



Corporate Governance Report 2021



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Chairman's Foreword



Dear Shareholders,

Greetings,

QNB Group recognizes how adopting the highest standards of governance and international best practice moulds it into a leading financial institution and helps it achieve its strategic vision. The Group also integrates relevant laws and legislations into its compliance framework thereby disseminating a proper culture of compliance throughout the organization. As doing so, raises our operational efficiency, protects our resources amid various crises, supports our expansion pursuits and serves in the best interest of our financial and banking activities at local and international levels.

The bank continuously evaluates its strategic goals against the principles of good corporate governance in line with changing regulatory requirements, as to prologue its compliance with the highest values of ethical behaviour and standards of transparency and integrity. The decisions and initiatives QNB Group took during the COVID-19 pandemic have not only enabled it to monitor growing global health concerns and economic risks but also reduce their impact by developing new pro-active ways of managing it. These measures sustained the Group's corporate governance framework, which maintained QNB's solid reputation for dealing with risks, its financial solvency and the safety of its customers and employees. The bank's internal control framework also played a major role in supporting business continuation in the face of many internal and external challenges.

QNB Group made corporate governance a priority during challenging circumstances to ensure operational safety, as well as maintain effective internal control systems over financial reports. Considering that the reordering of priorities facilitates the continuation of all business and operations activities while maintaining customer deposits and shareholders' rights. Devoted to the highest standards of transparency and disclosure, QNB Group facilitated stakeholders' and client's access to information on the bank's latest financial and non-financial using numerous channels.

In accordance with Law No. (8) of 2021 amending some provisions of the Commercial Companies Law No. (11) of 2015, QNB Group introduced various updates to its existing corporate governance structure in light of the new law and positively reflected them across the Group's corporate governance practices, as will be demonstrated throughout this report.

In conclusion, I am pleased to present the Annual Corporate Governance Report for 2021, which confirms QNB's commitment and adherence to corporate governance requirements issued by the Qatar Central Bank (QCB), the Qatar Financial Markets Authority (QFMA) and international best practices. We also highly appreciate the stable foundations built by regulatory authorities to situate corporate governance properly within institutions. Considering that, such an action stabilized the market and sustained long-term growth within it, which in turn increased shareholders', investors' and stakeholders' confidence.

Ali Bin Ahmed Al-Kuwari
Chairman of the Board of Directors

Introduction

QNB Group believes that achieving its long-term goals and vision depends on effective implementation of a comprehensive corporate governance framework that operates effectively to manage the bank's operations safely, protect the interests of its depositors, and bring about prosperity for its' shareholders and stakeholders. As doing so, enhances investor confidence and strengthen the Group's ability to play its role in supporting economic growth.

QNB's corporate governance framework adopted its sound governance pillars from international best practices and standards to keep up with established market-standards in this area and to comply with legislative and regulatory requirements. The bank's corporate governance system is adept in dealing with continuous changes, as it has created a balanced workflow of relations between the organization's management, its board of directors and its shareholders. This further implemented a clear matrix of authorities within the framework and even established effective internal control mechanisms and methodologies for monitoring the Group's performance. Moreover, having all aforementioned elements in-place has helped contribute, if not bolster, the principles of responsibility and accountability across the organization.

The bank is also committed to the highest levels of transparency and disclosure so accordingly, it communicates financial and non-financial information to all investors and stakeholders. Such communication signals that QNB Group complies with international financial reporting standards, financial accounting standards, best practices and legislative requirements on disclosure. This keeps investors informed of the bank's activities and performance, thereby giving them access to reports and disclosures published on the bank's website (or by other means) so that they can participate in decision-making.

QNB Group pursues the principle of fairness in dealing with all shareholders in a way that ensures that small shareholders, like other shareholders, obtain all their rights stipulated in the laws and legislations in force and in the bank's articles of association. In addition, the Group ensures to provide them with all the necessary information, including the dates of holding ordinary and extraordinary general assembly meetings, stock price fluctuations, and other information on matters of interest to shareholders. It is worth noting that, the Group adheres to the principle of fairness not only in dealing with shareholders, but also when dealing with other stakeholders, through strict policies and procedures that guarantee their fair treatment in an impartial and ethical manner.

QNB Group seeks to maintain the legacy of trust and the reputation it has built over decades by spreading the culture of sound corporate governance across the institution. This guides management and employees to work in line with operational efficiency and in adherence to ethical behaviour thereby bringing about rewarding returns on investments and increasing productivity in the long term.

The importance of the governance system adopted by QNB Group lies in its achievement of trust and safety and the creation of a work environment characterized by integrity and transparency. This is the main factor behind achieving financial stability, financial integrity and gaining confidence not only in the region's market but also in all the countries where the Group has presence. Our desire to clarify what QNB Group intends to do and the efforts exerted to achieve compliance with relevant regulatory requirements and fulfil its duties towards investors and other stakeholders is what prompts us to issue this report. This Corporate Governance Report demonstrates QNB Group's ambitions and efforts to comply with regulatory requirements issued by Qatar Central Bank (QCB), Qatar Financial Markets Authority (QFMA) and all other relevant regulatory authorities that our operations reside in.

1. The QNB framework for corporate governance

QNB Group constantly maintains a comprehensive, effective and flexible governance framework as a key factor for its sustainability, for its success, its business, its vision and future aspirations. The obligations listed within the Group's corporate governance framework show our duty towards the rights of depositors, shareholders, stakeholders and also towards the regulators. These obligations are not only limited to organizational requirements but also include environmental and social commitments too. All of which, are economic goals that we strive to achieve in line with the Group's values.

The effectiveness of the corporate governance framework adopted by QNB has been a main reason for its success and leadership at the local and regional levels. Where an effective and dynamic management disseminated the policies and procedures issued by the Group. Such policies clarify the responsibilities of the Chairman and members of the board of directors, the committees emanating from the board, and the duties and the authorities of the Group CEO, and the Executive Management. The framework also clearly outlines the role of external audit, compliance, internal control frameworks, and risk management in working to evaluate the bank and its practices. It also determines disclosure requirements and the bank's responsibilities towards shareholders, stakeholders, the environment and society.

The flexibility of QNB Group's corporate governance framework enabled it to adopt with an ever-changing regulatory environment, such as those requirements issued by the Basel Committee, the Organization for Economic Cooperation and Development (OECD), the International Corporate Governance Network (ICGN), the International Chamber of Commerce (ICC), and other international institutions. The framework also derives its components from local laws and regulations stipulated by regulatory and supervisory requirements from the various supervisory authorities in countries where the Group operates. This enhanced the Group's ability to manage its risks and comply with regulatory requirements both locally and internationally.

In 2021, QNB Group reaffirmed its commitment to adopt sound rules and principles issued by Qatar Central Bank (QCB), Qatar Financial Markets Authority (QFMA), and the recently amended provisions of the Commercial Companies Law. As the Group works actively to protect shareholder rights, especially minority shareholders, to strengthen its internal control and to implement and to report on environmental and social governance measures.

QNB Group's Board of Directors (BOD) reviews, maintains and approves a comprehensive set of corporate governance policies and procedures to assure and ensure that the BOD and Executive Management exert effective vigilance in the management of the Group's businesses and activities. Care and attention is devoted to ensure that corporate governance measures employed are compatible with the legal and regulatory requirements and that they reflect the actual orientation to comply with the international standards. 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, duly supported by the Executive Management team.

QNB Group maintains a Corporate Governance Manual based on the latest regulatory updates from both QCB and QFMA in addition to international best practices. The Corporate Governance Manual is an important policy document, which defines the corporate governance approach of the Group, the structuring and responsibilities of the Board and Management committees. The Manual is also an extremely sought after document for any businesses, shareholders, rating agencies, investors and other stakeholders as they are all increasingly focusing on the application of sound corporate governance processes as evidence of a demonstrable commitment to delivering long-term value and sustainability. The Manual sets out the role of the BOD, the Chairman, the Chief Executive Officer and the established committees of the Board and the Executive Management. In addition to that, the Manual alludes to QNB's corporate governance framework and its components, risk management and internal control framework, role of external auditors, disclosure requirements, shareholders' and stakeholders' rights.

1.1 Key corporate governance guiding principles

In application of article (3) of the QFMA Corporate Governance Code, principles of corporate governance are intended to assist public company's boards and management in their efforts to implement appropriate and effective corporate governance practices. Although there is no 'one size fits all' approach to governance that will be suitable for all companies, QNB believes that the creation of sustainable long-term value is the ultimate measurement of a successful corporate governance approach, and it is important that shareholders and other stakeholders understand why the Bank has chosen to use particular governance structures, practices and processes to achieve this objective.

QNB Group adopts and maintains the following primary guiding principles for corporate governance:

- the Board approves corporate strategies that are intended to build sustainable long-term value; selects the Group Chief Executive Officer (GCEO); oversees the GCEO and Executive Management in operating the company's business, including allocating capital for long-term growth, assessing and managing risks, and sets the 'tone at the top' for ethical conduct;
- the Management develops and implements the corporate strategy and operates the company's business under the Board's oversight, with the goal of producing sustainable long-term value creation;
- the Management, under the oversight of the Board and its Group Board Audit and Compliance Committee (GBACC), prepares financial statements that fairly presents the Group's financial condition and results of operations along with making timely disclosures that investors need, to assess the financial and business soundness and risks of the Group;
- the Group Board Audit and Compliance Committee (GBACC) maintains and manages the relationship with the external auditor, oversees the Group's annual financial statement audit and internal controls over financial reporting, and oversees the bank's risk management and compliance programmes;
- the Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC) plays a leadership role in shaping the corporate governance practices of the Group, strives to build an engaged and diverse Board whose composition is appropriate in light of the Bank's needs and strategy, and actively conducts succession planning for the Board;
- the Board and Management engage with long-term shareholders on issues and concerns that are of widespread interest to them and that affect the Group's long-term value creation. Shareholders that engage with the Board and Management in a manner that may affect corporate decision-making or strategies, are encouraged to disclose appropriate identifying information and to assume some accountability for the long-term interests of the Bank and its shareholders as a whole. As part of this responsibility, shareholders should recognise that the Board must continually weigh both short-term and long-term uses of capital when determining how to allocate it in a way that is most beneficial to shareholders and to building long-term value; and

- in making decisions, the Board may consider the interests of all of QNB Group components, including stakeholders such as employees, customers, suppliers and the community in which the Group operates.

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

1.2 Approach to establish effective corporate governance

QNB Group's approach to corporate governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated, by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. As a global organisation, the corporate governance practices followed by QNB are compatible with leading international standards and best practices. Through the governance mechanism across the Group, the Board along with its committees undertake the fiduciary responsibilities to all the stakeholders by ensuring transparency, fairness and independence in the decision-making process.

The corporate governance approach is further strengthened with the adherence to the proprietary QNB Group Business Excellence Model as a means to drive excellence along with the Balanced Scorecard methodology for tracking progress on long-term strategic objectives. Furthermore, QNB's 'Code of Conduct', serves as a guide to the Group, its Directors, management and employees, in articulating and reinforcing QNB's values, ethics and business principles. It is supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said Code.

QNB is in full compliance with Qatar Central Bank and Qatar Financial Markets Authority obligations with respect to corporate governance.

1.3 Commitment to ensuring compliance with corporate governance regulations

The Board of Directors and Executive Management believe that corporate governance is an essential element to enhance shareholder confidence, specifically that of 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, during 2021, all necessary efforts were focused towards continuing to create and maintain awareness of the importance of corporate governance within QNB Group and on enhancing corporate governance measures.

In application of article (4) of the QFMA Corporate Governance Code, this annual Corporate Governance Report submitted annually to both regulators (QCB and QFMA) aims to ensure a transparent disclosure of the governance practices within QNB Group. It embodies the Group's values and policies that all parties must conform to. The report includes and covers areas including: the capital structure, control measures, key corporate governance achievements, shareholders' rights and fair treatment, description of BOD charters and its committees, related party transactions policy, succession planning, and periodic review of professional conduct principles, in order to ensure the application of best professional practices that meet QNB Group's needs and objectives.

2. QNB's achievements during 2021 to reinforce the corporate governance framework

QNB regularly reviews and updates the corporate governance framework to ensure that the Bank meets the leading governance practices and the latest regulatory requirements. During the year 2021, QNB brought in multiple initiatives and improvements in order to promptly resolve or mitigate compliance and governance risks associated with QNB's business activities and to meet increasingly complex regulatory requirements.

The below topics summarise QNB's key efforts conducted in 2021, with respect to the enhancement of the corporate governance framework.

2.1 Commitment to maintaining an effective corporate governance culture

Good corporate governance embodies more than economic stability and regulatory compliance; it factors in integrity, trust, transparency and accountability. Understanding this, QNB Group maintains a Corporate Governance and Compliance Framework that directs ethical behaviour by way of tone at the top and situates transparency and trust at the core of all of its dealings with investors, stakeholders and regulators.

Reinforced governance effectiveness: Board of Directors' independency assessment

The success of QNB Group is highly dependent on the Board of Directors (BOD), their structure, their actions, decisions, and behaviour. Ideally, a diverse Board would include both independent and non-independent Board members who are qualified and experienced in their respective roles. That considered, QNB conducted a comprehensive evaluation of Board members independency in compliance with QCB and QFMA regulations in 2021. The evaluation, which is conducted annually, examined each Board member's activities and position against the regulatory set definition of independency, as to find-out whether the bank fulfilled its regulatory obligations in terms of BOD member's independency. The assessment concluded that QNB BOD has complied with the regulatory set standards and that our Board members fulfilled their stipulated criterions of independency.

In addition, a comprehensive review was conducted during 2021 to ensure the questionnaires being used for the Board independency assessments are complete and reflect all the regulatory requirements. A separate section was also created to shed more light on the conflicts of interests' assessments. These questionnaires were approved by the Board of Directors.

Conducted an intensive Board performance self-assessment that assesses governance at the top

The 'Annual Board Performance Self-Assessment survey' is a key governance tool that provides the Board with a practical engagement opportunity to share any recommendations or considerations they may have on the overall Board governance and performance. Consequently, QNB reviews through this exercise the performance of the Board as a whole and at the individual levels, including the flow of information to the Board from Board committees and from the executive management and examines committees actions and initiatives for increasing the effectiveness of the Board.

During 2021, Group Compliance Division coordinated efforts for this assessment by reviewing all submitted Board member self-assessment surveys and feedback then consolidated the findings in order to be shared with the Board for retrospection and proper decisions.

The Board annual assessments gauge the operative nature of BOD engagement, composition, culture, and effectiveness and allows QNB to examine and determines whether its Directors are working together effectively and making sure that Board members have

an avenue for discussing any issues and considerations. In such, the self-assessment process (at collective and individual levels) provides much needed contemplation into the dynamics of Board member interaction, and the ways through which their interaction fulfils QNB's strategic business goals.

Maintaining comprehensive Board documentation

Maintaining updated and unified Board-related documentation is a fundamental part of the Group's commitment to defining the roles of Directors and the Board as a whole. Furthermore, the statement of the roles and responsibilities of BOD members through the Board Charter and policy works to deter conflicts arising between Directors, and facilitates cooperation between them during decision-making.

Since robust Board documentation is an essential component of good governance and QNB's proper functioning, QNB on an ongoing basis reviews and updates Board documentation as may be required. Furthermore, stakeholders and shareholders are able to view the Board Charter on the QNB website. QNB Group is committed to forming an adaptive corporate governance structure that factors in QFMA's, QCB's and other leading requirements and practices on corporate governance.

Good governance measures at overseas entities

QNB has established effective communication channels and governance oversight mechanisms with its overseas entities, which includes overseas branches and subsidiaries. The aim is to ensure alignment between Head Office's corporate governance practices and that of our overseas operations. The Group also maintains a set of corporate governance guidelines that assist international branches and subsidiaries in integrating QNB Head Office policies into their own framework. QNB's governance strategy thus extends sound corporate governance practices downstream for overseas entities to follow, while keeping in mind and taking into account alignments with their own respective jurisdictional regulatory requirements.

In 2021, QNB assessed the implementation of these guidelines at its overseas branches. The findings of the assessment served as useful pointers for QNB to enhance its governance over the overseas entities. Oversight measures are set in place to help direct QNB's international network of branches and subsidiaries policy alignment efforts. QNB's aim is to achieve appropriate governance homogeneousness across the board, and maintain a proper chain of Group oversight across all levels of operation.

QNB representatives' assessment to evaluate management and governance at group level

QNB Group nominates representatives at the Board level of each QNB subsidiary and affiliate. This helps align Group interests, mitigates associated risks, aids promulgation of seamless governance measures, protects QNB stakeholders including shareholders and creates an adequate setting for the sustainable development across QNB Group's international network. This also harmonises QNB Group's strategic objectives and corporate governance culture with that of its subsidiaries. These QNB representatives on subsidiary boards thus help maintain an optimal synergy between Head Office and subsidiaries and affiliates to protect QNB's interests and foster an adequate control environment.

QNB annually undertakes a performance assessment of the Board of Directors in QNB subsidiaries and affiliates. Group Compliance Division in collaboration with required stakeholders facilitates this exercise by evaluating the performance of QNB representatives positioned across the subsidiaries and affiliates. Doing so allows QNB to view and analyse the representatives' use of escalation channels, as to see whether they have sought out communication properly and in a timely manner. It also helps assess the implementation of directives, performance and deficiencies remediation. The Group-wide oversight framework established at subsidiaries enables them to report to QNB Group Board (as the parent company) through appropriate channels.

During 2021, QNB evaluated the performance of QNB representatives drawing many key conclusions that have contributed to bettering communication and monitoring.

Furthered the culture of openness, disclosure and transparency

QNB Group's corporate governance framework has several pillars where disclosure and transparency is a key component. The bank believes in increasing shareholders trust within the institution and further elevating the quality of experience shareholders have when choosing QNB Group. Since a culture of openness and transparency ensures that equality and fairness are maintained among shareholders and more generally, all stakeholders. In accordance, QNB maintained the 'Disclosure and Transparency Policy', which sets guidelines around financial, strategic, governance and performance related disclosures. The policy integrates principles from international best practice and local regulatory requirements as to cultivate prosperous investor relationships.

Disclosure and transparency components also incorporate relevant environmental, social, and governance (ESG) information that investors and other stakeholders increasingly seek. Adhering to these standards will positively encourage more investors to consider adding well-governed companies to their investment portfolios.

During 2021, and in line with the policy, QNB Group used its digital platforms and website to disclose the Annual General Assembly Meeting (GAM) results, the bank's financial performance in each Quarter, its Environmental, Social and Governance (ESG) initiatives, and its Corporate Social Responsibility activities along with multiple other facets QNB accomplished during the year.

Law (8) of 2021 Commercial Companies Law

During 2021, certain provisions of Law (11) of the 2015 Commercial Companies Law (CCL) were amended whereby registered companies are now required to provide more comprehensive disclosures and independency safeguards within their governance structure. Based on that, QNB conducted a comprehensive study of the new Commercial Companies Law provisions to assess their impact and to adjust the bank's corporate governance framework accordingly. Currently, all concerned divisions within the bank are working to implement their respective actions; some of them are hereby reflected in this report.

Sustainable corporate governance documentation infrastructure

During 2021, QNB Group set up and/or enhanced robust governance related policies and procedures, including (but not limited to) areas such as the 'Board Policy', 'Anti-Bribery and Corruption Policy', 'Conflict of Interest & Insider Dealing Policy', 'Transparency and Disclosure Policy', 'AML & CFT Policy', 'Know Your Customer (KYC) Policy', 'Stakeholders' Rights Policy', 'Fraud Control Policy', 'Data Protection Policy', 'Code of Conduct (Ethics)', 'Internal Controls Policy', 'Outsourcing and Vendor Management Policy', 'Management Succession Policy', 'Chinese Walls Policy', 'Remuneration Policy', 'Internal Control Charter' and 'Whistleblowing Policy' with a view to promote ethical and professional conduct, curb and report unethical behaviour; including but not limited to fraud, corruption, embezzlement, bribery, insider trading, conflicts of interest, customer privacy violations, discrimination, harassment, violations of laws and misrepresentation of facts.

To ensure that QNB employees have a clear understanding of the aforementioned policies, Group Compliance conducted many e-learning trainings during

2021. QNB Group remains intent on instilling a culture of compliance and integrity throughout the organization where all employees understand and comply with ethical forms of conduct.

Raised corporate governance awareness

QNB recognizes the importance of raising employee awareness about corporate governance principles. It is prudent for bank employees to understand QNB's corporate governance framework to be aware how it assigns roles and responsibilities to the Board, Senior Management, and bank employees. Individuals who have a clear understanding of corporate governance play more of an active role in furthering it.

A Code of Ethics and Conduct is also in place, which sets the expectations from all QNB Employees in terms of values and code of conduct of business. It also serves as a reference when dealing with entities and personnel, especially colleagues, customers, suppliers and regulators. It is applicable to all staff at QNB and in subsidiaries where QNB has a controlling interest. The Code covers requirements that the Bank employees should be aware of and comply with while conducting their daily business activities.

Managing conflict of interest and insider trading risks

In line with the bank's code of ethics and conduct, Anti-bribery & 0 policy and relevant rules, it is essential for the bank to able to identify actual and potential conflicts of interest and manage them fairly and appropriately. When conflicts of interest are not properly mitigated, they might result in significant regulatory issues and reputational damage. Consequently, QNB Group adopted a risk-based approach to identify actual and potential conflicts of interest and insider trading situations before they occur. As per the bank's code of ethics and conduct, anti-bribery & corruption policy and relevant rules, insiders are Board members, senior executives, employees and third-party vendors all of whom are equally required, to disclose potential conflicts of interest they might have.

Respectively, all those working in the bank or are affiliated to it, must not reveal sensitive or confidential information to the public. Trading on insider information is more than just immoral it also is illegal and therefore punishable by law. Therefore, the Conflict of Interest and Insider Dealing Policy maintained by QNB, guides all employees as they make every effort to fulfil their obligations to QNB Board of Directors, shareholders, customers, personnel and all other stakeholders.

2.2 Enriched framework and tools to strengthen the financial crime compliance framework

QNB Group has a financial crime compliance framework maintained under the Group Compliance Division. The framework in place aims to combat financial crimes and related corruption in its many forms. Proper detection systems and controls are designed to detect, deter and report suspicious transactions flowing into the bank's system. Group Compliance uses this framework to verify the identity of QNB customers, conduct regular reviews of their accounts and activities and report any suspicious transactions. The following represent the key initiatives launched during 2021:

Financial crime compliance offsite reviews

As per the Financial Action Task Force's (FATF) Recommendation 18 of implementing group-wide programmes against money laundering and terrorist financing, Group Compliance implemented a financial crime compliance offsite reviews strategy to monitor the implementation of anti-money laundering and combating terrorist financing (AML/CTF) controls in overseas branches.

The objective of the strategy is to ensure that QNB Group has a coordinated approach in financial crime compliance. The financial crime compliance reviews comprises of assessing the quality of controls designed to detect and deter money laundering and terrorist financing (ML/TF) based on the identified risks, including controls that are required by law or regulation. This process aims to ensure that QNB Group is able to reduce and effectively manage financial crime risks across the Group.

Transaction monitoring

As part of QNB's responsibility to ensure that adequate, proportionate and effective controls are in place to monitor customer transactional behaviour and report suspicious transactions to the regulator. Group Compliance, continuously reviews the scenarios based on assessed risks to ensure commensurate controls are in place because the ML/TF risks evolves at a rapid pace globally. It is equally important that the transaction monitoring system operate optimally to detect unusual and suspicious transactions.

Shura Council Elections 2021

QNB was selected by the Control Committee on Electoral Campaigning for the Shura Council to open accounts related to the election campaigning due to its technical capabilities and adequate infrastructure. The QNB robust structures enable the implementation of all the requirements contained in the Qatar Central Bank

circular issued for this purpose and responding to the conditions listed in the Ministry of Interior Resolutions. In this regard, QNB has put in place the proper controls and monitoring tools to ensure meeting the regulatory requirements while opening special accounts for the elections' campaign. The entire exercise was conducted successfully in line with the authorities' expectations.

Digital-KYC

In line with QCB instructions and as part of digitizing the on-boarding process, Group Compliance is working on implementing an E-KYC solution for the bank. This will ensure a hassle free on-boarding process, ongoing authentication and identification of customers and optimize the identity and verification process.

2.3 Strengthened the sanctions compliance framework

QNB's robust Sanctions Compliance Program is regularly enhanced to meet growing sanctions regulations and challenges without disrupting customer service or jeopardizing QNB's strong reputation the bank has in the market. An integrated Sanctions Compliance Program must operate effectively to detect whether the bank might enter into an area of elevated sanction risk then timely prevent the bank from entering into such a risky situation. The program includes rigorous and cost effective controls that satisfy the needs of both, regulators and customers thus achieving full compliance with local regulations and major global sanctions programs imposed by UN, EU, US, and UKHMT. Some of the key initiatives undertaken by QNB's Group Compliance Division during 2021 include the following:

Continued working with a global financial crime advisory firm

In 2021, QNB extended again its engagement with a global premier strategic financial crime advisory firm with the aim of strengthening sanctions management. This engagement intends to build on existing controls, implement best standard practice and prepare QNB Group to meet the compliance risks of the future.

Invested effort in finding new sanctions compliance systems and solutions

Technology has always been an essential pillar of QNB Group's Sanctions Compliance Program therefore; Group Compliance Division is actively searching for new sanction management systems to find one that could potentially help QNB be even more efficient and effective in managing sanction risks. In 2021, Group Compliance worked with one of the most reputable vendors on this aspect to implement tailored sanctions screening solution that help prevent any potential

sanction exposure to the business. The solution implemented intends to help QNB stay compliant with rigorous requirements in terms of customer and transactions screening against global watch lists.

Enhanced QNB's sanction documentation infrastructure

During 2021, QNB revised its sanctions documentation infrastructure that comprises of numerous policies, guidelines and reference documents with the aim to implement most recent industry standard requirements and global best practices from financial crime compliance and sanctions perspective. As well as, to ensure full compliance with all major global sanctions policy setters (US, EU, UK, UN), FATF guidelines and recommendation, and including most recent local regulatory requirements. Group Compliance evaluated the sanction compliance program assessing its' readiness to manage sanction risk and instil an effective control environment.

Improved awareness on sanction risks

Group Compliance introduced new updates to the Sanction Unit's "induction sanction training program" to align with the rapid changes in the sanctions arena. Following the best practice approach, the updates introduced defined and addressed different sanction risk exposures across different business lines for more comprehensive understanding of the sanctions risk applicable to specialized business functions. During, 2021 the transition from a conventional face to face approach to an eLearning one not only improved audience response, but also helped with planning the overall sanctions training strategy.

Built-up the sanction unit's competences and capabilities

The Sanction Compliance Program is heavily depended on the expert skills of employees ensuring its effective and efficient implementation, therefore during 2021 new skilled employees were hired to contribute overall team achieving Group Compliance annual plan. Employee development was furthered by having employees attend trainings, acquire knowledge internally and externally, enhance their expertise and build-up their competencies.

2.4 Enforcement of a robust fraud control framework

QNB's Fraud Control Unit, reporting under the Group Compliance Division, has established a comprehensive fraud control framework, program and investigative capabilities in place, demonstrating the expectations of the Board of Directors and Executive Management and their commitment toward high integrity and ethical values regarding fraud risk management.

During 2021, the Fraud Control Unit supported QNB Group's overseas entities by building their fraud control framework and programs to ensure alignment and consistency with Group Fraud Policy framework and standards. The key developments relating to the Fraud, Anti-Bribery & Corruption, and Whistle Blowing areas during the year consisted of the following:

Supported Qatar's FIFA World Cup 2022

In 2021, QNB Group was appointed as the Official Middle East and Africa Supporter of the FIFA World Cup Qatar 2022 and the Official Qatari Bank of the tournament. As part of this, QNB will be the sole provider of on-site ATMs at all FIFA World Cup Qatar 2022 stadiums and the representative of Qatar's banking capabilities.

Group Compliance, Group Internal Audit together with Group Operational Risk, have performed an assessment to understand all related processes and controls, which will be materially impacted by the FIFA World Cup 2022. The assessment covered all areas such as AML, Sanctions, Fraud, Data Protection, and Tax compliance and looked at the potential risks and impact the world cup event would have on the activities of the division. These risks include increase in frequency, sophistication and intensity of cybersecurity and physical attacks targeting QNB IT systems and infrastructure, and also surge in demand for QNB services due to large number of FIFA World Cup visitors, officials, reporters, etc. leading to increased importance of availability and resiliency of QNB services and increased reliance on anti-fraud measures.

GIAD also continues to monitor and report on Cybersecurity readiness in relation to the World cup. They had previously performed a review of readiness against the "Cyber Security framework" issued by the Supreme Committee for the Delivery and Legacy; and continue to report Cyber readiness in relation to this framework.

Regulatory technology and financial technology (RegTech/FinTech)

Compliance functions in the future must embrace innovative solutions to face the heightened risk and compliance challenges faced by businesses globally. Compliance will be powered by information and smart technologies (machine learning, artificial intelligence, big data, analytics) to make sense of complex patterns in data and able to foresee risks and compliance failures. Hence, it is critical need for Compliance functions to adapt and adopt the technological advancements in the industry. In that perspective, in 2021 Group Compliance has set up an internal RegTech/FinTech Steering Committee to monitor, implement and oversee the Group Compliance Strategy in line with technological

advancements in areas of Compliance. Periodical meetings are being held and tactical solutions have been implemented during the year and strategic initiatives are explored.

Fraud monitoring, prevention, detection and training

The Fraud Control Unit performs ongoing monitoring and investigation of alerts, referrals and exception reports to mitigate the risk of fraud events occurring or not being detected in a timely manner. The Fraud Control Unit has a well-embedded fraud reporting mechanisms for International Branches and Subsidiaries. We rolled out e-learnings on Anti-Fraud principles, Whistle Blowing, Anti Bribery and Corruption Principles for employees across the Group. In total, nearly (3,000) employees across the Group successfully completed the e-learning programs during 2021.

Enterprise fraud management system

We are progressing with the implementation of the Enterprise Fraud Management System, which will cover online banking transactions monitoring for QNB Qatar for the purposes of both fraud prevention and detection. Once rolled out, the Enterprise Anti-Fraud solution will strengthen the fraud framework through the process automation of fraud monitoring and prevention efforts while combating challenging business environment where fraud can seriously affect business bottom line.

Fraud and whistleblowing investigations

The Fraud Control Unit has an established process for receiving, evaluating, and treating alerts and whistleblowing concerns relating to potential fraud and unethical conduct. The unit conducts comprehensive investigations into potential cases referred, taking into account the scope, severity, plausibility, and implications of the reported matter. During 2021, Group Compliance have implemented and communicated across the Group the Whistleblowing Investigation Matrix, which outlines the levels for notification, escalation and investigation of the whistleblowing cases and covering all employees. Recommendations are shared with appropriate levels of Management so that proper corrective actions could be taken, including discipline, remediation asset recovery, training, civil action, and/or criminal referral.

2.5 Tax reporting: enabling transparent and effective tax information exchange across QNB Group

Customer tax transparency requirements are constantly evolving around the world and, digitization of the administration of tax has increased QNB's tax compliance burden. Non-compliance could expose the Group to financial losses, penalties and/or reputational damage caused by failing to comply with regulatory requirements implemented by tax authorities. In 2021, Group Compliance successfully conducted various reviews and remediation programs on the bank's FATCA and CRS identification and due diligence processes, notable examples include the following activities.

Compliance with global tax reporting regimes

Tax authorities have heightened their scrutiny on financial institutions, as tax transparency became an increasing focus area for companies and regulators alike. Banks now more than ever have become an essential part of the global tax-reporting infrastructure. Therefore, QNB Group applies global initiatives to improve tax transparency and compliance requirements across QNB Group. The Tax Compliance Unit at QNB abides by the following global tax requirements and initiatives;

- The US Foreign Account Tax Compliance Act (FATCA)
- The OECD Standard for Automatic Exchange of Financial Account Information (also known as the Common Reporting Standard (CRS))
- The EU Mandatory Disclosure Regime (MDR) or Directive for the Administrative Cooperation (DAC 6)

QNB Group recognizes the importance of reporting tax-related data and information in a transparent and timely manner. This is why QNB works to evaluate whether FACTA and CRS reporting was completed in line with the set regulatory authorities in Qatar and to applicable jurisdictions in overseas branches and subsidiaries, that the reporting was accurate and duly submitted.

Group Compliance serves as a subject matter expert in FATCA and CRS projects, programs and reporting systems, and it has the primary responsibility for acting as the liaison point between regulators such as the General Tax Authority, and the bank itself.

Maintaining robust compliance programs

In 2021, the Tax Compliance Unit maintained multiple initiatives and remediation programs to strengthen the bank's adherence to global and local tax regulations and ensure that the bank's tax strategy has respect for the law in each of the jurisdictions in which the Group operates.

2.6 Building internal controls over financial reporting (ICOFR) framework

Pursuant to the issuance of the Governance Code for Companies & Legal Entities Listed on the Main Market by Qatar Financial Markets Authority (QFMA) Article no. (24), the External Auditor's report must include whatever informs shareholders with the appropriateness and effectiveness of Internal Control systems implemented in the Bank as well as the Company's compliance with provisions of the Code.

Based on that, QNB Group has performed a comprehensive Management Assessment of its Internal Controls over Financial Reporting (ICOFR) for 2021. QNB has also enhanced the internal controls over financial reporting assessment framework and methodology based on criteria set in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As defined in the COSO framework, internal control is an aggregation of components such as a control environment, risk assessment, control activities, information and communication and monitoring. At QNB, Group Compliance Division is responsible for establishing a strong control environment over QNB's financial reporting processes as per criteria set in the COSO Framework.

QNB Group is continuously working to improve and enhance the bank's dynamic internal controls system and procedures including internal controls over financial reporting, which have been designed to ensure reliable financial record-keeping and transparent financial reporting and disclosure.

2.7 Global data protection and privacy program

The data protection landscape affecting QNB's network is constantly evolving as more regulators update their data protection laws. Broadly speaking majority of the regions QNB operate in impose their own data protection requirements, at a high level they describe the scope, obligations and minimum standards to adhere to when processing personal data. During 2018, the General Data Protection Regulation (GDPR) came into force and elevated the minimum requirements significantly resulting in a greater onus on QNB to maintain data inventories, tighter privacy risk assessments and stricter obligations when processing data as a Controller.

At QNB, there is a strong commitment and engagement to protect personal data as it is fundamental to QNB Group in achieving its long-term vision. Within QNB's network there are several complex data protection laws

and regulations that can potentially affect the operating business and therefore QNB established the Data Protection Team within Group Compliance Division. The Data Protection Team are responsible for the overall data privacy activities and compliance of data protection regulations.

During 2021 several key initiatives were implemented pertaining to data protection they included;

- Alignment of standards with ESG (Environment Social Governance): which is a growing sector in the financial services market. Aligning our standards and ensuring privacy is incorporated into the framework has enabled a stronger and efficient approach to conducting business
- The first bank in Qatar to implement a standalone Data Protection Management System: QNB successfully implemented a leading system to manage key components of business as usual data privacy tasks
- Data Protection Assurance Program: Enhancing the current assurance program to incorporate best practices and revised key controls
- Enterprise Health Check: QNB undertook a health check exercise to assess the adoption of local data protection requirements across QNB's network and created a roadmap and action plan to align with group standards

With considerable efforts from QNB, enhancing governance and streamlining processes through innovation and use of technology Morgan Stanley Capital International (MSCI) upgraded QNB's grade to AA and cited a key reason for this is QNB's strong data privacy and security framework; MSCI is a global investment research company that provides analytics and governance tools to investors to make effective investment decisions. This achievement has now led to QNB data privacy framework being ranked number one in MENA region and in the top 20 globally.

2.8 Relationships with regulators

At QNB, Group Compliance intermediates all communications between the bank and the regulatory authorities as to help strengthen the bank's crucial cooperation and coordination with the regulators. During 2021, with the Covid-19 situation, Group Compliance further exerted its efforts to improve the bank's relationship with the regulators. The major interaction of the bank with these regulators includes implementation of emergency measures to combat the proliferation of corona various, inquiries raised by the business; follow-up/feedback on new circulars; and reporting of regulatory requirements, etc.

In order to support the business, Group Compliance helped obtain the necessary regulatory approvals from QCB, QFMA, QFCRA and all other relevant authorities for offering new products and services as well as the enhancement of the bank's existing products and services suite.

Compliance with an evolving regulatory landscape

QNB has in place a robust and proficient mechanism to review, analyse and monitor implementation of any new regulations as may be required. On an ongoing basis, QNB Group monitors and implements the regulatory requirements after careful review by Group Compliance Division. This includes assessment of any instructions from QCB, QFMA and QFCRA in addition to other international regulatory bodies (where the Group operates). Proper discussions and meetings take place with the regulators as and when required, to ensure proper understanding and applicability of any regulatory requirements especially during the Covid-19 pandemic.

Regulatory reporting

QNB has put in place a highly efficient mechanism to collate and report any required information received from a regulatory authorities in a timely and accurate manner. Through this mechanism, the responsibility of preparing the required reports was streamlined and rested with the appropriate business units. Group Compliance coordinates and ensures that the information shared is complete, accurate and submitted within the given deadlines. Group Compliance is also acting as a focal point to provide assistance to the regulators on any inquiries and inspections in order to resolve pending issues that may lead to violations or financial penalties.

2.9 Enriched compliance monitoring and oversight

Compliance self-assessment framework

The compliance self-assessment framework (the "framework") was built based on the roles and responsibilities assigned to Group Compliance as per the QNB Group Board approved compliance charter. The main objective of the framework is to identify areas that pose the greatest compliance risk. Its methodology, which was initiated by Group Compliance Division and applied internally, aims to systematically and periodically evaluate and document compliance risks and achievements of divisions, branches and subsidiaries. The framework ensures proactive identification of compliance and non-compliance risks, potential area of weaknesses or unsound practices. This undertaking helps QNB prioritise compliance risk assessments by assigning proper rating to

the observed risks, mapping them to the appropriate risk owners and effectively allocating resources to perform risk-mitigating activities.

This framework, which is applicable across QNB Group, including international subsidiaries, is comprehensive, risk based, dynamic and proactive, in a way that allows Group Compliance to identify and assess the categories of 'compliance risk' to which QNB may be exposed. Ultimately, the feedback/outcomes obtained from the stakeholders under this framework help shape QNB's compliance annual plan in accordance with the risk-based methodologies.

Compliance self-assessment questionnaire (CSAQ)

Group Compliance has revised the "Compliance Self-Assessment Questionnaire (CSAQ)" Guidelines and Template for the year 2021. The template enables capturing written feedback within the document for each Compliance Area, and the non-applicable questionnaires will not affect the overall score.

Moreover, Group Compliance has updated the CSAQ to cover wider areas related to Covid-19 precautionary measures, business continuity planning, fraud controls, anti-bribery and corruption, exchange of information, internal controls management, privacy and data protection. On an annual basis, Group Compliance uses the CSAQ guidelines and related template to assess QNBs overseas entities outcome and compliance risk profiles.

In 2021, the CSAQ for overseas branches was automated in response to best practices to ensure that an audit trail is maintained and that any delays in submissions are escalated to Executive Management. At the international subsidiaries level, Group Compliance enhanced their CSAQ scoring methodologies and provided the required guidelines to initiate their own domestic CSAQs for their branches, divisions, and respective local subsidiaries.

Compliance monitoring programme (CMP)

The Compliance Monitoring Programme (CMP) aims to monitor compliance risks and develop a strong compliance culture, by holistically assessing where the key risks are, and what mitigating actions are undertaken. In this regard, Group Compliance has rolled out the enhanced CMP across QNB Group in order to monitor efficiently the Group's compliance with applicable regulatory requirements. The main components of the Compliance Monitoring Program (CMP) are as follows:

- Regulatory inventory matrix: Comprehensive outlook on the regulations affecting the entities that can be leveraged as part of wider Group Compliance initiatives
- Testing plan: Direct links to the Regulatory Inventory Matrix to test the existing controls related to preventative and detective measures, including methods of testing and the frequency
- Risk based approach: Adopting international best practices and applying a risk based approach focusing on high risk and weighting different components accordingly
- Advanced risk scoring: Advance risk scoring for the identified controls based on several scenarios and an appropriate residual risk overview

The developments of regulations and their requirements including best practices are ongoing, therefore Group Compliance monitors the suitability of the CMP and update the Framework, methodology and guidelines on a frequent basis to ensure they are adequate and in line with best practices

This monitoring mechanism is formalized and well documented in the QNB Group's Compliance Policy with clear instructions on the roles and responsibilities of each relevant party. Any gaps identified are immediately rectified with the support of the process owners along with subsequent updates to the related policies and procedures; noting that the enhanced CMP is now under process to be integrated with the Compliance Management & Internal Controls System on an ongoing basis.

Compliance review and testing

Group Compliance Division activated the governance and regulatory compliance offsite reviews on overseas branches and international subsidiaries in-line with QNB's strategies to mitigate the impact of travel restrictions due to the COVID-19 pandemic. All the reviews conducted were as per annual compliance plan.

The compliance testing includes reviewing records and documentation, testing and observing processes and practices to ensure that applicable laws, regulations and standards are being applied. The information obtained during Group Compliance Division testing should be supported with documented evidence to provide a sound basis for observations/violations and recommendations.

The compliance review scheduling and frequency is based on the perceived risk level of business entities/units as well as the level of residual risk identified previously through compliance issues, audit examinations, and regulators' reports.

2.10 Compliance training and awareness programs to QNB employees

QNB fosters an inclusive workplace environment where its staff can bring out their inner strengths and ambitions and where diverse perspectives and ideas are embraced and appreciated. QNB encourages career growth and development by offering broad and diverse trainings to its staff.

QNB Group has adopted compliance related trainings as an integral part of staff development for promoting a robust Compliance culture across QNB Group which in turn fosters a positive work environment and helps the bank to achieve its goals and objectives. This approach also serves to enhance Compliance awareness among employees for the protection of the QNB brand and reputation. Group Compliance on an ongoing basis reviews, adopts and implements the regulatory requirements including but not limited to those instructed by QCB, QFMA and QFCRA in addition to world renowned organizations such as the Basel Committee for Banking Supervision and FATF, etc.

Group Compliance has rolled across QNB Group a robust compliance training framework and Program which is refreshed on an annual basis given the every changing regulatory requirements in a rapidly changing world. The Compliance Training Framework is composed of the following critical components.

- Group Compliance Strategic Training Modules
- Group Compliance Training Calendar
- Group Compliance Training Documentation Inventory
- Group Compliance Training Policy

In order to enhance further the QNB Group's reputation and improve the global brand, a robust and comprehensive Compliance Training Program serves to:

- Define the role and scope of the responsibility of each employee from a compliance perspective in order to achieve the QNB Group's strategic objectives
- Emphasize on the fact that, the compliance of the Bank's business activities with relevant regulations, internal policies and best practices, is not only attributed to Group Compliance, but also applies to each employee of the QNB Group. Consequently, the responsibility of compliance sits within all the three lines of defence

- Identify regulatory and reputational risks faced by the QNB group in order to achieve the risk-based approach that will be implemented in the training by illustrating how these challenges can be addressed by fulfilling their professional duties and responsibilities in accordance with the Group's code of conduct

The training scope is expanded on an annual basis to incorporate specialized topics including: AML/CTF matters, sanctions, anti-fraud matters, data protection, data leakage prevention, FATCA/CRS, Internal Controls, GDPR, Corporate Governance, etc. The annual training plans of overseas branches and international subsidiaries also reviewed and approved on an annual basis. The progress against the approved training plans for the Group are monitored on a periodic basis, respectively by Group Compliance via periodic compliance reports and KPI's on training.

In light of COVID-19 and in the absence of face-to-face trainings, Group Compliance has developed multiple arenas for disseminating compliance related trainings. These include but are not limited to e-learnings, brochures, emails, etc. The compliance trainings help employees stay abreast of latest requirements and increases their productivity with less supervision whilst ensuring that they are aware of their roles and responsibilities taking into account all the relevant laws, regulations and internal policies.

2.11 Building capabilities and skillsets within compliance

In order to provide a better working environment for its employees, QNB Group places significant importance on enhancing the skillsets and capabilities of its workforce. Hence, Group Compliance employees are provided with continuous learning opportunities in the form of in-house and external compliance related courses in addition to financial support for relevant professional qualifications such as CAMS, CISI, CIA, CFE etc. which ensures increased morale in the workforce coupled with enhanced productivity. Group Compliance encourages its employees to further enhance their skills, prepare themselves for progression, drive innovation and to further challenge themselves in their existing roles.

2.12 Initiatives and strategies implemented in light of Covid-19

Covid-19 served as a catalyst for QNB's Group Compliance Division in order to provide out of the box solutions to the business whilst ensuring all regulatory standards are met. This led to new and more efficient delivery methods especially in regards to QNB Group customers. Group Compliance provided support in updating QNB's business continuity plans (BCP) whilst considering any disruption to the business. The re-evaluation of the BCP included precautionary measures taken by the business in response to the spread of Covid-19.

From a regulatory standpoint, Group Compliance applied a proactive approach in ensuring regulatory compliance and maintaining strong second line of defence responsibilities during the COVID-19 pandemic. The supervisory approach focused on five pillars, namely: governance, people, processes, systems, and reporting.

Besides, due to changing working conditions, a number of processes have been modified across the Group to ensure business continuity, or they have been under various levels of stress because of the new way of doing business. With the objective to evaluate the residual risks and identify if any control weaknesses need to be mitigated or accepted, Fraud Control Unit, in cooperation with Group Operational Risk conducted a detailed risk identification and control assessment of the modified processes.

The bank ensured new guidelines and requirements from regulators related to combating COVID-19 were disseminated properly to the affected and intended divisions for their action in a timely manner. Group Compliance is proactively monitoring related regulatory updates and recommendations to ensure QNB Group is in full compliance in line with national regulators guidelines on Covid-19 across the QNB Group network.

Group Compliance continued to enhance the compliance culture, and tactically brought forward E-Learning activities whilst majority of employees were working from home (WFH).

Some of the key initiatives taken by QNB Group from a customer's perspective whereby Group Compliance extended their full-fledged support are listed as follows:

- Setting the necessary plans for remote operation by means of electronic services and self-service kiosks and providing fund transfer services on ATMs
- Enable and encourage the usage of contactless card and using the QR code for the ATM transactions to avoid inserting the cards into the ATM machines
- Expanded the scope of transactions that can be processed through the Customer Care Center
- Providing electronic fund transfer services via mobile applications to all customers regardless of the value of their salary (through Ooredoo Mobile Money)
- Continuously using the E-KYC systems when registering the customer for the first time
- Participating in the National Response Guarantee Program managed by Qatar Development Bank to respond to the repercussions of (Covid-19) and support private sector companies affected by the pandemic to enable them obtaining the necessary financing to keep afloat

In addition, QNB had supported the National Vaccination programme by encouraging employees to get the administered vaccination. A campaign was launched to create awareness among employees on the importance of getting the vaccination for their benefit and also promoting assurance for customer dealing with QNB's employees. Implementation of optimum office to work from home ratio was consistently applied to be in line with State of Qatar directives on the COVID-19 pandemic.

2.13 Core governance and compliance initiatives for overseas entities

QNB launched a number of new initiatives and monitoring tools focused on the overseas entities in 2021. The majority of the processes and tools were directed towards enhancing the monitoring and proper governance over the compliance activities and ensure the proper application of the regulatory requirements. During 2021, Group Compliance supervision and subject matter expertise assisted overseas branches and subsidiaries with fulfilling their regulatory obligations in an effective manner, some of the key highlights are as follows.

Key activities focused on improving the compliance function of overseas branches
Systematic Errors at Overseas Branches & Group Compliance Assessment on the Repeated Observations: Group Compliance has analysed the repeated (observations/systematic errors) at the overseas branches in order to adequately implement robust controls and oversight to manage the residual

risk. Group Compliance has identified the repeated observations or systematic errors through the last reviews/assessments along with the required actions and target dates for each. Ongoing monitoring will be in place to track the progress of the agreed actions to ensure not repeat such observations in the future.

Compliance Frameworks: Group Compliance assisted overseas branches to implement all group compliance frameworks to ensure they implement the related appropriate key pillars.

Compliance Regulatory Reporting: Group Compliance has initiated a consolidated sheet to cover all the required compliance regulatory reporting for all overseas branches in order to ensure all of these reports submitted in timely manner and as per the regulatory requirements.

Monitoring Audit Examination Outcomes: Group Compliance has enhanced the monitoring process for audit examination outcomes for all overseas branches mainly concerning the related regular reporting to Group Compliance along with the follow up mechanism for the progress of each reported point as per the agreed action plan and target date.

Internal control framework at overseas branches

QNB continues to enhance the internal control framework to ensure its effectiveness and ease of use across all QNB network is efficient and robust. Various additional elements have been incorporated into the framework during 2021 and further developments will continue to occur going forward. The Internal Control Framework is based on international standards, which includes strict methodologies for testing the efficiency and design of controls. QNB is also working to implement the Internal Control Enterprise System.

QNB has also reviewed the current internal control charter and framework against the latest developments in the COSO (Committee of Sponsoring Organization) and ISO 31000 standards.

Regulatory reporting control framework for overseas branches

In line with the bank's constant enhancement of the regulatory reporting at QNB overseas entities, Group Compliance Division has developed a new regulatory reporting control framework for overseas branches taking into consideration the observed related findings along with the linked regulatory requirements developments as well as adopted best standards. The framework objectives are as follows:

- Ensure that all reports been submitted properly and in timely manner as per the regulatory requirements
- Govern the process with the concern stakeholders at each branch level
- Helps the overseas branches to identify the required resources, actions, processes, and systems that need to be in place to avoid any efforts and time loss as well as the operational inefficiency and mitigate the possibility of any human error, profit loss, and related regulatory returns

The framework identifies key components to be considered within the Regulatory Reporting arrangements pertaining to the following (Regulatory Reporting Requirements, Appropriate Technical Aspects, Documentation Infrastructure, Compliance Oversight, Regulatory Reporting Custodian, Data Integrity, Roles and Responsibilities, Monitoring Tools, Documentation/ Archiving).

Improving the compliance capabilities of international subsidiaries

During 2021 Group Compliance Division assisted international subsidiaries with fulfilling their regulatory obligations in an effective manner, some of the key highlights are as follows;

Global alignment of documentation infrastructure and standards: launched an expansive project to align key policies and procedures and frameworks throughout all International Subsidiaries. Group Compliance benchmarked policies and procedures at the Subsidiaries and ensured they are in line with Group Standards along with local and global regulatory requirements. A risk-based approach was used to prioritise the completion of policies and procedures;

Compliance framework enhancements: Assisted subsidiaries to enhance their overall compliance framework through advisory services and resources to implement key pillars, this included reviewing regulatory compliance, training and awareness and ongoing assurance;

Data Protection Unit: we completed a Data Protection Health Check Program to understand synergies between QNB Head Office and International Subsidiaries. In some jurisdictions despite no specific live data protection regulation, Group Compliance still assisted in building the necessary Framework to enhance the standards at each Entity;

Second Line of Defence: Enhanced the roles and responsibilities for International Subsidiaries in relation to second line of defence activities including stronger communication channels, more efficient KPI and management information reporting.

Compliance oversight framework on international subsidiaries

A core aspect of developing strong compliance function is to maintain a consistent and standardized approach throughout an organization. QNB have built an effective framework for compliance oversight of international subsidiaries. The approach and methodology combines the pillars of QNB's compliance framework with principles of sound corporate governance this includes adherence to regulatory requirements, ethical behaviour, transparency, collaboration, roles and responsibilities and accountability.

Despite the impact of Covid-19 Group Compliance maintained an effective supervisory approach with all International Subsidiaries by enhancing communication channels through innovative methods that promote collaboration and open dialogue. The below initiatives were enhanced during 2021 to ensure the compliance oversight of international subsidiaries is effective and proactive;

Lessons Learnt: As part of the periodic monthly reporting, Group Compliance consolidate key issues and evaluate trends, repeat observations and challenges which may be systematic across QNB Group. This effective methodology allows Group Compliance to tackle matters at an early stage and maintain a high standard which is aligned at Group level;

Enhanced Data Collection: Group Compliance have enhanced majority of the reports collated from International Subsidiaries with enhanced data collection. This initiative has allowed for greater trend analysis and provides long term value when Group Compliance considers automation options;

Business Value Creation: A key focus of Group Compliance Oversight is adding business value with compliance and governance at the forefront, during 2021, Group Compliance assisted International Subsidiaries with effectively planning for digital transformation and big data projects to ensure technological advancement are considered in the business model;

Group Compliance Control Framework and Register: Group Compliance introduced a new Control Sheet and Governance Regulatory Register, this enabled stronger oversight of Regulatory matters and developing regulator relationships;

Roles and Responsibilities: Group Compliance updated the roles and responsibilities to maintain oversight of International Subsidiaries and period reporting tasks were established through clear KPI and SLA timelines;

Compliance Culture: Group Compliance consider training and awareness as a key tool in building a strong compliance culture and oversight tasks, during 2021, Group Compliance engaged in numerous activities to build on the compliance culture which has resulted in developing the standards across International Subsidiaries.

Framework for assessing the compliance international representative offices

The compliance framework for assessing international representative offices is built upon key pillars considered as best practices and was implemented by QNB in order to test the awareness of international representative offices concerning their compliance responsibilities. The framework emphasizes building on a strong compliance culture and a requirement to understand clearly local and international regulatory requirements in relation to the business conducted.

As part of our oversight role, the horizon scanning of key regulators identified various circulars and standards to adhere to in relation representative offices. QNB continuously monitors the framework against regulatory circulars, and during 2021 the framework components were deemed as effective and adequate. QNB continues to enhance the governance with representative offices to align with QNB Group standards.

Overseas entities' annual plans

On annual basis, Group Compliance revises and update the Annual Plans (i.e. Compliance, Training, and Internal Control plans) for overseas entities. Guidelines take into consideration the developments in Group Compliance frameworks, strategies, and reporting requirements. All the 2021 Plans were reviewed and approved from Group Compliance side, and in the meantime, Group Compliance is working on the 2022 plans.

Outsourcing and third parties activities framework Group Compliance is continuously developing the outsourcing activities and reliance on third parties framework in accordance with international standards and best practices. During 2021, Group Compliance

assessed the framework in collaboration with a global premier strategic advisory firm. The assessment evaluated the framework's key pillars, roles and responsibilities then examined how Group Compliance utilized or applied this framework across QNB Network. As a result, the assessment found that the bank outsourcing and third parties activities framework was operating properly.

2.14 Financial disclosure regimes as an integral part of the corporate governance framework

QNB recognizes the importance that transparency and disclosure in building a trust relationship with the bank's shareholders, regulators, external auditors, and any other stakeholders. As often the cause, stable relationships with investors and regulators flourish out of honesty and respect for reciprocal obligations. Therefore, QNB's Group Financial Control Division improved the bank's financial reporting infrastructure with the new regulatory requirements and international best practices.

Responding to the regulatory authorities requirements

In consequence to a growing number of new reporting requirements issued by QCB, the Group successfully submitted various new weekly reports to the regulator, these include the financial institution (FI) borrowing and lending-bank-foreign currency, resident deposit and lending, non-resident deposit and lending-all-foreign currency, funding summary and weekly FI borrowing and lending. In a similar note, QNB Group adhered with the General Tax Authority (GTA) stipulated deadline for submitting the bank's Master and Local Transfer Pricing files.

Disclosure standards: Interest Rate Benchmark Reform - Phase 2 amendments

QNB Group has successfully implemented the Interest Rate Benchmark Reform - Phase 2 amendments. These new amendments helped in addressing some issues that may affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. QNB Group complied with IFRS updates and the other required accounting standards.

2.15 Asset and wealth management activities and initiatives

QNB Group Asset and Wealth Management Division (AWM) forms an integral part of the bank's business strategy as it seeks to diversify client's financial opportunities delivering a wide array of AWM products, investments and services. The following AWM initiatives and activities intended to raise customer satisfaction and deliver a measurable value for QNB clients during 2021:

Risk management and governance initiatives

In 2021, QNB Group developed the Market Risk Management framework for liquidity provisioning and market-making activity then implemented it across the Group. Similarly, the Group continued working on the implementation of MILES system, a straight through automated processing system for risk management, reporting, compliance and trade execution. Group AWM Division formulated the governance process of Group Risk Division by entering into a Service Level Agreement (SLA) with them and clarifying what is expected. The Group's QNBFS Risk department was also expended in 2021 to handle Liquidity Provisioning activities at Qatar's Stock Exchange. Crucially, the bank conducted two assessments during the year, the QNBFS Material Operational Risks Assessment (MORA) and the Risk and Control Self-Assessment, to evaluate the Group's current material operational risks.

Enhancements to asset and wealth management custodial activities

QNB Group rolled out a digital solution that enables clients to extract custodial reports online instead of having to visit a branch, named Web-channel. The bank has also added new features to its Bancs Custody System that facilitate more automation and enable the Group to handle a bigger volume of data. These custody activities sought to enhance the bank's digital platform and appeal to a wider client base. In consequence, the bank has achieved success against pre-set targets for 2021 regarding the number of clients on-boarded and the amount of foreign assets under custody.

2.16 Delivered on sustainable environmental, social and governance commitments

QNB Group recognizes the value of thinking beyond delivering customer profit, as Environmental, Social, and Governance (ESG) issues are just as valuable of a contribution towards wider society. Now, more than ever regulators, rating agencies, shareholders and stakeholders are interested in detailed disclosures on non-financial matters, including material environmental and social topics.

During 2021, QNB performed the following activities to reinforce the bank's ESG foundation even further:

Green governance initiatives

QNB continued to manage and optimize the Group's strategic planning framework, both in Qatar and abroad. This has allowed for more harmonization between the ways in which the following activities are managed throughout the Group:

- Business plan development and execution
- Performance management and monitoring
- PMO/project management/portfolio management

Additionally, QNB Group has also begun to incorporate both innovation and sustainability concepts into its strategic planning framework in an effort to constantly generate new ideas and find new digital capabilities. The objective is to pave the way for QNB Group to transform into an innovative bank that has digital capabilities.

New business development in QNB's management programs

QNB recognizes that operational efficiency yields cost-savings outcomes and brings about more sustainable revenue-generating income streams. Therefore, QNB focused on efficiency enhancement during the year by leveraging technology and streamlining processes that enhance the customer experience. QNB Group has sought out innovation via digitisation in consequence to the pandemic, as it has accelerated the need for more digital platforms with ever-reaching capabilities.

During the year, Group Strategy Division performed various comprehensive reviews on their policies where full revamps centred on the bank perform the functions of strategy development, strategy execution, economics, translations and innovation.

Developments in ESG reporting

QNB Group published the annual Sustainability Report in accordance with the GRI Standards, including disclosure of the bank's green lending portfolio. Where it shared various sustainability-related activities, governance structure and ESG initiatives done across QNB Group entities. The bank also maintained its position on full ESG disclosure with the Qatar Stock Exchange.

QNB Group also strives to enhance its levels of disclosure and depth in the reporting of sustainability topics across Qatar, our international branches and major subsidiaries. To demonstrate this commitment, Deloitte & Touche Middle East (DTME) provided an independent limited assurance under ISAE 3000 (Revised) on the preparation of the 2021 Sustainability Report in accordance with the GRI standards.

In line with the commitment stated in QNB's Green, Social and Sustainability Bond (GSSB) Framework, Group Strategy published the bank's inaugural allocation and impact report for their Green Bond, independently assured.

Environmental and sustainability initiatives

In 2021, QNB initiated a number of projects to advance the bank's sustainability agenda. Where the Group updated its Green, Social and Sustainability Bond (GSSB) Framework and received a full Sustainability Framework Alignment Opinion from S&P. The updates to the GSSB Framework elaborated on eligible criteria of existing categories, added two new social categories, and ensured alignment with latest international green and social bond principles and taxonomies.

Moreover, QNB has also published the bank's inaugural impact report and independently assured allocation report for QNB's Green Bond. QNB Group rolled-out an Environmental and Social Risk Management (ESRM) framework to set the Group's overarching minimum standards and approach to Environmental and Social (E&S) risk in financing. This strengthened the bank's public commitment to sustainability by submitting our annual 'Communication on Progress' to the UNGC. It also helped maintain if not improved the bank's ESG ratings from MSCI, S&P's CSA, Sustainalytics, CDP, and FTSE4Good Index.

2.17 Enhancements to retail banking

QNB Group recognizes that the breadth of its services and products is an important asset for clients. Accordingly, the bank's Group Retail Division works to create new products and services for QNB clients in an effort to help them meet their financial goals and personal ambitions.

During 2021, the Group announced a series of new products and services with COVID-19, sustainability and climate change in mind, the following capture Group Retail Division's key activities during the year:

Green Loans

Group Retail Division developed a new framework to identify sectors and assets that contribute in saving the environment. The sectors and assets identified as environmentally friendly might be eligible for green & sustainable financing initiative (e.g. solar products or other green electrical products). The following outline the bank's sustainable financing initiatives during 2021:

- **Green Vehicle Loan**
QNB launched a new vehicle loan, which offers an exclusive interest rate on financing hybrid, or fully electric cars since these cars could help in decreasing carbon dioxide emission.
- **Green Mortgage Loan**
QNB launched the Sustainable green mortgage loan that aims to encourage customers purchasing properties with a sustainability rating assessment, this assessment will be conducted by GORD "Gulf Organization for Research & Development".

Automated services in lieu of COVID-19

A year and a half into the COVID-19 pandemic, financial institutions especially banks were confronted with an ever growing pressure to automate many of their banking services and offer them on secure digital platforms. Understanding this need for process automation, QNB's Group Retail Division introduced the following services during 2021:

- **Apple Pay and QNB Pay**
QNB introduced "Apple Pay" and "QNB Pay" as new payment services that providing touchless approach, efficient, convenient and secure mobile payment and allows customers to digitize any QNB credit or debit card from within QNB Mobile app.

- Updating FATCA and CRS Tax Forms online QNB added new option for the customers to update their FATCA and CRS details via the Online Banking channel, where the customers will be able to upload the supporting documents and the required information online without a need to visit any of QNB Branches.

2.18 Risk Governance: strategic and operational risk management measures

The size and span of QNB Group's operations stretches across many countries and exposes it to many different risks that must be properly addressed and managed. Therefore, QNB Group has put in-place a well-developed risk management and risk governance framework, which proactively and effectively evaluates and mitigates the effect of various types of QNB risks across QNB Group's operations.

During 2021, QNB's Group Risk Division continued its efforts in strengthen the bank's risk and governance framework establishing several initiatives and undertaking many activities to enhance the Group's approach to risk management, the following encapsulates some of them:

Enhancements to the strategic and operational risk management

QNB's risk strategy and Group risk appetite statement was updated in light of emerging risks and taking into account the business unit strategy and forecasts. This includes a clear statement on the Bank's risk attitude and tolerance to climate-related risks.

QNB's Group Risk Management Division has also developed a new policy covering IT Risk Management, which provides a flexible and effective platform upon which IT Risk Management objectives are met, where this step is very important in light of QNB initiatives in digital transformation. The purposes of Group IT Risk Management policy are the following:

- Anticipate, measure and manage IT risks that occur within QNB's IT landscape, especially with the increased employment of technology in light of ongoing Covid-19 situation and the new Fintech innovations
- Support QNB's Risk Management Division for the day-to-day management of IT Risks within QNB Group
- Redefine Group's Divisions who should own the various policies and procedures of IT

This policy helped strengthen QNB Group's IT risk management governance by identifying the role each of the three lines of defence has in relation to IT risk management. This also helped the bank define the appropriate reporting lines and responsibilities for the concerned divisions.

Updates to sustainability risk management framework

Supporting QNB Group vision toward sustainability and social welfare, Group Risk Management Division developed the Group Risk Framework, which factored in various sustainability initiatives, such as the green loan portfolio pool to mitigate asset shortfall and concentration risks for issued Green Bonds. The framework has also updated the bank's documentation infrastructure in relation to QNB's Third Party Supplier Code of Conduct. This was done in an effort to ensure suppliers and vendors are aligned with QNB's sustainability requirements and standards throughout the supply chain. Furthermore, the bank utilized the Group Risk Framework to initiate a new self-assessments for worker welfare to key vendors with the aim of reinstating the Group's commitment to the standards for worker welfare. During 2021, QNB Group continued to assess sustainability risk at a sector-level while initiatives on embedding the ESG framework at Group level have been commenced.

Effective systems and mechanisms to mitigate and monitoring risks

During 2021, QNB enhanced its capability for stress testing and scenario analysis where this enhancement includes the development of approximately thirty new plausible, topical, near-term and longer-term scenarios offering a complete picture of enterprise-wide risk.

QNB Group also implemented an automated Early Warning Indicator market data surveillance system covering the main markets where the Group operates in. This system will provide a proactive forward-looking view of risks in the context of market developments and trends. Furthermore, various model initiatives were undertaken, notably behavioural models for IRRBB management.

Key policies such as the Wholesale and Institutional Banking Credit Policy and Small and Medium Enterprise Policy and Procedures were revamped where these are the key polices outlining how the Bank manages its credit risk profile in light of customer needs and the requirement for the Bank to protect its capital base and satisfy regulatory expectations. In addition, Other Group-wide policies pertaining to Market Risk, Non-Traded Market Risk, Investment Risk, Liquidity Risk,

Country Risk and Risk Ratings were reviewed in line with industry best practice and regulatory expectations.

Compliance with QCB's requirements under Basel IV

Following Basel IV requirements, QNB Group has made significant modelling enhancements to enrich the bank's risk measurement and monitoring across multiple layers including credit rating, default rates and behavioural modelling at the Group and international level where relevant. QNB Group made sure to review the requirements and factor in operational Risk loss data, which is an area of focus for future Basel IV operational Risk capital calculations.

Operational and strategic risk management initiatives and activities

QNB undertook many efforts to consolidate all practices and policies related to third party vendor and suppliers in Qatar and at the bank's international branches. Furthermore, assessments conducted by Group Risk Division reviewed all critical third parties risks. New group wide online training courses were also launched with a focus on operational risk management and third party risk management.

Business continuity plans were also activated in all QNB global locations with a full review of all business and country level plans with enhanced scenario analysis completed for all. QNB successfully completed the 2021 ISO22301 certification audit and received confirmation of full renewal of BCM ISO certification. Moreover, QNB Group established a set of fundamental risk management controls and guidelines to ensure embedding best practice across Qatar, this project had a deliverable playbook detailing the policies, procedures in the underwriting, on boarding, managing and overseeing payment facilitators.

QNB has established a Global LIBOR transition programme, which is responsible for coordinating and directing the actions of the business in migrating away from LIBOR-based product pricing. A key component of this initiative was the implementation of system requirements that support QNB Group's transition from LIBOR to new alternative reference rates.

Effective risk management structures incorporated at overseas entities

QNB Group strengthened the risk framework and practices across overseas entities, where it is enhanced the alignment of group wide operational risk framework and tools into International branches and subsidiaries for greater coordination and operational risk integration. Furthermore, strategic risk objectives have been

cascaded to all of QNB majority-owned banking subsidiaries for a greater international alignment including increased frequency, scope and depth of reviews.

QNB Group finished the execution of the new-format of Risk and Control Self-Assessments (RCSA) in Business & Functions across Qatar and the international branch network. Moreover, further enhancements of Portfolio Credit Risk Appetite metrics were implemented to capture relevant risk sensitivities for all regions and countries with bespoke metrics reflecting portfolio characteristics and the underlying market.

2.19 Cyber and information security initiatives

QNB strives to provide clients with the best banking experience in an effort to save their time and safeguard their interests during the ongoing Covid-19 situation. By employing the latest Fintech innovations the bank automates many of its banking services and products, however, digital platforms motivate cybercriminals to launch their attacks targeting both QNB employees and clients. To address such risks, QNB has the Group Information Security Division continuously monitor and improve the bank's information security systems and governance framework. During 2021, Group Information Security Division undertook the following activities and initiatives:

Established a new information security organizational structure

Group Information Security Division established a new organizational structure for information security functions at the bank's overseas entities in an effort to set out clear lines for responsibility, accountability, escalation of risks, and communication with QNB Head office. The new organizational structure also factored in the regulatory requirements of the different countries where these subsidiaries and branches operate.

Raised employee awareness on cyber security threats

QNB Group is continuously driving efforts to enhance employee awareness on cyber security threats. Where, Group Information Security Division delivered ad-hoc e-training courses, awareness campaigns and simulated quarterly phishing exercises across the Group. Respectively, the bank also understands the importance of informing QNB clients about the dangers of sharing private personal banking information with any individual therefore, the bank regularly notifies customers on the QNB Mobile App about not sharing any of their bank account information with any party.

2.20 Global governance practices across the international business network

Given QNB Group's growing geographical footprint, multiple overseas branches and subsidiaries require the bank's active support in delivering a wide range of business services to clients and implementing effective internal control frameworks, policies and solutions. In consequence, QNB Group International Business Division (IBD) oversees the bank's expansion strategy manages and supports the business and operational activities at foreign jurisdictions where QNB operates or intends to operate.

Supported changes to overseas entities organizational framework structure

During 2021, Group IBD obtained the necessary approvals from QNB Group for Board-level and Executive-level appointments at the bank's international subsidiaries. Where a new Chairman was appointed at QNB Tunisia and a new President Commissioner was appointed at QNB Indonesia as well. QNB Al-Ahli on the other hand, appointed a new CEO and separated this position from that of the Board Chairman in line with the segregation of duties and in line with regulatory framework at Egypt. QNB also actively worked towards the KSA branch.

QNB Group recognizes the importance of leadership so accordingly; the Group launched a development program to evaluate existing & potential QNB staff capable of being board members both local and overseas to develop their skills and competencies at the Corporate Governance level.

2.21 Internal audit – an integral component of corporate governance

Formed new enhanced internal controls - data analytics

In 2021, Group Internal Audit Division (GIAD) expanded the bank's audit assessments to cover the full portfolio or population whenever applicable. This enhanced coverage led to there being extensive assurance on the businesses and processes covered. Due to the travel restrictions imposed after the unprecedented Covid-19 situation, the Group updated its audit programs to take into account these imposed restrictions. Under this context, GIAD relied on the exception reports and data available centrally at HO to fine-tune risk assessments and enable an early identification of control gaps.

GIAD also conducted a portfolio-level assessment of customers' registration in the bank's different confirmation channels as to continuously monitor their

accounts and promptly detect any erroneous, suspicious or fraudulent transaction. The confirmation channels covered in the assessment included SMS, e-Statement of Accounts, Mobile and Internet Banking services. The assessment covered customers across various business segments in Qatar and international branches. GIAD's action plans are reported to Group Board Audit and Compliance Committee (GBACC) and the Board.

Enriched the Group's financial crime prevention framework

GIAD performed a detailed annual review of the Financial Crime Prevention Framework and implementation procedures in line with QCB regulations. The review assessed the implementation of the risk management and control framework over money laundering, terrorist financing and sanctions risks by all lines of business. The Global Financial Crime Audit team rolled out an "FCR Awareness and Knowledge Sharing Program" to ensure that Group Internal Audit staff as well as Internal Audit staff at subsidiaries have the requisite knowledge and expertise to consider and integrate financial crime coverage as part of their regular audit assignments.

The Global Financial Crime Audit under GIAD established and implemented a baseline-testing program to determine whether the bank's financial crime compliance (FCC) framework is designed and operating adequately/effectively and consistently, across the Group. Moreover, GIAD developed a methodology for the Self-Assessment of Financial Crime Risk Coverage by Local Internal Audit Functions at International Subsidiaries to ensure that financial crime risks are covered under the Internal Audit Function of subsidiaries and that QNB Group meets the heightened regulatory expectations in multiple jurisdictions.

Implemented key internal audit governance and reporting mechanisms

GIAD's follow-up team continued to monitor and follow-up on the status of issues identified from reports issued by the Division, by external auditors and from other regulatory bodies such as QCB. Upon validating the report's closure, GIAD reported to Executive Management the findings in a monthly dashboard and to the Group Management Risk Committee and GBACC quarterly.

QNB Group has also shared a comprehensive Internal Quality Assessment (IQA) program with its' Tier 1 Subsidiaries for their consideration and benchmarking. This was done to improve the internal quality assurance reviews at subsidiaries' audit departments, and ensure that IIA Standards were complied with. The subsidiaries

took into consideration the IQA program shared by GIAD and have actively incorporated it into practice.

Enhanced processes and tools - information technology (IT) and information security (IS) governance and management

GIAD continues to enhance its Information Technology and Information Security (IT&IS) audit methodology to ensure it covers the latest technology/cyber security related risks, as well as risks associated with key banking application systems. The latter we have achieved through enhancing our audit programs and audit implementation scripts to cover gaps and inadequacies at the system-level. Also, at the process level by introducing integrated audits of key systems and applications, covering the three dimensions of: technology, security and business configurations and parameters. This helps to ensure optimization of existing systems and utilization of automated control capabilities on these systems.

There is increased focus from International regulators on cybersecurity risks and controls in particular those relating to payment systems and personal data protection. QNB Group has enhanced its' audit and reporting methodology to provide international regulators with the evidence that they need that there is adequate Internal Audit coverage of these cybersecurity risks and controls.

Responded to emerging risks

During 2021, GIAD supported the revision and re-prioritization of the approved 2021 annual audit plans across the Group network. This was to help in adapting to Covid-19 post crisis & residual challenges whilst ensuring a proper coverage of key and emerging risks. QNB continued to keep abreast with Covid-19 unfolding situation, emerging risks and any heightened systemic risks that have potential impact on Group's operations, collaborating closely with Executive Management and other control functions on improving the bank's risk mitigation process.

The Group has also evaluated the financial crime Auditing framework at QNB's international subsidiaries. Where GIAD shared programs intended to raise risk & control awareness and governance culture for customization within the QNBs' international subsidiaries. In relation to Information Security and Cybersecurity risks at QNB International Subsidiaries, GIAD works with the QNB Head Office Group Information Security department to help them monitor the status of local management controls over the related risks. GIAD also works with and advises subsidiary IT&IS Audit teams to ensure that they provide

adequate audit coverage of Information Security and Cybersecurity areas in their audit plans.

Supported intra-group activities across QNB Group divisions

In 2021, GIAD as part of its advisory capacity provided Group Risk with required knowledge and support to perform reconciliation of real estate and shares collaterals between QNB's records and those of LRD and QSE in accordance with the QCB requirements. As a result, this year's review of reconciliation performed by Group Risk revealed significant improvement in the design and operating effectiveness of the controls over processing and recording of collaterals.

GIAD continued with its efforts to identify and analyse the common and key governance, risk management & internal control issues across the Group international network. Where GIAD conducted presentations at the Group-level to help divisions explore and develop permanent solutions for effective oversight and support at QNB international branches and subsidiaries.

Qatarization, training and upskilling of internal audit

GIAD have continued with sustained priority for development of Qatari national talent by encouraging Qatari staff to take up professional certifications and designations. Initiatives like internal knowledge sharing, learning, on-the-job training and guidance continue to get high priority. GIAD have continued to ensure that internal audit staff have the appropriate mix of knowledge, skills and other competencies needed to perform its assurance and advisory role.

Inter-group structure enhancements

GIAD continued to implement the framework designed to support internal audit functions at QNB's international subsidiaries to help harmonize their internal audit charters, policies, methodologies and tools throughout the entire audit cycle. QNB reviewed the framework implementation to see whether international subsidiaries have effectively adopted it in all audit activities. This includes, but is not limited to, reviewing the audit universes that includes the regulatory mandated audits, risk assessments and annual audit plans' development, revisions and implementation, audit resources adequacy, internal quality assessment programs and the respective annual reporting.

2.22 Human resources management and corporate governance: strategic partners

Achieving QNB Group sustainability and strategic goals depends on there being a motivated and skilled workforce. QNB's Group Human Capital Division seeks to enhance employee's collective skills and experience, finding a healthy and dynamic workplace capable of sustaining development and retaining talented employees. The Division also ensures that ethical standards are upheld across the bank. In 2021, Group Human Capital Division carried out several initiatives and enhancements to build-up the bank's workforce including the following:

Career development

QNB has launched an emerging leaders program to evaluate whether structured and time-bound development initiatives are completed to fast-track young high potential employee careers. This long-term development includes behavioural and banking topics and a process to confirm the key functional development required by candidates.

QNB's Group Human Capital Division supported employees to create and review their development plans by introducing 'quality' measures and engaging employees' direct managers and updating their respective management team of their development plan's status.

Strategic Planning Workshop for senior executives

QNB Group planned a Strategic Planning Workshop for internal senior executives, as an integral part of developing the skills of senior executives in both Strategy Development and Strategy Execution. The two-day workshop was co-facilitated by staff from QNB's Strategy and Human Capital divisions, focusing on QNB Group 2025 Strategy and the employment of strategic management tools and frameworks as well as decision-making.

Respectively, the workshop was based on a competitive web-based business simulation. Teams of three leaders managed their own virtual company, and competed in the same market giving them a risk-free environment to manage complex strategic decisions. The simulation was supported by QNB Instructors and was combined with strategic content to be applied throughout the game.

Succession and continuity planning

QNB continues to drive Leadership Continuity Planning as one of the strategic initiatives to ensure that a comprehensive business continuity framework is in place. Potential successors receive individual

development to ensure QNB has a capable leadership pipeline. The development plans are supported through a combination of learning approaches, including face-to-face and eLearning courses, on-the-job activities such as job rotations and stretch assignment as well as coaching. Moreover, QNB continues to implement best practices to identify, develop and utilize high potential talent. QNB recently redefined the attributes expected from high potential talent at the bank, where these attributes were mapped to different identification methods and several Talent Segments went through assessment methods to provide QNB with a High Potential list. The processes to identify High Potential staff have been integrated within key QNB subsidiaries to ensure consistency in our approach.

Collaborating with industry leaders, QNB developed leadership and technical programs and selectively delivered in-house courses utilizing internal subject matter experts to derive optimum output for learning. In addition to that, Group Human Capital continues to work with the QNB subsidiaries on the ongoing tasks of standardising the organisational design.

Group-wide training

Despite the difficulties caused by Covid-19 pandemic QNB has continued to deliver a large amount of training to staff in Qatar and international locations. These initiatives cover both technical and behavioural development (e.g. leadership and management development) in line with international best practice. Specifically, the bank encouraged numerous programs covering regulatory areas like Fundamentals of Operational Risk, Third Party Risk Management, Cybersecurity Awareness, LIBOR (interest rate benchmark reform), Sanctions Awareness, Financial Crime, Whistle Blowing & Anti bribery; Anti-Fraud Awareness; FATCA & CRS, IT Risk Control Awareness, Audit awareness.

QNB Group has rolled out a new Learning platform called "Ithraa", this platform includes approximately 1,000 courses covering most of the bank functions and operations supported by mobiles and tablets (both IOS and Android) with availability of 24/7. This platform could help employees to improve their knowledge and skills anytime and anywhere.

Human capital initiatives at overseas entities level

QNB's Group Human Capital has implemented a comprehensive Subsidiary Governance Agreement documenting the relationship between Group and Subsidiary HR to ensure transparent and clear obligations for both parties in regards to critical HR

areas including HR budgets, Remuneration and Policies. Moreover, a modern dashboard has been implemented for all Subsidiaries to track and monitor critical HR data especially in regarding to oversight and governance of HR.

During 2021, the European Bank Authority (EBA), Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) have introduced new regulations that affect Remuneration Policies and the Material Risk Taker Framework. Following these new regulations, QNB Group have updated the required policy and framework accordingly for related branches.

2.23 Enhanced IT infrastructure to support governance and strengthen controls

During 2021, QNB Group Information and Technology Division (GITD) continued to use effective systems and controls to help employees work remotely and efficiently in light of Covid-19. In addition to that, GITD addressed other IT risks and challenges by upgrading their systems through various means.

QNB is of the view that robotics, digitization and related automation may be a key value addition where repetitive human processes are being automated resulting operational efficiency and timely execution. Hence QNB is assessing how processes may be effectively automated resulting in measurable ROI, and keeping in mind that these align with regulatory requirements.

2.24 Commitment to corporate social responsibility initiatives

QNB Group is more than just a financial institution it is part of the wider society, hence the Group focus on adopting and integrating the concept of corporate social responsibility (CSR) in its business operations and interaction with the stakeholders. QNB Group seizes all opportunities to fulfil its commitment towards the community and the environment, and always encourages employees to engage in QNB's corporate social activities.

During 2021, QNB's Group Communications Division demonstrated strong commitment to social responsibility initiatives that could enhance QNB's role in supporting social and environment development. Where the bank sponsored and participated in many of local and international events that aimed to rise social welfare and improve the environment, some of these events including the following:

A. Participation in social and economic events

QNB sponsored Qatar Cancer Society (QCS) awareness campaign for breast cancer

QNB sponsored Qatar Cancer Society (QCS) with launching their "Blossom" competition to raise awareness for breast cancer, and support everyone living with it within the framework of the Breast Cancer Awareness campaign, one of the most common types of cancers among women worldwide and in Qatar. The campaign was launched on all media and electronic platforms by developing a comprehensive educational plan aimed at raising society's awareness in cooperation with many state institutions and agencies, to address the disease through preparing awareness messages and videos, as well as holding several virtual awareness workshops on breast cancer, its symptoms, methods of prevention and early detection.

QNB participated in International Economic Forum (SPIEF)

As part of Qatar's participation as a Guest Country at the International Economic Forum (SPIEF), QNB participated with its own Pavilion at the event. The event aimed at enhancing and developing the economics relation with Russia. During the forum, QNB had signed MoU with "VTB Capital Investments". The MoU aimed at developing business between both parties, in which they can mutually carry out various activities in investment management and advisory services on Debt, Equity and Real Estate markets.

B. Organizing cultural and educational activities

QNB and Kidzania

QNB and Kidzania Qatar launched Ramadan online competition to teach kids how to save money and enhance their financial literacy. QNB provided guidance and mentorship as part of bank's responsibility and CSR strategy improve the younger generation's financial education.

Value of book increase by sharing event

QNB Finansbank launched an initiative called Value of Book Increase by Sharing, targeting students aged 7 - 12 years at the Elementary School of Erzurum. The bank's team managed to collect collected used children books from the staff in order to build a library for the school's children.

C. Environmental and Sustainability Initiatives

Green market pioneer in Qatar

QNB received Green Market Pioneer in Qatar from Climate Bonds Initiative, an international investor-focused not-for-profit. It is the only organization working solely on mobilizing the \$100 trillion bond market for climate change solutions. Achieved through the development of the Climate Bonds Standard and Certification Scheme, Policy Engagement and Market Intelligence work.

QNB Received Two Sustainable Finance Awards in 2021

QNB has received two awards at Global Finance's inaugural 2021 Sustainable Finance Awards, for 'Outstanding Sustainable Financing in Emerging Markets' and 'Outstanding Leadership in Green Bonds' in the Middle East regional category. This new awards program from world renowned Global Finance magazine recognizes global and regional leadership in funding and launching initiatives designed to mitigate the negative impacts of climate change and help build a more sustainable future for humanity.

D. Sponsoring sport activates

QNB sponsor of the FINA/Marathon Swim World Series 2021

QNB was the National Sponsor of the FINA/ Marathon Swim World Series 2021, as part of its efforts to be at the forefront in supporting national and international sporting events in Qatar.

QNB the official sponsor of World Athletic Champions U20

QNB was the official Sponsor of World Athletic Champions U20 that took place in Nairobi as part of its partnership with the World Athletics Federation.

QNB sponsor Qatar National Team

Sponsoring Qatar National Team as a Strategic Sponsor in different tournaments as preparation for the FIFA World Cup.

3. Key corporate governance participants: the Board of Directors

Effective corporate governance requires a clear establishment and understanding of the respective roles of the Board, management and shareholders, their relationships with each other and their relationships with other corporate stakeholders. In addition to the core guiding principles of corporate governance described above, this report describes the roles of the key corporate governance participants in the following sections, with particular focus on the Board of Directors and the Executive Management.

3.1 Roles and responsibilities of the Board of Directors

The Board of Directors are responsible for the leadership, oversight, control, development and long-term success of the Group. They are also responsible for instilling the appropriate culture, values and behaviour throughout the organisation. The BOD are entrusted by the shareholders with the authority to govern QNB Group and to discharge the following responsibilities:

- governing QNB Group and overseeing its operations;
- setting the Group's vision, mission and objectives;
- providing effective governance over the bank's key affairs;
- setting the overall strategic direction and oversight through the reviews and approvals of Board level policies and various Group policies to ensure the adherence to specific standards;
- minimising the Group's risk exposure, including the appointment and the oversight of the Executive Management;
- establishing compensation, performance evaluation and ensuring succession planning;
- ensuring the accuracy of the Group's financial statements including the timely reporting and disclosure of financial information to regulators and shareholders;
- providing a system by which information on unlawful or unethical behaviours can be reported to the Board; and
- ensuring compliance with new laws and regulations as well as QNB Group Articles of Association.

The Board of Directors have the vital role of overseeing the Bank's management and business strategies to achieve long-term value creation. Selecting a well-qualified Group Chief Executive Officer (GCEO) to lead the Bank, monitoring and evaluating the GCEO's performance and overseeing the GCEO succession planning process are some of the most important functions of the Board.

The Board also has an oversight role on the proper monitoring and design of the internal controls pertaining to combatting the financial crimes including but not limited to aspects such as, money laundering, terrorism financing, know your customer (KYC) measures, sanctions, fraud control, data protection, governance aspects, etc. and receive/consider annual report of the Money Laundering Reporting Officer (MLRO) as stipulated by relevant laws and regulations.

A balance between the roles and responsibilities of the BOD and Executive Management is achieved through segregation of duties. The BOD provides overall strategic direction and oversight through the review and approval of major strategic initiatives, policies and objectives while day-to-day management of QNB Group is entrusted to the GCEO.

The Board delegates to the GCEO and through the GCEO, to other Executive Management, the authority and responsibility for operating the Bank's daily businesses. BOD members exercise vigorous and diligent oversight of the Bank's affairs, including key areas such as strategy and risk, but they do not manage or micromanage the Bank's business by performing or duplicating the tasks of the GCEO and Executive Management team.

The Board has also adopted the Board Charter that is reviewed periodically, which provides a framework on how the Board operates as well as the type of decisions to be taken by the Board and which decision should be delegated to management with periodic reports submitted to the Board on the exercise of the delegated powers. The Board Charter can be found on the QNB Group website and is also available in print to any shareholder upon request.

In line with QNB's processes, all Board members are informed and updated on latest banking developments and on key regulatory matters.

3.2 Board of Directors structure and composition

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

Since May 2021, H.E. Sheikh Fahad Bin Faisal Al Thani, was acting as the Chairman of the Board after the withdrawal of Mr. Ali Shareef Al Emadi membership in the Board of Directors.

In November 2021, Qatar Investment Authority appointed H.E. Mr. Ali Bin Ahmed Al-Kuwari to the Bank's Board of Directors. H.E. was subsequently elected as the Chairman of Board of Directors. He has extensive experience working in the government, financial and banking sectors, which spans more than 30 years during which he served as CEO of QNB Group from July 2013 to November 2018. During that time, the bank became the largest bank in the Middle East and Africa. H.E. is currently the Minister of Finance and Chairman of Qatar Development Bank and Katara Hospitality, as well as a member of the Supreme Council of Economic Affairs and Investment and Board member of Qatar Investment Authority and Qatar Energy.

3.3 Board term and renewal

During the QNB Annual General Assembly Meeting (AGM) held on 10 February 2019, Board elections were held in line with the regulatory requirements on board composition, wherein five members were elected to the QNB Group Board of Directors representing the private sector and five were appointed through the Qatar Investment Authority (QIA). The Board members were elected for a three-year term from 2019 to early 2022. The results of the AGM were disclosed on the QNB website in QNB's pursuit to advocate transparency. The next Board elections will be held in early 2022, after which any new members will undergo an induction program on their roles and responsibilities, related regulatory requirements and on other key matters.

The Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC) is responsible to adopt the highest transparency standards in the nomination process for Board membership. This committee is in charge of recommending Board members' for election in the General Assembly Meeting based on the applicable QCB and QFMA requirements as well as initiating the annual performance self-assessment of the Board and Board Committees. The candidate for Board membership shall provide a written acknowledgment stating that he is not undertaking any legally prohibited job position to combine it with the QNB Board membership.

In coordination with the Group Board Nomination, Remuneration, Governance and Policies Committee, Group Compliance ensures the preparation and the submission of the induction file to the new Board members to ensure proper awareness of all the responsibilities and assigned tasks.

Nominations and appointments are made in accordance with an approved mechanism to accept candidates in line with QCB and QFMA 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. QNB Group is required to send a list of names and data of Board membership candidates, along with the candidate's curriculum vitae and original copies of candidacy requirements, to QFMA at least two weeks prior to the Board election date.

3.4 Board qualifications

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 term.

3.5 Independent and non-executive Board members

During 2021, all of QNB Group's BOD members are non-executive members and none of them assumes executive responsibilities, moreover, at least one-third of the BOD members are independent and no member holds a full-time or part-time job within the Group.

BOD members challenge management proposals constructively, they also examine and review

management performance in meetings against agreed objectives and targets. In addition, they draw on their experience and knowledge in respect of any challenges facing the Group and in relation to the development of proposals on strategy.

QNB considers the current size and composition of the Board to be within an appropriate range. Moreover, the current size of the Board is sufficient to enable its committees to operate while being dynamic and responsive to the needs of the Group. The Board has the appropriate blend of skills, knowledge and experience, from a wide range of industries and backgrounds, necessary to lead the Group.

3.6 Prohibition of combining positions

In 2021, none of the Board members are a board chairman or a vice-chairman for more than two companies that have their headquarters located in the State of Qatar. Also, none are a BOD member for more than three shareholding companies which have their headquarters located in the State of Qatar, and not a managing director in more than one company which is headquartered in the State of Qatar, and do not combine two memberships of two companies exercising a homogenous activity.

The Chairman and the members of the Board provide an annual acknowledgment that none of them combines the prohibited positions according to the regulatory requirements. The Board Secretary maintains such acknowledgements in the file prepared for this purpose.

3.7 Board members' duties

All Board members comply with the following duties:

- attending meetings of the Board and committees regularly and not withdrawing from the Board;
- giving priority to the interests of QNB Group shareholders and all stakeholders over their own interests;
- providing opinion on the bank's strategic matters, policy of project implementation, staff accountability systems, resources, key appointments and operation standards;
- monitoring the bank's performance in realising its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports;
- supervising the development of the procedural rules for the Group's governance to ensure their implementation in an optimal manner in accordance with QFMA and QCB requirements;
- using their diversified skills and experience along

with diversified specialties and qualifications for effective and productive management of the Group, and working to achieve the interests of the bank, partners, shareholders and other stakeholders;

- effective participation in the general assemblies, and achieving its members' demands in a balanced and fair manner;
- no-one makes any statements, shares data or information without prior written permission from the Board of Directors, and an official spokesperson will be appointed for the Group for this purpose; and
- disclosure of financial and trade relations, and litigants, including the judicial recourses that may affect negatively on carrying out the tasks and functions assigned to them.

The Board members, at the bank's expense, may request an opinion of an independent external consultant in issues relating to any of the bank's affairs.

Each Board member owes the bank the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations, including QCB corporate governance instructions, QFMA corporate governance code and the Board Charter, Board Policy, Terms of Reference and Code of Ethics and Conduct.

Board members act at all times on an informed basis, judiciously, in good faith, with due diligence and in the best interests of the Group and all shareholders, exercise independent judgement and observe confidentiality and act effectively to fulfil their responsibilities towards QNB Group.

3.8 Board and committee evaluations

The Board have an effective mechanism for evaluating its performance on a continuing basis. Meaningful Board evaluation requires an assessment of the effectiveness of the full Board, the operations of Board committees and the contributions of individual Directors on an annual basis. The results of these evaluations are reported to the full Board, and there will be a follow-up on any issues and concerns that emerge from the evaluations. The Board, under the leadership of the Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC), periodically considers what best approach will result in a meaningful assessment of the Board and its committees.

Accordingly, the GBNRGPC initiate the annual assessment exercise of the BOD committees and the BOD members. The BOD undertakes the process of an annual assessment according to the BOD performance

methodology. The assessment allows the BOD to demonstrate that it is accountable for its decisions and the overall operations of QNB Group – full Board assessment.

Moreover, all BOD members completed a self-evaluation exercise indicating to what extent they are comfortable with their individual performance as members of the BOD – Board members self-assessment.

The BOD performance assessment task related to 2021 was launched at the end the year and the results of the assessment will be reflected to the shareholders in the General Assembly Meeting scheduled early 2022.

3.9 Board Secretary

The BOD is supported by a Secretary who, under the direction of the Chairman, ensures that communication and information flows between Board members. The Board Secretary is also responsible, in coordination with the Group Compliance Division, for assisting the Chairman in all matters relating to corporate governance, and provides assistance for the Chairman and all members in conducting their duties.

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

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, then moving to Credit Facility Management in 1980. He was appointed as Office Manager of the Group CEO in 1988.

Mr. Faisal Mubarak Al-Hitmi – Diploma in Business Administration, Accounting and a Master's Degree of Arts – is a Senior Officer at the Board Office since June 2016. He has previously worked in the Tenders and Vendors Management section in the Legal Department under Group Risk since June 2014.

3.10 Board meetings

According to QNB Group's Articles of Association, the Board should hold at least six meetings during the year. The meetings are held regularly or when called for by the Chairman or by two Board members. The invitation to 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.

In line with QFMA requirements, QNB Articles of Association (article 28) state that the absent member may, by written request to the Chairman, delegate any other Board member to represent him in attendance and voting. A Board member cannot represent more than one member.

The Board meets periodically in order to ensure that it is adequately fulfilling its roles and responsibilities. The number of BOD meetings held annually are in compliance with the minimum times required by the Commercial Companies Law (CCL) (currently six (6) times a year) Article (104) and are as per Article (14) of QFMA Governance Code. Furthermore, three months must not elapse without convening a meeting.

In 2021, the BOD held six meetings with an average attendance rate of 93%.

3.11 Board members' resignation

Following the Commercial Companies Law No. 11 for the year 2015 (and its subsequent amendments), the provisions of the article (105) have been considered in QNB Articles of Association article (27), stating that in the event that a Board member is absent in three consecutive (or four non-consecutive) Board meetings, with no acceptable excuse by the Board, the member shall be legally considered as having resigned, to be in line with QFMA requirements.

In line with QCB requirements, QNB BOD policy has been amended to include a provision regarding the resignation of BOD members, stating that a Board member may resign by delivering written notice, signed

by the Board member, to the Chairman and transmitted to the Board. In case of resignation for reasons of irregularities observed by the member, the written letter should be addressed with a statement explaining all related details and must be documented in the Board of Directors minutes of meeting.

3.12 Board decisions

In line with QFMA requirements, QNB Articles of Association (article 29) state that the resolutions of the Board of Directors shall be passed by a majority of votes of the members who are present. If the votes are equal, the vote of the Chairman or his substitute shall prevail. The Board, in case of urgency, may pass its resolutions by circulation, provided the consent of all members is procured in writing and the resolutions are discussed in the next meeting and recorded in the minutes of the meeting.

3.13 The committees of the Board

As per leading corporate governance practices, regulatory (QCB and QFMA) requirements, QNB Group BOD has established several committees to assist in carrying out its supervisory responsibilities composed of members of the Board who report directly to the BOD. In application of article (7) of the QFMA corporate governance Code, the Chairman of the Board of Directors is not a member of any of these committees.

Each Board committee is assigned to handle one or more of the tasks of the Board. The responsibilities of the Board committees are duly documented in the terms of reference, which are approved by the BOD. The ultimate responsibility for QNB Group rests with the Board even if it sets up committees. During the year 2021, the Board of Directors has not delegated any of its power to a third party and does not issue a general or an open-ended delegation.

QNB Group BOD committees are the following:

- a. Group Board Executive Committee (GBEC);
- b. Group Board Audit and Compliance Committee (GBACC);
- c. Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC); and
- d. Group Board Risk Committee (GBRC).

QNB Board of Directors conducts periodic evaluations of its committees' achievements and believes and maintains that the BOD committees have clear roles, well understood and supported by all Board members. BOD committees serve as a valuable resource to the Board Chairman and the GCEO in guiding the organisation and improving the overall Board performance.

The following is a summary on the composition, duties and the working mechanism of these committees.

3.13.1 Group Board Executive Committee (GBEC)

The Group Board Executive Committee is composed of three Board members; one of them is selected by the BOD as Chairman. The Group Chief Executive Officer attends all meetings, without voting rights.

The composition of GBEC for 2021 was as following:

- H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani – Chairman of the Committee
- Mr. Bader Abdulla Darwish Fakhroo – Member
- Mr. Ali Hussain Ali Al-Sada – Member

GBEC main responsibilities are the following:

- review and endorse for the Board approval the long-term strategy of QNB Group based on economic and market conditions and Board of Directors' directives;
- review and endorse for the Board approval annual business plans and budgets across QNB Group in line with the long-term strategy and changes in economical, market, and regulatory environments;
- review and approve budgetary reallocations against budget approved items as per the quarterly management reports;
- monitor QNB Group quarterly performance against strategy, business plan and budgets;
- review and approve QNB brand vision and defined values with all associated brands across the Group;
- review and approve QNB corporate social responsibility strategy in light of QNB brand values across the Group;
- review and consolidate marketing and communication plans and resource distribution plans to efficiently and effectively align it to support QNB business development and growth;
- facilitate the effective supervision and overall control of the Group's business by reviewing overall customer credit and investment exposures;

- review and consolidate business development, products alignment, and resources distribution across QNB Group;
- authorise those individual transactions and sectorial limits that fall within the authority delegated to the Group Board Executive Committee by the Board of Directors;
- review credit proposals as per the QNB Group approved authority matrix;
- review and recommend 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; and
- report the committee's activity to the BOD on a periodic and annual basis, including the identified and key issues/approved decisions and recommended actions to be taken by the Board of Directors when required.

The Committee held five meetings during 2021 with an average attendance rate of 87%.

3.13.2 Group Board Audit and Compliance Committee (GBACC)

The Group Board Audit and Compliance Committee is composed of three Board members, the majority are independent members. The Chairman of the Group Board Audit and Compliance Committee must be a financial expert and the other Board members must have a financial reporting background and knowledge. Members of the GBACC cannot be a member of any other Board committee, and the Chairman of the GBACC cannot be a member of any other Board committee.

The composition of GBACC for 2021 was as following:

- H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani – Chairman of the Committee
- Mr. Abdulrahman Mohammed Y Jolo – Member
- Mr. Adil Hassan H A Al-Jufairi – Member

Note: In accordance with the bank's changed Board of Directors (BOD) composition, His Excellency Sheikh Fahad Bin Faisal Bin Thani Al Thani – Vice Chairman of the Board of Directors, and the Chairman of the Group's Board Audit and Compliance Committee (GBACC) was appointed as the Acting Chairman of the Board of Directors during May 2021. His Excellency did not attend any (GBACC) meetings starting from May 2021 as to avoid any conflict with the responsibilities, tasks and powers vested.

The Committee has the following responsibilities pertaining to **financial statements**:

- review significant accounting and reporting issues, including complex or unusual transactions, in the light of regulatory directives and professional pronouncements and correlate their impact on the financial statements of the Group;
- review judgements by Executive Management in relation to responsibilities pertaining to financial statements;
- review and endorse the annual financial statements and consider whether they are complete, consistent and reflect appropriate accounting standards and principles before submission to the BOD for final approval;
- review the Group's financial statements, notes thereto, related regulatory filings, and consider the accuracy and completeness of the information before release;
- review with management and the external auditors all matters required to be communicated or disclosed under generally accepted auditing standards or regulatory requirements;
- understand how management develops interim financial information and the nature and extent of internal and external auditor involvement;
- review with relevant parties any tax related matters and adequate disclosures that could significantly impact the Group financial statements;
- review interim financial reports with management and the external auditors and consider whether they are complete and consistent before filing with regulators;
- consider with internal and external auditors and Group Compliance any fraud, illegal acts or deficiencies in internal control or other similar areas;
- review any legal matters that could significantly impact the financial statements of the Group; and
- review with Group Compliance and external auditors any fines imposed by the regulators and/or other bodies.

The Committee has the following responsibilities pertaining to **internal control**:

- understand the scope of internal and external auditors' review of internal controls over financial reports and obtain reports on significant findings and recommendations, together with management's responses;
- obtain explanation from management and internal and external auditors on whether the Group's

financial and operating controls are functioning adequately and effectively;

- in coordination with the Group Board Risk Committee, consider the effectiveness of the Group's management of risks and internal controls over annual and interim financial reporting, regulatory and other reporting, including information technology security and controls (including that at overseas branches and subsidiaries); and
- consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

The Committee has the following responsibilities pertaining to **internal audit**:

- appoint/remove the Group Chief Audit Executive;
- review and approve the charter, plans, activities, staffing and organisational structure of the Group Internal Audit Division;
- ensure that there are no unjustified restrictions or limitations on the functioning of Group Internal Audit, as well as on internal audit's access to the Group's records, documents, personnel as and when required in performance of their functions;
- review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and other applicable standards and best practices;
- on a regular basis, review the results of internal audit and meet separately with the Group Chief Audit Executive to discuss any matters that the Committee or internal audit believes should be discussed privately and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence and report the results of the Committee review to the BOD on a regular basis; and
- ensure that management responds to recommendations by the internal auditors and that all information, records etc. sought for and required by internal auditors in the performance of their formal duties is/are made available to them by management in an unhindered manner.

The Committee has following responsibilities pertaining to **compliance**:

- appoint/remove the Group Chief Compliance Officer;
- review and approve the charter, plans, activities, staffing and organisational structure of Group Compliance Division;

- ensure the efficiency of the compliance function in detecting the deviations and breaches within the Group, and ensure 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 FATF (Financial Action Task Force on Money Laundering) recommendations;
- review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigation and follow-up (including disciplinary action) of any instances of non-compliance within the Group;
- review the findings of any inspection by QCB and any other regulatory body and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence;
- review the communication and enforcement of the Code of Conduct to Group personnel and monitoring compliance therewith;
- ensure there is an effective framework in place across the Group for managing and monitoring financial crime compliance related risks, in line with regulatory requirements and international leading practices;
- ensure there is an effective mechanism for control, monitoring and reporting on the anti-money laundering and combating terrorism financing as well as international sanctions programmes and related issues;
- ensure oversight on appropriateness and effectiveness of the 'Internal Controls over Financial Reporting' (ICOFR) framework implemented in the Bank, in pursuit of its objectives;
- review the Group policies and framework pertaining to data protection and make sure a proper oversight is in place to protect QNB data from leakage or inappropriate or unauthorised use;
- review the effectiveness of the Whistle-blowing Policy and recommend related actions/amendments to the BOD;
- review and approve the annual corporate governance report, prepared by Group Compliance in accordance with regulatory requirements; and
- on a regular basis, review the results of the compliance reviews and meet separately with the Group Chief Compliance Officer to discuss any matters that the Committee or Group Compliance believes they should be discussed privately and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence.

The Committee has the following responsibilities pertaining to **external audit**:

- review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit to ensure their compliance with the implementation of the best International Standards on Auditing and preparing the financial reports in accordance with International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) and International Standards on Auditing (ISA) and their requirements;
- ensure timely reply by the Board to the queries and matters contained in the external auditor's letters and reports;
- review the performance of the external auditors;
- make recommendations to the Board of Directors regarding the appointment/reappointment/removal of the external auditors and their fees;
- on a regular basis, review the results of the external auditors and meet separately with them to discuss any matters that the Committee or external auditors believe should be discussed privately, including management responses to their reports and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence; and
- review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Group, including non-audit services.

The Committee has the following responsibilities pertaining to **reporting responsibilities**:

- evaluate the critical issues reports submitted by the Group Chief Compliance Officer and Group Chief Audit Executive, including those critical issues related to QNB Group subsidiaries;
- regularly report to the Board of Directors about the Committee activities and result of the Committee review of issues identified by regulators, external auditors, internal audit and compliance and related recommendations;
- subject to applicable regulatory requirements, report annually to the shareholders, describing the Committee's composition, role and responsibilities and how they were discharged, and any other information required by regulations (as described in this report); and
- review any other reports the Group issues that relate to Group Board Audit and Compliance Committee's area of responsibility.

During 2021, the Committee met **eight** times with an attendance rate of 100%.

3.13.3 Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC)

The Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC) is composed of three Board members, the majority of which are non-executive and independent members.

The composition of GBNRGPC for 2021 was as following:

- Mr. Fahad Mohammed Fahad Buzwair – Chairman of the Committee
- H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani – Member
- H.E. Sheikh Hamad Bin Jaber Bin Jassim Al-Thani – Member

GBNRGPC's main responsibilities consist of the following:

- identify eligible and qualified candidates for Board and Senior Executive Management positions according to the fit-and-proper criteria set by the Committee in addition to the independency/non-executive requirements;
- assess all candidates as per QCB, QFMA, and Commercial Companies law conditions and minimum requirements where applicable;
- ensure that a list of all accepted/rejected candidates along with their supporting documents are sent to QCB for prior approval before election and detailing the reasons/justifications for acceptance/rejection;
- ensure that all new Directors receive a proper induction programme upon joining the Board by issuing a formal appointment letter and providing all Directors with the induction handbook containing all important information and documents that are relevant to the Director;
- monitor the induction, training and continuous professional development of Directors pertaining to corporate governance matters;
- assess and review annually the independency/non-executive criteria of each Board member;
- submitting the list of BOD membership candidates to the Board including its recommendations and sending a copy to QFMA;
- ensure the remuneration framework and principles in place are in line with the remuneration policy and the Board's guidelines taking into consideration the balancing between achieved and realised profits and risk associated with the business activities;

- approve and review the Group's remuneration and incentives guidelines and ensure that the remuneration of the Board of Directors and Executive Management are in line with the criteria and limits set forth by QCB/QFMA and Commercial Companies law;
- ensure that the Directors' remuneration is in line with QCB criteria and limits. The remuneration of the BOD members is presented on an annual basis to the General Assembly for approval;
- assess on an annual basis the adequacy and appropriateness of the remuneration and incentives policy and coordinate with Group Board Risk Committee in the assessment of risk-based incentives;
- maintain overall oversight of management's implementation of the remuneration system for the entire Bank;
- arrange the annual evaluation of the performance of the Board, its committees and individual Directors consistent with BOD policy and provide related information at the Annual General Assembly Meeting;
- direct and oversee the preparation and update of the Corporate Governance Manual in collaboration with the Executive Management and Group Board Audit and Compliance Committee;
- prepare required recommendations and proposals to the Board of Directors for approval pertaining to the scope of work of related management committees dealing with the GBNRGPC as well as other recommendations raised by Executive Management through appropriate channels;
- review on a regular basis the BOD structure and composition and consider/assess the need to appoint independent BOD members;
- review and assess on a periodic basis any changes to international and local corporate governance practices that could have an impact on how the QNB Group operates and manages its governance policies;
- oversee the overall Human Capital Policies and ensure the BOD and Senior/Executive Management succession planning;
- when required, inform the Board of Directors of key sustainability-related risks and opportunities; and
- oversee the annual review of all major policies across the Group.

The Committee held **five** meetings during 2021 with an attendance rate of 100%.

3.13.4 Group Board Risk Committee (GBRC)

The Group Board Risk Committee is intended to meet BOD oversight responsibility over the Risk Management and in accordance with QCB and other related regulatory requirements. The Committee is composed of three members, one of them is selected by the BOD as Chairman.

The composition of GBRC for 2021 was as following:

- Mr. Mansoor Ebrahim Al-Mahmoud – Chairman of the Committee
- Mr. Bader Abdulla Darwish Fakhroo – Member
- Mr. Ali Hussain Ali Al-Sada – Member

GBRC's main responsibilities consist of the following:

- review and endorse for Board approval, the risk management strategy of the Group as well as Group Risk Appetite and Portfolio Strategies recommended by the Group Management Risk Committee (GMRC) and review any changes in risk strategy/risk appetite arising;
- review and compare the Group portfolio risk profile with the approved Group risk appetite and endorse the GMRC recommended portfolio strategies for approval by the Board;
- approve risk frameworks and Group risk policies and control structures in accordance with the approved strategy by the Board and oversee implementation of policies pertaining to the bank's internal control system;
- approve the Group's principle risks and risk taxonomy identified as part of the Enterprise Risk Management Policy and framework;
- approve the Group's annual ICAAP regulatory submission, related processes, test elements and Recovery and Resolution Planning that outlines credible options for recovery. Oversee the implementation of policies pertaining to the bank's ICAAP, capital and liquidity plans, policies and obligations;
- ensure the effectiveness of the risk control framework and oversee the evaluation outcomes of the GMRC;
- approve and oversee stress testing scenarios and results, as well as management action plans;
- approve the Group's capital management framework and any further enhancement proposed by GMRC;
- oversee the monitoring processes performed by GMRC and control framework for risk management and the defined related roles and responsibilities across the Group;

- evaluate the monitoring process made by GMRC on Group entities in the identification of operational, credit, market, strategic, legal and reputational risks, and action plans implemented to monitor and manage these risks;
- evaluate and approve the Contingency Funding Planning (CFP) document and ensure if any material conditions occur that will invoke the CFP;
- oversee the monitoring process of legal issues including major litigation cases and compliance with laws, policies and procedures;
- oversee the monitoring process performed by GMRC on fraud and other operational losses across the Group and ensure adequacy of the controls to mitigate/avoid the risk;
- oversee and approve parameters for contingency plans for all Group entities in order to ensure adequate business continuity and address the risk involved;
- carry out any other function that may arise from time to time as a result of Board directions, QCB, QFMA, QFCRA regulation, and applicable foreign regulation or market developments;
- approve country risk limits for the Group in line with QCB as well as internal country risk appetite allocation requirements;
- ensure that no material impact/risk identified by GMRC related to anti-money laundering and terrorist financing as well as the 'know your customer' (KYC) requirements; and
- review any breaches of risk limits or internal control failures (if any) and review investigation results performed by GMRC.

The Committee held **five** meetings during 2021 with an average attendance rate of 87%.

4. Segregation of the Chairman and Chief Executive Officer roles

The role of the Chairman of the BOD and Group Chief Executive Officer (GCEO) at QNB are distinct and separate in accordance with leading practices, such as the QFMA corporate governance code, article (7), and the corporate governance instructions issued by QCB.

The Chairman of the Board 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 ensuring effective communication with shareholders and the communication of their opinions to the Board of Directors. The Chairman is also responsible for inspiring effective participation of all the Board members and promoting constructive relations between them.

The GCEO is tasked with the authority and responsibility for operating the bank's daily business. The GCEO is assisted in his duties by a specialised and highly-qualified team from the Executive Management. BOD Chairman and members exercise vigorous and diligent oversight of the bank's affairs, including key areas such as strategy and risk, but they do not manage or micromanage the bank's business by performing or duplicating the tasks of the GCEO and Executive Management team.

5. Remuneration of the Board of Directors and Executive Management members

The remuneration system within QNB Group forms a key component of the governance and incentive structure through which the Board and Executive Management promote good performance, convey acceptable risk-taking behavior and reinforce the Bank's operating and risk culture.

Consequently, there is a separate 'QNB Group Remuneration Policy for Board, Executive Management & Employees' that defines the mechanism whereby the remuneration is directly linked to the effort and performance at both department and employee levels including that of the Board, through the achievement of assigned goals and objectives in accordance with the profitability, risk assessment and the overall performance of the Group. This policy is applicable to the Chairman, Board members, Senior Executive Management and employees of QNB Group.

The BOD will follow regulatory guidelines and leading practices on compensation and remuneration. The Board, through its Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC) (by delegation), is responsible for the overall oversight of management's implementation of the remuneration system for the entire Bank. The GBNRGPC regularly monitors and reviews outcomes to assess whether the bank-wide remuneration system is creating the desired incentives for managing risk, capital and liquidity. The Board reviews the remuneration plans, processes and outcomes on an annual basis.

In accordance with applicable laws and regulations, such as the Commercial Companies Law provisions, as well as the QCB circular related to the remuneration of the Board of Directors' Chairman and members and QFMA requirements, QNB Group's adopted 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 for QNB BOD members is duly acknowledged to be in line with QCB instructions and QFMA requirements. The BOD will present at the annual general assembly meeting for approval, the remuneration/salaries, fees (if any), amounts received for technical or administrative work or other material advantages received for approval, in accordance with the Commercial Companies Law, QCB and QFMA instructions.

For 2021, the total BOD remuneration proposed (inclusive of all fees and allowances) is QAR 16.94 million divided as the following – QAR (2) million for the Chairman, QAR (1.5) million for each member and additionally QAR (120,000) for each BOD member for the respective committees that they are a member of. This remuneration is consistent with the provisions of Article (119) of Commercial Companies Law, Article (50) of QNB's Article of Association and Qatar Central Bank (QCB) circular (18/2014). Moreover, the remuneration amount is subject to QCB and 2022 General Assembly approvals.

QNB discloses the remuneration of the GCEO and the Executive Management team in the Annual Report.

6. Key corporate governance participants: Executive Management

6.1 Governance and structure

The Board of Directors of QNB Group appointed, in November 2018, Mr. Abdulla Mubarak Al-Khalifa as the Group Chief Executive Officer. Prior to being appointed as the GCEO of QNB Group, Mr. Abdulla Mubarak Al-Khalifa was the Executive General Manager – Chief Business Officer at QNB Group. He joined QNB in 1996 and has more than 25 years of diverse banking experience. Mr. Al-Khalifa is currently the Chairman of the Board of Directors of QNB Capital and QNB Suisse. In addition, he is the Board member at Ooredoo. Mr. Al-Khalifa holds a Bachelor's Degree in Business Administration from Eastern Washington University in the United States.

The GCEO is assisted in his duties by a specialised, seasoned and highly-qualified Executive Management team. Five (5) chiefs report directly to the GCEO:

- Executive General Manager – Group Chief Business Officer;
- Executive General Manager – Group Chief Operating Officer;
- General Manager – Group Chief Financial Officer;
- General Manager – Group Chief Risk Officer;
- General Manager – Group Chief Strategy Officer.

There are two (2) independent chiefs appointed by the Group Board Audit and Compliance Committee, who are responsible for generating reports and reporting on violations and concerns to the GBACC and GCEO, i.e. the Group Chief Compliance Officer and the Group Chief Audit Executive. The Group Chief Compliance Officer and the Group Chief Audit Executive report directly to the Board through the GBACC.

QNB's Executive Management team is fully aware of their role in terms of corporate governance through their commitment to implementing the legislative requirements and the BOD's instructions in a way that strengthens the control environment in the various processes and banking activities; this includes determining the deviations from the objectives, ensuring the convergence of operations to achieve the desired goals and implementing corrective actions when required.

Executive Management is also committed to assessing 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.

6.2 Executive and management committees

The Executive Management at QNB Group have formed a number of executive and management committees in order to effectively and efficiently handle their responsibilities and run the day-to-day activities of the bank.

The committees are suitably endowed with full executive powers that give them the authority to make decisions and actions related to their field, scope and structured hierarchy.

Currently, the executive and management committees established at Head Office are structured as follows:

- Tier 1 'Executive Committees' – the '**decision-making**' committees which include: Central Purchasing, Risk, Credit, ALCO, Senior Management, Strategy and Cyber Security, and who report to the Board via the appropriate Board of Director-related committee;
- Tier 2 'Management Committees' – the '**working committees**' which include: Business Development, IT, HR and Operations and Services, and who report to the appropriate parent committee in Tier 1; and
- '**Senior Management Committee**' – is chaired by the GCEO and represented by five chiefs (Executive GM – Group Chief Business Officer; Executive GM – Group Chief Operating Officer; Group Chief Financial Officer; Group Chief Risk Officer; and Group Chief Strategy Officer).

QNB Group **subsidiaries** form their respective 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 report and coordinate directly with the corresponding General Manager at QNB Group Head Office level.

The **overseas branches** form one or more committees to strengthen their control environment in the various processes and banking activities. Such committees depend on the volume of business and the country risk where QNB Group operates and are decided by QNB management. The overseas branch committees report the critical issues handled by them to the relevant QNB Head Office division.

A summary of the key tasks of the various committees is highlighted in the following section.

6.2.1 Group Management Risk Committee

The Group Management Risk Committee (GMRC) is headed by the GCEO, with the General Manager – Group Chief Risk Officer as the Vice-Chairman. The Committee also includes the Executive General Manager – Group Chief Business Officer, Executive General Manager – Group Chief Operating Officer, General Manager – Group Chief Financial Officer and General Manager – Group Chief Strategy Officer. The Group Chief Audit Executive and Group Chief Compliance Officer attend the meetings as required observers. The AGM Group Strategic Risk Management acts as Secretary for this Committee. The Committee holds quarterly meetings at minimum

provided that the majority of the Committee members 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 GMRC establishes, reviews and recommends QNB Group's risk management strategy and defines the risk appetite and 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 reviews the Group portfolio risk profile and recommends portfolio risk management strategies to the Group Board Risk Committee for endorsement in order to obtain BOD approval, reviews the effectiveness of the operation of the risk control framework and submits to the Group Board Risk Committee the annual evaluation for approval by the Board, monitors risk management activities from several perspectives: operational, credit, market, strategic, IT risk, legal and reputational and ensures implementation of action plans to monitor and manage these risks. 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.

The Committee 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. It also provides the Group risk report and dashboards to the Group Board Risk Committee as and when required. It reviews the approach of the Group Risk Department regarding effective monitoring and coordination at overseas branches and reviews the formation of risk committees at the subsidiary level in line with the corporate governance structure/framework adopted by QNB Group.

The committee held **four** meetings during 2021.

6.2.2 Group Credit Committee

The Group Credit Committee is headed by the GCEO, with the General Manager – Group Chief Risk Officer as the Vice-Chairman (non-voting). The Committee also includes the Executive General Manager – Group Chief Business Officer, General Manager – Group Corporate and Institution Banking, General Manager – Group Asset and Wealth Management, General Manager – International Banking, Assistant General Manager –

Domestic Corporate Banking, Assistant General Manager – Group Credit and Head of Group SME Credit. The Senior Credit Officer – Group Credit acts as Secretary for this committee. The Committee is supposed to hold monthly meetings at a minimum, provided that a majority of the Committee members 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 Group Credit Committee reviews, recommends and implements approved credit policies, guidelines and procedures related to corporate, financial institution and retail assets across the Group. The Committee also reviews and recommends the investment strategy, policies and procedures to the Group Board 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 reviews and takes decisions pertaining to credit facilities, proprietary investments and underwriting proposals (within its delegation of authority and in line with QNB's business strategy) or escalates proposals to the Group Board Executive Committee/BOD for those that exceed its authority. The Committee also assumes the responsibility to review and approve the range of credit and 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. The Committee also ensures Group entity compliance with investment limits and ratios approved by the Board of Directors, QCB, foreign regulators and senior management. 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.

The Committee held **forty three** meetings during 2021.

6.2.3 Senior Management Committee

The Senior Management Committee is headed by the GCEO, and includes the Executive General Manager – Group Chief Business Officer, Executive General Manager – Group Chief Operating Officer, the General Manager – Group Chief Risk Officer, and the General Manager – Group Chief Financial Officer. The General Manager – Group Chief Strategy Officer acts as Secretary for this committee. The Committee meets at least every month, provided that a majority of the Committee members 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 is the parent committee of the Group Information Technology Committee, Group Operation and Services Committee and Group Human Capital Committee and submits memos to all the BOD committees as well as the BOD as and when required.

The main functions of this Committee are to assist the Board of Directors in overseeing the activities of the related management committees, discuss critical topics and strategic matters related to QNB Group activities, for safeguarding an information flow which provides the Board at any time an adequate basis for steering the bank as a whole and for meaningful and up-to-date information on its risk positions, and responsible for aligning all IT and operational activities across the Group with QNB's vision, mission and business plan and to review Group-wide IT standards.

The Committee held **twelve** meetings during 2021.

6.2.4 Group Asset and Liability Management Committee

The Group Asset and Liability Management Committee (ALCO) 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 – Group Chief Business Officer, Executive General Manager – Group Chief Operating Officer, General Manager – Group Chief Risk Officer, General Manager – Group Chief Strategy Officer and General Managers of Treasury and Corporate. Other members of senior management may be invited to attend if needed. The Assistant General Manager – Trading (Group Treasury) acts as the Secretary for this Committee.

The Committee meets every month, provided that a majority of the Committee members 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 monitors, manages and devises the strategy to manage the assets and liabilities of the Group against various risks. It reviews and recommends the strategies, policies and procedures related to asset liability management across the Group to the Group Board Executive Committee. It also monitors and reviews performance of all Treasury activities and products across the Group, including banking and trading book portfolios, interest rate risk, liquidity risk and foreign exchange risk. The Committee also ensures compliance with the 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.

The Committee held **twelve** meetings during 2021.

6.2.5 Group Strategy Committee

The Group Strategy Committee is headed by the GCEO, with the Executive General Manager – Group Chief Business Officer as the Vice-Chairman. The Committee also includes the Executive General Manager – Group Chief Operating Officer, General Manager – Group Chief Risk Officer, General Manager – Group Chief Financial Officer and General Manager – Group Chief Strategy Officer. The Assistant General Manager – Strategy and Business Development acts as Secretary for this Committee. The Committee is scheduled to meet at a minimum on a quarterly basis, provided that a majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The main function of this Committee is to develop the vision and business strategy for QNB Group, which is submitted to the BOD for review and approval. The Committee monitors and analyses market developments and the competitive positioning against peers, particularly in the Middle East, Africa and Southeast Asia Regions. The Committee also reviews and consolidates business development, products alignment, and resources distribution across the QNB Group. The Group's strategic plan is approved by the BOD and communicated to the Group.

The Committee held **four** meetings during 2021.

6.2.6 Centralised Purchasing Committee

The Centralised Purchasing Committee is headed by the GCEO, with the General Manager – Group Chief Financial Officer as Vice-Chairman. The Committee includes the Executive General Manager – Group Chief Business Officer, Executive General Manager – Group Chief Operating Officer and the General Manager – Group Chief Risk Officer. Required observers in this Committee include the Group Chief Audit Executive, Group Chief Compliance Officer, Head of Legal and a representative from the concerned department. The Group Head of Tenders and Contracts Administration acts as a Secretary for this committee. The Committee meets as and when required, and the decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Centralised Purchasing Committee ensures the compliance of the Group with the 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.

6.2.7 Group Cybersecurity Committee

QNB Group established a Group Cybersecurity Committee (GCSC) with the objective to enhance management of cyber related and information security risks across the Group. The formation of this committee is in line with QCB's requirements and recommendations advocating measures to enhance information security and management of cyber risks and QNB's goal to adopt leading measures. This committee is classified as a 'Tier 1' Committee.

The Group Cybersecurity Committee is headed by the GCEO, with the Executive General Manager – Group Chief Operating Officer as the Vice-Chairman. The Committee also includes the Executive General Manager – Group Chief Business Officer, General Manager – Group Chief Risk Officer, General Manager of Information Technology and Group Chief Information Security Officer. The Group Chief Audit Executive attends the meetings as a required observer. The Group Chief Information Security Officer acts as Secretary for this committee. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The main function of this Committee is to develop and implement the Group's cybersecurity strategy in line with the threat landscape and expectations of the Board. The key objectives of this Committee are to develop and monitor the implementation of the IT security and cybersecurity governance and framework, including strategy, plans, policies, controls, capabilities, skills and roles and responsibilities across the Group. The Committee will monitor the implementation of the cybersecurity strategy, initiatives and plans across the Group.

The Committee held **four** meetings during 2021.

6.2.8 Group Information Technology Committee

The Group Information Technology Committee is headed by the Executive General Manager – Group Chief Operating Officer, with the General Manager of Group Information Technology as Vice-Chairman. The Committee includes the General Manager – Group Chief Strategy Officer, General Manager of Group Operations, General Manager – Group Administration and General Services, General Manager – Group Retail, General Manager – International Banking, the AGM of Group Operational Risk, and Heads of Infrastructure and Development and User services. The AGM - Governance & Group Project Portfolio Management acts as a Secretary for this committee. The Committee meets quarterly at minimum provided that a majority of the Committee members 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 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.

The Committee held **four** meetings during 2021.

6.2.9 Group Business Development Committee

The Group Business Development Committee is headed by the Executive General Manager – Group Chief Business Officer, with the General Manager of Corporate Banking as Vice-Chairman. The Committee includes the General Manager – Asset and Wealth Management, General Manager – Group Retail, General Manager – International Banking, General Manager – Group Treasury, General Manager – Group Chief Strategy Officer, General Manager – Group Communications and the CEO of QNB Capital. The Head of Global Cash Management acts as a Secretary for this committee. The Committee meets on a monthly basis, provided that a majority of the Committee members 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 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 the international expansion plan in line with QNB Group's strategy and business plans. 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.

The Committee held **ten** meetings during 2021.

6.2.10 Group Operations and Services Committee

The Group Operations and Services Committee is headed by the Executive General Manager – Group Chief Operating Officer, with the General Manager – Group Operations as Vice-Chairman. The Committee includes the General Managers of Group Administration and General Services, Group IT, Group Retail, Group International Banking, Group Corporate and Institution Banking and the Assistant General Manager of Operations Control and Excellence. The Assistant General Managers of Group Operational Risk, Central Operations, Treasury and Assets Operations and International Operations Affairs are observers. The Assistant General Manager of Operations Control and Excellence also acts as Member and Secretary for this committee. The Committee meets quarterly at minimum, provided that the majority of the Committee members 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 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. It creates and reviews the operations strategy across the Group. The

Committee aligns all operation activities with QNB Group's vision, mission and business plans. It conducts a regular re-engineering programme 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. It reviews outsourcing activities to ensure sufficient quality assurance and monitoring.

The Committee held **four** meetings during 2021.

6.2.11 Group Human Capital Committee

The Group Human Capital Committee is headed by the Executive General Manager – Group Chief Operating Officer, with the General Manager of Group Human Capital as Vice-Chairman. The Committee includes the General Manager – Group Chief Strategy Officer, General Managers of Group Retail and International Business, the Assistant General Managers of Human Resources Strategy and Integration, and Human Resources Services and the Executive Manager of International Human Resources Integration who also acts as Secretary for this committee as well. The Committee holds quarterly meetings at minimum, provided that the majority of the Committee members 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 Group Human Capital Committee handles all human capital matters across the Group, including workforce 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 programme objectives.

The Committee held **four** meetings during 2021.

7. Risk management

QNB Group's reputation and continued profitability depends on our ability to identify, assess and manage risk at all levels. As a result, we have a robust risk management framework and governance structure that ensures a crucial balance between risk and reward. Risk management within QNB Group is a key focus across all levels of the bank. QNB Group adopts a centralised approach to risk management, complemented by local expertise and knowledge. This ensures proactive risk governance and management at the consolidated and the local level. Risk is an integral part of QNB's business and decision-making process. QNB Group's sustainable performance depends on its ability to manage risk at all levels. QNB's risk profile and appetite are approved by the Board of Directors (BOD) and the Group Board Risk Committee (GBRC) and then cascaded down to every division, department and employee. From a governance perspective, the Group Board Risk Committee (GBRC) is the highest management authority in QNB Group for various risk-related issues whereas the Group Management Risk Committee will be responsible to monitor and manage the risk of the Group in an efficient and effective manner and support the implementation of the Group strategy. The success of QNB Group's risk management framework is focused largely on encouraging pre-determined roles and responsibilities from the BOD level, down to the various committees, executive managers, senior managers and individual employees.

QNB risk exposures are mitigated through various specific mechanisms for risk assessment. The BOD evaluates and oversees QNB Group's risk profile in coordination with the Group CEO, the Group's Management Risk Committee, the Group Credit Committee and the Group Assets and Liability Management Committee (ALCO). The BOD takes the responsibility for all aspects of QNB Group's risk management, including the management of credit, market and operational risks. The BOD has set forth the policy objectives and framework for QNB Group on all risk issues and maintains oversight of all risks on a day-to-day basis through various committees. These committees are responsible for formulating QNB Group's risk management policies, in line with the overall guidelines and objectives set by the BOD. The Group Risk Division, headed by the General Manager – Group Chief Risk Officer, carries out the implementation of such policies.

QNB Group's Risk Appetite Statement is central to the Group's integrated approach to risk management and articulates the risk culture, governance and boundaries of QNB Group. The Risk Appetite Statement provides a framework for QNB Group's attitude toward risk taking and is reviewed, reassessed and agreed alongside QNB Group's strategic and financial planning process. The Risk Appetite Statement is also the mechanism used to cascade the Group's risk appetite

and allocations down to a regional and country level. The risk appetite framework ensures alignment with the Group's vision and strategy by tracking current performance against risk appetite targets.

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 monitoring of the Group's commitment to trading restrictions imposed by the BOD. In this regard, detailed monthly reports are submitted to the Group Assets and Liabilities Committee.

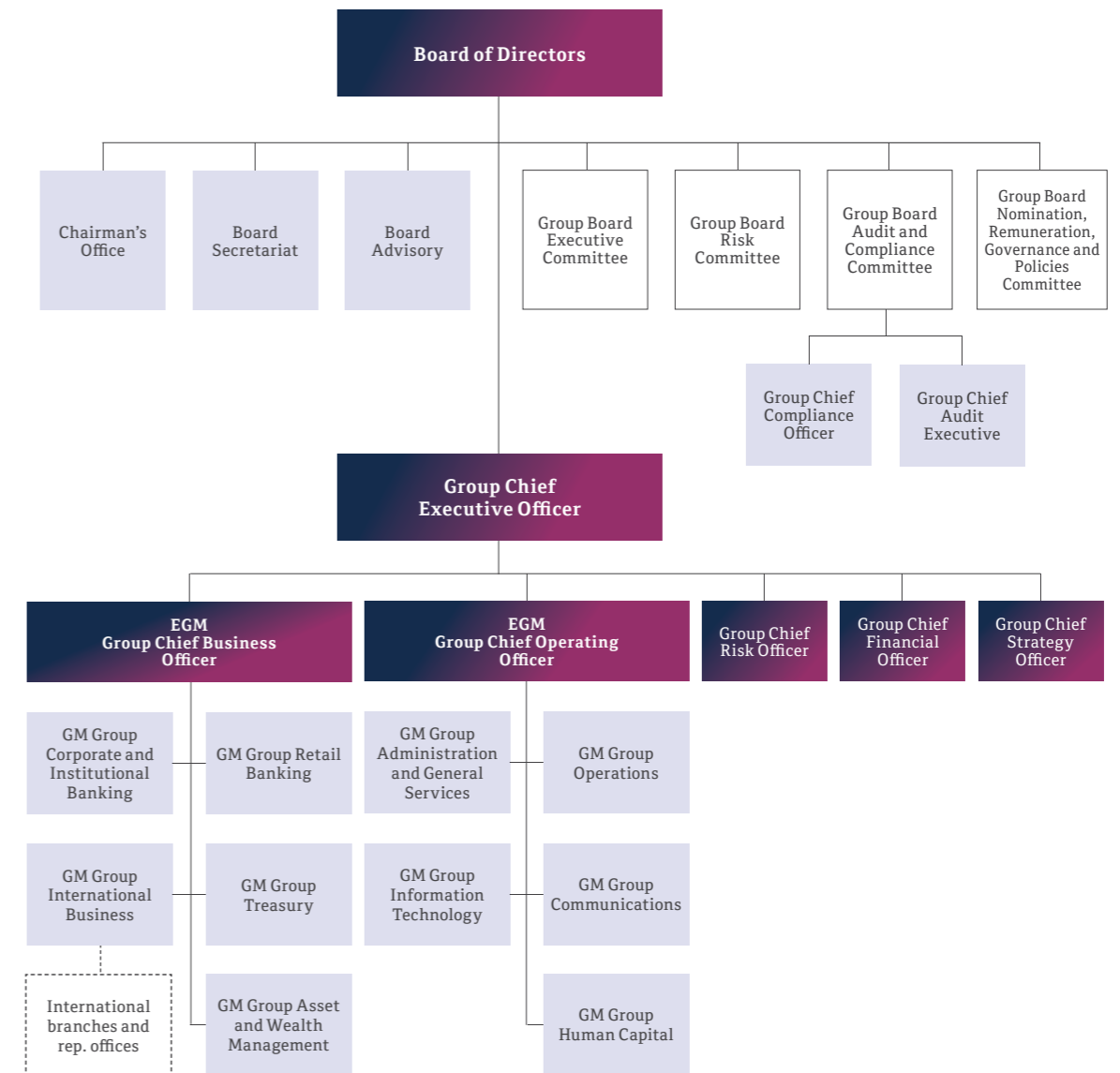
The identification of principal risks is a process overseen by Group Risk. The material risks are regularly reported to the GBRC and Group Management Risk Committee (GMRC), together with a regular evaluation of the effectiveness of the risk-operating controls. The day-to-day governance is delegated through an Enterprise Risk Management (ERM) oversight structure and a robust risk control framework. This framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report risk in a consistent and effective manner across the Group. The framework is essential to support QNB Group's strategic objectives and acts as a platform for growth. The centralised approach to risk management is complemented by local expertise and knowledge and every employee in the Group is responsible for highlighting and dealing with potential risks in the course of their work.

The Group Risk 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 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.

8. QNB Group organisation structure and succession plan

8.1 QNB Group organisation structure



8.2 Leadership continuity planning and organisation structure

As part of ongoing corporate governance initiatives, the BOD is keen to ensure that the organisation structure of the Bank is updated, efficient, effective and in line with international best practices to support the application of corporate governance principles and to enhance the internal control of various management levels. The updates also fulfil the regulatory requirements and covers future plans of internal and external growth as well as the development of financial and banking services locally and abroad. Changes and enhancements to the organisational structures both in business and support areas are implemented to keep pace with international business expansion plans and to ensure alignment of entities with Head Office, i.e. Qatar.

QNB Group also continues to drive leadership continuity planning as one of the strategic initiatives to ensure that a comprehensive business continuity framework is in place and to develop a capable leadership pipeline. This exercise is reviewed periodically to help identify leadership talent and further grooms the talent to assume higher and complex responsibilities that can support current business growth.

8.3 Training and development of future leadership

QNB Group continues to deliver the Leadership Development Programme (LDP) and Management Development Programme (MDP) for the middle management, supervisors and team leaders in Qatar and Group's international locations in collaboration with renowned global institutions to assist in fulfilling career aspirations. During 2021, QNB initiated 360° Assessment to identify high potential talent across different levels of the bank, which included performance evaluations, 180° evaluation and psychometric assessments.

9. 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 functions and transactions have been devised. Moreover, the determinations of responsibility limits, performance monitoring, privileges and authorisations on all banking operations have been implemented in addition to a clear policy for segregation of duties and dual control. QNB Group's Executive Management is considered responsible for the overall control of these systems in coordination with the concerned general managers, divisional managers and domestic and overseas branch managers. The responsibility of implementing efficient internal

control systems at the Group level is the direct responsibility of every employee at the Group.

A sound internal control process ensures the effectiveness of Bank activities, aids maintenance of reliable financial management information, and upholds compliance. This process is a critical aspect of QNB's internal control structure, it preserves the bank's financial viability and accomplishes its established goals. In light of that, QNB Group maintains a detailed internal control charter that clearly outlines the components of internal controls and related Group-wide responsibilities. The charter takes into consideration globally accepted internal control frameworks and standards issued by Basel, COSO, and the Institute of Internal Auditors (IIA). Furthermore, QNB utilized COSO's Three Lines of Defence Model to build the Bank's internal control infrastructure comprised of a number of policies, procedures, assigned roles, responsibilities, and accountabilities.

The Group Board 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 Division and Group Compliance Division 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 Board Audit and Compliance Committee as supported by the Group Internal Audit and Group Compliance divisions.

As per the QFMA Corporate Governance Code Article (4), the corporate governance report should include disclosure of the internal controls failures, wholly or partly, or weaknesses in its implementation, contingencies that have affected or may affect the Company's financial performance, and the procedures followed by the Company in addressing internal controls failures.

Based on that, during 2021 QNB management assessed the design and operating effectiveness of QNB's internal controls over financial reporting (ICOFR). Management reviewed the results of its assessment and shared it with the Group Board Audit and Compliance Committee. Based on this assessment, management determined in the "statement", which is published in the Annual Report, besides the external auditor's reasonable assurance report, that, as of 31 December 2021, QNB's internal controls over financial reporting have been designed appropriately and are operating effectively.

9.1 Group Internal Audit Division

Rigorous internal audit processes are a fundamental component of QNB Group's business practice to ensure a sound corporate governance framework, following the three Lines of Defence model recommended by BASEL. The Group Internal Audit Division (GIAD) 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 Division 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 division 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 division also ensures compliance with all rules, regulations and internal procedures, and reviews the validity and reliability of the information that is provided to management. Group Internal Audit submits its reports directly to the BOD or through the Group Board Audit and Compliance Committee.

The remuneration of the division is determined by the Group Board Audit and Compliance Committee, which enhance its objectivity and independency. The Group Chief Audit Executive is nominated by the Group Board Audit and Compliance Committee and submits periodic reports directly to the Committee and the GCEO.

GIAD has adopted the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA) as well as Basel Committee recommendations and other leading standards. The GIAD team is composed of individuals with experience from leading financial institutions and audit firms across the globe. More than 60% of GIAD are professionally qualified and hold globally recognised professional certifications. Team members undergo continuous professional development, awareness and training. GIAD maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity to increase the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. GIAD continues to develop its data analytics capability and extrapolation techniques to be able to identify systemic issues and execute efficient audits.

GIAD participates in the Group Cyber Security Committee as a non-voting observer to uphold their own independency while they support IT projects, governance matters and tenders. Moreover, it also actively takes

part in the deliberations of the Group Management Risk Committee as a non-voting observer to bring up-to-date working risk assessments whenever needed.

In accordance with the Institute of Internal Auditors (IIA) and the Group's internal audit platform the division reviewed, a number of policies, procedures, circulars, legal agreements, businesses and new processes and consistently proposed valuable additions related to contextual, legal, financial and regulatory aspects without prejudice to its right to audit these regulations or processes later.

GIAD helps the BOD and GBACC in effective discharge of their responsibilities to serve the best interests of shareholders. GIAD is headed by the Group Chief Audit Executive who reports to the Group Board Audit and Compliance Committee (GBACC) of the BOD. For the purpose of fulfilling its role in its professional capacity, GIAD is authorised to have full and unrestricted access to any of the Group's records, documentation, systems, properties and personnel, including Executive Management and the BOD. The GIAD charter and policy have been enhanced to align with the Basel Committee on Banking Supervision's recommended standards, to keep pace with the business expansion of the Group, and to provide adequate oversight of the Group's subsidiaries.

9.2 Group Compliance Division

Compliance within QNB Group is an independent function whose primary responsibilities are to assist the Board as well as the Executive Management to effectively mitigate the compliance and financial crime risks faced by the bank. It is characterised by an official status within the Group through a formal charter and policies approved by the GBACC and carried out by the Group Compliance Division, which undertakes its endeavours through appropriate mechanisms enabling the Group Chief Compliance Officer to perform his responsibilities in an effective manner.

The QNB Compliance strategy focuses on effective management of compliance activities across the Group in order to consolidate the Group's competitive position and build trust-based relationships with all investors and stakeholders. Moreover, a robust compliance function helps QNB Group to protect its reputation, lower the cost of capital, reduce costs and minimise the risk of investigation, prosecution and penalties in addition to building a culture that is in line with QNB Group values. On a proactive basis, the division identifies, evaluates, monitors, documents and reports on compliance risks

associated with the bank’s business activities, including the risk of legal sanctions, legislative and financial losses, 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. QNB’s Group Compliance Division continually monitors and assesses QNB Group’s operations and activities from a compliance perspective, exerting additional efforts to ensure high levels of compliance with QFMA and QCB regulations as well as local and international statutory requirements.

Group Compliance is also considering ways to measure compliance risks by implementing key risk indicators (KRIs) and uses such measurements to enhance the compliance risk assessment that is relevant to the second line of defence. The Compliance function assesses the appropriateness of the Group’s compliance procedures and guidelines, promptly follows up any identified deficiencies, and, where necessary, formulates proposals for amendments. Group Compliance monitors and tests compliance by performing sufficient and representative compliance testing in line with internationally recognised frameworks.

The Group Chief Compliance Officer reports on a regular basis to the Group Board Audit and Compliance Committee and the Executive Management on compliance matters.

Group Compliance adopts a professional and comprehensive approach when carrying out tasks towards key stakeholders. Extra attention is paid to due diligence and the culture among the compliance staff is one of professionalism and integrity. To maintain high technical standards among the compliance staff, scheduled specialist training is assigned to all staff, including ACAMS, ICA and CISI – QFMA certifications. These courses are deemed to add a further layer of specialism to the employees and is reflected in the quality of work carried out. Compliance staff frequently hold brainstorming and best practice sharing sessions, to promote a culture of continuous development and value-add to stakeholders. Further, Group Compliance has continued the “Train the Trainer” programme to align knowledge to divisional staff.

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 programme that specifies its activities.

The Group Board Audit and Compliance Committee approve 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 Board Audit and Compliance Committee and the GCEO concerning compliance issues, irregularities, and the corrective actions hence implemented.

Group Compliance ensures the proper reporting to all regulatory authorities as appropriate and reports any suspicious activities to the Financial Information Unit (FIU) on a timely basis. In addition, it has established arrangements for timely interactions with the regulators for proper clarification on regulatory requirements and as appropriate.

Group Compliance actively participates in the deliberations of the Group Management Risk Committee as an observer and updates the Risk Analysis of the business as appropriate and fit for purpose.

Group Compliance is continually working to develop and enhance the Compliance Function with a vision to maintain a healthy environment and practices. No penalty of any kind was imposed on QNB Group by any regulatory authority during 2021.

10. External audit

According to the Commercial Companies Law number (11) of 2015 and its amendments, Article (141) provisions, and QCB instructions: QNB Group’s General Assembly appoints an external auditor for one fiscal year based on recommendations made by the Group Board Audit and Compliance Committee to the BOD, where the General Assembly assesses the evaluation of his remuneration.

For 2021, KPMG was appointed as the External Auditor for QNB Group in accordance with the applicable QCB regulations and QFMA corporate governance requirements. QNB Group issues a public tender in order to select a suitable external auditor for the financial year. Based on the technical evaluation and commercial proposal, the Centralised Purchasing Committee (CPC) makes its recommendation to the Group Board Audit and Compliance Committee for the appointment of the new External Auditor subject to approvals by Qatar Central Bank and the General Assembly.

The external auditors inform the Board, in writing, about any risk to which the bank is exposed to or expected to be

exposed to, and about all of the violations immediately upon identification, as well as sending a copy of that notice to QFMA. In this case, the external auditor shall have the right to invite the General Assembly to convene pursuant to the law provisions in this regard, provided they inform QFMA thereof.

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 reports to the BOD and the General Assembly as well as sending a copy to QFMA in line with QFMA requirements.

11. QNB global ratings

During 2021, Standard & Poor’s, Capital Intelligence and Moody’s affirmed QNB’s strong rating and outlook. The QNB Group credit rating is considered to be among the highest in the region. The following table highlights the rating of QNB Group by some of the key important rating agencies worldwide:

QNB Group	Fitch	Capital Intelligence	Standard & Poor’s	Moody’s
Long-term rating	A+	AA-	A	Aa3
Short-term rating	F1	A1+	A-1	P-1

12. Capital and shares

The authorised, issued and fully paid up share capital of the bank totalling **QAR 9,236,428,570** consists of **9,236,428,570** ordinary shares of one Qatari Riyal each. The ownership structure of QNB Group has been stable since its establishment in 1964. The Qatar Investment Authority holds 50% of the ordinary shares of the bank with the remaining 50% held by members of the public whereby any natural or legal person, except QIA and the General Retirement and Social Insurance Authority, cannot, at any time, possess more than (5%) of the shares. The shares are nominal and all shares issued are of the same class and carry equal rights.

This is considered as an important aspect designed to reduce the dominance of the majority shareholders on minority shareholders. Consequently, the BOD composition reflects the ownership structure whereby five members of the ten BOD members,

including the Chairman and Vice-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.

13. Shareholders’ rights

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

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

In accordance with the Commercial Companies Law, the Articles of Association states that the General Assembly shall hold one ordinary meeting within four months following the end of each financial year. The Board of Directors may call for a meeting of the General Assembly at its own discretion or whenever requested to do so for a certain purpose by the external auditor or by shareholders holding at least 10% 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 21 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 5% 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.

14. Transparency and disclosure

The corporate governance framework within QNB ensures timely and accurate disclosure is made on all material matters regarding the Group, including the financial situation, performance, ownership and governance of the bank. It abides by all disclosure requirements and furnishes all financial information and audit reports accurately and transparently to remain in line with international best practices as well as local regulatory requirements including financial data, such as but not limited to, Qatar Central Bank's reports and the disclosures made to the Qatar Stock Exchange.

QNB is considered to be one of the first companies to publish its financial statements in the Middle East and North Africa region. The bank is also committed to a clear policy of transparency and disclosure, in fact the Corporate Governance Report intended for QFMA and QCB includes information on the Board of Directors along with brief summaries of their roles and qualifications, as well as their membership on other companies' boards (see the Appendices). Since there are no major shareholders other than the Qatar Investment Authority, which owns 50% of the bank's capital, no further details require disclosure regarding the major shareholders. For this purpose, and in line with QCB instructions issued regarding the ownership limits and restrictions in the financial institutions, a dedicated policy has been issued to detect the excess of ownership in QNB's capital and to monitor the process of a shareholders' vote in the General Assembly meetings.

QNB also maintains a comprehensive 'Disclosure and Transparency Policy' to promote transparency and fairness across QNB Group in a way to maintain and protect the bank's reputation. The policy establishes the framework of disclosure to provision for information at the right time and in the appropriate manner, as required by the regulatory authorities in Qatar, such as Qatar Central Bank (QCB) and Qatar Financial Markets Authority (QFMA). The policy also considers and alludes to international standards (related to financial disclosure) issued by the Basel Committee on Banking Supervision (BCBS), International Financial Reporting Standards (IFRS) and the Organisation for Economic Co-operation and Development (OECD), to ensure that appropriate disclosures and corporate governance standards are implemented by QNB.

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

Regarding Article (28) of the QFMA code, relevant to conflict of interest that requires the Board members to disclose their trading activities in the company's stocks and other financial securities, Qatar Stock Exchange discloses on a daily basis the 'Intraday Insiders Trades Report' that specify the traded volume (buy/sell) in QNB's capital.

15. Whistleblowing

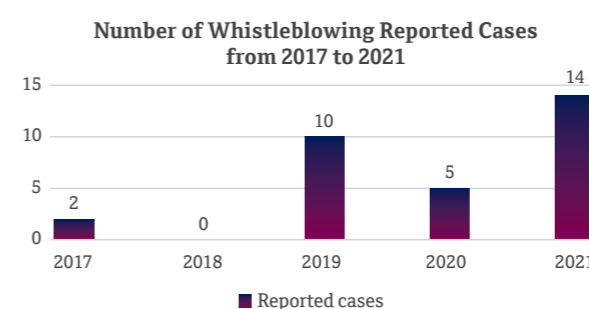
QNB Group is committed to the highest standards of openness, probity and accountability. In line with that commitment, QNB Group maintains a robust Whistleblowing Policy and related-channels thereby encouraging employees to report wrongdoings or violations they are aware of or have suspicions or concerns about, to a responsible and designated internal authority within QNB Group. The objective is to build a safe culture where employees feel that they can speak up when something is not right. The aim is to minimize the Group's exposure to reputational or financial damage, which may occur when employees circumvent internal mechanisms.

The following encapsulates QNB Group's Whistleblowing achievements in 2021:

- Whistleblowing is a core element of raising concerns at QNB. Clear reporting channels are accessible to employees including email and phone to report concerns without reprisals or retaliations in any form. Employees are encouraged to report concerns and activities that do not seem right ranging from but not limited to aspects such as fraud, misconduct, suspicions of money laundering, workplace malpractices, insider dealing, forgery, accounting irregularities, unethical conduct, bribery, corruption and criminal offences.
- QNB has established a process for receiving, evaluating, and treating alerts and whistleblowing concerns. Group Compliance is the custodian of the Whistleblowing process and conducts comprehensive investigations into potential cases referred taking into account the scope, severity, plausibility, and implications of the matter reported.
- The Whistleblowing process undergoes continuous assessment for enhancements and so during 2021, QNB has implemented the Whistleblowing Investigation Matrix communicated across the Group to set specific levels for

notification, escalation and investigation of the whistle blowing cases and covering all employees.

- Moreover, during the year, nearly 3,000 employees across the Group completed trainings on the concept of Whistleblowing its core principles, process for escalation, confidentiality clauses, red flags and reporting channels
- These steps were taken with the intention of encouraging employees to safely report their concerns and suspicions regarding any activity they think may affect QNB's reputation or financial standing using the appropriate Whistleblowing channels. In line with the graph shown below, the number of cases reported from 2017 until the end of 2020 was (17), however by 2021 (14) cases were reported, indicating the efforts of QNB to raise awareness of the process.
- Actions are initiated depending on the nature of the concerns. Where investigations are warranted, actions are taken in light of observations identified and recommendations are shared with appropriate levels of Management so that appropriate corrective actions could be taken, including discipline, remediation asset recovery, training, civil action, and/or criminal referral. However, QNB spares no effort to investigate any escalated concerns where all reported cases until the end of 2021 are closed. Furthermore, the allegations of most of the cases reported in 2021 were not founded.



16. Conflicts of interest and insider trading

QNB Group maintains a comprehensive policy to address conflicts of interest and insider trading aspects so that the bank is able to identify actual and potential conflicts of interest and manage them fairly and appropriately to prevent any situation affecting adversely the interests of QNB, its shareholders and stakeholders. The policy is applicable to related parties, personal account dealing, tenders, auctions and outsourcing and is based on the Commercial Companies Law, Qatar Central Bank instructions and QFMA's Corporate Governance Code 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.

The Executive Management are responsible for maintaining an adequate framework, and implementing proper systems, controls and measures to identify, escalate and manage conflicts of interest. They are also in charge of implementing such framework in order to promote customer protection, transparency and support market integrity. Every employee is responsible for identifying and escalating potential conflicts of interest so that they may be appropriately managed and resolved.

In 2021, the Board approved the updated Conflict of Interest and Insider Dealing Policy, which aligned with New Commercial Companies Law amendments. Moreover, the Board. Moreover, the Board confirmed that it was not aware of any conflict of interest situation that exists or is likely to exist in relation to QNB Group.

With reference to article (4.10) of QFMA Corporate Governance Code, all the disputes, lawsuits in which the bank is a party are properly handled and tracked by the Legal Division of the bank. These cases together with the latest updates are regularly reported to the Group Management Risk Committee and the Group Board Risk Committee for information and proper decision. As part of the regulatory scope, the external auditor also reviews all the disputes and lawsuit cases for proper assessment.

In application of article (25) of QFMA Corporate Governance Code, QNB Group has a clear policy on dealing with rumours disclosed by third parties and more generally anything that may damage the reputation of the bank.

This policy provides for a specific treatment and escalation of the rumour incidents on a case by case basis considering their origin, sources, expected impact and whether any case was filed before the courts.

17. Handling customers’ complaints

Customers’ complaints are a crucial source of information in order to enhance and develop the Group’s activities, whereby customers are considered key to success and prosperity. Organisations consider the customer as 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’s Executive Management in developed institutions. In 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. Sustainability and corporate social responsibility

Sustainability has become one of the most pressing topics affecting our society today. This includes environmental aspects, such as climate change and resource scarcity, social aspects, such as human rights, financial inclusion and data privacy, and corporate governance aspects, such as board composition, anti-corruption and ethical business practices. Collectively, these are commonly referred to as ESG (environmental, social and corporate governance). There is now increasing demand from investors, customers, regulators and our own employees for greater transparency of our approach to ESG issues. And we recognise the significant contribution QNB can make to society by adopting business practices to address these, especially through our financing activities. Furthermore, we believe that a proactive approach to sustainability strengthens QNB’s business resilience and supports sustainable financial performance.

In response to these external demands, and to support QNB’s vision to become one of the leading banks in the Middle East, Africa and South East Asia (MEASEA), QNB has defined a Group-wide sustainability programme. This has been developed in alignment with national and international standards and guidelines, with particular focus on the objectives of the United Nations Sustainable Development Goals (UNSDGs), Global Reporting Initiative (GRI) Standards and the Qatar Stock Exchange (QSE) ‘Guidance on ESG reporting’.

At QNB, we define sustainability as the delivery of long-term value in financial, environmental, social and ethical terms, for the benefit of our customers, shareholders, employees and communities. Our sustainability framework consists of three pillars: sustainable finance, sustainable operations and beyond banking. All three pillars contribute to QNB’s goal of ensuring sustainable financial performance, through reducing risks, opening up new business opportunities and strengthening our brand.

QNB Group is also continuously seeking to enable economic and social development across the network, particularly in developing and emerging economies. Through our services, we help individuals and companies achieve their aspirations. Underpinning the substantial value we create in doing so, it is our aim to also raise living standards and help communities more broadly.

With more than 80 different nationalities working together in more than 31 countries, QNB Group is proud of and deeply respects its diversity. We work in an atmosphere of mutual respect and support and share the same values that define our bank and our approach to business. It is perhaps because of this that we have such a strong sense of belonging and a consistently high engagement score.

QNB Group is dedicated to promoting diversity and inclusion in its workforce across where the Group operates. In 2021, QNB Head Office had 22% women in senior management (i.e. at General Manager and Assistant General Manager positions) and 17% women board members at our subsidiaries* demonstrating our ongoing commitment to enhancing gender diversity at senior positions.

*Note: Subsidiaries considered include QNBFS, QNB Capital, QNB Finansbank, QNB Al Ahli, QNB Indonesia, QNB Suisse, QNB Tunisia, Mansour Bank and QNB Syria.

QNB Group has continued achieving its goals with regard to its social responsibilities towards the local and the international communities for this year through the support of many initiatives that are intended to contribute to support the development within the countries where it operates. Moreover, the many events hosted by the Group reflect its orientation and highlight its activities in the various areas that underpin the Group’s corporate social responsibility, especially the activities carried out by the Group in foreign countries through its branches and representative offices located abroad.

The Group also considers spreading its social responsibility policy as a top priority, as the culture of promoting social awareness among individuals fosters interconnection between all and reflects the Group’s commitment to the local and international communities in which it operates.

QNB’s vision in the many domains of intervention in terms of CSR is detailed below:

Culture and arts: culture and arts are the medium through which a nation manifests its heritage. They also help embed past traditions in future generations.

Economic and international affairs: hosting and participating in conferences and knowledge-sharing activities in economic and international affairs helps diversify national revenue sources, in Qatar and in emerging economies – a key aspiration.

Health and environment: health infrastructure and services are fundamental to human well-being – as is a respect for the environment.

Social and humanitarian affairs: by promoting a spirit of volunteering, QNB Group helps create more harmonious, united communities.

Supporting local and international sports events: sporting participation and events are a hallmark of progress and a means to achieve healthy, vibrant people and communities.

Youth and education: education and how communities engage and give opportunities to their young people is a cornerstone of social and economic development.

Details of the key initiatives and events sponsored/conducted by QNB in the above mentioned fields are presented in **Section 2** of this report.

QNB acknowledges and complies with Law No. 13 of 2008 (amended to Law No.08 of 2011), which requires companies to contribute at least 2.5% of their annual net profits to philanthropic, sports, social and charitable causes. This contribution is paid after approval at the Annual General Meeting of the shareholders and the amount is disclosed in the Annual Report. Consequently, QNB Group also adheres to Article (39) of the QFMA Governance Code to further the development of communities through CSR initiatives and activities.

19. Spotlight on specific corporate governance practices – QNB’s anti-bribery & corruption (ABC) framework

Establishing a culture of integrity, transparency and compliance is important to the success of any business. It is therefore crucial for QNB Group to conduct all operations in an honest and ethical manner. In doing so, the bank holds on to the confidence and trust placed in it by its regulators, shareholders, customers, and business partners as well with its reputation. In accordance with that, QNB Group put in-place an Anti-Bribery and Corruption (ABC) Framework.

QNB Group’s ABC Framework is comprised of two mutually reinforcing principles, the Anti-Bribery & Corruption Policy, which governs ethical behaviour and assigns roles and responsibilities to all QNB employees, and the Anti-Bribery & Corruption Assessment Program, which aims to deter, detect, and prevent bribery and corrupt payments across the Group using a compliance structure that assesses the following aspects:

The Main Pillars of Anti-bribery and Corruption Assessment Program



The ultimate aim of this assessment is to enable QNB to better understand and manage the threats, clearly define the risks faced, and assess the Group’s capacity to manage and mitigate the risks associated with bribery and corruption. Using this risk-based approach to tackle ABC, QNB Group proactively updates its compliance structure and reinforces its existing corporate governance framework.

The Board of Directors are responsible for approving and overseeing the implementation of the ABC program, and the Executive Management Team ensures that the program is cascaded down to all employees. Furthermore, all employees and personnel associated with QNB are equally responsible for the prevention, detection, and reporting of bribery and other forms of corruption.

The ABC Program developed aimed to ensure that the bank adopted leading international practices and standards on anti-bribery and corruption, such as the U.S. Foreign Corrupt Practice Act “FCPA”, the UK Bribery Act, FATF, the OECD Convention on Combating Bribery of Foreign Public Officials and the UN Convention Against Corruption.

Since QNB Group has various businesses and operations spanning across multiple continents, countries and in a host of different jurisdictions, the bank has rolled-out the ABC Program in four phases sequenced in following way:



The main steps of the ABC Program assessment were as follows:

- Identify the roles and responsibilities for elaborating, implementing and updating the program
- Identify the risks that are inherent in the divisions activities
- Assess the exposure of the divisions to bribery and corruption risks
- Assess the adequacy and effectiveness of the means for managing these risks

These steps help QNB Group examine whether its divisions and overseas entities properly implemented the previously mentioned main pillars of ABC (i.e., tone at the top, risk assessment, Awareness and Training, etc.). It also allows the bank to explore whether these pillars were effective in identifying and mitigating anti-bribery and corruption risks. As well as minimizing the likelihood of material loss and/or adverse publicity due to risk exposure associated with the ABC practices currently in play.

Considering that the ABC program is essentially an analytics-driven compliance program, Group Compliance within QNB has ownership of it and most of the proposals and enhancements associated with it. Entrusted with performing the ABC assessment, QNB performed Phase I of the program during the first quarter of 2021 to cover Qatar operations.

Wherein, the mitigation programs at QNB (HQ) divisions were found to be operating adequately and in harmony with the Group's risk appreciate and business profile.

During the second Quarter of 2021, QNB initiated Phase II and thereby examined the ABC pillars of its international subsidiaries. The Group found that at its subsidiaries, operating procedures and practices, management oversight and systems were deemed responsive and capable of identifying and addressing gaps on a timely basis. While, Phase III of the ABC assessment covers the evaluation of the control effectiveness in Overseas Branches, based on main assessment pillars. In the last phase QNB will perform follow-ups and health check on the implementation of the key controls on the main pillars.

In conclusion, QNB Group found that there is, in fact, a strong culture of anti-bribery and corruption across its organization supported by written policies and procedures and further maintained by effective operating controls. The bank reached this conclusion by applying a risk-based approach to in performing the assessment. The success encountered by way of this recently developed compliance program further reaffirmed the bank's commitment to establish and disseminate a culture of integrity, transparency and compliance across the Group. It also allowed for greater reinforcement of- and oversight on- the Group's Anti-bribery and corruption pillars.

20. Compliance with QFMA's laws and regulations and other relevant legislation

In accordance with Article 2 of the QFMA Corporate Governance Code for Companies & Legal Entities on the Main Market (the "Code"), Qatar National Bank Q.P.S.C ("the Bank") carried out an assessment on its compliance with the QFMA's and other relevant legislation applicable to the Bank including the Code.

As a result of the assessment, management concluded that there is a process in place to ensure compliance with QFMA's and other relevant legislation and that it is in compliance with the provisions of the Code as at 31 December 2021.

KPMG, the external auditor of the Bank has issued a limited assurance report (refer Appendix (4) of this report) on the management assessment.

Conclusion

During 2021, QNB Group, represented by its Board of Directors and Executive Management team, enhanced the effectiveness and inclusiveness of its governance framework. Where, the Group followed a clear approach that took into account the volume and nature of risks that arose from the Group's expanding geographical footprint as a leading bank in the Middle East and Africa.

The periodic reviews and evaluations of corporate governance practices conducted by QNB Group over the previous years, which covered all activities at its local and international entities, were a major reason for developing the Group's comprehensive corporate governance framework. This in turn has contributed to the Group's growth, protected its customers and employees, and preserved its reputation and financial soundness. This was achieved despite the challenges and situations faced by QNB during the last two years, regionally and globally, and which in turn built the confidence investors and shareholders have in QNB Group and helped the bank maintain a good relationship with its' regulatory bodies and other stakeholders.

As outlined in this report, QNB Group has taken several new measures during 2021 to strengthen its corporate governance framework and achieve the aspirations of shareholders, customers and stakeholders. This included, among other things, improving transparency and disclosure of financial and non-financial information, reviewing the corporate governance framework of subsidiaries and international branches while taking into account their local legislative environment. By doing so, the Group instilled a culture of accountability and responsibility that caters to the ethical side of business thereby, assessed internal control over financial reporting, and validated the adequacy of policies and procedures established at the Group's head office and at its subsidiaries on matters related to combating corruption, bribery, fraud and conflicts of interest. Through this approach, the bank also raised awareness and encouraged all our employees to use whistleblowing channels to report violations. The Group has continued to adopt the latest financial technologies to provide a better banking experience to its customers.

QNB Group will persistently strive to further the development of its corporate governance system in line with the regulatory requirements and according to international best practice. This is done to ensure continued growth and help the bank achieve shareholder's and other stakeholder's aspirations.

In conclusion, we would like to thank all the parties who contributed in developing best practices in governance such as those issued by QCB, QFMA and QFC. QNB is committed to fulfil regulatory requirements and international best practices related to corporate governance as this maintains the Group's business stability, sustains its growth and retains the confidence of regulators, legislative authorities, shareholders, investors and other related parties.

Ali Bin Ahmed Al-Kuwari
Chairman of the Board of Directors

Fahad Bin Faisal Bin Thani Al-Thani
Vice-Chairman of the Board of Directors
Chairman of the GBACC

Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<p>H.E. Mr. Ali Bin Ahmed Al-Kuwari</p> <p>Chairman</p> <p>Non-Independent</p>	<p>H.E. was appointed as the Chairman of QNB Group in late 2021. He is currently the Minister of Finance and Chairman of Qatar Development Bank and Katara Hospitality, as well as a member of the Supreme Council of Economic Affairs and Investment and Board member of Qatar Investment Authority and Qatar Energy. His excellency has over 30 years of extensive experience working in the government and the financial sector. He was appointed as the Minister of Economy and Commerce after being the GCEO of QNB Group from 2013 to 2018. Under his leadership, QNB Group had become the largest bank in the Middle East and Africa region. H.E. has a Bachelor's Degree in Math and Computer Science from Eastern Washington University in the United States, and a Master's Degree of Science in Management Information System from the Seattle Pacific University in the United States.</p> <p><u>Key previously held positions include:</u> Minister of Economy and Commerce in the State of Qatar Chief Executive Officer of QNB Group Chairman of Qatar Stock Exchange</p>
<p>H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani</p> <p>Vice-Chairman</p> <p>Independent</p>	<p>H.E. was appointed as the Vice-Chairman of QNB's Board of Directors in 2019. He is also the Chairman of the Group Board Audit and Compliance Committee at QNB Group. H.E. is currently also the Minister of State. H.E. holds a Bachelor's Degree in Business Administration from Portland State University in Oregon, United States and a Master's Degree in Banking & Finance from University College Dublin in Ireland.</p> <p><u>Key previously held positions include:</u> Deputy Governor of Qatar Central Bank Chairman of the National Anti-Money Laundering Committee Vice-Chairman of Qatar Financial Markets Authority</p>
<p>H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani</p> <p>Board member</p> <p>Non-Independent</p>	<p>H.E. was elected as a member of the Board of Directors since 2016. He is also a member of the Group Board Nomination, Remuneration, Governance and Policies Committee. He is also currently the Minister of State, member of the Arab Thought Forum in Amman, the Advisory Council for Contemporary Arab Studies –Georgetown University – Washington. He also serves as the Chairman of Qatar Sports Federation for Special Needs, as a Board member in Qatar Insurance Company (QIC) and Qatar Navigation Company (Milaha). H.E. holds a Master's Degree in International Relations from the United States International University in the United States and a Diploma in National and International Security for the Government from Harvard Kennedy School in the United States.</p> <p><u>Key previously held positions include:</u> The Head of the Amiri Diwan Private Secretary to the Amir Head of Political Division in the Amiri Diwan Deputy Minister of State in the Amiri Diwan Ambassador for the State of Qatar in Washington, United States Ambassador - Ministry of Foreign Affairs</p>

Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<p>H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani</p> <p>Board member</p> <p>Independent</p>	<p>H.E. was appointed as a member of the Board of Directors in 2004. He is the Chairman of the Group Board Executive Committee and a member of the Group Board Nomination, Remuneration, Governance and Policies Committee. H.E. is also a member of the Board of Directors of Qatar Electricity and Water (QEWC), and the Chairman of the Business Advisory Council for the College of Business and Economics of Qatar University. H.E. holds a Bachelor's Degree in Business Administration from Metropolitan State College in Colorado in United States.</p> <p><u>Key previously held positions include:</u> President of the Planning and Statistics Authority in Qatar Director General of the General Secretariat for Development Planning Secretary General of the Planning Council Director of Administration in Qatar Petroleum Manager of Human Recourses in Qatar Petroleum</p>
<p>Mr. Ali Hussain Ali Al-Sada</p> <p>Board member</p> <p>Independent</p>	<p>Mr. Al-Sada was elected as a member of the Board of Directors in 1998 and is a member of the Group Board Risk Committee and the Group Board Executive Committee. He is currently the Vice-Chairman of Al-Amal Financial Investments Company, a member of the Board of Directors of Dlala Brokerage & Investment Holding, as well as a Board member and General Manager of Al Rouayes Real-estate and Investment. Mr. Al-Sada holds a Bachelor's Degree in Islamic Sharia from Qatar University.</p> <p><u>Key previously held positions include:</u> Vice-Chairman and founding member of Dar Tharawat Investment House Founder of Qatar Syrian Company for Investment and Development Founding board member of Al Safwah Financial Services</p>
<p>Mr. Bader Abdulla Darwish Fakhroo</p> <p>Board member</p> <p>Non-Independent</p>	<p>Mr. Fakhroo was elected as a member of the Board of Directors since 2001 and is a member of the Group Board Risk Committee and the Group Board Executive Committee. He is currently the Chairman and Managing Director of Darwish Holding. Mr. Fakhroo holds a Bachelor's Degree in Business Administration and a Postgraduate Degree in Finance & Marketing from Kingston University in the United Kingdom.</p> <p><u>Key previously held positions include:</u> Board Member of the Supreme Education Council in Qatar Chairman of the Committee of the International Fund for the Higher Education in Iraq Chairman of the Commercial Arbitration Centre for the Gulf Cooperation Council Board Member of Qatar Chamber of Commerce & Industry, Chairman of the Internal & Foreign Relations Committee Chairman of the Italian-Qatar Joint Business Council Participant Executive Director of Qatar-British Association of Businessmen (Q.B.A.B.)</p>

Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<p>Mr. Fahad Mohammed Fahad Buzwair</p> <p>Board member</p> <p>Independent</p>	<p>Mr. Buzwair was elected as a member of the Board of Directors since 2001. He is the Chairman of the Group Board Nomination, Remuneration, Governance and Policies Committee. He also currently serves as the Chairman of Buzwair Holding. Mr. Buzwair holds a Bachelor's Degree in Business Administration & Management Information System from George Washington University in the United States.</p> <p><u>Key previously held positions include:</u> Member of the Advisory Council (Shura Council), State of Qatar Member of the Financial and Economic Affairs Committee, and the Cultural Affairs and Media Committee in the Advisory Council (Shura Council) Member of the Qatar-European Friendship Group in the Advisory Council (Shura Council).</p>
<p>Mr. Mansoor Ebrahim Al-Mahmoud</p> <p>Board member</p> <p>Non-Independent</p>	<p>Mr. Al-Mahmoud was appointed as a member of the Board of Directors since 2004 and is the Chairman of the Group Board Risk Committee. Currently, he is the CEO of Qatar Investment Authority (QIA) and Vice Chairman of Qatar Exchange. He is also a member of the Board of Directors in Qatari Diar and Doha Film Institute and the Special Advisor to H.E Chairperson of Qatar Museums. Mr. Al-Mahmoud holds a Bachelor's Degree in Business Administration & Finance from George Washington University in the United States.</p> <p><u>Key previously held positions include:</u> CEO of Qatar Development Bank (QDB) Office Director for His Excellency the Former Prime Minister The Head of Risk Management at Qatar Investment Authority</p>
<p>Mr. Abdulrahman Mohammed Y Jolo</p> <p>Board member</p> <p>Independent</p>	<p>Mr. Jolo was appointed as a member of the Board of Directors in 2019. He is a member of the Group Board Audit and Compliance Committee. He currently serves as the Deputy Undersecretary for Financial Policies Affairs in the Ministry of Finance in Qatar. He is also Board Member in Qatar Financial Markets Authority. Mr. Jolo holds a Bachelor's Degree in Science from Texas A&M University in Qatar and two Master's Degrees, one in Technology from Curtin University of Technology, and the other is in Strategic Business Unit Management from HEC Paris Business University in Qatar. In addition, Mr. Jolo is currently undertaking a Doctorate in Sustainability from Hamad Bin Khalifa University in Qatar.</p> <p><u>Key previously held positions include:</u> Director of Financial Policies in the Ministry of Finance, State of Qatar Research and Studies Advisor in the Ministry of Finance, State of Qatar Goal Zero Program Management Office in Royal Dutch Shell Investigations Team Leader in Royal Dutch Shell</p>
<p>Mr. Adil Hassan H A Al-Jufairi</p> <p>Board member</p> <p>Independent</p>	<p>Mr. Al-Jufairi was elected as a member of the Board of Directors in 2019. He is a member of the Group Board Audit and Compliance Committee. He is the General Director, Partner, and Board member of HBH Al Mulla & Sons Trading. Mr. Al-Jufairi has also been working in the Ministry of Health since 1992. Mr. Al-Jufairi holds a Bachelor's Degree in Chemistry from Qatar University.</p>

Appendix 2: Executive Management – biographies

Name of the Director	Brief biography summary
<p>Mr. Abdulla Mubarak Al-Khalifa Group Chief Executive Officer</p>	<p>Mr. Al-Khalifa was appointed as the GCEO in November 2018. Prior to that, he was the Executive General Manager – Group Chief Business Officer at QNB. He joined QNB in 1996 and has more than 25 years of diverse banking experience. He is currently the Chairman of the Board of Directors of QNB Capital and QNB Suisse. In addition, he is the Board member at Ooredoo. Mr. Al-Khalifa holds a Bachelor's Degree in Business Administration from Eastern Washington University in the United States.</p>
<p>Mr. Ali Rashid Al-Mohannadi Executive GM – Group Chief Operating Officer</p>	<p>Mr. Al-Mohannadi joined QNB in 1996 and currently serves as the Executive General Manager – Group Chief Operating Officer. He was previously General Manager – Retail Banking and General Manager – Information Technology. Mr. Al-Mohannadi is currently the Vice-Chairman of the Board of Directors of QNB Al Ahli (Egypt) and CBI (Dubai). In addition, he is a Board member at QNB Capital. He also serves on several other committees within QNB Group. Mr. Al-Mohannadi has more than 25 years of experience in the financial sector, and has a Bachelor's Degree in Computer Science from Qatar University.</p>
<p>Mr. Yousef Mahmoud Al-Neama Executive GM – Group Chief Business Officer</p>	<p>Mr. Al-Neama joined QNB in 2005 and currently serves as Executive General Manager – Group Chief Business Officer. Prior to joining QNB, Mr. Al-Neama held a variety of roles in financial institutions and corporate banking within Qatar and abroad, and has more than 17 years of experience in financial institutions. He is currently Vice-Chairman of the Board of Directors at Mansour Bank (Iraq) and Housing Bank for Trade & Finance (Jordan). In addition, he is a Board member at QNB Capital and QNB Finansbank (Turkey). Mr. Al-Neama holds a BS in Aviation Management from Florida Tech. in the United States and a Diploma in Business Administration from Glamorgan University in Wales.</p>
<p>Mr. Ramzi Mari Group Chief Financial Officer</p>	<p>Mr. Mari joined QNB in 1997 from the Bank of Jordan and currently serves as the Group Chief Financial Officer. He has almost 29 years of experience in the banking sector. He is currently a member of the Board of Directors at Housing Bank for Trade and Finance (Jordan), QNB Finansbank (Turkey) and QNB Capital LLC. Mr. Mari is a Certified Public Accountant (CPA) from the State of California (in 1989) and holds a Master's Degree in Accounting from California State University in the USA.</p>
<p>Ms. Fatma Abdulla Al-Suwaidi Group Chief Risk Officer</p>	<p>Ms. Al-Suwaidi joined QNB in 2000 and currently serves as Group Chief Risk Officer; having previously held the role of Assistant General Manager of Credit Risk Management. She has almost 21 years of experience in banking and is currently a member of the Board of QNB Finansbank (Turkey) and QNB Indonesia. Ms. Al Suwaidi has a BSc in Accounting, a Master's in Business Administration from Qatar University, an MSc in Risk Management from the University of New York and a Juris Doctor Degree from Hamad Bin Khalifa University. She holds particular interest in banking innovation and is in the advanced stages of completing a Doctorate in Business Administration from Grenoble University, France on the subject of 'Innovation in Banking and Financial Markets', focusing on crypto currencies.</p>
<p>Mr. Christian Eichner Group Chief Strategy Officer</p>	<p>Mr. Eichner joined QNB in 2009 and currently serves as the Group Chief Strategy Officer. Prior to joining QNB, he worked in the strategy consulting arena, focusing on financial services. Mr. Eichner first served clients in Germany and the German speaking countries in Europe before transferring to the Middle East in 2006 where he served clients in the GCC and MENA region. He has almost 22 years of work experience, holds a Master's Degree in Business Administration from the University of Cologne, Germany and is an Associate Certified Coach with the International Coaching Federation (ICF).</p>
<p>Mr. Khaled Gamal Eldin Group Chief Audit Executive</p>	<p>Mr. Gamal Eldin joined QNB in 2014 as the Group Chief Audit Executive. He has almost 33 years of banking experience in leading banks in the region. Prior to joining QNB, he worked as GM – Chief Internal Auditor for Al Rajhi Bank in Saudi Arabia and as GM – Chief Internal Auditor for Gulf Bank in Kuwait. In addition, Mr. Gamal Eldin was previously working with QNB for 11 years in different roles in Internal Audit and as the Head of the Compliance Department. In addition, he worked as an Examiner in the Banking Control Department in the Central Bank of Egypt. He is a Certified Public Accountant (CPA) from the State of Colorado, a Certified Fraud Examiner (CFE), a Certified Anti-Money Laundering Specialist (CAMS), has an MBA in International Finance and a Diploma in Risk Management.</p>
<p>Mr. Saleh Nofal Group Chief Compliance Officer</p>	<p>Group Chief Compliance Officer Mr. Nofal joined QNB in 2003 and currently serves as the Group Chief Compliance Officer. He has almost 33 years of banking and financial services industry experience and specialises in the compliance and audit fields. Prior to joining QNB, Mr. Nofal was with Arab Bank, Jordan Ahli Bank, the Arab World Auditing Bureau and a Jordanian public accountancy firm. He holds a Bachelor's Degree in Commerce, and he is a Certified Internal Auditor, a Certified Fraud Examiner, a Certified Compliance Officer and has a professional Diploma in Audit and Accounting. Mr. Nofal is also a member of the Association of Certified Fraud Examiners (ACFE), Association of Certified Anti-Money Laundering Specialists (ACAMS) and Institute of Internal Auditors (IIA). In addition, he is a member of MENA Financial Crime Compliance Group (FCCG) in partnership with Union of Arab Banks.</p>

Appendix 3: QCB corporate governance disclosure requirement

Clause	Description	Disclosure	Clause	
1	Shareholding	1.1 Shareholding breakdown by nationality	Qatar 87.32%. Others 12.68% (as on 30/11/2021)	
		1.2 Shareholding breakdown by number of shareholders	Total number of shareholders 3,353 and total number of shares is 9,236,428,570 (as on 30/11/2021)	
		1.3 Government's shareholding	50%	
		1.4 Principal shareholders (Above 10%)	Only QIA own more than 10%	
		1.5 Significant shareholders (Above 5%)	Only QIA own more than 5%	
2	Board of Directors and Executive Management	2.1 Board detailed functions	Please refer to Section 3	
		2.2 Types of transactions requiring Board approval	Please refer to Sections 14 and 16	
		2.3 Board members	Please refer to the BOD Biographies 'Appendix 1'	
		2.4 Independent members	Please refer to Section 3	
		2.5 Executive/non-executive members	Please refer to Section 3	
		2.6	BOD Shareholding (as on 30/11/2021)	
			Mr. Adil Hassan H A Al-Jufairi	89,670
			Mr. Ali Hussain Ali Al-Sada	400,000
			Mr. Fahad Mohammed Fahad Buzwair	13,398,000
			Mr. Bader Abdulla Darwish Fakhroo	15,450,460
		2.7 New Board members induction measures	Please refer to Section 3	
		2.8 Board election process	Please refer to Section 3	
		2.9 Insider trades	Qatar Exchange website, 'Intraday Insiders Trades Report'	
		2.10 Membership termination arrangements	Please refer to Section 3	
		2.11	Number of Board meetings and dates	
			Please refer to Section 3	
1 st meeting: 12 January 2021				
2 nd meeting: 24 March 2021				
3 rd meeting: 24 May 2021				
4 th meeting: 13 July 2021				
5 th meeting: 14 September 2021				
6 th meeting: 29 November 2021				
2.12 Attendance record	Please refer to Section 3			
2.13 Board and Executive Management remuneration and policy	Please refer to Section 5			
2.14 Key senior management	Executive Management biographies section 'Appendix 2'			
2.15 Executive Management shareholding	Key executive managers do not hold any QNB shares.			
2.16 Business Ethics Charter	Please refer to QNB Policy, BOD Charter and QNB Code of Ethics and Conduct			

Appendix 3: QCB corporate governance disclosure requirement

Clause	Description	Disclosure	Clause
3	Board committees	3.1 Board committee names and responsibilities	Please refer to Section 3
		3.2 Committee members' attendance	Please refer to Section 3
		3.3 Total Committee Members Remuneration	Please refer to Section 5
		3.4 Committees Scope and Major issues/ outcomes	Please refer to Sections 3, 4 and 5.
4	Corporate governance	4.1 Separate section within the Annual Report	Please refer to QNB Annual Report
		4.2 Reference to the corporate governance manual	Please refer to Section 1
5	External Auditors	5.1 Audit scope related fees	QR 3.072 million for the year 2021
		5.2 Non auditing services provided	QR 0.8 million for the year 2021
		5.3 Reasons for replacing/reappointing the external auditor	This is subject to the General Assembly Meeting decision based on the recommendation of GBACC to the BOD.
6	Other Disclosures	6.1 Related party transactions	Please refer to Section 16
		6.2 Communication with shareholders and investors	Please refer to Sections 13 and 14
		6.3 Risk management	Please refer to Section 2 and 7
		6.4 Review of internal audit procedures	Please refer to Section 2 and 9
		6.5 Financial statement	Please refer to QNB Annual Report and Website
		6.6 Balance sheet	Please refer to QNB Annual Report and Website
		6.7 Income statement	Please refer to QNB Annual Report and Website
		6.8 Cash flow statement	Please refer to QNB Annual Report and Website
		6.9 Statement of changes in equity	Please refer to QNB Annual Report and Website
		6.10 External auditor certificate	Please refer to QNB Annual Report and Website
		6.11 Statement of responsibility by the Board of Directors	Please refer to Sections 3 and BOD Charter
		6.12 Detailed steps to ensure independent decision making on related-party transactions/ agreements	Please refer to Section 16
		6.13 Evaluating the performance of the Board and Directors	Please refer to Section 3

Appendix 4: External Auditor Independent Limited Assurance Report

To the Shareholders of Qatar National Bank (Q.P.S.C.)

External Auditor Report on Compliance with the Qatar Financial Markets Authority’s law and regulations and Other Relevant Legislation including the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market

In accordance with Article 24 of the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market (“the Code”) Issued by the Qatar Financial Markets Authority (“QFMA”), we were engaged by the Board of Directors of Qatar National Bank (Q.P.S.C.) (“the Bank”) to carry out a limited assurance engagement over Board of Director’s assessment whether the Bank has a process in place to comply with QFMA’s law and regulations and other relevant legislation and whether the Bank is in compliance with the articles of the Code as at 31 December 2021.

Responsibilities of the Board of Directors

The Board of Directors of the Bank is responsible for preparing the corporate governance report that covers the requirements of Article 4 of the Code. The Board of Directors provided their assessment whether the Bank has a process in place to comply with QFMA’s law and regulations and other relevant legislation and the Bank’s compliance with the articles of the Code” (the “Statement”), which was shared with KPMG on 12 January 2022, and to be included as part of the annual corporate governance report.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to activities of the Bank.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Bank and to issue a report thereon including an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews*

of Historical Financial Information issued by the International Auditing and Assurance Standards Board which requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Statement is fairly presented, in all material respects, in accordance with the Code, as the basis for our limited assurance conclusion.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Bank’s compliance with the articles of the Code and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Bank’s process for compliance with QFMA’s law and regulations and other relevant legislation, and the Bank’s compliance with the articles of the Code and other engagement circumstances, we have considered the process used to prepare the Statement in order to design assurance procedures that are appropriate in the circumstances.

Our engagement included assessing the appropriateness of the Bank’s process for compliance with QFMA’s law and regulations and other relevant legislation and the Bank’s compliance with the articles of the Code, and evaluating the appropriateness of the methods, policies and procedures, and models used in the preparation of the Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by the Board of Directors to comply with the requirements of the articles of the Code.

The procedures performed over the Statement included, but were not limited to:

- Examining the assessment completed by the Board of Directors to validate whether the Bank has a process in place to comply with QFMA’s law and regulations and other relevant legislation including the articles of the Code;
- Examining the supporting evidence provided by the Board of Directors to validate the Bank’s compliance with the articles of the Code ; and
- Conducting additional procedures as deemed necessary to validate the Bank’s compliance with the Code (e.g. review governance policies, procedures and practices, etc.).

Other information

The other information comprises the information to be included the Bank’s annual corporate governance report which are expected to be made available to us after the date of this report. The Statement and our limited assurance report thereon will be included in the corporate governance report. When we read the corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement is an assessment of the process for compliance with QFMA’s law and regulations and other relevant legislation and compliance with the articles of the Code.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Board of Directors’ Statement does not present fairly, in all material respects, that the Bank has a process in place to comply with QFMA’s law and regulations and other relevant legislation, and the Bank is in compliance with the articles of the Code as at 31 December 2021.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Bank and QFMA for any purpose or in any context. Any party other than the shareholders of the Bank and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Bank and QFMA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Bank and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Bank’s own internal purposes) or in part, without our prior written consent.

13 January 2022	Gopal Balasubramaniam
Doha	KPMG
State of Qatar	Auditor’s Registration No. 251
	Licensed by QFMA: External
	Auditor’s License No. 120153

Corporate Governance Report 2021
