



Corporate Governance Report 2023



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Chairman's Foreword



Dear Shareholders,

Greetings,

In response to the changes in economic conditions witnessed by global markets during 2023, QNB Group undertook a comprehensive review of its governance framework, including its subsidiaries and overseas branches. The purpose is to enhance our ability to respond to emerging risks to which the financial sector is exposed and ensure that our operations are managed efficiently in order to protect the rights of shareholders, depositors and other stakeholders, maintaining our position as the largest financial institution in the Middle East and Africa.

The year 2023 also witnessed the continuation of work by various countries and competent international bodies, focusing on the global drive towards sustainability and reducing the impact of climate change. This included the issuance of global principles and standards related to governance and sustainability, such as the Governance Principles issued by the Organization for Economic Co-operation and Development (OECD) for the year 2023, which addressed, a number of sustainability-related principles. Sustainability is considered one of the most prominent strategic goals that QNB Group seeks to achieve in accordance with the Qatar National Vision 2030.

During the review process of its governance framework, the Group took into account the comprehensiveness of all its sustainability elements (environment, society and governance) and its compatibility with the aforementioned principles and standards. This was evident through many environmental and social initiatives undertaken by the Group during the past year. Among these initiatives was QNB Group's sponsorship, as a strategic banking partner, of the Expo 2023 Doha Qatar™, which was held under the slogan "Green Desert, Better Environment," reflecting the Group's ongoing efforts to play an active role in sustainability projects and initiatives.

QNB Group also continued its commitment to establishing the culture and standards of good governance among all its employees, emphasizing the importance of abiding by the applicable laws and legislation and best professional and ethical standards. The Group also maintained transparency and integrity in all its dealings and disclosures, given that the application of these standards is the cornerstone of preserving the Group's reputation and the confidence of shareholders and other stakeholders.

In conclusion, on behalf of the members of the Board of Directors, I am pleased to present to you the Annual Governance Report for the year 2023, which includes QNB Group's achievements and initiatives in raising the level of its governance framework and highlights the measures it has taken in this regard. The report sheds light on these measures including the enhancement of QNB overseas entities internal control systems, where the governance guidelines have been updated with the aim of clarifying the tasks and responsibilities of their Board of Directors and executive management where applicable. This enhances the communication channels and the reporting mechanism between these entities and the Group's head office, governing the committees affiliated with the Boards of Directors and their administrative committees in a more efficient and effective manner.

I would also like to extend my sincere thanks to Qatar Central Bank, Qatar Financial Markets Authority, and all the regulatory authorities in the State of Qatar for providing the necessary guidance and support to QNB and the financial sector in the State of Qatar.

Ali Bin Ahmed Al-Kuwari

Chairman of the Board of Directors

Introduction

The sustained success of financial institutions necessitates building a system of good governance and applying it properly as doing, reflects positively on the prosperity of countries' economy. Considering this, QNB Group (referred to as the QNB, the Group or the bank hereafter) has built a comprehensive corporate governance structure, wherein effective oversight and internal control mechanisms are established to optimally monitor and manage processes, help QNB achieve its strategic goals and long-term vision, as well as maintain the trust that the Group has built over the past decades with shareholders, depositors and other stakeholders.

QNB Group included the pillars of sound corporate governance, leading practices and latest standards in its corporate governance framework making sure to align it with relevant legislations and requirements as well. The resilience of QNB Group's corporate governance framework enables it to adapt to new developments in corporate governance and manage any associated risks. QNB Group also maintains responsibility and accountability by developing a clear authority matrix and organizational structure, which defines the relationship between the Board of Directors, Executive Management and all other employees.

Transparency is one of the most important elements for QNB Group to preserve, as the rights of shareholders and other stakeholders. QNB ensures that shareholders and stakeholders have access to a variety of disclosures to help them make appropriate investment decisions. The Group is therefore committed to the highest levels of transparency and accuracy in all financial and non-financial disclosures, as per required accounting and financial reporting international standards and regulatory requirements. Importantly, QNB Group is also committed to disclosing relevant information on its website and other public platforms in a timely manner.

The principle of fairness is a central component of QNB Group's corporate governance system, as it guides all interactions QNB has with shareholders and stakeholders formulating policies and procedures focused on impartial and ethical dealings without any preferential treatment. Minority shareholders are also guaranteed their rights such as, the right to attend, participate and vote in the general assembly meeting, as stipulated in the applicable laws and legislations and in line with the bank's Articles of Association.

Moreover, QNB Group's management takes diligent effort to spread awareness about corporate governance and reinforce its principles among employees at all levels. The proper application of corporate governance principles is not only limited to setting policies and charters rather it also requires making corporate governance an established culture in the organization. As doing the aforementioned, drives employee adherence to professional standards thereby preserving QNB Group's reputation, its brand and the trust it has gained from all stakeholders.

This report sheds light on important achievements realized by QNB Group in 2023 to enhance its corporate governance framework and related practices. The report also highlights the efforts taken by Group to comply with the legislative requirements issued by the Qatar Central Bank (QCB), Qatar Financial Markets Authority (QFMA) and all other relevant regulatory authorities. Furthermore, the report also outlines the various actions taken by QNB Group to fulfill its duties towards shareholders, depositors and other stakeholders.

1. QNB framework for corporate governance

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

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

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

In 2023, QNB Group reaffirmed its commitment to adopt sound rules and principles issued by Qatar Central Bank (QCB), Qatar Financial Markets Authority (QFMA), and the amended provisions of the Commercial Companies Law. As the Group works actively to protect shareholder rights, especially minority shareholders, to strengthen its internal control and to implement and to report on environmental and social governance measures.

QNB Group's Board of Directors (BOD) reviews, maintains and approves a comprehensive set of corporate governance policies and procedures to assure and ensure that the BOD and Executive Management exert effective vigilance in the management of the Group's businesses and activities. Care and attention is devoted to ensure that corporate governance measures employed are compatible with the legal and regulatory requirements and that they reflect the actual orientation to comply with the international standards. The roles and responsibilities of the BOD are segregated from the functions of Executive Management, whereby the Board assumes the overall supervision of the Group and provides strategic direction through the approval of the strategic initiatives, policies and objectives, while the daily affairs of the Group are carried out by the Group Chief Executive Officer, duly supported by the Executive Management team.

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

1.1 Key corporate governance guiding principles

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

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

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

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

1.2 Approach to establish effective corporate governance

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

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

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

1.3 Commitment to ensuring compliance with corporate governance regulations

The Board of Directors and Executive Management believe that corporate governance is an essential element to enhance shareholder confidence, specifically that of minority shareholders and stakeholders, by increasing the level of transparency of the ownership and control, and the implementation of effective monitoring systems for strategic business management. Hence, during 2023, all necessary efforts were focused towards continuing to create and maintain awareness of the importance of corporate governance within QNB Group and on enhancing corporate governance measures.

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

2. QNB's Achievements during 2023 to reinforce the Corporate Governance Framework

In support of QNB Group's mission, vision and strategy for long-term success, various divisions worked to enhance and strengthen their governance practices, systems and related mechanisms during 2023. The following section will represent some of the key achievements, initiatives and actions carried out by QNB Group to substantiate the bank's existing corporate governance framework across all levels of operation and in a multitude of different jurisdictions.

2.1 Sustained sound corporate governance practices at QNB Group

The importance of corporate governance (CG) has increased rapidly in recent times due to the international pressure placed on different economies around the world caused by volatile inflation and high interest rates along with market uncertainty. Recognizing this, QNB has ingrained international leading practices and sound corporate governance principles into its documentation infrastructure and corporate governance related practices to maintain the Group's internal control adequacy and reduce likelihood of related risks. QNB undertook the following actions and initiatives during 2023 to sustain the soundness of its existing corporate governance framework:

Updated QNB's corporate governance guidelines for subsidiaries

QNB Group re-examined its corporate governance guidelines for subsidiaries during 2023 in an effort to standardize the principles of good governance across the Group and reinforce confidence in the governance relationship QNB has with its subsidiaries. The guidelines factor in leading international governance practices and outline the governance frameworks, systems and controls subsidiaries are encouraged to set-up. Considering how the Group has sound corporate governance practices already established at Head Office, these guidelines also help disseminate such practices overseas to drive consistency and uniformity on corporate governance matters across QNB Group and its subsidiaries.

Examined the performance of QNB representatives at subsidiary and affiliate Boards

The Group has to examine the actions taken by a subsidiary/affiliate's Board of Directors in order to know whether its subsidiaries are performing effectively on assigned targets and objectives. In turn, the Group conducted a performance assessment of its' representatives at subsidiary/affiliate Boards.

Wherein, QNB representatives were asked to individually rate their performance using the "self-evaluation form" and rate the Board (as a whole) using the "full-board evaluation form" against set metrics. Subsequently, completed forms were analysed and then key findings were raised to the Executive Management team.

Assessed QNB overseas branches' corporate governance structure and related practices

QNB Group updated its corporate governance guidelines for overseas branches during 2023 by including various organizing principles to help overseas branches with their management committee practices. The updates dictated to overseas branches what their committees terms of reference (TOR) template document should contain and how to set-up proper reporting lines with specified counterpart divisions/committees at QNB headquarters for approval/review purposes.

In turn, QNB assessed overseas branches implementation of these corporate governance guidelines working to find any apparent gaps between the guidelines and overseas branches then properly coordinate and guide them on how to address these gaps.

Maintained a comprehensive corporate governance documentation infrastructure

QNB Group has a comprehensive corporate governance infrastructure in-place to reinforce the spirit of compliance through having multiple policies and procedures related to ethical behaviour and professional Conduct. These policies include (but are not limited to) the following:

- Board Policy;
- BOD Charter;
- Anti-Bribery and Corruption Policy;
- Conflict of Interest & Insider Dealing Policy;
- Transparency and Disclosure Policy;
- AML & CTF Policy;
- Know Your Customer (KYC) Policy;
- Stakeholders' Rights Policy;
- Fraud Control Policy;
- Data Protection Policy;
- Code of Conduct (Ethics);
- Internal Controls Over Financial Reporting Framework;
- Third Party Risk Management
- Procurement and Supplier Management Policy
- Executive Management Succession;
- Chinese Walls Policy;
- Remuneration Policy;
- Internal Control Charter; and
- Whistleblowing Policy.

QNB ensures that the above policies and frameworks undergo regular reviews to incorporate any new changes in legislative or regulatory requirements, and to evaluate the proper function of compliance-led reporting methods and mechanism. Such that, instances of misconduct (including fraud, corruption, embezzlement, bribery, insider trading, conflicts of interest, violations of customer privacy, discrimination, harassment, breaches of laws, misrepresentation of facts and failure in internal controls) get addressed promptly and efficiently.

Raised employee awareness about corporate governance principles and related practices

QNB published an e-learning course on the bank's in-house training platform (Ithraa) to raise employee awareness about corporate governance and outline its significance to QNB. The course focused on explaining key corporate governance principles such as (but not limited to) good governance principles, key governing body responsibilities and shareholder rights. It also described who the key participants of corporate governance are within QNB Group i.e., the Board of Directors and senior management team) explaining how they work to mutually reinforce the aforementioned policies and protect the bank from a variety of real or potential risks.

Preformed the annual Board independency and conflict of interest assessment for 2023

The success of QNB Group's corporate governance framework is highly dependent upon the actions, initiatives and behaviour of the Board. Therefore, during 2023, QNB conducted the annual BOD members' independency and conflict of interest assessment to examine both independency and assess any perceived conflict of interest situation affecting impartiality vis-à-vis independency.

Conducted the annual Board performance assessment for 2023

QNB Group conducted the annual BOD performance assessment to measure Board effectiveness and member engagement during the year. The assessments provides BOD members with a sizeable opportunity to share any considerations they may have on the overall performance of the Board, its members and its committees highlighting aspects in need of improvement to increase BOD efficiency and effectiveness.

The Group compiles Board assessment forms then conducts an in-depth review of all submitted feedback. Upon assessment finalization, the Group found the operative nature of BOD decision-making, flow of information from BOD committees to the Board, committee engagement and BOD member behaviour to be adequate and efficient.

Transparently disclosed vital information to stakeholders

QNB Group places a strong emphasis on conducting its operations in an ethical and transparent manner. It understands that trust is the foundation of successful relationships with shareholders, depositors, regulators, and other stakeholders. To ensure disclosures are accurate and clear, QNB maintains a robust Disclosure and Transparency Policy that governs the type of actions Group divisions must take to disclose important information for shareholders, regulators and other stakeholders timely and ethically.

In adherence to this policy and during 2023, ONB Group used its official website to transparently disclose all vital information stakeholders were looking for such as meeting minutes, agenda and voting results following its Annual General Assembly Meeting (AGAM), the annual reports, the quarterly financial results, etc. All the information was published on a timely manner and in line with regulatory requirements and the international best practices.

2.2 Enhanced the Group's Financial Crimes Combating framework

QNB Group has a robust Financial Crimes Combating Framework maintained under Group Compliance Division. The framework outlines the actions required to combat, detect and escalate financial crimes and related corruption in its many forms. During 2023, QNB Group preformed the following activities to substantiate its existing framework:

FATF mutual evaluation on the State of Qatar

In 2023, FATF issued assessment reports on the State of Qatar where thereafter, QNB Group's received positive feedback from local regulatory authorities. According to FATF, Qatar has a good overall understanding of its money laundering and terrorism financing (ML/TF). Where Qatar's national risk assessment (NRA) evaluated major proceeds-generating crimes and ML/TF channels using an effective methodology, and the country's AML/CTF framework was found to be robust and compliant with FATF Standards.

New sanctions compliance systems and solutions

To manage various risks associated with sanctions, QNB Group recognizes the key importance technology plays in having a proper and efficient sanctions management system. In 2023, QNB followed the trends in technology available on the markets and initiated new projects related to implementation of Artificial Intelligence and Robotic solutions to enhance critical sanctions processes.

Updated sanction risk management policies and procedures

To ensure full compliance with all major global sanctions policy setters (US, EU, UK, UN), FATF guidelines and recommendations including most recent local regulatory requirements, QNB updated the bank's sanction compliance program, policies, procedures and guidelines in 2023.

Subsequently, the bank also assessed the adequacy of its sanctions compliance program as to find whether the program in place was successful and efficient in managing sanction risks.

2.3 Applied enhancements to QNB's fraud control framework and related program

QNB Group has established a comprehensive fraud control framework, program and put investigative capabilities in place, demonstrating the expectations of the Board of Directors and Executive Management and their commitment toward high integrity and ethical values regarding fraud risk management.

During 2023, Group Compliance Division supported QNB Group's overseas entities by building their fraud control framework and programs to ensure alignment and consistency with Group Fraud Policy framework and standards. The key developments relating to the Fraud, Anti-Bribery & Corruption, Whistle Blowing and Regulatory Technology (RegTech) areas during the year consisted of the following:

Anti-bribery & corruption (ABC) actions and activities

QNB Group's ABC Framework is comprised of two mutually reinforcing principles, the Anti-Bribery & Corruption Policy, which governs ethical behaviour and assigns roles and responsibilities to all QNB employees, and, the Anti-Bribery & Corruption assessment program, which aims to deter, detect, and prevent bribery and corrupt payments across the Group.

In alignment with the bank's ongoing commitment to ensure that QNB Group operates with the utmost integrity and in accordance with anti-bribery and corruption regulations and practices, the Fraud Control team has refreshed the Anti-Bribery and Corruption (ABC) self-assessment program across QNB Group during 2023. Furthermore, Group Compliance Division has established well-designed policies and governing rules for gift and hospitality acceptance. All gifts & hospitalities above certain monetary value thresholds

are subject to declaration and approval by relevant level of senior management. Where the Fraud Control team maintains a comprehensive register of all assessed gift & hospitality declarations along with the relevant evidences for approval or rejection while considering potential risks associated with conflict of interest.

2.4 Tax reporting: Prepared accurate tax disclosure of QNB Group and its various entities

In 2023, QNB undertook the following actions, reviews, activities and assessments to further the bank's commitment with regulations issued by the General Tax Authority, the United States Foreign Account Tax Compliance Act (FATCA), and the OECD Common Reporting Standard (CRS):

Furthered the bank's compliance to tax reporting regimes

QNB Group worked to further the Group's commitment to share tax-related data and information in a transparent and timely manner. Where the Group remained in compliance with global tax-reporting standards such:

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

QNB recognizes that banks play an important role in furthering tax transparency global initiatives and is committed to adhering to required regimes. QNB works to ensure that FACTA and CRS due diligence and reports were made accurately, clearly, on time and in line with the set regulatory authorities in Qatar and to applicable jurisdictions in overseas branches and subsidiaries.

Compliance programs to prevent tax evasion

QNB continues to drive initiatives and remediation programs to strengthen the bank's adherence to global and local tax regulations and ensure that the bank's tax strategy adheres to the law in each of the jurisdictions in which the Group operates.

2.5 Internal controls over financial reporting (ICOFR)

QNB has established an enhanced internal control system to identify and timely remediate internal control failures whether wholly or partly, and properly highlight weaknesses or contingencies potentially affecting the bank's financial performance. In 2023, QNB Group successfully implemented an automated compliance Management and Internal Control System to monitor and record compliance with all relevant regulatory risks and requirements. Furthermore, the system incorporates data analytics, conventional testing techniques and automation into internal control oversight thus making the process more efficient.

QNB undertook the ICOFR management assessment for 2023 in coordination with key stakeholders and with direct reporting to Group Board Audit and Compliance Committee (GBACC). The ICOFR testing cycle intends to figure out whether an effective governance culture remains active at QNB Group. Through testing and scenario analysis, the Group improves upon the bank's internal control procedures and policies, as well as its record keeping and financial reporting processes. Thereby, protecting QNB Group from various potential martial risks.

2.6 Global data protection and privacy program

QNB Group places a strong emphasis on protecting the personal data of its customers, depositors and various stakeholders as doing so is of paramount importance. QNB's commitment to data privacy has positioned it as the leading bank in the MENA region, as evident by its high ratings via multiple ESG agencies. Furthermore, QNB also recognizes the complex data protection laws and regulations that may impact its operations and, as a result, Group Compliance Division has implemented several significant initiatives related to data protection during 2023, the following represent some of them:

Expanded QNB's data protection regulatory landscape:

QNB's data protection framework integrated various regulations such as (but not limited to) the Swiss Federal Act on Data Protection (FADP) and Data Protection Law (PDPL) of KSA to remain ahead of the curve and navigate through the complex requirements.

Integrated machine learning and AI technologies in QNB's data privacy systems:

Various data privacy systems underwent enhancements during the year and there are still multiple data privacy initiatives underway to adopt new technologies that facilitate stronger controls and automation of privacy tasks including generative AI, machine learning and 4th generation technology.

Incorporated artificial Intelligence regulations into QNB's data protection function:

The Group's data protection team incorporated AI regulations into its' current roles and responsibilities to validate the impact of AI on privacy of QNB data subjects. This is an ongoing task, which will continue to develop as global economies continue to move towards automation and the adoption of new technologies.

2.7 Solidified QNB Group's relationship with regulators

QNB Group is in regular contact with regulators to study, analyse and implement new regulations, as well as to help facilitate effective two-way communication between the bank and its domestic regulators. During 2023, Group Compliance Division reinforced the relationship QNB has with its regulators using the following:

Kept up with Ongoing Regulatory Developments – 2023

QNB Group took multiple steps to identify and implement various measures across all business functions aiming to ensure business continuity and implement all necessary regulatory actions outlined in Qatari directives and recommendations. Furthermore, QNB has developed its documentation and reporting capabilities through improving the response templates used for ad-hoc regulatory reporting and disclosure.

During 2023, the Group extended their support-for and oversight-on various customer-focused activities carried out by QNB divisions, the below represent some of these activities:

- Providing Payment (Collection) Services to Merchants Engaged in Contracts with Technology Service Providers for the Purpose of Joining QPAY Portal;
- Updating and Enhancing QPAY E-Commerce Portal;
- Financial Technology Strategy – Digital Transformation Initiative for the Banking and Insurance Sectors;
- Issuance and Activation of Himyan Debit Card to create a Local Payment Ecosystem in the State of Qatar.

The Group remained in regular communication with QCB and other regulatory bodies during 2023 in order to keep them well informed of how QNB is dealing with the global financial recovery period post COVID-19 pandemic. In these correspondences, QNB outlined all actions taken to protect the safety and wellbeing of customers and employees.

QNB Group reviews, adopts and implements on an ongoing basis the regulatory requirements issued by (but are not limited to) QCB, QFMA and QFCRA. In turn, the Group implemented a robust mechanism to monitor implementation of new regulations.

The most recent and critical instructions issued by QCB is related to Real Estate financing controls, pursuant to the impending credit risk and exposure emanating from Real Estate sector. In response, the Group provided necessary advices, directives and guidance to the respective stakeholders in order to remain compliant with new instructions and maintain QNB's compliant culture.

Furthermore, due to the increased frequency of issuing instruction letters received from QCB, beside the regular circulars, the Group developed a QNB Portal that serves as a central depository for all QNB employees to have access to these instructions.

2.8 Cultivated robust compliance oversight and monitoring mechanisms

The compliance self-assessment framework

The compliance self-assessment Framework infers clear roles and responsibilities upon Group Compliance Division, as per the Board approved compliance charter. The Framework has various components, mechanisms and controls clearly defined to fulfil the following responsibilities:

- Enhance QNB's compliance risk mitigation strategy;
- Spread the compliance culture across the Group;
- Map out risks then prioritize proper resource allocation to properly mitigate said risks across QNB;
- Minimize compliance-related risks and exposure, as per the regulatory requirements.

This framework allows QNB Group to use a risk-based and dynamic approach to comprehensively and proactively identify then assess categories of "compliance risk" in Head Office divisions and across QNB's international subsidiaries.

The compliance self-awareness questionnaire (CSAQ)

In view of the ever-changing business and regulatory environment, the CSAQ serves as a dynamic Compliance Risk management tool whereby QNB assesses risks that have the greatest potential impact for legal, financial, operational, or reputational damage. The CSAQ exercise happens annually, as it serves to allocate the right resources to mitigate risks and highlight potential opportunities for improvement or increased oversight.

Furthermore, the CSAQ covers a wide array of aspects linked directly or in-directly to regulatory compliance, Financial Crimes, Business Continuity Planning, Internal Controls, and Privacy and Data Protection and QNB Group's internal policies and procedures. QNB Group uses an intricate scoring matrix methodology to reflect the actual compliance rate per compliance pillar.

Questions included within the CSAQ stem from laws, rules and regulations issued by key legislative and regulatory authorities located in the domestic and international policymaking arena. As these regulations are dynamic and change from time to time, the Group updates the CSAQ accordingly.

The compliance-monitoring program (CMP)

The compliance-monitoring program (CMP) holistically assesses key risks and mitigating actions to provide a comprehensive view of regulations and their impact on compliance requirements. Group Compliance's policy outlines each relevant party's roles and responsibilities in relation to CMP. Where process owners preform all required updates to their respective policies and procedures. Furthermore, through using CMP the Group identifies any gaps between QNB practice, its documentation infrastructure and regulatory requirements highlighting said gaps immediately to the relevant process owners.

Annual Group Compliance plan

QNB Group has set an annual departmental plan approved by the Group Board Audit and Compliance Committee (GBACC) to conduct compliance review assignments and assessments, based on the results and outputs from the compliance-monitoring program (CMP) a review subject is chosen, then its scope and frequency also dictated. The Group then communicates issues and gaps with the concerned Stakeholders and collaborates on corrective actions required ahead of rising the final report on the assessment's findings to the Executive Management and GBACC.

Supported local subsidiaries with their implementation of new regulatory requirements

The Group has worked closely with its domestic subsidiaries such as QNB Financial Services (QNBFS) and QNB Capital (QNBC) to help them implement various regulatory instructions issued during the year. The division provided proper supervision and guidance to the aforementioned subsidiaries as they worked to situate new regulatory instructions into their practices. Furthermore, the Group also enhanced the reporting mechanism established at these domestic subsidiaries to aid communication and coordination. QNB Group has adequate control methodologies to effectively identify and oversee compliance risks.

2.9 Maintained effective monitoring and supervision on QNB Group's overseas entities

QNB Group recognizes the importance adequate supervision and oversight has on furthering compliance at its overseas network comprised of subsidiaries and branches. Using proper supervision and monitoring tools and systems, the Group examines the compliance activities of overseas entities to ensure that they remain in compliance with QNB Head Office and with their own regulatory environment. The following represent some of the key supervisory activities conducted by Group Compliance Division during 2023 to support QNB's overseas entities:

The regulatory reporting control framework for overseas branches

QNB Group continues to monitor the regulatory reporting control framework established for overseas branches. The framework takes into consideration the observed related findings linked to recent regulatory developments as well as adopted best standards. The Group concentrates on compliance roles specifically during the regulatory reporting processes at overseas branches considering the following:

- Ensure timely submissions of all reports, as per the regulatory requirements;
- Establish clear engagement processes with concerned stakeholders at each branch level;
- Properly allocate resources/related responsibilities and set effective risk mitigation systems

The Group's regulatory reporting control framework identifies key components to be considered within the regulatory reporting arrangements such as (but not limited to) reporting requirements, appropriate technical aspects, documentation infrastructure, and compliance oversight and data integrity.

Internal control framework and CMP enhancements for overseas branches

The implementation of internal control frameworks in overseas branches is a critical function of Group Compliance Division, as all overseas branches regardless of location are required to adhere to globally recognized standards and local regulations. As by upholding a strong compliance culture, the bank can ensure its operational integrity, protect its reputational assets, and maintain financial stability across all branches.

QNB Group adopted a risk-based approach for assessing and managing compliance risks based on their likelihood and potential impact on the Overseas Branches and International Subsidiaries. It involves prioritizing the most serious threats and applying appropriate controls, policies, and procedures to reduce them to acceptable levels. The risk based approach methodology focus on (3) main pillars within International

Compliance as the followings:

- **Internal Control Framework:** to design key controls, preventative and detective controls, as well as more accurate testing;
- **Regulatory Compliance:** identify key risk areas within each branch by monitoring compliance activities so that regulatory rule breaches and compliance control weaknesses can be identified and remediated;
- **Data Privacy:** individually assesses each branch against the pillars of QNB's data protection monitoring framework to highlight any discrepancies between them then timely resolve these misalignments.

As mentioned in a prior section, the CMP aims to monitor compliance risks and develop a strong compliance culture through assessing risks holistically. Group Compliance Division utilises CMP in this context to monitor the compliance framework and related activities of QNB's overseas branches. During 2023, QNB Group incorporated a new "compliance management and internal control system" within CMP, which included automated tools to monitor compliance risks.

Supervisory activities at overseas branches and international subsidiaries

QNB Group exercised proper oversight on all overseas branches compliance activities providing guidance and directions as and when needed. Using a risk-based approach the Group assessed the compliance environment of overseas entities. Where various compliance related aspects at overseas entities such as SLAs, CSAQ, and annual compliance & training plans underwent thorough examination. The Group also worked to monitor, support, and follow up the progress for all the required actions to comply and address the regulatory requirements and instructions.

The Group worked closely with international subsidiaries to execute various impactful changes aligned with Group standards. These changes includes developing a risk register to serve as a key component of risk management by enabling these entities to stay ahead of potential risks and to maintain a strong reputation for legal and ethical business practices. In addition to the above, the Group also conducts periodic follow-ups with international subsidiaries to ensure that all compliance related tasks are completed properly and timely.

Compliance self-assessment questionnaire (CSAQ) for international entities

The CSAQ Framework and Template covers international subsidiaries used to evaluate their activities on building a robust compliance framework in line with core compliance pillars. QNB Group has revised its CSAQ framework and related template for 2023 including new scoring criteria and new Group KPI standards. On an annual basis, QNB uses the guidelines and related template to assess QNBs overseas entities outcome and compliance risk profiles.

Formulated new annual compliance plans for overseas entities

QNB Group annually reviews and updates the compliance-oriented plan of its overseas entities. Taking into consideration the compliance strategies and reporting mechanism adopted and continuously enhanced at QNB Head Office, Group Compliance Division reviewed then approved all the 2023 overseas entities annual compliance-focused plans working ahead towards 2024.

2.10 Risk governance: strategic and operational risk management measures

During 2023, QNB Group strengthened its risk management framework and tools against a backdrop of world economic upheaval, market uncertainty and interest volatility, which effectively helped in mitigating various types of risks across QNB's growing geographical footprint. QNB Group Risk Division works diligently to identify, monitor, evaluate and manage the bank's financial and non-financial risks in support of QNB's strategic plan. The following are the initiatives and activities established by QNB's Group Risk Division, to enhance the Group's approach to risk management and risk governance:

Operational risk management initiatives and activities

In 2023, QNB undertook a comprehensive review of the existing new product approval process to create an enhanced process, which ensures a consistent, unified approach to its new product approval process with the requisite standards and guidelines.

In accordance with the updated process, all new proposed products and services will be subject to a comprehensive assessment, which outlines the relative complexity and risk profile attached to each proposed item ahead of assigning actions needed to be completed prior market launch. Once a product or service is in its post-launch period, a re-assessment will commence again to addresses any open risks or issues that have arisen including any regulatory, risk, legal, financial, infrastructure or operating concerns.

QNB Group periodically conducts risk & control self-assessments (RCSA) to help manage many risks proactively, build a strong and effective control environment and foster a positive risk culture across the Group. The RCSA also documents and evaluates the bank's assurance of non-ICOFR controls excluding internal controls over financial reporting (ICOFR) to ensure they remain adequate and effective.

Strategic risk management initiatives and activities

QNB Group evaluated its risk appetite under plausible forward-looking scenario testing while also examining the Group's financial resilience in terms of capital adequacy, liquidity and earnings stability. Following this evaluation, the Group enhanced the forward-looking risk assessment capability and stress-testing framework for liquidity risk and applying internal stress scenarios for selected international entities.

Additionally, the bank has also enhanced the credit risk framework with the development of several Probability of credit default (PD) models. The Group has also improved its risk competence with the implementation of behavioural cash flow modelling, which will improve the robustness of the bank's interest rate risk in the banking book (IRRBB) scenario modelling.

The Group made notable progress with climate risk embedding through updated and enhanced policies, procedures and standards covering material impact of climate change risks. The bank evaluated its (Scope 3) financed emissions for the first time, and identified the sectors for which the bank has either no appetite or a restricted appetite toward them on the grounds of adverse environmental and/or societal impacts based on its own environmental and social risk management framework (ESRMF). In addition to that, QNB has also identified a catalogue of principal and material risks across the Group, that covers both financial and non-financial risks and notably includes climate risk (transitional and physical) and strategic risk.

Effective systems and mechanisms to mitigate and monitor risks

As an element for forward looking credit portfolio management, QNB implemented a new bottom up stress testing tool that provides impact analysis at sector, portfolio and country level, as per any given credit risk scenario including climate risk scenarios.

Moreover, since credit risk appetite setting and monitoring is an essential portfolio management activity, QNB has implemented an automated central risk calculation engine in order to set and monitor risk appetite metrics, and their thresholds.

QNB has also implemented a digital loan origination system, which reduced the turnaround times for credit requests coming from external and internal customers. Due to the increased efficiency of processing the requests and improved analytics of the customers' information, which as a result, reduced the decision making time.

Effective risk management structures incorporated at overseas entities

QNB has improved its key risk indicators (KRI) framework and program, especially for its international branches to align their risk framework with the group risk appetite. QNB's KRI program helped to proactively spot and deal with risks before they become problems, improving the risk management, make better decisions and lower the risk exposure effectively.

Moreover, QNB Group improved the oversight and interaction with the international entities by introducing a number of measures such as the standardized reporting and quality assurance in addition to set a specific liquidity limits tailored to complexity and size of the entity. In a rapidly changing environment, this will improve QNB's appreciation of its operating environments and ensure that it take the appropriate actions on a timely basis.

2.11 Internal audit – a key component of corporate governance

Enhanced Group internal audit organizational structure

Aiming to enhance the governance of QNB's audit function, Group Internal Audit Division (GIAD) reviewed and expanded its organizational structure by creating quality assurance team that played a key role in enhancing and continuously ensuring quality improvement were made during 2023, in turn, this helped achieve many of GIAD's objectives.

GIAD has also created a new digital audit team to focus on giving risk insights, designing controls and measuring the effectiveness of QNB's digital space.

Aligned QNB's internal audit practices with international standards

During 2023, a leading external agency conducted a comprehensive quality assessment to ascertain that GIAD adheres to the international Professional Practices Framework (IPPF) standards issued by the Institute of Internal Auditors (IIA). Moreover, GIAD conducted a review of the International Financial Reporting Standard 9 (IFRS 9) requirements to ensure the Group's accounting and reporting practices are aligned with the international accounting standards and regulator's related instructions.

Automation of Group internal audit tools

GIAD implemented a new audit system, which helped in managing the key aspects of the internal audit processes including risk assessment, planning, documentation, as well as reporting and follow-up. Moreover, GIAD further enhanced the data analytics tools to improve assurance coverage and strengthen internal audit assessment capabilities.

Reviewed the Group's frameworks and policies

GIAD conducted several reviews for the bank and its overseas entities with focus placed on financial crime and sanctions framework implementation, the internal capital adequacy assessment process (ICAAP) and reconciliation of collateral records against the records maintained by relevant authorities such as the Land Registry department under the Ministry of Justice, and Qatar Stock Exchange (QSE). In addition to other assignments such as SWIFT control and cyber security reviews and validation.

GIAD also participates in the review of new and updated policies from an advisory capacity. The main objectives of these reviews are to ensure that policies address and mitigate key business, IT and regulatory risk factors with proper alignment and integration with other policies and applicable standards. GIAD's standard process for the review of policies was also shared with the respective internal audit functions of QNB's international subsidiaries for benchmarking and alignment of practices.

Enhanced QNB methodology of information technology (IT) and information security (IS) audit

The rapid use of technology in bank operations has evolved and so has its IT and cybersecurity risks. Therefore, GIAD developed its own methodology to assess IT and cybersecurity risks as part of QNB audit coverage. The new development aligned with relevant internationally recognized frameworks such as IT Assurance Framework (ITAF) the professional practices framework of Information System Audit and Control Association (ISACA) and Control Objectives for Information and Related Technology (COBIT).

In addition to that, GIAD engaged with an external consultant to conduct a comprehensive IT and information security governance as well as management assessment and benchmarking exercise. The respective QNB processes were benchmarked against peer banks and areas enhancement were identified to align it with the international standards and best practice.

Audit initiatives related to environmental, social and governance (ESG)

Following GIAD's comprehensive review of the Group's sustainability initiatives and the annual sustainability reports, GIAD mapped the new disclosure requirements to QNB's sustainability team where this helped in aligning the group's sustainability disclosures with the regulatory requirements International best practices adopted by major financial institutions. Moreover, GIAD embedded ESG and climate-related topics into its scope and planning processes while performing audit in different divisions and departments on the group level including international entities, and held number of the awareness sessions for its staff related to building ESG audit scope.

2.12 Raised employee skillsets and capabilities in QNB Group's internal control functions

QNB invests into the development of its employee skillset and capabilities using both in-house training avenues as well as external training centers and accredited institutions. Considering the important role internal control functions, such as risk management, compliance, financial control and internal audit, have in protecting QNB operations from various legal, regulatory and financial risks. It becomes imperative for employees working in such divisions to have the right mix of knowledge and skills, which they can obtain or enhance through undergoing continuous training and re-development.

During 2023, QNB Group raised the efficiency of its training strategy for internal control functions by encouraging as well as financially supporting all employees, who work in internal control divisions, to obtain various role-specific professional certifications in an effort to hone their skills, expand their field of knowledge, grow their competencies, and stay abreast of recent regulatory developments.

2.13 Remained in support of sustainable environmental, social and governance (ESG) arrangements

QNB Group Strategy Division serves as the primary advisory body for all matters related to sustainability and ESG-reporting. The division actively engages with both internal and external stakeholders taking the lead in preparing disclosures and reports on ESG matters, as well as interacting with various relevant international institutions, investors, and partners. During 2023, QNB performed the following activities to strengthen the bank's Sustainability framework:

Strategic initiatives to improve upon QNB's sustainable governance framework

QNB Group continued to update and improve upon its' strategic planning framework for international branches and subsidiaries broadening the scope of countries within the framework. This allowed QNB Group to manage and monitor the performance, project and portfolio management of overseas entities, as well enabled the Group to harmonize overseas entities business development and execution plan with QNB Group's own direction, vision and strategy.

QNB's Strategy Division performed various awareness sessions to familiarize other QNB divisions, as well as across the bank's overseas entities, with the Group's purpose, vision and strategy. The sessions focused on detailing QNB's forward approach to innovation and sustainability in an effort to foster greater innovation in the bank's ecosystem and create a sustainable future.

In line with the latest Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Board (SASB), and the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD), Group Strategy division annually reports on QNB's sustainability activities and its performance. Furthermore, QNB has obtained independent limited assurance under ISAE 3000 (revised) to ensure that the bank's sustainability report aligns with GRI standards.

2.14 Global governance practices across QNB Group's international business network

QNB Group's International Business Division (IBD) supports the bank's international expansion strategy through overseeing the business practices and operational activities of QNB entities at foreign jurisdictions. IBD preformed the following actions during 2023 to manage the bank's geographical footprint:

Appointed new board members at QNB subsidiaries and affiliates

QNB Group identified high-potential staff to upscale their skills for leadership positions ahead of appointing them as board members in CBI and in Turkey's (Enpara) subsidiary. Through having board representation, QNB establishes a mutually reinforcing governance relationship linking head office with QNB affiliates and subsidiaries.

Designed new board management and corporate governance digital solutions for subsidiaries

QNB Group is currently working on designing a new digital solution for effective management of board-related and corporate governance-focused aspects at QNB subsidiaries. The new solution will help carry out the monitoring of board activities and will provide a safe and secure environment for the exchange of such sensitive information. In 2023, QNB was successful in securing several regulatory approvals on this matter across its overseas subsidiaries network.

Supported inter-departmental initiatives for QNBs overseas entities

Group IBD extended support towards various divisions within QNB Head Office as they worked to formulate new coordination and/or communication lines, guidelines and systems with counterpart departments at overseas branches and subsidiaries. Where Group IBD facilitated greater cooperation between GIAD and international branches through enhancing controls and quality assurance, as well as establishing clear communication lines to link them both. Furthermore, IBD also supported Group Compliance Division in reviewing and updating QNB's corporate governance guidelines for overseas branches.

2.15 Built-up QNB Group's governance of procurement arrangements and practices

QNB established a new Group Procurement Division to create effective procurement solutions and systems, create value, mitigate risks and manage subsequent supplier relationships. The newly formed division promotes operational and procurement efficiency through various processes and initiatives taking ethical practices and integrity into consideration.

In 2023, QNB developed Group procurement and supplier management policy (GPSMP) along with a number of new procedures to build an effective documentation infrastructure for procurement-related work, activities, supplier relationships and services. GPSMP outlined Group Procurement Division roles, responsibilities and organizational structure comprehensively. The Group created this policy to address all requirements across the procurement lifecycle, to establish effective procurement governance arrangements, as well as to have a centralized supplier registration for proactive contract management.

In addition to the above, the policy has also properly integrated QNB's financial authority matrix, its conflict of Interest (COI) and dealing with related parties policy, and the bank's ABC policy into its policy framework. Where, the financial authority matrix included in the policy establishes clear governance arrangements and approval hierarchy for supplier contracts and tender bids. Whereas, the ethical

policies included in the procurement policy help bolster QNB Group's management of COI and ABC related risks or potential situations across its supplier network. In this regard, the division works collaboratively to check new supplier information.

2.16 Enhancements to retail banking for a better customer experience

QNB Group Retail Banking division works to reinforce the bank's financial position through designing a variety of different services and products for customers to use and greatly benefit from irrespective of where these customers are located whether be it domestically or internationally. During 2023, Group Retail Banking Division performed the following actions to support the bank's business strategy:

Expanded upon QNB Group's digital banking transformation plan

QNB Group continued to expand upon its digital banking transformation plan offering more products and services through its digital platforms in addition to, enhancing several mobile and internet banking functionalities. QNB added additional functions and features to enable customers to perform their day-to-day transactions, manage their accounts, cards, and loans via the bank's digital channels and in line with regulatory requirements.

Such enhancements were reinforced with greater security and data confidentiality controls, as to ensure consumer data remained protected and transactions preformed remain secure. Doing so facilitated proper migration of customers and transactions from the bank's branches to its digital channels.

In response, QNB's digital channels process a large share of customer transactions exceeding (95%) of the bank's total domestic amount of transactions. As per QCB direction, QNB has supported all micro enterprises by offering a low-cost acceptance payment solution in an effort to cover remittance of business and to offer customer greater flexibility and convenience, which is in line with local regulations.

QNB Group does conduct regular reviews of its digital practices to make sure that Group Retail Banking Division is equipped with the resources and the skillsets required in order to, pursue continuous innovation, establish greater market reliability and maintain customers trust.

Spearheaded various retail initiatives at QNB subsidiaries and overseas branches

In support of QNB's growing international footprint, Group Retail Banking Division has increased the breadth of retail products and services presented by QNB overseas branches and subsidiaries. Where the Group spearheaded multiple initiatives across its international network such as (but not limited to), providing a digital on-boarding option for customers located in QNB Syria to open their accounts using QNB's website.

QNB Group has also developed greater synergy between the bank and its entities in Oman, Kuwait, KSA, UK, France and Switzerland, reorganizing and restructuring their retail practices and building stronger channels of communication between them and head office.

QNB Group does undertake regular annual branch visits to analyze strengths and tackle ongoing obstacles, as well as to expedite the turnover process of main products sales across QNB's international network of subsidiaries and affiliates.

2.17 QNB's dedication to corporate social responsibility

QNB Group places a strong emphasis on corporate social responsibility (CSR) since through it the Group has an ability to make a positive difference on society, the environment, and the wider economy. QNB's Group Communications Division is responsible for and actively engages in supporting several CSR initiatives and activities both in Qatar and throughout their global network. The following represents some of the key initiatives done by Group Communications Division during 2023 with regard to CSR:

A. Participated in social and economic events

Eid outfit campaign

In collaboration with the Qatar society for the rehabilitation of special needs, QNB organized an Eid outfit campaign for people with disabilities to enjoy the special occasion and celebrate the festivities with QNB.

Alzheimer's Day

On world Alzheimer's Day, QNB organized and sponsored a buffet event to support Alzheimer's patients and their families at Hamad Medical Corporation.

Ramadan iftar event at the "Daam"

QNB organized and sponsored a Ramadan iftar event at the "Daam" specialized care center of Hamad Medical Corporation where the event aimed to bring joy to elderly patients and their families during the holy month of Ramadan.

Blood donation campaign

QNB Organized its annual blood donation campaign for its employees in cooperation with Hamad Medical Corporation (HMC)'s Blood Donation Centre. With the aim to support the blood bank stock at Hamad Corporation and ensuring blood supply on annual basis, while raising awareness of the importance and benefits of blood donations in the community.

Qatar CSR summit and exhibition 2023

QNB as the official sponsor of Qatar CSR summit 2023 hosted by Qatar University further enhances its ongoing efforts to support various corporate social responsibility initiatives and projects. This sponsorship aligns with the bank's long-term CSR strategy and support its brand reputation.

Qatar Economic Forum 2023

QNB was the main sponsor of the 2023 Qatar Economic Forum organized by Bloomberg. The forum has global significance as it brings the most influential industry experts, business individuals and key policymakers around the world to Qatar in effort to boost Qatar's economy.

Investment Forum 2023

QNB was the strategic sponsor of the 2023 Investment Forum; this sponsorship brought together leaders, policymakers, and investors from around the globe to explore the various investment opportunities.

Qatar Development Bank (QDB) start-ups demo day

QNB was the strategic sponsor of start-ups demo day organized by Qatar Development Bank (QDB), this sponsorship of this event comes in line with the bank's mission to support entrepreneurship, innovation and local start-ups.

Qatar Development Bank (QDB) SME Excellence Awards ceremony

QNB was the strategic sponsor of the small and medium-sized enterprises (SME) excellence awards ceremony organized by QDB. This sponsorship comes as a part of the Bank's belief in the important role of SMEs in further improving the Qatari economy.

International conference of credit rating agencies 2023

QNB was the platinum sponsor of the international conference of credit rating agencies in 2023. This conference attracts industry experts and specialists in the economic and financial sector to highlight the latest trends in investment and credit ratings.

Sponsored KSA's 11th Saudi Trade Finance (STF) Summit

QNB Group announced its platinum sponsorship of the 11th Saudi Trade Finance (STF) Summit. Where this sponsorship underscored the bank's keenness to play a significant role in promoting top events hosted by the Kingdom of Saudi Arabia to support their transformational journey towards achieving the Saudi Vision for 2030, which partly advocates for more financial diversity, inclusiveness and the further development of KSA's private sector.

B. Organized cultural and educational activities

Kawader program 2023

QNB was the diamond Sponsor of Kawader 2023 graduates program launched by Qatar Finance and Business Academy (QFBA) to qualify graduates or recently recruited employees to assume leadership positions in the financial services sector in line with Qatar's national vision 2030.

University of Doha career fair 2023

QNB participated in the career fair held at University of Doha. Where the Group's participation exposed graduates to the banking sector and focused on announcing various job opportunities for them to consider a career path at QNB Group.

Future assets program presented by Qatar Finance and Business Academy

QNB furthered its commitment to support education through by collaborating with QFBA on their future assets program, a summer program designed to broaden high school students and graduates knowledge about the financial sector.

Qatar Association of Certified Public Accountants

QNB was the platinum sponsor of the Qatar association of certified public accountants in 2023; this marks a significant milestone in QNB's commitment to support the growth and development of accounting as a profession in Qatar.

C. Supported environmental and sustainability initiatives

Expo 2023 Doha Qatar

As the strategic banking partner and sponsor of Expo 2023 Doha Qatar™, QNB Group played a vital role in the exhibition, which presented the theme of "Green Desert, Better Environment" to support sustainable practices in the face of global challenges.

Sustainable transportation conference

QNB was the strategic sponsor of the Ministry of Transport's "sustainable transportation legacy for generations conference & exhibition". QNB employees spoke about the green products such as green financing options, sustainable vehicle loans, as well as mortgages with exclusive benefits for eco-friendly homes.

Garangao celebration

QNB Group distributed bags made of eco-friendly and sustainable materials to employees in an effort to celebrate the Garangao night during the holy month of Ramadan keeping sustainability in mind.

Tarsheed carnival 2023

In line with Group's dedication to bring forward its long-term projects on sustainability, QNB's announced its gold sponsorship of Tarsheed Carnival 2023, which comes as part of QNB Group's sustainability driven initiatives and want to support all projects and efforts aimed at building a more sustainable world.

Children's "sustainability arts summer camp" at KidZania

QNB organized sustainability arts summer camp at KidZania Doha to promote knowledge on sustainable practices at KidZania Doha, the camp offered an opportunity for kids to grasp the meaning of sustainability and improve their financial skills using various fun activities and camp experiences.

Sustainability workshop at Sidra hospital

QNB conducted a workshop at "Sidra hospital" aimed at raising awareness about sustainability. During the workshop, the Group engaged with children with the intention of providing them with valuable information and insights on the importance of sustainable practices.

QNB received ISO certification in recognition of exceptional safety and security services

In recognition of the Group's dedication to safety and security services, QNB received the ISO 45001:2018 certificate provided by the Bureau Veritas international Doha W.L.L in Qatar.

This certification represents QNB Group's strong commitment towards maintaining a safe and secure environment for its employees, vendors, clients and visitors in accordance with the requirements of the Occupational Health & Safety Management System Standards.

Furthermore, ISO's recognition of QNB's safety and security services reflected how the bank was successful in supporting human development by providing sustainable and healthy work environment for employees and customers.

D. Sponsored sport events

The Amir Racing and Equestrian Sword festival 2023

QNB was the platinum sponsor of 2023 Amir Racing and Equestrian Sword festival in collaboration with the racing and equestrian club (QREC). The Group supported these events considering how embedded horseracing is in the Qatari culture.

The Amir Sword Camel Festival 2023

QNB was the diamond sponsor of 2023 Amir camel sword festival in collaboration with the camel race committee. The sponsorship aimed at further enhancing the bank's partnership with the camel racing organizing committee and support Qatar's deep-rooted traditional sports.

QNB's Paddle and football tournaments

In celebration of Qatar national sport day, QNB organized paddle and football tournaments for employees to make the best use of this holiday and share a match in the context of healthy environment.

Partnership with "We Run Doha"

QNB was the official principal partner of "We Run Doha" organized by Paris Saint-Germain (PSG) where this collaboration highlighted the importance QNB placed on mental health and welling in sports and on supporting local and international sporting events.

The Amir Cup 2023 for Football by QFA

QNB is the strategic partner of the Amir Cup 2023 for Football organized by Qatar Football Association (QFA); QNB plays a crucial role in supporting and promoting the event.

Supported West Asian Goalball Championship

QNB collaborated with the Qatar Paralympic Committee (QPC) during the "West Asian Goalball Championship" for the visually impaired to empower people with special needs and support their mental and physical health providing them with access to sports.

Sponsored Exceptional Qatar ExxonMobil Open and Total Energies Open

QNB announced its gold sponsorship of 2023 "Qatar ExxonMobil Open" and "Qatar Total Energies Open" international tennis tournaments. This shows QNB's dedication to supporting sports in Qatar.

Asian Confederation of Billiard Sports Championship (ACBS)

QNB was the title sponsor of (ACBS) Championship, wherein the Group supported and promoted the tournament by showing their commitment to sports and community engagement as a whole.

3. Key corporate governance participants: the Board of Directors (Board/BOD)

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

3.1 Roles and responsibilities of the Board of Directors

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

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

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

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

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

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

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

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

3.2 Board of Directors structure and composition

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

In November 2021, Qatar Investment Authority appointed H.E. Mr. Ali Bin Ahmed Al-Kuwari to the Bank's Board of Directors. H.E. was subsequently elected as the Chairman of Board of Directors. He has extensive experience working in the government, financial and banking sectors, which spans more than 32 years during which he served as CEO of QNB Group from July 2013 to November 2018. During that time, the bank became the largest bank in the Middle East and Africa.

Based on the QCB Corporate Governance instructions (Circular 25-2022), the bank is considering the areas related to the board composition and the independency requirements, which will be aligned with the new instructions. QNB is coordinating with the relevant regulatory authorities on the best ways to implement the new instructions and reflect the same in its articles of association (AOA).

3.3 Board term and renewal

During the QNB Annual General Assembly Meeting (AGM) held on 13 February 2022, Board elections were held in line with the regulatory requirements on Board composition, wherein five members were elected to the QNB Group Board of Directors representing the private sector and five were appointed through the Qatar Investment Authority (QIA). The Board members were elected for a three-year term from 2022 to early 2025. The results of the AGM were disclosed on the QNB website in QNB's pursuit to advocate transparency. The next Board elections will be held in early 2025, after which any new members will undergo an induction program on their roles and responsibilities, related regulatory requirements and on other key matters.

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

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

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

3.4 Board qualifications

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

3.5 Independent and non-executive Board members

During 2023, all of QNB Group's BOD members are non-executive members and none of them assumes executive responsibilities, moreover, the number of independent BOD members is in line with the minimum regulatory requirements and none of these members holds a full-time or part-time job within the Group.

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

The Board has the appropriate blend of skills, knowledge and experience, from a wide range of industries and backgrounds, necessary to lead the Group.

3.6 Prohibition of combining positions

In 2023, none of the Board members served as a Board Chairman or a Vice-Chairman for more than two companies that have their headquarters located in the State of Qatar and none of them have Board membership in a company with an activity similar to the bank's business. In addition, none of them served as a BOD member for more than three joint-stock companies, which have their headquarters located in the State of Qatar, none of them served as a managing director in more than one company, which is headquartered in the State of Qatar.

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

3.7 Board members' duties

All Board members comply with the following duties:

- attending meetings of the Board and committees regularly and not withdrawing from the Board;
- giving priority to the interests of QNB Group shareholders and all stakeholders over their own interests;
- providing opinion on the bank's strategic matters, policy of project implementation, staff accountability systems, resources, key appointments and operation standards;
- monitoring the bank's performance in realising its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports;
- supervising the development of the procedural rules for the Group's governance to ensure their implementation in an optimal manner in accordance with QFMA and QCB requirements;
- using their diversified skills and experience along with diversified specialties and qualifications for effective and productive management of the Group, and working to achieve the interests of the bank, partners, shareholders and other stakeholders;
- effective participation in the general assemblies, and achieving its members' demands in a balanced and fair manner;
- no-one makes any statements, shares data or information without prior written permission from the Board of Directors, and an official spokesperson will be appointed for the Group for this purpose; and
- disclosure of financial and trade relations, and litigants, including the judicial recourses that may affect negatively on carrying out the tasks and functions assigned to them.

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

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

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

3.8 Board and committee evaluations

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

Accordingly, the GBNRGPC initiate the annual assessment exercise of the BOD committees and the BOD members. The BOD undertakes the process of an annual assessment according to the BOD performance methodology. The assessment allows the BOD to demonstrate that it is accountable for its decisions and the overall operations of QNB Group.

Moreover, all BOD members completed a self-evaluation exercise indicating to what extent they are comfortable with both their individual performance as members of the BOD, and the BOD committees' performance they served in.

The BOD annual performance assessment for 2023 was conducted. Upon assessment finalization, the Group (including the full Board, the individual members and Board committees) found the operative nature of BOD decision-making, flow of information from BOD committees to the Board, committee engagement and BOD member behaviour to be adequate and efficient.

3.9 Board Secretary

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

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

to ensure the timely access of members of the Board to all minutes of meetings, information, documents and records related to the Group. The Secretary may, upon the Chairman's approval, require the assistance of any employee of the bank to perform his duties.

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

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

3.10 Board meetings

According to QNB Group's Articles of Association, the Board should hold at least six meetings during the year. The meetings are held regularly or when called for by the Chairman or by two Board members. The invitation to the Board meeting should be communicated to all members at least (10) days prior to the meeting. In this regard, any member can add a subject to the meeting's agenda. The Group's Articles of Association also provide detailed information on the attendance, quorum, voting and meeting requirements.

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

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

In 2023, the BOD held **six** meetings with an average attendance rate of 95%.

3.11 Board members' resignation

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

Moreover, QNB BOD policy aligned with QCB requirements, where it is stating that a Board member may resign by delivering written notice, signed by the Board member, to the Chairman and transmitted to the Board. In case of resignation for reasons of irregularities observed by the member, the written letter should be addressed with a statement explaining all related details and must be documented in the Board of Directors minutes of meeting.

3.12 Board decisions

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

3.13 The committees of the Board

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

Each Board committee is assigned to handle one or more of the tasks of the Board. The responsibilities of the Board committees are duly documented in the terms of reference, which are approved by the BOD. The ultimate responsibility for QNB Group rests with the Board even if it sets up committees. During the year 2023, the Board of Directors has not delegated any of its power to a third party and does not issue a general or an open-ended delegation.

QNB Group BOD committees are the following:

- A. Group Board Executive Committee (GBEC);
- B. Group Board Audit and Compliance Committee (GBACC);
- C. Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC); and
- D. Group Board Risk Committee (GBRC).

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

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

3.13.1 Group Board Executive Committee (GBEC)

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

The composition of GBEC for 2023 was as following:

- H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani – Chairman of the Committee
- Mr. Bader Abdulla Darwish Fakhroo – Member
- Mr. Adil Hassan H A Al-Jufairi – Member

GBEC main responsibilities are the following:

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

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

The Committee held **five** meetings during 2023 with an average attendance rate of 100%.

3.13.2 Group Board Audit and Compliance Committee (GBACC)

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

The composition of GBACC for 2023 was as following:

- H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani – Chairman of the Committee
- Mr. Abdulrahman Mohammed Y Jolo – Member
- Mr. Ali Yousef H A Kamal – Member

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

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

- review with management and the external auditors all matters required to be communicated or disclosed under generally accepted auditing standards or regulatory requirements;
- understand how management develops interim financial information and the nature and extent of internal and external auditor involvement;
- review with relevant parties any tax related matters and adequate disclosures that could significantly impact the Group financial statements;
- review interim financial reports with management and the external auditors and consider whether they are complete and consistent before filing with regulators;
- review any legal matters that could significantly impact the financial statements of the Group; and
- review with Group Compliance and external auditors any fines imposed by the regulators and/or other bodies.

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

- Oversee appropriateness and effectiveness of the “Internal Controls over Financial Reporting” (ICOFR) framework applied at QNB Group.
- understand the scope of internal and external auditors' review of internal controls over financial reports and obtain reports on significant findings and recommendations, together with management's responses;
- obtain explanation from management and internal and external auditors on whether the Group's financial and operating controls are functioning adequately and effectively;
- in coordination with the Group Board Risk Committee, consider the effectiveness of the Group's management of risks and internal controls over annual and interim financial reporting, regulatory and other reporting, including information technology security and controls (including that at overseas branches and subsidiaries); and
- consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- Consider with Group Internal Audit, External Auditors and Group Compliance any fraud, illegal acts or deficiencies in internal control or other similar areas.

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

- appoint/remove the Group Chief Audit Executive;
- review and approve the charter, plans, activities, staffing and organisational structure of the Group Internal Audit Division;
- ensure the independency of the Audit function and that there are no unjustified restrictions or limitations on the functioning of Group Internal Audit, as well as on internal audit's access to the Group's records, documents,

personnel as and when required in performance of their functions;

- review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and other applicable standards and best practices;
- on a regular basis, review the results of internal audit and meet separately with the Group Chief Audit Executive to discuss any matters that the Committee or internal audit believes should be discussed privately and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence and report the results of the Committee review to the BOD on a regular basis; and
- ensure that management responds to recommendations by the internal auditors and that all information, records etc. sought for and required by internal auditors in the performance of their formal duties is/are made available to them by management in an unhindered manner.

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

- appoint/remove the Group Chief Compliance Officer;
- review and approve the charter, plans, activities, staffing and organisational structure of Group Compliance Division;
- ensure the efficiency of the compliance function in detecting the deviations and breaches within the Group, and ensure the non-existence of any factors that would impact its independence and objectivity as well as proper reporting of the compliance function with appropriate consideration to Basel Committee requirements and FATF (Financial Action Task Force on Money Laundering) recommendations;
- review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigation and follow-up (including disciplinary action) of any instances of non-compliance within the Group;
- review the findings of any inspection by QCB and any other regulatory body and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence;
- review the communication and enforcement of the Code of Conduct to Group personnel and monitoring compliance therewith;
- ensure there is an effective framework in place across the Group for managing and monitoring financial crime compliance related risks, in line with regulatory requirements and international leading practices;
- ensure there is an effective mechanism for control, monitoring and reporting on the anti-money laundering and combating terrorism financing as well as international sanctions programmes and related issues;
- ensure that Group Compliance has oversight on the assessment of the appropriateness and effectiveness of

the 'Internal Controls over Financial Reporting' (ICOFR) implemented in the Bank;

- review the Group policies and framework pertaining to data protection and make sure a proper oversight is in place to protect QNB data from leakage or inappropriate or unauthorised use;
- review the effectiveness of the Whistle-blowing Policy and recommend related actions/amendments to the BOD;
- review the Group level of compliance to comply with tax compliance risks related to automatic exchange of information;
- review and approve the annual corporate governance report, prepared by Group Compliance in accordance with regulatory requirements; and
- on a regular basis, review the results of the compliance reviews and meet separately with the Group Chief Compliance Officer to discuss any matters that the Committee or Group Compliance believes they should be discussed privately and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence.

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

- review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit to ensure that the proposed scope and approach take in consideration the size of the bank and in line with the regulatory requirements and best International Standards on Auditing and preparing the financial reports in accordance with International Financial Reporting Standards (IFRS / IAS) and (ISA);
- verify that the External Auditor's report includes an explicit mention if it had obtained all the necessary information and the bank's compliance with international standards (IFRS / IAS), or whether the audit was conducted based on International Standards on Auditing (ISA) or not.
- ensure timely reply by the Board to the queries and matters contained in the external auditor's letters and reports;
- review the performance of the external auditors;
- make recommendations to the Board of Directors regarding the appointment/reappointment/removal of the external auditors and their fees;
- on a regular basis, review the results of the external auditors and meet separately with them to discuss any matters that the Committee or external auditors believe should be discussed privately, including management responses to their reports and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence; and
- review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Group, including non-audit services.

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

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

During 2023, the Committee met **eight** times with an attendance rate of 96%.

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

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

The composition of GBNRGPC for 2023 was as following:

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

GBNRGPC's main responsibilities consist of the following:

- Identify eligible and qualified candidates for Board and Senior Executive Management positions according to the fit-and-proper criteria set by the Committee in addition to the independency/non-executive requirements.
- All candidates will be assessed as per QCB, QFMA, and Commercial Companies law conditions and minimum requirements where applicable;
- ensure that a list of all accepted/rejected candidates along with their supporting documents are sent to QCB for prior approval before election and detailing the reasons/justifications for acceptance/rejection;
- ensure that all new Directors receive a proper induction

- programme upon joining the Board by issuing a formal appointment letter and providing all Directors with the induction handbook containing all important information and documents that are relevant to the Director;
- monitor the induction, training and continuous professional development of Directors pertaining to corporate governance matters;
- Re-nominate of Board members based on their contribution and performance (attendance, readiness, participation and behaviour).
- assess and review annually the independency/non-executive criteria of each Board member;
- Decide if a director who has multiple board representations is able to and has been adequately carrying out his/her duties as director of the Bank.
- Ensure that the Board induction process allows for the effective and informed performance of each Board member. This will enable the new Board members to immediately begin their responsibilities after appointment, by focusing on QNB's business and strategies, governance and management issues, internal control, risk management system and compliance models.
- submitting the list of BOD membership candidates to the Board including its recommendations and sending a copy to QFMA;
- put in place the remuneration policy for the BOD, Executive management and the Employees in line with the related regulatory requirements and the Board's guidelines taking into consideration the balancing between achieved and realised profits and risk associated with the business activities;
- approve and review the Group's remuneration and incentives policy and ensure that the remuneration of the Board of Directors, Executive Management and Employees are in line with the criteria and limits set forth by QCB/QFMA and Commercial Companies law;
- ensure that the Directors' remuneration is in line with QCB criteria and limits. The remuneration of the BOD members is presented on an annual basis to the General Assembly for approval;
- assess on an annual basis the adequacy and appropriateness of the remuneration and incentives policy and coordinate with Group Board Risk Committee in the assessment of risk-based incentives;
- maintain overall oversight of management's implementation of the remuneration system for the entire Bank
- arrange the annual evaluation of the performance of the Board, its committees and individual Directors consistent with BOD policy and provide related information at the Annual General Assembly Meeting;
- direct and oversee the preparation and update of the Corporate Governance Manual in collaboration with the Executive Management and Group Board Audit and Compliance Committee;

- prepare required recommendations and proposals to the Board of Directors for approval pertaining to the scope of work of related management committees dealing with the GBNRGPC as well as other recommendations raised by Executive Management through appropriate channels;
- review on a regular basis the BOD structure and composition and consider/assess the need to appoint independent BOD members;
- review and assess on a periodic basis any changes to international and local corporate governance practices that could have an impact on how the QNB Group operates and manages its governance policies;
- oversee the overall Human Capital Policies and ensure the BOD and Senior/Executive Management succession planning;
- inform the Board of Directors of key sustainability-related risks and opportunities; and
- oversee the annual review of all major policies across the Group.

The Committee held **five** meetings during 2023 with an attendance rate of 100%.

3.13.4 Group Board Risk Committee (GBRC)

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

The composition of GBRC for 2023 was as following:

- H.E. Mr. Mansoor Bin Ebrahim Al-Mahmoud – Chairman of the Committee
- Mr. Bader Abdulla Darwish Fakhroo – Member
- Mr. Adil Hassan H A Al-Jufairi – Member

GBRC's main responsibilities consist of the following:

- review and endorse for Board approval, the risk management strategy of the Group as well as Group Risk Appetite and Portfolio Strategies recommended by the Group Management Risk Committee (GMRC) and review any changes in risk strategy/risk appetite arising;
- review and compare the Group portfolio risk profile with the approved Group risk appetite and endorse the GMRC recommended portfolio strategies for approval by the Board;
- approve risk frameworks and Group risk policies and control structures in accordance with the approved strategy by the Board and oversee implementation of policies pertaining to the bank's internal control system;
- approve the Group's principle risks and risk taxonomy identified as part of the Enterprise Risk Management Policy and framework;

- approve the Group's annual ICAAP regulatory submission, related processes, test elements and Recovery and Resolution Planning that outlines credible options for recovery. Oversee the implementation of policies pertaining to the bank's ICAAP, capital and liquidity plans, policies and obligations;
- ensure the effectiveness of the risk control framework and oversee the evaluation outcomes of the GMRC;
- approve and oversee stress testing scenarios and results, as well as management action plans;
- approve the Group's capital management framework and any further enhancement proposed by GMRC;
- oversee the monitoring processes performed by GMRC and control framework for risk management and the defined related roles and responsibilities across the Group;
- evaluate the monitoring process made by GMRC on Group entities in the identification of operational, credit, market, strategic, legal and reputational risks, and action plans implemented to monitor and manage these risks;
- evaluate and approve the Contingency Funding Planning (CFP) document and ensure if any material conditions occur that will invoke the CFP;
- oversee the monitoring process of legal issues including major litigation cases and compliance with laws, policies and procedures;
- oversee the monitoring process performed by GMRC on fraud and other operational losses across the Group and ensure adequacy of the controls to mitigate/avoid the risk;
- oversee and approve parameters for contingency plans for all Group entities in order to ensure adequate business continuity and address the risk involved;
- carry out any other function that may arise from time to time as a result of Board directions, QCB, QFMA, QFCRA regulation, and applicable foreign regulation or market developments;
- approve country risk limits for the Group in line with QCB as well as internal country risk appetite allocation requirements;
- ensure that no material impact/risk identified by GMRC related to anti-money laundering and terrorist financing as well as the 'know your customer' (KYC) requirements; and
- review any breaches of risk limits or internal control failures (if any) and review investigation results performed by GMRC.

The Committee held **five** meetings during 2023 with an average attendance rate of 93%.

4. Segregation of the Chairman and Chief Executive Officer roles

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

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

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

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

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

Consequently, there is a separate 'QNB Group Remuneration Policy for Board, Executive Management & Employees' that defines the mechanism whereby the remuneration is directly linked to the effort and performance at both department and employee levels including that of the Board, through the achievement of assigned goals and objectives in accordance with the profitability, risk assessment and the overall performance of the Group. Moreover, the policy takes into consideration malus and clawback in circumstances where misconduct, failures or poor performance have resulted in, contributed to, or failed to prevent a loss to the business or expose it to a major risk. This policy is applicable to the Chairman, Board members, Senior Executive Management and employees of QNB Group.

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

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

The remuneration policy for QNB BOD members is duly acknowledged to be in line with QCB instructions and QFMA requirements. The BOD will present at the annual general assembly meeting for approval, the remuneration/salaries, fees (if any), amounts received for technical or administrative work or other material advantages received for approval, in accordance with the Commercial Companies Law, QCB and QFMA instructions.

For 2023, the total BOD remuneration proposed (inclusive of all fees and allowances) is QAR 16.94 million divided as per the table below. This remuneration is consistent with the provisions of Article (119) of Commercial Companies Law, Article (50) of QNB's Article of Association, Qatar Central Bank (QCB) circular (18/2014) and Qatar Financial Markets Authority (QFMA) circular issued in June 2023 related to Remuneration Determination for Board of Directors in the Listed Entities. Moreover, the remuneration amount is approved by QCB and 2024 General Assembly.

No.	BOD Member	As BOD Member	As Committee Member	Total (for 2023)
1	H.E. Mr. Ali Bin Ahmed Al-Kuwari	2,000,000	-	2,000,000
2	H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani	1,500,000	120,000	1,620,000
3	Broog Trading Company represented by H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani	1,500,000	120,000	1,620,000
4	H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani	1,500,000	240,000	1,740,000
5	Mr. Ali Yousef H A Kamal	1,500,000	120,000	1,620,000
6	Mr. Bader Abdulla Darwish Fakhroo	1,500,000	240,000	1,740,000
7	H.E. Mr. Fahad Bin Mohammed Bin Fahad Buzwair	1,500,000	120,000	1,620,000
8	H.E. Mr. Mansoor Bin Ebrahim Al-Mahmoud	1,500,000	120,000	1,620,000
9	Mr. Abdulrahman Mohammed Y Jolo	1,500,000	120,000	1,620,000
10	H.B.H. Al Mulla & Sons Trading Company represented by Mr. Adil Hassan H A Al-Jufairi	1,500,000	240,000	1,740,000
TOTAL (in QAR)		15,500,000	1,440,000	16,940,000

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

6. Key corporate governance participants: Executive Management

6.1 Governance and structure

The Board of Directors of QNB Group appointed, in November 2018, Mr. Abdulla Mubarak Al-Khalifa as the Group Chief Executive Officer. Prior to being appointed as the GCEO of QNB Group, Mr. Abdulla Mubarak Al-Khalifa was the Executive General Manager – Chief Business Officer at QNB Group. He joined QNB in 1996 and has more than 27 years of diverse banking experience.

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

- Group Chief Business Officer;
- Group Chief Operating Officer;
- Group Chief Financial Officer;
- Group Chief Risk Officer;

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

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

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

6.2 Executive and management committees

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

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

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

- Tier 1 ‘Executive Committees’ – the **‘decision-making’** committees which include: Risk, Credit, ALCO, Senior Management, Strategy, Procurement Tender, Cyber Security and Financial Recovery Management who report to the Board via the appropriate Board of Director-related committee;
- Tier 2 ‘Management Committees’ – the **‘working committees’** which include: Business Development, IT, HR and Operations and Services, and who report to the appropriate parent committee in Tier 1; and

QNB Group **subsidiaries** form their respective management committees according to their own needs, size and nature taking into consideration the corporate governance framework of QNB Group. For supervision and coordination purposes, those committees report and coordinate directly with the corresponding Division at QNB Group Head Office level.

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

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

6.2.1 Group Management Risk Committee

The Group Management Risk Committee (GMRC) establishes, reviews and recommends QNB Group’s risk management strategy and defines the risk appetite and risk policies. It reviews the processes and control framework for the management of risks and defines related roles and responsibilities across the QNB Group. The Committee also reviews and monitors the climate-related and Environmental risk included as part of strategic risk objectives along with the Group portfolio risk profile and recommends portfolio risk management strategies to the Group Board Risk Committee for endorsement in order to obtain BOD approval, reviews the effectiveness of the operation of the risk control framework and submits to the Group Board Risk Committee the annual evaluation for approval by the Board, monitors risk management activities from several perspectives: operational, credit, market, strategic, IT risk, legal and reputational and ensures implementation of action plans to monitor and manage these risks. The review of the Committee’s policies and supervision of its activities falls under the responsibilities of the Board. The Committee reviews compliance with policies and procedures, audit recommendations, regulatory requirements, including combating money laundering and counter terrorist financing requirements.

The Committee also provide strategic direction during a business continuity crisis situation, including the management of external communications, liaising with media, regulatory authorities, emergency services and government agencies. It also provides the Group risk report and dashboards to the Group Board Risk Committee as and when required. It reviews the approach of the Group Risk Department regarding effective monitoring and coordination at overseas branches and reviews the formation of risk committees at the subsidiary level in line with the corporate governance structure/framework adopted by QNB Group.

The Group Management Risk Committee (GMRC) is headed by the GCEO, with the Group Chief Risk Officer as the Vice-Chairman. The Committee also includes the Group Chief Business Officer, Group Chief Operating Officer, Group Chief Financial Officer and SEVP – Group Strategy. The Group Chief Audit Executive and Group Chief Compliance Officer attend the meetings as non-voting observers. EVP – Group Strategic Risk Management acts as Secretary for this Committee. The Committee holds quarterly meetings, provided that the majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman’s vote deciding in case of a tie.

The committee held **four** meetings during 2023.

6.2.2 Group Credit Committee

The Group Credit Committee (GCC) reviews, recommends and implements approved credit policies, guidelines and procedures related to corporate, financial institution and retail assets across the Group. The Committee also reviews and recommends the investment strategy, policies and procedures to the Group Board Executive Committee and BOD. The Committee reviews the delegated authorities related to credit and investments and recommends amendments to the BOD where appropriate. It also reviews and takes decisions pertaining to credit facilities, proprietary investments and underwriting proposals (within its delegation of authority and in line with QNB's business strategy) or escalates proposals to the Group Board Executive Committee/BOD for those that exceed its authority. The Committee also assumes the responsibility to review and approve the range of credit and investment products across the Group and approves acceptable brokers/dealers and custodians for the Group. It also monitors and reviews the performance of all the investment portfolio activities. The Committee also ensures Group entity compliance with investment limits and ratios approved by the Board of Directors, QCB, foreign regulators and senior management. In addition, the Committee monitors and reviews country risk exposures for compliance with the approved investment limits and ratios. The Committee also provides investment and credit risk reports to the Board as and when required.

The Group Credit Committee is headed by the GCEO, with the Group Chief Risk Officer as the Vice-Chairman (non-voting). The Committee also includes the Group Chief Business Officer, SEVP – Group Corporate and Institution Banking, SEVP – Group Asset and Wealth Management, EVP – Domestic Corporate Banking (non-voting), EVP – Group Credit and the three SVPs from Regional Credit one of them is a non-voting member. Senior staff of Group Risk act as Secretary for this committee. The Committee meets monthly at a minimum, provided that a majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions are taken by unanimous approval.

The Committee held **thirty** meetings during 2023.

6.2.3 Senior Management Committee

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

The Senior Management Committee is headed by the GCEO, and includes the Group Chief Business Officer, Group Chief Operating Officer, Group Chief Risk Officer, and Group Chief Financial Officer. SEVP – Group Strategy acts as Secretary for this committee. The Committee meets quarterly, provided that a majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Committee held **twelve** meetings during 2023.

6.2.4 Group Asset and Liability Management Committee

The Group Asset and Liability Management Committee (ALCO) monitors, manages and devises the strategy to manage the assets and liabilities of the Group against various risks. It reviews and recommends the strategies, policies and procedures related to asset liability management across the Group to the Group Board Executive Committee. It also monitors and reviews performance of all Treasury activities and products across the Group, including banking and trading book portfolios, interest rate risk, liquidity risk and foreign exchange risk. The Committee also ensures compliance with the Treasury's limits and ratios. The Committee oversees inter-Group transfer pricing policy. It also monitors monthly financial performance and budget targets and market share targets against performance.

The Group Asset and Liability Management Committee (ALCO) is headed by the GCEO, with the Chief Financial Officer as the Vice-Chairman. The Committee also includes the Group Chief Business Officer, Group Chief Operating Officer, Group Chief Risk Officer, SEVP – Group Strategy, SEVP – Treasury as well as SEVP – Corporate. EVP – Trading (Group Treasury) acts as the Secretary for this Committee. The Committee meets at a minimum once every month, provided that a majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Committee held **eighteen** meetings during 2023.

6.2.5 Group Strategy Committee

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

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

The Committee held **four** meetings during 2023.

6.2.6 Group Procurement Tender Committee

The Group Procurement Tender Committee (GPTC) Committee will ensure that contracts awarded follows the Group Procurement policy, ensuring decisions taken regarding the procurement of goods and services will be executed in an efficient, effective standardized manner with probity, transparency and equality, thereby ensuring that QNB maintains a reputation for fair and transparent dealings in all contracts with 3rd parties. It also ensures the compliance of the Group with the Procurement and Supplier Management Policy directives, manages relevant contractual relations.

The Group Procurement Tender Committee is headed by the Group Chief Risk Officer, with the Group Chief Financial Officer as Vice-Chairman. The Committee includes the Group Chief Business Officer, Group Chief Operating Officer and SEVP – Group Procurement. The Group Chief Audit Executive and Group Chief Compliance Officer as required observers in this Committee, in addition to a representative from the concerned department attend as an observer. The Executive Secretary of Group Procurement acts as a Secretary for this committee. The Committee meets monthly as and when required provided that at least (3) members of the Committee should attend including the Chairman of the Committee or the Vice-Chairman.

6.2.7 Group Cybersecurity Committee

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

The Group Cybersecurity Committee is headed by the GCEO, with the Group Chief Operating Officer as the Vice-Chairman. The Committee also includes the Group Chief Business Officer, Group Chief Risk Officer, SEVP – Information Technology and EVP – Information Security Officer. The Group Chief Audit Executive attends the meetings as a Non-voting observer. EVP – Information Security Officer acts as Secretary for this committee. The Committee meets quarterly at minimum, provided that a majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Committee held **four** meetings during 2023.

6.2.8 Group Financial Recovery Management Committee

QNB established the Group Financial Recovery Management Committee (GFRMC) for a better risk management in case any critical issues happens that require the activation of the Recovery Plan, Contingency Funding Plan (CFP) and/or Capital Contingency Plan (ICAAP). The main functions of this Committee is to monitor and manage the implementation of the recovery plan once it is activated and to ensure that there is timely information sharing with Board of Directors, and relevant management (as applicable) with regard to the potential recovery measures and other mitigating plans during activation of the respective plans

The Group Financial Recovery Management Committee is headed by the GCEO, with the Group Chief Risk Officer as Vice-Chairman. The Committee includes the Group Chief Business Officer and Group Chief Financial Officer. The Group Chief Operating Officer, SEVP – Group Treasury and Financial Institutions and SEVP – Corporate Banking attend the meeting as invitees. Both the EVP of Group financial strategy and business planning and the EVP of group treasury act as Secretaries for this committee. The Committee meets as and when required, provided that a majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by absolute majority, with the Chairman's vote deciding in case of a tie.

6.2.9 Group Information Technology Committee

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

The Group Information Technology Committee is headed by the Group Chief Operating Officer, with SEVP – Group Information Technology as Vice-Chairman. The Committee includes SEVP – Group Strategy, SEVP – Group Operations, SEVP – Group Administration and General Services, SEVP – Group Retail, SEVP – International Banking, the EVP – Group Operational Risk, and EVPs of Infrastructure and Development and User services. SVP – Governance & Group Project Portfolio Management acts as a Secretary for this committee. The Committee meets quarterly at minimum, provided that a majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Committee held **four** meetings during 2023.

6.2.10 Group Business Development Committee

The Group Business Development Committee (GBDC) formulates the implementation framework for realising expansion plans and aligns the required regulatory, business, support and marketing resources. The Committee develops the international expansion plan in line with QNB Group's strategy and business plans. It also reviews mergers and acquisitions to implement appropriate integration standards across QNB Group's business. The Committee reviews the new business and product initiatives, as well as market share and competitor information and recommends business plan amendments as needed. It also reviews regulatory developments and their impact on business strategy and products. The Committee develops and monitors the implementation of operational standards across the Group and reviews the performance of Business Departments. It maintains inter-Group working priorities in areas of business and operations, at the same time it reviews support units' delivery against business objectives.

The Group Business Development Committee is headed by the Group Chief Business Officer, with SEVP – Corporate Banking as Vice-Chairman. The Committee includes SEVP – Asset and Wealth Management, SEVP – Group Retail, SEVP – International Banking, SEVP – Group Treasury and Financial Institutions, SEVP – Group Strategy, SEVP – Group Communications and the CEO of QNB Capital. SVP – Global Cash Management acts as a Secretary for this committee. The Committee meets minimum bi-monthly, provided that a majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Committee held **six** meetings during 2023.

6.2.11 Group Operations and Services Committee

The Group Operations and Services Committee (GOSC) ensures follow-up and conducts regular reviews of the bank's operational activities, transaction monitoring, procedure execution and improvements, operational efficiencies, oversight of premises and facilities, and insurance and back-office centralisation initiatives. It creates and reviews the operations strategy across the Group. The Committee aligns all operation activities with QNB Group's vision, mission and business plans. It conducts a regular re-engineering programme to support continuous process and service improvement. The Committee prioritises the management of relevant projects and manages QNB Group's real estate interests. It reviews and monitors branch, office and ATM expansions across the Group. It also defines and monitors the implementation of security and safety standards across the Group. It reviews outsourcing activities to ensure sufficient quality assurance and monitoring.

The Group Operations and Services Committee is headed by the Group Chief Operating Officer, with SEVP – Group Operations as Vice-Chairman. The Committee includes SEVP – Group Administration and General Services, SEVP – Group IT, SEVP – Group Retail Banking, SEVP – Group International Business, SEVP – Group Corporate and Institution Banking, EVP – Operations Control and EVP – Operations Excellence. The EVPs of Group Operational Risk, Central Operations, Treasury and Assets Operations and International Operations Affairs are observers. VP/AVP – Operations Excellence are acting as a Secretary/Vice Secretary for this committee. The Committee meets quarterly, provided that the majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Committee held **four** meetings during 2023.

6.2.12 Group Human Capital Committee

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

The Group Human Capital Committee is headed by the Group Chief Operating Officer, with SEVP – Group Human Capital as Vice-Chairman. The Committee includes SEVP – Group Strategy, SEVP – Group Retail and SEVP – International Business, EVP – Human Resources Strategy and Integration and EVP – Human Resources Services and SVP – International Human Resources Integration. AVP – HR change & integration specialist acts as a Secretary for this committee. The Committee meets quarterly at minimum and as required, provided that the majority of the Committee members attend including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Committee held **four** meetings during 2023.

7. Risk management

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

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

QNB Group's Risk Appetite Statement is central to the Group's integrated approach to risk management and articulates the risk culture, governance and boundaries of QNB Group. The Risk Appetite Statement provides a framework for QNB Group's attitude toward risk taking and is reviewed, reassessed and agreed alongside QNB Group's strategic and financial planning process. The Risk Appetite Statement is also the mechanism used to cascade the Group's risk appetite and allocations down to a regional and country level. The risk appetite framework ensures alignment with the Group's vision and strategy by tracking current performance against risk appetite targets.

Risk management policies and procedures are established in order to identify, assess and monitor the risks at Group level. The process of independent risk oversight is a part of the strategic planning for QNB Group, and includes business risks such as variables that may arise in the environment, technology and business. The BOD assumes full responsibility for the development of strategic risks and the application of the relevant principles, frameworks and policies. This includes the implementation of appropriate restrictions with respect to products, issuer, geographic location, and maturity. However, separate and independent entities responsible for the management and control of certain risks are nominated and pre-defined. Accordingly, QNB Group's Treasury, Risk Management and Internal Audit Divisions are responsible for the monitoring of the Group's commitment to trading restrictions imposed by the BOD. In this regard, detailed monthly reports are submitted to the Group Assets and Liabilities Committee.

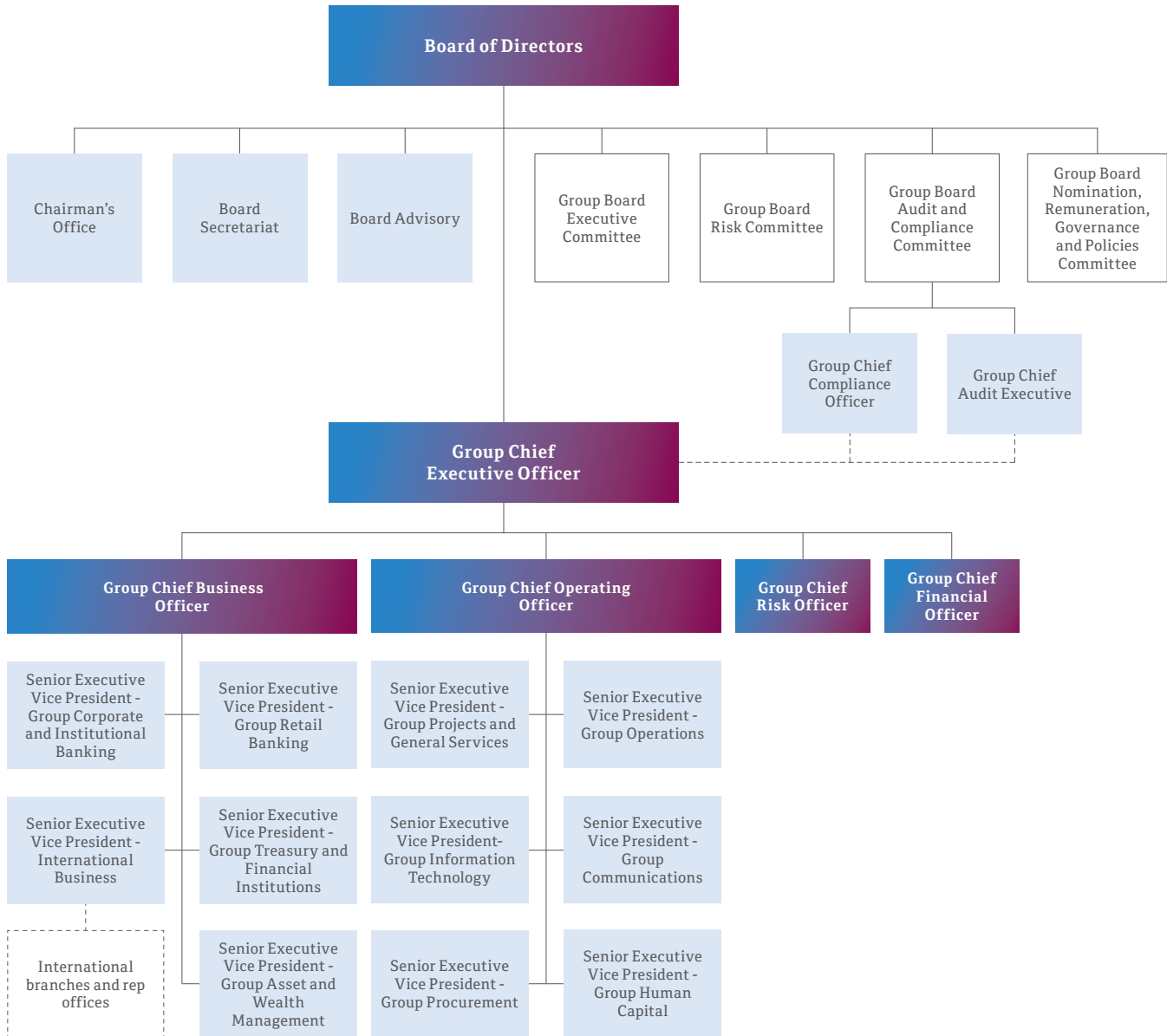
The identification of principal risks is a process overseen by Group Risk. The material risks are regularly reported to the Group Board Risk Committee (GBRC) and Group Management Risk Committee (GMRC), together with a regular evaluation of the effectiveness of the risk-operating controls. The day-to-day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

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

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

8. QNB Group organisation structure and succession plan

8.1 QNB Group organisation structure



8.2 Leadership continuity planning and organisation structure

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

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

8.3 Training and development of future leadership

QNB Group continues to deliver the Leadership Development Programme (LDP) and Management Development Programme (MDP) for the middle management, supervisors and team leaders in Qatar and Group's international locations in collaboration with renowned global institutions to assist in fulfilling career aspirations.

9. Internal control system

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

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

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

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

Based on that, during 2023 QNB management assessed the design and operating effectiveness of QNB's internal controls over financial reporting (ICOFR). Management reviewed the results of its assessment and shared it with the Group Board Audit and Compliance Committee. Based on this assessment, management determined in the "statement", which is published in the Annual Report, besides the external auditor's reasonable assurance report, that, as of 31 December 2023, QNB's internal controls over financial reporting have been designed appropriately and are operating effectively.

9.1 Group Internal Audit Division

Rigorous internal audit is a fundamental component of QNB Group's business practice to ensure a sound corporate governance framework, following the three Lines of Defence Model adopted by the Group and recommended by international organizations. 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 ensuring they are conducted according to the highest standards. It is the responsibility of the Group Internal Audit Division to provide an independent, objective assurance on the effectiveness of the Group governance, risk management and internal controls. The division also reviews the systems and internal controls for the activities of the Group by assessing the efficiency and effectiveness of the systems and the implemented procedures and by assessing the level of compliance with the control mechanism implemented by management. The division also ensures compliance with rules, regulations and Group policies, and reviews the validity and reliability of the information that is provided to the management during the audit assignments. Group Internal Audit Division submits its reports directly to the BOD through the Group Board Audit and Compliance Committee.

The remuneration of the division is determined by the Group Board Audit and Compliance Committee, which enhance its objectivity and 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 on banking supervision recommendations and other leading standards. The GIAD team is composed of individuals with experience from leading financial institutions and audit firms across the globe. Around 58% of GIAD are professionally qualified and hold globally recognised professional qualifications and certifications such as CPA, CIA, CISA, CAMS. etc. Team members undergo continuous professional development, awareness and training to have the required competencies to tackle the growing

sophistication and challenges of the banking industry and to stay abreast with impact of emerging development including digitization and increase in adoption financial technology by financial industry. GIAD maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity to increase the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. GIAD continues to develop its data analytics capability and extrapolation techniques to be able to identify systemic issues and execute efficient audits.

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

9.2 Group Compliance Division

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

The QNB Compliance strategy focuses on effective management of compliance activities across the Group in order to consolidate the Group's competitive position and build trust-based relationships with all investors and stakeholders. Moreover, a robust compliance function helps QNB Group to protect its reputation, lower the cost of capital, reduce costs and minimise the risk of investigation, prosecution and penalties in addition to building a culture that is in line with QNB Group values. On a proactive basis, the division identifies, evaluates, monitors, documents and reports on compliance risks associated with the bank's business activities, including the risk of legal sanctions, legislative and financial losses, or damage to the reputation of the Group as a result of failure to abide by laws and regulations, the charter of professional conduct and the standards of good practices. QNB's Group Compliance Division

continually monitors and assesses QNB Group's operations and activities from a compliance perspective, exerting additional efforts to ensure high levels of compliance with QFMA and QCB regulations as well as local and international statutory requirements.

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

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

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

In order to enable Group Compliance to efficiently perform its functions and responsibilities, it has been granted authority to deal with compliance matters within the Group's activities and has been given unrestricted access to all information, employee records and Group operations in Qatar and abroad. Group Compliance is also empowered to conduct investigations relevant to any possible irregularity. Group Compliance's responsibilities are carried out through the implementation of a compliance programme that specifies its activities.

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

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

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

Group Compliance is continually working to develop and enhance the Compliance Function with a vision to maintain a healthy environment and practices. No penalty of any kind was imposed on the bank by any regulatory authority during 2023.

10. External audit

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

During 2023, QNB BOD endorsed the recommendation of Group Board Audit and Compliance Committee to appoint Ernst and Young (EY) as the external auditor for the financial year ended 31 December 2023, since the previous external auditor was appointed for (5) consecutive years. The decision has been approved by the shareholders during the General Assembly held in 13 February 2023. The appointment process of the external auditor was in accordance with the applicable QCB regulations and QFMA corporate governance requirements.

The fees paid or payable to Ernst & Young for 2023 is disclosed in appendix (3). In addition to non-audit fees related to regulatory compliance amounted to QR (2.3) million.

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

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

11. QNB global ratings

During 2023, Standard & Poor's, Capital Intelligence, Moody's and Fitch affirmed QNB's strong rating and outlook. The QNB Group credit rating is considered to be among the highest in the region. The following table highlights the rating of QNB Group by some of the key important rating agencies worldwide:

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

12. Capital and shares

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

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

13. Shareholders' rights

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

A dedicated work team, led by Group Chief Financial Officer, is 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, QNB's Articles of Association states that the General Assembly shall hold one ordinary meeting within four months following the end of each financial year. The Board of Directors may call for a meeting of the General Assembly at its own discretion or whenever requested to do so for a certain purpose by the external auditor or by shareholders holding at least (10%) of the capital.

In case of an extraordinary meeting, an application in writing shall be addressed to the Chairman by shareholders holding at least (25%) of the company share capital. Notification of the General Assembly meeting as well as the meeting agenda are published prior to its date as per the Commercial Companies Law and the bank's Articles of Association, and is published on the bank's website. Copies of the Annual Report and Financial Statements are also published at least (21) days prior to the annual General Assembly meeting, to give the shareholders reasonable time to obtain and to discuss the bank's performance with the Chairman of the BOD and other members of the Board.

The General Assembly may hear any proposal included in the agenda by the Board of Directors, and such proposal may be presented by a number of shareholders owning not less than (5%) of the total number of shares. Shareholders have the right to vote during the General Assembly in person or be replaced by another shareholder as a proxy. The BOD presents its suggestions on the dividends distribution to the shareholders in the General Assembly based on QNB Group's performance and results along with the Group Strategy.

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

14. Transparency and disclosure

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

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

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

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

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

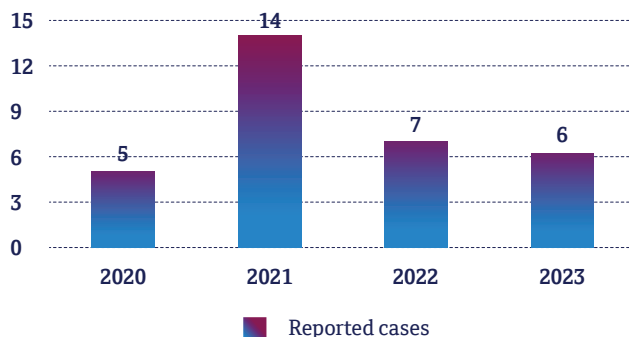
15. Whistleblowing

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

The following encapsulates QNB Group's Whistleblowing framework in 2023:

- Whistle Blowing is a core element of raising concerns at QNB. Clear reporting channels are accessible to employees including email and phone to report concern without reprisals or retaliations in any form. Employees are encouraged to report concerns and activities that do not seem right ranging from fraud, misconduct, suspicions of money laundering, workplace malpractices, insider dealing, forgery, accounting irregularities, bribery, corruption, criminal offences etc.
- QNB has established a process for receiving, evaluating, and treating alerts and investigating whistleblowing concerns. Group Compliance is the custodian of the Whistleblowing process and conducts comprehensive investigations into potential cases referred taking into account the scope, severity, plausibility, and implications of the matter reported.
- During 2023, the fraud team closed (6) cases related to breaches of the code of ethical conduct and the internal procedures.
- Actions are initiated depending on the nature of the concerns. Where investigations are warranted, actions are taken in light of observations identified and recommendations are shared with appropriate levels of Management so that appropriate corrective actions could be taken, including discipline, remediation asset recovery, training, civil action, and/or criminal referral.

Number of Whistleblowing Reported Cases from 2020 to 2023



16. Conflicts of interest and insider trading

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

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

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. During 2023, no major disputes or lawsuits occurred. These cases together with the latest updates are regularly reported to the Group Management Risk Committee and the Group Board Risk Committee for information and proper decision. As part of the regulatory scope, the external auditor also reviews all the disputes and lawsuit cases for proper assessment.

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

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

17. Handling customers' complaints

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

18. Sustainability and corporate social responsibility

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

In response to these external demands, QNB has defined a Group-wide sustainability programme. This has been developed in alignment with national and international standards and guidelines, with particular focus on the objectives of the United Nations Sustainable Development Goals (UNSDGs), Global Reporting Initiative (GRI) Standards and the Qatar Stock Exchange (QSE) 'Guidance on ESG reporting'. Consequently, QNB publishes separate annual sustainability reports that highlight the banks initiatives on related matters.

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

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

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

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

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

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

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

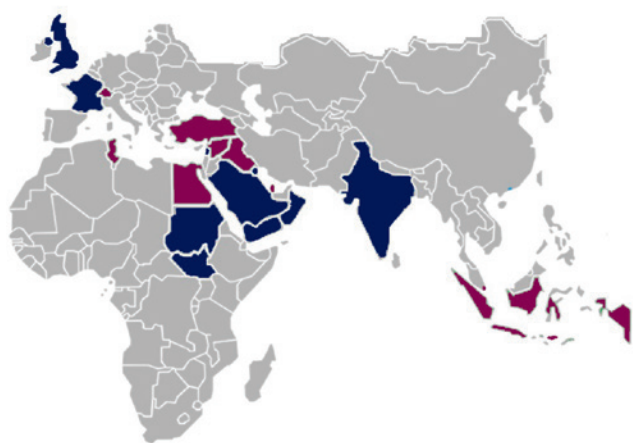
Youth and education: education and how communities engage and give opportunities to their young people is a cornerstone of social and economic development.

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

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

19. Spotlight on specific corporate governance practices – Strengthening governance practices and standards across QNB Group subsidiaries and overseas branches

QNB operates across three continents providing a wide range of banking products and services in the Middle East, Africa, and Southeast Asia. Since the diversity and size of Group operations expose the bank to diverse risks, it then becomes imperative for QNB to situate dynamic corporate governance practices and frameworks not only within its Head Office but harmonize them across its network of subsidiaries and overseas branches (shown below).



QNB Subsidiaries	QNB Overseas Branches
- QNB Financial Services	- QNB KSA
- QNB Capital	- QNB France
- QNB Finansbank	- QNB India
- QNB Al-Ahli	- QNB Oman
- QNB Tunisia	- QNB Yemen
- QNB Suisse	- QNB Hong Kong
- QNB Indonesia	- QNB United Kingdom
- QNB Syria	- QNB Sudan
- Mansour Bank	- QNB South Sudan
	- QNB Kuwait
	- QNB Singapore
	- QNB Lebanon

During 2023, QNB Group reviewed its corporate governance guidelines for subsidiaries and overseas branches to enhance the efficiency and the effectiveness of their corporate governance framework. The upcoming sections will demonstrate QNB's overseas structure showing the ways through which our guidelines promote the creation of an effective governance framework and how QNB measures their impact.

QNB Group's Corporate Governance Guidelines for Subsidiaries

QNB's international presence in the form of subsidiaries is spread across multiple geographical locations. Where the Group currently has different subsidiaries operating in the Middle East, Africa, Southeast Asia and Europe, as can be seen by the graph above. The Group utilizes a clear set of guidelines to define subsidiaries governing bodies' roles and responsibilities as well as, minimum core requirements for establishing an effective governance framework.

QNB Group maintains corporate governance guidelines for subsidiaries to establish an effective chain of oversight from QNB Group onto its subsidiaries as well as, to drive consistency and uniformity in the application of sound governance practices. The following represents some of the key corporate governance areas for subsidiaries:

Establish a robust corporate governance framework

Examples include articles of association, committee terms of reference, Board-specific documentation, and organizational structure with clear reporting lines and manuals, Corporate Governance charter/ manual/code.

Formulate comprehensive ethical and integrity-based policies

Examples include disclosure and transparency policy, conflict of interest & insider dealing policy and anti-bribery & corruption policy.

Develop effective internal control functions and risk management mechanisms

Establish adequate internal control systems and controls where risk management, internal audit and compliance functions are independent, and have clear lines of responsibility and accountability.

QNB Group’s subsidiaries have a board governance structure that warrants appointing its own representatives as members of subsidiary Boards (and related Board committees). This practice allows QNB Group to safeguard and protect its interests as well as, ensure actions performed by the subsidiary are homogenous to the bank’s own stark adherence to ethical practices and regulatory compliance.

QNB conducts an annual assessment of the representatives’ performance both on a collective level and on a more individual sense to ensure that QNB representatives, who are acting in the capacity of a Board Member, perform their duties adequately. This helps measure the impact QNB representatives have had on accomplishing subsidiary strategic goals and objectives as set by QNB for each of its subsidiaries.

The Group’s corporate governance guidelines for subsidiaries have helped facilitate the proper exchange of information from Head Office to the Group’s subsidiaries and vice versa using a wide array of communication methods, reporting lines and mechanisms. Thereby, implementing crucial corporate governance elements and internal control mechanisms across the Group.

The Corporate Governance Guidelines for Overseas Branches

In line with QNB Group’s approach to international expansion, the Group has founded overseas branches across the Middle East, Southeast Asia, Africa and Europe, as demonstrated by the graph above. Overseas branches help export QNB business operations, services and overall brand overseas. Doing so also enables QNB Group to increase its visibility to different stakeholders and potential customer vis-à-vis attain wider global brand recognition.

QNB Group maintains corporate governance guidelines for overseas branches to enhance the consolidated supervision approach towards overseas branches and their corporate governance structure. Using these guidelines QNB Group works with overseas branches to help them benchmark their corporate governance practices in a similar way to that at QNB Group. The following represent some key components of QNB Group’s corporate governance guidelines for overseas branches:

- Tone at the Top**
To have an experienced and well-informed Executive Management Team that acts in an ethical manner and in line with the best interest of QNB Group
- Governance and operating guidelines**
To set up management committees and define the roles of each committee in coordination with Head Office and in line with a branch’s own regulatory requirements
- Monitoring & Reporting Guidelines**
To use the appropriate communication channels, reporting and escalation mechanisms for effective and timely reporting of any concerns to Head Office for mitigation

Considering how Head Office's governance practices and overseas branches governance structure are connected, the Group recognizes how this dynamic is mutually reinforcing to establish good governance. QNB Group has engrained international leading practice in its corporate governance guidelines for overseas branches making it easier for them to adopt the principles of the guide while also ensuring they consider their own local jurisdictions regulatory requirements.

To measure the impact of these guidelines on overseas branches corporate governance structure, QNB annually assesses overseas branches' corporate governance framework against the guide.

In closing and as evidenced throughout this section of the report, QNB considers good corporate governance as a necessary prerequisite condition in advance of supporting and delivering the Group's purpose, vision and strategy across its international network. The importance QNB Group places on corporate governance carries over into its domestic and international operations as demonstrated by having corporate governance guidelines meant to properly direct, oversee and govern related aspects at related subsidiaries and overseas branches.

20. Compliance with the QFMA Corporate Governance Code

In accordance with Article 2 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016 (the "Code"), Qatar National Bank Q.P.S.C ("the Bank") carried out an assessment on its compliance with the QFMA's laws and regulations and other relevant legislation applicable to the Bank including the Code.

As a result of the assessment, management concluded that there is a process in place to ensure compliance with Bank's Articles of Associations and the provisions of QFMA's laws and regulations and other relevant legislation and that it is in compliance with the provisions of the Code as at 31 December 2023.

EY, the external auditor of the Bank has issued a limited assurance report (refer Appendix 4) on their assessment of QNB's compliance with the provisions of the QFMA's law and regulations and other relevant legislation including the Code as at 31 December 2023.

Conclusion

The 2023 Corporate Governance Report demonstrates the efforts made by QNB Group to enhance the effectiveness and comprehensiveness of the governance framework under the supervision of the Board of Directors and Executive Management, taking into account the business volumes and the nature of risks the Group faces. The aim behind these efforts is to achieve the aspirations of shareholders and preserve the rights of customers, depositors and other stakeholders, in addition to elevating the Group's position as one of the largest financial institutions in the Middle East and Africa region.

In 2023, the Group focused on initiatives aiming to improve all sustainability aspects. This report highlights the initiatives and achievements that contributed to developing corporate governance system and practices at the local and international levels, which reflected positively on the Group's growth, reputation and financial solvency. For example, the Group reviewed and updated the regulations of the executive management committees and improved the guiding governance rules assigned to subsidiaries and overseas branches and aligned them with the Group's standards, taking into account the legislative environment of the countries where we operate.

In addition, QNB Group has established a culture of responsibility and accountability in its corporate business, paying due attention to ethical and professional dimensions. The Group has also focused on upgrading the standards of transparency and integrity in all its dealings with various parties and in its financial and non-financial disclosures, in addition to introducing and encouraging employees to use whistleblowing channels for reporting violations.

QNB Group believes that good governance has a pivotal role in its sustainability and in achieving its strategic goals and fulfilling the aspirations of its shareholders and other stakeholders and enhancing their confidence. From this standpoint, the Group will continue its efforts to improve its corporate governance system and continuously ensure its compliance with the best global governance practices and the regulatory and legislative requirements issued by different regulatory authorities, taking into account the interest and aspirations of shareholders, depositors and other stakeholders.

In conclusion, QNB Group affirms its full commitment to the instructions and governance system issued by the regulatory authorities in the State of Qatar such as Qatar Central Bank and Qatar Financial Markets Authority, and appreciates the impact of these instructions in supporting the growth and development of the Group's business and maintaining the confidence of shareholders, investors and other stakeholders. We would like to extend our thanks and gratitude to all parties that contributed to the development of the corporate governance legislation in the banking sector, and we value their role in making Qatar one of the most prominent destinations for investment and business development in the region.

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

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

Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<p>H.E. Mr. Ali Bin Ahmed Al-Kuwari</p> <p>Chairman</p> <p>Non-Independent</p>	<p>H.E. was appointed as the Chairman of QNB Group in 2021. He is currently the Minister of Finance and Chairman of Qatar Development Bank and Katara Hospitality, as well as a member of the Supreme Council of Economic Affairs and Investment and Board member of Qatar Investment Authority and Qatar Energy. His excellency has over than 32 years of extensive experience working in the government and the financial sector. He was appointed as the Minister of commerce and Industry after being the GCEO of QNB Group from 2013 to 2018. Under his leadership, QNB Group had become the largest bank in the Middle East and Africa region. H.E. has a Bachelor's Degree in Math and Computer Science from Eastern Washington University in the United States, and a Master's Degree of Science in Management Information System from the Seattle Pacific University in the United States.</p> <p>Key previously held positions include: Minister of Commerce and Industry in the State of Qatar Chairman of Qatar Stock Exchange Chief Executive Officer of QNB Group</p>
<p>H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani</p> <p>Vice-Chairman</p> <p>Independent</p>	<p>H.E. was appointed as the Vice-Chairman of QNB's Board of Directors in 2019 and he is the Chairman of the Group Board Audit and Compliance Committee. H.E. is currently a Minister of State. H.E. holds a Bachelor's Degree in Business Administration from Portland State University in Oregon, United States and a Master's Degree in Banking & Finance from University College Dublin in Ireland.</p> <p>Key previously held positions include: Deputy Governor of Qatar Central Bank Chairman of the National Anti-Money Laundering Committee Vice Chairman of Qatar Financial Markets Authority</p>
<p>H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani</p> <p>Board member</p> <p>Non-Independent</p>	<p>H.E. was elected as a member of the Board of Directors since 2016 and he is a member of the Group Board Nomination, Remuneration, Governance and Policies Committee. H.E. is currently a Minister of State, member of the Arab Thought Forum in Amman and a member of the Advisory Council for Contemporary Arab Studies –Georgetown University – Washington. He also serves as the Chairman of Qatar Sports Federation for Special Needs, as well as a Board member in Qatar Insurance Company (QIC) and Qatar Navigation Company (Milaha). H.E. holds a Master's Degree in International Relations from the United States International University in the United States and a Diploma in National and International Security for the Government from Harvard Kennedy School in the United States.</p> <p>Key previously held positions include: Deputy Minister of State in the Amiri Diwan The Head of the Amiri Diwan Private Secretary to the Amir Head of Political Division of the Amiri Diwan Ambassador for the State of Qatar in Washington, United States Ambassador of the Ministry of Foreign Affairs, Public Diwan</p>
<p>H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani</p> <p>Board member</p> <p>Independent</p>	<p>H.E. was appointed as a member of the Board of Directors in 2004 and he is the Chairman of the Group Board Executive Committee and a member of the Group Board Nomination, Remuneration, Governance and Policies Committee. H.E. is also a member of the Board of Directors of Qatar Electricity and Water (QEWC), and the Chairman of the Business Advisory Council for the College of Business and Economics of Qatar University. H.E. holds a Bachelor's Degree in Business Administration from Metropolitan State College in Colorado in the United States.</p> <p>Key previously held positions include: President of the Qatar Statistics Authority Director General of the General Secretariat for Development Planning Secretary General of the Planning Council Director of Administration in Qatar Energy Manager of Human Recourses in Qatar Energy</p>

Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<p>H.E. Mr. Mansoor Bin Ebrahim Al-Mahmoud</p> <p>Board member</p> <p>Non-Independent</p>	<p>H.E was appointed as a member of the Board of Directors since 2004 and he is the Chairman of the Group Board Risk Committee. Currently, he is the CEO of Qatar Investment Authority (QIA), Vice Chairman of Qatar Exchange and the Vice Chairman of Qatar Airways. H.E is also serves as a board member in Qatari Diar and Doha Film Institute, and he is the Special Advisor to Qatar Museums’ Chairperson. H.E holds a Bachelor’s Degree in Business Administration & Finance from George Washington University in the United States.</p> <p>Key previously held positions include: CEO of Qatar Development Bank (QDB) Office Director of Investment Affairs for His Excellency the Former Prime Minister The Head of Risk Management at Qatar Investment Authority</p>
<p>Mr. Bader Abdulla Darwish Fakhroo</p> <p>Board member</p> <p>Non-Independent</p>	<p>Mr. Fakhroo was elected as a member of the Board of Directors since 2001 and he is a member of the Group Board Risk Committee and the Group Board Executive Committee. He currently serves as the Chairman and Managing Director of Darwish Holding. Mr. Fakhroo holds a Bachelor’s Degree in Business Administration and a Postgraduate Degree in Finance & Marketing from Kingston University in the United Kingdom.</p> <p>Key previously held positions include: Board Member of the Higher Education Institute in Qatar Board Member of Qatar Chamber of Commerce & Industry, Chairman of the Internal & Foreign Relations Committee Chairman of the Committee of the International Fund for the Higher Education in Iraq Chairman of the Commercial Arbitration Centre for the Gulf Cooperation Council Chairman of the Italian-Qatar Joint Business Council Participant Executive Director of Qatar-British Association of Businessmen (Q.B.A.B.)</p>
<p>H.E. Mr. Fahad Bin Mohammed Bin Fahad Buzwair</p> <p>Board member</p> <p>Independent</p>	<p>H.E. was elected as a member of the Board of Directors in 2001 and he is the Chairman of the Group Board Nomination, Remuneration, Governance and Policies Committee. H.E. also currently serves as the Chairman of Buzwair Holding and a Board Member of Qatar Chamber of Commerce and Industry. H.E. holds a Bachelor’s Degree in Business Administration & Management Information System from George Washington University in the United States.</p> <p>Key previously held positions include: Member of the Qatar Advisory Council (Shura Council), State of Qatar Member of the Education Committee and the Commerce Committee in the Qatar Advisory Council (Shura Council); Member of the Qatar-European Friendship Group in the Advisory Council (Shura Council).</p>

Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<p>Mr. Ali Yousef Hussain A Kamal</p> <p>Board member</p> <p>Non-Independent</p>	<p>Mr. Kamal was elected as a member of QNB Board of Directors in 2022 and he is a member of the Group Board Audit and Compliance Committee at QNB Group. Currently he is a member of the Board of Directors in Almannai Group and Qatar Insurance Company. Mr. Kamal holds a Bachelor's Degree in Sciences with emphasis in Finance and a Bachelor's Degree in Art and Science in Economics from the University of Colorado, Boulder.</p> <p>In addition to the above, Mr Ali Kamal is also the CEO of Al Kamal International Group, Al Hermas Investments and all of other family entities. These entities are engaged in diverse activities including commercial real estate development and ownership, hotel ownership and management and global equity investment management</p> <p>Key previously held positions include: Board Member of Qatar Industrial Manufacturing Co Board Member of Mazaya Real Estate Development Co Financial Analyst in Goldman Sachs. Financial Analyst in Credit Suisse. Consulate Affairs & Trade Relations Officer in of Qatar Ministry of Foreign Affairs in Paris, France.</p>
<p>Mr. Abdulrahman Mohammed Y Jolo</p> <p>Board member</p> <p>Independent</p>	<p>Mr. Jolo was appointed as a member of the Board of Directors in 2019 and he is a member of the Group Board Audit and Compliance Committee. He currently serves as the Deputy Undersecretary for Financial Policies Affairs in the Ministry of Finance, Qatar. He is also Board Member in Qatar Financial Markets Authority. Mr. Jolo holds a Bachelor's Degree in Science from Texas A&M University in Qatar and two Master's Degrees, one in Technology from Curtin University of Technology, and the other is in Strategic Business Unit Management from HEC Paris Business University in Qatar. In addition, Mr. Jolo is currently undertaking a Doctorate in Sustainability from Hamad Bin Khalifa University in Qatar.</p> <p>Key previously held positions include: Director of Financial Policies in the Ministry of Finance, State of Qatar Research and Studies Advisor in the Ministry of Finance, State of Qatar</p>
<p>Mr. Adil Hassan H A Al-Jufairi</p> <p>Board member</p> <p>Independent</p>	<p>Mr. Al-Jufairi was elected as a member of the Board of Directors in 2019 and he is a member of the Group Board Risk Committee and Group Board Executive Committee. He is the General Director, Partner, and Board member of HBH Al Mulla & Sons Trading. Mr. Al-Jufairi has also been working in the Ministry of Health since 1992. Mr. Al-Jufairi holds a Bachelor's Degree in Chemistry from Qatar University.</p>

Appendix 2: Executive Management – biographies

Name and position	Brief biography summary
<p>Mr. Abdulla Mubarak Al-Khalifa</p> <p>Group Chief Executive Officer</p>	<p>Mr. Al-Khalifa was appointed as the GCEO in November 2018. Prior to that, he was the Executive General Manager – Group Chief Business Officer at QNB. He joined QNB in 1996 and has more than 27 years of diverse banking experience. He is currently the Chairman of the Board of Directors of QNB Capital and QNB Suisse. In addition, he is a Board member at Ooredoo, Qatar Airways and Qatar Stock Exchange (QSE). Mr. Al-Khalifa holds a Bachelor’s Degree in Business Administration from Eastern Washington University in the United States.</p>
<p>Mr. Ali Rashid Al-Mohannadi</p> <p>Group Chief Operating Officer</p>	<p>Mr. Al-Mohannadi joined QNB in 1996 and currently serves as the Group Chief Operating Officer. He was previously General Manager – Retail Banking and General Manager – Information Technology. Mr. Al-Mohannadi is currently the Chairman of the Board of Directors of QNB Al Ahli (Egypt) and the Vice Chairman of the Board of Directors at CBI (Dubai). In addition, he is a Board member at QNB Capital. He also serves on several other committees within QNB Group. Mr. Al-Mohannadi has more than 27 years of experience in the financial sector, and has a Bachelor’s Degree in Computer Science from Qatar University.</p>
<p>Mr. Yousef Mahmoud Al-Neama</p> <p>Group Chief Business Officer</p>	<p>Mr. Al-Neama joined QNB in 2005 and currently serves as Group Chief Business Officer. Prior to joining QNB, Mr. Al-Neama held a variety of roles in financial institutions and corporate banking within Qatar and abroad, and has more than 19 years of experience in financial institutions. He is currently Vice-Chairman of the Board of Directors at Mansour Bank (Iraq) and Housing Bank for Trade & Finance (Jordan) and QNB Finansbank (Turkey). In addition, he is a Board member at QNB Capital. Mr. Al-Neama holds a BS in Aviation Management from Florida Tech. in the United States and a Diploma in Business Administration from Glamorgan University in Wales.</p>
<p>Mr. Ramzi Mari</p> <p>Group Chief Financial Officer</p>	<p>Mr. Mari joined QNB in 1997 from the Bank of Jordan and currently serves as the Group Chief Financial Officer. He has almost 31 years of experience in the banking sector. He is currently a member of the Board of Directors at Housing Bank for Trade and Finance (Jordan), QNB Finansbank (Turkey) and QNB Capital LLC. Mr. Mari passed the Certified Public Accountant exam (CPA) from the State of California (in 1989), and holds a Master’s Degree in Accounting from California State University in the USA.</p>
<p>Ms. Fatma Abdulla Al-Suwaidi</p> <p>Group Chief Risk Officer</p>	<p>Ms. Al-Suwaidi joined QNB in 2000 and currently serves as Group Chief Risk Officer; having previously held the role of Assistant General Manager of Credit Risk Management. She has almost 23 years of experience in banking and is currently a member of the Board of QNB Finansbank (Turkey) and the Chairman of the Board of Commissioners at QNB Indonesia. Ms. Al Suwaidi has a BSc in Accounting, a Master’s in Business Administration from Qatar University, an MSc in Risk Management from the University of New York and a Juris Doctor Degree from Hamad Bin Khalifa University. She recently completed a Doctorate in Business Administration from Grenoble University, France on the subject of ‘Innovation in Banking and Financial Markets’, focusing on crypto currencies.</p>
<p>Mr. Khaled Gamal Eldin</p> <p>Group Chief Audit Executive</p>	<p>Mr. Gamal Eldin joined QNB in 2014 as the Group Chief Audit Executive. He has almost 35 years of banking experience in leading banks in the region. Prior to joining QNB, he worked as GM – Chief Internal Auditor for Al Rajhi Bank in Saudi Arabia and as GM – Chief Internal Auditor for Gulf Bank in Kuwait. In addition, Mr. Gamal Eldin was previously working with QNB for 11 years in different roles in Internal Audit and as the Head of the Compliance Department. In addition, he worked as an Examiner in the Banking Control Department in the Central Bank of Egypt. He is a Certified Public Accountant (CPA) from the State of Colorado, a Certified Fraud Examiner (CFE), a Certified Anti-Money Laundering Specialist (CAMS), has an MBA in International Finance and a Diploma in Risk Management.</p>
<p>Mr. Riadh Al Fayech</p> <p>Group Chief Compliance Officer</p>	<p>Mr. Al Fayech joined QNB in 2008 and currently serves as the Group Chief Compliance Officer. He has more than 22 years of banking and financial services industry experience and specializes in the compliance and audit fields. Prior to joining QNB, Mr. Al Fayech was with Ex-Arthur Andersen, Moore Stephens and, ABC Group. He is a Certified Public Accountant (CPA) a CPA, holds a Master’s Degree (Major in Accounting), has an International Diploma in Compliance and is and Certified Anti Money Laundering Specialist (CAMS) and Certified Fraud Examiner (CFE). Mr. Al Fayech is also a Member of MENA Financial Crime Compliance Group (FCCG) Group, The Tunisian Institute of Chartered Accountants and previously Member of the International Chamber of Commerce (ICC) and the ACAMS – (MENA Task Force).</p>

Appendix 3: QCB corporate governance disclosure requirements

Clause		Description	Disclosure		
1	Shareholding	1.1	Shareholding breakdown by nationality	Qatar 61.69%. Others 38.31% (as 30/11/2023)	
		1.2	Shareholding breakdown by number of shareholders	Total number of shareholders 4,145 and total number of shares is 9,236,428,570 (as 30/11/2023)	
		1.3	Government's shareholding	50%	
		1.4	Principal shareholders (Above 10%)	Only QIA own more than 10%	
		1.5	Significant shareholders (Above 5%)	Only QIA own more than 5%	
2	Board of Directors and Executive Management	2.1	Board detailed functions	Please refer to Section 3	
		2.2	Types of transactions requiring Board approval	Please refer to Sections 14 and 16	
		2.3	QNB Board of Directors members	Please refer to the BOD Biographies 'Appendix 1'	
		2.4	Independent members	Please refer to section 3 and BOD biographies 'Appendix 1'	
		2.5	Executive/non-executive members	Please refer to section 3 and BOD biographies 'Appendix 1'	
		2.6	Personal BOD members Shareholding (as on 30/11/2023)		
			H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani		3,760,630
			Mr. Adil Hassan H A Al-Jufairi		89,670
			Mr. Ali Yousef Hussain A Kamal		407,526
			H.E. Mr. Fahad Bin Mohammed Bin Fahad Buzwair		13,398,000
			Mr. Bader Abdulla Darwish Fakhroo		15,450,460
		2.7	New Board members induction measures	Please refer to Section 3	
		2.8	Board election process	Please refer to Section 3	
		2.9	Insider trades	Qatar Exchange website, 'Intraday Insiders Trades Report'	
		2.10	Membership termination arrangements	Please refer to Section 3	
		2.11	Number of BOD meetings and dates		1 st meeting: 11 January 2023
2 nd meeting: 07 March 2023					
3 rd meeting: 02 May 2023					
4 th meeting: 20 June 2023					
5 th meeting: 10 September 2023					
2.12	Attendance record	Please refer to Section 3			
2.13	Board and Executive Management remuneration	Please refer to Section 5			
2.14	Key Executive Management members	Executive Management biographies section 'Appendix 2'			
2.15	Executive Management shareholding	Key executive managers do not hold any QNB shares.			
2.16	Business Ethics Charter	Please refer to QNB Code of Ethics and Conduct			
3	Board committees	3.1	Board committee names and responsibilities	Please refer to Section 3	
		3.2	Committee members' attendance	Please refer to Section 3	
		3.3	Total committee members remuneration	Please refer to Section 5	
		3.4	Committees Scope and Major issues/outcomes	Please refer to Sections 3, 4 and 5	

Appendix 3: QCB corporate governance disclosure requirements

Clause		Description	Disclosure	
4	ESG and Corporate Governance	4.1	Environmental disclosures	Please refer to QNB Sustainability Report
		4.2	Social disclosures	Please refer to QNB Sustainability Report
		4.3	Corporate governance disclosures	Please refer to this Report, the QNB Corporate Governance Manual and QNB Annual Report
5	External Auditors	5.1	Audit scope related fees	QR 3.457 million for the year 2023*
		5.2	Non auditing services provided	QR 1.020 million for the year 2023*
		5.3	Reasons for replacing/reappointing the external auditor	This is subject to the General Assembly Meeting decision based on the recommendation of GBACC to the BOD. Please refer to Section 10.
6	Other Disclosures	6.1	Related party transactions	Please refer to Section 16 and QNB Annual Report
		6.2	Communication with shareholders and investors	Please refer to Sections 13 and 14
		6.3	Risk management	Please refer to Section 2 and 7
		6.4	Review of internal audit procedures	Please refer to Section 2 and 9
		6.5	Financial statement	Please refer to QNB Annual Report and Website
		6.6	Balance sheet	Please refer to QNB Annual Report and Website
		6.7	Income statement	Please refer to QNB Annual Report and Website
		6.8	Cash flow statement	Please refer to QNB Annual Report and Website
		6.9	Statement of changes in equity	Please refer to QNB Annual Report and Website
		6.10	External auditor certificate	Please refer to QNB Annual Report and Website
		6.11	Statement of responsibility by the Board of Directors	Please refer to Sections 3 and BOD Charter
		6.12	Detailed steps to ensure independent decision making on related-party transactions/ agreements	Please refer to Section 16
		6.13	Evaluating the performance of the Board of Directors, BOD committees and BOD members	Please refer to Section 3

* Please refer to section (10) in the report

Appendix 4: Independent Limited Assurance Report of External Auditor (EY)

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

Report on the Compliance with the Qatar Financial Markets Authority's Law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market

Introduction

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the Board of Directors' assessment of compliance of Qatar National Bank (Q.P.S.C.) (the "Bank") with the QFMA's law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market as at 31 December 2023.

Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the Corporate Governance Report 2023 that covers at the minimum the requirements of Article 4 of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 (the 'Code').

The Board of Directors provided their assessment whether the Bank has a process in place to comply with QFMA's laws and relevant legislations applicable on the bank including the provisions of the Code (the "Board of Directors' Statement"), which was shared with Ernst & Young on 11 January 2024, and to be included as part of the Corporate Governance Report 2023.

In addition, the Board of Directors of the Bank is responsible for the design, implementation and maintenance of adequate internal controls that would ensure the orderly and efficient conduct of its business, including:

- adherence to Bank's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA's law and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No.(5) of 2016.

Our Responsibility

Our responsibility is to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Board of Directors' Statement do not present fairly, in all material respects, the Bank's compliance with the QFMA's laws and relevant legislations applicable on the bank including the provisions of the Code, based on our limited assurance procedures.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Board of Directors' Statement, taken as a whole, is not prepared in all material respects in accordance with the Code.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform any additional procedures that would have been required if this were to be a reasonable assurance engagement.

Our limited assurance procedures comprise mainly of inquiries of management to obtain an understanding of the processes followed to identify the requirements of the QFMA law and relevant legislations including the Code; the procedures adopted by management to comply with these Requirements; and the methodology adopted by management to assess compliance with these Requirements. When deemed necessary, we observed evidences gathered by management to assess compliance with the Requirements.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations including the Code.

Inherent Limitations

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants ("IESBA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the (IESBA Code).

Our firm also applies International Standard on Quality Management (1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information to be included in the Bank's Corporate Governance Report 2023 which are expected to be made available to us after the date of this report. The Board of Directors' Statement and our limited assurance report thereon will be included in the Corporate Governance Report 2023.

Our conclusion on the Board of Directors' Statement on compliance with the QFMA's Requirements does not cover the other information and we do not, and will not express any form of assurance conclusion thereon. We have been engaged by the Bank to provide a separate reasonable assurance report on the Report on Internal Control over Financial Reporting, to be included within the Annual Report 2023.

In connection with our engagement of the Board of Directors' Statement, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Board of Directors' Statement or our knowledge obtained in the engagement, or otherwise appears to be materially misstated

If, based on the work we have performed, on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Corporate Governance Report 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Conclusion

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Board of Directors' Statement do not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations including the Code as at 31 December 2023.

Ziad Nader
of Ernst and Young
Auditor's Registration No. 258

Date: 21 January 2024
Doha
State of Qatar

Corporate Governance Report 2023
