



بنك قطر الأول

QFB

Corporate Governance Report
Year Ended at December 31, 2018

Dear Shareholders,

It is with great pleasure and honour that I present to you the Corporate Governance Report for Qatar First Bank L.L.C (Public) which covers the fiscal year ended on 31 December 2018.

The Corporate Governance Report has been prepared in accordance with the requirements of the Qatar Financial Markets Authority and the applicable laws and regulations related to the Qatar Financial Centre and State of Qatar.

Thank you,

Signed by

Abdullah Bin Fahad Bin Ghorab Al Marri

Chairman

Contents

1.	Introduction:	5
2.	Compliance with QFMA's CG Code:	5
3.	Compliance with QFMA's other Rules and Regulations:	5
4.	Corporate Governance Framework:	6
4.1.	Corporate Governance Manual and Charter:	6
4.2.	Board Charter:	8
4.3.	Board Committee's Terms of Reference:	9
4.4.	Delegation of Authority:	9
4.5.	Articles of Association:	10
5.	Board of Directors:	11
5.1.	Roles and Responsibilities:	12
5.2.	Board Selection Process:	14
5.3.	Board Composition:	16
5.4.	Board Members:	17
5.5.	Board Activities During 2018:	20
5.6.	Board Remuneration and Incentives:	22
5.7.	Training and On – Going Development:	23
5.8.	Prohibition of Combining Positions and Conflict of Interest:	23
5.9.	Performance Assessment:	24
5.10.	Chairman:	25
5.11.	Board Secretary:	25
5.12.	Delegation of Tasks:	26
5.13.	Key Features of the Board Process:	26
6.	Board Committees:	27
6.1.	ARCC:	27
6.2.	NRCGC:	35
6.3.	ExCom:	39
6.4.	OPCO:	42
7.	Senior Executive Management:	44
7.1.	Management Team for the Year Ended in December 31, 2018:	44
7.2.	Remuneration:	53
7.3.	Conflict of Interest Disclosures:	54
7.4.	Performance Assessment:	54
8.	Internal Controls:	55
8.1.	Internal Control Framework:	56

8.2.	Monitoring Internal Control and Correcting Deficiencies:.....	59
8.3.	Internal Control Over Financial Reporting:.....	63
8.4.	Addressing Internal Control Failures:.....	65
9.	External Controls:.....	66
9.1.	External Audit Work for the Year Ended at December 31, 2018.....	66
10.	Risk Management and Internal Audit:.....	67
10.1.	Risk Management:.....	67
10.2.	Internal Audit:.....	70
11.	Disclosures:.....	72
12.	Insider Trading, Market Conduct, and Personal Account Transactions:	72
13.	Shareholders Relations:.....	72
13.1.	Shareholders Relations Framework:.....	72
13.2.	Rights to General Meeting:.....	73
13.3.	Equitable Treatment:.....	74
13.4.	Major Shareholders:.....	74
13.5.	Share Movements and Activities:.....	75
14.	Stakeholders Relationship:.....	75
15.	Access to Information:.....	76
16.	Related Party Transactions:.....	76
17.	Corporate Social Responsibility:.....	78
18.	Violations and Penalties:.....	79
19.	Litigation and Legal Cases:.....	79
	Appendix 1 – Areas of Non – Compliance with QFMA CG Code.....	80

1. Introduction:

The Board of Directors (The Board) of Qatar First Bank LLC Public (QFB or the Bank) prepared this annual Corporate Governance Report in accordance with Qatar Financial Market Authority's (QFMA) Governance Code for Companies & Legal Entities Listed on the Main Market under the resolution No. (5) of 2016 (hereinafter referred to as "QFMA CG Code") and in accordance with the Qatar Financial Centre Regulatory Authority's (QFCRA) Guide to Corporate Governance.

This report was approved by QFB's Chairman and Board of Directors during the Board's meeting on March 27, 2019.

This report is a public document and can be viewed on QFB's website (<http://www.qfb.com.qa/>).

2. Compliance with QFMA's CG Code:

A Compliance Gap Analysis exercise was completed by the Bank with the assistance of its internal auditor, Deloitte, to identify the Bank's compliance status against the applicable QFMA CG Code regulations.

The Bank was found to be in compliance with 90% of the regulations.

Areas of non-compliance along with their justifications and action plans are noted in Appendix 1 of this report.

3. Compliance with QFMA's other Rules and Regulations:

In 2018, QFB was fully compliant with all the following applicable QFMA Rules and Regulations for listed entities:

- Requirements for the Applicant Company.
- Rules for External Auditors and Financial Evaluators of Listed Entities & Entities Subject to the Authority's Jurisdiction.
- Merger & Acquisition Rules.
- Rules and Procedures of Complaints.
- Own Share Buying.
- Listing Sukuk and Bonds.
- Listing of Investment Funds' Units Rules.
- Trading Rights Issue Rules.

With regards to QFMA's Offering and Listing of Securities Rulebook, the Bank was in full compliance with all applicable articles except Article 61, whereas as of December 31, 2018, the Bank's Shareholders Equity was less than 100% of the paid up capital of 2,000,000,000 QAR

This is due to the effect the accumulated losses in 2016, 2017, and 2018 had on the Bank's Shareholders Equity balance.

To remedy this instance of non-compliance, the Bank will submit a proposal to reduce its paid up capital through an accounting entry during an EGM in accordance with QFC and QFMA regulations to ensure compliance with the above mentioned article.

The EGM to address this proposal is scheduled to be held on April 22, 2019.

4. Corporate Governance Framework:

The Bank is committed to operating to the highest standards of corporate governance and in this regard has looked to structure a corporate governance framework that complies with good corporate governance practices in Qatar.

The Bank has looked to adopt best practices and comply with both QFCRA's Guide to Corporate Governance for QFC Authorized Firms and the QFMA's CG Code.

The business of the Bank is conducted under a corporate governance framework made up of the Board of Directors, the Shari'ah Supervisory Board, the senior executive management and its staff led by the Chief Executive Officer.

The Bank has adapted a comprehensive corporate governance framework that focuses on ensuring compliance with applicable regulations as well as ensuring the rights and equitable treatment of shareholders, disclosure and transparency, and the duties of the Board of Directors.

The Bank's corporate governance framework includes the following components:

- Corporate Governance Manual and Charter.
- Board Charter.
- Board Committee's Terms of Reference.
- Delegation of Authority.
- Articles of Association.

4.1. Corporate Governance Manual and Charter:

One aspect of the Bank's corporate governance framework is the Corporate Governance Manual and Corporate Governance Charter (The Manual) which was developed to detail the corporate governance standards that the Bank will abide by.

Other purposes include:

- Summarizing the principles and practices of corporate governance.
- Assisting QFB in orienting new Directors.
- Establishing a formal corporate governance structure and process.
- Denoting the structure and process established to oversee, direct and manage the business and affairs of QFB with the objective of ensuring its financial stability and enhancing shareholder value.
- Detailing the policies adopted by the Board of Directors that are to be followed by QFB without distinction and exception.
- Highlighting the roles and responsibilities of the Board of Directors, Senior Executive Management to oversee QFB functions in accordance with the Manual.

The scope of the Manual is within the jurisdiction of the Board of Directors. It is the responsibility of the Board, acting through Senior Executive Management, to ensure that the Manual is implemented in its spirit and the Bank places a responsibility on all of its employees to comply with the defined requirements.

Policies defined and governed under the Manual include:

- Board of Directors roles and responsibilities.
- Board of Directors composition.
- Prohibition of combining position
- Director appointment
- Director renewal
- Director removal
- Director authority
- Duties of directors.
- Director interests.
- Financial assistance to directors
- Board secretary
- Board of Directors meetings
- Initial induction training and on-going professional development
- Evaluation of Board performance.
- Board of Directors supervision.
- Committee Structures.
- Organizational Structure/Chart development.
- Evaluation of the CEO.
- Remuneration.
- Shareholder relations
- Corporate Governance Report.
- Senior Executive Management supervision.
- Senior Executive Management succession.
- Delegation of authority.
- Internal controls.
- Regulatory risk issues.
- Risk management.
- Internal audit.
- External audit.
- Related party transactions.
- Confidentiality.
- Conflicts of interest.
- Market misconduct, insider dealing and personal account transactions.
- Corporate social responsibility.
- Whistle-blowing.
- Gifts and entertainment.
- Data protection.

The Manual was approved during the Board's second meeting in 2018 and is reviewed annually by the Numerations, Remuneration, and Corporate Governance Committee

(NRCGC) through delegation to the Compliance Department, with the latest review occurring in February of 2019 with only miscellaneous changes being made.

Any material changes to the document are submitted to the CEO who reviews and endorses the suggested changes prior to submission to the Board and Shari'ah Supervisory Board for approval.

Changes that are miscellaneous in nature are be made where required by the Compliance Department, through delegation from the NRCGC, and approved by the CEO.

The Corporate Governance Charter is published under the Investor Relations Section of the Bank's Website and is in compliance with the applicable rules and regulations.

4.2. Board Charter:

The Bank has developed its Board Charter in accordance with QFMA's and QFCRA's requirements, as well as QFB's Articles of Association.

The Board Charter defines and sets policies over the following areas:

- Board responsibilities.
- Qualification of directors.
- Qualities of directors.
- Prohibition of combining positions.
- Board composition.
- Appointment and re-election of directors.
- Process of director's education.
- Board meetings.
- Board remuneration.
- Required behavior standards and duties from directors.
- Board interaction with senior executive management.
- Board performance.
- Board secretary.
- Board committees.

The Manual was approved during the Board's second meeting in 2018 and is reviewed annually by the Numerations, Remuneration, and Corporate Governance Committee (NRCGC) through delegation to the Compliance Department, with the latest review occurring in February of 2019.

The Board Charter will be updated upon the Board's approval in its first meeting of 2019 to include the following under the Board responsibilities sections:

- Review and approve the organizational structures of the Bank on periodic basis to ensure distinct distribution for the functions, tasks and responsibilities of the Bank especially internal control units, and determining ways and means of the quick contact with QFMA, QFCRA and other regulatory authorities as well as all parties concerned to governance, including the appointment of an official spokesperson.

- Draft a Governance code for the Bank that does not contradict the provisions of QFMA Corporate Governance Code, supervising and monitoring in general the effectiveness of the Governance Code and amending it whenever necessary.
- Set policies and procedures to ensure the Bank's compliance with the laws and regulations and the Company's obligation to disclose material Information to shareholders, creditors and other Stakeholders.
- Develop a clear policy for contracting with the Related Parties and presenting it to the General Assembly for approval.

The Board Charter is published under the Investor Relations Section of the Bank's Website and is in compliance with the applicable rules and regulations.

4.3. **Board Committee's Terms of Reference:**

The purpose of the Board Committees is to assist the Board in achieving its oversight responsibilities.

Accordingly, the Bank has set forth the Terms of Reference documents to define the authorities and responsibilities of each Board Committee.

The Terms of Reference documents also cover the following areas for each committee:

- Committee composition.
- Committee membership.
- Committee meetings.
- Reporting requirements.
- Record maintenance.

The Board Committee's Terms of Reference were approved by the Board during its second meeting of 2018 and is reviewed annually by the Numerations, Remuneration, and Corporate Governance Committee (NRCGC) through delegation to the Compliance Department, with the latest review occurring in February of 2019 requiring no changes. The Board Committee's Terms of Reference are in compliance with the applicable rules and regulations.

4.4. **Delegation of Authority:**

The Bank has developed a Delegation of Authority matrix (the Matrix) to record and assign the delegation of financial and operational authorities within the Bank.

The Matrix was developed in order to:

- Identify the various authorities (Board of Directors, Board Committees, Senior Executive Management) responsible for exercising specific authorities to run the day to day business.
- Define the financial approval levels assigned to each authority.

- Provide reference for determining who has the authority to recommend and approve specific course of actions or transactions.
- Set out the procedures by which the need for authorities is determined; authorities are delegated and administered.

The Matrix defines the authorities and responsibilities for the following areas within the Bank:

- Corporate Governance.
- Shareholders' returns.
- Propriety and strategic investments.
- Internal audit.
- Compliance.
- Risk Management.
- Sharia'ah Compliance.
- Legal counsel.
- Finance.
- Transactional limits.

The Matrix is approved by the Board and any requests for changes in it are reviewed and approved by the Board.

The powers contained in the Matrix are subject to the scope of laws and regulations applicable to the Bank as well as to the Bank's internal policies and Articles of Association.

4.5. Articles of Association:

The Bank's Articles of Association are approved by a special resolution of the shareholders of the Bank, with the last approval occurring in April of 2016.

The Bank's Articles of Association define the Bank's regulations on:

- Share capital.
- Share certificates.
- Transmission of shares.
- Purchase of own shares.
- Restriction of certain shareholdings.
- Listing.
- Material transactions.
- Members tag along rights.
- General meetings.
- Requisition and notice of general meetings.
- Proceedings and general meetings.
- Votes of members.
- Number of directors.
- Alternate directors.
- Powers of the Board.
- Delegation of Board powers.

- Appointment and Retirement of directors.
- Requirements for directors.
- Removal of directors.
- Vacancies on the Board.
- Proceedings of the directors.
- Chairman and Vice Chairman.
- Board Secretary.
- Board Meetings.
- Board committees.
- Chief Executive Officer.
- Dividends.
- Accounts.
- Notices.
- Access to information.
- Indemnity.
- Sharia'ah Supervisory Board.
- Zakat provisioning.

The Bank will seek to update its Articles of Association and obtain the required approvals in 2019 to address the gaps highlighted in section 1 of this report.

The Articles of Association are published under the Investor Relations Section of the Bank's Website and are in compliance with the applicable rules and regulations (Notwithstanding section 1 of this report).

5. Board of Directors:

The Board is responsible for the oversight function of the Bank in accordance with the Bank's Articles of Association and the Board Charter

Through the regular meetings of the Board and the Board Committees, the Board oversees the Senior Management, considers and discusses with the Senior Management any topic presented to the Board for decision making.

Periodic updates are requested by the Board on material decisions taken to ensure the Board is kept informed of any developments and to maintain accountability.

In addition to Board meetings, the Chairman meets separately from management with individual directors and chairpersons of Board committees to discuss the performance of the management and other matters that need close oversight by the Board.

Furthermore, the Board approved a written Delegation of Authority Matrix to manage the delegation of authorities and to ensure that the Board performs its functions in a neutral manner without influence by relations to the Executive Management.

The Corporate Governance Framework at the Bank ensures the functions and authorities of the Board are separated from those of the Executive Management. It distributes the responsibilities

and authorities based on hierarchical structure that ensures participation of all stakeholders in the decision making process within specific controls in accordance with the applicable rules and regulations as well as the Bank's Corporate Governance Framework.

5.1. **Roles and Responsibilities:**

The Board's roles and responsibilities are set in the Bank's Board Charter and Corporate Governance Manual.

Key Board roles and responsibilities include:

- Set overall direction:
 - Review and approve strategy.
 - Review and approve policies.
 - Review and approve business plans / annual budgets.
- Approve risk levels:
 - Review and approve risk limits / policy.
 - Ensure adequate systems and controls in place to monitor risk.
 - Periodically monitor risk levels.
- Task full time Senior Executive Managers to implement direction:
 - Appoint and evaluate the CEO
 - Delegate authority to Board Committees / CEO to make day-to-day decisions (the CEO will further delegate some authority to the Senior Executive Managers below him).
 - Review and approve Remuneration Policy recommended by the Nomination, Remuneration and Corporate Governance Committee (NRCGC).
 - Review and approve the succession plan prepared and recommended by the Nomination, Remuneration and Corporate Governance Committee (NRCGC) for successful replacement of vacancies in the Board of Directors, Senior Executive Management and other key functions.
 - Review and approve major investments / expenditures which are above the limit delegated to the CEO and the Executive Committee (EXCOM).
 - The Board shall not enter into loans that spans more than three years, and shall not sell or mortgage real estate of QFB or drop the Bank's debts, unless it is authorized to do so by the Articles of Association. In the case where the Articles of Association includes no provisions to this respect, the Board should not act without the approval of the General Meeting, unless such acts fall within the normal scope of the Bank's business.
- Assist in business plan implementation:
 - Assist in identifying potential investment opportunities.
 - Act as sounding board for the CEO.
 - Advocate and support access to a network of influential people across the GCC.
- Monitor performance & ensure compliance:
 - Establish and set Terms of Reference (TOR) for the Board Committees.

- Monitor the Bank's performance.
 - Agree on corrective action as appropriate.
 - Notify shareholders of significant issues.
 - Remain accountable for ensuring the operations are carried out in compliance with statutory laws and regulations.
 - Assess the performance of Senior Executive Management including its implementation of internal control systems. This includes timeliness and accuracy of notifying the Board of control issues as well as the manner in which these issues were handled by the Board.
 - Review reports from the Shari'ah Supervisory Board (SSB).
 - Assess the effectiveness of the SSB, its members, and the Shari'ah Supervisory Liaison Officer.
 - Review reports submitted by Board-level and Management-level committees. 2.6. Approve published financial statements
 - Review and approve quarterly, semi-annual, and annual financial results and financial reports for publication and ensure accuracy and transparency.
 - Review and recommend dividend payments for final approval at the Annual General Meeting (AGM).
 - Review and approve all policy statements for publication.
 - Recommend External Auditors to be hired by approval at AGM based on advice from the ARCC.
- Regulating the stakeholder relationship:
 - Develop a written policy that regulates the relationship among the stakeholders in order to protect them and their respective rights including the following:
 - Indemnifying mechanisms for the stakeholders in case of contravening their rights pursuant to the Law and their respective contracts.
 - Mechanisms of complaints or disputes that might arise between the Bank and the stakeholders.
 - Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of Information related to them.
 - Ensure code of conduct for the Bank's executives and employees to be compatible with professional and ethical standards, and regulate their relationship with the stakeholders
 - The Bank's social contributions.
- Assist in conducting General Meeting:
 - Invite all shareholders to attend the General Assembly Meeting in the way as specified by law.
 - Prepare and send out General Meeting agenda including the matters for discussion.
- Other responsibilities:
 - Review and approve the annual plan for training and education at QFB.

- Develop a mechanism for dealing and cooperation with providers of financial service, financial analysis, credit rating and other service providers as well as the entities that identify standards and indices of financial markets in order to provide their services for all shareholders in a quick manner with integrity and transparency.
- Develop awareness programs for spreading the culture of control self-assessment and risk management within the Bank.

5.2. **Board Selection Process:**

Each Director is appointed for a period as set in the Bank's QFB's Articles of Association. Each nomination or removal of a Director is recommended by the NRCGC (chaired by an Independent Director) in writing and is approved through the AGM (in accordance with the Articles of Association of the Bank).

All Director appointments are promptly delivered to the Board of Directors and the related regulatory bodies

Director nominations are based on the "Fit and Proper" guidelines mentioned in the Bank's Board Charter and Corporate Governance Manual. These guidelines are in line with regulatory requirements for Board Directors and include the following the following characteristics:

- Independence:

Directors should have no business or family relationship with the Bank that could impact independence of their judgment and is not under the influence of any factor that may limit his capacity to consider, discuss and decide on the Banks matters in an unbiased and objective manner i.e. (on the basis of facts only). By way of illustration, a Director shall be considered not to be independent in any of the following situations:

- Owns at least (1%) of shares of the Bank or any company of its group.
- Is a representative of a legal person that owns at least (5%) of the shares of the Bank or any company of its group.
- If the Director, during the last 3 years, was employed by any related party to the Bank or any of its affiliates such as the auditors, biggest vendors or with any of his/her close relatives or has the majority shares in any of the aforementioned parties within the last 3 years.
- If the Director is considered as one of the major executives in the company or any of its affiliates or any of his family members during the last 3 years
- If the Director is a related party of the executives in the Bank or any of its affiliates.
- If the Director is a relative of any of the major executives in the Bank or its affiliates.
- If the Director has, or is a relative of an individual has, currently or within the last 3 years any significant direct or indirect commercial or financial dealings with the company.
- If the member is a member of the Board of another company under the same group.

- If a member has been sitting on the Bank's Board for more than 12 consecutive years.
- Prohibition of Combining Position:

It is prohibited for any one, whether in person or in capacity,

- To be a chairman or a vice-chairman of the board of directors for more than two companies with their headquarters located in the State of Qatar.
- To be a member of a board of directors for more than three shareholding companies with their headquarters located in the State of Qatar.
- To be a managing director in more than one company with their headquarters located in the State of Qatar.
- To combine two memberships of two companies exercising a homogenous activity.
- To combine the position of Chairman with any other executive position in the Bank. The Chairman shall not be a member of any of the Board committees set out in the QFMA Corporate Governance Code.

The Chairman and the members of the Board must provide an annual acknowledgment that no one of them shall combine the prohibited positions according to the Law and the QFMA Corporate Governance Code provisions. The Secretary shall keep such acknowledgment in the file prepared for this purpose.

- Network Access
 - Ability to identify investment opportunities (e.g. access to major business or government opportunities).
 - Ability to introduce the Bank to individuals and businesses that can assist with QFB's business growth.
- Relevant Skills
 - Knowledge of banking.
 - Knowledge of other areas of interest to the Bank.
 - Knowledge of Risk management (to serve on Audit, Risk, and Compliance committee).
 - Knowledge of Real estate development.
 - Other business areas where QFB sees investment opportunities such energy development and infrastructure development.
 - Capacity to participate as part of a team.
 - Ability to debate issues and to positively challenge management.
 - Able to commit the time to actively participate and attend meetings.
- Candidate Disqualifications
 - Is an individual under the age of 21.
 - Has been disqualified from being a director in the Qatar Financial Centre (QFC) or in any other jurisdiction.
 - Is an un-discharged bankrupt in any country.

- Is a Body Corporate.
- Has been sentenced to criminal penalty, or a crime against honor or integrity, or any of the crimes stipulated in Article (40) of Law No. (8) Of 2012 concerning the Qatar Financial Markets Authority, and articles (334) and (335) of law No. (11) Of 2015 Promulgating Commercial Companies Law, or be prevented from practicing any work in the entities subject to the Authority's jurisdiction under Article (35 paragraph 12) of law No. (8) Of 2012 referred to, or have been bankrupted, unless been rehabilitated.

Furthermore, the Board Director must be a shareholder owning, when elected, or within thirty days from its election date, a number of the Bank's shares determined by the Articles of Association. Such shares shall be deposited to the Qatar Central Securities Depository within sixty days from starting date of membership with prohibition from trading, mortgage or seize until the end of membership period, approved on the last budget of financial year of doing business. Such shares shall also be allocated to ensure the rights.

5.3. Board Composition:

The Bank's Articles of Association, determine the composition requirements of the Board and its committees in accordance with the applicable rules and regulations.

This includes that:

- The Board of Directors shall be composed of no less than 7 and not more than 11 Directors. However, the Bank may under an ordinary resolution, increase or decrease the number set for the Directors.
- The same person may not hold or exercise the position of Chairman and CEO at the same time. The division of responsibilities between the two positions shall be clear.
- At least 1/3 of the Directors shall be Independent Directors and the majority shall be Non-Executive Members.
- All Directors shall be approved by the QFCRA.
- Initial Directors are elected for 3 years.
- Succession planning of the Board will revolve around a three-year cycle.

For the year ended in December 31, 2018 QFB's Board Composition was as follows:

Board Member	Board Position	Classification	Percentage of Share Capital as of December 31, 2018	Date of Election
Abdulla Bin Fahad Bin Ghorab Al Marri (personal shares)	Chairman	Non-Executive	3.15%	At incorporation
Ibrahim Mohammad Ibrahim Jaidah (personal shares)	Director	Non-Executive	0.22%	At incorporation
Anwar Jawad Ahmed Bukhamseen (as representative of Arab Investment Company and Kuwait International Bank)	Director	Non-Executive	5.50%	At incorporation

Board Member	Board Position	Classification	Percentage of Share Capital as of December 31, 2018	Date of Election
Jassim Mohamed Al Kaabi (as representative of Barroq Trading Company and Al Zubara for Real Estate Investment Company)	Director	Non-Executive	21.47%	28-Mar-16
Mosabah Saif Mosabah Al Mutairy	Director	Non-Executive and Independent	0%	At incorporation
Mohamed Nasser Al Faheed Al Hajri (personal shares)	Director	Non-Executive and Independent	0.01%	At incorporation

5.4. Board Members:

All Board members are prominent figures in Qatar and the region with track records and wide experience in all aspects of the Bank's activities. They allocate sufficient time to perform their duties and assume their role independently by providing guidance, objective criticism and constructive contribution.

The non-executive and independent directors are appointed as members on the Board committees, namely the ARCC and the NRCGC. They provide impartial and independent opinion on strategic and business matters presented to the Board and monitor the performance of the Bank and its compliance with the corporate governance standards and applicable laws and regulations.

All Board members put their skills and experiences at the disposal of the Bank and allocate sufficient time to perform their duties on the Board through committed attendance. Board members, including all Board subcommittees chairpersons, participate together with the Chairman in the General Meetings to consider and respond to the queries of the shareholders.

- Abdullah Bin Fahad Bin Ghorab Al Marri
 - Board Position: Chairman.
 - Classification: Non - Executive.
 - Percentage of Share Capital as of December 31, 2018: 3.15 % (Personal Shares)
 - Date of Election: At incorporation
 - Bio:

Abdulla F. G. Al Marri is the Founder and chairman of Qatar First Bank LLC (Public). He is also a member of the Shura Council of the State of Qatar. Mr. Al Marri held several senior positions in the government including Undersecretary and Advisor to the Amiri Diwan of the State of Qatar.

Mr. Al Marri served as Vice Chairman and a member of the Executive Committee of Qatar Islamic Bank from 1993 to 2002. He also holds senior positions at a

number of international companies in Qatar, including serving as Chairman of International Projects Company and Chairman of Ajyad International.

Mr. Al Marri is holder of a BA in International Affairs from George Washington University in the USA.

- Positions at other companies: International Projects Company (Chairman), Ajyad International (Chairman).
- Position in QFB Board Committees: ExCom (Chairman), OPCO (Chairman)

- Ibrahim Mohammad Ibrahim Jaidah

- Board Position: Director.
- Classification: Non – Executive.
- Percentage of Share Capital as of December 31, 2018: 0.22 % (Personal Shares)
- Date of Election: At incorporation
- Bio:

Ibrahim Jaidah is GCEO & Chief Architect of the Arab Engineering Bureau (AEB), he is a highly recognized architect who was awarded numerous accolades for his work such as Islamic Cities Award, Arab Town Organization Awards and Agha Khan Award nominations.

In 2005 Mr. Jaidah was honoured with the State of Qatar Encouragement Award. He ranks as a pioneer of a new architectural movement which combines the far-reaching influences of Islamic art with modern style, creating memorable landmark structures that are helping to shape the developing State of Qatar.

Under Mr. Jaidah's leadership, AEB, which he acquired in 1991 with only 6 employees, has evolved to a current figure of over 600 employees across 5 international offices and has completed over 1600 projects across 3 continents.

Mr. Jaidah's commitment to cultural awareness and growth, and his passion for research resulted in the publication of History of Qatari Architecture and 99 Domes books that have been widely used as reference materials in academia.

Mr. Jaidah obtained his Architectural Degree from the University of Oklahoma, USA.

- Positions at other companies: Arab Engineering Bureau (GCEO and Chief Architect)
- Position in QFB Board Committees: NRCGC (Chairman), ExCom (Vice Chairman), OPCO (Member)

- Anwar Jawad Ahmed Bukhamseen (as representative of Arab Investment Company and Kuwait International Bank)

- Board Position: Director.
- Classification: Non – Executive.
- Percentage of Share Capital as of December 31, 2018: 5.50 % (As a representative)
- Date of Election: At incorporation
- Bio:

Anwar J. Bukhamseen is the Managing Director of Bukhamseen Holding, a company with interests in travel, real estate, retail, banking and insurance, amongst many other activities.

Chairman of Warba Insurance Company, Mr. Bukhamseen sits on the board of Kuwaiti Industries Union, Kuwait International Bank, and Bukhamseen Holding Group Company.

In addition, Mr. Bukhamseen is a member of the Finance and Investment committee of the International Bank of Kuwait.

Mr. Bukhamseen is a holder of a BA in Commerce, Economics and Political Science from Kuwait University.

- Positions at other companies: Bukhamseen Holding (Managing Director), Warba Insurance Company (Chairman), Kuwaiti Industries Union (Board Director), Kuwait International Bank (Board Director), Bukhamseen Holding Group Company (Board Director) , International Bank of Kuwait (Member of the Finance and Investment Committee).
- Position in QFB Board Committees: NRCGC (member), ExCom (member)
- Jassim Mohamed Al Kaabi (as representative of Barroq Trading Company and Al Zubara for Real Estate Investment Company)
 - Board Position: Director.
 - Classification: Non – Executive.
 - Percentage of Share Capital as of December 31, 2018: 21.47 % (As a representative)
 - Date of Election: March 28, 2016
 - Bio:

Jassim Mohamed Al-Kaabi works at Borooq Trading Company in Qatar. He also serves at the Amiri Diwan of Qatar.

Mr. Al Kaabi holds Bachelor’s degree in Business Administration from Norwich University in the UK.
 - Positions at other companies: Borooq Trading Company
 - Position in QFB Board Committees: ARCC (member)

- Mosabah Saif Mosabah Al Mutaury

- Board Position: Director.
- Classification: Non – Executive and Independent
- Percentage of Share Capital as of December 31, 2018: 0 %
- Date of Election: At incorporation
- Bio:

Mosabah Al Mutaury is the Accounts Manager at the Royal Guard of Oman and in 2003 he was appointed as the Acting Manager of the Royal Guard of Oman Pension Fund. He sits on the board of several financial institutions and investment committees of companies and funds across the GCC.

Mr. Al Mutaury is also a board member of the Pension Fund of the Royal Guard of Oman, Hotel Management Company (Chedi), Oman National Investments Development Company, Oman Munition Production Company, Gulf Finance House-Bahrain and Nizwa Bank.

Mr. Al Mutaury holds an MBA in Finance from the University of Lincolnshire & Humberside, and a BA in Accounting from South West London College in the UK.

- Positions at other companies: Royal Guard of Oman Pension (Acting Manager) , Pension Fund of the Royal Guard of Oman (Board Director) , Hotel Management Company (Board Director), Oman National Investments Development Company (Board Director), Oman Munition Production Company (Board Director), Gulf Finance House (Board Director), and Nizwa Bank (Board Director).
- Position in QFB Board Committees: ARCC (Chairman)
- Mohamed Nasser Al Faheed Al Hajri
 - Board Position: Director.
 - Classification: Non – Executive and Independent
 - Percentage of Share Capital as of December 31, 2018: 0.01 % (As personal shares)
 - Date of Election: At incorporation
 - Bio:

Mohammad Al Hajri is the Head of Economic and Political Affairs at the Amiri Diwan in the State of Qatar.

He started his career at the Amiri Diwan in 1994 where he held several positions including Head of Studies and Research, Head of Development Studies and Economic Researcher.

Mr. Al Hajri holds a BA in Economics from Qatar University.

He has also attended several post graduate programs on Leadership and Economics in London School of Economics in the UK and John Kennedy College – Harvard in the USA.
 - Positions at other companies: Amiri Diwan in the State of Qatar (Head of Economic and Political Affairs).
 - Position in QFB Board Committees: ARCC (Member) , OPCO (Member)

5.5. **Board Activities During 2018:**

A. **Board Meetings and Attendance:**

The Board of Directors meets regularly, in accordance with the Articles of Association and the Board Charter, to discharge its duties effectively.

As a minimum, the Board of Directors meets 6 times per year. The overall program of meetings for each calendar year are agreed by the Board annually and circulated in advance.

The Board Secretary distributes meeting agendas to all Directors at least two weeks prior to the scheduled meeting.

The Board Secretary also documents and maintains the minutes of the Board of Directors meetings.

The Board, if necessary or urgent, may issue some decisions by passing subject to written approval of all its members to those decisions, and to be presented at the next Board meeting to include them in its minutes.

A Director may appoint, by a letter addressed to the Chairman, another Director to vote on his behalf in accordance with the requirements stipulated in the Articles of Association.

Please refer to the Board Charter (Available on QFB's Website) for more information about Board meetings.

The Board met eight times during 2018 as follows:

Board Meeting Number	Board Meeting Date	Location	Absentees current Members) (from Board
1	20-Jan-18	Kuwait	Mohamed Al Hajri
2	28-Mar-18	Doha	Anwar Bu Khamseen
3	25-Apr-18	Doha	Anwar Bu Khamseen
4	29-Apr-18	By Circulation	None
5	16-Jul-18	Via Conference Call	Anwar Bu Khameseen, Mohamed Al Hajri, Jassim Al Kaabi
6	30-Jul-18	By Circulation	None
7	29-Oct-18	By Circulation	None
8	12-Dec-18	Doha	None

B. Board Activities:

- Approval of several items related to the Bank's regular activities including the approval of new policies and frameworks and enhancing governance practices and policies to ensure they are maintained updated and in compliance with the applicable laws and regulations.
- Analyzing and approving actions with regards to the Bank's investment portfolio.
- Following up on resolutions and action plans.
- Approval of 2018 budget.
- Reviewing, analyzing and approving the Bank's 5 year strategy.
- Assisting in organizing the General Assembly Meeting of 2018.
- Reviewing and approving the External Auditor reports for 2018.
- Reviewing and approving the SSB report for 2018.
- Approval of quarterly, semiannually and end-of year financials for 2017 and 2018.
- Appointing External Auditor for 2018 and recommending the appointment to the General Meeting.
- Approval of the bonus for the year ended in 2017 for Senior Executive Management and all staff (amount is disclosed in financial statements).
- Review, analyze, and approve reports submitted by Board Committees.
- Performance of self – assessment and Senior Executive Management assessment.
- Appoint Board members in subsidiaries and associates.

- Analyzed and approved credit applications when needed as per the Delegation of Authority Matrix.
- Approval of Internal Capital Adequacy Assessment process (ICAAP) Methodology.
- Approval of IFRS9/FAS 30 Policy
- Analyzing and approving the Bank's Organizational Structure.
- Appointment of Deputy CEO as part of the Senior Executive Management.

5.6. **Board Remuneration and Incentives:**

The Bank has developed a risk based Board Remuneration and Incentives Policy which was developed by the NRCGC and approved by the Board during its second meeting of 2018.

The policy stipulates the following:

- Directors receive an annual payment based on the number of Board and Board Committee meetings they attend along with their role on the Board or Board Committee (i.e. the Chairman receives an additional payment). Directors are not covered by incentive programs and do not receive performance-based remuneration.
- Board levels of remuneration will be based on the following:
 - Non-Executive Directors: will reflect the time commitment and responsibilities of the role, remuneration is based on actual attendance to Board and Board Committee meetings.
 - Executive Directors: compensation will reflect an evaluation of the director's performance in comparison with set goals.
- The Board will carefully consider what compensation commitments their Directors' terms of appointment entails in the event of early termination.
- No Director on the Board shall participate in the setting of his/ her own remuneration. In such cases, the concerned Director will not participate in the Board /NRCGC meeting.
- The Board members' yearly remuneration shall not exceed 5% of the Bank's net profit after deduction of reserves, legal deductions, and distribution of the dividends (in cash and in kind) to shareholders.
- The following remuneration disclosures should be reported to shareholders prior to the Annual General Meeting:
 - All the amounts obtained by the Directors of the Board in the fiscal year including the salaries, allowances, bonuses for attending the meetings and compensation for expenses, employment and consulting services.
 - Benefits in kind enjoyed by Board during the fiscal year.
 - Bonuses suggested for distribution to Directors.
 - Amounts allotted for current and prior Director as pensions or compensation for termination/expiry of the Director's service.

Due to the Bank declaring losses for the year ended in December 31, 2018, no remuneration or incentives were awarded to Board Members. This decision will be disclosed to the General Assembly Meeting as per the Bank's remuneration policy and applicable rules and regulations.

5.7. Training and On – Going Development:

The Board of Directors ensures that newly-appointed Directors receive a full, formal, and tailored induction training upon joining the Board of Directors. This is to ensure that Directors are fully aware of their responsibilities and have an adequate understanding of the Bank's operations.

The Board of Directors also undergoes continuous professional development and training throughout their tenure as Directors. The Board dedicates sufficient time and allocated a specific budget for training purposes. This is in an effort to enhance their understanding of their roles, responsibilities, and the Bank's operations as well as their knowledge of financial, business, and industry practices.

Extensive effort (i.e. more frequent trainings) is carried out to train Directors with more limited financial, regulatory or risk-related experience.

The Board has assigned the CEO the responsibility of developing programs and presentations for the Directors on the Bank's business and industry. The NRCGC oversees the training requirements for the Directors with regards to corporate governance. The Board Secretary, in coordination with the Head of HR, is responsible for facilitating the induction program and assisting with professional development, as required.

The Board of Directors ensures that all Directors have access to independent professional advice at QFB's expense where they judge it necessary to discharge their responsibilities as Directors. However, before seeking such advice, the Director(s) follow the following procedure:

- Inform the Chairman.
- Refer to the Board Secretary who will inform the Director(s) of the existence of relevant advice already in the hands of the Bank, where appropriate.

Board Committees are provided with sufficient resources to undertake their duties and all Directors are given access to the advice and services of the Board Secretary, who is responsible for ensuring that Board of Directors procedures are complied with.

The imposed blockade on Qatar by certain neighboring GCC countries presented logistical difficulties for non-Qatari Board members to attend and participate in effective training sessions during 2018.

However, the Bank plans to establish and implement an effective training plan for the Board of Directors in 2019.

5.8. Prohibition of Combining Positions and Conflict of Interest:

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest between their duty to QFB and their personal interests. Conflicts of interest and personal interests must be declared at the time of director appointment to the Board.

In addition, any conflicts of interest and personal interests must be declared by a Director at the time they occur. Unless the Board decides otherwise, the Director may not participate in Boardroom discussions on matters in which a conflict is identified.

Each Director undertakes that they have sufficient time to meet requirements needed to be on the QFB's Board. Other significant commitments are disclosed to the Board before appointment and any subsequent changes are also disclosed to the Board when they occur.

All Board members, during the Board meeting held on March 27, 2019, acknowledged that they do not combine and undertook in writing not to combine positions prohibited to be combined under the applicable rules and regulations. They also acknowledged any personal interests or conflicts of interest identified by them.

All acknowledgments and undertakings were maintained with the Company Secretary.

5.9. Performance Assessment:

The Board of Directors has stated in its Corporate Governance Manual how the performance evaluation of the Board of Directors, the Board Committees, and its individual Directors will be conducted.

The evaluation process takes into consideration the performance of the Board as a whole and factors such as independence, experience, judgment and knowledge, time commitment, and teamwork are examined.

The individual Directors conduct self-assessments using a self-assessment worksheet and once the Directors complete their self-assessment, they submit them to the NRCGC who will review the feedback.

Discussions with the Chairman and training plans are put in place to address any noted weaknesses in the evaluation process.

The assessment process encompasses the following:

- Assessing the Board's performance in view of its duties and responsibilities.
- Reviewing the performance of each Board Committee in view of its duties and responsibilities.
- Reviewing of the suitability of each Director taking into account his/her performance on the Board, attendance at the Board meetings, and effective participation in discussions and decision-making.
- Reviewing the composition of the Board in light of new developments and maintaining the expertise and skillset needed for the Bank's development.

The Board confirms to the Shareholders at the General Assembly Meeting that the assessment of the performance of Board members took place.

All Board members were rated to have had a satisfactory performance in their roles during 2018. The performance evaluation took place during the Board meeting held on March 27, 2019 and all records are maintained with the Company Secretary.

5.10. Chairman:

The Chairman of the Bank is Mr. Abdullah Bin Fahad bin Ghorab Al Marri and his roles and responsibilities are defined under the Articles of Association and Board Charter as follows:

- Ensuring that the Board discusses all the main issues in an efficient and timely manner;
- Approving the agenda of the Board meeting taking into consideration any matter proposed by any other Board member;
- Encouraging all Board members to collectively and effectively participate in dealing with the Board affairs for ensuring that the Board is working with its responsibilities to achieve the best interest of the Bank;
- Making available for the Board members all data, information, documents and records of the Bank, and of the Board and its committees.
- Creating effective communication channels with shareholders and making their opinions heard to the Board;
- Encourage transparent and candid debate by promoting contributions of all Board members, particularly those of both Non-Executive and independent directors; and
- Keeping the members constantly informed about the implementation of the provisions of the QFMA Corporate Governance Code, the Chairman may authorize Audit Committee or other committee in this mission.

The Vice-Chairman replaces the Chairman during his absence, and the Chairman may authorize another of the Board members in some of his/her powers.

5.11. Board Secretary:

The Board of Directors seeks to appoint a qualified Board Secretary as per the Articles of Association, who has the required skills, knowledge, and experience to fulfill his or her roles and responsibilities and to meet regulatory requirements.

The Board Secretary reports jointly to the Chairman and the CEO.

Under the direction of the Chairman, the responsibilities of the Board Secretary include ensuring sound information flows within the Board and the Board Committees and between Senior Executive Management and Non-Executive Directors and other Directors.

The Board Secretary also ensures the timely access to and safe-keeping of information and coordination among members of the Board and other Stakeholders.

All members of the Board have access to the services and advice of the Board Secretary.

Any changes of the appointed Board Secretary are notified to the QFC Commercial Registration Office in the prescribed format.

The Chairman has provided his approval for Mr. Bashir Hassan to act as a sub-delegation for the Board Secretary position in an effort to assist the Board Secretary in performing his or her duties. This approval was granted on March 28, 2018 based on Mr. Bashir's knowledge, skills, and experience to carry on such a role.

The role of Board Secretary is currently vacant at QFB and the duties are being carried out by the approved sub-delegate Mr. Bashir Hassan until the position becomes occupied by a suitable individual.

5.12. Delegation of Tasks:

The Board has delegated some of its functions to Senior Executive Management and Board Committees, for the purpose of undertaking specific operations on its behalf.

In this case written and clear instructions are given concerning the delegated function or authority with the requirements to obtain Board prior approval on specific matters.

In any event and even where the Board delegates one of its functions or authorities the Board remains liable for all of its functions or authorities so delegated.

5.13. Key Features of the Board Process:

The Board functioning process in terms of invitation to meetings, number of meetings, decision making process and other procedural matters is defined in the Bank's Articles of Association and Corporate Governance Framework.

The process is compliant with the applicable governance regulations

Below are the key features of the Board process:

- Invitation and agenda are sent to the Board members at least two weeks ahead of the meeting date followed by supporting documents and reports to enable directors to prepare for a discussion of each agenda item. Board members can request any relevant information through the Company Secretary at any time.
- The relevant regulatory bodies are kept aware of major decisions taken during Board meetings.
- The Bank's Senior Executive Management presents a periodic report to the Board at each meeting on the Bank's major events, activities, projects and initiatives. Key matters related to each department of the Bank are also discussed and departmental heads are invited to join the meetings to enhance the Board's understanding of matters related to their respective business proposals.
- Aside from Board meetings, the Chairman may meet separately from management with individual directors and chairpersons of Board committees to discuss the performance of the management and other matters that need close oversight by the Board.
- The Board may seek advice from independent consultants at any time to enable the Board to discharge its duties and responsibilities.

6. Board Committees:

The Board delegated part of its duties to a number of committees: Audit, Risk, and Compliance Committee (ARCC), Numeration, Remuneration and Corporate Governance Committee (NRCGC), Executive Committee (ExCom), and Operating Committee (OPCO).

The power to delegate tasks is given to the Board in the Bank's Articles of Association and Corporate Governance Framework.

The Board of Directors approves the formation of any Board Committees while the approval for the formation of day-to-day management-level committees rests with the CEO.

All committees are provided with sufficient resources to undertake their duties and must:

- Be established through a TOR approved by the Board of Directors.
- Elect a chairman.
- Be assigned specific responsibilities.
- Report regularly to the Board of Directors or the CEO, as deemed necessary.

6.1. ARCC:

The purpose of the ARCC is to assist the Board in fulfilling its oversight responsibilities for the Internal and External Audit functions, QFB Risk functions, QFB Compliance functions, the financial reporting process, the system of internal control and the company's process for monitoring compliance with laws and regulations and the code of conduct.

The committee's Terms of Reference document sets forth the authority and responsibilities of the ARCC in fulfilling the purposes described herein. The functions of the ARCC are not intended to duplicate or substitute for the activities of Senior Executive Management and the independent auditor, and the ARCC members cannot provide any expert or special assurance as to the financial statements, internal controls or management of risk or any professional certifications as to the work of the independent auditor.

Each member of the ARCC is entitled to rely on:

- The integrity of those persons and organizations within and outside of the Bank's from which it receives information.
- The accuracy of the financial and other information provided to the ARCC by such persons or organizations absent actual knowledge to the contrary.
- Representations made by Senior Executive Management as to any audit and non-audit services provided by the independent auditor / specialists.

In order to discharge its duties and responsibilities, the ARCC is empowered and authorized to:

- Appoint/retain external independent professionals for advising the ARCC on legal issues, accounting and other matters to the extent it deems appropriate.
- Have full access to the Bank's records, employees, as well as Internal and External Auditors.
- Seek information it requires from any employee.
- Meet with any QFB employee, External Auditors, or outside counsel, as necessary.

- Invite any member of the Management team to a meeting or any private session.
- Initiate or authorize investigation into any matter.

A. Roles and Responsibilities:

The ARCC's roles and responsibilities are set forth in the committee's Terms of Reference as follows:

Towards Internal Auditors

- Oversee the Bank's Internal Auditors.
- Review and approve Internal Audit Charter.
- Have final authority to review and approve the Annual Internal Audit Plan and all major changes to the plan.
- Have the right to review the Audit Manual and all related Internal Audit documents, may suggest or request amendments to any of the Internal Audit policies, procedures and templates, as applicable.
- Review and approve the Internal Audit budget.
- Approve and review Internal Audit Key Performance Indicators.
- Review and approve the Internal Audit function's organizational structure including the budget for employees.
- Monitor and review the effectiveness of the Internal Audit function including their compliance with relevant Internal Audit Standards (IIA), QFMA regulations, QFC regulations, and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards, as applicable.
- At least once per year, approve the performance appraisal of the Head of Internal Audit and concur with the annual compensation and salary adjustment. In the case where the Internal Audit function is outsourced and the performance evaluation reveals that the performance of the third party service provider is unsatisfactory, the contract may be cancelled.
- Review Internal Audit reports and monitor Senior Executive Management's responsiveness to the findings and recommendations of the Internal Audit to ensure that Senior Executive Management have taken the appropriate corrective actions.
- Review reports related to investigations and special projects carried out by Internal Audit.
- Resolve any possible dispute/difficulties faced with the Senior Executive Management in the course of an audit.

- Approve the appointment, remuneration and removal of the Head of Internal Audit and/or the appointment of the external party (i.e. outsourced Internal Auditor). Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Head of Internal Audit or the outsourced Internal Auditor.
- Consider and approve the remit of the Internal Audit function or the outsourced Internal Auditor and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. ARCC shall also ensure the function has adequate standing and is free from Senior Executive Management or other restrictions.
- Review the role of Internal Audit in the Corporate Governance process.

Towards Risk Management and Compliance

- Review and approve the Bank's risk, compliance and Anti-Money Laundering (AML) policies and any changes to those policies.
- Review and recommend QFB's Credit Risk and Market Risk Limits for the Board approval.
- Determine appropriate level of risk tolerance based on Senior Executive Management's proposals.
- Review the capital adequacy of the Bank.
- Review and approve risk, compliance and AML reporting systems to ensure they properly assess the risks of the activities, processes and systems of the Bank.
- Review performance monitoring tests from Bank's risk and compliance teams to ensure validation of the AML, compliance and risk avoidance systems in place are operational and viable.
- Monitor periodic reports from the Risk function to validate all units have adequate knowledge and providing self-risk assessments within guidelines and are complying with AML and other guidelines.
- Ensure Compliance reports, as required by the regulatory authorities, accurately track adherence to the laws and regulations governing the activities of the Bank.
- Review periodic Compliance reports and monitor corrective action of any deficiencies noted.

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to Bank personnel, and for monitoring compliance therewith.
- Obtain regular updates from Senior Executive Management and the Bank's legal counsel regarding compliance matters.
- Ensure there are no unjustified restrictions or limitations on the Compliance function.

Towards External Auditors

- Review the co-ordination of the audit activities between external and internal audit.
- Review the External Auditor's proposed audit scope and approach, external audit plan, review the annual schedule of fees proposed, pre-approve any non-audit services provided by the external auditors and the comprehensiveness of the external audit of the Bank's operations.
- Review the performance of External Auditor's service and recommending the appointment or discharge of external auditor duties while the final decision rest with shareholders in the AGM.
- The External Auditors will formally report directly to the BOD. The ARCC shall oversee the selection process for a new auditor and if an auditor resigns, the ARCC shall investigate the issues leading to this and decide whether any action is required.
- Review and confirm the independence of the External Auditors by obtaining statements from the auditors on relationships between the auditors and the Bank's, including non-audit services.
- Review External Audit / regulators findings & recommendations reports as well as QFB management responses to ensure that management have taken the appropriate corrective actions.
- On a regular basis (or whenever required), meet with the external auditors to discuss any matters that the ARCC or Auditors believe should be discussed; and
- Provide an open avenue of communication between internal audit, the external auditors, and the Board.

Towards the Financial Reporting Process

- Review the annual financial statements, and consider whether they are complete, consistent with information known to the ARCC members. In addition, ensure that such accounts have been prepared in accordance with proper accounting principles.
- Review interim financial reports with management and the External Auditors before filing with regulators, and consider whether they are complete and consistent with the information known to ARCC members.
- Review with management and the External Auditors the results of the audit including any difficulties encountered.
- Review other sections of the Annual Report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Understand how Senior Executive Management develops interim financial information and the nature and extent of Internal and External Auditor involvement.
- The ARCC shall review significant accounting and financial reporting issues and judgments that they contain.
- Assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate.
- Ensuring compliance with legal and regulatory requirements regarding financial reporting.
- Review matters of significance affecting the financial welfare of the Bank as well as all material communication between the Auditors and the Senior Executive Management including Management letters and the schedule of unadjusted differences.
- The ARCC shall review:
 - The consistency of, and any changes to, accounting policies on a year on year basis.
 - The methods used to account for significant or unusual transactions where different approaches are possible.
 - With Senior Executive Management and the External Auditors, all the matters required to be communicated to the ARCC under generally accepted auditing standards.
 - Whether QFB has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the External Auditor.
 - Any serious difficulties or disputes with Senior Executive Management encountered during the audit.

- The clarity of disclosure in QFB’s financial reports and the context in which statements are made.

Towards the Internal Control Systems

- Understand the scope of Internal and External Auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Senior Executive Management's responses and to ensure that appropriate corrective actions have been taken by Senior Executive Management.
- Consider the effectiveness of the Bank's internal control system, including Information Technology security and control.
- Review investigation reports related to any misconduct, conflict of interest and fraud.

Other Responsibilities

- Performing other activities as requested by the BOD.
- Instituting and overseeing special investigations, as needed.
- Evaluating the ARCC's and individual members' performance on a regular basis.
- Provide guidance on Board meeting agendas by liaising with the Board Secretary.

B. Composition and Membership:

The ARCC comprises of at least 3 Directors, the majority of whom are to be Independent Directors.

The Board is authorized to appoint Non-Independent Directors should there be an insufficient number of Independent Directors available to become members of the ARCC, provided that the Chairman of the ARCC are Independent.

In the case where a number of Independent Directors join the Board, the ARCC ensures that the aforementioned Non-Independent Directors are replaced with Independent Directors.

In all cases, the ARCC always consists of at least 1 member who has adequate financial and audit experience and any person who has previously conducted audit for the Bank within the previous two years cannot be a candidate, directly or indirectly, for the Committee membership.

The Chairman of the Board and the CEO may not be members of the ARCC.

The ARCC’s Chairman and Secretary are appointed by the Board of Directors.

As of December 31, 2018 the ARCC is composed of the following members:

- Mosabah Al Mutaury – Chairman.
- Mohamed Al Hajri – Member.
- Jassim Al Kaabi – Member.

C. Meetings and Participation:

In order to fulfill its roles and to meet regulatory requirements, the ARCC meets as often as required but not less than 6 times a year.

Meetings of the ARCC may be called by the Chairman of the Committee or any two of its members.

The quorum at ARCC meetings is a majority of members, one of whom must be the Chairman of the ARCC or his designate.

All decisions of the ARCC require majority approval of the members. In the absence of a majority vote, the ARCC Chairman's vote is considered as the majority decision.

To ensure independence, the ARCC meets at least annually without the presence of Senior Executive Management and, independently of Senior Executive Management, with the internal and external auditors.

During 2018, the ARCC was only able to meet twice due to the logistical difficulties imposed on committee members by the blockage on Qatar by neighboring GCC countries. The dates and participation during the held meetings were as follows:

ARCC Meetings During 2018			
Meeting Number	Date of Meeting	Percentage attendance	of
1	March 28, 2018	100%	
2	April 29, 2018 by circulation	100%	

D. Activities During 2018:

The following activities were performed by the ARCC during 2018:

- Held a meeting on March 28, 2018 with the majority of members and committee chairman present. Another meeting was held on April 29, 2018 by way of circulation
- Reviewed and approved the SSB Report for 2017
- Reviewed, assessed, and approved the financial presentation by the External Auditors for 2017
- Approved the renewal for KPMG to continue as External Auditors for 2018 and presented its approval to the Board

- Reviewed and approved the presentations made by the Internal Auditors during 2018
- Reviewed and approved the presentations made by the Compliance Department during 2018
- Reviewed and approved the presentations made by the Risk Management Department during 2018
- Reviewed and approved the ARCC Terms of Reference
- Reviewed and approved the updated Compliance, Internal Audit, and Risk Management Policies prior to presenting them to the Board when needed
- Reviewed and approved the Reputational Risk Policy
- Approved the appointment of KPMG to prepare the Bank's turnaround strategy prior to presenting it to the Board
- Presented an annual report to the Board on the Committees activities in 2018 and recommendations for 2019

E. Recommendations for 2019:

The ARCC presented the following recommendations on its activities for 2019 to the Board during its meetings on March 27, 2019:

- Review any reports about the Bank that relate to ARCC's responsibilities
- Review the ARCC's ToR for major changes, and submit for Board approval if needed
- Make recommendations to the Board any area within the committee's remit where action or improvement is needed
- Uphold the committee's responsibilities towards internal auditors, Risk Management, Compliance, external auditors, financial reporting process, internal control systems as defined under the ARCC ToR

F. Reporting to the Board:

The ARCC reports to the BOD on a yearly basis (and whenever required) regarding the ARCC's activities, issues, and related recommendations.

This was done during the Board's meeting on March 27, 2019:

G. Assessment and Evaluation:

The Board Committee evaluation process takes into consideration the performance of the Committee and its members as a whole and factors such contribution, quality of input, understanding of roles and responsibilities, committee structure, committee meetings, committee reporting.

The Directors conduct an assessment / self - assessment using a worksheet and once the Directors complete their assessment, they submit them to the NRCGC who will review the feedback.

Discussions with the Chairman and training plans are put in place to address any noted weaknesses in the evaluation process.

The ARCC and its members were rated to have had a satisfactory performance during 2018. However, areas of improvement related to training and increased frequency of meetings were noted.

The performance evaluation took place during the Board meeting held on March 27, 2019 and all records are maintained with the Company Secretary.

6.2. NRCGC:

The purpose of the NRCGC is to assist the Board in determining the policy and structure for the remuneration of Directors and Senior Executive Management. It is also responsible for reviewing their performance, reviewing incentive plans and Directors' service contracts, and fixing the remuneration packages for all Directors and the CEO.

It also recommends appointments and nominations for re-elections of the members of QFB's Board and Board committees.

The NRCGC makes recommendations in relation to new appointments and re-elections to be presented at and approved by the AGM.

This Terms of Reference (TOR) document sets forth the authority and responsibilities of the NRCGC in fulfilling the purposes described herein. The functions of the NRCGC are not intended to duplicate or substitute for the activities of Senior Executive Management or the Board.

A. Roles and Responsibilities:

The roles and responsibilities for the NRCGC are defined under the Committee's ToR as follows:

- The NRCGC is authorized by the Board to determine the remuneration payable to the Directors and the CEO. The CEO will approve the remuneration payable to the remaining members of Senior Executive Management, based on the recommendation of the Head of Human Resources and in consultation with the Chairman of the Board.
- The NRCGC will establish a formal and transparent procedure for developing policy on such remuneration. This would involve the following:
 - Developing a Remuneration Policy statement, this policy statement will specify the relationship between remuneration and performance and include measurable standards that emphasize long-term interests.
 - Developing a transparent framework for remuneration of Senior Executive Management to attract, retain and motivate qualified individuals required to run QFB successfully.

- The NRCGC shall present the Remuneration Policy to the Board. The Remuneration Policy is then to be presented for approval to the shareholders at the AGM.
- The NRCGC will review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.
- The NRCGC will make recommendations relating to the discretionary bonus pool and annual salary increment pool to be paid to QFB employees, forming part of the annual budget approval process.
- The NRCGC will make recommendations to the Board regarding the bonus and salary increment of the CEO.
- The NRCGC is consulted on long-term incentive plans to be approved by the Board of Directors from time to time.
- The NRCGC is authorized by the Board to obtain professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Bank if necessary.
- The NRCGC shall ensure that no Director should be involved in deciding his own remuneration.
- The NRCGC must review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.
- The NRCGC must approve the terms of employment, service contract, scope of pension arrangements, basis of bonus and increment awards and terms for cessation of employment of the CEO. The CEO will approve the terms for the remaining members of the Senior Executive Management team, in consultation with the Chairman of the Board and based on the recommendation of the Head of Human Resources.
- The NRCGC will develop a Remuneration policy covering Directors, the CEO, and Senior Executive Management and present it to the BOD for approval. The policy will specify the relationship between remuneration and performance, and include measurable standards that emphasize long-term interests, compatible with risk policy and systems.
- The Board members' yearly remuneration shall not exceed 5% of the Bank's net profit after deduction of reserves, legal deductions, and distribution of the dividends (in cash and in kind) to shareholders.

- The NRCGC shall develop draft succession plan for Board of Directors, Senior Executive Management and other key functions.
- The NRCGC must monitor and detail the succession planning for Directors, the CEO and Senior Executive Management, in particular the Chairman (for whom a job specification should be prepared, including an assessment of the time commitment expected) and the CEO.
- The NRCGC will perform the CEO performance evaluation on an annual basis.
- The NRCGC will review the results of the annual performance evaluation for the remaining members of the Senior Executive Management team.
- The NRCGC will confirm the re-appointment of any Non-Executive Director.
- The NRCGC shall be provided with sufficient resources to discharge its duties.
- The NRCGC shall review the annual performance of the current BOD.
- The NRCGC will recommend BOD appointments and re-nomination for election and removal in a General Meeting.
- The NRCGC will oversee the training needs/requirements of the Board.
- The NRCGC will review the QFB employee Code of Conduct and make recommendations to the Board for approval.
- The NRCGC will review the QFB Corporate Governance Manual; any major changes to be submitted to the Board's approval.
- The NRCGC will have oversight on and assess the needs to implement new or amended corporate governance best practices, review and update QFB Corporate Governance Manual.
- The NRCGC will review QFB annual Corporate Governance Report (to be submitted to the AGM of QFB shareholders) which shall include the assessment of QFB's compliance with the provisions of the QFMA Corporate Governance Code.

B. Composition and Membership:

The NRCGC is composed of Independent Directors, the majority of whom must be Non-Executive Directors.

The Chairman of the NRCGC must also be an Independent Director.

The Board appoints one member of the NRCGC as the Chairman and the Board Chairman cannot be a member of the NRCGC.

A secretary is also appointed to the NRCGC.

As of December 31, 2018 the NRCGC is composed of the following members:

- Ibrahim Jaidah – Chairman.
- Anwar Bu Khamseen – Member.

C. Meetings and Participation:

In order to fulfill its roles and to meet regulatory requirements, the NRCGC meets as often as required but not less than once a year.

Meetings of the NRCGC may be called by the Chairman of the Committee or any two of its members.

The quorum at NRCGC meetings is a majority of members, one of whom must be the Chairman of the NRCGC or his designate.

All decisions of the NRCGC require majority approval of the members. In the absence of a majority vote, the NRCGC Chairman's vote is considered as the majority decision.

During 2018, the NRCGC met once on March 28, 2018 with full attendance of its members.

D. Activities During 2018:

The following activities were performed by the NRCGC during 2018:

- Held a meeting on March 28, 2018 with the majority of members and committee chairman present.
- Reviewed and approved the Annual and Corporate Governance Reports for 2017.
- Approved the Self-assessment of the Board members for 2017.
- Agreed on the lack of compensation of the Board members for 2017 due to the Bank declaring losses for the year ended in 2017.
- Reviewed and approved the assessment of the CEO for 2017
- Approved the CEO's performance based on compensation for 2017
- Approved on the General bonus pool and annual increment pool for QFB's employees as a whole for 2017.
- Submitted to the Board the Amended NRCGC Terms of Reference
- Submitted to the Board the Amended Remuneration Policy to the Board
- Submitted to the Board the annual report for the Committee's activities in 2017 and recommendations for 2018.

E. Recommendations for 2019:

The NRCGC presented the following recommendations on its activities for 2019 to the Board during its meetings on March 27, 2019:

- Approving of Corporate governance report and annual report of QFB for 2018
- Completing the Self-assessment of the Board members for 2018
- Setting Compensation of the Board members for 2018
- Assessment of the CEO for 2018

- Approving the CEO's performance based on compensation for 2018
- Setting the general bonus pool and annual increment pool for QFB's employees as a whole for 2018
- Reviewing the NRCGC Terms of Reference for updates if needed.

F. Reporting to the Board:

The NRCGC reports to the BOD on a yearly basis (and whenever required) regarding the NRCGC's activities, issues, and related recommendations.

This was done during the Board's meeting on March 27, 2019:

H. Assessment and Evaluation:

The NRCG and its members were rated to have had a satisfactory performance during 2018. However, areas of improvement related to training.

The performance evaluation took place during the Board meeting held March 27, 2019 and all records are maintained with the Company Secretary.

6.3. ExCom:

The purpose of ExCom of the Board is to provide management with Board guidance and advice as a "sounding board" for management on emerging issues, problems, and initiatives.

EXCOM act as an advisor to the Board and reviews, assesses and makes recommendations to the Board on various matters as requested.

The EXCOM is empowered to take both financial and non- financial decisions as per QFB's approved Delegation of Authority and Transaction Limit Authority (DOA & TLA), Credit Risk Policy and Market Risk Policy.

This ToR document sets forth the authority and responsibilities of the EXCOM in fulfilling the purposes described herein.

The functions of the EXCOM are not intended to duplicate or substitute for the activities of BOD or Senior Executive Management.

Each member of the EXCOM shall be entitled to rely on:

- The integrity of those persons and organizations within and outside QFB from which it receives information.
- The accuracy of the financial and other information provided to the EXCOM by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).
- Representations made by management, the independent auditor or specialists.

A. Roles and Responsibilities:

The roles and responsibilities of the EXCOM are defined under the committees TOR as follows:

Corporate Governance Responsibilities

- Ensure adequate coordination of activity exist among different Board Committees.
- Review the performance of the Asset & Liability Committee (ALCO) including reports received and decide the appropriate actions.

Business Decision Responsibilities

- Review, assess and approve new investments whose acquisition cost is above QFB Chairman's and Investment Committee's approval limits.
- Advice and counsel the full Board on new investments whose acquisition cost is more than the EXCOM approval limits.
- Approve underwriting arrangements.
- Approve exit of QFB investments as per limits established.
- Approve the preliminary exit related Investment Expenses per deal (including legal/tax/feasibility study/marketing/due diligence etc.)
- Approve appointment and removal of the QFB' representatives on the Boards of investee companies.
- Approve the establishment of Legal Vehicles used for structuring (SPVs).
- Review and approve Financial Institutions deals above Credit Committee and Chairman's Limits as established in QFB DOA & TLA and QFB Credit Risk Policy,
- Review and approve market risk exposures as per Market Risk DOA.

Risk Management Responsibilities

- EXCOM shall advise and provide consultation on stress testing and capital adequacy methodology and recommend for Board of Directors' approval.
- EXCOM shall review and approve limits with respect to country risk and counterparty risk.
- EXCOM shall review QFB's Risk Framework and recommend for Board approval.

Financial Accounting & Reporting Responsibilities

- EXCOM shall review and approve (or consulted on) below mentioned items as per QFB DOA & TLA:
 - Disposal and write-offs of fixed assets as per limits established in the DOA & TLA.
 - Provisions and write-offs as per limits established in the DOA & TLA and based on the CEO and CFO's recommendations.

B. Composition and Membership:

The EXCOM is composed of at least 4 Directors the majority of whom shall be Non-Executive Directors.

The Chairman of the EXCOM is the Chairman of the Board.

A secretary is also appointed to the EXCOM.

As of December 31, 2018 the EXCOM is composed of the following members:

- Abdullah Bin Fahad Bin Ghorab Al Marri – Chairman.
- Ibrahim Jaidah - Member
- Anwar Bu Khamseen – Member.

C. Meetings and Participation:

In order to fulfill its roles and to meet regulatory requirements, the EXCOM meets as often as required but not less than once every three months.

Meetings of the EXCOM may be called by the Chairman of the Committee or any two of its members.

The quorum at EXCOM meetings is a majority of members, one of whom must be the Chairman of the EXCOM or his designate.

All decisions of the EXCOM require majority approval of the members. In the absence of a majority vote, the EXCOM Chairman's vote is considered as the majority decision.

During 2018, the EXCOM met once on May 15, 2018 with full attendance of its members.

D. Activities During 2018:

The following activities were performed by the EXCOM during 2018:

- Reviewed, assessed and approved certain investment entry and exit
- Approved appointment and removal of the QFB representatives on the Boards of investee companies
- Approved the establishment of Legal Vehicles used for structuring
- Approved the preliminary exit related Investment Expenses per deal (including legal/tax/feasibility study/marketing/due diligence etc.)
- Presented an annual report to the Board on the Committees activities in 2018 and recommendations for 2019

E. Recommendations for 2019:

The EXCOM presented the following recommendations on its activities for 2019 to the Board during its meetings on March 27, 2019:

- Serve as a sounding board for management on emerging issues, problems, and initiatives
- Act as advisor to the Board and reviews, assesses and make recommendations to the BOD on the various matters that are placed in front of the Board
- Fulfill the committees Corporate Governance, Business Decision, Risk Management, Financial Accounting and Reporting Responsibilities as per the committees ToR and QFB's DOA and TLA

G. Reporting to the Board:

The EXCOM reports to the BOD on a quarterly basis (and whenever required) regarding the EXCOM's activities, issues, and related recommendations.

This was done during the Board's quarterly meetings in 2018.

I. Assessment and Evaluation:

The EXCOM and its members were rated to have had a satisfactory performance during 2018. However, areas of improvement related to training and composition.

The performance evaluation took place during the Board meeting held on March 27, 2019 and all records are maintained with the Company Secretary.

6.4. OPCO

The purpose OPCO of the Board is to assist the Board in the development and approval of business initiatives for the commercial banking activities, namely the approval of financing facilities to Qatari individuals and businesses.

The OPCO's purpose is to act on behalf of the Board in fulfilling the following responsibilities:

- Focusing on the development and approval of business initiatives for commercial banking activities especially the approval of credit/financing facilities to Qatari customers.

The committee's TOR document sets forth the authority and responsibilities of the OPCO in fulfilling the purposes described herein. The functions of the OPCO are not intended to duplicate or substitute for the activities of QFB's Board of Senior Executive Management.

A. Roles and Responsibilities:

- Reviewing and approving the credit facilities to Qatari clients (individuals and businesses) which exceed the set Senior Executive Management credit authority limit.
- Bringing a local market perspective and knowledge of the customer base to credit-related matters.
- Providing technical product knowledge and knowledge of the commercial lending business sector to credit-related matters.

B. Composition and Membership:

The OPCO is to be composed of 4 Non-Executive Qatari Directors, the Board appoints one member of the OPCO as the Chairman. The OPCO will appoint a Secretary.

As of Dec 31, 2018, the OPCO members are as follows:

- Abdullah Al Marri - Chairman
- Mohamed Al Hajri - Member
- Ibrahim Jaidah - Member

C. Meetings and Participation:

In order to fulfill its roles and to meet regulatory requirements, the OPCO meets as often as required but not less than once a month.

Meetings of the OPCO may be called by the Chairman of the Committee or any two of its members.

The quorum at OPCO meetings is a majority of members, one of whom must be the Chairman of the OPCO or his designate.

All decisions of the OPCO require majority approval of the members. In the absence of a majority vote, the OPCO Chairman's vote is considered as the majority decision.

During 2018, the OPCO met six times with full attendance of its members

D. Activities During 2018:

The following activities were performed by the OPCO during 2018:

- Reviewed and approved the credit facilities to Qatari clients (individuals and businesses) which exceeded the set Senior Executive Management credit authority limit.
- Assisted the Board in the development and approval of business initiatives for the commercial banking activities
- Presented an annual report to the Board on the Committees activities in 2018 and recommendations for 2019

E. Recommendations for 2019:

The OPCO presented the following recommendations on its activities for 2019 to the Board during its meetings on March 27, 2019:

- Reviewing and approving the credit facilities to Qatari clients (individuals and businesses) which exceed the set Senior Executive Management credit authority limit
- Bringing a local market perspective and knowledge of the customer base to credit-related matters
- Providing technical product knowledge and knowledge of the commercial lending business sector to credit-related matters

F. Reporting to the Board:

The OPCO reports to the BOD on a need basis regarding the OPCO's activities, issues, and related recommendations.

G. Assessment and Evaluation:

The OPCO and its members were rated to have had a satisfactory performance during 2018. However, areas of improvement related to training and composition.

The performance evaluation took place during the Board meeting held on March 27, 2019 and all records are maintained with the Company Secretary.

7. Senior Executive Management:

The day-to-day management of the Bank is conducted by the Senior Executive Management which is led by the Chief Executive Officer and who is considered relevant to ensure that the Bank has the appropriate expertise and experience for the management of its business.

The Senior Executive Management are also members of management committees which have specific duties and responsibilities such as: Management Committee, Asset & Liability Committee, Product Management Committee, Credit Committee, Investment Committee.

The Chief Executive Officer is appointed by the Board of Directors. He is responsible to the Board of Directors for the general and active management of the business, including overseeing the day-to-day operations of the Bank, and ensures that the resolutions of the Board of Directors and the shareholders are carried out. He has the right to delegate a part of his responsibilities and prerogatives to other employees or officers of the Bank.

The CEO is supported by a Senior Management team with extensive background in banking and financial matters in addition to management committees with defined roles and responsibilities.

The Board of Directors does not interfere with or obstruct the daily management process but it however ensures that framework in place to evaluate the performance of Senior Executive Management.

The policies on the Board's interaction with the Senior Executive Management are defined under the Bank's Board Charter with the following rationale:

- Allowing transparent access to information in a controlled manner without causing unnecessary confusion.
- Supporting the need for independence.
- Avoiding undue influence of decision making.
- Supporting the smooth operation of the day-to-day activities of the Bank and avoiding undermining authority of management over employees.

7.1. Management Team for the Year Ended in December 31, 2018:

A. Ali Al Obaidli:

- Position: Chief Executive Officer
- Roles and Activities During 2018:
 - Developed a vision and strategy for providing world class services and environment to shareholders, clients, and employees in line with the overall business objectives of QFB.
 - Advised the management team, including the Chairman and the Board on key planning issues and made recommendations on key business decisions.
 - The CEO was also responsible for providing executive leadership over the Bank's management, financial stewardship, business development, external relationships, resource development, and programmatic effectiveness.
- Shares Held in QFB as of December 31, 2018: 19,012 through family members
- Brief Bio: During his professional career, Ali drew on his extensive and well-rounded experience in Banking, Investment Banking and Real Estate Investment & Development with his proven deep leadership skills in the corporate world.

He joined Tadawul Group in May 2011, as a Group CEO and the Managing Director of Ezdan Real Estate a Qatar Exchange listed company. The Group consisted of a multi-billion Qatari Riyal equity portfolio and the Real Estate Company.

In 2012, he executed the successful strategy that led Ezdan Real Estate to acquire Tadawul Group via leveraged buyout reverse takeover scheme to end up with Ezdan Holding Group. Since then, he played a key role in restructuring the financial operations of the Group, taking advantage of the low interest rates environment to lower the overall cost of funding and lengthen the overall duration of the liabilities on the balance sheet to better match with the assets of the core business. This strategy, together with boosting up the efficiency of the Group's overall asset utilization and better control of operations led to shoring up the overall performance as evidenced by reducing the Price to Earnings multiple ratio from an astronomical multiple of more than 900 down to a multiple of less than 20 times.

Also, he devised a sound strategy to maximize the performance of the multi-core assets of Ezdan Holding Group to better navigated the Macro-economic trends in the state of Qatar.

Furthermore, he was able to secure an investment grade credit rating from one of the top credit rating agencies in addition to taping the Global Capital Markets by raising a total of US 1 Billion Dollars via two equal tranches of syndicated Sukuk to further lower the cost of funding, improve asset/liability matching and diversify the Group's creditors' base.

Ali joined QFB in his current role in March of 2018 and is approved by the QFCRA to exercise the Senior Executive Function.

Ali is currently the Chairman of Widam Food Company Q.S.C and is a Board member at Medicare Group Q.S.C.

He previously held Board positions at:

- Masraf Al Rayan (from 2017 till 2018)
- Qatar International Islamic Bank (from 2012 till 2017)
- Qatar Islamic Insurance Company (from 2013 till 2015)
- Barwa Real Estate Company (From 2006 till 2011)
- Nuzul Holdings Company (From 2006 till 2011)

Ali holds an MBA in Finance from Oklahoma City University and Bachelors of Science in Business Administration from Qatar University.

- Position in Management Committees: ALCO (Chairman), Credit Committee (Chairman), Investment Committee (Chairman), Management Committee (Chairman), Product Committee (member)

B. Ayman Zaidan:

- Position: Deputy Chief Executive Officer and Chief Business Officer
- Roles and Activities During 2018:
 - Along with the CEO, led and implemented the approved Strategic Plan for the Bank.
 - Managed and grew the business areas within the Bank, which include Treasury and Private Placement.
 - Ensured a continuous diversification of earnings;
 - Oversaw strategies initiation to enable the Bank to hedge its Profit Rate Risk and FX Risk at any time should market conditions warrant.
 - Oversaw the asset and liability mis-matches and gaping management including strategy formulation, execution and profitability within liquidity guidelines and regulatory framework.
 - Expanded the number and quality of private placement products and services that appeal to a broader segment of the market whilst supporting the Bank's other business units and customer requirements efficiently.
 - Led the management to innovate, develop, and new products and services.
 - Supervised subordinates in handling Financial Institution relationships and introducing new counterparties.
- Shares Held in QFB as of December 31, 2018: 0
- Brief Bio: Ayman brings with him over 27 years of experience in Banking and placement activities. He joins QFB from National Bank of Kuwait, where he was the General Manager of the Treasury Group. Prior to that, Ayman headed First Energy Bank Treasury department, where as a Senior Executive Director, was a main contributor to the establishment of the Bank.

Ayman also spent 11 years at the Arab Banking Corporation (ABC) in Bahrain where his last position was Head of Structured and Islamic Derivatives.

Ayman spent his early years as Chief Dealer at the Bank of Jordan, where he introduced derivatives to the banking industry in Jordan and helped the Regulator in formulating the Derivatives Rules and Regulations.

Ayman was appointed as a Deputy CEO by the Board During its eighth meeting of 2018.

He also was the Bank's Acting CEO from June 2017 till March 2018.

Ayman holds a BSc. in Accounting for the University of Jordan.

He is currently approved by the QFCRA to exercise the Senior Management Function at the Bank.

- Position in Management Committees: ALCO (member), Credit Committee (member), Investment Committee (member), Management Committee (member), Product Committee (Chairman), Employee Affairs Committee (member)

C. Mohammed Al Sahli:

- Position: Chief Operating Officer
- Roles and Activities During 2018:
 - Led management projects to achieve the necessary tools and methodologies to achieve the Bank's vision and strategy.
 - Implemented controlled but efficient processes and procedures to improve overall Bank efficiency and accuracy.
 - Interacted with all levels of the organization and ensured operations re on the forefront of efficient processes that support the business.
 - Acted as a catalyst for innovation and change as well as an advisor to the business units to assist them in their evaluation and understanding of any operational issues that may affect service levels, product features, or costs.
 - Ensured a balance between market conditions and the underlying cost base of the Bank.
 - Ensured appropriate processes and procedures are developed for the recruitment, retention and development of high quality staff and implement a robust appraisal and performance system that facilitates the implementation of a fair and effective reward system.
 - Oversaw the IT infrastructure and IT project management at the Bank.
 - Promoted the Bank's brand through media presence, events and other channels including the website and social media.
 - Co-ordinated and advised on corporate relationships with designated external stakeholders, both individual and organizational, for the benefit of the organization and its clients.
- Shares Held in QFB as of December 31, 2018: 1
- Brief Bio: Mohammed joined QFB in 2011 as Head of Investor Relations to establish and manage Bank's Investor Relations Department. In 2013, Al-Sahli brought Corporate Communications under his umbrella. In 2015, proven to be a Qatari talent that embodies QFB vision in attracting and keeping Qatari talents, he was

appointed Director of Private Banking to bridge and synchronize private banking activities with QFB investor-client database.

He was promoted to the position of Chief Operating Officer in November of 2018, overseeing the Corporate Services, Human Resources, Operations, and Information Technology functions at the Bank.

Prior to joining QFB, Al-Sahli worked as corporate communication and investor relation manager in Barwa Real Estate. In this capacity, he had to organize launching events of many subsidiaries, witness Barwa mergers and acquisitions. Ahead of joining Barwa, Al-Sahli assumed the position of investment manager at General Authority for Minor Affairs, a position in which he showed remarkable results and fostered his track-record through managing real estate and stock portfolios.

Mohammed is approved by QFCRA to exercise the Senior Management Function. Position in Management Committees: ALCO (member), Management Committee (member), Product Committee (member), Employee Affairs Committee (Chairman)

D. Amit Choudhary:

- Position: Chief Financial Officer
- Roles and Activities During 2018:
 - Developed and maintained a comprehensive Financial Control framework for QFB in strategic alignment with the overall business objectives.
 - Drove the preparation of the Annual Financial Statement in close coordination with the top management.
 - Satisfied requirements of shareholders, directors, management and government institutions and agencies for financial data related to QFB's business.
 - Oversaw the production and maintenance of all financial reports required under regulatory standards
 - Ensured expedient and accurate production of financial reports for internal and external purposes.
 - Ensured timely preparation and accuracy of financial reporting system for management and directors.
 - Provided consistent application of accounting policies and procedures in accordance with AAOIFI and other applicable accounting standards and that required changes are promptly documented and communicated throughout the bank
 - Recommended strategy on domestic tax liabilities in line with existing rules and regulations and administer tax payments including Zakat.
 - Managed relationship with external auditors, tax advisors and government bodies for tax related issues.
 - Prepared and followed up on the implementation of the Bank's annual budget.
 - Ensure required reports, audits, checks and returns are completed
 - Envisaged measures to cut cost and improve productivity in the Bank.
- Shares Held in QFB as of December 31, 2018: 0

- Brief Bio: Amit joined QFB in November 2018 as the CFO and is accountable for heading the finance function at QFB. Amit has been a senior finance professional with more than 17 years of multinational experience across Europe, Bahamas, Middle East and India. Amit has been acting as a strategic leader, and possess a proven track record of driving significant enhancements in the finance function of a large UAE listed financial institution, after playing several professional services provider roles with an array of Big Four Global accounting firms.

Amit has qualified as an Associate Chartered Accountant from The Institute of Chartered Accountants in England & Wales, and The Institute of Chartered Accountants of India. In addition, Amit is an Associate Chartered Management Accountant (ACMA) and Chartered Global Management Accountant (CGMA) from The Chartered Institute of Management Accountants (CIMA), as well as a Bachelor in Commerce from St. Xavier's College within the Calcutta University in India.

Amit joined the Bank in November of 2018 is approved by QFCRA to exercise the Finance Function.

- Position in Management Committees: ALCO (member), Investment Committee (member), Management Committee (member), Product Committee (member)

E. Ajay Subramanian:

- Position: Chief Risk Officer
- Roles and Activities During 2018:
 - Developed and maintained effective risk management policies.
 - Performed business, financial, operations risk analysis to impact top-line and bottom-line results and supported senior management decision making. Responsibilities include data management, administration of risk documents, and development of risk management plans, providing management summaries to management, and advising on proper conduct of risk management activities.
 - Ensured compliance with all regulatory authorities (QFC, International standards, e.g Basel III), regulatory circulars, memoranda and other directives on risk management as well as the periodical development of regulatory reports e.g ICAAP
 - Identified and assessed financial risk in various investment opportunities, quantify its financial impact to current company investment structure and mitigation solutions
 - Assisted management with integrating risk management with the strategy development process
 - Established, communicated and facilitated the use of appropriate Risk Management methodologies, tools and techniques.
 - Facilitated enterprise-wide risk assessments and monitors priority risks across the organization.

- Implemented appropriate risk reporting to the CEO, Executive Committee, Board and senior management.
- Ensured effective alignment between the Risk Management process and internal audit and risk financing.
- Assisted the CEO and the executive committee with capital and resource allocation decisions.
- Provided an independent view regarding proposed business plans and transactions and develop project risk management capabilities within the organization.
- Established performance measures, annual and long-term Risk Management goals for the Bank.
- Shares Held in QFB as of December 31, 2018: 0
- Brief Bio:

Ajay is a chartered Accountant with over 17 years of collective experience in Risk Management, Business Process Improvement, Debt Restructuring and Transition (Project) Management.

Prior to joining QFB, Ajay was the Group Head of Risk Management at Gulf Finance House from 2008 till 2018. As the Group Head of Risk Management, he was a core member of the firm's Executive Management Committee (ExComm) and responsible for the development and implementation of the risk management framework of the group.

He was also responsible for Basel II & Basel III analytics, including the Pillar 2 initiatives & Internal Capital Adequacy Assessment Process (ICAAP).

Additionally, he acted the principal point of contact in the Bank for the international rating agencies and was extensively been involved in debt restructuring negotiations and strategic fund raising initiatives of the Bank.

Ajay joined the Bank in December of 2018 and is approved by QFCRA to exercise the Risk Function.

- Position in Management Committees: ALCO (member), Credit Committee (member), Investment Committee (member), Management Committee (member), Product Committee (member)

F. Ismail Alawadhi:

- Position: Head of Sharia'ah Compliance
- Roles and Activities During 2018:
 - Guided and communicated with Business and Support Units Heads and staff regarding the implementation of the Bank's activities and products in accordance with SSB decisions and Islamic Sharia rules and principles.
 - Received the Bank requests and inquiries and presented them to the SSB members for their advice and/or approval

- Conducted review assignments of the Bank’s products, policies, procedures, agreements and activities for the purpose of assessing compliance with SSB decisions and Islamic Sharia rules and principles
 - Reported the review findings to the SSB Executive Member and the ARCC after consulting with the Bank’s management regarding the findings and implementation of treatment plans
 - Provided training on regular basis to relevant staff regarding the Islamic Sharia rules and principles and its banking implementation
 - Fostered positive attitude and culture within QFB for effective Sharia compliance by reflecting professionalism, openness to new ideas, searching for viable alternatives, and superior products
 - Complied with the code of ethics for accountants and auditors of Islamic financial institutions issued by AAOIFI
- Shares Held in QFB as of December 31, 2018: 0
 - Brief Bio:

Ismail Alawadhi joined QFB in February 2009 and is the Head of Shari’ah Compliance, working directly with the Shari’ah Supervisory Board which is headed by Dr. Ali Al Quradaghi.

Ismail has over 12 years of experience in the Islamic banking industry, and prior to this was a teacher in Islamic Studies for a number of years. Prior to QFB, Ismail spent more than 4 years with Shamil Bank of Bahrain (now Ithmaar Bank) in the Shari’ah Compliance department and worked closely with some leading Shari’ah scholars in the GCC region.

Ismail is a Certified Shari’ah Advisor & Auditor (CSAA) from AAOIFI, Certified Islamic Finance Analyst and holds a Bachelor of Science in Shari’ah from Al-Imam Mohamed bin Saud Islamic University.

Ismail is approved by QFCRA to exercise the Senior Management Function.

- Position in Management Committees: Investment Committee (member), Management Committee (member), Product Committee (member)

G. Marc Reaidi:

- Position: Acting Head of Compliance and MLRO
- Roles and Activities During 2018:
 - Coordinated with the ARCC and CEO to develop and promote a culture of compliance and AML within QFB.
 - Developed and implemented internal Compliance and AML Policies and Procedures.
 - Developed and updated Compliance Risk Assessments and ensure that required controls are in place to assign, monitor, manage, and mitigate identified risks.

- Ensured that all appropriate daily compliance tasks and process are identified, documented and carried out.
- Developed, maintained and implemented a range of compliance programmes/procedures to provide QFB with reasonable assurance that the Bank is complying with its regulatory requirements.
- Assisted in establishing and maintaining a constructive and effective working relationship with regulators and authorities.
- Prepared impact analyses of regulatory changes for discussion with the ARCC, CEO, and affected Heads of Departments.
- Ensured the development, implementation and enhancement of a rolling compliance monitoring programme across all aspects of the Bank's operations, to ensure compliance with applicable rules and regulations.
- Undertook compliance and AML reviews and produce reports to identify issues and corrective action plans.
- Monitored all new business and clients and to ensure that business relationships are established in a fully compliant manner with internal policies and applicable regulations.
- Acted as a focal point and provide guidance to all employees regarding compliance, regulatory, and AML enquiries.
- Assisted the Bank in discharging its responsibility regarding complying with applicable rules and regulations.
- Facilitated the development of new business models by identifying the related regulatory issues.
- Monitored the implementation of QFB's Policies and Procedures especially in terms of clear identification of new and existing clients.
- Updated all employees regarding changes in the regulatory framework related to AML.
- Prepared the annual MLRO Report.
- Assisted in preparing and delivering training on compliance and AML issues.
- Provided QFB employees with the proper information and on-going training, to ensure that all employees are aware about the rules and regulations.

- Shares Held in QFB as of December 31, 2018: 0
- Brief Bio:

Marc joined QFB in December of 2016 and is currently the Acting Head of Compliance and MLRO, working directly with the ARCC.

Prior to joining QFB, Marc worked as a Compliance and Risk consultant in Deloitte, his tasks included providing compliance consultancy and services to high profile clients in the banking and finance sector.

He was also involved in developing the compliance and AML framework for several financial institutions in Qatar and in the GCC region.

Marc is a Certified Internal Auditor, Certified Fraud Examiner, Certified Anti-Money Laundering Specialist, and holds the CISI Certifications for QFCRA, QFMA, and DIFC Rules and Regulations.

Marc holds a Bachelor of Science in Accounting from the Lebanese American University.

- Position in Management Committees: Investment Committee (member), Management Committee (member), Product Committee (member)

7.2. Remuneration:

The Bank's policies regarding Senior Executive Management remuneration is detailed in the Remuneration Policy, which was approved during the Board's second meeting of 2018. The policy states the following key factors:

- The remuneration package of all Senior Executive Management appointments are approved by the CEO and the Chairman of the Board in line with the Delegation of Authority Matrix, based on the recommendation of the Head of Human Resources.
- The remuneration package set for the CEO and Senior Executive Management is to ensure QFB's ability to attract and retain the most qualified Senior Executive Management team and provides a solid basis for succession planning.
- The remuneration of Senior Executive Management consists of fixed pay, incentive programs and fixed allowances. The individual performance of Senior Executive Management is assessed on an annual basis and is based on agreed performance objectives which consist of both financial and non-financial targets.
- Performance-based remuneration is awarded in a manner which promotes sound risk management and does not induce excessive risk-taking.
- The amount of the bonus pool to be paid annually is determined by the Board following a recommendation from the NRCGC. The bonus pool is calculated based on an assessment of QFB's actual performance against budgeted targets.
- The NRCGC is responsible for approving the performance bonus of the CEO.
- All other employees' performance-related remuneration are approved by the CEO in consultation with the Chairman of the Board, following a recommendation from Human Resources based on external market data and employee performance.
- The Board approves any incentive plans for the CEO and Senior Executive Management including incentive and equity based compensation plans.
- The Board, through the NRCGC, monitors the achievement of CEO and Senior Executive Management targets and goals and will decide upon compensation accordingly.
- The Board determines terms of any compensation package in the event of early agreed termination of the CEO's contracts.

- The CEO terms of any compensation package in the event of early agreed termination of contracts of any member of Senior Executive Management, subject to the Delegation of Authority Matrix.
- To ensure any potential conflicts of interest are managed, the Board has agreed that the annual performance-based remuneration for Senior Executive Management undertaking a control function (Risk, Compliance, Legal, Shari'ah, Finance, and Internal Audit) are not to be linked directly to financial targets on either an individual or entity-level.

During its second meeting of 2018, the Board approved a bonus pool for Senior Executive Management and all staff amounting to 1.4 Million USD. This amount is reflected in the audited 2017 financial statements.

As the Chief Executive Officer had joined in March of 2018, he was not entitled to a bonus for the year ended in December 31, 2017 as per the Remuneration Policy.

7.3. **Conflict of Interest Disclosures:**

The Conflict of Interest Disclosure policy for Senior Executive Management and all employees is set forth in QFB's Corporate Governance Manual and Compliance Manual.

Each individual employee and member of the Senior Executive Management at QFB is responsible for disclosing his/her potential and actual conflicts of interest to the Head of Compliance.

If employees believe or suspect that there may be a conflict of interest (whether actual or potential), they are required to discuss this with the Head of Compliance immediately.

The Compliance Department owns the register of disclosed conflicts and conflicts of interest are reported, reviewed and discussed at the ARCC at least every 6 months or earlier depending on the frequency of meetings.

During the year ended in December 31, 2018, only one disclosure was made with regards to owning an outside business by one of the employees. The request was approved by the CEO, Head of Compliance, and Head of HR and no conflict of interest was detected.

7.4. **Performance Assessment:**

The Board of Directors, through its NRCGC, evaluates and assesses the capabilities of the CEO and determines if he/ she is functioning and able to achieve QFB's strategy, goals, and objectives.

Once the NRCGC completes its evaluation, it submits its assessment to the Board.

The CEO is particularly evaluated on performance in 4 major areas:

- Execution of strategic plan and achievement of strategic goals and other long term goals.

- Management, compliance and maintenance of sound investment operations.
- Ability to inspire, motivate and cooperate with all QFB employees.
- Implementing the Internal Controls system and risk management including identification of number of appeals, complaints, proposals, notifications and the way used by the Board to handle the regulatory issues

The CEO assessment for the year ended December 31, 2018 was completed during the Board meeting held on March 27, 2019 in which a satisfactory rating was declared.

At Senior Management and employees' level, a system was established by the CEO and Head of HR to measure the overall performance of the Bank through the Balanced Scorecard that defines the financial and non-financial goals and targets of QFB.

The scorecard methodology is used to distill the strategy, or long-term objectives, and appreciation for internal controls into measurable key performance indicators.

The scorecards are filled in by the line manager as well as the employee him/herself, as part of a self-assessment and peer evaluation exercise.

Every six months, the HR Department collects the scorecards.

8. Internal Controls:

The Bank has set forth an Internal Controls Policy to safeguard QFB's assets and capital and to ensure the reliability of QFB's financial recordkeeping.

The policy establishes a system that allows management to detect any errors in internal procedures or financial recordkeeping.

The receipt of accurate and timely information facilitates appropriate decision-making and allows for the timely correction of inconsistencies.

QFB follows and implements the following basic control concepts:

- A systematic approach to safeguard QFB's assets and the reliability of financial records.
- Identification and segregation of responsibilities and duties of departments and personnel.
- Providing adequate controls to oversee employee absence from duties.
- A system for establishing, amending, and communicating approved policies and procedures.
- A system of authorization limits and recording procedures that ensures reasonable control of assets, liabilities, income, and expenses.

The ARCC is responsible for reviewing the Bank's financial and internal control systems. In addition, the Committee discusses the internal control systems with management to ensure that management performs its duty towards developing efficient internal control systems.

The Bank's Internal Control Framework includes an effective and independent risk assessment and risk management functions, as well as financial, regulatory and operational Internal Audit functions in addition to the External Audit.

The Internal Control Framework also ensures that all Related Party transactions are handled in accordance with the requirements related thereto.

8.1. **Internal Control Framework:**

The Bank's ARCC through the Compliance Department has developed an Internal Control Framework and submitted it to the Board during its meeting on March 27, 2019

The objective of the framework is to outline a number of principles and effective functioning for use by the Bank when evaluating and developing its internal control systems.

The framework describes the essential elements of a sound internal control system, drawing upon experience in regional and international competitors and principles established in publications by bodies such as QFCRA, QFMA, COSO, and the Basel Committee.

Accordingly, the Bank's Internal Control Framework and Key Components consists of the effective functioning of the following five interrelated elements and twelve principles:

A. **Management Oversight and Control:**

Principle 1:

The Board of Directors shall have the responsibility for the following:

- Approving and periodically reviewing the overall business strategies and significant policies of the Bank.
- Understanding the major risks run by the Bank, setting acceptable levels for these risks and ensuring that Senior Management takes the steps necessary to identify, measure, monitor and control these risks.
- Approving the organisational structure.
- Ensuring that Senior Management is monitoring the effectiveness of the internal control system.

The Board of Directors is ultimately responsible for ensuring that an adequate and effective system of internal controls is established and maintained.

Principle 2:

Senior Management shall have the responsibility for the following:

- Implementing strategies and policies approved by the Board.
- Developing processes that identify, measure, monitor and control risks incurred by the Bank.
- Maintaining an organisational structure that clearly assigns responsibility, authority and reporting relationships.

- Ensuring that delegated responsibilities are effectively carried out.
- Setting appropriate internal control policies; and monitoring the adequacy and effectiveness of the internal control system.

Principle 3:

The Board of Directors and Senior Management are responsible for promoting high ethical and integrity standards, and for establishing a culture within the Bank that emphasises and demonstrates to all levels of personnel the importance of internal controls.

All personnel at the Bank need to understand their role in the internal controls process and be fully engaged in the process.

B. Risk Recognition and Assessment:

Principle 4:

An effective internal control system requires that the material risks that could adversely affect the achievement of the Bank's goals are being recognised and continually assessed.

This assessment should cover all risks facing the Bank and its group (that is, credit risk, country and transfer risk, market risk, interest rate risk, liquidity risk, operational risk, legal risk and reputational risk, among others).

Internal controls may need to be revised to appropriately address any new or previously uncontrolled risks.

C. Control Activities and Segregation of Duties:

Principle 5:

Control activities are to be an integral part of the daily activities of the Bank. An effective internal control system requires that an appropriate control structure is set up, with control activities defined at every business level. These should include:

- Top level reviews.
- Appropriate activity controls for different departments.
- Physical controls.
- Checking for compliance with regulatory requirements and limits.
- Follow-up on areas of non-compliance.
- A system of approvals and authorisations; and
- A system of verification and reconciliation.

Principle 6:

An effective internal control system requires that there is appropriate segregation of duties and that personnel are not assigned conflicting responsibilities. Areas of potential conflicts of interest should be identified, minimised, and subject to careful, independent monitoring.

D. **Information and Communication:**

Principle 7:

An effective internal control system requires that there are adequate and comprehensive internal financial, operational and compliance data, as well as external market information about events and conditions that are relevant to decision making. Information should be reliable, timely, accessible, and provided in a consistent format.

Principle 8:

An effective internal control system requires that there are reliable information systems in place that cover all significant activities of the Bank.

These systems, including those that hold and use data in an electronic form, must be secure, monitored independently and supported by adequate contingency arrangements.

Principle 9:

An effective internal control system requires effective channels of communication to ensure that all staff fully understand and adhere to policies and procedures affecting their duties and responsibilities and that other relevant information is reaching the appropriate personnel.

E. **Monitoring Activities and Correcting Deficiencies:**

Principle 10:

The overall effectiveness of the Bank's internal controls should be monitored on an ongoing basis. Monitoring of key risks should be part of the daily activities of the Bank as well as periodic evaluations by the business lines and internal audit.

Principle 11:

There should be an effective and comprehensive internal audit of the internal control system carried out by operationally independent, appropriately trained and competent staff.

The internal audit function, as part of the monitoring of the system of internal controls, should report directly to the Board or the ARCC, with an administrative line to Senior Management.

Principle 12:

Internal control deficiencies, whether identified by business line, internal audit, or other control personnel, should be reported in a timely manner to the appropriate management level and addressed promptly.

Material internal control deficiencies should be reported to Senior Management and the Board.

8.2. Monitoring Internal Control and Correcting Deficiencies:

Since banking is a dynamic, rapidly evolving industry, the Bank continually monitors and evaluates its internal control systems in the light of changing internal and external conditions, and it enhances these systems as necessary to maintain their effectiveness.

Senior Management ensures that the monitoring function is properly defined and structured within the Bank.

Implementing sound internal controls is done by all personnel of the Bank from several different areas, including the business function itself, control functions and support functions.

Even though internal control monitoring and strengthening is the responsibility of all Bank employees, Senior Management and the Board have allocated the following responsibilities to its control units:

A. Risk Management Department:

- Assurance that all material risks are identified, measured and properly reported.
- Participation in elaborating the Bank's risk strategy, risk appetite framework and risk limits.
- Independent on-going assessment of risk-bearing activities.
- Responsibilities for the proper planning, development and monitoring of, and reporting on, the risk management framework.
- Examination of all dimensions of the risks the Bank is facing including non-financial risks such as legal and reputational risks.
- Independent assessment of a breach or violation of approved risk limits.
- Participation in the process of approving the development in new markets, products and services and significant changes to existing ones.
- Monitoring Operational Risk by maintaining record for operational loss events and reviewing Key Risk Indicators.

B. Compliance Department:

- Compliance of the Bank's activities with the Regulatory Framework and banking business practice; communication to the various departments of the Bank the parts of the Regulatory Framework which affect their areas of operations.
- Efficient management of compliance risks, including consolidated analysis of risks, acceptable level of such risks and measures for the timely identification, assessment, control and monitoring of such risks for the purpose of their mitigation.
- Further development of the Banks' governance system.
- Development and implementation of Compliance Risk Assessments and Review Plan.
- Preventing the Bank and the Bank's employees from participating in any unlawful activities, including but not limited to corruption, illegal use of insider information and market manipulation.
- Reinforcing the Bank's reputation and investment appeal on the financial market.
- Ensuring compliance with AML and CFT requirements.
- Ensuring compliance of foreign subsidiaries and foreign branches with the corresponding law and regulations in the country or countries in which they are incorporated and in which they operate.
- Ensuring that all obligations and reporting of the Bank, its financial subsidiaries and foreign branches emanating from the Regulatory Framework are carried out within the deadlines allowed.
- Advising and assisting the relevant persons responsible for carrying out investment services and activities to comply with the Bank's regulatory requirements.
- Advising and responding to queries on compliance issues from the Bank's employees.
- Developing and monitoring the Compliance Monitoring Program.
- Participation in the process of approving the development in new markets, products and services and significant changes to existing ones.
- Providing awareness on internal control and risks facing the Bank to all personnel.
- Acting as coordinators with the Internal Audit Function in case it is outsourced.

C. Information Security Unit:

- Oversight of the dissemination and implementation of the information security program Bank-wide.
- Development and oversight of the implementation of core policies and procedures regarding information security.
- Cooperation with the Bank's business and support departments and other internal control departments for the effective implementation of security principles in the development of their policies and procedures.
- Oversight of procedures designed to prevent unauthorized physical access to the Bank's information assets and participation in the management of physical access rights in the access control system.
- Oversight of appropriate controls for the protection of the Bank's information during termination of employment, long-term absence, transfer or change of duties.
- Active involvement in the development and implementation of an education and training program on information security matters for employees.

D. Internal Audit Function:

- Providing independent assurance to the Board of Directors of the Bank in respect of matters such as: -- Appropriateness, adequacy and effectiveness of the governance framework; -- Reliability, integrity and completeness of the accounting, financial reporting and management information and information technology systems; -- Design and operational effectiveness of the Bank's individual controls and internal control departments in respect of the above matters.
- Developing internal audit plan and internal audit risk assessments.
- Performing audit assignments in accordance with the annual audit plan and monitoring the implementation of any recommended actions.
- Reporting to the Board of Directors through the ARCC, at least on a quarterly basis, all major observations emanating from the audits carried out as well as recommendations for addressing any weaknesses identified. The data that the reports should include, the following:
 - Procedures of control and supervision in respect of financial affairs, investments, and risk management.
 - Review of the development of risk factors in the Bank and the appropriateness and effectiveness of the systems in the Bank to face the drastic or unexpected changes in the Market.

- Comprehensive assessment of the Bank's performance regarding its implementation of the Internal Control system in compliance with provisions of QFMA's Corporate Governance Code.
- The Bank's compliance with applicable market listing and disclosure rules and requirements.
- The Bank's compliance with Internal Control systems when determining and managing risks.
- The risks faced the Bank, their types, causes and the actions taken in this regard.
- The suggestions for addressing the violations and mitigating the risks.

E. Sharia'ah Compliance Department:

- Ensuring that the Bank's activities are in line with Sharia'ah requirements.
- Conducting Sharia'ah Compliance reviews.
- Providing support to enquiries raised by personnel on Sharia'ah compliance matters.
- Reporting to the Sharia'ah Supervisory Board on an annual basis the results of Sharia'ah Compliance Reviews.

Monitoring is part of the daily activities of the Bank but also include separate periodic evaluations of the overall internal control process. The frequency of monitoring different activities of the Bank is determined by considering the risks involved and the frequency and nature of changes occurring in the operating environment.

Ongoing monitoring activities can offer the advantage of quickly detecting and correcting deficiencies in the system of internal control. Such monitoring is most effective when the system of internal control is integrated into the operating environment and produces regular reports for review. Examples of ongoing monitoring include the review and approval of journal entries, and management review and approval of exception reports.

Separate evaluations allow the Bank to take a fresh, comprehensive look at the effectiveness of the internal control system and specifically at the effectiveness of the monitoring activities.

Separate evaluations of the internal control system often take the form of self-assessments when persons responsible for a particular function determine the effectiveness of controls for their activities.

The documentation and the results of the evaluations are then reviewed by Senior Management and the ARCC. All levels of review are adequately documented and reported on a timely basis to the appropriate level of management.

8.3. Internal Control Over Financial Reporting:

The Board is responsible for establishing and maintaining adequate internal control over financial reporting (ICOFR).

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Bank's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS).

ICOFR includes our disclosure controls and procedures designed to prevent misstatements.

A. Risks in Financial Reporting

The main risks in financial reporting are that either financial statements do not present a true and fair view due to inadvertent or intentional errors (fraud) or the publication of financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement amounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the financial statements.

To confine those risks of financial reporting, the Bank has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements and conducted an assessment of the effectiveness of the Bank's internal control over financial reporting based on the framework established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate adequacy of a control system.

As a result in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence / Occurrence - assets and liabilities exist and transactions have occurred.
- Completeness - all transactions are recorded; account balances are included in the financial statements.
- Valuation / Measurement - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts.
- Rights and Obligations and ownership - rights and obligations are appropriately recorded as assets and liabilities.
- Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well conceived and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud.

Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

B. Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business functions and infrastructure functions with an involvement in reviewing the reliability of the books and records that underlie the financial statements. As a result, the operation of ICOFR involves staff based in various functions across the Bank.

C. Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the financial statements. Such controls are integrated into the operating process and include those which:

- Are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties,
- Operate on a periodic basis such as those which are performed as part of the annual financial statement preparation process,
- Are preventative or detective in nature,
- Have a direct or indirect impact on the financial statements themselves. Controls which have an indirect effect on the financial statements include entity level controls and IT general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item,
- Feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

D. Measuring Design Effectiveness of Internal Control

This being the first year of ICOFR reporting, the Bank has undertaken a formal evaluation of the adequacy of the design of the system of ICOFR. This evaluation incorporates an assessment of the design of the control environment as well as individual controls which make up the system of ICOFR taking into account:

- The risk of misstatement of the financial statement line items, considering such factors as materiality and the susceptibility of the particular financial statement item to misstatement.
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature and extent of evidence that management requires in order to be able to assess whether or not the design of the system of ICOFR is effective.

The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

As a result of the evaluation, management has concluded that ICOFR is appropriately designed as of December 31, 2018.

Furthermore, as of December 31, 2018, no failures or weaknesses in the internal control system and no emergencies occurred that had a material adverse impact on the financial position of the Bank.

8.4. Addressing Internal Control Failures:

The effectiveness and compliance to the control framework is managed through the following Control vehicles:

- RCSA = Risk and Control Self-Assessment
- KRI = Key Risk Indicators
- Incident Management Process
- Compliance Reviews as per the risk based Compliance Plan
- Compliance and AML Monitoring Program
- Regulatory Reporting Schedule
- Internal Audit reviews as per the risk based Internal Audit Plan.
- Ad-hoc reviews as requested by the Board or Senior Executive Management.

The ongoing monitoring and effectiveness of controls is managed and coordinated by both the Compliance and Risk Management Departments.

This is periodically and systematically audited by Internal Audit to provide assurance.

Regular reports are submitted to the ARCC by the internal control functions (Compliance, Risk and Internal Audit) with regards to activities relating to internal control as well as any noted deficiencies.

Senior Management ensures to coordinate with the related department to resolve control weaknesses reported by the control functions in a timely manner.

9. External Controls:

The Bank's Articles of Association, Corporate Governance Manual, and Internal Control Framework set out the external control requirements for the Bank including, but not limited to, appointing an independent external auditor and determining its role and responsibilities.

All these statutory requirements and audit work are in line with the applicable rules and regulations.

In addition, the Board developed and approved a written External Auditor Policy that defines the responsibilities of external auditors and determines the basis on which an external auditor would be selected.

The ARCC is mandated by the Board under the said policy to review and consider external auditors' proposals and engagement letters and to deal with all matters related to external auditing.

9.1. External Audit Work for the Year Ended at December 31, 2018

KPMG attended the AGM that was held on April 25, 2018 to present their report for the year ended December 31, 2017 and answer the shareholder's questions.

In its meeting on April 25, 2018, the AGM approved the Board/ARCC Committee's recommendation to re-appoint KPMG as external auditors of the Bank for the fiscal year ended December 31, 2018 for a consecutive year.

The AGM also authorized the Board to approve any fees related to the external auditor, as well as any extra fees that might be incurred during the year because of contingent regulatory requirements provided that such fees are disclosed in the Annual Report.

All audit work throughout the year was in line with the applicable rules and regulations. The external auditor reports are freely accessible at QFB's Website.

The total external audit fees are reported in the Bank's annual financial statements for the year ended at December 31, 2018

10. Risk Management and Internal Audit:

10.1. Risk Management:

The integrated Enterprise-wide Risk Management has emerged as the new trend and industry best practice in risk management as it provides a consistent and global picture of risk across the whole organization.

This requires implementing an enterprise-wide risk management framework to identify, assess, measure and manage risks across all business units and all risk factors using consistent methodologies, systems and data.

QFB has committed to build and implement an Enterprise-wide Risk Management Framework (RMF), aligned with the industry best practices and compliant with the regulatory requirements, that will support the Bank in achieving its business objectives and maximizing its value.

The Bank's Risk Management Manual sets out the Enterprise-wide Risk Management Framework (hereinafter 'RMF') for managing the risks faced by the Bank across all risk categories and business units.

The Manual is aligned with the Bank's mission statement, values, goals and objectives, and the Islamic principles of conducting business. Additionally, relevant instructions and guidelines of the QFCRA, the Basel Committee for Banking Supervision (hereinafter 'BCBS') and the Islamic Financial Services Board (hereinafter 'IFSB'), have been taken into account while preparing the Manual.

The Manual defines the basis and the overall frame of reference for understanding and implementing a comprehensive Enterprise-wide Risk Management Framework. It covers:

- The Risk Management Philosophy
- The Risk Management Framework
- The Bank's Risk Profile

A. Risk Management Philosophy:

QFB's philosophy towards risk management is articulated around 4 guiding principles:

- A controlled approach in Optimizing risk-adjusted returns: QFB is a professional risk taker; assuming risk is intrinsic to how the Bank creates value for its shareholders. To ensure QFB delivers superior shareholder value creation, its risk taking is both controlled and directed towards those areas that provide shareholders with attractive risk-adjusted returns.
- A clearly established responsibility and accountability: QFB operates according to the principle of delegated authority. Individuals or business units are fully

responsible for their decisions and their incentives are aligned with QFB's business objectives. As a result, the management of risk primarily rests at the business unit level.

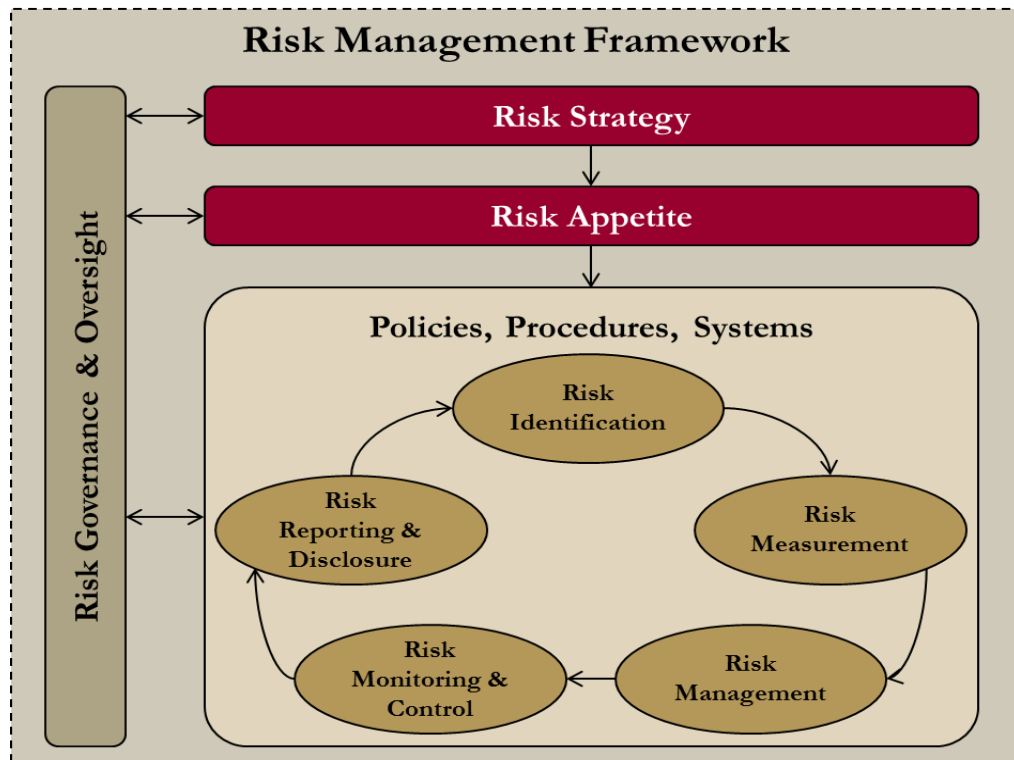
- An independent & properly resourced Risk Management Function: Risk taking activities require independent supervision from a risk management function. A well-resourced and independent Risk Management Department (RMD), which is clearly separate from any business decisions, is essential in order to avoid conflicts of interest and ensure proper risk governance.
- An open risk culture promoting trust and confidence: Risk transparency and responsiveness to change are integral to QFB's business culture. QFB therefore seeks, wherever possible, to facilitate risk management knowledge sharing within the Bank and with its external stakeholders.

B. Risk Management Framework:

The RMF is a reflection of the risk culture within the Bank and is developed to ensure that the Bank has:

- The structure determining the roles and responsibilities with regards to Risk Management;
- The necessary processes and tools in place to identify and understand the risks that the Bank is likely to encounter in the course of conducting its business;
- The required methodologies to measure, control and manage these risks to an acceptable degree and in accordance with the Bank's Risk Appetite; and
- The means to monitor and report these risks to ensure compliance with the requirements of the Board, the Management, the QFCRA, and any other regulatory authorities that the Bank reports to.

The RMF adopted by the Bank is inspired from the industry best practices and is illustrated as follows:



C. The Bank's Risk Profile

In the approach to define the risk profile of the Bank, the considered, from one hand, QFCRA, Basel, IFSB, and other industry best practices guidelines with regards to risks and their classifications and, from the other hand, the Bank's business strategy and objectives.

Accordingly, the Bank's Risk Profile is composed of the following risks:

- Business risks, which include:
 - Investment risk.
 - Credit risk.
 - Country risk.
 - Concentration risk.
 - Underwriting risk.
 - Market risk.
 - Liquidity risk.
 - Profit rate risk in the banking books.
 - Displaced commercial risk.
- Governance risks, such as:
 - Strategic risk.
 - Operational risk.
 - Fiduciary risk.
 - Legal risk.

- Shari’ah risk.
- Compliance risk.
- Reputational risk.
- Regulatory risk.

10.2. Internal Audit:

The Bank has set forth an Internal Audit Policy, which stipulates that the Internal Auditor must:

- Audit the Internal Control Framework and overseeing their implementation.
- Be carried out by operationally independent, appropriately trained and competent staff.
- Submit its internal audit reports to the Board of Directors either directly or through the ARCC and is responsible to the Board. These internal audit reports will include management’s corrective actions for all issues noted during the audit.
- Have access to all Bank’s activities.
- Be independent, including being independent from the day-to-day Bank functioning.

Internal audit will produce a risk-based audit plan for approval of the ARCC and execute audits as scheduled in the plan.

Where management does not propose an action to meet the risks identified, the issue will be included to the risk acceptance process, whereby the ARCC will determine whether the risk is acceptable, and periodically reassess the Risk.

Issues will be tracked to completion and tested as per the audit manual and audit charter.

The ARCC will approve the terms of engagement and remuneration to be paid in respect of outsourced audit services.

The Bank chose to appoint Deloitte as an internal auditor under a material outsourcing arrangement with the permission of QFCRA. The scope of services included executing and reporting on the 2018 Internal Audit Plan.

On annual basis, the Bank’s Senior Management evaluates the outsourcing agreement and presents the results to the ARCC. The evaluation takes into consideration the following factors:

- Independence, objectivity, and effectiveness.
- Ability and capacity to perform the relevant function reliably and professionally at the start and during the life cycle of the outsourcing.
- Risks that the outsourcing poses to QFB

- Whether Deloitte is regulated, to what extent, and by whom
- Whether the function is subject to specific regulation or supervision
- The risk that Deloitte's service may become unavailable because of the number of other persons using the same service
- The financial stability and expertise of Deloitte
- Conflict of interest that might arise from the provision of the function by Deloitte
- Access by QFB's Regulators to Deloitte Records
- Confidentiality of data
- Deloitte's AML procedures
- Contingency Arrangements

The evaluation provided a satisfactory result for the year ended in December 31, 2018.

Furthermore, the ARCC has appointed the Compliance Department to act as Internal Audit Coordinators with the outsourced Internal Auditor and has set forth an Internal Audit Coordination Policy to ensure:

- Roles and responsibilities for the outsourced firms and auditees are properly assigned and defined during an internal audit review.
- The outsourced resources are fit and proper to conduct the related internal audit review.
- Internal audits are planned, executed, and reported in an efficient and effective manner.
- Audit working papers are maintained by the Bank and checked for completeness.
- The internal audit process is closely monitored against the internal audit plan.
- Billed invoices can be matched against the work performed and the outsourcing engagement letter.
- Communication between the outsourced firm and the auditees is performed effectively and efficiently.
- Sensitive information is shared in line with confidentiality and data protection rules and regulations.
- Handover of information and knowledge is smoothly transferred from the outsourced firm to Bank personnel.
- Proper assessment of the outsourced firm's quality of service.

11. Disclosures:

The Bank makes all disclosures required under the applicable laws and regulations on its website or in its annual and corporate governance reports.

Furthermore, the Board has adopted a Communication Strategy that complies with the applicable rules and regulations to ensure disclosure of sensitive information to the market in a timely, accurate and transparent manner and to ensure effective dealing with rumors.

All issued press releases and financial promotions are subject to the review of Senior Management, the Compliance Department, and the related department prior to release. This ensures that disclosed information is accurate and accordance with applicable rules and regulations.

12. Insider Trading, Market Conduct, and Personal Account Transactions:

Employees and Directors are prohibited from involvement in any capacity in market misconduct or similar abuses. Engaging in any illegal or improper activities is considered a serious breach of the terms of employment and results in disciplinary action.

Similarly, no Director or employee in possession of confidential price-sensitive information relating to a corporation, may deal in any listed securities of that corporation or a related corporation, or counsel or procure another person to deal in such securities.

These transactions, as well as other restricted transactions to be communicated from time to time by the Head of Compliance, will be subject to the approval of the Head of Compliance.

Furthermore, the Bank has set forth specific disclosures and reporting requirements for employees involved in investment activities and personal account transactions, which are detailed in the Bank's Compliance Manual and insider trading policy.

13. Shareholders Relations:

13.1. Shareholders Relations Framework:

The Bank has set forth a framework for shareholders relations based on the following:

- Shareholders have all rights conferred upon them by related laws and regulations including the QFMA CG Code as well as the Bank's policies and Articles of Association.
- The Board of Directors should ensure that Shareholders rights are respected and Shareholders are treated in a fair and equitable manner.
- The Board of Directors should foster constructive relationships with the Shareholders that encourage them to engage with QFB.

- The Board of Directors, Board Secretary, and corporate services function will ensure that Shareholders gain a better understanding of its business through appropriate informative communications.
- Dialogue should be maintained with Shareholders based on the mutual understanding of objectives. The Board of Directors as a whole has the responsibility for ensuring that a satisfactory dialogue with Shareholders takes place.
- Directors should maintain sufficient contact with Shareholders to understand their issues and concerns.
- Directors should ensure that the views of Shareholders are communicated to the Board of Directors as a whole.
- Directors should discuss governance and strategy with Shareholders.
- The Chairman should arrange for Board Committee members to be available to answer questions at the General Meeting.

13.2. Rights to General Meeting:

The Bank has set forth the rights of shareholders to a general meeting in its Articles of Association and its Corporate Governance Policies, which stipulate that:

- The agenda of the General Meeting should be enclosed in the General Meeting notification mail that is sent to Shareholders
- The corporate services function will manage the timely gathering of Shareholders and will coordinate the timely preparation of General Meeting letters and agenda with the Board Secretary.
- The corporate services function should disclose the date, time, venue and agenda of the GM/EGM to QE and QFMA immediately after the Board convenes and approves the financial results and dividend distribution. As per the Articles of Association, the GM/EGM meeting should be called by giving at least 21 days' notice to all Shareholders, the Board and the Auditors.
- The conduct of meetings and the general procedures in relation to these are detailed in the Articles of Association.
- Shareholders should have the opportunity to participate effectively and vote in the General Meeting and should be informed of the rules, including voting procedures that govern the meeting.
- Shareholders should be provided with sufficient and timely information concerning the date, location and agenda of General Meetings, as well as full and timely information regarding the issues to be decided at the meeting.

- Shareholders should have the opportunity to:
- Inquire about the annual external audit report.
- Propose items for the agenda of General Meetings.
- Propose resolutions, subject to reasonable limitations.
- Shareholders should be able to effectively participate in key corporate governance decisions. Shareholders should be able to provide their views on the remuneration policy for Directors and Senior Executive Management.
- Shareholders should be able to vote in person or in proxy, and equal effect should be given to votes whether cast in person or in proxy.
- Shareholders have the right to call for an EGM, to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers as per the Bank's Articles of Association.

13.3. Equitable Treatment:

QFB does not have categories of Shareholders classed as either majority or minority. Accordingly, the following principles are applied by the Bank:

- All Shareholders should be treated equally.
- All shares should carry the same rights. All Shareholders should be able to obtain information about the rights attached to all series and classes of shares before they purchase the same.
- Minority Shareholders should be protected from abusive actions by, or in the interest of, controlling Shareholders acting either directly or indirectly, and should have effective means of redress.
- Processes and procedures for General Meetings should allow for equitable treatment of all Shareholders. Procedures should not make it unduly difficult or expensive to cast votes.

13.4. Major Shareholders:

As at December 31, 2018, QFB had 4,038 shareholders, comprising of high net worth individuals, pension funds, banks, mutual funds, insurers, wealth funds, corporations, small and medium enterprises, and retail investors from Qatar, Oman, Bahrain, UAE, Kuwait, Saudi Arabia and other Arab and foreign countries.

As at December 31, 2018.

The following shareholders have a 5% or more share of the Bank's Capital

	Shareholder's Name	Ownership Percentage	Place of incorporation	Commercial Registration no
1	Al Zubara Real Estate Investment Co.	11.47%	Qatar	26263/2
2	Brooq Trading Company	10%	Qatar	24655

Information on QFB's Major Shareholders (i.e those with 5% or more share capital) can be found on the QCSD website, which is updated monthly.

13.5. Share Movements and Activities:

The QFB share movements and activities for the year ended at December 31, 2018 can be freely accessed on the Qatar Exchange Market Watch for QFB at the following website <https://www.qe.com.qa/company-profile-page?CompanyCode=QFBQ>

14. Stakeholders Relationship:

The Bank has set forth a policy on Stakeholders Relationships which stipulates that:

- The Bank, while conducting business with its valued Stakeholders, shall promote equal and fair treatment among Stakeholders without discrimination among them on basis of race, gender, and religion.
- The Bank shall establish indemnifying mechanisms of the Stakeholders in case of contravening their rights pursuant to the Law and their respective contracts.
- The Bank shall establish mechanisms of complaints or disputes that might arise between the Bank and the Stakeholders.
- The Bank shall promote transparency, integrity, disclosure and provide information to the Regulatory Authority and Stakeholders at the right time and in a manner that enables them to make decisions and undertake their duties properly.
- The Bank shall maintain a constant dialogue with the Stakeholders and engage with them in a positive manner, enabling it to respond at any moment to those issues identified as relevant, in accordance with the Bank's strategy and the demands and expectations of each Stakeholder.
- The Bank shall implement a code of conduct for the Bank's executives and employees compatible with the proper professional and ethical standards, and regulate their relationship with the Stakeholders and mechanisms for supervising this code of conduct and ensuring compliance there with.
- The Bank shall commit to uphold the values of corporate social responsibility and provide the public interest of the Bank and Stakeholders over the personal interest as well as

performing duties, tasks and functions in good faith, integrity, honor and sincerity and taking the responsibility arising therefrom to the Stakeholders and society.

15. Access to Information:

The Bank's website acts main platform to publish and disclose all necessary information about the Bank and its activities.

The website is subject to Communication Strategy approved by the Board and it includes all the disclosures required by the local laws and regulations.

Shareholders have the right to review and access the register of the Shareholders free of charge during the Bank's regular office hours or at other times as determined by the Bank.

Shareholders are entitled to copies of the following:

- Register of the Shareholders
- Register of the Board of Directors
- Articles of Association
- Instruments creating a charge or right on the assets of the Bank
- Related Party contracts and any other document as the QFMA may decide upon payment of a prescribed fee

In addition, shareholders can get free access to the information they are entitled to obtain under the applicable laws and regulations by contacting the Chairman Office or the Investor Relations department.

16. Related Party Transactions:

QFB ensures that no Related Party transactions are undertaken which are not in the best interest of the Shareholders.

Accordingly, the Bank has set forth a policy on related party transactions as part of its corporate governance manual to comply with the applicable rules and regulations. Key components of this policy include:

- QFB will ensure that transactions it enters into with Related Parties comply with the following conditions:
 - Transactions are entered into on an 'arms-length' basis.
 - The terms of the transactions are fair and reasonable.

- QFB will clearly and accurately detail the transaction in QFB's books, accounts, and records and disclose the nature and details of the transactions including any accounting information necessary to support the fairness and reasonableness of the terms and conditions of the transactions.
- In the event that a Related Party transaction is contemplated, the transaction should immediately be discussed with the CEO and the CRO to be raised later on to the Board of Directors. Details of the proposed transaction that should be discussed include:
 - The identification of the Related Party and the affiliation to QFB.
 - The nature of the proposed transaction and the value of the transaction.
 - Evidence to support the arm's length nature of the proposed transaction including the terms and manner of settlement had the parties not been related.
 - The anticipated impact on QFB's financial statements and disclosure.
- QFB must not carry out any dealing or enter into any transaction with any "Related Party" without approval of the General Meeting and must be included in the agenda of the next General Meeting to complete the procedures. Any transactions entered into by the Bank with the Related Party shall be disclosed in the annual report.
- Any Related Party which has a relation with a business dealing, or has a relation with or a transaction entered into by QFB, shall not attend the Board meeting while discussing that dealing, relationship or transaction. Such Related Party shall not be entitled to vote on what issued by the Board regarding these relationships or transactions.
- In no event should a Related Party transaction be entered into without prior written consent of the Board of Directors or a delegated committee after discussion with the CEO and the Chief Risk Officer.
- The CEO is responsible for discussing and attaining final approval from the Board of Directors.
- It is required that QFB disclose significant Related Party relationships and transactions in QFB's financial statements. This disclosure is considered significant because it provides the user of the financial statements with relevant information to interpret QFB's operating results.
- All Related Party/affiliate-covered transactions should be documented to provide at least the following:
 - Date of transaction
 - Description of transaction
 - Detail of method(s) used to calculate value of transaction
 - Frequency of charges, if recurring

- Date of approvals
- Information regarding cost justifications, appraisals, etc., used in arriving at the value of the transaction
- The above information will be documented in a register and all documentation will be maintained by both participants in the transaction, with a copy provided to the CEO and the CRO.
- As and when required, QFB will provide the QFCRA with documentation regarding Related Party/affiliate transactions.

All related party transactions as per the definition provided by QFMA were disclosed and approved in the 2018 AGM.

17. Corporate Social Responsibility:

The Board has approved a policy for Corporate Social Responsibility (CSR) that governs the Bank's CSR initiatives to ensure that the Bank is doing its part in community development and promotion, and the environment preservation.

Through CSR, the Bank aims to exercise its role as a good citizen, and to reduce any negative impact of its activities on the surrounding community, the environment in general, and the national economy. CSR activities include the actions that provide benefits for the society and other stakeholders, beyond the interests of the Bank.

During 2018, QFB made a contribution to Seven Heaven Arts in order to improve and enhance the aesthetics skills of the students. QFB is keen to continue this relationship and support more initiatives within this scope.

18. Violations and Penalties:

Without prejudice to sections one and two of this report, no violations, breaches or penalties took place in QFB during QFB within the meaning of the provisions of Article (4)- clause (2) of the QFMA Code.

19. Litigation and Legal Cases:

No material litigations were started against the Bank during 2018. However, the Bank started a number of legal cases against certain customers for defaulting on their loans and credit facilities in an attempt to recover its funds and protect its rights and the right of its shareholders and depositors. The said cases are still before the courts and are being dealt with according to the Qatari Juridical system.

Appendix 1 – Areas of Non – Compliance with QFMA CG Code

The Bank did not achieve compliance with the remaining regulations due to the following justifications:

A. Regulations relating to the Bank's Articles of Association:

The Bank was not able to achieve the required quorum, 75% of total shareholders with voting rights, to pass a special resolution in an Extra-Ordinary General Assembly during 2018 to amend the Bank's Articles of Association to include the following content which required by QFMA CG Code's Articles 9.2, 9.3.6, 32.1, 32.4. and 32.5:

- Board responsibilities.
- Board authorization in regards to loans, mortgages and debt.
- The percentage of ownership of shareholders that allows them to request an invitation to a General Assembly Meeting.
- That the proxy in General Assembly Meetings shall be a shareholder who doesn't own more than 5% of shares.
- That legal attorneys must be present in the General Assembly Meetings with minors and restricted shareholders.

The Bank was not able to achieve the above mentioned quorum mainly due to the inability of some shareholders to attend the Extra-Ordinary General Assembly Meetings because of the imposed blockade on Qatar by certain neighboring Gulf Cooperation Council (GCC) countries.

The Bank will put the needed effort to achieve the required quorum to pass the amended Articles of Association in 2019.

B. Regulations relating to Board Committee Work and Composition:

The Bank was not in compliance with Article 19.3 of the QFMA CG Code, which states it is prohibited to chair more than one committee composed by the Board.

The Bank's Chairman, Abdullah Al Marri, currently chairs the Board's Executive Committee and the Board's Operating Committee.

The current Board Committees' composition was put in place to take into consideration the difficulties faced by certain non – Qatari Board members to effectively attend and participate in Board meetings due to the imposed blockade on Qatar by certain neighboring GCC countries.

The Board's Audit, Risk and Compliance Committee (ARCC) was not able to meet at least 6 times during 2018 as required by Article 19.2 of the QFMA CG Code due to logistical difficulties explained above.

The Bank is seeking a re-composition of the Board and the Board Committee's in 2019, which will allow the Bank to achieve compliance with the QFMA CG Code Articles mentioned in this section.

C. Regulations relating to Board Meetings:

The Bank was not able to ensure that its meetings during 2018 were effectively attended by all members and effectively administered and arranged by the Board Secretary due to the following reasons:

- Four Board members resigned in 2018, and thus their effective attendance and participation in Board activities prior to the acceptance of the resignations was limited.
- The position of Board Secretary remained vacant from since August of 2018. For that period, the duties of Board Secretary were carried out by the Deputy Board Secretary.
- The imposed blockade on Qatar by certain neighboring GCC countries presented logistical difficulties for non-Qatari Board members to effectively attend and participate in Board meetings.

The above mentioned reasons led the Bank to be in non-compliance with QFMA CG Code Articles 12.1, 12.7, 13.3, 14.3 which govern Board Meetings and General Meetings' procedures.

The Bank is seeking a re-composition of the Board in 2019. This re-composition will be on the basis of promoting effective participation and attendance of Board activities.

D. Regulations relating to Internal Audit and Internal Control:

The ARCC was only able to effectively meet in 2018 twice for the reasons explained in the sections above.

This led to the Bank to be in non-compliance with Articles 21.1 and 22.2 of the QFMA CG Code, which require that internal control reports are submitted to the ARCC every three months to cover the following areas:

- Procedures of control and supervision in respect of financial affairs, investments, and risk management.
- Review of the development of risk factors in the Bank and the appropriateness and effectiveness of the systems in the Bank to face the drastic or unexpected changes in the Market.
- Comprehensive assessment of the Bank's performance regarding its implementation of the Internal Control system in compliance with provisions of this Code.
- The Bank's compliance with applicable market listing and disclosure rules and requirements.
- The Bank's compliance with Internal Control systems when determining and managing risks.
- The risks faced the Bank, their types, causes and the actions taken in this regard.
- The suggestions for addressing the violations and mitigating the risks.

A Board Committees' re-composition will take place in to allow a more effective Board Committees' structure in terms of participation, recommendations, and activities.

E. Regulations related to Board Training:

The imposed blockade on Qatar by certain neighboring GCC countries presented logistical difficulties for non-Qatari Board members to attend and participate in effective training sessions.

Accordingly, the Bank was not able to comply with Article 9.3.4 of the QFMA CG Code which requires that Board members to uphold their responsibilities towards receiving on-going training on related matters.

The Bank will prepare and implement an effective Board Training Plan for 2019.

F. Regulations related to General Assembly Minutes:

The minutes and results of the General Assembly, which was held in April of 2019, were not sent to QFMA as required by Article 33.3 of the QFMA CG Code as the Bank believed that publishing the results of the General Assembly on its website would satisfy the requirements.

Accordingly, the Bank will ensure that the minutes all General Meetings in 2019 are sent to QFMA immediately.