

# CORPORATE GOVERNANCE REPORT

## YEAR ENDED 31 DECEMBER 2020

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## 1. Introduction & Statement of Compliance

This report sets out the features of Qatar First Bank LLC (the “Bank” or “QFB”) corporate governance framework and main governance practices. At QFB, we continue to practice a governance framework that goes beyond an interest in governance for its own sake or the need to simply comply with regulatory requirements.

In the same spirit, we do not see governance as just a matter for the Board. Good governance is also the responsibility of senior management. The Board recognizes the paramount importance of good corporate governance to the success of QFB. It strives to ensure that a high standard of corporate governance is being practiced throughout QFB thereby helping to create the optimal conditions for continuous and sustainable growth for the benefit of all the Bank’s stakeholders. We believe that good corporate governance results in quantifiable and sustainable long-term success, as reflected in both our financial and operational performance since corporate inception.

For the financial year ended on 31 December 2020, the Board of Directors confirms that QFB is compliant with the Corporate Governance requirements outlined in the Governance Code for Companies and Legal Entities Listed in the Main Market No. (5) of 2016 issued by Qatar Financial Markets Authority, and the Governance and Controlled Functions Regulation of 2020 issued by Qatar Financial Centre Regulatory Authority. The Board also confirms that QFB is compliant with the applicable rules and regulations relevant to its business and to being a listed entity on Qatar Stock Exchange including its compliance with the Offering and Listing of Securities Rulebook issued by Qatar Financial Markets Authority as amended from time.

QFB will continue with its efforts in evaluating its governance practices in response to evolving best practices and the changing needs of the Bank.



**Sheikh Faisal bin Thani Al Thani**  
Chairman of the Board

## 2. External Audit's Report on the Effectiveness of the Design, Implementation and Operation of Internal Controls Over Financial Reporting

### INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR FIRST BANK L.L.C. (PUBLIC)

Reporting on the Description of the Processes and Internal Controls and Suitability of the Design, Implementation and Operating Effectiveness of Internal Controls over Financial Reporting

#### 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 reasonable assurance engagement over the Board of Directors' description of the processes and internal controls and assessment of suitability of the design, implementation and operating effectiveness of Qatar First Bank L.L.C. (Public) (the "Bank's") and its subsidiaries (together referred to as the "Group's") internal controls over financial reporting as at 31 December 2020.

#### Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the accompanying Management's Report on Internal Control over Financial Reporting 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 present in their Annual Corporate Governance Report 2020, the Management's Report on Internal Control over Financial Reporting, which includes:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the processes of treasury, private equity investments, private banking, human resources and payroll, general ledger and financial reporting and entity-level controls;
- the control objectives; identifying the risks that threaten the achievement of the control objectives;
- designing and implementing controls that are operating effectively to achieve the stated control objectives; and

- identification of control gaps and failures; how they are remediated; and procedures set to prevent such failures or to close control gaps.

The Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria of framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO framework").

These responsibilities include the design, implementation, operation and maintenance of adequate internal financial controls that if operating effectively 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 relevant legislations 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 Responsibilities

Our responsibilities are to express a reasonable assurance opinion on the fairness of the presentation of the "Board of Directors' description and on the suitability of the design, implementation and operating effectiveness of the Bank's internal controls over financial reporting of Significant Processes" presented in Management's Report on Internal Controls over Financial Reporting in the Annual Corporate Governance Report 2020 to achieve the related control objectives stated in that description based on our 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 reasonable assurance about whether the Board of Directors' description of the processes and internal controls over financial reporting is fairly presented and the internal controls were suitably designed, implemented and operating effectively, in all material respects, to achieve the related control objectives stated in the description.

An assurance engagement to issue a reasonable assurance opinion on the description of the processes and internal controls and the design, implementation and operating effectiveness of internal controls over financial reporting at an organization involves performing procedures to obtain evidence about the fairness of the presentation of the description of the processes and internal controls and the suitability of design, implementation and operating effectiveness of the controls. Our procedures on internal controls over financial reporting included, for all significant processes:

- obtaining an understanding of internal controls over financial reporting for all significant processes;
- assessing the risk that a material weakness exists; and
- testing and evaluating the design, implementation and operating effectiveness of internal control based on the assessed risk.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to affect the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: treasury, private equity investments, private banking, human resources and payroll, general ledger and financial reporting and entity-level controls.

In carrying out our engagement, we obtained understanding of the following components of the control system:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design, implementation and operating effectiveness, whether due to fraud or error. Our procedures also included assessing the risks that the Board of Directors' description of the processes and internal controls is not fairly presented and that the controls were not suitably designed, implemented and operating effectively to achieve the related control objectives stated in the Management's Report on Internal Controls over Financial Reporting presented in the Annual Corporate Governance Report 2020.

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the control objectives stated therein. It further includes performing such other procedures as considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the Bank's internal control system over financial reporting.

### **Meaning of Internal Controls over Financial Reporting**

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity's internal control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements, which would reasonably be expected to impact the decisions of the users of financial statements.

### **Inherent limitations**

Non-financial performance 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.

Because of the inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

In addition, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the controls activities designed, implemented and operated during the period covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over financial reporting prior to the date those controls were placed in operation.

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 Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA code”) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and the ethical requirements that are relevant in State of Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### **Other information**

The Board of Directors are responsible for the other information. The other information comprises the information included in the Bank’s Annual Corporate Governance Report 2020, but does not include the Management’s Report on Internal Control Framework over Financial Reporting, and our report thereon.

Our conclusion on the Management’s Report on Internal Control Framework over Financial Reporting 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 limited assurance report on the Directors’ Report on compliance with QFMA’s law and relevant legislations including the Code, included within the other information.

In connection with our engagement on the Management’s Report on Internal Control Framework over Financial Reporting, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Management’s Report on Internal Control Framework over Financial Reporting 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 Annual Corporate Governance Report 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Other matter**

The reasonable assurance engagement over the Board of Directors’ description of the processes and internal controls and assessment of suitability of the design, implementation and operating effectiveness of the Group as at 31 December 2019 were performed by another auditor, whose report dated 10 March 2020 expressed an unmodified conclusion.

#### **Conclusion**

In our opinion, based on the results of our reasonable assurance procedures:

- a) the Management’s Report on Internal Control over Financial Reporting presents fairly the Bank’s system that had been designed as at 31 December 2020; and
- b) the controls related to the control objectives were suitably designed, implemented and operating effectively as at 31 December 2020, in all material respects, based on the COSO framework.



**Ahmed Sayed**  
Of Ernst & Young  
Auditor’s Registration No.: 326

Date: 1 April 2021  
Doha, State of Qatar

### 3. External Audit's Report on Compliance with QFMA's Rules and Regulations including the Corporate Governance Code

#### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR FIRST BANK L.L.C. (PUBLIC)

Reporting 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 First Bank L.L.C. (Public) (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 2020.

#### Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the accompanying 'Annual Corporate Governance Report 2020' 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").

In the Annual Corporate Governance Report 2020, the Board of Directors presents their statement on compliance with the QFMA's law and relevant legislations including the Code (the "Directors' Report").

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 relevant legislations 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 Responsibilities

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' Report on compliance with the QFMA's law and relevant legislations including the Code" do not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations including 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 of compliance with the QFMA law and relevant legislations including the Code, 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 "Requirements"); 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 Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA code”) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior 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 applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Other information**

The Board of Directors are responsible for the other information. The other information comprises the information included in the Bank’s Annual Corporate Governance Report 2020, but does not include the Directors’ Report on compliance with QFMA’s law and relevant legislations including the Code, and our report thereon.

Our conclusion on the Directors’ Report 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 Management’s Report on Internal Control Framework over Financial Reporting, included within the other information.

In connection with our engagement of the Directors’ report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Directors’ report 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 Annual Corporate Governance Report 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

### **Other matter**

The limited assurance procedures on the compliance with the Qatar Financial Markets Authority’s Law and relevant legislations including the Governance Code of the Group as at and for the year ended

31 December 2019 were performed by another auditor, whose report dated 10 March 2020 expressed an unmodified conclusion.

### **Conclusion**

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



**Ahmed Sayed**  
of **Ernst & Young**  
Auditor’s Registration No. 326

Doha, State of Qatar

Date: 1 April 2021

## 4. Corporate Governance Framework

### 4.1 Objective

The Board of Directors (the “Board” or “BOD”) and the Executive Management of Qatar First Bank LLC (Public) (the “Bank” or “QFB”) believes that a strong corporate governance framework is critical to ensuring high performance across all the Bank’s activities and essential to building investor trust and providing safeguards against any misguided corporate activity.

The Board of Directors of QFB has adopted a Corporate Governance Framework which relates to the way in which the affairs of QFB are governed and managed by the Board, the committees of the Board and the executive management team. It is a system by which QFB is directed and controlled taking into account the interests of all its stakeholders, and not just limited to its shareholders.

The Corporate Governance Framework of QFB is drafted to comply with the provisions of the Bank’s Articles of Association and Memorandum of Association (together, the «Articles of Association» or “AoA”), the provisions of the Governance Code for Companies and Legal Entities Listed in the Main Market No. (5) of 2016 (the “QFMA’s Code”) issued by the Qatar Financial Markets Authority (“QFMA” or the “Authority”), the rules and regulations issued by Qatar Financial Centre Regulatory Authority (“QFCRA”) and Qatar Financial Centre Authority (“QFCA”) as amended from time to time including the Governance and Controlled Functions Regulation of 2020 (“QFCRA’s Governance Regulation”), the QFCA General Rules of 2014, and the Companies Regulation of 2015, all referred to herein as the “Rules and Regulations”.

### 4.2 Commitment to comply with Corporate Governance

The BOD and Executive Management are committed to the governance best practices as detailed in the QFB Corporate Governance Framework, in order to achieve the Bank’s objectives.

### 4.3 Scope

The goal of the Annual Corporate Governance Report is to ensure clear disclosure of the governance practices within QFB. It represents the values of the Bank and the policies that all parties must abide by.

## 5. Corporate Governance achievements for the year ended 31 December 2020

In order to improve the Corporate Governance culture across the Bank’s departments, QFB has updated its corporate governance practices and provisions. These new developments targeted both the organizational aspects and other governance processes.

In connection with the adoption and implementation of the new regulatory developments issued during the year ended 31 December 2020, QFB has developed and commenced implementing numerous regulatory initiatives in line with the new requirements of QFMA’s and QFCRA’s Governance rules including but not limited to the following:

- QFB revamped its Corporate Governance framework in compliance with the Code and QFCRA’s Governance Regulation and updated several of its internal policies and frameworks.
- QFB amended its Articles of Association in compliance with QFMA’s Code and QFCRA’s Governance Regulation.
- QFB enhanced its executive management team with additional hires including the following hires:
  - Acting Chief Executive Officer
  - Head of Investments
  - Head of Treasury
  - Head of Legal & Compliance
- QFB outsourced the day-to-day Internal Audit tasks to an external service provider until a permanent hire is made, and the management of the Internal Audit function was retained by the Chief Risk Officer in the interim.

## 6. Corporate Governance planned enhancement activities for the year ending 31 December 2021

The planned activities for the year ending 31 December 2021 are as follows:

1. Approve the amended Articles of Association and Corporate Governance Framework by the General Assembly in its upcoming extraordinary meeting that will be held during 2021.
2. Complete the hiring process of additional experienced professionals to support the management team including the Internal Auditor.
3. Complete the enhancement and development of the Bank's governance and control framework by completing the following:
  - a. Revise and update the Bank's policies that have not been updated during the past two years.
  - b. Update the Internal Control Framework.
  - c. Update the risk register and risk appetite statement on annual basis.
  - d. Introduce new policies to bridge any gaps in the Bank's governance and internal control framework.
4. Enhance the Corporate Governance Framework by developing governance guidelines for the Bank's subsidiaries and investee companies.
5. Conduct on annual basis risk management training for the staff.
6. Continue to conduct annual training sessions for the board members.

## 7. Board of Directors

### Size and charter

The Articles of Association state that the Board consists of no less than Seven (7) and no more than Eleven (11) directors. As of 31 December 2020, the Board had Eight (8) board members elected by the General Assembly on 22 April 2019 for a three-year term.

A Board member, whether in person or representing a legal entity, should not hold the office of board member for more than three (3) publicly listed companies (including QFB) in total that have headquarters located in the State of Qatar, or combine two directorships of two companies that conduct similar business activities.

It is also prohibited to combine the position of the Chairman with any other executive position in the Bank.

The Board shall meet as often as necessary, but not less than six times a year and three months should not elapse without convening a meeting.

The Board members shall act in good faith, exercise diligence and care, speak out and be loyal to the Bank. The Board member should also take all reasonable steps to be fully aware of potential issues in the Bank.

As part of the compliance with the Code and QFCRA's Governance Regulation, the board charter of QFB defines the respective roles, responsibilities, and authorities of the board of directors (both individually and collectively) and was updated in relation to the following:

- Key functions and tasks of the Board
- Induction program for the new Board members
- Board responsibilities
- Chairman responsibilities

These amendments have been reflected in the board charter approved by the board on 23 December 2020.

### Board qualifications

The members of the Board of directors have the required expertise and management skills that qualify them to conduct their duties in the Bank's best interests. The Board members have been selected on the bases of these skills.

They are also committed by participating with required amount of time and care towards undertaking their duties for the duration of their term.

**H.E. Sheikh Faisal bin Thani Al Thani** – H.E. Sheikh Faisal bin Thani Al Thani serves as the Chairman of the Board for QFB since April 2019, as well as the Chairman of Ooredoo Group's Board of Directors since March 2020, and board member of Qatar Insurance Company. His Excellency is currently serving as the Chief of Asia-Pacific & Africa Investments at Qatar Investment Authority. His Excellency has extensive experience in investments, banking, telecommunication, real estate development and construction. His Excellency holds bachelor's degree in business administration from Marymount University in Arlington Virginia, US, and Masters in Business Administration from HEC Paris in Doha, Qatar.

**Mr. Salman Abdulghani** – Mr. Abdulghani served as the Vice Chairman of the Board at QFB since April 2019 and a member of the Executive Committee. He serves as board member on the boards of Milaha (Qatar Navigation Q.P.S.C.) and Kahramaa (Qatar General Electricity & Water Corporation) and manages several privately-held family companies. Mr. Abdulghani has extensive experience in trading, contracting, shipping, and logistics. Mr. Abdulghani holds bachelor's degree in civil engineering from Qatar University.

**Mr. Salem Al Marri** – Mr. Al Marri serves on the Board of QFB since April 2019 and chairs the Audit, Risk, and Compliance Committee ("ARCC"). Mr. Al Marri has extensive experience in finance, auditing, management within several sectors including banking, defense, real estate, petrochemical, oil and gas, and he's currently serving as the Director of Finance and Administration at Barzan Holding. Mr. Al Marri holds bachelor's degree in accounting and finance from Qatar University, masters' degree in Islamic Finance from Hamad bin Khalifa University Qatar, and masters' in business administration from HEC Paris, Doha, Qatar.

**Mr. Abdel Latif Al Sada** – Mr. Al Sada serves on the Board of QFB since April 2019 and chairs the Nomination, Remuneration, and Corporate Governance Committee ("NRCGC") on the Board. Mr. Al Sada has extensive experience in accounting, auditing, and administration gained in the public sector, and he's currently serving as the Head of Human Affairs at the Amiri Diwan. Mr. Al Sada holds an accounting diploma from the College of Technology in Doha, Qatar, and bachelor's degree from the Higher Institute of Cooperative and Administrative Studies in Egypt.

**Mr. Ibrahim Al Jaidah** – Mr. Al Jaidah serves on the Board of QFB since April 2019 and a member of the Executive Committee on the Board. Mr. Al Jaidah has extensive experience in urban planning, construction, real estate development and design. He currently serves as the Group Chief Executive Officer and Chief Architect of Arab Engineering Bureau with branches across Doha, Muscat, Manilla, and Kuala Lumpur. Mr. Al Jaidah holds bachelor's degree in environmental design and architecture from the University of Oklahoma in Norman, Oklahoma, in the US.

**Mr. Mohamed Yousef Al Mana** – Mr. Al Mana serves on the Board of QFB since April 2019 and a member of the Executive Committee and NRCGC committees on the Board. Mr. Al Mana has extensive experience in security and defense in the public sector serving in various security and enforcement roles in the police and the Ministry of Internal Affairs. Mr. Al Mana is an avid champion of the weight-lifting sport in Qatar and a member of the Arab Olympic Committee. Mr. Al Mana holds bachelor's degree in homeland security from the Academy of Homeland Security in Doha, Qatar.

**Mr. Mohammed Al Hajiri** – Mr. Al Hajiri serves on the Board of QFB since April 2019 and a member of the NRCGC Committee on the Board. Mr. Al Hajiri has a long career in economic research working for the Qatari Government and is currently serving as the Head of Political and Economic Research at the Amiri Diwan. Mr. Al Hajiri holds bachelor's degree in economics and management from Qatar University, and holds certificates from London School of economic and Harvard University in economics and strategic studies.

**Dr Mohammed Al Qahtani** – Dr Al Qahtani serves on the Board of QFB since 2019 and a member of the ARCC Committee on the Board. Dr. Al Qahtani has extensive experience in consumer goods, oil and gas, real estate, and construction sectors working for several large Qatari companies including Al Meera, Qatar Market, and Qatar Gas. Dr Al Qahtani holds bachelor's degree in law from Beirut Arab University in Muscat, Oman, master's degree in international commercial law from Northumbria University in Newcastle, UK, and PhD in international commercial law from Durham University in Durham, UK.

**Board composition**

The board is composed of the following members for the year ended 31 December 2020:

Director Name	Party Represented	Date of Election/ Appointment	Designation	Member classification	Number of shares owned	%
<b>Sheikh Faisal bin Thani Al Thani</b>	Al Zubarah Real Estate Investment Company	Elected on April 2019	Chairman	Non-executive Non-Independent	4519370 <sup>1</sup> 80,299,478 <sup>2</sup>	0.65 11.47
<b>Mr. Salman Abdulghani</b>	In his personal capacity	Elected on April 2019	Vice-Chairman	Non-executive Independent	86,331 <sup>1</sup>	0.012
<b>Mr. Salem Al Marri</b>	In his personal capacity	Elected on April 2019	Ordinary Member	Non-executive Independent	75,000 <sup>1</sup>	0.0107
<b>Mr. Abdel Latif Al Sada</b>	In his personal capacity	Elected on April 2019	Ordinary Member	Non-executive Independent	none	0.00
<b>Mr. Ibrahim Al Jaidah</b>	In his personal capacity	Elected on April 2019	Ordinary Member	Non-executive Non-Independent	1,864,839 <sup>1</sup>	0.27
<b>Mr. Mohamed Yousef Al Mana</b>	In his personal capacity	Elected on April 2019	Ordinary Member	Non-executive Non-Independent	7,000 <sup>1</sup>	0.001
<b>Mr. Mohammed Al Hajiri</b>	In his personal capacity	Elected on April 2019	Ordinary Member	Non-executive Non-Independent	63,700 <sup>1</sup>	0.009
<b>Dr Mohammed Al Qahtani</b>	In his personal capacity	Elected on April 2019	Ordinary Member	Non-executive Non-Independent	82,102 <sup>1</sup>	00.011

<sup>1</sup> Held directly or indirectly in a personal capacity

<sup>2</sup> Held by the legal entity whom the director is the representative

**Changes in the Board's directorships during the year 2020**

- Mohammed Mohamed Raslan Al Khayyat served until 5 February 2020 whereby he resigned as a board member and the legal entity he represented on the board of directors also resigned. The board member wasn't replaced.

**Non-executive board members**

During the year ended 31 December 2020, all the Board members were non-executive members. The Bank applies the strict definition of "Non-executive Board member" according to the Code and QFCRA's Governance Regulation i.e. Non-executive Board members are those who are not performing executive management duties in the Bank, who are not dedicated full time and who do not receive monthly or yearly remuneration from the Bank other than remuneration received as a Board member.

**Independence**

The Bank acknowledges that as per the Code, no less than a third of the board members shall be independent. The Bank complies with this requirement and as of 31 December 2020, the Board had Three (3) independent board members serving on the Board:

- Salman Abdulghani, Vice Chairman and Member of the Executive Committee and the Audit, Risk, and Compliance Committee.
- Salem Al Marri, Chairman of the Audit, Risk, and Compliance Committee.
- Abdel Latif Al Sada, Chairman of the Nomination, Remuneration, and Corporate Governance Committee.

The Bank applies the strict definition of "Independent Board member" according to the Code. Notwithstanding, the current Board members are not under the influence of any factor that limits their capacity to consider, discuss and decide on the Bank's matters in an unbiased and objective manner on the basis of facts then known and existing.

**Prohibition of combining positions**

The Board members will refrain from combining prohibited positions, in compliance with Article 7 of the Code.

The Board members provide the Board Secretary on annual basis with the Independence and Conflict of Interest Declaration to declare whether they hold any legally prohibited positions.

## Board members' Experience and membership in other boards

Director Name	Experience and membership in other boards
Sheikh Faisal Thani Al Thani	<ul style="list-style-type: none"> <li>• Chairman of QFB since April 2019</li> <li>• Chairman of Ooredoo Company</li> <li>• Board Member at Qatar Insurance Company</li> </ul>
Mr. Salman Abdulghani**	<ul style="list-style-type: none"> <li>• Board Member of QFB since April 2019</li> <li>• Chairman of Horizon Automobiles</li> <li>• Board Member of Abdullah Abdulghani Nasser &amp; sons group of companies Trading &amp; Contracting.</li> <li>• President of the Bowling Federation.</li> <li>• Board Member of many leading companies namely Kahrama.</li> <li>• Board Member of Qatar Navigation (Milaha)</li> <li>• Board Member of Qatar Clay Bricks Company.</li> </ul>
Mr. Salem Al Marri	<ul style="list-style-type: none"> <li>• Board Member of QFB since February 2019</li> <li>• Director of Finance and Administration at Barzan Holding</li> </ul>
Mr. Abdel Latif Al Sada	<ul style="list-style-type: none"> <li>• Board Member of QFB since April 2019</li> <li>• Head of Human Resources Affairs, Amiri Diwan</li> <li>• Board Member of the Shura (Advisory) Council.</li> </ul>
Mr. Ibrahim Al Jaidah	<ul style="list-style-type: none"> <li>• Board member of QFB since April 2019</li> <li>• Board Member of AL-Jaidah Brothers WLL</li> </ul>
Mr. Mohamed Yousef Al Mana	<ul style="list-style-type: none"> <li>• Board Member of QFB since April 2019</li> <li>• Executive Director &amp; partner at Al Hamad Automobiles.</li> <li>• Head of Qatar interior ministry expert &amp; consultants at the minister's office and Director of training &amp; educational mission.</li> <li>• Board Member at Al Dana Medical company.</li> </ul>
Mr. Mohammed Al Hajiri	<ul style="list-style-type: none"> <li>• Board Member at QFB since April 2019</li> <li>• Board Member of Qatar Charity Association</li> </ul>
Dr Mohammed Al Qahtani	<ul style="list-style-type: none"> <li>• Board Member at QFB since April 2019</li> <li>• Chief Buyer of Qatar Liquefied Gas Company (Qatar Gas).</li> <li>• Board Member of Dalla Holdings.</li> <li>• Board Member of the Board of Directors of WAM Holding.</li> </ul>

\*\* Mr. Salman Abdulghani resigned from the Board of Directors of QFB as of 25 February 2021

### Board's role

The Board is responsible for independently overseeing the activities of the Bank with the objective of sustainable creation of value and in the interest of the Bank, taking into account the interests of the shareholders, its employees and other stakeholders.

The Board members must act in good faith and in such manner, as they reasonably believe to be in the best interests of the Bank. The directors are also expected to:

- Comply with all applicable laws, regulations, confidentiality obligations and other corporate policies, of the Bank.
- Follow all policies, procedures, and internal control systems of the Bank.
- Act in honestly, good faith and in the best interests of the Bank, and not in the interest of the group it represents, or who voted for him.

The Board members shall commit to comply with the principles of justice, transparency, and equality among stakeholders without discrimination among them on basis of race, gender, and religion.

### Board duties

The Board is responsible for independently managing the Bank with the objective of sustainable creation of value and in the interest of the Bank, thus considering the interests of the shareholders, its employees, and other stakeholders.

The Board approves the Bank's strategy and ensures its implementation.

The Board ensures that all provisions of law and the Bank's internal policies are abided by and works to achieve their compliance by members of the Bank.

The Board ensures appropriate risk management and risk controls are in place and are effectively applied within the Bank.

The Board advises regularly and supervises the Executive Management of the Bank. It must be involved in decisions of fundamental importance to the Bank.

The Board appoints and dismisses the Executive Management. When appointing the Executive Management, the Board shall respect diversity. The Board shall ensure that there is long-term succession planning.

The Board is responsible for promoting good governance within the Bank including its subsidiaries and investee companies. The Board also issues and publishes the Board Charter as per the requirement of the Code and QFCRA's Governance Regulation.

The Board examines the efficiency of its activities on a regular basis.

The Board approves the annual training program of the Board members.

The Board supervises the Sharia Supervisory Board, appoints its members, approves its annual reports, and ensures the alignment and compliance of the Sharia Supervisory Board with the Bank's governance framework.

In discharging their duties, the members of the Board must act in good faith and exercise the same care and diligence which an ordinary, prudent person would exercise in taking care of his own money under similar circumstances, and reasonably act in the best interest of the Bank.

Members of the Board must take reasonable steps to be fully aware of all relevant issues, including engaging in due diligence, and make informed and independent decisions when voting on Bank matters. The duty of care also requires the members of the Board to take reasonable steps to monitor the Bank's Executive Management and finances.

**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.
- Ensuring that priority shall be given to QFB's and shareholders' interests over their own.
- Providing opinion on QFB's strategic matters, policy of projects implementation, staff accountability systems, resources, key appointments, and operation standards.
- Monitoring the Bank's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Bank's annual, quarterly and half yearly reports.
- Supervising the development of the procedural rules for QFB's governance to ensure their implementation in an optimal manner in accordance with QFMA and QFCRA's requirements.
- Using their diversified skills and experience with diversified specialties and qualifications through an effective and productive management of the Bank, and working to achieve the interests of QFB, partners, shareholders, and other stakeholders.

- Effective participation in the Bank's general assemblies, and achieving its members' demands in a balanced and fair manner.
- Not to make any statements, data, or provide information without prior written permission from the chairman.
- Disclosure of financial and trade relations, and litigants, including the judicial, which may affect negatively on carrying out the tasks and functions assigned to them.

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

**Directors' attendance at Board meetings**

Name of Director	Number of Board meetings	
	Held	Attended
Sheikh Faisal bin Thani Al Thani	6	5
Mr. Salman Abdulghani	6	6
Mr. Salem Al Marri	6	6
Mr. Abdel Latif Al Sada	6	6
Mr. Ibrahim Al Jaidah	6	6
Mr. Mohammed Al Hajiri	6	4
Mr. Mohamed Yousef Al Mana	6	6
Dr Mohammed Al Qahtani	6	6

In order to act in accordance with the Code and the QFCRA's Governance Regulation, the Board secretary documents and maintains board meetings notices and agendas, a standing item relating to executive management performance reports and discussion on strategic matters, is on the agendas.

**Activities of the board**

The Board focused on steering the Bank towards executing its corporate strategic vision, underpinned through the following three pillars:

- An increased focus on adopting and implementing a diversified income-generating and Sharia-compliant real investment strategy.
- Continued exit of the Bank's private equity investments and commercial financing activities.
- Development of alternative investment platforms that offer recurring Sharia-compliant and risk-adjusted income to the Bank and returns to its investors.

### Remuneration

The Board didn't approve any remuneration for the board members during the year 2020 for the board's performance during the year 2019 since the Bank didn't achieve the criteria for such remuneration.

The Bank isn't expecting to approve any remuneration for the board members for their performance during the year 2020 until the financial eligibility criteria for such remuneration is achieved.

## 8. Chairman of the Board

### Responsibilities

The Chairman is responsible for ensuring the proper functioning of the Board in an appropriate and effective manner by ensuring that the Board discusses all the issues presented to it in a timely manner and approving the agenda of every meeting of the Board and taking into consideration matters proposed.

### Duties

The Chairman chairs the Board meetings, coordinates work within the Board and attends to the affairs of the Board externally.

The Chairman is responsible for calling Board meetings and approving their agendas. This may be delegated by the Chairman to a Board Member but remains the Chairman's ultimate responsibility.

The Chairman may not be the chairman, or a member of the committees mandated by the Code and QFRA's Governance Regulation like Nomination and Remuneration, and the Audit and Risk Committees.

The Chairman of the Board shall regularly maintain contact with the board members, and consult with them on strategy, business development and risk management of the Bank. The Chairman of the Board will be informed by the Board without delay of important events which are essential for the assessment of the situation and development as well as for the management of the Bank.

The functions of the Chief Executive Officer shall be distinct from those of the Chairman.

The Chairman of the Bank is His Excellency Sheikh Faisal bin Thani Al Thani, elected since 22 April 2019 representing Al Zubarah for Real Estate Investment Company, one of the Bank's strategic shareholders and founders of the Bank. His current tenure of office is due to expire at the General Assembly that will take place during the year 2022 for the year ending 31 December 2021, at which point the three-year cycle election will take place.

Additional duties of the Chairman have been included in the board charter approved on 23 December 2020 along with the terms of reference of the Chairman such as:

- Making all data, information, documents and records of the Bank, and of the Board and its committees, available for the Board Members;
- Allowing effective participation of the Non-Executive Board members and promoting constructive relations between Executive and Non-Executive Board members; and
- Keeping the members constantly informed about the implementation of the provisions of the Code and the QFCRA's Governance Regulation. The Chairman may delegate the Audit Committee or any other committee to carry out this task.

### Segregation of the Chairman and the Chief Executive Officer (CEO) roles

In accordance with the QFMA Code and QFCRA's Governance Regulation, the role of the Chairman and the CEO are distinct and separate. The same person should not hold or exercise the positions of Chairman and the CEO at the same time. There is a clear segregation of responsibilities between the two positions in QFB.

All Board members comply with Article 7 of QFMA's Code regarding their abstinence from holding or combining prohibited positions.

The Board's composition is balanced and the Bank's structure limits having one person in the Bank holding unfettered powers to make decisions.

## 9. Board Secretary

The Board Secretary assists the Chairman and all Board members in conducting their duties. His/her principal role is to advise the Board and the Chairman on governance matters that have the potential to affect the Bank's operations whilst enhancing the Board's performance through the provision of impartial and relevant advice regarding guidance on board procedures, legal requirements and other areas of corporate governance, along with developments in international best practice.

Mr. Bashir Hasan served as the Deputy Board Secretary during 2020 until 27 July 2020 and was replaced by Mrs. Arwa Hamdieh who was appointed as the Board Secretary and continues to hold that position to date. Mrs. Hamdieh also serves as the Bank's Head of Legal & Compliance.

Mrs. Hamdieh has over 26 years of experience in legal, compliance and corporate governance with focus on banking and investments sector. She also has over ten years of experience as board secretary. She holds bachelor's degree in Law from the University of Jordan in Amman, Jordan, and holds master's degree in Business Administration (MBA) from New York Institute of Technology in New York City, USA, and master's degree in International Financial &

Commercial Law (LLM) from King's College London, United Kingdom.

## 10. Board Committees

The Board forms committees with sufficient expertise. The committees serve to increase the efficiency of the Board's work and the handling of complex issues. The nominated committee chairmen regularly report to the board on the work of their respective committees.

As of 31 December 2020, there were three board committees i.e. Executive Committee (ExCom), Audit, Risk, and Compliance Committee (ARCC), Nomination, Remuneration, and Corporate Governance Committee (NRCGC).

The Board issued decisions to nominate the chairman and members of each committee. The responsibilities, duties, and work provisions and procedures of each committee is outlined in the committee's Terms of Reference.

### Executive Committee

The Executive Committee is mainly responsible for handling the Bank's strategy, investments, and financing by reviewing, evaluating, and recommending the strategic plans and decisions taken by the Board.

The Committee was composed of the following members for the year ended 31 December 2020:

Name of Director	Position	Member status
H.E. Sheikh Faisal Thani Al Thani	Chairman	Non-independent
Mr. Salman Abdulghani	Committee Member	Independent
Mr. Ibrahim Mohammad Jaidah	Committee Member	Non-independent
Mr. Mohamed Yousef Al Mana	Committee Member	Non-independent

The Committee had no changes to its members during the year 2020.

### Committee Meetings & Attendance:

The Committee convened 2 times during the year 2020 meeting the minimum meeting requirements set by QFMA's Code and the QFCRA's Governance Regulation.

Name of Director	Number of Board meetings	
	Held	Attended
H.E. Sheikh Faisal Thani Al Thani	2	2
Mr. Salman Abdulghani	2	2
Mr. Ibrahim Mohammad Jaidah	2	2
Mr. Mohamed Yousef Al Mana	2	2

## Summary of Recommendations

The Committee provided the Board with its recommendations during each board meeting, and its recommendations were met with Board approval. The following includes a summary of the recommendations presented to the Board over the year 2020:

- Recommended the approval of the Bank's annual business plans for the years 2020 and 2021.
- Recommended the approval of the revaluations of the Bank's investment portfolio and the approval of subsequent provisions where applicable
- Recommended the approval of the Bank's deals, investments, and other transactions undertaken by during the year 2020 in accordance with the authority limit given to EXCOM as per the DOA.
- Recommended the approval of the Bank's amended Articles of Association, amended Corporate Governance Manual and related policies, and the Bank's amended Delegation of Authority Matrix.

### Audit, Risk, and Compliance Committee (ARCC)

The Committee handles issues of financial reporting, risk management, compliance, the appointment and work of the external auditor (including determining the independence of the external auditor, issuing the audit mandate to the external auditor, determining auditing focal points and negotiating the fee agreement with the external auditor subject to the approval of the General Meeting).

The Committee ensures that the consolidated financial statements and the condensed consolidated financial statements in the half-year and the quarterly financial reports are prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and in accordance with the Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

The Committee was composed of the following members for the year ended 31 December 2020:

Name of Director	Position	Member status
Mr. Salem Al Marri	Chairman	Independent
Mr. Salman Abdulghani	Committee Member	Independent
Dr Mohammed Nasser Al Qahtani	Committee Member	Non-independent

### Changes in the Committee's membership during the year 2020

- Mohammed Raslan Al Khayyat resigned from the Board effective 5 February 2020 and therefore was no longer a member of the ARCC.

- Dr Mohammed Nasser Al Qahtani was appointed by the Board to the ARCC effective 10 March 2020.

#### Committee Meetings & Attendance:

The Committee convened 6 times during the year 2020 meeting the minimum meeting requirements set by the QFMA's Code and QFCRA's Governance Regulation. The Chairman of the ARCC presents the Board with updates during each board meeting, and a formal annual report was presented to the Board for approval during the last board meeting of the year held on 23 December 2020.

Name of Director	Number of Board meetings	
	Held	Attended
Mr. Salem Al Marri	6	6
Mr. Salman Abdulghani	6	5
Dr Mohammed Nasser Al Qahtani	6	6

#### Summary of Recommendations

The Committee provided the Board with its recommendations during each board meeting, and its recommendations were met with Board approval. The following includes a summary of the recommendations presented to the Board over the year 2020:

- Recommended the approval of the Bank's financial statements, the External Auditor's reports on the financial statements, including provisions, write-offs, valuations, and related parties' transactions.
- Recommended the approval of the updated Articles of Association, the Delegation of Authority, the Corporate Governance Manual, and all related policies.
- Recommended the approval of the key control functions' reports including Internal Audit, Risk Management, and Compliance and AML.

#### Nomination, Remuneration, and Corporate Governance Committee (NRCGC)

The NRCGC handles identifying, selecting, and recommending board members' appointments, nomination, and re-nomination for election by the General Assembly. The Committee reviews the structure, size, and composition (including the skills, knowledge, and experience) required of the board and board committees compared to its current position and makes recommendations to the board with regards to any changes. The committee supports the board in establishing a clear relationship between performance and remuneration by overseeing the evaluation and assessment of the board and the executive management of the Bank.

The committee regularly reviews the compensation plan and makes recommendations to the board with regards to any changes. The Committee also oversees the selection and appointment of the senior executive management staff members of the Bank, their remuneration, re-appointment, and dismissal. The Committee also ensures that there is a reliable succession plan in place.

The Committee was composed of the following members for the year ended 31 December 2020:

Name of Director	Position	Member status
Mr. Abdel Latif Mohammed Al Sada	Chairman	Independent
Mr. Mohamed Yousef Al Mana	Committee Member	Non-independent
Mr. Mohamed Nasser Al Hajiri	Committee Member	Non-independent

Changes in the Committee's membership during the year 2020

- Dr Mohamed Al Qahtani served on the NRCGC until 10 March 2020 whereby Dr Al Qahtani was appointed by the Board to the ARCC.
- Mr. Mohamed Yousef Al Mana was appointed by the Board to the NRCGC effective 10 March 2020.

#### Committee Meetings & Attendance:

The NRCGC convened 2 times during the year 2020 meeting the minimum meeting requirements set by QFMA's Code and QFCRA's Governance Regulation.

Name of Director	Number of Board meetings	
	Held	Attended
Mr. Abdel Latif Mohammed Al Sada	2	2
Mr. Mohamed Yousef Al Mana	2	1
Mr. Mohamed Nasser Al Hajiri	2	1

The Chairman of the NRCGC presents the Board with updates during each board meeting, and a formal annual report was presented to the Board for approval during the last board meeting of the year held on 23 December 2020.

#### Summary of Recommendations

The Committee provided the Board with its recommendations during each board meeting, and its recommendations were met with Board approval. The following includes a summary of the recommendations presented to the Board during the year 2020:

- Recommended the approval of the appointment of several senior members of the executive management team including the appointment of the Acting Chief Executive Officer.
- Recommended the approval of the following changes to the board committees:
  - Dr Mohammed Nasser Al Qahtani to be reassigned from the NRCGC and appointed to the ARCC.
  - Mr. Mohammed Yousef Al Mana to be appointed to the NRCGC.
  - Mr. Salman Abdulghani to be appointed to the ARCC.
- Recommended the approval of the Corporate Governance Manual and all related policies.

## 11. Board and Committees Performance Evaluation

The Board has implemented a process for evaluating its performance on a continuing basis. This evaluation requires the assessment of the board, its committees, and each individual director.

The Board members have completed an annual self-assessment form for the year 2020 indicating their contribution and interaction within the Board and the committees, the quality of their output as well as their understanding of their role within the Board and Committees. Furthermore, the assessment indicated their opinion and satisfaction on the Board/Committee structure, operations, interactions as well as roles and responsibilities.

The results of these evaluations have been reported to the full Board, and there will be a follow-up on any issues and concerns that emerged from the assessment.

The results reflect the following:

- The Board has worked cohesively to achieve the Board's plan for the year
- The board members were mostly in agreement on the issues addressed during the board meetings
- An agreement among the Board Members on the issues that require improvement include the following:
  - Scheduling board training sessions on annual basis
  - Continuously enhancing the Bank's governance, risk management, and internal control framework to ensure the Bank's resilience and ability to effectively respond to internal and external developments.

## 12. Sharia Supervisory Board

The Sharia Supervisory Board is an independent body from the Board of Directors and advises the Board and the Management of the Bank on Sharia compliance matters and guides the business and investment activities of the Bank to ensure compliance with Sharia principles.

The Articles of Association state that the Sharia Supervisory Board consists of no less than Three (3) members and no more than Five (5) members. As of 31 December 2020, the Sharia Supervisory Board consisted of three members presided by the Presiding Member elected by the members. The Sharia Supervisory Board members are appointed by the Board of Directors for a three-year term which may be renewed for additional terms. The Sharia Supervisory Board members do not hold any executive roles within the Bank.

Name	Position	Member status
Professor Dr Ali Al Quradaghi	Presiding Member	Independent Non-executive
Shaikh Dr Yahia Al Nuaimi	Member	Independent Non-executive
Shaikh Dr Sultan Al Hashemi	Member	Independent Non-executive

During the year 2020, the Sharia Supervisory Board held two meetings and twelve meetings through delegation of authority to the Presiding Member of the Sharia Supervisory Board. The meetings covered the following matters:

- Provide advice and guidance to the Board and Management on Sharia-related matters and how to best comply with Shariah rules and principles at all time,
- Provide Sharia pronouncements and recommendations on the products, services, and transactions undertaken by the Bank.

The Sharia Board oversees the activities of the Sharia Compliance function within the Bank and issues an annual report which includes the details of the Sharia Supervisory Board's activities during the reported year and the Zakat calculation due on each share. The annual report is presented during the annual General Assembly. It also reviews the Bank Financial Statements.

### 13. Major Shareholders

As of 31 December 2020, the following shareholders owned more than 5% of the Bank's shares:

Shareholder	Number of Shares	Ownership Percentage
Al Zubarah Real Estate Investment Company W.L.L.	80,299,478	11.471%
Boroq Trading Company W.L.L.	70,000,000	10.00%

### 14. Management Team

The key personnel of QFB are:

**Chief Executive Officer (CEO)** - The CEO is responsible for the day to day management of the Bank and coordinating with the board on the Bank's strategy and tactical plans ensuring the fulfilment of the strategic objectives of the Bank and that business processes are aligned with shareholders' interests.

Mr. Abdulrahman Totonji held the position of Acting Chief Executive Officer since 10 March 2020. Mr. Totonji has extensive experience managing local and international real estate investments including managing a billion-QAR Qatari investment portfolio, and has extensive experience investing in the US real estate market. Mr. Totonji holds a double-major bachelor's degree in real estate finance and business administration from Georgetown University, Washington DC, US.

As of 31 December 2020, Mr. Totonji didn't own directly or indirectly any shares in the Bank.

**Chief Investment Officer (CIO)** - The CIO is responsible for managing the implementation of the Bank's investment strategy, identifying suitable investment opportunities and investment partners. The CIO also oversees the treasury and placement departments.

Mr. Ayman Zaidan held this position in the Bank since 2017. Mr. Zaidan has over thirty years of experience in banking and investments working for international and regional banking and investment institutions across the region. Mr. Zaidan holds a BSC degree in Accounting and Business Administration from the University of Jordan, Amman, Jordan.

As of 31 December 2020, Mr. Zaidan didn't own directly or indirectly any shares in the Bank.

**Chief Risk Officer (CRO)** - The CRO is responsible for assessing and managing the Bank's risk including its operations, liquidity, systematic, and overall enterprise risk.

Mr. Ajay Subramanian held this role since December 2018. Mr. Subramanian has extensive experience in risk management focused on financial services

and banking. He is a chartered accountant with the Institute of Chartered Accountants of India, and a certified risk professional by the Global Association of Risk Professionals. He holds bachelor's degree in commerce and accounting from the University of Mumbai, India.

As of 31 December 2020, Mr. Subramanian didn't own directly or indirectly any shares in the Bank.

**Chief Operating Officer (COO)** - The COO is responsible for overseeing the activities and performance of the key support functions including information technology, operations, corporate affairs, administration, and investor relations. The COO ensures that annual targets are in place for each department and the smooth and effective operations of each department.

For the year 2020, Mr. Mohammed Al Sahli held that position until his departure on 13 December 2020. The post now is vacant pending the appointment of a suitable candidate.

As of 31 December 2020, Mr. Al Sahli owned Three (3) shares in the Bank.

**Head of Finance (HOF)** - The HOF is responsible for managing and implementing the Bank's financial strategy including managing the finance function, budgeting and cost control, tax reporting, and financial reporting in accordance with IFRS and AAOIFI principles. This role is under the supervision of the CEO.

The position is held by Mr. Muzaffar Nazirov since August 2019. Mr. Nazirov previously held various senior positions with PwC. Mr. Nazirov is certified chartered account by the Association of Chartered Certified Accountants (ACCA) and is a certified Internal Auditor by the Institute of Internal Auditors. He holds bachelor's degree in banking from the Tashkent Institute of Finance, in Tashkent, and master's in science (MSc) degree in finance and banking from Loughborough University in Leicestershire, United Kingdom.

As of 31 December 2020, Mr. Nazirov didn't own directly or indirectly any shares in the Bank.

**Head of Legal & Compliance (HOLC)** - The HOLC is responsible for assessing and managing the Bank's legal and regulatory compliance risks by advising the Bank's officers and board members on any major legal and regulatory issues. HOLC also oversees the Bank's in-house legal team and the external legal counsel teams. The role is under the direct supervision of the CEO and serves as the Bank's compliance oversight function.

Mrs. Arwa Hamdieh held the position of HOLC since 11 June 2020. Mrs. Hamdieh also serves as the Board Secretary. Mrs. Hamdieh has over 26 years of experience in legal, compliance, and corporate

governance in the banking and investments sector. She holds bachelor's degree in Law from the University of Jordan in Amman, Jordan, and holds Master's degree in Business Administration (MBA) from New York Institute of Technology in New York City, US, and Master's degree in International Financial & Commercial Law (LLM) from King's College London, UK.

As of 31 December 2020, Mrs. Hamdieh didn't own directly or indirectly any shares in the Bank.

**Head of Investment (HOI)** - The HOI is responsible for managing and developing the investment portfolio of the Bank, focused predominantly on real estate in the US and Europe at this stage.

Mr. Alexandre Bernassau has been in his current role since April 2020 and has extensive experience in banking, asset management and financial services gained in the UK, Switzerland, and Qatar. He is a CAIA Charter holder, a certified financial risk professional (FRM) and a certified energy risk professional (ERP) from the Global Association of Risk Professionals. He holds a doctorate degree from Dauphine University in France as well as master's degrees and a diploma in Islamic Finance from the Chartered Investment Management Association.

As of 31 December 2020, Mr. Bernassau didn't own directly or indirectly any shares in the Bank.

**Head of Private Banking (HOPB)** - The HOPB is responsible for oversees all aspects of private Banking, including managing a portfolio of UHNW & HNW clients and their investments

Mrs. Thanwa Alnaimi held this role since December 2020. Mrs. Alnaimi has extensive experience in Banking for the past 24 years and private banking in particular. She holds bachelor's degree in Economics from Qatar University.

As of 31 December 2020, Mrs. Thanwa didn't own directly or indirectly any shares in the Bank.

**Head of Treasury (HOT)** - HOT is responsible for managing overall bank liquidity and treasury investments including cash management, interbank positions, foreign exchange, financial institutions relationships, Sukuk portfolios and Islamic funds.

Mr. Mohamad Abu Khalaf held this role since November 2020. Mr. Abu Khalaf has more than 30 years of experience in banking and corporate treasury. Prior to joining QFB, he held senior positions in risk management as well as treasury and investment departments in leading banking institutions in Qatar and Jordan.

Mr. Abu Khalaf holds two master's degrees in International Capital Markets and International securities, banking and investment from the University of Brighton, UK, and from ICMA Centre at the University of Reading, UK.

As of 31 December 2020, Mr. Abu Khalaf owned 77,000 shares in QFB.

**Head of Private Equity and Corporate Banking (HOPECB)** - The HOPECB is responsible for managing the Bank's investment and financing portfolios, representing the Bank on the boards of its various equity investments, monitoring the performance of existing investments and ensuring optimal exits. The HOPECB manages the Bank's relationships with corporate clients including extending credit, corporate services, and financial solutions.

Mr. Suhaib Al Maboruk held this role since July 2020. He comes with over 17 years of corporate and commercial banking experience from multinational and regional banks including Standard Chartered Bank and Mashreq Bank. He holds master's degree in Business Administration (MBA) from Herriot Watt University, UK.

As of 31 December 2020, Mr. Al Mabrouk didn't own directly or indirectly any shares in the Bank

**Head of Human Resources (HOHR)** - the HOHR is responsible for managing the human resources function including talent acquisition, learning and development, compensation and benefits, organizational change, and development.

The role is held by Mr. Mohammed Raid Mohammed since February 2020. Mr. Mohammed has extensive experience in human resource management in several industries including real estate, education, retail, information technology and banking. He holds bachelor's degree in business administration from the American InterContinental University in Arizona, United States, and Master's degree in Business Administration (MBA) focused on human resources from Louisiana State University, Louisiana, US.

As of 31 December 2020, Mr. Mohammed didn't own directly or indirectly any shares in the Bank.

#### **Activities of the senior management during 2020**

During 2020, the senior management of QFB has achieved the Bank's financial and operational objectives as outlined in the Annual Report for the year 2020. The senior management continued to steer the Bank towards achieving the goals of its turnaround strategy by divesting out of non-core investments and enhancing its real estate investment offerings and other alternative investment products, positioning the Bank as the bank-of-choice for investors looking at accessing investment opportunities within international markets and with the ease and convenience and benefits of a Sharia-compliant, income-generating, risk-adjusted investment platform.

The senior management also successfully managed the operational and financial challenges rising from the effect of COVID-19 and continued to build its portfolio of structured investment products which are aligned to investors' needs and requirements. The senior management has also succeeded in completing the development and enhancement of its corporate governance framework complying with the regulatory requirements of both QFMA and QFCRA.

#### Management Committees

The Bank has several management committees which support the CEO in the day-to-day decision making on the various activities and operations of the Bank. The committees provide a collective and comprehensive view to the Board on the subject matters balancing the business needs and risk appetite of the Bank. The mandate of each committee is outlined in its relevant Terms of Reference which are part of the Bank's Corporate Governance Framework. The committees meet as needed no less than once a month and provide recommendations to the Board on relevant matters.

#### Investment Committee

The Investment Committee is the decision-making committee for the Bank's investment activities, with a view to optimize returns, ensuring that the investment book provides a liquidity buffer for the Bank and mitigates market risk attached to the nature of targeted investments. The Committee also assumes the responsibility of reviewing and approving the investment strategy for the Bank. It also monitors and reviews the performance of all the investment portfolio activities. The composition of the Investment Committee is as follows:

Management Committee	Members	Committee Chairman
Investment Committee	Chief Risk Officer Chief Investment Officer	Chief Executive Officer

#### Credit Committee

The Credit Committee is the highest management-level authority on all client and counterparty credit risk exposure, after the Board of Directors. The Credit Committee approves credit requests within the limits of its delegated authority, and reviews, recommends and implements, approved credit policies and procedures relating to the Bank. The Committee reviews all delegated credit authorities and recommends amendments to the Board where appropriate. It also monitors and reviews the performance of the credit portfolio activities and recommends and/or escalates credit proposals to the Board for decisions as necessary on all credit related risk issues facing the Bank. The composition of the Credit Committee is as follows:

Management Committee	Members	Committee Chairman
Credit Committee	Chief Risk Officer Chief Investment Officer	Chief Executive Officer

#### Assets & Liabilities Committee

The Assets & Liabilities Committee is the highest decision-making body in regards to managing the Bank's capital allocation and determining the best asset and liability management strategy for the Bank and supervising its implementation with the aim to maximize net profit income over both the short and long term (i.e. throughout business cycles) while managing within acceptable Board approved risk tolerances for credit risk, liquidity risk, profit rate risk and capital. The Assets & Liabilities Committee ensures that the pricing of QFB funding sources are properly monitored, allocated and managed in a way to maximize profit and manage the liquidity and profit rate risk. The day-to-day asset and liability management is delegated to the Bank's Treasury Department.

The composition of the Assets & Liabilities Committee is as follows:

Management Committee	Members	Committee Chairman
Assets & Liabilities Committee	Chief Risk Officer Chief Investment Officer Head of Finance Head of Treasury	Chief Executive Officer

#### IT Governance Committee

The IT Governance Committee is the highest management-level authority on all IT systems and infrastructure matters related to the Bank. It provides independent oversight over the governance and controls relating to the overall functioning of the Bank's IT systems, infrastructure, applications, and the cybersecurity framework. The Committee monitors the health, strength, and effectiveness of the Bank's IT systems, controls and infrastructure, identifies any gaps, and approves necessary remedies and corrective actions.

The composition of the IT Governance Committee is as follows:

Management Committee	Members	Committee Chairman
IT Governance Committee	Chief Risk Officer Chief Investment Officer Head of IT	Chief Executive Officer

### Remuneration

The remuneration of the senior management as disclosed under Note 25 of the Audited Financial Statement for the year ended 31 December 2020 was as follows:

Description	Remuneration (expressed in QAR'000)
Senior Management Compensation (including annual bonuses)	13,177
Sharia Supervisory Board Compensation	508
Total Compensation	13,685

### Evaluation

The Board has completed an annual assessment of the senior management. The results reflected continued satisfaction with the Executive Management's performance on Key Performance Indicators (KPIs) set by the Board. The financial and non-financial achievements highlighted in the Annual Report reflect the Executive Management's delivery on those KPIs.

## 15. Risk Management

The Bank applies the principles of sound corporate governance to the identification, measurement, monitoring, and controlling of risks, ensuring that risk-taking activities are in line with the Bank's strategy and risk appetite. QFB ensures that its Board, Committees, Executive Management, officers, and staff focus fully on their defined roles and responsibilities in relation to risk management.

The Board of Directors takes the lead in establishing the tone at the top by promoting risk awareness within a sound risk culture by conveying its expectations to all employees that the Board does not support excessive risk taking, and that all employees are responsible for ensuring the Bank operates within the established risk appetite and limits.

The Executive Management implements and reinforces a sound risk culture and provides incentives that reward risk-adjusted approach towards transactions and dealings. The Bank's Risk Appetite revolves around the continuous assessment of the aggregate level and types of risk that the Board and Executive Management are willing to assume to achieve the Bank's goals, objectives, and operating plan, consistent with applicable capital, liquidity, and other requirements.

The Risk Management Framework within QFB includes the policies, processes, personnel, and control systems used to identify, measure, monitor, control, and report risk exposures consistent with the Board-established risk appetite.

The categories of risk covered by the Risk Management Framework include credit, profit rate, liquidity, collection, price, operational; compliance; strategic, and reputation. The core values of the Bank are embodied in the Board-approved Risk Management Policy, Risk Register, and Risk Statement, as well as its enterprise-wide risk management policy which details the processes relating to all aspects of risk management within the wider environment of the Bank.

The Risk Management Framework is built on three lines of defence: (i) front line business units or functions that create risk. These groups are responsible and accountable for identifying, assessing, and managing the risks that they take. These groups are the Bank's primary risk takers, and are responsible for implementing effective internal controls, and maintaining processes for identifying, assessing, controlling, and mitigating the risks associated with their activities consistent with the Bank's established risk appetite and risk limits. (ii) second line: control functions including risk management, legal, and compliance functions. The independent risk management function oversees risk-taking and assesses risks independent of the frontline business units or functions that create risk. The independent risk management complements the frontline units' risk-taking activities through its monitoring and reporting responsibilities, including compliance with the Bank's risk appetite. The independent risk management function provides input into key risk decisions, and is responsible for identifying, measuring, monitoring, and controlling aggregate and emerging risks on an enterprise level; (iii) third line, the internal audit function provides independent assurance to the Board on the quality and effectiveness of governance, risk management, compliance, and internal controls.

At QFB, the independent risk management function is performed by the Risk Management function, headed by the Chief Risk Officer, and the Compliance and Anti-Money Laundering function, headed by the Head of Compliance and MLRO. The day-to-day Internal Audit tasks have been outsourced to Deloitte on temporary basis until the Bank onboards a permanent qualified Internal Auditor. The Bank targets to achieve this during Q1 2021. The management function of the Internal Audit is retained internally and managed by the Chief Risk Officer.

The Chief Risk Officer has primary responsibility for overseeing the development and implementation of the Bank's independent risk management function. This includes, among others, the ongoing strengthening of staff skills and enhancements to risk management systems, policies, processes, quantitative models, and reports as necessary to

ensure the Bank's risk management capabilities are sufficiently robust and effective to fully support its strategic objectives and all of its risk taking activities.

The Bank has enhanced its controls and processes in all areas of risk management by implementing components of ICAAP into its periodic reporting, as well as addressing information security matters under the broader digitization strategy and providing updates with regards to meeting the strategic risk objectives of the Bank. In addition, the Chief Risk Officer is a permanent member of the management committees: (i) Investment Committee (ii) Credit Committee (iii) Assets and Liabilities Committee (iv) IT Governance Committee.

The Chief Risk Officer reports on quarterly basis to the ARCC on all major risks that the Bank faces. Overall, the risk management framework, policies and administrative procedures and practices relating to risk management in QFB align well with global leading practice, the recommendations of the Basel Committee, and QFCRA's regulations.

QFB takes the stance that that risk management training and awareness sessions are mandatory for everyone, to imbue the culture of risk management throughout the Bank and to ensure that every board member, executive manager, manager or staff are able to manage potential risks when carrying out his/her duties. QFB will include risk management training in its future training plans.

## 16. Compliance and Anti-Money Laundering

The Compliance function identifies documents and assesses the compliance risks associated with the Bank's business activities, including but not limited to the development of new products and business practices, and the proposed establishment of new types of business or customer relationships, or material changes in the nature of such relationships. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or loss to reputation resulting from failure to comply with applicable laws, regulations, and standards.

Other major responsibilities of the Compliance & AML function include:

- Ensure adherence of departments, subsidiaries and investee companies to the Rules and Regulations concerning AML and CTF issues, regulatory circulars and instructions, and any other relevant rules impacting any aspect of the Bank's activities.
- Provide proper guidance and instructions to employees on the proper application of AML and CFT related laws, regulations, and standards.
- Propose relevant recommendations to enhance/improve the internal control procedures that

help mitigate non-compliance and AML/CTF sanctions and fraud risks.

- Keep abreast with new laws and regulations and informing the Executive Management and the concerned departments for their timely implementation.
- Monitor clients' financial transactions, investigate, and raise suspicious transaction reports to the Financial Information Unit (FIU) and the regulatory authorities.
- Ensure proper implementation of enhanced due diligence (EDD) for correspondent relations and high-risk clients.
- Ensure the proper implementation of FATCA and CRS regulations; and
- Provide training and awareness to the Bank's staff on governance, QFCRA regulations, AML/CTF, sanctions, fraud, and FATCA/CRS regulations on frequent basis.

The Compliance function monitors and tests compliance by performing independent compliance reviews to identify regulatory breaches and non-compliance issues. The results of the compliance reviews are reported to the Board and ARCC, the CEO and the concerned Executive Management on a regular basis.

The Compliance function provides regular quarterly reports to the ARCC on the activities undertaken by the function, and raises any flags concerning possible breaches or gaps in the Bank's policies or practices. The reports provide and recommend corrective measures and a list of remedies applied to existing identified incidents.

At QFB, the Compliance function is performed by the Compliance Department, headed by the Head of Compliance who is supported by the Senior Compliance Manager which assumes the responsibility of the Anti-Money Laundering Reporting Officer for the Bank.

The Head of Compliance has primary responsibility for overseeing the development and implementation of the Bank's compliance and AML function. This includes, among others, the ongoing strengthening of staff skills and enhancements to compliance and AML, policies, processes, and reports as necessary to ensure the Bank's compliance and regulatory risk management capabilities are sufficiently robust and effective to fully support its strategic objectives.

The Head of Compliance reports on quarterly basis to the ARCC on all compliance and regulatory issues that the Bank faces to ensure that the governance framework, policies and procedures and practices relating to compliance matters in QFB align well with global leading AML/CFT practice, QFCRA's

regulations, and applicable regulations within the State of Qatar.

During 2020, the Compliance function conducted regular reviews which identified compliance and controls deficiencies, all of which were appropriately addressed by the Bank's Executive Management. None of the compliance issues identified had any material financial impact on the Bank. The Compliance function also provided regular monthly, quarterly, and annual reporting to the following regulatory authorities: QFCRA, QFCA, QFC, and supported the Corporate Affairs department in its disclosures and reports to QSE and QFMA.

In addition, the Compliance function had undertaken the following tasks during the year 2020:

- Provided compliance advice and guidance on all daily inquiries raised by the Bank's Executive Management and staff on any compliance-related matters concerning the Bank's activities and operations.
- Addressed all the Bank's business units' inquiries with the regulators including QFCRA and QFMA.
- Facilitated and supported regulatory reviews conducted by QFCRA.
- Completed all regulatory reporting requirements for the year 2020.
- Investigated and raised suspicious transaction reports to the QFIU, QFCRA, and other authorities.
- Oversaw the implementation progress of QFCRA notifications and advices.
- Coordinated the implementation and improvement of the KYC/AML/CTF risk-based approach controls.

## 17. Sharia Compliance

The Sharia Compliance function coordinates closely with the Sharia Supervisory Board to ensure the adherence of the Bank to Sharia principles. The Sharia Compliance function operates as an extension of the Compliance function and aligns its tasks with the mandate of the Compliance function. At QFB, the role is performed by the Compliance Senior Manager.

The Sharia Compliance acts as the secretary of the Sharia Supervisory Board and prepares all the minutes, pronouncements, and resolutions of the Sharia Supervisory Board. It also prepares the Annual Sharia Report in conjunction with the Bank's Annual Report which is presented to the shareholders during the annual General Assembly and is published on the Bank's website.

The Sharia Compliance function provides a sounding board to the Executive Management on Sharia-related matters, and provides initial feedback on the compliance, or possible non-compliance of the Bank's activities with Sharia principles including feedback on the following:

- o The structures of investment and financing products and services and how the structures could be aligned with Sharia principles.
- o Align legal documentation to Sharia principles, including the terms and conditions contained in the forms, contracts, agreements, or other documents used in executing the investment and financing transactions.

## 18. Internal Audit

The internal audit function provides independent assurance to the Board on the quality and effectiveness of governance, risk management, compliance, and internal controls. The internal audit function is an integral part of the governance framework of the Bank and a key defence function that monitors and reports to the Board on any gaps in the Bank's internal controls arising from within any of its internal functions.

As part of the overall corporate governance framework, the Board is responsible for overseeing the governance framework, including ensuring a strong internal audit function with well-defined responsibilities is in place. The ARCC has been delegated by the Board of Directors the oversight of the control functions including internal audit, and the Committee's functions and responsibilities are detailed in the Committee's Terms of Reference.

The function and responsibilities of the internal audit are detailed in the Internal Audit Charter. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Bank's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Bank's stated goals and objectives.

The internal audit function provides written quarterly and annual reports communicated to ARCC and the Board summarizing the internal audit activities for the reporting period. The reports contain a dedicated section on the audit work relating to the Bank's Internal Controls and the recommendations and remedies to resolve any gaps or weaknesses identified.

The internal audit reports include the management's response and corrective action taken or to be taken regarding the specific findings and recommendations, also include a timetable for anticipated completion

of action to be taken and an explanation for any corrective action that will not be implemented. The internal audit function is also responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Internal Auditor periodically reports to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting also includes significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

The internal audit function submits annually risk-based audit plans to the ARCC prior to the start of the financial year covering all the major risk areas of QFB. The function may outsource specialized areas of audit to suitably qualified and independent consultants as it was the case for the year 2020. After discussion with QFB's management, all internal audit reports are forwarded to the ARCC for consideration at the next meeting.

The internal audit function is required to maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program includes an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

At QFB, the day-to-day internal audit tasks have been outsourced to Deloitte on temporary basis until the Bank onboards a permanent qualified Internal Auditor. The Bank targets to achieve this before the end of first quarter of 2021. The management function of the internal audit function is retained internally and managed by the Chief Risk Officer until the role is filled.

## 19. Internal Controls

The Bank's internal control framework is embedded within the Bank's Corporate Governance Framework and the entire body of policies and procedures implemented across the Bank's departments and functions. Each document within that universe outlines the set of controls relevant to the activity or the department.

The Articles of Association set out the limits on the Board's authority and refers all matters outside that scope of authority to the General Assembly. The authorities delegated from the Board to the Executive Management and other functions within the Bank are set out in the Delegation of Authority Matrix and the relevant policies.

The Board of Directors has the ultimate responsibility to ensure that the internal control framework of the Bank is effective and sufficiently addresses the risks associated with the Bank's internal and external activities. The Board delegates part of that responsibility to the ARCC which is tasked with monitoring the effectiveness and efficiency of the Bank's internal control framework. The ARCC oversees the control functions (risk, compliance, internal audit) which report on regular basis on the relevant risks. The internal audit function is the chief champion of internal control effectiveness. It audits all departments and functions to assess the effectiveness of the controls within each department and function, identifies gaps, and provides remedies and corrective measures. Such reviews include all material controls, including financial, operational and compliance controls, risk management systems, and regulatory issues. The internal audit reports to the ARCC on the adequacy of the existing internal controls among other matters. In evaluating the impact of such assessments on the Bank, the Board and ARCC take into consideration the results of the Bank's External Auditor's evaluation. This internal control framework aims to safeguard shareholders' investment and the Bank's assets and to ensure the reliability of the Bank's financial record keeping and reporting.

During the year 2020, the Bank worked on enhancing its internal controls by updating its Corporate Governance Framework and several of its policies and procedures. The Bank will continue with this effort throughout 2021 to ensure that its entire internal controls universe aligns with its current strategy, activities, and the applicable rules and regulations.

Also, the Bank successfully conducted an assessment of its internal controls on financial reporting and issued its management report on the effectiveness of its internal controls on financial reporting (ICOFR) for the year 2020 in accordance with the requirements of the QFCRA and QFMA. The management report identified some gaps all of which were appropriately addressed by the Bank's Executive Management. None of the issues identified had any material financial impact on the Bank.

## 20. External Audit

According to the QFC's Companies Regulation and QFMA regulations, the General Assembly of QFB appoints an external auditor, upon the recommendation of the ARCC to the board. The external auditor is appointed on a rolling one-year basis, renewable for a similar period up to maximum of five consecutive years.

The external auditor appointed shall be registered in the external auditors list of the QFMA and must comply with the highest professional standards. The

external auditor shall be completely independent from the Bank and its Board members and shall not have any conflict of interests in his/her relation to the Bank.

The external auditor shall submit to the General Assembly the external audit report. The auditor or his/her delegate must read the report before the General Assembly and answer the shareholders' questions.

The responsibility of selecting, assessing, and recommending the External Auditor is assumed by the ARCC in accordance with the Bank's approved Corporate Governance framework.

The General Assembly Meeting held on 7 April 2020 approved the appointment of Ernst & Young (E&Y) as the Bank's External Auditor for the year ended 31 December 2020.

## 21. Shareholders' Rights

Shareholders' rights are protected by the QFC's Companies Regulation of 2005, as amended from time to time, the Articles of Association, the Board charter, the Code, and other applicable rules and regulations.

In accordance with the procedures described in the Articles of Association, the Bank makes available the following documents to the shareholders:

- Shareholders' register (upon request)
- Board member information (available on the website).
- Articles of Association (available on the website).
- Instruments creating a charge or right on the Bank's assets.
- Annual Report of the board submitted to the General Assembly (available on the website).
- Any other document submitted to the General Assembly (available on the website).

During the EGM that will be held during 2021, the Bank will present its amended Articles of Association which contains a number of articles that preserve and protect shareholders' rights including but not limited to the following rights:

- include the right of shareholder(s) who own at least (10%) of the Bank's capital to request an invitation to convene a General Assembly meeting.
- include specific mechanism for the protection of shareholders' rights in general and minorities in particular in the event that the Bank conducted major transactions that have the potential to cause harm to their interests or prejudice the ownership of the Bank's capital.
- Include a mechanism for approving major transactions by the shareholders.

## 22. Conflict of Interest and Insider Trading

Members of the Board and employees may not, in connection with their work, demand nor accept from third-party payments or other advantages for themselves or for any other person or grant third parties' unlawful advantages.

Members of the Board are bound by QFB's best interests. No member of the Board may pursue personal interests in his/her decisions or use business opportunities intended for the Bank for himself/herself.

The Board must disclose insider information directly relating to the Bank without delay unless it is exempted from the disclosure requirement in an individual case.

All board members and executive management and people who have access to the Bank's financial results and obtain remuneration from the Bank are prohibited from trading in QFB stock during the Blackout periods as per Qatar Stock Exchange's bylaws Article 173.

The Blackout periods are the following:

- 1st and 3rd quarter: 1 week prior to the quarter-end until the disclosure date of the financials
- 2nd quarter and year-end: between the period of calling the Board meeting and date of disclosure, which is usually the date the board meeting is convened.

The Board members sign annually an independence and conflict of interest declaration to confirm that they are not aware of any conflicts of interest that exists or is likely to exist with QFB and disclose their trading in the Bank's securities during the reported year as well as the trading of their spouses and minor children.

In application of QFMA code, QFB has developed a detailed Conflict of Interest Policy, an Insider Trading Policy as well as a Disclosure & Communication & Investor Relations Policy (including the procedures for dealing with rumors). The Board approved these policies on 23 December 2020 as part of approving the updated Corporate Governance Framework of the Bank.

## 23. Conflicts and Disputes

During the year 2020, there were no major conflicts and/or disputes that would have a significant impact on the Bank. However, QFB does have several ongoing legal cases and disputes that are minor in nature, both on an individual and collective basis.

## 24. Related Parties' Transactions

Related parties represent major shareholders, directors and key management personnel of the Bank, and entities controlled, jointly controlled, or significantly influenced by such parties.

The related parties' transactions as disclosed under Note 25 of the Audited Financial Statement for the year ended 31 December 2020 were as follows (expressed in QAR'000):

Nature of relationship	Purchase of goods and services	Investments Deals Transactions	Financings assets and other receivables	Other payables	Unutilised credit facilities	Financing income received	Expenses, including provision, incurred	Operator's management fees
Joint Venture	-	-	15,079	-	-	-	32,162	-
Other	210	10,920	3,642	17,884	100,000	113	-	2,184

## 25. Environmental, Social, and Governance (ESG)

QFB believes in the importance of responsible investment and the role of each and every financial institution plays in achieving that mission. The Bank aims to enhance its contribution in that area by looking at ways whereby its investment activities could incorporate elements of ESG-related investments whilst achieving its business mandate.

The Bank's Corporate Governance Framework includes the CSR and ESG Policy which outlines the principles guiding the Bank's activities in that area and how its commitment is translated to specific actions supporting the relevant stakeholders including its staff, vendors, clients, and wider community.

QFB participates annually in QSE's Sustainability and ESG Dashboard and aims to enhance its ESG disclosures and initiatives going forward.

## 26. Corporate Social Responsibility (CSR)

QFB has a long-standing commitment to the community rooted in its Sharia-compliant principles and a belief in the positive impact corporations can have within their communities. The Bank's CSR and ESG Policy outlines its responsibilities in that front.

The Bank's CSR initiatives are funded by its purification funds which are channeled through several charitable organizations that support causes aligned with QFB's mission and values.

The key CSR activities by segment are detailed further in the Annual Report.

