		18.6.15	To ensure that the rules of procedure related to the powers assigned to the Board of Directors are properly applied;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
		18.6.16	To submit a report to the Board of Directors on the matters contained in this Article ;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		18.6.17	to consider other issues as determined by the Board of Directors;		<input type="checkbox"/>	<input type="checkbox"/>	5.7	
19	Compliance, Internal Controls and the Internal Auditor	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	
		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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	
		19.3	The Company shall have an internal audit function with clearly defined functions and role. In particular, the internal audit function shall:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
		19.3.1	Audit the Internal Control Systems and oversee their implementation;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
		19.3.2	Be carried out by operationally independent, appropriately trained and competent staff; and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework 5.7	
		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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
		19.3.4	Has access to all Company's activities; and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	
		19.5	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:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
			- Control and oversight procedures of financial affairs, investments, and risk management.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
			- Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework 10	
			- 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	
			- 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).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
			- The Company's compliance with applicable market listing and disclosure rules and requirements.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	
			- The Company's compliance with Internal Control systems in determining and managing risk.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
			- All relevant information describing the Company's risk management operations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
		19.6	The Internal Audit Report shall be prepared every three months.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.1	
20	External Auditor	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	
		20.5	A listed company shall change its External Auditor every three years at a maximum.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	
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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Compliant Except as stated in paragraph 15	
		21.2	The Board shall ensure that all disclosure made by the Company provides accurate and true information which is non-misleading.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15	
		21.4	The Company audited financial reports shall be circulated to all shareholders.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15	
22	General Rights of Shareholders and Key Ownership Elements	22.1	Shareholders have all rights conferred upon them by related laws and regulations including this Code as well as the Company's by-laws; and the Board shall ensure that shareholders' rights are respected in a fair and equitable manner.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
23	Ownership Records	23.1	The Company shall keep valid and up to date records of share ownership.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		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 14
		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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		A disclosure was made in the report under point 14
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
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:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
		(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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
		(2)	Clear and express procedures to access such information	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
25	Shareholders Rights with Regard to Shareholders' Meetings	25.1	The Company's articles of association and by-laws shall include provisions ensuring effective shareholders' right to call for a General Assembly and be convened in a timely manner; the right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon; and the right to make informed decisions.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
		26.2	Proxy voting is permitted in compliance with related laws and regulations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
		27.2	Shareholders shall have the right to cast their votes for Board Member's election by Cumulative Voting.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		A disclosure was made in the report under point 14
28	Shareholders' Rights Concerning Dividend Distribution	28.1	The Board of Directors shall submit to the General Assembly a clear policy on dividend distribution. This shall include the background and rationale of such policy in terms of the best interest of the Company and the shareholders.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13	
		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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		A disclosure was made in the report under point 14
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7 and 6	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7	
		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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework	

Appendix: QFMA Corporate Governance Mandatory Checklist - Continued

Article No	Article Title	Clause No	Description	Compliant	Non-compliant	Not Applicable	Application	Non-compliance Justification
31	The Corporate Governance Report	31.1	The Board shall prepare an annual Corporate Governance Report signed by the Chairman.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		1.	Procedures followed by the Company in this respect;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.3	
		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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.2	
		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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Biographies and 6 with the exception of the Board members categories	
		4.	Disclosure of internal Control procedures including particularly the Company's oversight of financial affairs, investments, and risk management;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	
		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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	
		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;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	
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);	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework			
8.	Disclosure of the company's compliance with applicable market listing and disclosure rules and requirements;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per QNB Group wide Policies and QNB Corporate Governance Framework			
9.	Disclosure of the company's compliance with Internal Control systems in determining and managing risks;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 and 10			
10.	All relevant information describing the Company's risk management operations and Internal Control procedures.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 and 10			

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