



Corporate Governance Report 2017



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Chairman's Foreword

Dear Shareholders,

I am pleased to present the 2017 Annual Corporate Governance report describing QNB Group's approach to Corporate Governance, which we proudly recognize as being a key part of the Group's traditions.

QNB Group has made a strong commitment to the values of sound governance as a fundamental choice to achieve a trustful relationship with shareholders and other stakeholders by embracing the highest standards of Corporate Governance and translating them into tangible practices embedded within the Group's business and strategic orientations.

Sound Corporate Governance does not merely depend upon policies and procedures, but it is fundamentally linked to our culture, organisational structure and employees' engagement. Our values entail all QNB Group Directors and employees to observe integrity, display consistent and uncompromising moral strength in order to promote and maintain transparency and trust in the organization as well as in the industry.

The Board of Directors sets the tone from the top by endorsing the Corporate Governance Framework, hence defining the values on how it conducts itself and oversees the structures and the framework. Each business area and every employee of the Group are therefore responsible for acting in accordance with the Group's values being used to measure our behaviour and practices against sound governance practices.

As Corporate Governance regulations change and the regulatory requirements become more complex, QNB Group continue to take active measures and remain committed to further enhance and uphold the highest ethical standards in line with best international practices and the Group's compliance culture.

During 2017, QNB Group focused on strengthening the Corporate Governance practices by issuing the second edition of its Corporate Governance Manual, which guarantees a minimum set of Corporate Governance principles, standards and instructions at the Group level. QNB Group is also working to consider the provisions of the new QFMA Corporate Governance instructions which reflects our attention and awareness of the newest Corporate Governance requirements and its implications on the Groups' relations with investors, shareholders, customers and other stakeholders.

This report clearly describes the multiple improvements brought to the Board of Directors functioning mechanisms and self-evaluation protocols taking into consideration the challenges, risks and latest developments in the financial sector.

In conclusion, we emphasize our commitment to improve the wide range of financial and banking services offered by QNB Group and we are working hard to maintain our strong reputation and position as regional and international leader in the banking sector. We pay special attention to support a culture of compliance which reflects the business morality, transparency and the respect of law, legislations and regulations to ensure the effective contribution in sustainable development and community service.

Ali Shareef Al-Emadi

Chairman of the Board of Directors

Introduction

QNB Group considers sound Corporate Governance as a key factor to maintain its strong reputation, both locally and internationally. Corporate Governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders.

The commitment to Corporate Culture motivates directors, managers and employees to maximise operational efficiency and comply with sound principles of conduct, hence ensuring high returns on investment and long-term productivity growth.

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

1. QNB Corporate Governance Framework

QNB Group believes that good Corporate Governance facilitates effective, entrepreneurial and prudent management that can deliver the long-term success of the Group.

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

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

1.1 Guiding Principles of Corporate Governance

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

QNB Group adopts the following core guiding principles:

- The Board approves corporate strategies that are intended to build sustainable long-term value; selects the Group Chief Executive Officer (GCEO); oversees the GCEO and Executive Management in operating the company's business, including allocating capital for long-term growth and assessing and managing risks; and sets the "tone at the top" for ethical conduct.
- Management develops and implements corporate strategy and operates the company's business under the Board's oversight, with the goal of producing sustainable long-term value creation.
- The Management, under the oversight of the Board and its Group Board Audit & Compliance Committee, produces financial statements that fairly present the Group's financial condition and results of operations and makes the timely disclosures investors need to assess the financial and business soundness and risks of the company.
- The Group Board Audit & Compliance Committee (GBACC) retains and manages the relationship with the external auditor, oversees the Group's annual financial statement audit and internal controls over financial reporting, and oversees the Bank's risk management and compliance programs.
- The Group Board Nomination Remuneration Governance and Policies Committee (GBNRGPC)

plays a leadership role in shaping the Corporate Governance of the Group, strives to build an engaged and diverse Board whose composition is appropriate in light of the Bank's needs and strategy, and actively conducts succession planning for the Board.

- The Board and management engage with long-term shareholders on issues and concerns that are of widespread interest to them and that affect the Group's long-term value creation. Shareholders that engage with the Board and management in a manner that may affect corporate decision making or strategies are encouraged to disclose appropriate identifying information and to assume some accountability for the long-term interests of the Bank and its shareholders as a whole. As part of this responsibility, shareholders should recognize that the Board must continually weigh both short-term and long-term uses of capital when determining how to allocate it in a way that is most beneficial to shareholders and to building long-term value.
- In making decisions, the Board may consider the interests of all of QNB Group components, including stakeholders such as employees, customers, suppliers and the community in which the Group operates.

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

1.2 QNB's Approach to Corporate Governance

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

The Corporate Governance approach is further strengthened with the adherence to the QNB Group Business Excellence Model as a means to drive excellence and the Balanced Scorecard methodology for tracking progress on long term strategic objectives. The QNB Code of Conduct, which articulates the values, ethics and business principles, serves as a guide to the Group, its directors and employees are supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said Code.

In 2016, QFMA issued a new Corporate Governance Code which became effective in 2017 providing a comprehensive framework for Corporate Governance of listed companies including the main principles for the protection of the shareholders' rights and focuses on the principles pertaining to strengthen the internal control systems in the company and how to apply and fulfil the requirements contained therein.

QNB is committed to fully comply with Qatar Central Bank and Qatar Financial Markets Authority obligations with respect to Corporate Governance.

1.3 Commitment to Comply with Corporate Governance Regulations

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

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

2. QNB Group Achievements during 2017 to Enhance Corporate Governance Framework

As part of building a strong Corporate Governance Culture across the Group, QNB witnessed during 2017 several developments at all levels in terms of Corporate Governance practices and arrangements. These new developments either targeted the organisational aspects or were directed towards specific processes.

The below topics summarise QNB's key efforts in 2017, with respect to the enhancement of the Corporate Governance Framework:

2.1 Strengthening Corporate Governance Arrangement and Practices

In continuation with the adoption and implementation of the new regulatory developments issued during the years 2016 and 2017, QNB Group has put into practice several regulatory initiatives in line with the new requirements of:

- The Commercial Companies Law number (11) of 2015, that includes multiple provisions aimed to enhance the culture and practice of governance within companies in the State of Qatar;
- Qatar Central Bank instructions for Corporate Governance issued during July 2015; and
- Basel Rules - Corporate Governance Principle for Banks issued during July 2015;
- QFMA Corporate Governance code for Companies & Legal Entities listed on the Main Market effective May 2017.

Based on the above, many projects have been undertaken to upgrade the corporate framework across the Group as detailed in the following section.

New Corporate Governance Guidelines for Overseas Branches

In line with the regulatory requirements as issued by QCB, QFMA and the commercial companies law number (11) of 2015, QNB has developed a consolidated supervision approach in order to strengthen the governance, oversight and monitoring over QNB Group entities, i.e. overseas branches and subsidiaries. The Corporate Governance guidelines for overseas branches are an integral part of this consolidated supervision approach and are intended to assist QNB overseas branches in benchmarking their governance practices to be in line with QNB Group Governance Framework.

The key purposes of issuing the guidelines are the following:

- Outline the mechanisms for an effective supervision and monitoring of the relationship between QNB HO and the overseas branches.
- Set-out the process, criteria and minimum requirements for an effective Governance Framework at overseas branches.
- Develop a set of guidelines and supervisory standards in the areas where an impact on QNB business is established.

Overseas Branches are governed by their local laws and regulations; hence the related laws and regulations of the countries where they operate will prevail. Overseas branches were also required to inform Group Compliance of any changes/updates within their local regulatory and legal framework.

(Please refer to the 'Spotlight section 16' for further details).

QNB Corporate Governance Framework update

Based on the recent regulatory developments issued by QFMA during 2017, QNB Group has already taken measures and extensive analysis, with an aim to identify the impact of the regulatory changes on the current Corporate Governance Framework and the mandate documentation of QNB Group. During 2017, the following actions were taken in relation to the new requirements:

- Update the Board of Directors Charter to assist the board in discharging their responsibilities.
- Update the BOD policy to establish an appropriate orientation for the Board.
- Update the BOD independency forms.
- Update the BOD Membership requirements.

Evaluation of the performance of the Board and its committees

The Board recognise that a performance evaluation is important to optimise Board effectiveness and that the evaluation should be appropriate to both the size of the Group and the Board. The 2016 performance evaluation (completed during 2017) was managed and facilitated in line with the Board performance evaluation policy which has been specifically established for this purpose.

The evaluation process concluded that the Board and its committees remain effective in fulfilling

their responsibilities appropriately and that each Board member continues to demonstrate a valuable contribution in the Board meetings.

The evaluation conducted in 2017 focused on the following factors:

- Leadership strategy, performance and talent;
- Board composition;
- Board dynamics and behaviour;
- Board skills and experience;
- BOD key responsibilities;
- BOD committees;
- Relationship with QNB Executive Management;
- Work accomplishment;
- Communication;
- Planning & organizing.

The evaluation was initiated by Group Board Nomination Remuneration Governance and Policies Committee (GBNRGPC) and facilitated by the BOD secretary who forwarded the assessment questionnaires to the Group Chief Compliance Officer to consolidate the results and prepare a memo to the attention of the (GBNRGPC) for review, approval and submission to the BOD. The BOD assessment conclusion was inserted as a fixed item in the first BOD meeting conducted during 2017 and the results of the assessment were reflected in the annual report presented to the shareholders in the General Assembly Meeting held on 5 Feb 2017.

The evaluation is particularly useful to ensure continuous improvement of the BOD performance while discharging its responsibilities and to align QNB Board practices to the regulatory requirements and the international best practices.

Corporate Governance Manual Update

During the year 2017, QNB Group has prepared and published the new Corporate Governance Manual based on the latest regulatory updates from both QCB and QFMA in addition to the international best practices.

The Corporate Governance Manual is an important policy document which defines the Corporate Governance approach of the Group, the structuring and responsibilities of the Board and Management committees. The Manual is also an extremely sought-after document for any businesses, shareholders, rating agencies, investors and other stakeholders as they are all increasingly focusing on the application of sound Corporate Governance processes as evidence of a demonstrable commitment to delivering long-term value and sustainability.

The Manual was structured in two parts where the first one sets out the role of the BOD, the Chairman, the Chief Executive Officer and the established committees of the Board and the Executive Management. The second part was dedicated to the Risk Management and Internal Control Framework, External Auditor and Shareholders & Stakeholders rights.

Enabling a Strong Consolidated Supervision Approach at QNB Group Level

Compliance officers in our international branches are supervised by Group Compliance, which is responsible for ensuring their actions are in line with the control and monitoring headlines that are approved by the GBACC. In this regards, Group Compliance is responsible for periodically reviewing their reporting systems and protocols, activity dashboards, their annual plans for enhancements and approval.

In 2017, Group Compliance enhanced the governance, compliance and Anti Money Laundering (AML) framework at overseas branches and subsidiaries, by strengthening the compliance/AML documentation and IT infrastructure by introducing the necessary criteria and components to reflect a sound Corporate Governance structure and empowering the independency of the compliance function in the international network.

Group Compliance has also established the 'Quarterly Report Monitoring of the Compliance Observations', to the pending observations / open issues noted and reported during the compliance reviews. Group Compliance is engaged to coordinate and liaise with QNB Business Divisions, Overseas Branches & Subsidiaries to ensure addressing and tackling the open observations illustrated with special due care to the high risk pending issues, in order to be tackled efficiently and on timely manner.

Promoting Ethical Behavior: QNB Group Code of Ethics

Acting ethically and responsibly is expected of all QNB Group staff members. It is fundamental that all QNB staff act - and be seen to act - with the utmost integrity and responsibility at all times.

QNB Group Code of Ethics serves as a guide to the everyday professional conduct of its employees. The Code covers all applicable laws and regulations and the highest standards of business ethics that the Bank employees should be aware of and comply with in the conduct of their day-to-day business activities.

The Code extends to the Bank's subsidiaries and outsourced staff and covers the following specific topics:

- Adherence to laws, regulations and QNB Group Policies & Procedures;
- Relationship of trust;
- Protection of Group's and Customers' assets and Interests;
- Avoidance of conflict of interest;
- Disclosure of confidential information;
- Personal transactions;
- Dealing with the media and publicity;
- Protection and proper use of company assets;
- Relations between employees and the Bank;
- Use of proprietary and insider information and stakeholder information;
- Employee information and privacy; and
- Respect for human rights and prohibition of discrimination within the workplace.

During 2017, to enhance the awareness among the employees at all levels, QNB launched an online 'QNB Group Code of Ethics' exercise. This was aimed at enabling staff to develop responsiveness about the required behaviours and actions, Do's and Don'ts which lead to protecting and upholding the interest of QNB as an organization.

2.2 Compliance and Corporate Governance: The Complementary Relationship

A robust compliance function helps QNB Group maintain a robust regulatory framework, protect the Group reputation and reduce costs.

Our compliance strategy consists in effectively managing the compliance function at QNB Group to ensure we are working in line with all the regulatory requirements and instructions, hence gain the trust of all of our shareholders and stakeholders and consolidate our competitive position. Integrating a strong compliance function into the daily business and strategic planning gives QNB Group a competitive advantage. Moreover, a robust compliance function helps QNB Group protect its reputation, lower the cost of capital and reduce costs.

In lights of the above, many efforts were extended during 2017 to keep pace with the evolving and challenging regulatory requirements both locally and internationally. The main compliance realisations that substantially contributed to improve the QNB Corporate Governance Framework are detailed in the following section.

Compliance Self-Assessment Mechanism: A new tool for Compliance Awareness and Monitoring

Group Compliance has initiated the project of creating a comprehensive Compliance Self-Assessment Framework. The objective of this project is to bring the existing risk monitoring process to a more granular and rationalized level driven by a scientific and objective risk based approach to ensure adequate protection of QNB Group from being exposed to any Financial or reputation risks while conducting its banking activities.

The main aim is to identify areas that pose the greatest Compliance risks relevant to Corporate Governance, Sanctions, Regulatory Compliance and AML/CTF activities, prioritize risks by assigning a proper rating, map them to the applicable risk owners and effectively allocate resources to perform risk mitigation; the framework included a self-awareness questionnaire directed to the Bank divisions and the feedback is properly checked to identify weaknesses and work on proper improvements.

During 2017, Group Compliance has worked towards refining the Compliance Self Awareness Questionnaire (CSAQ) "scoring methodology" for QNB Overseas Branches to consolidate a uniform approach across the entire QNB Group Network. In the new methodology, the Branch overall scores takes in consideration all entity related components (i.e. Risk level, Geographic location, Customers types, Business Type) by assigning the weight for each of the compliance areas based on the mentioned components status.

In addition, we have provided the International Subsidiaries with all the required support in order to implement their own CSAQ based on the applicable local regulations and requirements and in line with Group Compliance orientations and guidelines.

Compliance Training & Awareness initiatives: For an Effective Corporate Governance

Group Compliance has implemented strategic initiatives to align with the global standards safeguarding against financial crime and covering several topics.

The training and awareness strategy, framework and programme have also been revisited to introduce a new effective approach by conducting onsite training to alert frontline staff to the AML/CTF risks, STR responsibilities and escalation of suspicious

activities. The number of AML/CTF inquiries received from business has increased which is a positive result for this new awareness approach which is an on-going exercise.

The Group Compliance strategy training framework and programmes cover head office, overseas branches and all domestic and international subsidiaries. The training is conducted according to a well-tailored frequency and using face-to-face or online tools depending on the targeted population, level of experience, nature of job requirements, etc.

In order to enforce the training requirements, the attendance and learning objectives is included into the international and domestic division and individual KPIs to ensure proper and effective monitoring.

Combating Financial Crime: A Dynamic Compliance Approach

During 2017, a Global Diagnostic Assessment was performed using components of the standard AML and combating financing of terrorism (CTF) framework. The assessed elements include policies and procedures, systems and controls, training and other AML/CTF components. Each component was assessed according to a scoring model to determine the priorities based on which to conduct the reviews and enhancements of projects. This diagnostic exercise was primarily oriented towards identifying the areas where corrective and enhancement actions are required.

The AML/CTF Risk Based Approach Methodology has been reshaped for on-boarding new customers coming from high-risk jurisdictions. Several initiatives in the AML/CTF areas were completed by a well-tailored training strategy to share the new developments with all QNB staff and to guide them through the following topics:

- building global governance structures;
- enhancing the efficiency of reporting suspicious transactions;
- automation of controls and monitoring tools;
- following global safeguard standards against financial crime; and
- AML/CTF trends and responsibilities strategy.

In connection with the above, the AML profiling & monitoring system has been customised to strengthen our financial crime detection and investigation capabilities within our business teams, including delivering enhanced training to appropriate

staff. We are adopting a global approach and we continue to make progress towards putting in place a robust and sustainable AML framework.

Furthermore, we are currently enhancing our KYC monitoring capabilities by implementing a global KYC platform, which is expected to give an accurate view of the quality of the customers' KYC information and enhance the profiling and monitoring processes.

Sanctions Compliance Activities across QNB Group: Meeting the Challenge

Sanctions compliance is a key part of protecting the Bank channels from being used for illicit purposes. Through several initiatives, QNB closely monitors all emergent risks and trends linked to financial crime in order to avoid being part of any ill-gotten proceeds. For this purpose, a number of critical tools have been implemented or enhanced targeting the following:

- processing trade finance transactions connected with high-risk countries;
- banking relationships with shipping and logistics agencies;
- controlling dual-use goods;
- automating the process of reviewing trade finance transactions; and
- integrating correspondent banks' instructions at QNB electronic payment channels.

Moreover, a new correspondent bank AML, know your customer (KYC) and sanctions questionnaire has been established which was tailored to include the current Wolfsburg requirements, together with more enquiries intended to provide greater clarity and details on the nature and activity of each financial institution together with their frameworks pertaining to their AML/CTF activities and sanctions risks exposure.

Furthermore, due to the risks involved in dealing with goods that could be used for civil and military applications (dual-use goods), an action plan has been prepared to ensure that the international commitments and responsibilities regarding non-proliferation and transfers of dual-use items are complied with by preparing a 'Guidance to control dual-use items that covers all risk indicators and red flags.

Prevention of Corruption

At QNB Group, the way doing things is just as important as what to do. QNB Group seek to create a workplace where each employee achieves the highest business and personal standards, and where

everyone feels proud of the Group and the job which he or she does. It is the Bank Policy to conduct all of the business in an honest and ethical manner. QNB Group takes zero-tolerance approach to bribery and corruption and it is committed to highest standards of acting professionally, fairly and with integrity in all business dealings and relationships wherever its operate and implementing and enforcing effective systems to counter bribery and corruption.

For this purpose in 2017, QNB Group issued the 'Anti-Bribery & Corruption Policy', to provide information and guidance to those working for the Bank on how to recognise and deal with bribery and corruption issues and to specify the obligation of the Board of Directors, Management and Employees in relation to the prevention and fights against corruption.

The controls derived from this policy are dedicated to make sure anti-corruption risks measures are embedded within QNB relevant policies and procedures. Bribery, fraud and other forms of corruption are regularly assessed and updated using the fraud risk assessment program which goes through different products, processes, key functions and divisions to assess the inherent corruption risks

Fraud Control Framework

According to the Executive Management decision, the fraud control monitoring activity has been transitioned to the Fraud Control Unit in Group Compliance. Based on that, Group Compliance started to establish the new unit and completed key steps of building adequate organization structure, preparing the reporting lines, scope and job descriptions. Moreover, the staffing of the new unit has been completed and we started working on the preparation of the fraud risk management program, including written policies to convey the expectations of the Board of Directors and Executive Management regarding managing fraud risk. The new unit is expected to be operating in full potential during 2018.

The Outsourcing Activities Monitoring Framework at Group Level

Based on the ongoing cooperation between Group Compliance and the Group Risk divisions; a full exercise has been performed on the outsourcing and service provider processes within QNB to enhance the outsourcing and non-outsourcing policy and procedures; in addition to the IT Security Policy - Access to Systems/Access Management including the access boundaries and the Risk Assessment

process; efforts were extended to the internal and external approvals as and when required; in addition to the inclusion of parts related to the outsourcing criteria in the Risk and compliance training materials to all staff.

In addition to that, Group Compliance has extended the monitoring of the outsourcing activities to the Overseas Branches in order to evaluate the provided services across these branches and design a new relevant structure by identifying the process of dealing with third party (firm/individual).

Tax Reporting: Enabling Transparent and Effective AEOI across the Group

Recently, many new initiatives have been witnessed in terms of enforcing the Automatic Exchange of Information (AEOI) such as FATCA (US Law), CRS (OECD initiative), etc. these worldwide regulations are designated to put in place adequate agreements between different countries to exchange customers' information aimed, primarily, at combatting tax evasion.

Group Compliance is serving as a subject matter expert in FATCA and CRS projects across the Group and has primary responsibility for acting as the liaison point in the FATCA/CRS implementation programs and for working with the different business units and regional compliance officers on multiple FATCA/CRS work streams (implementation and maintenance). As of today, Group Compliance has achieved full compliance with FATCA law and is ready for CRS implementation effective 2018.

2.3 Risk Mitigation Approach against the Emerging Threats

QNB enjoys a robust risk management framework and governance structure that ensures a crucial balance between risk and reward. Risk management within QNB Group is a key focus at all levels of the bank. QNB Group adopts a centralised approach to risk management, complemented by local expertise and knowledge. This ensures proactive risk governance and management at the consolidated and the local level.

Depending on the new trends and emerging threats, Group risk launched several initiatives during 2017 to tackle the new challenges in order to consolidate the risk management framework and preserve the safety of the organisation. QNB Group Risk actions to counter the emerging threats and new trends of risks are the following:

Cyber Liability:

The cyber threat environment across the world is intensifying dramatically. In addition to the attacks targeting financial and personal data, hackers and nation states are increasingly targeting industrial control systems and networks targeting power grids, chemical plants, aviation systems, transportation networks, telecommunications systems, financial networks and even nuclear facilities.

At QNB, the Information Security team is constantly evaluating the current threat landscape and working with various teams in the firm to ensure that QNB is protected against upcoming threats.

Cyber Liability is a growing area of concern for nearly all companies across the world. This is particularly true in the MENA region. Historically, investment in IT infrastructure in this region has not kept pace with the rest of the world, thus making the region an easy target. This is backed up by statistics from a number of surveys that place GCC countries in the top 10 targets for cyber-attacks worldwide. According to the survey, between 25% and 35% of all cyber-attacks are focused on GCC companies. The cyber liability policy protects and insures from business interruption losses and extortion demands following a cyber-attack. It will also indemnify the insured to notify customers if they have been subject to a data breach and provide costs and services to help protect and mitigate damage to the company's reputation following the breach or cyber-attack.

Cyber Liability insurance covers the losses relating to damage or loss of information from IT systems and networks. Policies generally include significant assistance with, and management of, the incident itself, which can be essential when faced with reputational damage or regulatory enforcement.

Prevailing Data Privacy and Security

QNB has made strong pledge to ensure customer data privacy and security in its Privacy Policy and has deployed different measures to ensure customer data privacy and security.

QNB adheres to international regulations and standards regarding information security management and is ISO 27001:2013 certified. The Bank has a dedicated data security department in which staff members are engaged in detecting, monitoring and managing incidents of cyber threats.

A special and dedicated policy was issued "Group Protection of Personal Data" to ensure that the confidentiality and integrity aspect of customer information and data are assured, and to ensure that QNB Group integrates high standards of data protection.

Reporting Phishing Emails

Phishing attacks remain the largest challenge to all organizations. Attackers target employees and customers and typically attach malicious files or links to fake websites that cannot always be detected by antivirus controls. QNB staff should not open attachments from unknown senders. Active reporting of phishing emails is essential to ensure that such attacks are captured early and minimize the chances of successful exploitation.

Merchant Acquiring Risk

Previous online (e-commerce) fraud levels using compromised cards to pay for Kahramaa water & electricity bills have been significantly reduced following new controls applied to the payment channel. Risk analysts identified a concentration of fraud payments using cards issued in North America, Canada, Latin America and South America. New controls in place will detect such payments and decline the payment authorization.

Ongoing fraud on a local telecoms mobile app has been identified and a change in configuration of the payment authentication process is anticipated to close the loophole being used by the fraudsters.

Overseas Subsidiaries & Domestic Branch Visits

In 2017, The Group Operational Risk in coordination with Group Retail have initiated a Risk assessment exercise focusing on key controls related to branches, to ensure that the Risk control procedures are effective. As of July 2017, a total of 13 branches have been visited.

QNB Group Include Overseas Subsidiaries under the Group Insurance Umbrella Project. Location covered are India, Switzerland, QNB Syria, Mansour (Iraq), QNBK (Indonesia), QNB Al Ahli (Egypt) and QNB Tunisia.

2.4 Role of Financial Disclosure in Effective Corporate Governance

Financial reporting disclosures are very essential to the shareholders of a company because they frequently use these disclosures for their economic decisions about the business enterprise.

Transparent financial disclosure is considered by the investors as a key part of the Corporate Governance and a strong indicator of the strength of its practices. The importance of Corporate Governance and investor relations is growing and the focus on the financial control role has increased in terms of producing pertinent and transparent financial information with no margin of error to the financial community in general.

QNB Group is continually striving for the strict and timely adoption of the international accounting and reporting standards to produce the most accurate financial information that reflects QNB financial position.

In this context, to ensure a structured and robust implementation of IFRS 9 Financial Instruments (a new financial reporting standard) which is effective from 1st January 2018, QNB Group has formed an IFRS 9 Project Steering Committee to manage the implementation process of IFRS 9.

The implementation project for the measurement of impairments, based on expected credit losses, places greater reliance on credit risk data and processes as key inputs to the calculation of impairments in the course of business. The standard comes into effect on 1st January, 2018 and a joint project between Group Risk and Finance has been established since early 2016 to develop the necessary data and tools in order to meet compliance with the related QCB Regulation (Circular No.9/2017).

This is a Group-wide project and is externally supported in partnership with consultant as our appointed risk advisors, in order that we obtain an independent view on meeting the Regulatory requirements as well as guidance on international standards generally.

The project is formally governed through the IFRS9 Steering Committee that is represented by Senior Management from Group Risk, Finance, Credit Risk, Group Operations, ITD, GIAD and Compliance and jointly sponsored by GCRO and GCFO.

The implementation of IFRS9 has required significant changes to the Credit Risk Policies and Processes, ensuring a high level of transparency for auditors, regulators and investors alike.

Credit Risk has identified key gaps and adopted appropriate processes and policy changes, thus ensuring that QNB is well prepared for IFRS9 implementation in 2018. Training developed in-house along with user testing has augmented the level of preparedness within Credit.

QNB has begun a parallel run during the Q4 of 2017 for a better understanding of the potential effect of the new standard and for the governance framework to gain experience.

2.5 Corporate Governance Benefits to QNB Global Business Development

Corporate Governance affects the development and functioning of capital markets and exerts a strong influence on resource allocation. In an era of increasing capital mobility and globalisation, Corporate Governance has also become an important framework condition affecting the competitiveness and the emergence of new products and services. Leveraging on the benefits of its strong Corporate Governance model, QNB Group continued to expand its foot print in line with the vision to become one of the leading banks in the MEASEA region by 2020 by launching new and tailored products and services.

Enhancing Customers Experience through Products Innovation

In 2017 QNB Group business continued its growth momentum in both Qatar and International markets by offering competitive products and services, leveraging leading edge technologies and implementing effective business strategies to offer greater value, convenience and transparency to its Retail Banking customers.

In terms of new products, services and new business developments/ opportunities, QNB proudly launched a new and improved ATM interface (Activate ATM project) at the Grand Hamad branch. The soft launch of the Self-Service Cheque Deposit service through QNB ATM at the "The Mall" branch, and launched QNB POS payment solutions for Ooredoo's Nojoom Business SME customers. Group Cards has successfully completed a self-service kiosk project with the Western Union (WU) money transfer system to enable NAPS card acceptance and promote

remittances from Qatar through Western Union. In this regards, the below was performed to enhance customers' experience:

- On 1 June, 2017 - QNB, in partnership with Mastercard, has launched an innovative marketing campaign exclusively for QNB Mastercard cardholders in which 16 lucky winners will be able to enjoy an all-expenses-paid, tailor-made trip to anywhere in the world.
- Group Cards, in collaboration with International Retail and QNB Geneva, launched the new Maestro contactless card for customers at QNB Geneva for both contact and contactless transactions.
- QNB First launched its Q2 acquisition campaign on April 3rd highlighting its global premium banking capabilities, such as Global Recognition Services, Global Account Access, Cross Border Mortgage and Real Estate Advisory Services, as well as its premium banking experience across the QNB First global branch network.
- QNB First, with the Life Rewards team, launched an above-the-line campaign on April 23rd to entice its customers to refer their friends, family and colleagues who have premium banking profiles to bank with QNB First and be rewarded with up to 30,000 Life Rewards points.
- QNB First, in collaboration with International Retail, launched a TV commercial focusing on Cross-Border Mortgage capabilities under the Global Recognition program. This has strengthened the QNB First position for offering an exclusive premium global banking experience.
- The Mortgage Loan campaign continued to benefit from extensive marketing exposure throughout the Pearl Boulevard and select magazines. Customers applying for new mortgages received 1% cash-back and holiday vouchers, as well as free home insurance and free property valuation.
- QNB Group also introduced a set of educational tips that was developed for all the products and services offered (New-to-Country, deposits, loans, banc assurance, cards, e-Channels) to shift the focus from pure acquisition campaigns. The latest set of tips covers our vehicle loan and lease products, detailing their characteristics and benefits.

- QNB launched a consistent BTL communication campaign to promote the most attractive products and benefits (personal loans, credit card benefits, (banc assurance) for its customers using its email channel.
- International Retail, in collaboration with QNB First and HBTF Jordan, has launched cross-border account opening and mortgage services with HBTF Jordan. Now, customers can open an account and apply for a mortgage with HBTF through QNB's network of branches in Doha.
- International Retail, in collaboration with QNB First and QNB Finansbank Turkey, has launched cross-border account opening services between QNB Doha and QNB Finansbank in Turkey. Now, customers can open an account with QNB Finansbank in Turkey through QNB's network of branches in Doha.

2.6 Internal Audit Role to Support Corporate Governance

By measuring and evaluating the effectiveness of organizational controls, internal auditing is an independent and important managerial control tool which is directly linked to the rules of the business in the way it offers fundamental security by providing the necessary level of reasonable and expected assurance related to the internal control system which is one of Corporate Governance pillars.

In this context, QNB Group Internal Audit Division have undertaken several projects focusing on supporting this new role in supporting an effective Corporate Governance.

Group Internal Audit Universe and Coverage

All international and local activities of the Group's branches, subsidiaries, affiliates and representative offices in all jurisdictions form part of the GIAD audit universe. Group subsidiaries and affiliates will be covered by GIAD to the extent permissible by the relevant regulations and management control agreement(s). The audit universe is carefully monitored and progressively refined to consider and reflect Group business strategy, growth and emerging risks.

In 2017, the annual audit plan was developed using best practice risk-based assessment of all the Group's businesses and activities. This is supplemented with additional focus on regulatory requirements including Basel III capital adequacy and liquidity requirements, as well as management areas of concern and emerging risks. The plan is continually reviewed and

adjusted, as necessary through the year, in response to changes in the Group's business activities, operations, systems and controls that change the risks structure of the Group. GIAD has contributed to the analysis of the Group's quarterly and annual financial statements and other performance data. The presentation to the GBACC has been refined to focus on critical data and information that would enable effective monitoring and oversight of performance in various activities and jurisdictions.

In 2017, the oversight of subsidiaries has been refined, with focused scope and additional emphasis on the Governance, Risk Management and Internal Control structures and frameworks as part of the oversight and assessment process. This enables GIAD to align the governance structure and arrangements in the subsidiaries with those of the Group, thereby promoting the achievement of the Group's vision and strategy.

New Risk Mitigation/Monitoring Programs

During the year 2017, QNB Operational risk have implemented a risk control assurance program that has been discussed and presented to executive management on a quarterly basis. This has been undertaken in order to reinforce the accountability of risk management by Business Units locally and in International Network (1st Line of Defence) and ensure training and awareness on Operational Risk best practices and achieve closer alignment with the Group Standards and international best practices.

2.7 Corporate Governance and Strategic Human Resources Management

QNB Group Human Capital is playing an important role to build and maintain strong trust relationships between QNB Group and its employees. In this regards, during 2017, QNB Human Capital Division have launched/carried out several initiatives and enhancements projects to improve the trust relationship and confidence that QNB has in its employees and in turn to provide the Group with best talents and skills required to achieve QNB vision.

Career Development

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

Putting key emphasis on career development and talent retention, QNB launched 'Career Progression & Career Options' project for select roles & positions in key job families. A time-bound and structured development plan with key focus on formal courses & certifications supported by experiential learning at work place through On-the-Job Training (OJT), projects and assignments was established for nominees enrolled.

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

Training Courses & Certification

The Bank continued to hold a number of its training courses aimed at developing the skills of its staff and promote their professional development.

In collaboration with the business & support functions, annual Training Needs Analysis (TNA) exercise is conducted each year. The consolidated summary is then converted into a Training Plan and implemented Group-wide. The TNA comprises of variety of courses including English Language skills, soft-skills, technical & functional skills, personal effectiveness, team building and many others.

Employment Engagement Survey (EES)

To better identify staff aspirations, EES was conducted in 2017. Further implementation of vital points derived from the Survey Results through an action plan linked to Divisional Performance Indicators to achieve the desired results.

All QNB employees from Qatar as well as from the international branches took part in the survey to express their views and opinions about QNB. The culmination of this activity is to formulate action plans on improve engagement of employees.

Two-Year Envoy Program

This program was launched aiming two key purposes. Extending Opportunity for high potential Nationals to get international exposure through our international entities and making use of that experience by placing them in higher capacities within home base or overseas. Currently Seven Qatari employees are successfully deployed in Singapore, Kuwait, France and United Kingdom. Vice Versa, three Turkish employees from QNB Finansbank to Doha for one year will strengthen this goal.

2.8 Corporate Social Responsibility: Establishing the Strong Brand Reputation of QNB Group

Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The Corporate Governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. Both Corporate Governance and CSR focus on the ethical practices in the business and the responsiveness of an organization to its stakeholders and the environment in which it operates. These responsibilities are necessary to ensure economic prosperity, environmental quality and social justice.

Drawing on this tight relationship between Corporate Governance and CSR, QNB Group, through Corporate Communication division demonstrated a strong commitment to social responsibility initiatives to enhance the impact and perception of QNB within its environment while encouraging all QNB Group employees to participate in QNB's corporate social responsibility activities. The main initiatives undertaken by the Group to demonstrate a strong commitment to CSR are the following:

Signing "Tamim the Glorious" Portraits

QNB showed its support for the State of Qatar by signing the Tamim Al-Majd (Tamim the Glorious) portraits in the Head Office, the Mathaf Tower and Al Saad branch. The event witnessed great participation from QNB Staff.

QNB sponsors QFA and QSLM activities for six seasons

QNB has announced the renewal of its sponsorship agreement with Qatar Football Association (QFA) and Qatar Stars League Management (QSLM) for six seasons, whereby the Bank sponsors all of QFA and QSLM competitions, and where Qatar Stars League (QSL) shall become the "QNB Stars League".

QNB Finansbank's theatre performance

QNB Finansbank employees took part in several social activities, including their annual Turkish theatre performance, a tradition for the Bank. This year's play was a major theatre piece called "Keşanlı Ali Destanı" (The Destiny of Ali from Keşan - a small town in Edirne which is located on northeast side of Turkey).

Hamad Hospital Children's Cancer Ward visit

QNB's CSR team has visited the Children's Cancer Ward at Hamad General Hospital as part of the initiatives under the Health pillar of the Bank's strong CSR program. The visit included an introduction to the work of the hospital and the distribution of gifts to the children.

Autism Day

QNB organized an Autism Day in line with the spirit of World Autism Awareness Day. A "Solidarity Wall" was installed at QNB's head office and Mathaf Tower buildings on which the staff placed a blue palm print on to mark their support.

QNB celebrates Garangao

QNB participated in the Garangao celebrations which take place annually on the 14th night of Ramadan by organizing various fun events and activities for children and distributing Garangao packs containing candy and nuts.

QNB receives award from Ministry of Education and Supreme Education

As part of its robust CSR strategy, QNB was honored as the Official Sponsor of the Ministry of Education and Higher Education activities for the year 2017.

QNB Indonesia supports new Pop U store

QNB Indonesia recently attended the opening of the new Pop U stores in the capital, Jakarta. The Bank is supporting the new store through supporting the store's payment system with its DooEt mobile app.

India Consumption Case and MENA

QNB recently held the Equity Opportunities seminar with the presence of a number of prominent Indian expatriate businessmen and corporate executives in Qatar. The seminar included a discussion of the global economic outlook and asset allocation, as well as a broad introduction to QNB's products and services.

3. Key Corporate Actors

Effective Corporate Governance requires a clear understanding of the respective roles of the Board, management and shareholders, their relationships with each other and their relationships with other corporate stakeholders. Before discussing the core guiding principles of Corporate Governance, we will be describing the roles of these key corporate actors in the following section.

3.1 The Board of Directors (Board/BOD)

3.1.1 Role of Board of Directors

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

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

performing or duplicating the tasks of the GCEO and Executive Management team.

The BOD is responsible for the leadership, oversight, control, development and long-term success of the Group. It is also responsible for instilling the appropriate culture, values and behavior throughout the organization.

The BOD is entrusted by the shareholders with the authority to govern QNB Group, oversee its operations and provide effective governance over the Bank's key affairs, setting the overall strategic direction and oversight through the reviews and approvals of Board-level policies and various group policies to ensure the adherence to specific standards in order to minimize the Group's Risk exposure, including the appointment and the oversight of the Executive Management as well as establishing compensation, performance evaluation and ensuring succession planning, setting the Group vision and mission, and objectives, ensuring the accuracy of its financial statements including the timely reporting and disclosure of financial information to regulators and shareholders, provide a system by which information on unlawful or unethical behaviors can be reported to the Board, and ensuring compliance with new laws and regulations as well as QNB Group Articles of Association.

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

3.1.2 Board of Directors Structure

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

authorised persons and to vest in them the right to sign jointly or separately on behalf of the Bank.

On the 7th July 2013, QIA appointed H.E. Mr. Ali Shareef Al-Emadi, the Minister of Finance, as Chairman of the BOD. H.E. Ali Shareef Al-Emadi was the former Group Chief Executive Officer of QNB Group and has predominant experience in financial sector spanning over 25 years. He started his career with Qatar Central Bank at the Banking Supervision and Control Department and progressively held higher posts, culminating in being the GCEO of QNB from 2005 to 2013. H.E. has Bachelor of Science, Finance from the University of Arizona. Beside the above mentioned positions, H.E. is also Member and Secretary General of the Supreme Council of Economic Affairs and Investment, the president of the Executive Board of Qatar Airways and member of the Supreme Committee for Delivery and Legacy.

3.1.3 Board Term & Renewal

During the General Assembly held on 31st January 2016, (5) Members of the BOD from the private sector were elected and Qatar Investment Authority (QIA) appointed the other (5) Members. The term of the current Board expires in January 2019.

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

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

Nominations and appointments are made in accordance with an approved mechanism to accept candidates in line with QCB and QFMA requirements. Moreover, for this specific purpose, the BOD has adopted a clear policy in light of international

professional and technical standards to measure the eligibility of individuals to apply for Board Membership. QNB Group is required to send a list of names and data of Board membership candidates along with candidate's curriculum vitae and original copies of candidacy requirements to QFMA at least two weeks prior to the Board election date.

3.1.4 Board Qualifications

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

3.1.5 Independent and Non-Executive Board Members

During 2017, All of QNB Group's BOD members are non-executive Members and none of them assumes executive responsibilities, one third of the BOD members are independent and no member holds a full-time or part-time job within the Group.

BOD members are challenging management proposals constructively, they also examine and review management performance in meeting agreed objectives and targets. In addition, they draw on their experience and knowledge in respect of any challenges facing the Group and in relation to the development of proposals on strategy.

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

3.1.6 Prohibition of Combining Positions

In 2017, none of the Board members is a Board Chairman or a Vice-Chairman for more than two Companies which have their headquarters located in the State of Qatar. Also, none is a BOD member for more than three shareholding companies' which have their headquarters located in the State of Qatar, and

not a Managing Director in more than one Company which is headquartered in the State of Qatar, and do not combine two memberships of two Companies exercising a homogenous activity.

Starting from the year 2017, the Chairman and the members of the Board will provide an annual acknowledgment that none of them is combining the prohibited positions according to the regulatory requirements. The Board Secretary will keep such acknowledgment in the file prepared for this purpose.

3.1.7 Board Members Duties

All Board Members comply with the following duties:

- Attending meetings of the Board and committees regularly, and not withdrawing from the Board;
- Giving priority to the interest of QNB Group, shareholders and all Stakeholders over their own interest;
- Providing opinion on the Bank's strategic matters, policy of projects implementation, staff accountability systems, resources, key appointments and operation standards;
- Monitoring the Company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports;
- Supervising the development of the procedural rules for the Group's Governance to ensure their implementation in an optimal manner in accordance with QFMA requirements;
- Using their diversified skills and experience with diversified specialties and qualifications through an effective and productive management of the Group, and working to achieve the interests of the Bank, partners, shareholders and other Stakeholders;
- Effective participation in the general assemblies, and achieving its members' demands in a balanced and fair manner;
- No one should make any statements, or provide data or information, without prior written permission from the Board of Directors, and an official spokesperson will be appointed for the Group;

Disclosure of financial and trade relations, and litigants, including the judicial, recourses which may affect negatively on carrying out the tasks and functions assigned to them.

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

Each Board Member owes the Bank the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations, including QCB Corporate Governance Instructions, QFMA Corporate Governance Code and the Board Charter, Board Policy, terms of reference and code of Ethics and Conduct.

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

3.1.8 Board and Committees Evaluations

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

Accordingly, the Group Board Nomination Remuneration Governance and Policies Committee (GBNRGPC) have initiated the annual assessment exercise of the BOD committees and the BOD members. The BOD undertook the process of an annual assessment according to the new BOD performance methodology adopted during 2017. The assessment allows the BOD to demonstrate that it is accountable for its decisions and the overall operations of QNB Group: Full-Board Assessment.

Moreover, all BOD members completed a self-evaluation exercise indicating to what extent they are comfortable with their individual performance as members of the BOD: Board Members' Self-Assessment.

The BOD performance assessment task related to 2017 was launched at the end of the year and the results of the assessment will be reflected to the shareholders in the General Assembly Meeting scheduled early 2018.

3.1.9 Board Secretary

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

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

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

Mr. Faisal Mubarak Al-Hitmi - Diploma in Business Administration, Accounting - has been an Acting Senior Officer at Board Office since June 2016. He previously worked in the Tenders and Vendors Management section in the Legal Department under Group Risk since June, 2014.

3.1.10 Board Meetings

According to QNB Group's Articles of Association, the Board should hold at least six meetings during the year. The meetings are held regularly or when called for by the Chairman or by two Board Members. The invitation for the Board meeting should be communicated to all members at least one week prior to the meeting. In this regard, any member can add a subject to the meeting's agenda. The Group's Articles of Association also provide detailed information on the attendance, quorum, voting and meeting requirements.

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

The Board should periodically meet in order to ensure that it is adequately fulfilling its roles and responsibilities. In 2017, the BOD held six meetings.

3.1.11 Board Members Resignation

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

In line with QCB requirements, QNB BOD policy has been amended to include a new provision regarding the resignation of BOD members stating that a Board member may resign by delivering written notice, signed by the Board member, to the Chairman and transmitted to the board. In case of resignation for reasons of irregularities observed by the member, the written letter should be addressed with a statement explaining all related details and must be documented in the Board of Directors Minutes of meeting.

3.1.12 Board Decisions

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

3.1.13 The Committees of the Board

As per Corporate Governance practices, QCB & QFMA new requirements, QNB Group BOD established several committees to assist in carrying out its supervisory responsibilities composed of Members of the Board who report directly to the BOD. In application of article (19) of QFMA Corporate Governance Code, the Chairman of the Board of Directors is not a member of any of these committees, but one of the Board members chairs more than one committee, QNB will consider fixing this situation as soon as practical.

Each Board Committee is assigned to handle one or more of the tasks of the Board. The responsibilities of the Board Committees are duly documented in the terms of reference, which are approved by the BOD. The ultimate responsibility for QNB Group rests with the Board even if its sets up committees. During the year 2017, the Board of Directors has not delegated any of its power to a third party and does not issue a general or an open-ended delegation.

QNB Group BOD committees are the following:

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

In 2017, QNB Board of directors evaluated its committees' achievements and believes that the BOD Committees have clear roles, well understood and supported by all Board members. BOD Committees serve as a valuable resource to the Board Chairman and the GCEO in guiding the organization and improving the overall Board performance.

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

Group Board Executive Committee (GBEC)

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

GBEC main responsibilities are the following:

- Review and endorse for the Board approval the long-term strategy of QNB Group based on economic and market conditions and Board of Directors' directives.
- Review and endorse for the Board approval annual business plans and budgets across QNB Group in line with the long-term strategy and changes in economical, market, and regulatory environments.
- Review and approve budgetary reallocations against budget approved items as per the quarterly management reports.
- Monitor QNB Group quarterly performance against strategy, business plan and budgets.
- Review and approve QNB brand vision and defined values with all associated brands across the Group.
- Review and approve QNB corporate social responsibility strategy in light of QNB brand values across the Group.
- Review and consolidate marketing and communication plans and resource distribution plans to efficiently and effectively align it to support QNB business development and growth.
- Facilitate the effective supervision and overall control of the Group's business by reviewing overall customer credit and investment exposures.
- Review and consolidate business development, products alignment, and resources distribution across QNB Group.
- Authorize those individual transactions and sectorial limits that fall within the authority

delegated to the Group Board Executive Committee by the Board of Directors.

- Review credit proposals above the GBEC limit and make recommendations to the Board of Directors.
- Review and recommend the action to be taken on impaired loans in line with the delegated limits and authorities as approved by the Board of Directors and in line with Qatar Central Bank regulations.

The Committee held **four** meetings during the year 2017.

Group Board Audit and Compliance Committee (GBACC)

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

The Committee has the following responsibilities pertaining to Financial Statements:

- Review significant accounting and reporting issues, including complex or unusual transactions, in the light of regulatory directives and professional pronouncements and correlate their impact on the financial statements of the Group.
- Review judgments by executive management in relation to responsibilities pertaining to financial statements.
- Review and endorse the annual financial statements, and consider whether they are complete, consistent and reflect appropriate accounting standards and principles before submission to the BOD for final approval.
- Review the Group's financial statement, notes thereto, related regulatory filings, and consider the accuracy and completeness of the information before release.

- Review with management and the external auditors all matters required to be communicated or disclosed under generally accepted auditing standards, or regulatory requirements.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and the external auditors and consider whether they are complete and consistent before filing with regulators.
- Consider with internal and external auditors any fraud, illegal acts or deficiencies in internal control or other similar areas.
- Review any legal matters that could significantly impact the financial statements of the Group.
- Review with Group Compliance and external auditors any fines imposed by the regulators and/or other bodies.

The Committee has the following responsibilities pertaining to Internal Control:

- Understand the scope of internal and external auditors' review of internal controls over financial reports and obtain reports on significant findings and recommendations, together with management's responses.
- Obtain explanation from management and internal and external auditors on whether the Group's financial and operating controls are functioning adequately and effectively.
- In coordination with Group Board Risk Committee, consider the effectiveness of the group's management of risks and internal controls over annual and interim financial reporting, regulatory and other reporting, including information technology security and controls.
- Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

The Committee has following responsibilities pertaining to Internal Audit:

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

The Committee has following responsibilities pertaining to Compliance:

- The Committee will be responsible to appoint/remove the Group Chief Compliance Officer.
- Review and approve the charter, plans, activities, staffing and organizational structure of Group compliance Division.
- Ensure the efficiency of the compliance function in detecting the deviations and breaches within the group, and ensure the non-existence of any factors that would impact its independence and objectivity as well as proper reporting

of the compliance function with appropriate consideration to Basel Committee requirements and FATF (Financial Action Task Force on Money Laundering) recommendations.

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigation and follow-up (including disciplinary action) of any instances of non-compliance within the Group.
- Review the findings of any inspection by QCB and any other regulatory body and follow up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence.
- Review the communication and enforcement of the code of conduct to Group personnel and monitoring compliance therewith.
- Ensure there is an effective mechanism for control, monitoring and reporting on the anti-money laundering and combating terrorism financing as well as international sanctions programs and related issues.
- Reviews the effectiveness of the Whistle-Blowing policy and recommends related actions/amendments to the BOD.
- Review and recommend the Corporate Governance annual report, prepared by Group Compliance, in accordance with regulatory requirements.
- On a regular basis, review the results of the compliance reviews and meet separately with the Group Chief Compliance Officer to discuss any matters that the committee or Group Compliance believes they should be discussed privately and follow up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence.

The Committee has the following responsibilities pertaining to External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Ensure timely reply by the Board to the queries and matters contained in the external auditor's letters and reports.

- Review the performance of the external auditors.
- Make recommendations to the Board of Directors regarding the appointment / reappointment / removal of the external auditors and their fees.
- On a regular basis, review the results of the external auditors and meet separately with them to discuss any matters that the committee or external auditors believe they should be discussed privately, including management responses to their reports and follow up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence.

The Committee has the following responsibilities pertaining to Reporting Responsibilities:

- Regularly report to the Board of Directors about the Committee activities and result of the Committee review of issues identified by regulators, external auditors, internal audit & compliance and related recommendations.
- Subject to applicable regulatory requirements, report annually to the shareholders, describing the committee's composition, role and responsibilities and how they were discharged, and any other information required by regulations.
- Review any other reports the Group issues that relates to Group Board Audit & Compliance Committee's area of responsibility.

The Committee is required to meet Minimum four times per year in addition to immediately prior to publication of the annual, half yearly and quarterly results. During 2017, The Committee met a total of eight times which is above the minimum number of meetings required by article (19) of QFMA Corporate Governance Code.

Group Board Nomination, Remuneration, Governance & Policies Committee (GBNRGPC)

The Group Board Nomination, Remuneration, Governance & Policies Committee (GBGRNPC) is composed of three Board Members who are in majority non-executive and non-independent members.

GBNRGPC main responsibilities are the following:

- Identify eligible and qualified candidates for Board and Senior Executive Management positions according to the fit-and-proper criteria set by the Committee in addition to the Independency/Non-Executives requirements.
- Assess all candidates as per QCB, QFMA, and Commercial Companies law conditions and minimum requirements where applicable.
- Ensure that all new Directors receive proper induction program upon joining the Board by issuing a formal appointment letter and providing all Directors with induction Handbook containing all important information and documents that are relevant to the Director.
- Monitor the induction, training and continuous professional development of Directors pertaining to Corporate Governance matters.
- Assess and review annually the independence/ Non-Executive criteria of each Board member.
- Submitting the list of BOD membership candidates to the Board including its recommendations, and sending a copy to QFMA.
- Ensure the remuneration framework and principles in place is in line with the remuneration policy and the Board's guidelines taking into consideration the balancing between achieved and realized profits and risk associated with the business activities.
- Approve and review the Group's remuneration and incentives guidelines and ensure that the remunerations of the Board of Directors and Executive Management are in line with the criteria and limits set forth by QCB and Commercial Companies law.
- Arrange the annual evaluation of performance of the Board, its Committees and individual Directors consistent with BOD Policy and provide related information at the Annual General Assembly Meeting.
- Direct and oversee the preparation and update of the Corporate Governance Manual in collaboration with the Executive Management and Group Board Audit and Compliance Committee.

- Prepare required recommendations and proposals to the Board of Directors for approval pertaining to the scope of work of related management committees dealing with the GBNRGPC as well as other recommendations raised by Executive Management through appropriate channels.
- Oversee the overall Human Capital Policies and ensure the BOD and Senior/Executive Management succession planning.

The Committee held **four** meetings during the year 2017.

Group Board Risk Committee (GBRC)

The Group Board Risk Committee is intended to meet BOD oversight responsibility over the Risk Management and QCB new regulatory requirements. The committee is composed of three members one of them is selected by the BOD as Chairman.

GBRC main responsibilities are the following:

- Review and endorse for the Board approval the risk management strategy of the Group as well as Group Risk Appetite and Portfolio Strategies recommended by Group Management Risk Committee (GMRC) and review any changes in risk strategy/risk appetite arising.
- Review and compare the Group portfolio risk profile with the approved Group Risk Appetite and endorse GMRC recommended portfolio strategies for approval by the Board.
- Approve risk frameworks, and Group Risk Policies and control structures in accordance with the approved strategy by the Board and oversee implementation of policies pertaining to the bank's internal control system.
- Ensure the effectiveness of the risk control framework and oversee the evaluation outcomes of the GMRC.
- Approve and oversee stress testing scenarios and results, as well as management action plans.
- Approve the Group's capital management framework and any further enhancement proposed by GMRC.
- Oversee the monitoring processes performed

by GMRC and control framework for the risk management and the defined related roles and responsibilities across the Group.

- Evaluate the monitoring process made by GMRC on Group entities in the identification of Operational, Credit, Market, Strategic, Legal and Reputational risks, and action plans implemented to monitor and manage these risks.
- Evaluate and approve Contingency Funding Planning (CFP) document and ensure if any material conditions occur that will invoke the CFP.
- Ensure that no material impact/risk identified by GMRC related to Anti Money Laundering and Terrorist Financing as well as the 'know your customer' (KYC) requirements.
- Review any breaches of risk limits or internal control failures (if any) and review investigation results performed by GMRC.

The Committee held **five** meetings during 2017.

3.2 Segregation of the Chairman and Chief Executive Officer Roles

The role of the Chairman and Chief Executive Officer are distinct and separate in accordance with the QFMA new Corporate Governance Code, article (7) and the Corporate Governance instructions issued by QCB.

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

Board of Directors. The Chairman is also responsible for allowing effective participation of all the Board Members and promoting constructive relations between them.

3.3 Board of Directors and Executive Management Members' Remuneration

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

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

In accordance with the Commercial Companies Law provisions, as well as the QCB circular 18-2014 dated 24 February 2014 related to the remuneration of the Board of Directors' Chairman and members and QFMA requirements, QNB Group adopted a special remuneration policy for the BOD in line with the said regulations, whereby the Group's Articles of Association have established a framework for the Board Members' remuneration which is far below the limits referred to in the Commercial Companies Law.

The remuneration policy of the BOD Members is duly acknowledged to be in line with QCB instructions and QFMA requirements; whereas the remuneration of the BOD Members is presented on an annual basis to the General Assembly for approval. GBNRGPC defines a specific policy for remuneration of the Executive Management before presenting it to the BOD for approval.

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

4. Executive Management

4.1 Governance and Structure

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

Mr. Ali Al-Kuwari has over 30 years of extensive experience in all aspects of Business: Strategic Planning, Sales and Marketing, Finance, Operations, Credit, Human Resources Development, Information Systems, System Analysis and Design, Programming, Business and Customer Partnership, and Business and Product Development. He has held several executive positions with QNB, where he occupied the post of Executive General Manager - Chief Business Officer with responsibility for Corporate, Retail, Assets and Wealth Management, Treasury and International Divisions. Currently, Mr. Ali Al-Kuwari is playing a key role in helping make QNB the leading financial institution in the Middle East, Africa and South East of Asia.

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

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

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

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

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

Executive Management is also committed to assessing the behaviour of individuals and organisational units through the development of effective internal controls which enhance the monitoring of business performance and risk measurement. In addition, soft controls have been implemented, such as incremental audit checks, segregation of duties, and restriction of powers, in addition to the implementation of ceilings on all banking operations through the adoption and monitoring of an authority matrix.

4.2 Executive Management Committees

The Executive Management formed a number of management committees as appropriate in order to effectively and efficiently handle their responsibilities and run the day-to-day activities.

Management Committees are endowed with full executive powers to take into force decisions and actions related to their field, scope, and structured hierarchy.

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

- Tier 1 “Executive Committees, the “decision-making” Committees which include (Central Purchasing, Risk, Credit, ALCO and Strategy) will report to the Board via Boards of Directors related Committee.
- Tier 2 “Management Committees, the “working committees” which include (Business Development, IT, HR and Operations & Services) will report to the parent Committee in Tier 1.
- Senior Management Committee: chaired by the GCEO and represented by the five Chiefs (Executive GM- Group Chief Business Officer, Executive GM- Group Chief Operating Officer, Group Chief Financial Officer, Group Chief Risk Officer and Group Chief Credit Officer).

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

4.2.1 Group Management Risk Committee (GMRC)

The Group Management Risk Committee (GMRC) is headed by the GCEO, with the General Manager - Group Chief Risk Officer as the Vice-Chairman. The Committee also includes the Executive General Manager - Group Chief Business Officer, Executive General Manager - Group Chief Operating Officer, General Manager - Group Chief Financial Officer, General Manager - Group Chief Credit Officer and General Manager of Group Strategy. The Group Chief Audit Executive and Group Chief Compliance Officer attend the meetings as required observers. The Head of Group Operational Risk acts as Secretary for this Committee. The Committee holds quarterly meetings at minimum, provided that the majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority of the attendees, with the Chairman’s vote deciding in case of a tie. The committee held **four** meetings during 2017.

The Group Management Risk Committee establishes reviews and recommends QNB Group’s risk management strategy and defines risk policies. It reviews the processes and control framework for the management of risks and defines related roles and responsibilities across the QNB Group. The Committee also reviews the Group portfolio risk profile and recommend portfolio risk management strategies to Group Board Risk Committee for endorsement in order to obtain BOD approval, and reviews the effectiveness of the operation of the risk control framework and submit to the Group Board Risk Committee the annual evaluation for approval by the Board, the committee monitors risk management activities from several perspectives: operational, credit, market, strategic, legal and reputational. The review of the Committee’s policies and supervision of its activities falls under the responsibilities of the Board. The Committee reviews compliance with policies and procedures, audit recommendations, regulatory requirements, including combating Money Laundering and Counter Terrorist Financing requirements.

The Committee also implements and manages the Crisis Management Plan and framework and provides strategic directions during a crisis, including the management of external communications liaising with media, regulatory authorities, emergency services and government agencies. It also provides the Group Risk report and dashboards to the Group Board Risk Committee as and when required.

4.2.2 Group Credit Committee

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

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

The Committee held **forty** meetings during 2017

4.2.3 Senior Management Committee

The Senior Management Committee is headed by the GCEO, and includes the Executive General Manager - Group Chief Business Officer, Executive General Manager - Group Chief Operating Officer, the General Manager - Group Chief Risk Officer, the General Manager - Group Chief Financial Officer and the General Manager - Group Chief Credit Officer. The

General Manager - Group Strategy acts as Secretary for this Committee. The Committee meets at least every month, provided that a majority of the Committee Members attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority of the attendees, with the Chairman’s vote deciding in case of a tie.

The Committee is the parent committee of Group Information Technology Committee, Group Operation & Services Committee and Group Human Capital Committee and submit memos to the BOD Committees as well as the BOD as and when required.

The main function of this Committee is to assist the Board of Directors in overseeing the activities of the related Committees, discuss the critical topics and strategic matters related to QNB Group activities, it is also responsible for safeguarding an information flow which provides the Board at any time an adequate basis for steering the Bank as a whole and for meaningful and up-to-date information on its risk positions, and responsible for aligning all IT activities across the Group with QNB’s vision, mission and business Plan and to review Group wide IT standards.

The Committee held **twelve** meetings during 2017.

4.2.4 Group Asset and Liability Committee

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

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

The Committee reviews and recommends the strategies, policies and procedures related to Asset Liability Management across the Group to the Group Board Executive Committee. It also monitors and reviews Treasury performance and products,

including banking and trading book portfolios; interest rate risk; liquidity risk; and foreign exchange risk. The Committee also ensures compliance with Treasury's limits and ratios. The Committee oversees inter-group transfer pricing policy. It also monitors monthly financial performance and budget targets and market share targets against performance.

The Committee held **twelve** meetings during the year 2017.

4.2.5 Group Strategy Committee

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

The Committee held **twelve** meetings during 2017, in addition of two internal QNB Group Strategy Conferences which served as a forum to update all senior managers and country General Managers on the execution of QNB Group's 2020 strategy.

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

4.2.6 Centralised Purchasing Committee

The Centralised Purchasing Committee is headed by the GCEO, with the General Manager - Group Chief Financial Officer as Vice-Chairman. The Committee includes the Executive General Manager - Group Chief Business Officer, Executive General Manager - Group Chief Operating Officer, the General Manager

- Group Chief Risk Officer and the General Manager - Group Chief Credit Officer. Required observers in this Committee include the Group Chief Audit Executive, Group Chief Compliance Officer and Head of Legal and a representative from the concerned department. The Head of Tenders and Contracts Admin acts as a Secretary for this committee. The Committee meets as and when required, and the decisions are taken by majority, with the Chairman's vote deciding in case of a tie. The Centralised Purchasing Committee ensures the compliance with Tenders and Auction Policy directives and manages relevant contractual relations and is committed to disclose any situation of conflicts of interest emanating from members. It reviews and approves the procedures for purchases and auctions, along with the formation of auction working groups to oversee bid openings, selection and evaluation. The Committee also reviews and approves vendor lists and associated products and services, and the awarding of tenders and auctions. It has the authority to form sub-committees in other jurisdictions where required.

4.2.7 Group Information Technology Committee

The Group Information Technology Committee is headed by the Executive General Manager - Group Chief Operating Officer, with the General Manager of Group Information Technology as Vice-Chairman. The Committee includes, the General Managers of Group Operations, General Manager - Group Strategy, General Manager - Group Administration and General Services, General Manager - Group Retail, General Manager - International Banking and the Heads of Group Operational Risk, Infrastructure and Development & User services. The Executive Manager - IT Strategy & Governance acts as a Secretary for this committee. The Committee meets every two months at minimum provided that a majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions are taken by majority, with the Chairman's vote deciding in case of tie. The Committee held **four** meetings during 2017.

The Group Information Technology Committee is responsible for establishing IT standards and aligning all IT activities across the Group to meet business plans and objectives. The Committee also formulates and monitors the implementation of the annual IT strategy throughout the Group, including capital and operating expenditure budgets assigned to IT projects and services. It is also the responsibility of the Committee to prioritise the management of IT projects across the Group and to monitor the progress

towards their implementation. In addition, this Committee sets, monitors and reports on the aspects related to technology key performance indicators (KPIs) and key risk indicators (KRIs). The Committee also makes relevant recommendations for enhancing the value and contribution of the Group's information systems, as appropriate.

4.2.8 Group Business Development Committee

The Group Business Development Committee is headed by the Executive General Manager - Group Chief Business Officer, with the General Manager of Corporate Banking as Vice-Chairman. The Committee includes the General Manager - of Asset and Wealth Management, General Manager - Group Retail, General Manager - International Banking, General Manager - Group Treasury, General Manager - Group Strategy, General Manager - Group Communications and the CEO of QNB Capital. The Head of Cash Management Sales acts as a Secretary for this committee. The Committee meets on a monthly basis, provided that a majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie. The Committee held **eight** meetings during the year 2017.

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

4.2.9 Group Operations and Services Committee

The Group Operations and Services Committee are headed by the Executive General Manager - Group Chief Operating Officer, with the General Manager, Group Operations as Vice Chairman. The Committee includes the General Managers of Group Administration and General Services, Group IT, Group Retail, Group Treasury, International Banking, and Asset & Wealth Management, Corporate & Financial Institutions, the Assistant General Managers of Operations Control & Excellence. The Head of Group Operational Risk, the Assistant General Manager Retail & Corporate Operations and Treasury Operation Custody and Trade Finance with the Executive Manager International Global Operations Support are observers. The Assistant General Manager of Operations Control and Excellence acts as Secretary for this Committee. The Committee meets quarterly at minimum, provided that the majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie. The Committee held **four** meetings during 2017.

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

4.2.10 Group Human Capital Committee

The Group Human Capital Committee is headed by the Executive General Manager - Group Chief Operating Officer, with the General Manager of Group Human Capital as Vice-Chairman. The Committee includes the General Managers of Group Retail, International Business, Group Strategy, the

Assistant General Managers of Human Resources Strategy and Integration, Human Resources Services and the Executive Manager of International Human Resources Integration who acts as Secretary for this Committee as well. The Committee holds quarterly meetings at minimum, provided that the majority of the Committee Members at least attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman vote deciding in case of a tie. The Committee held **four** meetings during 2017.

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

5. Risk Management

QNB Group's reputation and continued profitability depend on our ability to identify, assess and manage risk at all levels. As a result, we have a robust Risk Management Framework and Governance Structure that ensures a crucial balance between risk and reward. Risk management within QNB Group is a key focus across all levels of the Bank. QNB Group adopts a centralized approach to risk management, complemented by local expertise and knowledge. This ensures proactive risk governance and management at the consolidated and the local level.

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

Management Risk Committee, the Group Board Credit Committee, and the Group Assets and Liabilities Committee.

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

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

Group Risk also ensures the implementation of operational plans to monitor and manage these risks, reviews and monitors cases of fraud and operating losses, and oversees the legal disputes at all levels of QNB Group.

6. QNB Group Organisation Structure and Succession Plan

6.1 Leadership Continuity Planning and Organisation Structure

As part of the on-going Corporate Governance project which started in 2007, the BOD is keen to update the organisation structure of the Bank when required to be in line with international best practices, support the application of Corporate Governance and enhance the internal control of various management levels. The updates also fulfil the regulatory requirements and cover future plans of internal and external growth as well as the development of financial and banking services locally and abroad. Several changes/enhancements to the organizational structures both in Business and Support areas were implemented in the year 2017. One of the key factors on such movement was the rapid, international business expansion which needed those entities to be aligned with Qatar base.

QNB Group continued to drive the Leadership Continuity Planning as one of the strategic initiatives to ensure comprehensive business continuity framework in place and also to develop capable leadership pipeline. This exercise is reviewed quarterly and helps identify leadership talent and further groom them to assume higher & complex responsibilities that can support current business growth.

6.2 Training and Development of Future Leadership

During 2017, QNB Group conducted a Bank-wide mandatory training course for employees in Qatar. The course is related to Policies, Procedures, Circulars and Forms, and how Policies & Procedures services can be utilized, in addition to providing a better understanding on the material that is published by the department.

Moreover, QNB Group continued to deliver the Leadership Development Program (LDP) and Management Development Program (MDP) for the middle management, supervisors and team leaders in Qatar & Group's international locations in collaboration with renowned global institutions.

Innovation workshops

During 2017, QNB has established a brand new Innovation Department and process to take new ideas and build them up for assessment, selection, and execution. As QNB GCEO stated: "Our vision is to become a leading bank in the Middle East, Africa and Southeast Asia (MEASEA) by 2020", innovation is key to achieving this vision and maintaining competitive edge. QNB and its employees are already innovating. We now have a dedicated department to act as the driving force towards change.

The Innovation Department has started running ideation workshops across QNB divisions.

Lean training and Innovation workshops which involve two (2) teams of colleagues getting together to work through challenges and opportunities and develop ideas that will advance and improve QNB's business. Participants brainstorm and, through productive and focused discussions, agree on clear directions and next steps. Workshops can be "Blue-Sky", with no fixed agenda, or focused on a specific area or discussion topic.

7. Internal Control System

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

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

7.1 Group Internal Audit Division

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

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

GIAD has adopted the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA) as well as Basel Committee recommendations and other leading standards. The GIAD team is composed of individuals with experience from leading financial institutions and audit firms across the globe. More than 60% of GIAD are professionally qualified and hold globally recognized professional certifications. Team members undergo continuous professional development, awareness and training. GIAD maintains a quality assurance and improvement program that covers all aspects of the internal audit activity to increase the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. In 2017 the GIAD continues to develop its data analytics capability and extrapolation techniques to be able to identify systemic issues and execute efficient audits.

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

7.2 Group Compliance Division

Compliance within QNB Group is an independent function whose primary responsibilities are to assist the Board as well as the Executive Management to effectively mitigate the compliance risks faced by the Bank. It is characterised by an official status within the Group through a formal charter and Policies approved by the GBACC and carried out by the Group Compliance Division which undertakes

its endeavours through appropriate mechanisms enabling the Group Chief Compliance Officer to perform his responsibilities in an efficacious manner.

On a proactive basis, the Division identifies, evaluates, monitors, documents and reports on compliance risks associated with the Bank's business activities, including the risk of legal sanctions, legislative and financial losses, or damage to the reputation of the Group as a result of failure to abide by laws and regulations, the charter of professional conduct and the standards of good practices.

Group Compliance is also considering ways to measure compliance risk by implementing a Key Risk Indicators (KRIs) and use such measurements to enhance the compliance risk assessment. The Compliance function assesses the appropriateness of the Group's Compliance procedures and guidelines, promptly follows up any identified deficiencies, and, where necessary, formulates proposals for amendments. Group Compliance is monitoring and testing compliance by performing sufficient and representative compliance testing. The Group Chief Compliance Officer reports on a regular basis to the Group Board Audit & Compliance committee and the Executive Management on compliance matters.

Group Compliance emphasize on the applying of the professional competence and due care, in order to maintain professional knowledge and skill to ensure that the Compliance staff receive competent professional care and to act diligently in accordance with applicable technical and professional standards when providing professional services. In that regards; Group Compliance follows up on the planned/ assigned training courses to all staff and initiated the ACAMS Certification training for (16) of the staff and CISI - QFMA Certification Training which was conducted to (10) staff.

The initiated courses and certificates are considered as an initiative and an add value to the employees enhancement process and has a huge effect on the quality of the work performed; in addition; Group Compliance continues the ongoing "Train the Trainer" programs to the division staff to ensure the possession of the best quality and knowledge for all trainers.

In order to enable Group Compliance to efficiently perform its functions and responsibilities, it has been granted authority to deal with compliance matters within the Group's activities and has been given unrestricted access to all information, employee

records and Group operations in Qatar and abroad. Group Compliance is also empowered to conduct investigations relevant to any possible irregularity. Group Compliance's responsibilities are carried out through the implementation of a compliance program that specifies its activities.

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

Group Compliance ensures the proper reporting to all regulatory authorities as appropriate and reports any suspicious activities to the Financial Information Unit "FIU" on timely basis; In addition to timely arrangements with the Regulators for proper clarification on regulatory requirements as appropriate.

QNB Compliance strategy focuses on effective management of the Compliance Function at the Group in order to consolidate the Group competitive position and building trust relationships with all investors and stakeholders.

Moreover, a robust Compliance Function helps QNB Group to protect its reputation, lower the cost of capital, reduce costs and minimise the risk of investigation, prosecution and penalties.

Group Compliance actively participates in the deliberations of the Group Management Risk Committee as an Observer and updates Risk Analysis of Business as appropriate.

Group Compliance is continually working to develop and enhance the Compliance Function with a vision to maintain a healthy environment and practices. No penalty of whatever nature was imposed on QNB Group by any regulatory authority during the year 2017.

8. External Audit

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

Ernst & Young has completed its 5-year tenure as the Group's External Auditor for QNB Group. In accordance with the applicable QCB regulations and QFMA Corporate Governance requirements, QNB Group issued a public tender in order to select a suitable external auditor for the financial year ending 31 December 2018. Based on the technical evaluation and commercial proposal, the Centralized Purchasing Committee (CPC) has made its recommendation to the Group Board Audit and Compliance Committee for the appointment of the new External Auditor subject to approvals by Qatar Central Bank and the General Assembly.

The External Auditors inform the Board, in writing, about any risk to which the Bank is exposed to or expected to be exposed to, and about all of the violations immediately upon identification, as well as sending a copy of that notice to QFMA. In this case, the External Auditor shall have the right to invite the General Assembly to convene pursuant to the Law provisions in this regard, provided that informing QFMA thereof.

The external auditors attend the General Assembly meetings to present their report and answer shareholders' questions. Based on QCB's instructions, and in line with International Standards, the External Auditor conducts the review and the audit of the financial statements quarterly and annually according to the relevant International Standards on Auditing. The External Auditor presents his reports to the BOD and the General Assembly as well as sending a copy to QFMA in line with QFMA requirements.

9. QNB Global Ratings

During 2017, Standard and Poor's, Capital Intelligence and Moody's affirmed QNB's rating. The QNB Group credit rating is considered amongst the highest in the region. The following table highlights the rating of QNB Group's by the most important rating agencies world-wide:

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

10. Capital and Shares

The authorised, issued and fully paid up-share capital of the Bank totalling QR9,236,428,570 consists of 923,642,857 ordinary shares of QR10 each. The ownership structure of QNB Group has been stable since its establishment in 1964. Qatar Investment Authority holds 50% of the ordinary shares of the Bank with the remaining 50% held by members of the public whereby any natural or legal person, except QIA, cannot, at any time, possess more than (2%) of the shares other than by way of inheritance or testament. All shares issued are of the same class and carry equal rights.

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

11. Shareholders' Rights

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

A dedicated work team, led by the General Manager - Group Chief Financial Officer and the Assistant General Manager - Economic Financial Analysis

and Research, are entrusted to provide analysts and shareholders with the latest updates on QNB Group's activities. The Bank's Articles of Association also confirm that all capital shares hold equal rights, without discrimination, in terms of ownership in the Bank's assets, profits, attendance to the General Assembly meetings and voting, in application of the principle of "one vote per share".

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

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

The General Assembly may hear any proposal included in the agenda by the Board of Directors, and such proposal may be presented by a number of shareholders owning not less than a tenth of the total number of shares. Shareholders have the right to vote during the General Assembly in person or be replaced by another shareholder as a proxy. The BOD presents its suggestions on the dividends distribution to the shareholders in the General Assembly based on QNB Group's performance and results, along with the Group strategy.

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

12. Disclosure

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

QNB is considered among the first companies to publish its financial statements in the Middle East and North Africa region. Based on this, the Bank is also committed to a clear policy of disclosure, in fact the Corporate Governance Report intended for QFMA and QCB includes information on the Board of Directors along with brief summaries of their roles and qualifications, as well as their membership in other companies' Boards of Directors (Appendix). Since there are no major shareholders other than Qatar Investment Authority, which owns 50% of the Bank's Capital, no further details require disclosure regarding the major shareholders. For this purpose and in line with QCB new instructions issued during 2016 regarding the ownership limits and restrictions in the Financial Institutions, a dedicated Policy has been issued to detect the excess of ownership in QNB's capital and to monitor the process of a shareholders vote in the General Assembly meetings.

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

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

13. Conflicts of Interest and Insider Trading

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

In 2017, the Board confirmed that it was not aware of any conflict of interest situation that exists or is likely to exist in relation to the QNB Group.

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

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

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

14. Handling Customers' Complaints

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

15. Sustainability and Corporate Social Responsibility

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

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

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

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

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

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

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

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

Social and Humanitarian Affairs: By promoting a spirit of volunteering, QNB Group helps creating more harmonious, united communities.

Supporting Local and International Sports Events: Sporting participation and events are a hallmark of progress and a means to achieve healthy, vibrant people and communities.

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

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

16. Spotlight on Specific Corporate Governance Practices at QNB Group

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

Corporate Governance Guidelines for Overseas Branches

In line with the regulatory requirements as issued by QCB, QFMA and the commercial companies law 11-2015, QNB has developed a consolidated supervision approach in order to strengthen the governance, oversight and monitoring over QNB Group entities, i.e. overseas branches and subsidiaries. During 2017, we have issued the guidelines of Corporate Governance at the overseas branches as an integral part of the consolidated supervision approach which are intended to assist QNB overseas branches in benchmarking their governance practices to be in line with QNB Group Governance Framework.

Overseas Branches use the Guide to assess the quality of their governance framework, taking into account the nature of risks and challenges they are facing, and their underlying corporate structure. Where gaps between principles and actual business practices and needs are identified, Overseas Branches should ideally align their business practices with the principles of the Guide.

In this section, we will highlight the formation and functioning of the management committees at QNB Overseas Branches.

16.1 Management Committees Governance and Operating Rules

- QNB overseas branches shall follow the QNB Group Corporate Governance arrangements while establishing the related management committees (unless it will contradict with the regulatory requirements).
- The respective Overseas Branch may form one or more Committee(s) when required to oversee the functions of the following areas: Risk, Credit, Compliance & Internal Control, Management (covering IT, Business, Operations, HR, etc).
- A clear scope for the roles/responsibilities of each Committee shall be established and documented using appropriate terms of reference (TOR).
- The roles/responsibilities of each Committee shall be in line with QNB Group Corporate Governance Manual which clarifies the role of the Group's committees.
- Each branch committee shall clearly mention in its TOR the escalation mechanism and interaction with Head Office which should be the GM of the relevant function in the Head Office.
- The Secretary of each Committee should be responsible to prepare and be the custodian of the minutes of meetings in an appropriate way.
- Committees should be able to determine the deviations with respect to the branch objectives, ensuring the convergence of operations to achieve the desired goals that were identified by QNB Group and implementing corrective actions when required.
- The QNB Group Corporate Governance Manual provides guidance on the tasks of each management committee. However; the scope and responsibilities of the Branch Management committees may differ depending on the volume of business and operations, the complexity and the regulatory requirements.

16.2 Management Committees Monitoring and Reporting Rules

- Clear reporting of the output from Overseas Branches Committees should be addressed to QNB HO concerned divisions, reports should be comprehensive, accurate and consistent and actionable across business lines and products. Reports should also be timely and produced in both normal and stressed market conditions.
- The nature of the risks involved and the frequency of changes in the operating environment should determine the reporting frequency.
- The key contact points between the management Committees in the overseas branches and the related division in the HO should be the Committee's Secretary at the overseas branch and the Head of the Division (GM).
- Each Committee's Secretary has to report the minutes with any major issues to the corresponding head of division at the Head Office as well as to IBD.
- Each HO division should formulate its own approach through which it would create an effective monitoring and coordination of the

branch operations. The approach shall consist of a reporting system with frequency, components, follow up and escalation, etc.

- Head Office divisions are also highly encouraged to set up SLAs with their counterparts in order to set an official and clear understanding for their scope, responsibilities and features of coordination.
- Management Committees at the overseas branches shall report to GM International and Compliance & Internal Control Committee shall report to Group Chief Compliance Officer at QNB Head Office who will communicate with the QNB Group Board Audit & Compliance Committee; for Risk Committee to Report to GM Risk and Credit Committee to GM Credit.
- Each GM at the HO will have the responsibility for solving the key issues or escalating them to the relevant QNB HO Management Committee or to the Senior Management Committee, which will solve them or decide to escalate to the relevant BOD Committee.
- Group Compliance and Group Internal Audit perform on-site periodic visits to the Overseas Branched to assess the adequacy and activities of the branches Committees.

Conclusion

Corporate Governance in the Banking sector carries the greatest importance and requires all banks to have a clear approach to Corporate Governance adoption and implementation. This approach is expressed through a high-level commitment from the Board of Directors and should reflect clear vision of the steps to be adopted to build a consistent and practical Corporate Governance framework and practices. In this context, QNB is continuously improving the Corporate Governance practices by reviewing and upgrading the existing framework and integrating the Group's entities to be in harmony with the Group practices.

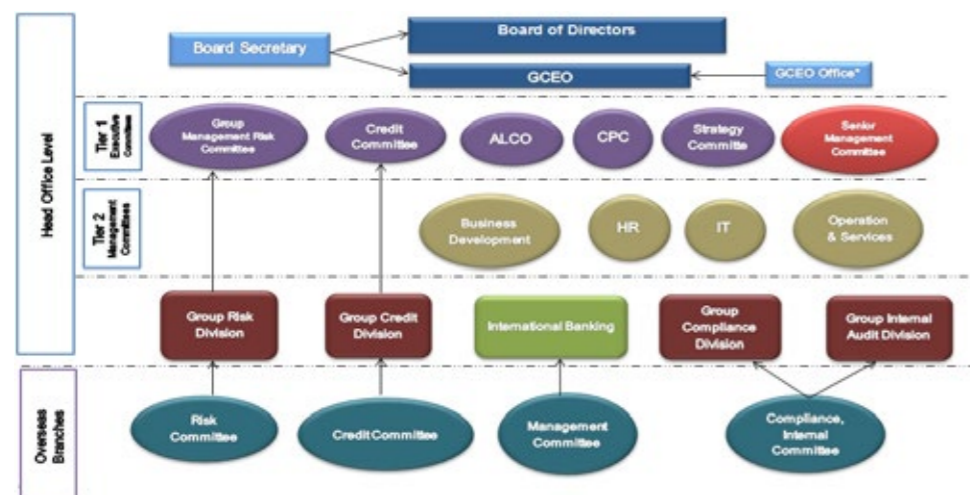
QNB Group does not consider the Corporate Governance as a set of regulatory requirements or instructions but rather as a real opportunity to expand our business network by leveraging on the trust relationship gained via a robust Corporate Governance practices and culture. Therefore, strict adherence to the Corporate Governance standards is seen across QNB Group as an endeavour to maintain the long term value for the shareholders by maintaining its integrity, reputation and financial performance. A number of researches show that transparent disclosures and strong Corporate Governance have a significant positive impact on building trust relationship with the shareholders, potential investors and all other stakeholders.

As demonstrated throughout this report, and in continuation of the previous efforts, QNB Group has taken numerous measures during 2017 strengthening the Corporate Governance framework, including working on enhancements to several aspects and components of the Group practices starting from updating the Board Charter, Board Policy, the independency assessment forms and the Board membership requirements.

At overseas branches level, we consistently build and improve robust management committees' structures and update their terms of reference, training the different focal persons on the new reporting mechanisms as point of escalation and contacts. For QNB Subsidiaries, our efforts were focused on building the different entities Corporate Governance Manuals, the charter for the Board of Directors and related committees structures as well as developing their customised Codes of Ethics and Conduct.

QNB Group will continue working on the improvement in its Corporate Governance framework in line with the regulatory requirements; the organisation needs to match the expectations associated to its brand reputation in order to maintain the stability and soundness of the organisation.

16.3 Management Committees at Overseas Branches Reporting Structure



Mansour Ibrahim Al-Mahmoud
Member of the BOD
Chairman of the GBACC

Ali Shareef Al-Emadi
Chairman of the Board of Directors

Appendix (1) The Board of Directors - Biographies

Name of the Director	Brief Biography Summary
H.E. Mr. Ali Shareef Al-Emadi The Chairman	H.E. was appointed as Chairman of QNB Group since 2013. He is also currently the Minister of Finance, Member and Secretary General of the Supreme Council of Economic Affairs and Investment, The President of the Executive Board of Qatar Airways, and Member of the Supreme Committee for Delivery and Legacy. His Excellency has an extensive experience in the financial sector spanning more than 25 years, with progressively higher posts culminating in being the GCEO of QNB from 2005 to 2013. Under his leadership, QNB Group has become the largest and most profitable bank in the Middle East and North Africa, with the highest brand value and having one of the highest credit ratings. Earlier, H.E. started his career at the Banking Supervision & Control Department at Qatar Central Bank.
H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al-Thani Vice-Chairman	H.E. was appointed as a Board member since 2015 and he was elected Vice-Chairman in 2016. H.E. is currently the Minister of State, Chief Executive Officer of Qatar Investment Authority, Member of the Supreme Council for Economic Affairs and Investment, and Chairman of Ooredoo. H.E. is also in the Advisory Board of the World Economic Forum's Gender Parity Program, and a Commissioner to the United Nations ITU Broadband Commission for Digital Development.
H.E. Sheikh Abdurahman Bin Soud Al-Thani	H.E. has been a Board member since 2016 and a member of the Group Board Nomination, Remuneration, Governance and Policies Committee. H.E. is currently the Minister of State, Member of the Arab Thought Forum in Amman and the Advisory Council at the Centre for Contemporary Arab Studies at Georgetown University in Washington. H.E. is also the chairman of Qatar Sports Federation of special needs, Board Member of Invest Group and Qatar Insurance Company.
H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani	H.E. was been appointed as a Board member in 2004. He is the Chairman of the Group Board Risk Committee and the Group Board Executive Committee, and a member of the Group Board Nomination, Remuneration, Governance and Policies Committee. H.E. is also currently a member of the Board of Directors of Qatar Electricity and Water (QEW), Qatar Chemical Company (Q-Chem), Qatar 2022 Supreme Council, and Board Member of Trustees of Qatar University. H.E. is also Chairman of Business Advisory Council for the College of Business & Economics of Qatar University, Member of the Strategic Advisory Panel - Qatar Financial Centre, and Chairman of the National Legacy Committee 2022. H.E. is also Chairman of the National Advisory Statistics Committee, and member of the Board of Statistical Centre for the Gulf Cooperation Council (GCC).
Mr. Ali Hussain Ali Al-Sada	Mr. Ali Hussain Ali Al-Sada has been a member of the Board since 1998 and a member of the Group Board Risk Committee and the Group Board Executive Committee. He is also currently member of the Board of Qatar Navigation, and Halul Offshore Service Company. He also serves as a Board Member and General Manager of Al Rouayes Real Estate and Investment. He is also the Chairman of Qatar Syrian Company for Investment and Development, Vice-Chairman of Tharawat Investment House, as well as being a member of the Board of Safwah Financial Services and Dlala Holding.

Appendix (1) The Board of Directors - Biographies - Continued

Name of the Director	Brief Biography Summary
Mr. Bader Abdullah Darwish Fakhroo	Mr. Bader Abdullah Darwish Fakhroo has been a member of the Board since 2001 and is a member of the Group Board Risk Committee and the Group Board Executive Committee. He is also Chairman and CEO of Darwish Holding, a Board Member of the Supreme Education Council and Qatar Chamber of Commerce & Industry, and also Chairman of the Commercial Arbitration Center for the Gulf Cooperation Council and the Internal & External Affairs Committee.
Mr. Fahad Mohammed Fahad Buzwair	Mr. Fahad Mohammed Fahad Buzwair has been a member of the Board since 2001. He is Chairman of the Group Board Nomination, Remuneration, Governance and Policies Committee and also Chairman of Buzwair Group Holding.
Mr. Mansour Ebrahim Al-Mahmoud	Mr. Mansour Ebrahim Al-Mahmoud was appointed as a Board member in 2004. He is the Chairman of the Group Board Audit and Compliance Committee since 2016. He is also a member of the Board of Directors of Qatari Diar and Doha Film Institute. He is also Qatar Museums CEO and Special Advisor to H.E. the Chairperson.
Mr. Ahmad Yousuf H.A. Kamal	Mr. Ahmad Yousuf H.A. Kamal has been appointed as a Board member in 2016. He is currently a member of the Group Board Audit and Compliance Committee and a member of the Board of Directors of Qatar Industrial Manufacturing Co.
Mr. Khalid Ali Al-Hajri	Mr. Khaled Hamad Al-Hajri was appointed as a Board member in 2016 and is currently member of the Group Board Audit and Compliance Committee. He is also Director of Financial Control Department at the Ministry of Finance and Member of the Board of Directors of Qatar Media Services W.L.L (ELAN) and Chairman of its Audit Committee.

Appendix (2) Executive Management - Biographies

Name and Position	Brief Biography Summary
Mr. Ali Ahmed Al-Kuwari Group Chief Executive Officer	<p>Mr. Ali Ahmed Al-Kuwari joined QNB in 1988. Prior to his appointment as Group Chief Executive Officer in July 2013, he was Executive General Manager - Chief Business Officer of QNB.</p> <p>Mr. Al-Kuwari is also Chairman of MasterCard Middle East and North Africa Advisory Board, Chairman of QNB Capital LLC, Chairman of QNB Indonesia and Chairman of QNB Suisse. Vice-Chairman of Commercial Bank International (CBI) in the UAE, and Vice-Chairman of the Qatar Stock Exchange, in addition to a Board member in Qatar Finance and Business Academy.</p> <p>Mr. Al-Kuwari has a Master's degree of Science in Management Information System from the Seattle Pacific University, and a Bachelor's degree in Math and Computer Science from Eastern Washington University. He also has attended a number of Executive programs at Wharton School of Business, London Business School, Cambridge University and Duke University.</p>
Mr. Abdulla Mubarak Al-Khalifa Executive GM - Chief Business Officer	<p>Mr. Abdulla Al-Khalifa is Executive General Manager and Chief Business Officer at Qatar National Bank Group. Mr. Al-Khalifa joined QNB in 1996 and has more than 21 years of banking experience. He is a Board Member of the Housing Bank for Trade & Finance in Jordan, and Board Member of QNB Al-Ahli in Egypt, QNB Finansbank in Turkey, Ecobank in Togo and QNB Capital in Qatar. Mr. Al-Khalifa holds a Bachelor's degree in Business Administration from Eastern Washington University in the United States.</p>
Mr. Ali Rashid Al-Mohannadi Executive GM - Chief Operating Officer	<p>Mr. Ali Rashid Al-Mohannadi joined QNB in 1996 and currently serves as the Executive General Manager and Chief Operating Officer and was previously General Manager, Retail Banking and General Manager, Information Technology. Mr. Al-Mohannadi is the Chairman of QNB Tunis, Board member of QNB Al-Ahli in Egypt and QNB Finansbank in Turkey; he is also a member of the Board of directors of Commercial Bank International (CBI), QNB Capital in Qatar. Mr. Al-Mohannadi has more than 20 years of experience in the financial sector and has a Bachelor's degree in Computer Science from Qatar University.</p>
Mr. Ramzi Mari GM - Chief Financial Officer	<p>Mr. Ramzi Mari joined QNB in 1997 from the Bank of Jordan and currently serves as General Manager, Chief Financial Officer. Mr. Mari has more than 25 years of experience in the banking sector and passed the certified public accountant exam in the State of California in 1989. Mr. Mari holds a Master's degree in Accounting from California State University in the USA. He is a member of the Board of the Housing Bank for Trade & Finance in Jordan, QNB Al-Ahli in Egypt, QNB Finansbank in Turkey and QNB Capital in Qatar.</p>

Appendix (2) Executive Management - Biographies

Name and Position	Brief Biography Summary
Mrs. Fatma A Al-Suwaidi GM - Acting Group Chief Risk Officer	<p>Ms. Fatma Al-Suwaidi joined QNB in 2000 and currently serves as Acting Group Chief Risk Officer having previously held the role of Assistant General Manager of Credit Risk Management. Ms. Al-Suwaidi has almost 18 years of experience in banking and is a member of the Board of QNB Finansbank in Turkey and QNB Tunisia. As well as a BSc in Accounting, she has a Master's in Business Administration from Qatar University and an MSc in Risk Management from the University of New York. Ms. Al-Suwaidi holds a particular interest in banking innovation and is also currently in the advanced stages of completing a Doctorate in Business Administration from Grenoble University, France on the subject of 'Innovation in Banking and Financial Markets', focusing on crypto-currencies.</p>
Mr. Khaled Gamal Eldin Group Chief Audit Executive	<p>Mr. Khaled Gamal Eldin joined QNB in March 2014 as the Group Chief Audit Executive with 30 years of banking experience in leading banks across the region. Prior to joining QNB, Mr. Gamal Eldin worked as GM - Chief Internal Auditor for Al Rajhi Bank in Saudi Arabia and as GM - Chief Internal Auditor for Gulf Bank in Kuwait. In addition, Mr. Gamaleldin previously worked with QNB for 11 years in different roles in Internal Audit and as the Head of the Compliance Department. In addition, he worked as an Examiner in the Banking Control Department in the Central Bank of Egypt. Mr. Gamal Eldin is a Certified Public Accountant (CPA) from the State of Colorado, a Certified Fraud Examiner (CFE), and Certified Anti Money Laundering Specialist (CAMS) and has an MBA in International Finance and a Diploma in Risk Management.</p>
Mr. Saleh Nofal Group Chief Compliance Officer	<p>Mr. Saleh Nofal joined QNB in June 2003 and currently serves as the Group Chief Compliance Officer. Prior to joining QNB, Mr. Nofal was with Arab Bank, Jordan, National Bank, the Arab World Auditing Bureau and a Jordanian public accountancy firm. Mr. Nofal has more than 29 years of experience in the banking sector and the Internal Audit field. Mr. Saleh holds a Bachelor's degree in commerce; he is a Certified Internal Auditor, a Certified Fraud Examiner and a Certified Compliance Officer, has a professional Diploma in Audit & Accounting and is a professional member of CAMS, IIA and ACFE.</p>

Appendix (3) QCB Corporate Governance Disclosure Requirement

Clause	Description	Disclosure	Clause	
1	Shareholding	1.1 Shareholding breakdown by Nationality	Qatar 93.03%-Others 6.97% (as 31/10/2017)	
		1.2 Shareholding breakdown by Number of Shareholders	Total number of shareholders 3063 and total number of shares is 923,642,857 (as 31/10/2017)	
		1.3 Government's Shareholding	50%	
		1.4 Principal Shareholders (Above 10%)	Only QIA own more than 10%	
		1.5 Significant Shareholders (Above 5%)	Only QIA own more than 5%	
2	Board of Directors and Executive Management	2.1 Board Detailed Functions	Please refer to Section 3	
		2.2 Types of Transactions requiring Board Approval	Please refer to Section 13	
		2.3 Board Members	Please refer to the BOD Biographies Appendix (1)	
		2.4 Independent Members	Please refer to Section 3.1.5	
		2.5 Executive/ non-executive Members	Please refer to Section 3.1.5	
		2.6	BOD Shareholding	
			Mr. Ali Hussain Ali Al-Sada	106,000
			Mr. Bader Abdullah Darwish Fakhroo	1,545,046
			Mr. Fahad Mohammed Fahad Buzwair	1,339,800
		2.7 New Board Members Induction measures	Please refer to Section 3.1.3	
		2.8 Board Election Process	Please refer to Section 3.1.2 & 3.1.5	
		2.9 Insider Trades	Qatar Exchange Website, "Intraday Insiders Trades Report"	
		2.10 Membership Termination Arrangements	Please refer to Section 3.1.12	
		2.11	Number of Board Meetings and dates	Please refer to Section 3.1.11
				1 st Meeting: 15 January 2017
				2 nd Meeting: 5 February 2017
3 rd Meeting: 20 March 2017				
4 th Meeting: 15 May 2017				
5 th Meeting: 18 September 2017				
	6 th Meeting: 28 November 2017			
2.12 Attendance record	Please refer to QNB Annual Report			
2.13 Board and Executive Management Remuneration Policy	Please refer to Section 3.3			
2.14 Key Senior Management	Executive Management Biographies Section			
2.15 Executive Management Shareholding	Key Executive Managers do not hold any QNB shares.			
2.16 Business Ethics Charter	Please refer to QNB Policy, BOD Charter and QNB Code of Ethics.			

Appendix (3) QCB Corporate Governance Disclosure Requirement - Continued

Clause	Description	Disclosure	Clause
3	Board Committees	3.1 Board Committee Names & Responsibilities	Please refer to Section 3.1.15
		3.2 Committee Members Attendance	Please refer to QNB Annual Report
		3.3 Total Committee Members Remuneration	Please refer to Section 3.3
		3.4 Committees' Scope and Major Issues/Outcomes	Please refer to Section 3, Major Issues Disclosed to Qatar Exchange
4	Corporate Governance	4.1 Separate Section within the Annual Report	Please refer to QNB Annual Report
		4.2 Reference to the Corporate Governance Manual	Please refer to Section 2
5	External Auditors	5.1 Audit Scope Related Fees	QR 2,400,000 for the year 2017
		5.2 Reasons for replacing/reappointing the External Auditor	This is subject to the General Assembly Meeting decision based on the recommendation of GBACC to the BOD.
6	Other Disclosures	6.1 Related Party Transactions	Please refer to Section 13
		6.2 Communication with Shareholders & Investors	Please refer to Section 11
		6.3 Risk Management	Please refer to Section 2.3 & 5
		6.4 Review of Internal Audit procedures	Please refer to Section 2.6 & 7
		6.5 Financial Statement	Please refer to QNB Annual Report & Website
		6.6 Balance Sheet	Please refer to QNB Annual Report & Website
		6.7 Income Statement	Please refer to QNB Annual Report & Website
		6.8 Cash flow statement	Please refer to QNB Annual Report & Website
		6.9 Statement of Changes in Equity	Please refer to QNB Annual Report & Website
		6.10 External auditor certificate	Please refer to QNB Annual Report & Website
		6.11 Statement of responsibility by the Board of Directors	Please refer to Section 3 & BOD Charter
		6.12 Detailed steps to ensure independent decision making on related-party Transactions/Agreements	Please refer to Section 13
		6.13 Evaluating the Performance of the Board and Directors	Please refer to Section 3.1.8

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