



بنك قطر الأول

QFB

Corporate Governance Report for 2016

April 2017

Qatar First Bank LLC (Public)

Dear Shareholders,

It is with great pleasure and honor that I present to you the Corporate Governance Report for Qatar First Bank LLC (Public) which covers the fiscal year ending on 31 December 2016. The Corporate Governance Report has been prepared in accordance with the requirements of the Corporate Governance Code for publicly listed entities which was issued by the Qatar Financial Markets Authority (QFMA) in 2014 (hereinafter “QFMA CG Code”) and the regulations and applicable laws related to the Qatar Financial Centre and the State of Qatar.

It is our commitment to issue a report on Corporate Governance annually, as per Qatar Financial Centre Regulatory Authority’s (QFCRA) requirements and QFMA’s requirements to the Bank’s shareholders at the Annual General Assembly Meeting.

Thank you.

Abdulla Bin Fahad Bin Ghorab Al Marri

QFB Chairman

Table of Contents

1.	Introduction.....	2
2.	Corporate Governance	2
3.	Board of Directors.....	2
3.1.	Board Structure.....	2
3.2.	Profile of Board Members.....	3
3.3.	Director Appointment.....	6
3.4.	Responsibilities of Directors.....	6
3.5.	Board Meetings.....	7
3.6.	Board Committees, Structure, and Committee Meetings.....	7
3.6.1	Nomination, Remuneration, and Corporate Governance Committee (NRCGC).....	7
3.6.2	Audit, Risk, and Compliance Committee (ARCC).....	8
3.6.3	Executive Committee (EXCOM).....	9
3.6.4	Operating Committee (OPCO).....	9
4.	Shari’ah Supervision	10
5.	Senior Executive Management Team.....	10
6.	Separation of the Positions of Chairman and the CEO	11
7.	Remuneration.....	11
8.	Conflicts of Interest.....	11
9.	Management – level Committees.....	12
10.	Internal Audit.....	12
11.	External Audit.....	12
12.	Compliance	12
13.	Risk Management.....	12
14.	Disclosures	13
15.	Shareholder Relations.....	13
16.	General Meetings (AGM and EGM).....	13
	Appendix A - QFMA Checklist.....	15

1. Introduction

Qatar First Bank LLC (Public) (hereinafter referred to as 'QFB' or the 'Bank') is a leading Shari'ah-compliant bank based in Qatar which offers investment opportunities and innovative financial solutions on a local, regional and international scale. The Bank provides a wide range of products and services including alternative investments focused on private equity and real estate, private banking and wealth management, corporate and institutional banking, as well as treasury and investments management.

QFB was established as one of the first independent Shari'ah compliant financial institutions licensed by the QFCRA on 4 September 2008. The Bank's authorized capital amounts to QAR 2.5 billion and the issued and paid up capital is QAR 2 billion (the number of shares is 200,000,000). QFB became listed on the Qatar Stock Exchange in April 2016 and is subject to the laws and regulations set forth by the QFMA.

2. Corporate Governance

QFB has adopted a Corporate Governance framework in line with the requirements of the QFCRA and the QFMA CG Code. The objectives of the Bank's Corporate Governance structure are to increase returns for stakeholders and various parties through exercising effective guidance and control over the Bank's activities, while maintaining integrity and objectivity.

QFB's Corporate Governance framework is built on a Corporate Governance Policy and Procedure Manual, Corporate Governance Charter, Board Charter, Board Committee Charters, and other governance-related documentation. All documentation was prepared in line with the provisions set forth by the QFMA CG Code and the requirements of the QFCRA.

The following Governance report sheds light on the Bank's Corporate Governance practices between 27 April 2016 and December 31, 2016.

3. Board of Directors

3.1. Board Structure

The Board of Directors consists of 10 Non-Executive Directors, 3 of which are also Independent. All non-independent members are directly or indirectly shareholders or representing an entity which is a shareholder of the Bank.

Board of Directors				
#	Full Name	Position	Classification	Percentage of share capital (directly or indirectly) as at 31 December 2016
1	Abdulla Bin Fahad Bin Ghorab Al Marri (personal shares)	Chairman	Non-Executive	3.42%
2	Ibrahim Mohammed Al-Jomaih (personal shares and	Vice Chairman	Non-Executive	1.36%

	as representative of Al Jumaih Automotive Co.)			
3	Sheikh Jassim bin Hamad bin Nasser Al-Thani (personal shares)	Director	Non-Executive	0.0182%
4	Ahmed Abdulla Al Marri	Director	Non-Executive and Independent	0%
5	Ibrahim Mohammad Jaidah (personal shares)	Director	Non-Executive	0.23%
6	Anwar Jawad Bukhamseen (personal shares and as representative of Arab Investment Company and Kuwait International Bank)	Director	Non-Executive	4.55%
7	Khaled Abdulla AlKhoori	Director	Non-Executive and Independent	0%
8	Jassim Mohamed Al Kaabi (as representative of Barroq Trading Company and Al Zubara for Real Estate Investment Company)	Director	Non-Executive	21.47%
9	Mosabah Saif Al Mutairy	Director	Non-Executive and Independent	0%
10	Mohamed Nasser Al Hajri (personal shares)	Director	Non-Executive	0.0091%

3.2. Profile of Board Members

#	Name and Position	Profile
1	Abdulla Bin Fahad Bin Ghorab Al Marri Chairman – State of Qatar	<p>Abdulla Al Marri is the Founder and chairman of Qatar First Bank LLC (Public). Al Marri held several senior positions in the government including Undersecretary and Advisor to the Amiri Diwan of the State of Qatar.</p> <p>Al Marri served as Vice Chairman and a member of the Executive Committee of Qatar Islamic Bank from 1993 to 2002. He also hold senior positions at a number of international companies in Qatar, including serving as Chairman of International Projects Company and Chairman of Ajyad International.</p> <p>Al Marri is holder of a BA in International Affairs from George Washington University in the USA.</p>

2	<p>Ibrahim Mohammed Al-Jomaih</p> <p>Vice Chairman – Kingdom of Saudi Arabia</p>	<p>Al Jomaih is the Vice Chairman and the CEO of Al Jomaih Automotive Company. He also serves as CEO of Al Jomaih Water and Energy Company, Al Jomaih Bottling Plants (Pepsi Cola) and Aljomaih Can Manufacturing Plants. In addition he is the General Manager of Aljomaih Holding Co. for the Eastern Province. Al Jomaih sits on the board of several companies including Al Jomaih and Shell Co., and he is the Vice Chairman of Pendekar Energy Limited.</p> <p>Al Jomaih holds an MBA from University of Santa Clara, and a B.Sc. in Business Administration from Portland State University in the USA.</p>
3	<p>Sheikh Jassim bin Hamad bin Nasser Al-Thani</p> <p>Director – State of Qatar</p>	<p>Sheikh Jassim started his career in 2008 as a Business planning analyst at Barwa Real Estate, where he helped manage the company's multibillion dollar investment portfolio.</p> <p>In 2012, he was appointed as Qatari Diar Real Estate Investment Company's Regional Director – Europe & Americas, where he was responsible for the development of Qatari Diar's projects in Europe, to positively contribute to the organization's bottom line.</p> <p>Sheikh Jassim was promoted to Chief Development Officer – Europe & Americas in 2016, and is in charge of developing the company's multibillion dollar real estate investment projects in the two key regions.</p> <p>After graduating in 2008 with a BSc in Financial Management from the University of Essex, London, UK and then with a MSc degree in Finance and Management in 2009, Sheikh Jassim received professional training and interned at some of the world's most prestigious and successful organizations including Qatar Central Bank, Barclays Capital, Goldman Sachs International, Insead Business School</p>
4	<p>Ahmed Abdulla Al Marri</p> <p>Director – State of Qatar</p>	<p>H.E. Mr. Al Marri held a number of state positions in Qatar including Minister of Endowment and Islamic Affairs. Al Marri served as an Advisor at the Amiri Diwan of the State of Qatar.</p>
5	<p>Ibrahim Mohammad Jaidah</p> <p>Director – State of Qatar</p>	<p>Ibrahim M. Jaidah, GCEO & Chief Architect of the Arab Engineering Bureau, is a highly recognized architect who has won numerous awards such as Islamic Cities award, Arab Town Organization Awards and Agha Khan Award nominations. In 2005 Ibrahim was honored with the State of Qatar Encouragement Award. He ranks as a pioneer of a new architectural movement which combines the far reaching influences of Islamic art with modern style, creating memorable landmark structures that are helping to shape the developing State of Qatar.</p> <p>Ibrahim has taken over AEB in 1991 with a humble beginning of only 7 staff. Under his leadership, since then the firm has evolved to employing more than 650 staff with six branches in the region and</p>

		<p>Asia, and has completed more than 1600 projects that extend to Africa and Europe.</p> <p>Ibrahim M. Jaidah obtained his Architectural Degree from the University of Oklahoma, USA.</p>
6	<p>Anwar Jawad Bukhamseen</p> <p>Director – State of Kuwait</p>	<p>Anwar Bukhamseen is the Managing Director of Bukhamseen Holding, a company with interests in travel, real estate, retail, banking and insurance, amongst many other activities.</p> <p>Chairman of Warba Insurance Company, Bukhamseen sits on the board of Kuwaiti Industries Union, Kuwait International Bank, Bukhamseen Holding Group Company. In addition Bukhamseen is a member of the Finance and Investment committee of the International Bank of Kuwait.</p> <p>Bukhamseen is a holder of a BA in Commerce, Economics and Political Science from Kuwait University.</p>
7	<p>Khaled Abdulla AlKhoori</p> <p>Director – United Arab Emirates</p>	<p>Khaled AlKhoori served as Chief Executive Officer of Al Hilal Bank from December 2015 until January 2017. Prior to it, AlKhoori played numerous key roles at the Abu Dhabi Investment Authority (ADIA), as he was the Director of Real Estate and Infrastructure Department and previously the Director of the Private Equity Department for three years. He also served as Vice Chairman of Abu Dhabi Islamic Bank (ADIB) from 2007 to 2015. AlKhoori is the Chairman of National Takaful Company (Watania).</p> <p>AlKhoori graduated Summa Cum Laude from Boston University where he earned his BSBA in Business Administration. He is a member of the CFA Institute. In addition AlKhoori completed the General Manager Program “TGMP” from Harvard Business School in 2005.</p>
8	<p>Jassim Mohamed Al Kaabi</p> <p>Director – State of Qatar</p>	<p>Jassim Mohammad Al-Kaabi works at Boroq Trading Company in Qatar. He also serves at the Amiri Diwan of Qatar.</p> <p>Al Kaabi holds Bachelor’s degree in Business Administration from Norwich University in the UK.</p>
9	<p>Mosabah Saif Al Mutairy</p> <p>Director – Sultanate of Oman</p>	<p>Mosabah Al Mutairy is the Accounts Manager at the Royal Guard of Oman and in 2003 he was appointed as the Acting Manager of the Royal Guard of Oman Pension Fund. He sits on the board of several financial institutions and Investment committees of companies and funds across the GCC. Al Mutariy is also a board member of the Pension Fund of the Royal Guard of Oman, Hotel Management Company (Chedi), Oman National Investments Development Company, Oman Munition Production Company, Gulf Finance House-Bahrain, Khaleeji Commercial Bank-Bahrain and Nizwa Bank.</p>

		Al Mutaury holds an MBA in Finance from the University of Lincolnshire & Humberside, and a BA in Accounting from South West London College in the UK.
10	Mohamed Nasser Al Hajri Director – State of Qatar	<p>Mohammad Al Hajri is the Head of Economic and Political Affairs at the Amiri Diwan in the State of Qatar. He started his career at the Amiri Diwan in 1994 where he held several positions including Head of Studies and Research, Head of Development Studies and Economic Researcher.</p> <p>Al Hajri holds a BA in Economics from Qatar University. He has also attended several post graduate programs on Leadership and Economics in London School of Economics in the UK and John Kennedy College – Harvard in the USA.</p>

3.3. Director Appointment

- 3.3.1 Each Director on the Board shall be appointed for a period as stated in QFB's Articles of Association.
- 3.3.2 Directors are nominated based on the "Fit and Proper" guidelines set forth in the QFMA CG Code and in compliance with the QFCRA rules and regulations.
- 3.3.3 Each nomination or removal of a Director is recommended by the NRCGC and shall be in writing and approved through the Annual General Meeting (AGM). A summary of the nominated Directors' profile is presented to the AGM for informed decision-making.

3.4. Responsibilities of Directors

The Board's responsibilities include, but are not limited to the following:

- 3.4.1 Reviewing and approving the Bank's strategies, plans, and objectives.
- 3.4.2 Supervising the adequate and fair selection of the Bank's Senior Executive Management.
- 3.4.3 Reviewing the effectiveness of the Bank's internal control framework.
- 3.4.4 Maintaining updated information from Board Committees and Senior Executive Management.
- 3.4.5 Ensuring, directly or through delegated authorities, that QFB is compliant with the rules and regulations of the Qatar Financial Center Authority, QFCRA, and QFMA, and more generally, the laws and regulations in the State of Qatar, where applicable.
- 3.4.6 Calling the Annual General Meetings (AGM).

- 3.4.7 Developing the procedural rules for the Bank's corporate governance practices in an effort to ensure their implementation in a consistent manner.
- 3.4.8 At all times, keeping its members updated about the latest developments in the area of corporate governance and related best practices. The Board may delegate the same to the NRCGC or any other body as deemed appropriate.

3.5. Board Meetings

As per the Board Charter, the Board of Directors meets at least 6 times per year to review and approve the annual budgets, business plans, and all capital expenditures. The Board of Directors reviews the Bank's progress towards achieving its strategic goals and recommends adjustments or modifications where necessary. In 2016, the Board of Directors met a total of 9 times.

3.6. Board Committees, Structure, and Committee Meetings

The Board has established 4 Board Committees to which it has delegated certain powers and authorities. The Board Committees operating at QFB are as follows:

- a. Nomination, Remuneration, and Corporate Governance Committee (NRCGC)
- b. Audit, Risk, and Compliance Committee (ARCC)
- c. Executive Committee (EXCOM)
- d. Operating Committee (OPCO)

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

The NRCGC is responsible for assisting the Board of Directors (the "Board") in determining the policy and structure for the remuneration of Directors and Senior Executive Management. It is also responsible for recommending the nomination and re-nomination of Directors. With regard to governance, the NRCGC looks after the corporate governance practices of the Bank to ensure their alignment to the QFMA CG Code, QFCRA, and other relevant corporate governance guidelines.

The structure of the NRCGC is outlined below:

Nomination, Remuneration, and Corporate Governance Committee (NRCGC)			
#	Full Name	Position	Classification
1	Khaled Abdulla AlKhoori	Committee Chairman	Non-Executive and Independent
2	Ibrahim Mohammad Jaidah	Committee Member	Non-Executive

3	Anwar Jawad Bukhamseen	Committee Member	Non-Executive
4	Ahmed Abdulla Al Marri	Committee Member	Non-Executive and Independent

Earlier in 2016, there were two committees named the Remuneration Committee and the Nomination Committee. They were combined and renamed the Nomination, Remuneration, and Corporate Governance Committee following the Board Meeting held in December 2016 where it was decided that the committee would take on responsibilities related to Corporate Governance. As set out in the NRCGC Terms of Reference, the NRCGC shall meet once per year, or more frequently if circumstances require it. In 2016, the committees met one time.

3.6.2 Audit, Risk, and Compliance Committee (ARCC)

The ARCC is responsible for assisting the Board in fulfilling its oversight responsibilities for the Internal and External Audit functions, QFB Risk functions, QFB Compliance functions, the financial reporting process, the system of internal control, and the Bank's process for monitoring compliance with laws and regulations and the QFB code of conduct. As set out in the ARCC Terms of Reference, the ARCC shall meet once every three months (4 times a year), or more frequently if circumstances require it. In 2016, the committee met a total of 4 times.

The structure of the ARCC is outlined below:

Audit, Risk, and Compliance Committee (ARCC)			
#	Full Name	Position	Classification
1	Mosabah Saif Al Mutairy	Committee Chairman	Non-Executive and Independent
2	Ahmed Abdulla Al Marri	Committee Member	Non-Executive and Independent
3	Mohamed Nasser Al Hajri	Committee Member	Non-Executive
4	Jassim Mohamed Al Kaabi	Committee Member	Non-Executive

3.6.3 Executive Committee (EXCOM)

The EXCOM is responsible for providing management with Board guidance and advice and acting as a “sounding board” for management on emerging issues, problems, and initiatives. The EXCOM also acts as an advisor to the Board and reviews, assesses and makes recommendations to the Board on various matters as requested.

The structure of the EXCOM is outlined below:

Executive Committee (EXCOM)			
#	Full Name	Position	Classification
1	Abdulla bin Fahad Bin Ghorab Al Marri	Committee Chairman	Non-Executive
2	Ibrahim Mohammed Al-Jomaih	Committee Vice Chairman	Non-Executive
3	Ibrahim Mohammad Jaidah	Committee Member	Non-Executive
4	Anwar Jawad Bukhamseen	Committee Member	Non-Executive
5	Khaled Abdulla AlKhoori	Committee Member	Non-Executive and Independent
6	Sheikh Jassim bin Hamad bin Nasser Al-Thani	Committee Member	Non-Executive

3.6.4 Operating Committee (OPCO)

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

The structure of the OPCO is outlined below:

Operating Committee (OPCO)			
#	Full Name	Position	Classification
1	Abdulla bin Fahad Bin Ghorab Al Marri	Committee Chairman	Non-Executive
2	Ibrahim Mohammad Jaidah	Committee Member	Non-Executive

3	Mohammed Nasser Al-Hajri	Committee Member	Non-Executive
4	Shk. Jassim Hamad Al Thani	Committee Member	Non-Executive

4. Shari'ah Supervision

As an institution offering only Islamic financial services, QFB is committed to ensuring that Shari'ah principles are embedded in all activities undertaken by the Bank, internally and externally. QFB's Shari'ah Supervisory Board (SSB) objective is to ensure that the Bank's operations compliance with the Islamic Shari'ah principles. The SSB consists of 3 members.

The structure of the SSB is outlined below:

Shari'ah Supervisory Board (SSB)		
#	Full Name	Position
1	Professor Dr. Ali Al Quradaghi	SSB Chairman
2	Shaikh Dr. Yahia Al Noaimi	SSB Member
3	Shaikh Dr. Sultan Al Hashemi	SSB Member

5. Senior Executive Management Team

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

The Senior Executive Management Team is made up of the following individuals:

Senior Executive Management Team		
#	Full Name	Position
1	Mr. Ziad Makkawi	Chief Executive Officer
2	Mr. Sulaiman Yousif Al-Salhi	Chief Business Officer
3	Mr. Ihab Asali	Managing Partner – Private Equity
4	Mr. Samir Assaad	Managing Partner – Private Equity
5	Mr. Nizar Ahmadi	Head of Private Banking & Wealth Management

6	Mr. Ayman Zaidan	Head of Treasury and Investment Management
7	Mr. Hani Katra	Chief Financial Officer
8	Mr. Yaser Al Maghribi	Chief Risk Officer
9	Mr. Nayeem Khan	Chief Operating Officer
10	Mr. Ismail Alawadhi	Head of Shari'ah Compliance
11	Mr. Andrew Williams	Head of Human Resources
12	Mr. Bassel Issam Hanbali	Head of Corporate Services
13	Mr. Toufic Abi Fadel	General Counsel and Company Secretary
14	Mr. Andre Nussbaumer	Head of Compliance and MLRO

6. Separation of the Positions of Chairman and the CEO

The positions of Chairman and CEO at QFB are held by two different individuals. The Chairman of the Board is Mr. Abdulla bin Fahad Bin Ghorab Al Marri and the CEO is Mr. Ziad Makkawi.

7. Remuneration

QFB's Remuneration policy was updated in line with the QFMA CG Code, and approved by the Board in December 2016. The Remuneration Policy covers the remuneration of the Directors on the Board, the CEO, and other members of Senior Executive Management. The Remuneration Policy states that there will be fixed and performance related components to remuneration packages.

The NRCGC is responsible for reviewing and recommend changes to the Remuneration Policy. The remuneration of directors on the Board is disclosed in the Bank's Annual Report.

8. Conflicts of Interest

The Compliance Department at QFB maintains a register of all reported and/or identified conflicts of interests and the Head of Compliance continuously reports on all identified conflicts of interests to the ARCC on a quarterly basis. In 2016, no conflicts of interest transactions have been reported to the Compliance Department. There were no reported conflicts of interests between the Directors and the Bank. However, all related party transactions (including credit facilities to Directors and to affiliates of the Bank) are declared and monitored by the Risk Department and mentioned in a related party transactions report

circulated to the Senior Executive Management. The aggregate amount of related party transactions shall be disclosed in the financial statements of the Bank approved in the Annual General Assembly.

9. Management – level Committees

The establishment of the Bank's management-level committees is approved by the CEO. The following management-level committees are operational at QFB:

- a. Management Committee (MANCOM)
- b. Asset & Liability Committee (ALCO)
- c. Product Development Committee (PROCO)
- d. Credit Committee (CCOM)
- e. Investment Committee (INVCO)

10. Internal Audit

The Internal Audit function is responsible for auditing the internal controls and overseeing their implementation. The Internal Audit Function at QFB reports to the ARCC. Currently, QFB's Internal Audit function is outsourced to an external professional firm. This arrangement has been approved by the QFCRA. In 2016, QFB carried out a total of 8 audits in accordance with the Bank's 2016-2017 audit plan.

11. External Audit

The External Audit Report will states whether (consolidated) financial statements of QFB have been prepared in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Bank use the guidance from the relevant International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as set out in the accounting policies in the notes to the consolidated financial statements.

In accordance with the Bank's Articles of Association, QFB will not appoint the same External Auditor for more than 5 consecutive years.

KPMG's first annual audit was for the year ended 31 December 2015 and then were reappointed as QFB's External Auditor on 28 March 2016 for the year ended 31 December 2016.

12. Compliance

The Head of Compliance reports directly to the ARCC Chairman. The Bank's Corporate Governance structure ensures that it benefits from expert advice and the support of compliance in order to ensure that all areas of the Bank's operations are in full compliance with relevant local statutory requirements.

13. Risk Management

QFB's Internal Control Framework includes the Risk Management functions in addition to the Internal Audit functions and the External Audit. Risk management activities are carried out at

all levels of the Bank, including the Board of Directors, Board Committees (namely the ARCC), and Senior Executive Management.

14. Disclosures

The Bank is fully committed to abiding by all disclosure requirements imposed by the QFMA CG Code. Major events related to the Bank should be disclosed to Qatar Exchange (QE) and the media in line with the requirements of QFMA and the Bank's Articles of Association. The summary of the financial statements should be sent to the shareholders 21 days prior to the General Assembly meeting. The Annual Report is distributed to shareholders in the General Assembly meeting. The Annual Report will include important information pertaining to the Bank's activities and the financial statements that are prepared as per the financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

The following is a disclosure of the percentage of share capital held by Board members, executive officials, and senior shareholders as of 31/12/2016:

- Percentage of share capital held by the Board members (directly or indirectly through companies they represent at the Board): 31.06%
- Percentage of share capital held by Senior Executive Management: 0%
- Percentage of share capital held by major shareholders (owning more than 5% of the share capital): 21.47%

15. Shareholder Relations

Shareholders are the owners of QFB, sharing its risks, profits, and losses, and having a residual claim on the earnings and assets. Shareholders have all rights conferred upon them by related laws and regulations including the QFMA CG Code as well as the Bank's policies and Articles of Association.

The Board of Directors aims at ensuring that Shareholders rights are respected and Shareholders are treated in a fair and equitable manner. The Board of Directors, Board Secretary, and Corporate Services Function at QFB are responsible for ensuring that shareholders gain a better understanding of its business through appropriate informative communications.

16. General Meetings (AGM and EGM)

The Corporate Service Function at QFB manages the timely gathering of Shareholders and coordinates the timely preparation of General Meeting letters and agenda with the Board Secretary. The function discloses the date, time, venue and agenda of the AGM/EGM to QE and QFMA immediately after the Board convenes and approves the financial results and dividend distribution. As per the Articles of Association, the AGM/EGM meeting should be called by giving at least 21 days' notice to all Shareholders, the Board and the Auditors.

Shareholders should have the opportunity to participate effectively and vote in the General Meeting and should be informed of the rules, including voting procedures that govern the meeting. As per the Bank's Articles of Association, shareholders have the right to call for an

EGM, to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers.

QFB's last General Meeting was held on 28 March 2016.

Appendix A - QFMA Checklist

QFMA Corporate Governance Checklist

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 3 The company should adhere to the principles of governance	<p>3-1 The Board shall ensure the company's complies with QFMA Code.</p> <p>3-2 The Board shall review and update the approved governance applications on regular basis</p> <p>3-3 The Board should set and periodically review professional conduct rules for the Board, staff and advisors. (Professional conduct rules include Board Charter, Audit Committee Charter, Company Regulations, Related Party Transactions, Insider Trading), the board shall also review the professional conduct rules periodically to ensure that such rules are reflecting the best practices and provide the needs of the company</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	QFB has contracted an external consultant to review and update all existing corporate governance documentation to ensure that it is in line with the QFMA CG Code. The documentation was presented and approved at the Board of Directors meeting held on 13 December 2016.	
Article 4 Board charter	The board shall approve a charter, the charter should detail the responsibilities and duties of the board members that they should fully adhere to. The charter should be drafted in accordance to the provisions of these regulations and in accordance to the model attached herein, when reviewing the charter, the amendments performed by the Authority from time to time should be considered, the charter should be published by the board on the	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The updated Board Charter was presented to the Board and approved on 13 December 2016. The Board Charter has been published on the Bank's website.	

	company's website and make it available to the public					
Article 5 Board mission and responsibilities	<p>5-1</p> <p>The company shall be managed by an effective board of directors which shall be collectively responsible for the proper management of the company</p> <p>5-2</p> <p>In addition to the board functions and responsibilities mentioned herein, the board shall be responsible for what follows:</p> <p>5-2-1</p> <p>Approving the company's strategic objectives, appointing directors, nominating their compensations and replacing them, reviewing the performance of the management and ensuring that succession plans are in place</p> <p>5-2-2</p> <p>Ensuring the company's compliance with the related laws and regulations and the compliance with the company's articles of association, the board shall also be responsible for protecting the company from any illegal, abusive or inappropriate actions</p> <p>5-3</p> <p>The board may delegate some of its functions to the special committees and form such committees to perform certain duties, the committees shall perform its own tasks in accordance to a clear written directions, in all cases, the board shall be responsible for any authorities mandated by the board to such committees</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>5-1</p> <p>The Bank is managed by a Board of Directors. The Board of</p> <p>Directors has been granted full control and authority to manage and run the Bank's business.</p> <p>5-2</p> <p>5-2-1 The Board oversees strategy, the appointment and nomination of Directors and reviews the performance of management. The Board of Directors has the authority to review and set the Bank's strategic objectives and is responsible for achieving these objectives by monitoring the implementation of the strategies through Senior Executive Management.</p> <p>5-2-2</p> <p>The Bank is in compliance with related laws and regulations (QFC,</p>	

					<p>QFCRA, and QFMA Corporate Governance guidelines) and is in compliance with its Articles of Association.</p> <p>5-3</p> <p>The Board of Directors undertakes the establishment of Board Committees and will assess each of the committees based on the standards set out in the CG Charter and the Board Committee Charters. The Board as delegated certain roles and responsibilities to these Committees.</p> <p>The Board of Directors has established four (4) Board Committees and has delegated some of its functions to four (4) main committees:</p> <ol style="list-style-type: none">1. Audit, Risk and Compliance Committee (ARCC)2. Nomination, Remuneration, and Corporate Governance Committee (NRCGC)	
--	--	--	--	--	---	--

					<p>3. Executive Committee (EXCO)</p> <p>4. Operating Committee (OPCO)</p> <p>Each of the committees has its own Terms of Reference document outlining roles and responsibilities.</p>	
<p>Article 6</p> <p>Board members' fiduciary duties</p>	<p>6-1</p> <p>The board shall represent all the shareholders and should pay all required care while managing the company and should adhere to the institutional authorities as mentioned in relevant laws and regulations including this code and the board's charter</p> <p>6-2</p> <p>Board members should, all times, act on clear information, in a good faith and with utmost care and responsibility to protect the interests of the company as well as the shareholders</p> <p>6-3</p> <p>The board members should act effectively to fulfill their responsibilities towards the company</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>6-1</p> <p>QFB's Corporate Governance Charter and the Board Charter were prepared in accordance with the QFMA Corporate Governance guidelines. These documents mention that the Board has the duties of care and loyalty which involve placing the interest of the Bank and its shareholders above their own and exercise care and diligence.</p> <p>6-2 and 6-3</p> <p>The Board of Directors must rely on accurate information to act in accordance with the interests of the Bank and its shareholders.</p>	
Article 7	7-1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7-1	

<p>The segregation between the positions of the Chairman and the CEO</p>	<p>The same person may not hold or exercise the position of the chairman and the position of the CEO or any other executive position in the company</p> <p>7-2</p> <p>In all cases, no one person shall have unfettered powers in the decision making process</p>				<p>The positions of CEO and the Board Chairman are held by different individuals.</p> <p>The Board Chairman is Mr. Abdulla bin Fahad bin Ghorab Al Marri and The CEO is Mr. Ziad Makkawi.</p> <p>7-2</p> <p>The Chairman executes his responsibilities independently of the responsibilities of the CEO (who has been appointed by the Board of Directors).</p>	
<p>Article 8</p> <p>The duties of the chairman</p>	<p>8-1</p> <p>The chairman shall be responsible for ensuring the proper functioning of the board in an appropriate and effective manner including the board's timely receipt of complete and accurate information</p> <p>8-2</p> <p>The chairman may not be a member of any board committees mentioned in this code</p> <p>8-3</p> <p>The duties and responsibilities of the chairman, along with the duties mentioned in this code, shall include but not limited to the following:</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>8-1</p> <p>The chairman is responsible for the proper functioning of the Board.</p> <p>8-2</p> <p>The Chairman is not a member of any of the Board Committees except for the Executive Committee and the Operating Committee. The Board Chairman sits on the</p>	

	<p>1- Ensure that the board discuss all the main issues in an efficient and timely manner</p> <p>2- Approve the agenda of every board meeting taking in consideration any matter proposed by any other board member, this task may be delegated by the chairman to a board member but the chairman shall remain solely responsible for any actions performed by the board member</p> <p>3- Encourage all board members to fully and effectively participate in performing the duties assigned to the board to ensure that the board is functioning to achieve the interests of the company</p> <p>4- Ensure that effective communication channels are in place with the shareholders and that their feedback is received by the board members</p> <p>5- Allow effective participation of the non-executive board members in particular and encourage any constructive relations between executive and non-executive board members</p> <p>6- Ensure that annual assessment is duly performed to the board's performance</p>				<p>Executive Committee and the Operating Committee and acts as their Chairman. However, the Executive Committee and the Operating Committee are not mentioned in the QFMA CG Code.</p> <p>8-3-1 to 8-3-5</p> <p>The duties of the Chairman outlined in this code are practiced at QFB and reflected in the Board Charter and the Corporate Governance Charter.</p> <p>8-3-6</p> <p>A Board Assessment mechanism was adopted in December 2016. Since the company was listed in April 2016, and the Board Assessment mechanism was adopted in December 2016, the implementation of Board Assessment will take place in 2017.</p>	
Article 9	9-1 the board composition shall be determined in the company's articles	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9-3	9-1

Board composition	<p>of association, such composition should include executive and non-executive board members as well as independent board members to ensure that board decisions are not dominated by one individual or by a small group</p> <p>9-2</p> <p>At least one third of the board members shall be independent members while the majority of the members shall be non-executive members</p> <p>9-3</p> <p>Board members shall have adequate experience and knowledge to effectively perform their functions to achieve the interests of the company, and they should give sufficient time and attention to achieve the company objectives</p> <p>9-4</p> <p>The person nominated to be an independent board member shall not be owning more than the required shares to maintain his membership in its board of directors</p>				<p>The Board members were selected through a rigorous process in which their qualifications and experience were assessed.</p> <p>9-4</p> <p>The fully independent members do not hold shares in the QFB.</p>	<p>The Board is composed of ten (10) Non-Executive Directors.</p> <p>9-2</p> <p>Three of the Board Members are fully Independent (i.e. 30% of the Board).</p>
Article 10 Non-executive board members	<p>10-1</p> <p>Duties of non-executive board members include but not limited to the following:</p> <p>10-1-1</p> <p>Participation in the board meetings and give their independent opinion in relation to strategic issues, policy, performance, accountability, resources, main appointments and operation standards</p> <p>10-1-2</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Non-Executive Board's duties have been updated in accordance with the QFMA CG Code. The CG Charter and the Board Charter collectively cover the duties outlined in this code and the same is being practiced.</p>	

	<p>Ensuring that priority shall be given to the company's and shareholders' interests in case of conflict of interest</p> <p>10-1-3</p> <p>Participation in the company's audit committee</p> <p>10-1-4</p> <p>Monitoring the company's performance in achieving the objectives agreed upon and reviewing its performance reports including the annual, half year and quarterly reports</p> <p>10-1-5</p> <p>Supervising the development of the procedural rules of Corporate Governance and ensure that such rules are implemented in accordance to such rules</p> <p>10-1-6</p> <p>Availing the board of directors and its different committees their skills, experiences and their diversified specialists through their regular presence in the board meetings and their effective participation in the general assemblies and understanding the shareholders' opinions in a balanced and fair way</p> <p>10-2</p> <p>The majority of the non-executive board members may request obtaining the opinion of independent external advisor, on the expense of the company, in relation to any issue relevant to the company</p>					
Article 11	11-1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Board holds meetings according to a preapproved schedule. As per the Company's Articles	
Board meetings	The board shall hold meetings regularly to ensure that the board is effectively performing its duties. The board should hold at least 6 meetings					

	<p>annually and not less than one meeting every 2 months</p> <p>11-2</p> <p>The board shall meet when invited to do so by the chairman or upon a written request presented by 2 board members, the invitation and the agenda shall be sent to the board members prior a week at least from the scheduled meeting, noting that any board member have the right to add any issue to the meeting's agenda</p>				<p>of Association and Corporate Governance Charter, at least six (6) meetings should be held annually.</p> <p>The Board of Directors convened 9 times during the fiscal year which ended on 31 December 2016.</p>	
<p>Article 12</p> <p>Board secretary</p>	<p>12-1</p> <p>The board shall appoint a board secretary to perform the following duties: recording the minutes of board meetings and maintain the board decisions in a special record in a serial number, define attending members and their recommendations, maintain the board's minutes of the meetings, the records files and reports raised to him by or to the board, the board secretary shall, under the chairman's supervision, maintain and distribute the working papers of the meetings and the documents and the information and the agenda and shall coordinate with the board members and other stakeholders including the shareholders and the management and the employees</p> <p>12-2</p> <p>The board secretary shall ensure that board members are having full and timely access to the minutes of board meetings, information, documents and records pertaining to the board of directors</p> <p>12-3</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>12-1</p> <p>The Board has appointed the General Counsel as the Board Secretary on 26 October 2016.</p> <p>12-2 to 12-4</p> <p>The Board secretary's duties have been updated in accordance with the QFMA CG Code. The Board Charter and the CG Charter include the duties outlined in this code and the same is being practiced.</p> <p>12-5</p> <p>The newly-appointed Board Secretary is the General Counsel at QFB, who is a</p>	

	<p>Board members shall have access to the services and advises of the board secretary</p> <p>12-4</p> <p>the board shall have the sole right to appoint or remove the board's secretary</p> <p>12-5</p> <p>It's preferable that the board secretary to be a member of a professional and accredited accountants body or a member of a recognized or chartered body of corporate secretaries or a lawyer or a graduate from a recognized university or equivalent. The secretary should have at least 3 years of experience in handling the affairs of a public listed company</p>				qualified Lawyer by profession.	
<p>Article 13</p> <p>Conflict of interest and insider trading</p>	<p>13-1</p> <p>The company shall adopt and make public general rules and procedures that is governing the company's transactions with related parties (which is known as the general policy of the company in relation to related parties). In all cases, the company is not permitted to enter any transaction with related parties unless if the company is in compliance with the aforementioned policy, such policy include the principles of transparency, fairness and disclosure in addition to obtaining the approval of the company's general assembly before any transaction with related parties</p> <p>13-2</p> <p>If the company's board is discussing any issue relevant to the conflict of interests is raised or any commercial transaction between the company and any of its board members or any</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Bank has adopted a conflict of interest policy which is mentioned in its CG Charter and Compliance Manual. The policy outlines the actions to be taken by the Board in cases where a conflict of interest arises (e.g. disclosure).</p> <p>To date, no conflicts of interest transactions have been reported to the Compliance Department. The annual report will include a section on conflicts of interest.</p> <p>The aggregate amount of related party transactions</p>	

	<p>related party who is in relation to any of the board members, then such discussion should take place in the absence of the concerned board member</p> <p>13-3</p> <p>In all cases, such transactions shall be disclosed in the company's annual report and shall be informed to the general assembly following such transaction</p> <p>13-4</p> <p>Any trading transactions by board members in the company's shares and securities should be disclosed and the company shall adopt clear rules and procedures to control such transactions performed by the board members or any of its employees</p>				<p>shall be disclosed in the financial statements of the Bank approved in the Annual General Assembly.</p>	
<p>Article 14</p> <p>Board's other duties and tasks</p>	<p>14-1</p> <p>Board members shall have full and immediate access to information, documents and records pertaining to the company in order to perform their duties and have a full knowledge about all the aspects relevant to the business, the executive management shall provide the boards and its committees with all requested documents and information</p> <p>14-2</p> <p>The board members shall ensure the attendance of, the nomination, remuneration and audit committee board members and the external auditor representatives, the meetings of the general assembly</p> <p>14-3</p> <p>The board shall develop an induction program for the newly appointed board members in order to ensure that</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>14-1</p> <p>Board members have full and immediate access to information, documents and records pertaining to the Bank.</p> <p>14-2</p> <p>The Board will ensure that the members of the Board Committees are present at General Assembly meetings.</p> <p>14-3</p> <p>An induction program was</p>	

	<p>they are fully aware of the company's businesses and operations as well as their duties and responsibilities</p> <p>14-4</p> <p>The board members are responsible for having an appropriate understanding of their role and duties and for educating themselves in financial, business and industry practices as well as the company's operations and businesses. For this purpose, the board shall adopt an appropriate formal training to enhance the skills and knowledge of its members</p> <p>14-5</p> <p>The board of directors shall, in all times, aware and updated of the latest developments and the best practices in relation to the Governance, the board may delegate the audit committee or the Governance committee or any other body as appropriate to perform the same</p> <p>14-6</p> <p>The company's articles of association shall include clear procedures for removing board members in the event of not attending the board meetings</p>			<p>developed and will be put into place in 2017 for all new Board Members.</p> <p>14-4</p> <p>The induction program and ongoing training and development programs in place at QFB ensure that Board members have an appropriate understanding of their roles, responsibilities, and the bank's business activities.</p> <p>14-5</p> <p>The Board is responsible for reviewing and updating the Bank's governance applications on a regular basis and for overseeing and assessing the need to implement new or amend corporate governance best practices.</p> <p>14-6</p> <p>The Bank's Articles of Association clearly state the procedures for</p>	
--	--	--	--	--	--

					removal of Board Directors.	
Article 15 Board committees	The board shall evaluate the advantages of the establishment of board special committees to supervise the progress and performance of key functions, on deciding the committees that should be established, the board shall put in consideration the previous issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Board of Directors establishes the Board Committees and assesses the performance of each of the committees based on the standards set out in the Corporate Governance charter. In all cases, Board committees assist the Board in executing its duties and responsibilities in managing the Company. The Board of Directors established four committees to provide support for and facilitate the execution of the Board's duties and responsibilities. The Board committees are as follows:</p> <ol style="list-style-type: none"> 1. Audit, Risk and Compliance Committee (ARCC) 2. Nomination, Remuneration, and Corporate Governance Committee (NRCGC) 3. Executive Committee (EXCOM) 4. Operating Committee (OPCO) 	
Article 16	16-1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Nomination, Remuneration, and	

The appointment of board members – nomination committee	<p>Nominations and appointments of board members shall be made according to formal, rigorous and transparent procedures</p> <p>16-2</p> <p>The board shall form a nomination committee chaired by an independent board member and shall comprise of independent board members who will in return suggest the appointment and re-nomination of board members by the general assembly (to avoid any doubt, nomination by the committee does not deprive any shareholder from his rights to nominate or to be nominated)</p> <p>16-3</p> <p>Nominations shall take into consideration, among other things, the candidates’ ability to perform their duties as board members in addition to their skills, knowledge and experience as well as their professional, technical and academic qualifications and personality, and should be based on “fit and proper” guidelines for nominating board members annexed to this code that may be amended by the authority</p> <p>16-4</p> <p>The nomination committee, when formed, shall approve and deploy its duties and roles in a way that elaborate its authorities and role</p> <p>16-5</p> <p>The nomination committee’s role shall include the annual assessment of the board’s performance</p> <p>16-6</p> <p>Banks and other companies shall comply with any conditions or</p>				<p>Corporate Governance Committee is responsible for recommending the appointment and re-appointment of Board members, and evaluating the self-assessments of the Board members.</p> <p>The Terms of Reference document for the committee outlines the responsibilities mentioned in this code.</p>	
---	--	--	--	--	---	--

	requirements in relation to the nomination, election or appointment of board members that may be issued by QCB or any other authority					
Article 17 Remunerations of the board members – remuneration committee	<p>17-1</p> <p>The board shall establish a remuneration committee that comprise of 3 non-executive members at least provided that the majority are independent members</p> <p>17-2</p> <p>The remuneration committee, when formed, shall deploy and act in accordance to its roles, duties and main responsibilities</p> <p>17-3</p> <p>The remuneration's committee key role shall include defining the company's remuneration policy including the remuneration of the chairman and board members as well as the senior executive management</p> <p>17-4</p> <p>The remunerations of the board members policy shall be disclosed in the company's annual report</p> <p>17-5</p> <p>The remuneration committee shall take the responsibilities and duties of the board members and the senior executive management members and the performance of the company in consideration. Such remunerations shall include a fixed and performance-related remunerations, noting that performance related components should be based on the company's long-term performance</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>17-1</p> <p>The Nomination, Remuneration, and Corporate Governance Committee is made up of two Independent Directors and two Non Independent Directors. The Chairman of the committee is Independent and has a casting vote.</p> <p>17-2 to 17-5</p> <p>The Remuneration policy was updated in line with the QFMA CG Code, and approved by the Board. The Nomination, Remuneration, and Corporate Governance Committee will review and recommend changes to the Remuneration policy.</p> <p>The remuneration of directors on the Board will be disclosed in the Annual Report.</p>	

					The Remuneration Policy states that there will be fixed and performance related components.	
Article 18	18-1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18-1	.
Audit committee	<p>The board of directors shall establish audit committee that shall comprise of 3 members at least the majority from independent members, the audit committee should include one member at least who has financial and audit experience.</p> <p>18-2</p> <p>In all cases, any person who is or has been employed by the company's external auditors within the last 2 years may not be eligible to be member of the audit committee</p> <p>18-3</p> <p>The audit committee may consult, at the company's expense, any independent expert or consultant</p> <p>18-4</p> <p>The audit committee shall meet when required but at least once every 3 months and should prepare the minutes of such meetings</p> <p>18-5</p> <p>In the event of any disagreement between the audit committee recommendations and the board's decision, including when the board refuses to follow the committee's recommendations in relation to the external auditor, then the board shall prepare the governance report including a statement to detail such recommendations and the reasons behind the board's decision not to</p>				<p>QFB has established an Audit, Risk and Compliance Committee made up of 4 Directors, two of whom are independent. The Chairman of the committee who has a casting vote is independent.</p> <p>18-2</p> <p>None of the Board members were employed by the Bank's External Auditors over the past 2 years.</p> <p>18-3</p> <p>The ARCC's Terms of Reference document for the ARCC mentions that the ARCC can consult an independent expert or consultant.</p> <p>18-4</p>	

	<p>follow the committee's recommendations</p> <p>18-6</p> <p>The audit committee, when established, shall approve and deploy its business and key roles and responsibilities to the public in the form of a charter, the responsibilities shall include the following in particular:</p> <ol style="list-style-type: none"> a. Adopt a policy for appointing the external auditors and to report to the board any matters that, in the committee's opinion, requires taking an action and to provide recommendations on the necessary procedures or required action b. To oversee and follow up the independence and objectivity of the external auditor, and the nature, the scope and efficiency of the audit in accordance to audit international standards and the international financial reporting standards c. Oversee the accuracy and validity of the financial statements and the yearly, mid-year and quarterly reports and review such statements and reports. In this regard, the committee shall particularly focus on the following: <ol style="list-style-type: none"> 1. Any changes to the accounting policies and practices 2. Matters subject to the discretion judgment of the senior executive management 3. Major amendments resulting from the audit 4. The continuation of the company as a viable going concern 5. Compliance with the accounting standards designated by the authority 6. Compliance with applicable listing rules 7. Compliance with disclosure rules and any other requirements in relation to the 			<p>The ARCC Terms of Reference document states that the committee will meet no less than once every three months.</p> <p>18-5</p> <p>This is mentioned in the CG Manual.</p> <p>18-6</p> <p>QFB's current CG Charter and ARCC Terms of Reference document details the responsibilities stated in this code.</p> <p>At the start of each fiscal year, the Internal Auditor prepares an Internal Audit Plan and presents it to the ARCC for approval.</p> <p>The audit plan covers the Bank's business functions. The internal auditor has access to any documents or records deemed necessary for the execution of their responsibilities.</p> <p>The Internal Auditor will then execute the approved audit plan and submit periodic</p>	
--	--	--	--	---	--

	<p>preparation of financial reports</p> <p>d. To coordinate with the board of directors, senior executive management and the company's CFO or the person undertaking his tasks and meeting with the external auditors once annually at least</p> <p>e. To consider any significant and unusual matters contained or to be contained in the financial reports and accounts, and to give due consideration to any issues raised by the company's CFO or the person undertaking his tasks or the company's compliance officer or external auditors</p> <p>f. To review the financial and internal controls or risk management systems</p> <p>g. To discuss the internal controls with the management and ensure that management's performance achieves the goals required for the development of the internal controls</p> <p>h. To consider the findings of principal investigations in relation to internal controls mandated to the committee by the board of directors or carried out by the committee after being duly approved by the board of directors</p> <p>i. Ensure the coordination between internal and external auditors, ensure the availability of necessary resources and the effectiveness of internal controls</p> <p>j. Review the company's financial and accounting policies and procedures</p> <p>k. To review the appointments of external auditors, the business plan of the external auditor and any significant clarifications requested from the senior management and their reply in relation to accounting records, the financial accounts or controls</p> <p>l. Ensure providing the board of directors quick answers to any queries raised by the board in relation to the letters and reports submitted by the external auditors</p>				<p>reports to the ARCC. The ARCC periodically provides the Board with details on high risk audit observations and provides the Board with assurance on the Bank's internal control systems.</p>	
--	---	--	--	--	---	--

	<p>m. The development of rules where the employees can report any concerns in relation to the financial reports or internal controls or any other suspicious matters, and to ensure the availability of proper arrangements to all independent and fair investigation of such matters while ensure that the aforementioned employees are afforded confidentiality and protected from any reprisals, such rules should be raised to the board for approval</p> <p>n. Oversee the company's adherence with the rules of professional conduct</p> <p>o. Ensure that the rules of business relevant to such duties and authorizes as being mandated by the board of directors are applied properly</p> <p>p. Submit a report to the board of directors on the matters included in this article</p> <p>q. Consider any issues as determined by the board of directors</p>					
<p>Article 19</p> <p>Compliance with internal controls and the internal auditor</p>	<p>19-1</p> <p>The company shall adopt internal controls, after being approved by the board of directors, to be used in the assessment of the methods and procedures of the risk management and for the implementation of the company's corporate governance approved by the company and the compliance with relevant laws and regulations. The internal controls should include clear standards for the accountability and responsibility of the company's departments</p> <p>19-2</p> <p>Internal controls shall include effective and independent risk assessment and management functions as well as financial and operational internal audit functions in addition to the external audit, the internal controls shall ensure that all</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>19-1</p> <p>The Internal Auditor will assess the level of compliance with internal controls through internal audits set out in the risk-based audit plan (identified through a risk assessment). The Internal Auditor reports to the ARCC, who in turn escalates high-rated issues to the Board for resolution.</p> <p>19-2</p>	<p>19-3</p> <p>The Company has outsourced its internal audit function to a third party service provider (management consulting firm). The presence of an outsourced Internal Auditor was approved by the QFCRA.</p> <p>The Board recently</p>

	<p>related parties transactions are handled in accordance to the requirements related thereto</p> <p>19-3</p> <p>The company shall have an internal audit function with clearly defined functions and roles. In particular, the internal audit function shall be assigned the following:</p> <ol style="list-style-type: none"> 1. To audit the internal controls and oversee their implementation 2. Should be managed by a qualified and independent and well-trained teamwork 3. The internal audit function shall submit its reports to the board of directors directly or indirectly through the board's audit committee and shall be accountable by the board 4. The internal audit shall have access to the company's activities 5. The internal audit function shall be independent where shall not be assigned to perform day to day business, the function shall be fully independent for example the remunerations of its members shall be defined by the board directly <p>19-4</p> <p>The internal audit function shall include at least one internal auditor to be appointed by the board of directors, such internal auditor shall be accountable by the board itself</p> <p>19-5</p> <p>The internal auditor shall prepare and submit the internal audit report to the audit committee and the board including a review and assessment for the internal controls applicable by the company. The scope of the report shall be defined by the board (in accordance to the recommendations of the audit committee) and the internal auditor,</p>			<p>The Internal Auditor conducts a risk assessment and presents this plan to the ARCC for review and approval and executes audits according to the plan. The audits will cover operational and financial activities of the Bank.</p> <p>The Internal Auditor is given access to the company's activities.</p> <p>19-4</p> <p>The Internal Audit Function is outsourced, however the IA Coordinator is an employee of QFB. QFB is subject to QFCRA guidance, and has obtained QFCRA's approval for outsourcing their IA function. The IA function is outsourced to management consulting firm Deloitte.</p> <p>19-5</p> <p>The Internal Auditor prepares internal audit</p>	<p>appointed the Compliance Manager as the IA coordinator to act as a liaison between the departments of the Bank and the Internal Auditor.</p>
--	--	--	--	--	---

	<p>the report shall include the following in particular:</p> <ul style="list-style-type: none"> - Applicable procedures used in controlling and supervising the financial affairs, investments and risk management - Comparative evaluation for the development of risk factors and systems in place to respond to drastic or unexpected changes in the market - The assessment of the board's and senior management's performance in implementing the internal controls including how many times the board was notified of control issues (including risk management issues) and the how such matters were handled by the board - Failure in applying internal controls or the weaknesses or contingencies that have affected or may affect the company's financial performance and the procedures followed by the company in addressing the internal control failures (especially the issues disclosed in the annual reports and the financial statements of the company) - The company's compliance with internal controls when defining and managing risks - All relevant information that describe the company's operations of risk management <p>19-6</p> <p>The internal audit report shall be prepared every 3 months</p>				<p>reports and submits them to the ARCC for review. In 2016, the internal audits conducted were carried out as per the 2016-2017 Audit plan.</p> <p>19-6</p> <p>The internal audit report is prepared by the Internal Auditor every three months.</p>	
Article 20	20-1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20-1	
External auditor	<p>The external auditor shall be independent and qualified, shall be appointed as per the recommendation of the audit committee raised to the board and shall be appointed by the decision of the general assembly, the external auditor shall perform annual and semi-annual independent external audit to the financial</p>				<p>The External Auditor is appointed by the General Assembly Meeting based on the Board's recommendations.</p>	

	<p>information, the audit's objectives is to provide the board and the shareholders objective assurance that the financial statements are prepared in accordance to this code, relevant laws and regulations and international financial reporting standards and accurately represent the financial position and performance of the company in all material respects</p> <p>20-2</p> <p>The external auditors shall comply with the highest professional standards and the company shall not assign them to provide any advice or services other than the financial audit of the company, the external auditors should be fully independent from the company and its board members and shall not have any conflict of interest with the company</p> <p>20-3</p> <p>The company's external auditor shall attend the company's annual meeting of the general assembly to present their annual report and answer any queries</p> <p>20-4</p> <p>The external auditors shall be accountable before the shareholders and the company in exercising the due professional care while performing their audit. The external auditors shall be responsible for notifying the authority or any other regulatory authority should the board fail to take proper action versus any suspicious matters raised by the auditors</p> <p>20-5</p>			<p>During the General Assembly Meeting, shareholders approved the appointment of the external auditor.</p> <p>KPMG is a firm that is independent of the Bank and the Board.</p> <p>The ARCC of the Bank ensures that there are no conflicts of interest between the Bank and External Auditor prior to appointing them.</p> <p>20-2</p> <p>The External Auditor is independent with respect to Bank as defined in the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants (IESBA). The External Auditor provides audit, audit related and certain non-audit services to QFB with the permission of the ARCC. The ARCC generally pre-approves audit related and certain non-audit services to be provided by the Bank's External Auditor after considering any possible conflict of</p>	
--	---	--	--	--	--

	<p>All listed companies shall change their external auditors every no more than 5 years</p>			<p>interests. Services that have not been generally pre-approved by the ARCC should not be provided by the External Auditor or should be specifically approved by the ARCC after the recommendation of the management. The external audit is conducted accordance with the Auditing Standards for Islamic Financial Institutions issued by the AAOIFI.</p> <p>20 -3</p> <p>The External Auditor attend the Annual General Assembly Meeting to present their External Audit Report.</p> <p>20-4</p> <p>The External Auditor is accountable before the shareholders of the Bank in exercising due professional care when conducting their audit assignments.</p> <p>20-5</p>	
--	---	--	--	--	--

					The Bank changes its External Auditor every 5 years.	
Article 21 Disclosure	<p>21-1</p> <p>The company shall comply with disclosure requirements including the submission of financial reports and the disclosure of the number of shares owned by the board members and the key executives of the company and the major shareholders or the controlling shareholders, the company also shall disclose all the information relevant to the board members including their CVs describing his/her respective education, profession, the memberships in other boards, if any, as well as the disclosure of the names of different committee members formed by the board in accordance to article 5-3 along with the composition of such committees</p> <p>21-2</p> <p>The board shall ensure that all disclosures made by the company provide accurate and true information and is not misleading</p> <p>21-3</p> <p>The company's financial reports shall comply with the requirements of IFRS/IAS and ISA standards, the reports of the external auditors shall include a statement whether the external auditor obtained the required information and whether the company is in compliance with the IFRS/IAS standards and whether the audit was performed in accordance to IAS standards</p> <p>21-4</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>21-1</p> <p>Disclosure requirements mentioned in the QFMA CG Code will be made in the 2016 annual report and the corporate governance report.</p> <p>21-2</p> <p>The Board will ensure that all disclosure made by QFB are accurate and true information.</p> <p>21-3</p> <p>The External Auditor's report stated that the consolidated financial statements of the Bank have been prepared by the Bank's management in accordance with FAS issued by AAOIFI. In line with the requirements of AAOIFI, for matters that are not covered</p>	

	The audited financial reports of the company shall be circulated to all shareholders				<p>by FAS, the Bank use the guidance from the relevant IFRS issued by IASB.</p> <p>The external audit was conducted accordance with the Auditing Standards for Islamic Financial Institutions issued by AAOIFI.</p> <p>21-4</p> <p>The External Auditor's report on the consolidated financial statements are presented to the AGM by the External Auditor.</p>	
Article 22 The rights of shareholders and key ownership elements	Shareholders shall have the right conferred to them by relevant laws and regulations including the rights mentioned in this code and the company's articles of association, the board shall ensure that the rights of the shareholders are duly protected in a fair and equitable manner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Articles of Association and CG Charter of the Bank state that shareholders will have the right conferred to them by relevant laws and regulations and that all shareholders will be treated in a fair and equitable manner.	
Article 23 Ownership records	<p>23-1</p> <p>The company shall keep valid and updated ownership records</p> <p>23-2</p> <p>Shareholders shall have the right to review and access the shareholders</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A shareholder register is maintained by the Qatar Central Securities Depository. The Investor Relations Director in the Bank	

	<p>record for free during the company's working hours or as determined in the access to information procedures set out by the company</p> <p>23-3</p> <p>The shareholder shall have the right to receive a copy from the following documents: board members record, the company's articles of association and by-laws, the documents that create a charge or right from the company's assets, related party transactions and any other documents as determined by the authority upon the payment of the prescribed fee</p>				<p>requests the list of shareholders when needed.</p> <p>The Bank's Articles of Association and CG Charter mention that the Bank provides shareholders with the right to access records.</p>	
<p>Article 24</p> <p>Access to information</p>	<p>24-1</p> <p>The company shall include in its articles of association and by-laws a procedure for the access to information to ensure that shareholders' rights of accessing company documents and information in a timely manner and on regular basis is protected. The access to information procedure should be clear and detailed and shall determine the following:</p> <ol style="list-style-type: none"> 1. The accessible Information including the types of information made accessible to the shareholders or to the shareholders representing the minimum percentage of shares 2. A clear and express procedure for accessing information <p>24-2</p> <p>The company shall have a website where all relevant and public information shall be posted, this include all information required to be made public by this code or any other relevant laws and regulations</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>QFB's Articles of Association includes an article (Article 26) on shareholder's access to information. The article mentions the type of information that is accessible to shareholders. The Bank's website includes sections related to corporate governance and investor relations,</p>	

Article 25 Shareholders' rights in relation to shareholders' meetings	The company's articles of association and the by-laws shall include provisions ensuring that the shareholders' rights in calling for the general assembly in a reasonable time is protected as well as their right to include any issues to the agenda to be discussed during the meeting and to raise any questions and receive answers and their right in making informed decisions while being fully aware of the issues under discussion				Article 12.3 - Members right to acquisition in the Bank's Articles of Association mentions the right of shareholders to call for General Meetings.	
Article 26 The fair and equitable treatment of shareholders and the exercise of voting rights	26-1 All shares of the same class shall have the same rights 26-2 Proxy voting is permitted in accordance to the relevant laws and regulations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	According to Article 14.7 - Proxy Instrument of the Bank's Articles of Association and the Bank's CG Charter, all shares of the same class carry the same rights. The Bank's CG Charter also includes a clause on the right of shareholders to vote in person or by proxy.	
Article 27 Shareholders' rights in relation to the election of board members	27-1 The company's articles of association and the by-laws shall include provisions ensure that the shareholders receive information about the candidates for the membership of the board and their professional and technical skills, their experiences and other qualifications 27-2 Shareholders shall have the right to vote in the election of the board members by way of cumulative voting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	According to the Bank's CG Charter, each nomination or removal of a Director shall be recommended by the NRCGC and approved through AGM voting.	
Article 28	The board of directors shall provide the general assembly a clear dividend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Articles of Association	

Shareholders rights in relation to dividend	policy. The policy shall include a detailed description on how the company's and shareholders' interests shall be protected				includes an article (article 32. Dividends and Distributions) which relates to the	
Article 29	29-1 The capital structure shall be disclosed and the companies shall have to define the type of shareholders agreements that should be disclosed 29-2 Companies shall include in their articles of association and/or by-laws certain provisions for the protection of minority shareholders in case of approving any major transactions where the minority shareholders have voted against them 29-3 The companies shall include in their articles of association and/or by-laws certain mechanism ensuring the trigger of a public offer or the exercise of Tag Along Rights in case of any change in the ownership that exceeds a specific percentage (threshold). The threshold should take in consideration the shares held by third parties but under the control of the disclosing shareholder, including the shares covered by the shareholders' agreements which should be disclosed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	29-1 The capital structure will be disclosed in the Bank's Annual Report. 29-2 The Bank's CG Manual states that minority shareholders should be protected from abusive actions by, or in the interest of, controlling Shareholders acting either directly or indirectly, and should have effective means of redress. 29-3 The Bank's Articles of Association includes an article on the tag along rights of shareholders (Article 11 - Member's Tag Along Rights).	
Article 30	30-1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	30-1	

Rights of other stakeholders	<p>The company shall respect the rights of the other stakeholders. Where the stakeholders participate in the corporate governance arrangements, they shall have access to relevant, sufficient and reliable information on timely and regular manner</p> <p>30-2</p> <p>The board of directors shall ensure that the company's employees are treated in accordance to fair and equity principles with no discrimination based on the race, gender or religion</p> <p>30-3</p> <p>The board shall develop a remuneration policy and packages that provide incentives for the company's employees and management in order to perform their duties to achieve the best interests of the company. This policy shall take in consideration the long-term performance of the company</p> <p>30-4</p> <p>The board shall adopt a mechanism that allow the employees of the company from reporting any suspicious behavior to the board if such behavior is unethical, illegal or detrimental to the company. The board shall ensure that the employees reporting such issues are given the proper confidentiality and duly protected from any negative reaction by other employees or by their superiors</p> <p>30-5</p> <p>The companies shall adhere fully to the provisions of this article, where this article is excluded from the</p>			<p>The Bank's CG Charter and mentions that the Board assumes a responsibility towards Shareholders, other Stakeholders and Related Parties within QFB and the community at large.</p> <p>30-2</p> <p>In matters of whistle-blowing, the identity of all employees who have raised concerns is kept confidential and no employee will be discriminated against in any way as a result of raising an issue in good faith.</p> <p>30-3</p> <p>The NRCGC is responsible for setting the remuneration policy. The remuneration policy sets the guidelines for the Board and Senior Executive Management remuneration.</p> <p>30-4</p>	
------------------------------	--	--	--	--	--

	principle of compliance and reasons of non-compliance				<p>The Bank has adopted a whistle-blowing policy. The Whistle-Blowing Policy is documented in the Bank's CG Charter and compliance manual.</p> <p>30-5</p> <p>The Bank adheres to the provisions of this article.</p>	
Article 31 Governance report	<p>31-1</p> <p>The board shall prepare annual corporate governance report signed by the chairman</p> <p>31-2</p> <p>The governance report shall be submitted annually to the authority and whenever requested by the authority, the report shall be attached to the annual report prepared by the company in compliance with the regular disclosure principle</p> <p>31-3</p> <p>The governance report shall be included in the general assembly's meeting's agenda and a copy from the report shall be circulated on all shareholders during the meeting</p> <p>31-4</p> <p>The governance report shall include all the information relevant to the implementation of the provisions of this code including but not limited to the following:</p> <p>1. The procedures followed by the company in this respect</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The CG Committee at QFB is charged with the task of preparing the annual corporate governance report in coordination with the relevant functions at QFB.</p> <p>Since QFB was listed in April 2016, this will be the first year the Bank submit the corporate governance report to the authority. The corporate governance report will be presented to the shareholders in the general assembly meeting prior to being published on the Bank's website.</p>	

	<ol style="list-style-type: none"> 2. The disclosure of any violations committed during the fiscal year, their reasons and the remedial measures taken to avoid the repetition of the same violations in future 3. The disclosure of the board members and its committees and their responsibilities and activities during the year in accordance to their categories and authorities and the methods used to determine the remunerations of the board members and the senior executive management 4. The disclosure of the internal controls including supervising the financial affairs, investments and risk management 5. The disclosure of procedures followed by the company in defining, assessment and managing significant risks, and the disclosure of the comparative analysis of the risk factors encountered by the company and discussion of the systems in place to confront drastic or unexpected changes in the market 6. The disclosure of the assessments performed for the board's and the senior management's performance in implementing the internal controls including the identification of the number of times when the board was notified of control issues, including risk management, and the ways of handling such issues by the board 7. The disclosure of the failures in internal controls or weaknesses or contingencies that have affected or may affect the company's financial performance and the procedures followed by the company in addressing internal control failures, in particular the problems disclosed in the company's annual reports and financial statements 8. The disclosure of the company's compliance with applicable listing and the disclosure of the rules and requirements of listing 				<p>The corporate governance report will be developed in accordance with the QFMA Corporate Governance rules and will cover the items at left.</p>	
--	--	--	--	--	---	--

	<div>9. The disclosure of the company's compliance with the internal controls for determining and managing risks</div> <div>10. All relevant information describing the processes of the company's risk management and the internal controls applicable by the company</div>					
--	--	--	--	--	--	--