



QIB Board of Directors Charter

QIB Board of Directors Charter

Board of Directors Responsibilities

- The Board of Directors holds overall responsibility for the Bank's performance, including the approval and oversight of the implementation of the Bank's policies, strategies, risk profile, governance framework, and corporate culture. The Board is also responsible for supervising the Executive Management performance. All Board of Directors understand the Board's duties and responsibilities, in accordance with the rules and regulations of the corporate governance regulations issued by the Qatar Central Bank (QCB) and the Qatar Financial Markets Authority (QFMA), as well as the Commercial Companies Law and subsequent amendments.
- The Board of Directors holds a professional and legal responsibility towards shareholders and stakeholders, acting in good faith, with due diligence and care, and in the best interests of the Bank, while also safeguarding the rights of depositors, shareholders, and stakeholders.
- Members of the Board are responsible towards the supervisory authority and others under Article (129) of QCB Law no. (13) Of year 2012 regulating QCB and Financial Institutions.

Board of Directors Duties

- Elect the Chairman and Vice-Chairman of the Board.
- The Board must formulate suitable measures to ensure that its members understand their duties and undertake the responsibility for the Bank's overall well-being, while also enhancing the awareness of new members regarding their duties and responsibilities through written means.
- The Board must ensure that all incoming members undergo formal induction courses designed to facilitate their effective participation on the Board from the commencement of their term. These courses should encompass interactions with executive managers, experts, and consultants; exposure to the Bank's operations; comprehension of strategic plans; and comprehension of matters tied to financial management, accounting, risk management, compliance, internal and external auditing, and legal

oversight. In alignment with advancements, members should continually expand their understanding of the Bank's operations and governance, while the Board should offer continuous training programs to sustain a strong level of technical and administrative expertise for all Board members.

- In collaboration with the Board, the executive management is responsible for devising programs and presentations intended for the Board members, focusing on the Bank's operations and various sectors. These initiatives could involve participation in conferences and training seminars. The Nomination Committee holds the responsibility of supervising the training of Board members concerning the Bank's corporate governance matters.
- Board members are obligated to endorse a declaration confirming their review of the Bank's governance framework, its policies, and procedures, as well as the Board's charter.
- Board members are required to furnish written confirmation, acknowledging their acceptance and comprehension of the responsibilities, expectations, and policies associated with their membership on the Board.
- Ensure that all members of the Board and Executive Management are aware of the disciplinary measures to be taken in case of any violations or behavior not in line with the Code of Conduct as approved by the Board.
- The Board should review the independence of each Member at least once per year based on their disclosure of interests. Each Independent Board Member should update the information disclosed for this purpose.
- Oversight over related party transactions
 - The Board shall establish and regularly review rules and standards to minimize risks resulting from conducting transactions with related parties and to avoid conflict of interests or abusive related party transactions. Ensure fair treatment of the shareholders (including minority shareholders), depositors, debtors, and other stakeholders.
- Board members shall ensure that they have access to legal or technical advice from external sources, covered by the Bank's expenses, if most of them deem it necessary to fulfill their duties, responsibilities, and decision-making. They may also engage external experts and

consultants to provide insights on specific technical matters, while upholding Banking confidentiality and adhering to the Bank's policy approved by the Board.

- The Board bears the responsibility of publicly disclosing and informing both the Bank and relevant supervisory authorities about the Bank's approach to addressing conflicts of interest, potential sources of such conflicts, and any breaches in this context, providing clear explanations for these actions. Additionally, the Board is obliged to reveal any conflicts that might arise from the Bank's affiliations with other institutions within the group or its transactions with them.
- The Board is accountable for defining the Bank's objectives, policies, and strategies in alignment with its vision and mission. This encompasses considerations such as risk appetite, risk management, overall performance, remuneration and incentive systems, as well as policies for long-term transactions and risk management.
- The Board is responsible for:
 - Establishing the Bank's organizational structure.
 - Forming committees and delegating authorities and responsibilities.
 - Assessing performance and risks.
 - Appointing and overseeing the internal audit function.
 - Appointing a compliance officer.
 - Nominating an independent external auditor.
 - Being accountable to shareholders and other stakeholders/parties.
 - Setting a clear policy for dealing with related parties and submitting it to the General Assembly for approval.
 - Setting policies, standards, and procedures for Board membership.
 - Developing a mechanism for cooperation and coordination with financial service providers.
 - Adopting a clear and written policy that specifies the basis and method for remunerating Board members.
 - Managing the relationship with QCB.
 - Allocating sufficient time to fulfill their duties.

- The Board Chairman and other members, as applicable should communicate with major shareholders to understand their views and interests, and to consult with them on governance and strategy matters. The Board Chairman should report this to the Board. As part of market oversight and discipline, the Board should also encourage feedback from stakeholders, especially institutions and joint stock companies, on the Bank's governance.
- The Board Chairman and other members should urge major shareholders not to abuse their influence in an unfair and irresponsible manner, and to respect the rights of minor shareholders in Banks that have one or more major shareholders.

Board Meetings

1. The Board should convene at regular intervals as necessitated by business demands, with a frequency of no less than once every two months, totaling (6) meetings annually. Board members are expected to furnish clear and documented clarifications for any absences from these sessions. Additionally, members are encouraged to engage in ongoing communication among themselves outside formal meetings. It's important to note that a quorum is reached, and a Board meeting is deemed valid only when the majority of its members are in attendance.
2. The Board may extend invitations to the Chief Executive Officer and individuals selected by them from the senior ranks of the Executive Management to participate in its meetings, particularly for deliberations on pertinent matters. Nonetheless, this provision is applicable solely to meetings expressly designated for particular subjects that the Board considers crucial to address without any involvement from Executive Management members.
3. Every Board member should exercise independent judgment when making decisions, and no member or group of members should dominate or unduly influence the decision-making process within the Board.
4. The Board may choose to conduct some or all its meetings remotely during the year due to any emergency circumstances that warrant

such action. In such cases, the Board should ensure the security and confidentiality of the meetings, as well as the documentation of their outcomes and minutes.

5. If any Board member has observations that they deem essential and are not adequately addressed in their opinion, should be recorded in the minutes of the Board meeting. The minutes should indicate the reasons for the disagreements and describe what was resolved.

Board Secretary

The Secretary of the Board should be a person with university qualifications and relevant experience to assume this role, which should include at least the following duties:

1. Recording, coordinating, and maintaining minutes of all Board meetings, records, and reports submitted to and by the Board, ensuring that meeting minutes are signed by both the Secretary and all Board members.
2. Monitoring the implementation of Board decisions, verifying that Board members follow approved procedures, notifying members well in advance of upcoming Board meeting dates, and convening emergency meetings.
3. Providing Board members with complete and timely access to all information, documents, and records related to the Bank, while complying with banking secrecy requirements.
4. Under the supervision of the Board Chairman, ensuring the delivery, distribution of information, and coordination among Board members and other stakeholders within the Bank.

Conflict of Interest

1. Each board member must disclose any conflict of interest as it may arise. Board members must abstain from voting on the issues likely to have conflict of interest.
2. Each Board member and the Executive Management should be aware that, under the provisions of the Commercial Companies Law and QCB Law, they are responsible to QCB and shareholders if they violate the "duty of care" and "duty of loyalty" to the bank under the provisions of applicable laws and supervisory standards. QCB or the shareholders shall take suitable legal action against such member

for the violation of these provisions. All information relating to conflict of interest should be recorded. The duty of loyalty and fidelity encompasses refraining from using Bank's property and funds for personal benefit, abstaining from disclosing or utilizing confidential information of the Bank or clients for personal gain, avoiding the pursuit of private benefits through the exploitation of the Bank's business opportunities, and refraining from competing with the Bank. The Bank's interest should prevail in all transactions in which the member has a personal interest, which is realized in one or more of the following cases, for example:

- The interest of the member himself or one of his first- and second-degree relatives.
- A company in which he or one of his first-degree relatives is a direct or indirect member or shareholder, or a party to a transaction in which he has a substantial interest.
3. The Board Chairman and members of the Board of Directors of a Bank and any of its senior employees are prohibited from:
 - Engaging or participating, directly or indirectly, with one of his first-degree relatives, in any activities similar to or competing with the Bank's activities or exploiting the Bank's activities to achieve or promote any personal pursuits or obtaining any commercial or personal benefits from such activities.
 - Himself, or one of his first-degree relatives, having any direct or indirect interest in the contracts, projects, and engagements that the Bank conducts or is a party to, with no exceptions other than the credit facility contracts provided by the Bank to him in accordance with the limits and controls specified in the QCB instructions.
 - Any individual who violates the provisions and instructions related to conflicts of interest, whether they are a Board member or a senior employee of the Bank, should terminate their Board membership or employment with the Bank. Additionally, appropriate measures shall be taken against them for any damage or losses caused to the Bank.
 - The Bank's Board of Directors should promptly inform QCB of any violations and the measures taken in this regard.

4. Each Board member should exert all possible efforts to avoid entering into transactions that could result in a conflict between their personal interests and the interests of the Bank. They and those associated with them should refrain from obtaining preferential terms over the Bank's customers.
5. In cases where a dominant class of shareholders holds significant influence over the election of Board members, the Board should establish principles to mitigate any potential conflicts of interest that may arise due to the controlling class's influence over certain Board members.
6. Developing a written policy that regulates the relationship between stakeholders and related parties and dealing with potential conflicts of interest and limiting them for each of the following:
 - Board members.
 - Senior Executive Management.
 - Shareholders.

This policy shall cover - the following:

- A mechanism for compensating stakeholders in the event of infringements of their rights, as sanctioned by regulations and secured by contracts.
- A mechanism for resolving complaints or disputes that may arise between the Bank and stakeholders.
- An appropriate mechanism for fostering and maintaining good relations with customers and suppliers while protecting the confidentiality of information related to them.

1- Work Strategies, Objectives, and Policies:

- I. The Board of Directors shall provide the Executive Management with clear and specific policies, strategies, and action plans that enable them to achieve the Bank's objectives. These strategies and policies should be evaluated and updated annually in light of the local, regional, and international influences and changes.
- II. In defining policies, strategies, and plans, the Board of Directors should utilize studies, reports, information, and consultations provided by the Executive Management. This process should include identifying methods and tools for rapid communication with the

Authority, QCB, other regulatory authorities, and other parties concerned with governance. This also involves appointing a liaison officer with the Authority and designating the official spokesperson for the Bank. The Board of Directors may also seek assistance from specialized consulting firms external to the Bank.

- III. Among the most important policies that the Board of Directors should develop, continuously evaluate, and update are as follows: risk management policy and acceptable risk levels; credit, investment, liquidity, market risk, capital adequacy risk, concentration risk, foreign exchange risk, interest rate risk, pricing, profitability, and budgets; operational and accounting risks; legal risk; combating money laundering, financing terrorism, and preventing the proliferation of weapons; information security systems and Bank instructions regarding the risks of modern technology and cybersecurity; asset insurance; related parties and overlapping interests; compliance with laws, rules, and supervisory instructions; internal and external auditing; performance evaluation; disclosure to all stakeholders. Additionally, specific policies for personnel affairs should be established, regulating appointment and cost, establishing incentive systems, developing skills, cultivating work behaviors and ethics, and other relevant policies.
- IV. The Board of Directors shall fulfill its duties collectively and independently, upholding objectivity and neutrality, while avoiding any factors that exert influence it, such as alliances, relationships, or personal affiliations with executive managements or others.
- V. The Bank's Board of Directors, before making decisions to establish branches of the Bank abroad or establish or own companies inside or outside the country, should set specific objectives for these branches or that align with the Bank's overarching goals, strategies, and policies, as well as the acceptable and manageable risk level.
- VI. The Bank's Board of Directors should endorse clear, specific, and written policies, strategies, and budgets for each of its overseas branches and each of its subsidiaries, ensuring alignment with their individual objectives and

the characteristics of the economic, market, and legal environments in which they function. This consideration should take into account the differentiation between the foreign branch and the subsidiary that the Bank owns or has a stake in. This differentiation arises from their status as distinct legal entities from the Bank. Furthermore, it should account for the rights of other minority shareholders.

- VII. The Board is responsible for evaluating the performance of these branches and subsidiaries and assess the results of their management in line with the established objectives, guidelines, and plans. The Board also endeavors to formulate and enhance policies, strategies, and action plans to ensure the continuous achievement of the objectives
- VIII. Overseeing the main capital expenditures of the Bank and owning and disposing of assets.
- IX. Approving the annual plan for training and education in the Bank.
- X. The Board of Directors should establish environmental and social responsibility programs and obtain approval from the General Assembly. These programs aim to support various social projects, endorse the Bank's policies in the realm of environmental protection and climate change risk management, and establish a suitable policy and procedures for evaluating climate change risks and their potential impact on the Bank's operations and business plans at the Group level.

2- Forming the Organizational Structure of the Bank:

- The Board of Directors shall approve the organizational structure or chart of the Bank, along with the subsequent assignment of tasks, specializations, duties, responsibilities, relationships, and dependencies among the different administrative levels, encompassing the members of the Board of Directors, the CEO, departments, and executive units, as well as the auditing agencies and the compliance division. In this context, the following controls should be considered:
 - The Board of Directors shall ensure the separation between its specializations and powers and those of the Executive Management.
 - The Board of Directors shall ensure the separation between the functions of concluding deals and contracts and those involving fund movement, registration, accounting, and risk management.
 - The Board of Directors shall ensure continuous bilateral oversight and control over transactions involving personnel who are not related to it, spanning across departments and executive units.
 - The Board of Directors shall establish an independent risk assessment department, which includes a central unit for emergency management.
 - The Board of Directors shall ensure the independence of the internal audit and compliance division, placing them under direct reporting to the Board of Directors.
 - The Board of Directors may seek support of experts & consultants from inside or outside the Bank in forming the organizational structure in line with the objectives, nature, and size of the business. This structure must be collectively approved by the Board of Directors.
 - The Board of Directors shall appoint the Chief Executive Officer, senior management positions, experts, and consultants, and determine their salaries and bonuses (subject to necessary approvals from regulatory and supervisory authorities in relevant cases). Additionally, the Board is responsible for service terminations, dismissals, or imposition of disciplinary sanctions based on collectively established policies and standards while maintaining objectivity and impartiality. The Board of Directors should also have a clear succession plan for executive departments.
 - The Board of Directors shall evaluate and enhance the organizational structure, along with personnel, duties, and responsibilities specified periodically, considering its supervision and oversight of implementation, performance evaluation, and business results, as well as the prevailing variables.
 - The Board of Directors of the Bank shall approve distinct organizational structures for each branch and subsidiary, in accordance with the QCB's directives on organizational structure.

Regarding the Boards of directors of subsidiaries, the following shall be observed:

- The Bank shall hold representation on the Board of Directors of each subsidiary company, ensuring a voting majority, in accordance with the laws and regulatory guidelines of both the host country and the subsidiary's operating country. The members representing the Bank on each subsidiary's Board of Directors shall serve as intermediaries between the Bank's Board of Directors and the subsidiary's Board of Directors. They will assist in overseeing and evaluating the performance, operations, and compliance of each subsidiary's management with the policies and instructions issued by the Bank's Board of Directors.
- The Bank's Board of Directors shall guarantee that its members representing it on each subsidiary's Board of Directors possess sufficient skills, experience, independence, and availability to effectively carry out their responsibilities.
- The Board of Directors shall approve the appointment of executive officers in its subsidiaries, as well as determining their salaries and bonuses. Exceptions will apply only where such approval or determination conflicts with the supervisory authorities in the host country.

3- Formation of Committees and Delegation of Powers and Authorities:

The Board of Directors fulfills its supervisory duties and decision-making powers through the creation of committees comprising its members, with the option to involve or seek assistance from members of the Executive Management. Each committee bears responsibility for one or more tasks that lie within the ambit of the Board of Directors' responsibilities. Some of the most critical committees that the Board of Directors shall establish include:

1. Audit, Risk Management, and Compliance Committee:

The primary objective of this committee is to assist the Board of Directors in fulfilling its broad oversight responsibilities concerning the Bank's

activities. This includes aspects such as the provision of financial reports, the internal control system, the management of genuine risks, the risks associated with money laundering and terrorist financing, the functions of internal and external audits, and the procedures implemented to monitor compliance with laws, policies, procedures, and regulatory frameworks. The committee's role encompasses reporting to the Board of Directors and offering pertinent advice and recommendations on matters pertaining to its audit endeavors and adherence to the Risk Committee charter. This is intended to facilitate the decision-making process of the Board of Directors.

The committee is authorized by the Board of Directors to investigate any activity within its purview and is entitled to request information from any employee. All employees are obligated to cooperate with any requests made by the committee in this regard. The committee also possesses the authority to seek legal or professional advice from independent external parties and enlist assistance from external parties with relevant expertise if deemed necessary. However, this is to be done only after consulting the Chairman of the Board of Directors.

The committee enjoys unfettered access to both the internal and external auditors, as well as senior management of the Bank. Established by the Board of Directors, the committee's role involves reviewing, evaluating, and providing recommendations to the Board of Directors on various matters, including general risks, accounting, internal control, the risk environment, financial reporting, internal and external audits, compliance management, anti-money laundering, and counter-terrorism financing.

The Bank's monitoring functions, including the internal audit, compliance division, and risk group, submit detailed periodic reports every three months to the committee. The committee examines and evaluates these reports and subsequently submits a comprehensive report to the Board of Directors for necessary action and correction.

2. Nominations and Governance Committee:

The Nominations and Governance Committee is an independent committee established by the Board of Directors. The primary task of this committee is to serve as the official communication channel between the Board of Directors and the Bank's management regarding governance-related matters. On behalf of the Board of Directors, the committee is accountable for overseeing and ensuring adherence to the principles, directives, and practices of corporate governance within the Bank. It is also responsible for supervising and monitoring the implementation of these principles across all the Bank's operations and activities. This involves reviewing the overall governance framework and the Bank's compliance with its governance principles.

In addition, it is a committee responsible for examining, evaluating, and nominating persons who are qualified to join the membership of the Board of Directors, and senior employees in the Executive Management of the Bank according to the qualification and suitability conditions determined by the committee in accordance with the instructions and making recommendations to the Board of Directors in this regard.

The committee is tasked with establishing an appropriate plan for the succession and replacement of Board members in compliance with the law, QCB instructions, and the Bank's policies and regulations. Furthermore, it is responsible for formulating a remuneration policy designed to attract, motivate, and retain highly qualified and skilled employees, essential for accomplishing the Bank's objectives throughout the year. The committee also bears the responsibility of ensuring a balance between the interests of shareholders, the Bank, and its employees.

The committee convenes at least four times annually and as needed, following a stringent policy that prohibits any employee from participating in discussions concerning their remuneration or contractual arrangements. Additionally, the committee is authorized to seek the support of experts or external consultants for the purpose of obtaining advice.

3. Compensation and Remuneration Committee:

This committee is responsible for formulating policies regarding the provision of remuneration and compensation to the Chairman, the Board members, and all officials of the Bank, encompassing the CEO and the Bank's employees. These policies must align with the finest banking and international practices, as well as adhere to the QCB's instructions on this matter. The committee is further tasked with overseeing the execution of these policies and conducting periodic reviews at the level of the QIB group, which extends to its branches and subsidiaries outside Qatar.

• Performance Appraisal and Supervision of Implementation:

- The Board of Directors shall conduct an annual evaluation of its own performance, as well as assessing the performance of all committees and individual Board members. This evaluation process shall encompass, at minimum, the following aspects:
 - Appraising the Board's performance in light of its tasks and responsibilities aforementioned.
 - Conducting a periodic review of its organizational structure, size, and composition, as well as the organizational structures of the committees and the coordination processes between them.
 - Appraising the performance of each committee in light of its specific objectives, tasks and responsibilities.
 - Reviewing the performance of each Board member, including their attendance rate at Board meetings and committees, their contributions to discussions and decision-making, and contemplating replacement unless their effectiveness is demonstrated.
 - Reviewing the current composition of the Board in light of the changes and considerations required to maintain the appropriate balance of skills and experience and planning for a gradual change to achieve the optimal form for each stage of the Bank.
 - Reviewing the Bank's and the Board's adherence to the instructions and directives of the QCB, assuming responsibility for any violations and

financial penalties imposed by the QCB on the Bank and ensuring accountability for those individuals accountable.

- The Board of Directors shall perform a regular assessment, at least once a year, of the independence and impartiality of each Board member in decision-making, ensuring the absence of any potential conflict of interest that could influence their role. This assessment will also involve reviewing the ongoing fulfillment of the criteria for the independence of independent members. Each independent member is required to supply the necessary and updated information for this assessment, while pledging not to make any alterations that could impact their independence.
- The Board of Directors shall exercise its primary role in supervising the implementation of policies, achieving the objectives of the Bank, and appraising their performance through the following main tasks and tools:
 - Evaluation of executive work programs and procedures and internal control:
 - The Board of Directors shall evaluate the programs and work procedures established by the Executive Management and the instructions it issues for the implementation of operations. It shall verify their adequacy, suitability, and ability to implement the policies set by the Board and their inclusion of internal control elements. The most important of these programs and procedures are:
 - Accounting programs and procedures, and those related to preparing reports and financial statements, and ensuring their integrity.
 - Operating programs and procedures and electronic systems.
 - Programs and procedures for the daily work of the Executive Management, such as credit, treasury, customer service, and others.
 - Means of internal control procedures, prevention, and internal control, if they include:

establishing systems and controls for control and general supervision over them, including developing a written policy that regulates conflicts of interest and handling potential conflicts of interest for each of the following: Board of Directors, The Senior Executive Management, and Shareholders. The policy shall include the preservation of the Bank's assets and facilities, transparency, and disclosure in dealings with related parties.

- Establishing a full disclosure framework that achieves justice and transparency and prevents conflicts of interest and exploitation of information that is not made available to the public. The framework shall be included in the articles of association, in addition to the procedures that must be followed when dealing in securities by insiders and determining the periods for prohibiting trading in the company's securities or any company of its group. The system shall also include preparing and updating a list of insiders, and providing QFMA and QSE with a copy of it once it is updated and approved.
- The disclosure framework shall include related parties transactions in contracts or transactions related to the personal interest of a Board member as mentioned in the conflict-of-interest clause. The board member must note that any approval of the transaction involving conflict of interest shall be deemed valid only if all material facts are disclosed and the member involved has abstained from participation or influencing on the decision-making process. Establishing a governance framework for the Bank that is consistent with the provisions of the code issued by QCB and the QFMA, supervising it in general, monitoring its effectiveness and amending it when needed.
- Establishing rules of code of conduct for the Executive Management and employees of the Bank that conform to sound professional and ethical standards and regulate the relationship between

them and the stakeholders. The rules shall also include mechanisms for monitoring the implementation of these rules and adhering to them.

- Conducting an annual review of the effectiveness of the Bank's internal control procedures.

The Board of Directors shall require the Executive Management to establish and update work programs, procedures, and internal controls, and to address any deficiencies or shortcomings in them based on the results of performance evaluation and monitoring every so often. The Board of Directors shall also review periodic reports from various departments throughout the year, either through its committees or through its regular meetings. The types of reports that are submitted directly to the Board of Directors are mainly from the following managements:

Executive Management:

It provides periodic reports on the business outcomes of different activities, risk assessment and financial statements.

Internal Audit:

It submits reports on the results of the periodic audit and follow-up, with a copy to the Executive Management, which provides its feedback on the audit findings.

External Audit:

It submits reports on the results of the periodic and specialized audits that the Board may request, as well as on the results of the annual audit, with a copy to the Executive Management, which provides its feedback on the audit findings. The Board, in coordination with the Executive Management and the auditing agencies, shall ensure the adequacy, comprehensiveness and credibility of the various reports submitted to (the board) and its committees.

Compliance Division:

It submits reports to the Audit, Risk and Compliance Committee on the outcomes of the review conducted by the Compliance Division, which indicates the level of compliance with the implementation of policies and procedures approved by the Board of Directors, legislation, laws, and instructions issued by the regulatory authorities, as well as the results of anti-money

laundering and counter-terrorism financing reviews.

- The Board of Directors shall evaluate the outcomes of the progress of executive operations in the branches and subsidiaries on a regular basis during the year and at the end of the year, and identify any deviations or violations from budgets, policies, and strategies, and hold them accountable.
- The Board of Directors shall approve the performance evaluation methodologies that shall be followed by its committees and its representatives in the Boards of directors of its subsidiaries, its executive committees, and the internal auditing bodies.
- The Board of Directors shall verify the effectiveness of the monitoring functions of and the compliance officer in the Bank and in the foreign branches and subsidiaries in detecting noncompliance or violations in those branches and subsidiaries and reporting them to the Executive Management and the Board of Directors in a timely manner, according to specific work programs and methodologies, and ensuring that there are no factors affecting their independence and impartiality.
- The Board of Directors shall verify the adequacy, efficiency and impartiality of the reports and reporting systems from the foreign branches and subsidiaries to the responsible departments and committees of the Bank and the Board of Directors throughout the year. These reports shall cover, at a minimum, the following matters:
 - Information on the performance of the Boards of directors of subsidiaries and departments of foreign branches.
 - Qualitative and quantitative information to evaluate performance and measure and assess all types of banking risks.
 - Information on the effectiveness of internal systems, operating systems, and risk management.
 - Deviations or violations from the limits, policies and budgets specified by the Board of Directors, their causes, and accountabilities.
 - Information on asset quality and classification.
 - Information on bad debts and adequacy of measures taken and provisions made.

- Information on legal and tax matters and issues with the relevant authorities.
- Information on matters relating to the host supervisory authorities.
- Information on the performance of employees and officials, their rewards, incentives, penalties, promotions, referendums, layoffs, and their reasons.
- Information on any unusual or emergency events that may expose the Bank or branch to significant risks or have an impact on its reputation.
- Performance evaluation and deviation management:

The Board of Directors shall evaluate the performance of the Executive Management based on the periodic reports aforementioned and assess its compliance with the Board's policies and its success in achieving the planned results and objectives. This includes identifying and evaluating any deviations or violations, analyzing their causes, holding those responsible accountable, and issuing the necessary instructions to address them and prevent their recurrence.

- Financial Statements approval:

- The Board of Directors, through exercising its supervisory role, is also responsible for approving the financial statements of the Bank and verifying the accuracy and reliability of all financial statements and final accounts and the transparency and adequacy of their disclosure in accordance with Islamic and international accounting and disclosure standards.

Risk Management:

- Current and future risk assessment:
The Board of Directors shall evaluate the current risks and issue directives to the Executive Management on how to address them, mitigate them, and ensure adequate provisioning for them, based on the study and analysis of the aforementioned reports. The Board shall also anticipate the future risks that the Bank may face, by linking these reports to other sources of information about

the local market and incorporating them into its current and future plans and policies.

- Risk management strategy:
The Board of Directors is responsible for overseeing and monitoring the management of banking risks. The responsibilities of the Board of Directors include the following:
 - Establishing the risk framework and supervising its implementation.
 - Approving and monitoring the overall limits for financing and investment risks to avoid risk concentration and ensuring that the Bank has sufficient capital to cover these risks. The Board shall also periodically review the effectiveness of risk management operations and make appropriate adjustments when necessary.
 - Taking appropriate measures to improve risk management framework and increase their efficiency and effectiveness.
 - Developing appropriate methodologies for identifying, measuring, monitoring, and controlling risks in accordance with the approved risk appetite policy and level, and determining risk weights and monitoring capital requirements on a continuous basis.
 - Developing appropriate procedures and methodologies for assessing the risks of climate change at the level of the Bank and its group in the various countries where it operates and submitting periodic reports to the Executive Management and the Board of Directors on the expected impact of climate change on the Bank's activities and business outcomes in the short, medium, and long term, taking into account the international standards issued in this regard.
 - Setting strategic directions for risks at the Macro Level, which are the risks resulting from decisions related to, for example, entering new markets or existing markets.
 - Setting strategic directions for risks at the Business Level, which are the risks resulting from decisions such as decisions related to the allocation or distribution of the investment portfolio.

- Determining and setting comprehensive levels for the Bank related to the extent of risk acceptance and its diversity, and appropriate asset allocation strategies for each financing department, each economic activity, each geographical extension, currency, and maturity periods.
- Determining the level of risk acceptable to the parties that the Bank deals within terms of:
 - The expected rate of return on operations commensurate with their risks.
 - Avoiding excessive credit risk (at the level of each operation or the level of the portfolio as a whole).
- Developing a clear strategy to mitigate credit risks based on the following:
 - Profit rates that are determined according to the risk classification of the counterparties and that pricing decisions have been taken into account.
 - Acceptable and enforceable collaterals and guarantees.
 - Clear documentation of contracts with other parties.
 - Clear identification of the applicable laws that govern financing operations.
- Setting limits and ceilings for the risks that the Bank can bear (Risk Appetite) to face all types of risks.
- Identifying levels of exposure to market risks and evaluating the possibility of future losses that may arise from not covering its obligations with the assets it holds.
- Maintaining sufficient liquidity to fulfill the Bank's obligations at all times, taking into account the nature of the Bank's work and its activities and the capital markets in which it operates.
- Establishing a comprehensive and robust framework for the development and implementation of a sound preventive environment to manage operational risks arising from its various activities.
- Contingency planning in case of potential crises and emergencies or unusual circumstances.
- Determining capital needs, expected capital expenditures, target capital level, and external sources of capital.
- Establishing a framework for risk management that is effective, comprehensive, and consistent. Risk assessment must be done in a holistic and integrated manner, considering the interrelated risks faced by the Bank.
- Determining the appropriate limit of the capital to cover risks based on the basis of products or services.
- Diversifying the base of products and services and securing their distribution through advanced and modern distribution channels that are in line with the requirements of modern Banking.
- Focusing on the activities and business that secure a continuous flow of revenues, and this is mainly related to the need to diversify the Bank's business and activities beyond the traditional business and activities.
- Developing a transparent risk management process and strengthening the link between risk management and the Bank's strategy.
- Determining the general strategic objectives, defining the activities and works carried out by the Bank, and planning for future projects and new products within the margin of risk that the Bank is able to bear (Risk Tolerance Appetite).

Shari'a Audit:

The Board of Directors shall appoint, "based on the recommendations of the Shari'a Supervisory Board (SSB)," a Shari'a auditing body whose members have high qualifications and experience in the field of Islamic Banking, with good knowledge and understanding of financial and Banking Shari'a sciences and obtain the no-objection of the QCB to appoint the head of the Shari'a audit. The Board of Directors shall verify the following:

- Ensuring the impartiality and independence of the Shari'a audit and avoiding any kind of influence on it by the Executive Management, by making it directly affiliated

with the organizational structure of the Board of Directors. The Board is responsible for determining the salaries, incentives, and remuneration of the Shari'a audit staff and evaluating their performance. It shall also verify the adequacy of their qualifications, expertise and professional skills and work to develop them continuously.

- Verifying that the Shari'a audit is conducted in accordance with comprehensive audit plans and programs that comply with the Shari'a requirements and fatwas issued by the Sharia Supervisory Board.
- Verifying the existence of an audit procedures manual that is approved by the SSB and endorsed by the Board of Directors for implementation. It shall verify that it is periodically reviewed and updated and that appropriate modifications are made to it when necessary.
- Verifying that Shari'a audit covers all transactions and activities, and that it is in the form of periodic and continuous audit throughout the year.
- Ensuring good coordination in efforts between the Shari'a audit and the SSB to ensure sufficient coverage for the Shari'a audit and to minimize duplication of efforts.
- Verifying that the Shari'a audit maintains audit reports and working papers in an orderly and secure manner that can be referred to by the Board and the SSB, and that they are ready for review by QCB inspectors and external auditors.
- Verifying that the Shari'a audit has trained the Bank's employees by holding meetings, training courses and seminars, as well as distributing brochures, booklets and fatwas issued by the SSB about the products and services provided by the Bank.
- Enjoying functional independence from any other departments, and not being assigned any executive work that conflicts with its supervisory duties in the Bank.

Internal Audit:

- The Board of Directors is responsible for appointing an internal auditing body whose members have high qualifications and experience in all fields of work in the Bank. The Board of Directors supervises internal auditing through the Audit Committee,

through the following matters:

- Ensuring the impartiality and independence of the internal audit and avoiding any kind of influence on it by the Executive Management, by making it directly affiliated with the organizational structure of the Board of Directors. The Board is responsible for determining the salaries, incentives and remuneration of the internal audit staff and evaluating their performance. It shall also verify the adequacy of their qualifications, expertise and professional skills and work to develop them continuously.
- Ensuring that internal audit covers all departments, sections and branches of the Bank and all activities and risks, and that it is in the form of periodic and continuous audit throughout the year, in addition to auditing financial statements and final accounts at the end of the year.
- Verifying that internal auditing is conducted according to comprehensive and professional auditing programs that are compatible with the latest international auditing standards and guidelines, while providing the necessary techniques for that, and working on evaluating and developing these programs to match the development of the Bank's work.
- The internal audit reports shall be submitted to the Board of Directors at least quarterly, and then forwarded to the Executive Management to respond and comment on them with the issuance of the Board's directives and requesting it to take the necessary corrective actions and follow-up according to the specified timelines.
- Verifying that the Internal Audit Department maintains audit reports and working papers in an orderly and secure manner that can be referred to by the Board, and that they are ready for review by QCB inspectors and external auditors.
- The Board of Directors shall verify the existence of internal auditing functions in its foreign branches and subsidiaries

with a high level of qualification and experience operating according to comprehensive and documented work programs and manuals while ensuring their impartiality and independence by being directly affiliated with the audit committee emanating from the Board of Directors.

Compliance Division:

- The Audit, Risk and Compliance Committee of the Board of Directors is responsible for appointing compliance staff with high qualifications and experience in all fields of work in the Bank. The Board of Directors is responsible for supervising it through the Audit, Risk and Compliance Committee, through the following matters:
 - The compliance division reports to the Board of Directors as per the organizational chart, and the committee shall be responsible for determining the salaries, incentives and remuneration of the compliance division employees and it shall be responsible for evaluating their performance and verifying the adequacy of their qualifications, experience and professional skills and working on their continuous development.
 - Verifying the identification of risks of non-compliance and compliance with the policies, procedures, laws, and instructions of the regulatory authorities, and ensuring the development of appropriate work procedures to rectify them and developing these procedures on an ongoing basis to comply with the continuous development in the field of work and the laws, legislation and instructions issued by the supervisory authorities.
 - Verifying the adequacy and implementation of anti-money laundering and terrorist financing procedures in accordance with the requirements and instructions issued by the supervisory authorities, Qatari law, and generally accepted international standards and best practices.
 - Verifying compliance with “Know Your Customer” procedures.
 - Submitting reports to the Audit, Risk and Compliance Committee on the results of

the review carried out by the Compliance Division, which indicates the level of compliance with the implementation of policies and procedures approved by the Board of Directors, legislation, laws, and instructions issued by the regulatory authorities, as well as the results of anti-money laundering and counter-terrorism financing reviews, in addition to the violations and shortcomings that were discovered and the corrective actions taken.

- Ensuring that the Compliance Division maintains reports and working papers in an orderly and secure manner that can be referred to by the Board, and that they are ready for review by QCB inspectors and external auditors.

Enhance relation with the concerned authorities, particularly QCB’s Supervision and Control Department and the regulatory authorities of the banking group on reporting of violations and responding to compliance inquiries and regulatory requirements of external formal authorities as per QCB’ instructions and guidelines.

External Auditor:

- The Board of Directors is responsible for nominating an independent external auditor with specialization and high competence and determining his fees after the approval of the General Assembly and fulfilling the requirements of QCB in this regard. The external auditor shall have full access to all information, data, and documents, whether from Executive Management or from the Board itself, which also guarantees its impartiality and independence in expressing its opinion and highlighting audit results.
- The reports of the external auditor shall be submitted to the Board of Directors and then forwarded to Executive Management to respond and comment on them, after which the Board issues directives to deal with observations contained in those reports.
- The Board of Directors shall assign one external auditor to audit Bank, its foreign branches, and its subsidiaries, unless this conflicts with laws and instructions of host supervisory authorities, or any other relevant laws in country where branch or subsidiary company operates.

- Appointing / Changing the External Auditor
 - Obtaining the non-objection of QCB for the appointment of the external auditor and its renewal, prior to their nomination by the Bank's Board of Directors for approval by the General Assembly.
 - The contract term between the Bank and the external auditor shall not exceed 5 years, and reappointment cannot occur within two years of the conclusion of their last appointment at the Bank.
 - The Board of Directors shall designate an auditor accredited by QCB to audit the accounts of foreign branches, unless it contradicts the directives of central banks or supervisory authorities under the jurisdiction of the foreign branch, or if it's not feasible due to the lack of an external auditor's presence in the country where the foreign branch is situated.
 - The Board of Directors may not change or dismiss the auditor during the fiscal year or alter their position after the conclusion of the fiscal year within the allowed renewal period, except after obtaining approval from QCB. The Bank can seek the removal and replacement of the auditor during or after the fiscal year's conclusion if negligence in performing their duties is discovered or if there are compelling reasons justifying such a change.
- The conditions that the external auditor must fulfill, serving as the foundation for approving their appointment, dismissal, or replacement by the Bank, comprise:
 - Registration and licensing: The external auditor must be registered in the register of auditors approved by QCB to audit the accounts of Banks and financial institutions.
 - Professional competence and experience:
 - The auditor (partners) and its employees must hold internationally recognized professional certifications and be members of internationally recognized associations of certified accounts.
 - The auditor must have experience in the field of auditing banks and an accepted local and international reputation.
 - Impartiality and independence:
 - The auditor shall not take part, in any capacity, in establishing the Bank or becoming a member of its Board of Directors, nor engage in any technical, administrative, or advisory roles. Neither the auditor nor any of their principal employees should be a partner, agent, or employee of any of the Bank's founders or Board of Directors members, nor should they have any familial or shared interests that might compromise their impartiality and independence.
 - The auditor or their staff should not receive offers of special benefits or privileges from the Bank they are assigned to audit its accounts, nor should they have any dealings with the Bank that could impact their impartiality and independence.
 - The auditor or their staff should not engage in speculation involving the Bank's shares, either directly or indirectly.
 - Honesty, credibility, and confidentiality:
 - The auditor should not have any previous experience or significant reservations with the Bank, nor there any cases or judicial rulings that cast doubt on their credibility and integrity.
 - The auditor abides by the rules of honor and honesty recognized in auditing accounts and preserves the dignity of the profession and does not engage in work that violates the honor of the profession.
 - The auditor maintains the confidentiality of Banks and whose

- accounts he audits in accordance with the laws and regulations issued by the regulatory and supervisory authorities.
- The tasks and duties of the external auditor:
 - Without infringing upon the auditing standards and guidelines established by the International Auditing and Assurance Standards Board of IFAC, the duties and responsibilities of the auditor must encompass, at a minimum, addressing the following main risks:
- Strategic risks: These are the risks related to the objectives, plans and policies of the Bank.
- Organizational and administrative risks: These are the risks related to the organizational and supervisory functions of the Board of Directors and its committees, policies and procedures for management, executive departments, organizational structure, job descriptions, procedures, powers, and operating systems.
- Risk management: It covers several risks, including exchange rate risks, financial derivatives, interest rate risks, market risks, liquidity risks, operational risks, and other risks.
- Financial performance risks: They are related to accounting policies and procedures, preparation of budgets, financial and administrative data sent to the Bank, trend analysis, measurement indicators, comparisons, and identification of deviations between actual performance and estimated budget.
- Risks of Compliance, Money Laundering and Terrorist Financing: The extent of compliance of the financial institution with anti-money laundering and terrorist financing instructions and verification of adequacy of policies and procedures it applies in this regard.
- Credit Granting Policies and Procedures:
 - It includes policies and procedures for granting, following up and collecting credit, rating credit,

and evaluating the adequacy of provisions.

- Treasury management risks.
- Legal risks.
- A mechanism for solving problems related to all aspects of activity and operating systems.
- The role of internal audit and the effectiveness of its policies and procedures.
- Means of prevention and internal control and their effectiveness in preventing abuses, manipulation, embezzlement and thefts, and the ability to detect them.
- Information systems, computer management business.

Alongside addressing the aforementioned primary risks, evaluating the Bank's adherence to its license conditions, the laws, and the Bank's instructions, as well as assessing the precision and dependability of the periodic data and information submitted to the Bank by QCB, should rank among the auditor's foremost priorities.

External auditor reports:

1. Annual Disclosure Report:

The auditor shall submit a report to the shareholders at year-end on the Bank's balance sheet, income statement, distribution, cash flows, all disclosures and observations related thereto, the auditor's opinion on them in accordance with international standards, the suitability and effectiveness of the internal control systems in force in the Bank, the extent of the Bank's compliance with developing internal laws and regulations, and the extent of suitability of these laws and regulations to the status of the Bank. It shall also include the extent of the Bank's adherence to its articles of association and compliance with the provisions of the law and the relevant legislations of QCB and QFMA, including the provisions of the governance system.

2. Annual Corporate Governance Report:

Disclosure of the level of the Bank's compliance with applying the principles and provisions of governance of QCB and Qatar Financial Markets Authority.

The responsibility of the Board of Directors towards shareholders and other parties:

- The Board of Directors is primarily responsible to the shareholders and all those dealing with the Bank for performance and business outcomes. In addition to the legal responsibilities that may fall on the Board of Directors towards shareholders and other parties, these include:
 - Integrity and reliability of the Bank's financial statements, final accounts, and business outcomes.
 - Applying all the articles of the Bank's Articles of Association, on top of which is exercising the authorized activity / and what is related to dismissing and replacing members of Board during its term of office, nominating, and electing new members of Board, taking into account maximum shareholding, requirements for increasing or decreasing capital, distributing profits or dealing with losses, and all other articles of Articles of Association.
 - Transparency and objectivity in disclosing all important matters that affect a Bank's performance, business outcomes and achieving objectives at the present time and in future in an accurate and timely manner.
 - Disclosure of obligations, related party transactions, overlapping interests, and all other clarifications required by local laws, instructions, and international standards.
 - The Board of Directors is responsible for transparency and reliability in disclosing to shareholders and other concerned parties' important matters, unusual events and risks, and results of operations of Bank's foreign branches and subsidiaries.

The responsibility of Board of Directors towards Qatar Central Bank:

- The Board of Directors holds the primary responsibility to the Bank for ensuring the Bank's financial stability and safeguarding the rights of depositors and investors. It is also primarily accountable for the precision, reliability, and transparency of financial information and data submitted to the

Bank, as well as for adhering to all laws and directives issued by the Bank and other official state authorities.

- The Board of Directors is primarily responsible to QCB for the performance of the Bank's foreign branches and subsidiaries and for the results of their operations and risk management. It is also responsible for accuracy, reliability and transparency of information and financial statements of these branches and subsidiaries, as well as financial statements and consolidated final accounts of the Bank. The Board of Directors is also primarily responsible for informing QCB about any unusual events that occur in any of Bank's foreign branches or its subsidiaries, especially following matters:
 - The qualified opinions of the external auditor during the year.
 - The significant decline in some financial indicators.
 - Problems paying off a large debt or a large credit concentration.
 - Significant decrease in the value of assets.
 - Freezing or imposing restrictions on an asset and balance.
 - Failure or disruption of operating systems and information systems.
 - The occurrence of legal violations or accusations against any member of the Boards of directors of subsidiaries or executive managers in charge of branches and subsidiaries.
 - Resignation of a member of the Board of Directors, the Chief Executive Officer, or the Director of Internal Audit.
 - Cases filed against foreign branches and subsidiaries and significant legal and tax risks.
 - Any violations or breaches of the laws and instructions of QCB, the host supervisory authorities, and other relevant laws.