



بنك قطر الأول

QFB

Board of Directors Charter

Version: 1.0

Abbreviations in this Document

- AGM: Annual General Meeting
- ALCO: Asset and Liability Committee
- ARCC: Audit, Risk, and Compliance Committee
- BOD: Board of Directors
- CEO: Chief Executive Officer
- CFO: Chief Financial Officer
- CRO: Chief Risk Officer
- EGM: Extraordinary General Meeting
- EXCOM: Executive Committee
- OPCO: Operating Committee
- NRCGC: Nomination, Remuneration and Corporate Governance Committee
- QFB: Qatar First Bank LLC (Public)
- QFC: Qatar Financial Centre
- QFCRA: Qatar Financial Centre Regulatory Authority
- QFMA: Qatar Financial Markets Authority
- SSB: Shari'ah Supervisory Board
- TOR: Terms of Reference

Board of Directors Charter

1. Purpose and Nature of the Board of Directors Charter

- 1.1. Qatar First Bank LLC (Public) (or hereafter referred to as “QFB” or “Bank”) intends to establish itself as a model that other Islamic investment banks in the region will follow.
- 1.2. QFB’s Board of Directors Charter (or hereafter referred to as “Board Charter”) is developed in accordance with the Qatar Financial Markets Authority (QFMA) requirements, Qatar Financial Centre Regulatory Authority (QFCRA) requirements, and QFB’s Articles of Association.
- 1.3. In the event of conflict between the Board Charter and Articles of Association, the latter requirements shall prevail.
- 1.4. Any changes to this Board Charter require approval from the Board.

2. Board Responsibilities

2.1. Set overall direction

- 2.1.1. Review and approve strategy.
- 2.1.2. Review and approve policies.
- 2.1.3. Review and approve business plans / annual budgets.

2.2. Approve risk levels

- 2.2.1. Review and approve risk limits / policy.
- 2.2.2. Ensure adequate systems and controls in place to monitor risk.
- 2.2.3. Periodically monitor risk levels.

2.3. Task full time Senior Executive Managers to implement direction

- 2.3.1. Appoint and evaluate the Chief Executive Officer (CEO).
- 2.3.2. Delegate authority to Board Committees / CEO to make day-to-day decisions (the CEO will further delegate some authority to the Senior Executive Managers below him).
- 2.3.3. Review and approve Remuneration Policy recommended by the Nomination, Remuneration and Corporate Governance Committee (NRCGC).
- 2.3.4. Review and approve major investments / expenditures which are above the limit delegated to the CEO and the Executive Committee (EXCOM).

2.4. Assist in business plan implementation

- 2.4.1. Assist in identifying potential investment opportunities.

2.4.2. Act as sounding board for the CEO.

2.4.3. Advocate and support access to a network of influential people across the GCC.

2.5. Monitor performance & ensure compliance

2.5.1. Establish and set Terms of Reference (TOR) for the following committees with specific oversight remits:

2.5.1.1. ARCC

2.5.1.2. NRCGC

2.5.1.3. EXCOM

2.5.1.4. OPCO

2.5.1.5. ALCO

2.5.2. Monitor the Bank's performance.

2.5.3. Agree on corrective action as appropriate.

2.5.4. Notify shareholders of significant issues.

2.5.5. Remain accountable for ensuring the operations are carried out in compliance with statutory laws and regulations.

2.5.6. Assess the performance of Senior Executive Management including its implementation of internal control systems. This includes timeliness and accuracy of notifying the Board of control issues as well as the manner in which these issues were handled by the Board.

2.5.7. Review reports from the Shari'ah Supervisory Board (SSB).

2.5.8. Assess the effectiveness of the SSB, its members, and the Shari'ah Supervisory Liaison Officer.

2.5.9. Review reports submitted by Board-level and Management-level committees.

2.6. Approve published financial statements

2.6.1. Review and approve quarterly, semi-annual, and annual financial results and financial reports for publication and ensure accuracy and transparency.

2.6.2. Review and recommend dividend payments for final approval at the Annual General Meeting (AGM).

2.6.3. Review and approve all policy statements for publication.

2.6.4. Recommend External Auditors to be hired by approval at AGM based on advice from the ARCC.

3. Qualification of Directors

3.1. Ideal Director Profile:

- 3.1.1. Excellent leadership qualities
- 3.1.2. Exhibits exceptional ethical character
- 3.1.3. Diverse representation
- 3.1.4. Accounting knowledge
- 3.1.5. Understand local regulations and laws
- 3.1.6. Broad industry knowledge
- 3.1.7. Strong risk management, systems and control knowledge
- 3.1.8. Compliance knowledge

4. Qualities of Directors

4.1. Independence

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

- a) If the Director, during the last 3 years, was employed by any related party to the Bank or any of its affiliates such as the auditors, biggest vendors or with any of his/her close relatives or has the majority shares in any of the aforementioned parties within the last 3 years.
- b) If the Director is considered as one of the major executives in the company or any of its affiliates or any of his family members during the last 3 years.
- c) If the Director is a related party of the executives in the Bank or any of its affiliates.
- d) If the Director is a relative of any of the major executives in the Bank or its affiliates.
- e) If the Director has, or is a relative of an individual has, currently or within the last 3 years any significant direct or indirect commercial or financial dealings with the company.
- f) If the member is a member of the Board of another company under the same group.

- g) If a member has been sitting on the Bank's Board for more than 9 consecutive years.

4.1.2. In the absence of specific definitions in this charter, reference shall be made to the relevant laws and regulations of the QFCRA, QFMA, and other applicable laws and regulations.

4.2. Network Access

4.2.1. Ability to identify investment opportunities (e.g. access to major business or government opportunities).

4.2.2. Ability to introduce the Bank to individuals and businesses that can assist with QFB's business growth.

4.3. Relevant Skills

4.3.1. Knowledge of banking

4.3.2. Knowledge of other areas of interest to the Bank

4.3.3. Knowledge of Risk management (to serve on Audit, Risk, and Compliance committee).

4.3.4. Knowledge of Real estate development

4.3.5. Other business areas where QFB sees investment opportunities such energy development and infrastructure development

4.3.6. Capacity to participate as part of a team

4.3.7. Ability to debate issues and to positively challenge management

4.3.8. Able to commit the time to actively participate and attend meetings

4.4. Candidate Disqualifications

4.4.1. Is an individual under the age of 18

4.4.2. Has been disqualified from being a director in the Qatar Financial Centre (QFC) or in any other jurisdiction

4.4.3. Is an un-discharged bankrupt in any country

4.4.4. Is a Body Corporate

5. Board Composition

5.1. The Board of Directors shall be composed of no less than 7 and not more than 11 Directors. However, the Bank may under an ordinary resolution, increase or decrease the number set for the Directors.

- 5.2. The same person may not hold or exercise the position of Chairman and CEO at the same time. The division of responsibilities between the two positions shall be clear.
- 5.3. At least 1/3 of the Directors shall be Independent Directors and the majority shall be Non-Executive Members.
- 5.4. All Directors shall be approved by the QFCRA.
- 5.5. Initial Directors are elected for 3 years.
- 5.6. Succession planning of the Board will revolve around a three-year cycle.

6. Appointment and Re-Election of Directors

- 6.1. The Board shall appoint the NRCGC to provide recommendations for the appointment and/or re-election of Directors. These recommendations will be presented at the AGM and approved by the shareholders.
- 6.2. The main principles of the NRCGC are outlined in the NRCGC's TOR.

7. Process of Directors' Education

7.1. Induction

- 7.1.1. The BOD will ensure that newly-appointed Directors receive a full, formal, and tailored induction training upon joining the Board. This is to ensure that Directors are fully aware of their responsibilities and have an adequate understanding of the Bank's operations.
- 7.1.2. Newly-elected Directors will participate in an induction program which shall comprise of an introduction to the Bank by way of being provided the Bank's Articles of Association and Corporate Governance Manual and briefing sessions with the Chairman and Senior Executive Management on the Bank's goals and visions.
- 7.1.3. The program aims to:
 - 7.1.3.1. Educate Directors on best practice.
 - 7.1.3.2. Define roles and responsibilities of Directors.
 - 7.1.3.3. Provide a brief on current Board issues and future challenges.
 - 7.1.3.4. Provide structure and communicate responsibilities.
 - 7.1.3.5. Provide copy of the strategic plan, policies, budgets and the latest Annual Report.
 - 7.1.3.5.1.
 - 7.1.3.6. Receive a copy of the Board Charter.

7.2. Continuing Education

7.2.1. The Board will provide opportunities for Directors to:

7.2.1.1. Attend conferences and seminars that complement the member skill set requirements.

7.2.1.2. Select programs to enhance specialty skills such as governance and regulatory requirements.

7.2.1.3. Attend annual meetings with local and overseas experts in subjects relevant to the Bank.

8. Board of Directors Meetings

8.1.1. Meetings of the Board shall be convened by an invitation from the Chairman of the Board or any other method prescribed by the Articles of Association.

8.1.2. The Board shall schedule a minimum of 6 Board meetings (minimum once every two months) in the Board Calendar according to key events and financial period closures of the Bank. Additional meetings may be scheduled as often as necessary for the conduct of the Bank's affairs.

8.1.3. The Board can convene a meeting via conference call, electronic means, or other communication facilities subject to obtaining the signature of all Directors on the Board's resolutions which can be obtained by circulation. The participation of Directors in such meetings shall be considered a personal attendance

8.2. Agenda

8.2.1. The Board secretary will circulate the Board agenda and any papers for discussion 7 days prior to the Board meeting.

8.2.2. Agenda items and supporting documents circulated less than 7 days in advance may be included on the agenda at the discretion of the Board Chairman. Additional items will be included in the agenda despite the Chairman's objections if two or more Directors insist on including the items.

8.3. Meeting Minutes

8.3.1. All decisions made by the BOD will be minuted.

8.3.2. The objections of one or more Director to any matter may be minuted.

8.3.3. The minutes will include the names of Directors present and will be signed by the Chairman of the meeting at which the proceedings took place (or by the Chairman of the next succeeding meeting) as evidence of approval of the proceedings / minutes.

8.3.4. The minutes will be signed by the Chairman of the Board.

8.3.5. The minutes and resolutions shall be kept in the Arabic language.

8.4. Proxy

8.4.1. A member is entitled to appoint another member as his proxy to attend and vote in his place.

8.5. Quorum and Voting rules (applies to the full Board and committees)

8.5.1. A member may accept only one proxy each.

8.5.2. The quorum at the Board meetings is a majority of Directors.

8.5.3. Each member holds 1 vote. In the case of a tie vote, the Chairman holds the deciding vote.

8.6. Attendance

8.6.1. To support the full contribution of all Directors, Directors should not be absent from meetings without giving prior notice of their absence (due to a prior engagement or emergency) to the Board Secretary.

8.6.2. Normally, a Director will be expected to attend meetings in person. However, with prior notification, a Director may attend via telephone or other electronic communication.

8.6.3. The BOD and other committees may also request the attendance at a meeting of such persons which may be needed for the purpose of deliberation on certain matters in the agenda and may conduct the meeting without any executive management in attendance.

8.6.4. Attendance Infraction

8.6.4.1. An attendance infraction occurs when there are:

- a) 2 un-notified absences in a row, without advanced notification.
- b) 3 notified absences in a row.

8.6.5. Response to the Attendance Infraction

8.6.5.1. The following steps are followed when an infraction is highlighted:

8.6.5.1.1. The Chairman discusses the infraction with member.

8.6.5.1.2. The Member's response will be shared with Board.

8.6.5.1.3. The Board determines the action to be taken regarding membership.

8.6.5.1.4. If an action to terminate is taken, it will be conducted as specified under local laws and regulations.

9. Board Remuneration

- 9.1.1. The Remuneration of each Director shall be recommended by the NRCGC. The NRCGC will supervise the payment of the compensation of the Directors as well as the Senior Executive Management and QFB employees, including the CEO.
- 9.1.2. The amount, timing, practice and payments to the Directors of the Bank will be assessed taking into consideration the following:
 - 9.1.2.1. Time dedication requested from each member
 - 9.1.2.2. Number of Board meetings and committee meetings each one has attended and overall level of responsibility.

Please refer to the NRCGC TOR and the Remuneration Policy for more information.

10. Required Behavior Standards and Duties

10.1. Conflict of Interest

(Please refer to the Corporate Governance Manual for greater detail on this subject)

10.2. Objectives

- 10.2.1. To act as a model for Corporate Governance, QFB needs clear guidelines to manage conflicts of interest.
- 10.2.2. QFB accepts that conflicts of interest are unavoidable; the objective is to handle them in a transparent and objective manner.
- 10.2.3. To handle any conflict in a transparent manner, Directors must:
 - 10.2.3.1. Disclose possible conflicts when they occur.
 - 10.2.3.2. Allow the Chairman to determine whether the conflict of interest is material.
 - 10.2.3.3. Eliminate themselves from discussions where they have a material conflict of interest.

10.3. Share Dealing

- 10.3.1. Directors must adhere to good governance and follow the rules of timing of any share trades.

11. Board Interaction with Senior Executive Management

11.1. Role definition:

- 11.1.1. The Board is responsible for oversight of Senior Executive Management, while Senior Executive Management is responsible for the day to day operations of the Bank.

11.2. Interaction with Senior Executive Management:

- 11.2.1. Board requests for information from Senior Executive Management should be routed through the office of the CEO.
- 11.2.2. Direct contact with Senior Executive Management should be through the CEO or his designated nominee.
- 11.2.3. Directors should not make direct contact with QFB employees aside from the CEO, the Board Secretary, Head of Compliance, CFO, and CRO. Should any other employees (i.e. other than the aforementioned employees) be contacted, the employees must log the contact and report to a member of Senior Executive Management.

11.2.4. Rationale

- 11.2.4.1. Allows transparent access to information in a controlled manner without causing unnecessary confusion.
- 11.2.4.2. Supports the need for independence.
- 11.2.4.3. Avoids undue influence of decision making.
- 11.2.4.4. Supports the smooth operation of the day-to-day activities of the Bank and avoids undermining authority of management over employees.

11.3. Restrictions on share trading

- 11.3.1. The rules limit any such dealings by Directors, close family member (spouse, children, children of the spouse, dependents and dependents of the spouse) or related parties.

11.3.2. Rules

- 11.3.2.1. Directors may not deal in the securities of the Bank or any related company when they have or may be perceived as having relevant unpublished price-sensitive information.
- 11.3.2.2. Directors are only permitted to deal in the securities of the Bank in accordance with guidelines issued by the Bank from time to time.
- 11.3.2.3. Directors are prohibited from any hedging of shareholding positions.
- 11.3.2.4. Full disclosure of shareholding and any purchases or sales of shares of the Bank.
- 11.3.2.5. Directors are prohibited from dealing in shares of QFB for a certain period of time (14 days) before the announcement of financial results or any other relevant financial information.

- 11.3.2.6. Directors are prohibited from dealing in shares in the case where they are aware of an event affecting the activities or the financial position of QFB and stakeholders have not yet been informed.

12. Board Performance

- 12.1. The performance assessment of the Board will be carried out in the form of self-assessment. Board members will complete self-assessment worksheets and submit them to the NRCGC, which will review the results.
- 12.2. The BOD will state in its Annual Report to shareholders how the performance evaluation of the BOD, its committees, and its individual Directors has been conducted.
- 12.3. The Board will also confirm the Board performance evaluation process in the Corporate Governance Report.

Please refer to the NRCGC TOR for more details on the performance assessment of Board Members

12.4. Board Secretary

- 12.4.1. The Board Secretary shall be appointed by the Board of Directors in accordance with the Articles of Association or as may be prescribed by the law. The Board Secretary shall be responsible for the following matters:
- 12.4.1.1. Identifying pertinent regulatory authority laws and regulations controlling governance of the business pertaining to shareholders relevant to the Bank.
- 12.4.1.2. Advising on matters reserved for decisions for shareholders are put to the vote of the shareholders.
- 12.4.1.3. Managing the conduct of the meetings in line with the statutory and regulatory requirements.
- 12.4.1.4. Maintaining statutory records of the Bank including:
- a) Minute book of BOD meetings
 - b) Minute book of General Meetings (AGM and EGM)
 - c) Register of Directors
 - d) Register of Directors' secretaries and Directors' interests
- 12.4.1.5. Oversight of the company seal, share certificates and any documentation relating to the statutory records of the Bank:
- a) Articles of Association
 - b) Certificate of Incorporation
 - c) Specific licenses and approvals for the Bank

Please refer to the Corporate Governance Manual for more information on the Board Secretary.

12.5. Committees

12.5.1. The Board may delegate some of its functions and constitute special committees, for the purpose of undertaking specific operations on its behalf. In this case written and clear instructions shall be given concerning the delegated function or authority with the requirements to obtain Board prior approval on specific matters. In any event and even where the Board delegates one of its functions or authorities the Board remains liable for all of its functions or authorities so delegated.

