



# Corporate Governance Report 2022





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# Chairman's Foreword





Dear Shareholders,

Greetings,

QNB Group is keen on keeping its corporate governance framework in line with the latest regulatory requirements and international leading practices, as having sound Corporate Governance supports our operations, strategic directions and vision. This allows QNB Group to maintain its position as the biggest bank in Qatar and the largest financial institution in the Middle East, Africa and Southeast Asia. It also helps support our shareholders aspirations and contribute to the growth and development of the financial sectors where QNB Group operates, locally and internationally.

QNB Group confirms its commitment to adopt the highest values, ethical standards and principles related to transparency and integrity, in addition to its compliance with laws and legislations that form the foundation for implementing good governance standards and preserve its reputation and the confidence bestowed upon it by shareholders, investors and other stakeholders.

During 2022, QNB Group updated the Corporate Governance manual and the related policies, the charter of the Board of Directors and its committees.

QNB Group has also worked on improving the corporate governance system of QNB Subsidiaries and Overseas Branches, developed its plans to ensure robust risk management, business continuity and soundness of operations, and upgraded its internal control systems to ensure maximum safety and cyber security in view of the digitalization of business to further preserve customer deposits and shareholders and minorities rights across the Group.

It also maintained its unwavering focus on the importance of the principle of transparency and remained committed to the highest standards in disclosing the bank's latest developments, products and e-services and the associated risks, as well as facilitating accurate and easy access to information by all parties dealing with it in a timely manner.

In light of the issuance of Qatar Central Bank's circular no. 25 of 2022 related to the new Corporate Governance instructions, QNB Group took the necessary measures to implement all the new governance requirements, as it believes that these requirements will clearly contribute to improving its governance practices system, as will be outlined in this report.

This report also sheds light on the processes and enhancements undertaken by QNB Group in the field of Corporate Governance, control and oversight systems considering that State of Qatar is hosting the FIFA World Cup 2022 where QNB Group is the official Middle East and Africa supporter of the tournament. Several modern products and services were developed and the relate policies, procedures and internal systems were enhanced to provide a better banking experience for visitors arriving to Qatar for the tournament, and to deal with all cases of potential fraud or suspicious banking practices.

In conclusion, I am pleased to present to you the Annual Corporate Governance Report for the year 2022, which presents the achievements of QNB Group in the field of Corporate Governance and compliance with International Standards and best practices. The report also confirms the Group's compliance with all Corporate Governance requirements issued by Qatar Central Bank and Qatar Financial Markets Authority in a manner that ensures QNB Group sustainability and growth and enhances shareholders trust and the confidence of investors, regulators and all stakeholders.

**Ali Ahmed Al-Kuwari**

Chairman of the Board of Directors

## Introduction

QNB Group recognizes that to achieve its medium and long-term strategic goals economic growth and social well-being must occur. Growth in any financial institution is heavily dependent upon having an effective and comprehensive governance system that enables operations to be managed properly and safely in order to achieve these goals and protect the interests of its shareholders, depositors and other stakeholders.

QNB Group established a governance system with in mind the pillars of sound governance, leading practices, international standards and relevant regulatory requirements. Furthermore, the Group's governance system is characterized by its dynamism, an ability that allows it to address various risks and variables. The Group has also developed internal controls and mechanisms to verify the proper application of this system and ensure adherence to it. QNB's corporate governance system defines clear lines of responsibility and accountability through the authority matrix and organizational structures that help define the relationship between the Board of Directors, executive management and all other employees.

QNB Group is fully committed to the utmost levels of transparency while disclosing its financial and non-financial information in accordance with required accounting and international standards for financial reporting and regulatory requirements across the countries where it operates. The commitment comes from the belief that shareholders and stakeholders have a right to access information timely, as to enable them to take decisions and achieve the principle of accountability. In line with that, QNB disclose all of its information on its website, as well as other public channels.

QNB Group's corporate governance framework takes into account the principle of fairness in the way it deals with shareholders and other stakeholders, as strict policies and procedures guarantee impartial and ethical dealings without any preferential treatment of one over the other. This also ensures that minority shareholders obtain all their rights (as stipulated in the applicable laws and legislations and in the bank's articles of association), such as attending the general assembly meeting and providing them with information similar to other shareholders, in addition to other rights.

QNB Group believes that it is necessary to apply the principles of corporate governance properly to achieve its goals and vision, which requires not only setting policies, charters and procedures, but also instilling a culture of governance and professional behavior among all employees. The Group attaches great importance to this matter and uses necessary tools to achieve increased operational efficiency, adhere to the right behavior and maintain its financial suitability to ultimately preserve its legacy, promote its brand and gain confidence in all countries where it operates.

This report exhibits the efforts made by QNB Group to improve its governance system during 2022 and describes how it complies with the regulatory requirements issued by Qatar Central Bank, Qatar Financial Markets Authority and all other relevant regulatory authorities. It also includes the actions taken by the QNB Group to fulfill its duties towards shareholders, depositors and other stakeholders.

## 1. The QNB framework for corporate governance

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

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

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

In 2022, QNB Group reaffirmed its commitment to adopt sound rules and principles issued by Qatar Central Bank (QCB), Qatar Financial Markets Authority (QFMA), and the amended provisions of the Commercial Companies Law. As the Group works actively to protect shareholder rights, especially minority shareholders, to strengthen its internal control and to implement and to report on environmental and social governance measures.

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

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

### 1.1 Key corporate governance guiding principles

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

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

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

- in making decisions, the Board may consider the interests of all of QNB Group components, including stakeholders such as employees, customers, suppliers and the community in which the Group operates.

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

## 1.2 Approach to establish effective corporate governance

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

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

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

## 1.3 Commitment to ensuring compliance with corporate governance regulations

The Board of Directors and Executive Management believe that corporate governance is an essential element to enhance shareholder confidence, specifically that of minority shareholders and stakeholders, by increasing the level of transparency of the ownership and control, and the implementation of effective monitoring systems



for strategic business management. Hence, during 2022, all necessary efforts were focused towards continuing to create and maintain awareness of the importance of corporate governance within QNB Group and on enhancing corporate governance measures.

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

## **2. QNB's Achievements during 2022 to reinforce the Corporate Governance Framework**

During 2022, QNB brought in multiple initiatives and improvements in order to enhance, resolve or mitigate compliance and governance risks associated with QNB's business activities and to meet increasingly complex regulatory requirements. The below initiatives summarise QNB's key efforts conducted in 2022, with respect to the enhancement of the corporate governance framework.

### **2.1 Commitment to maintaining an effective corporate governance culture**

Fairness, integrity, transparency and accountability all fall under the grasp of corporate governance considering the governance system financial institutions choose to adopt often dictates if they will thrive in the market. All of these aforementioned principles mix together in the bank's corporate governance framework to reinforce the way QNB Group leads behaves and acts with its shareholders, depositors, regulators, employees and other stakeholders. The following section will show all-key corporate governance activities achieved during 2022 to enhance the bank's corporate governance framework:

### **Assessed Board of Directors' Independency**

QNB Group conducted a comprehensive evaluation of the BOD independency and conflict of interest, this assessment covered all the aspects related to the independency including BOD members qualifications, experience and the aspects that might affect their decisions due to the personal relation with the bank, other BOD members or the executive management. The assessment was completed in the first half of 2022. Independent QNB BOD members (as shown in the Appendix 1) were higher than the minimum regulatory requirements, and none of them faced any conflict of interest situation with the group.

### **Conducted the annual Group Board performance assessment**

QNB Group examined how the Board functioned as a unit, how each member functioned individually and how each committee performed during 2022. Taking into consideration the importance of Board assessments in measuring each member's performance against collectively set Board targets, QNB updated the assessment questionnaires i.e. "the Full Board of Directors Assessment Form", the "Self-Evaluation Form" and "Board of Directors Committees Form". The results of the assessment were satisfactory and the Board demonstrated it maintained a good grasp of its activities in general.

### **Examined overseas branches implementation of corporate governance guidelines**

QNB Group has corporate governance guidelines for overseas branches established to help international branches understand what the core principles of good corporate governance are and how they can implement them properly in practice and application with consideration to the governance regulations of the countries where they operate. Annually, QNB assesses overseas branches' implementation of these corporate governance guidelines to examine whether corporate governance practices and policies have been properly set at QNB's international branches. Simultaneously, QNB also examines the oversight Head Office division has on overseas branches. Considering how interconnected overseas branches' corporate governance framework is to QNB Head Office practices, the assessment complied on both fronts intends to address and reinforce the appropriate governance structures and reporting mechanisms considered most effective to have proper oversight taking into consideration overseas branches local laws (which shall take presence if they conflict with QNB guidelines).

### **Assessed the performance of QNB representatives at subsidiaries and affiliates**

The bank's growing geographical footprint and reach means that the Group will have many QNB representatives at the BOD of its subsidiaries to safeguard protect and uphold the interests of the Group, its shareholders and stakeholders. In line with that, QNB Group annually conducts an evaluation of its representatives to gauge the way they have performed against targets set, as well as understand whether these representatives have been given enough capabilities, information and training at the subsidiary to carry out their roles efficiently. In 2022, the Group thoroughly examined its representatives across its subsidiaries and affiliates making sure to highlight elements of success alongside those that need more improvement to the senior executive management team for their direction and opinion.

### **Created an ethical-structured environment for disclosures**

QNB Group understands that the building blocks of trust are openness, transparency and integrity so, by default, trustful relationships with shareholders, depositors, regulators and other stakeholders, flourish when disclosures are accurate, clear and transparent. The Group's 'Disclosure and Transparency Policy' sets out the methods and means QNB will use to disclose financial, strategic, governance and performance related disclosures in a timely and ethical way. The policy adopted by the Group took into consideration international best practices and local regulations relevant to disclosure and transparency.

In line with the policy and during 2022, QNB Group disclosed the Annual General Assembly Meeting (AGAM) minutes, agenda and results on its website, as per QFMA requirements. The bank also used its digital platform to release many disclosures during the year, among them were financial statements, press releases on the bank activities such as Environmental, Social and Governance (ESG) related initiatives and Corporate Social Responsibility actions.

### **Enhanced key corporate governance policies**

QNB Group's corporate governance infrastructure has various existing policies and procedures set in place to further the governance implementation and culture, as well as promote ethical and professional conduct. These policies include (but are not limited to) the 'Board Policy', 'BOD Charter', 'Anti-Bribery and Corruption Policy', 'Conflict of Interest & Insider Dealing Policy', 'Transparency and Disclosure Policy', 'AML & CFT Policy', 'Know Your Customer (KYC) Policy', 'Stakeholders' Rights Policy', 'Fraud Control Policy', 'Data Protection Policy', 'Code of Conduct (Ethics)', 'Internal Controls Policy', 'Outsourcing and Vendor Management Policy', 'Management Succession Policy', 'Chinese Walls Policy', 'Remuneration Policy', 'Internal Control Charter' and 'Whistleblowing Policy'.

All aforementioned policies are subject to comprehensive reviews, where applicable, making sure to incorporate recent changes in local laws and regulations where needed in the documents highlighted above. All amendments factored into QNB's corporate governance infrastructure intended to protect the reputation of the bank and ensure unethical behaviour such as, fraud, corruption, embezzlement, bribery, insider trading, conflicts of interest, customer privacy violations, discrimination and harassment, violations of laws and misrepresentation of facts get reported immediately using the appropriate methods.

### **Designed comprehensive Board-related documentation**

The Board of Directors are the most fundamental component of having good governance and as such, Board responsibilities, roles and related objectives must be clearly stated within documents specific to the BOD. Understanding this, QNB Group has always maintained clear and up-to-date Board documents (such as the Board Charter, Board Policy and Board Committee Terms of Reference) that map out the defining roles of Directors and of the Board as a whole. These documents work to facilitate cooperation between Board members by allowing each director to know the responsibility they are meant to fulfil within the Board and across its related committees. QNB Group made sure that all Board documentations are comprehensive, clear and in line with QFMA, QCB and other leading requirements. Moreover, shareholders, regulators and stakeholders can access the QNB website and have a look at the Board Charter.

### **Managing conflict of interest and insider trading risks**

QNB Group recognizes the importance of having an operating environment that is both ethically sound and compliant with regulations on conflict of interest and insider trading. The risks conflict of interest and insider-trading pose necessitate the need to formulate comprehensive policies and procedures that properly address and remedy them across all levels of operation.

In consequence, QNB Group developed policies such as the ‘The Whistleblowing Policy’, ‘Conflict of interest and Insider Dealing Policy’, as well as the ‘Anti-Bribery & Corruption Policy’ to govern such risks and curb their occurrence. Trading on insider information is illegal and therefore punishable by law. These policies were formulated to identify potential breaches, as well as direct insiders (such as Board members, senior executives, employees and third party vendors) on the consequences of not disclosing any potential conflict of interest they may have or even disclosing sensitive information they know about QNB Group to non-authorized individuals. All employees, irrespective of position, are required to understand, abide and adhere to the policies aforementioned.

## **2.2 Improved the Group’s Anti-Money Laundering and Combating Terrorism Financing (AML/CTF) structure, framework and tools**

QNB Group has an Anti-Money Laundering and Combating Terrorism Financing (AML/CTF) effective framework maintained under its Group Compliance division. The framework intends to combat, detect and escalate financial crimes and related corruption in its many forms. The AML/CTF and KYC unit undertook the following initiatives and activities during 2022:

### **FATF mutual evaluation on the state of Qatar**

During mid-June 2022, FATF commenced with the onsite country assessment of the State of Qatar. The assessment tested technical Compliance and its effectiveness in implementing FATF Recommendations. The FATF mutual evaluation assessors are meeting with stakeholders from both the public and private sectors to determine the effectiveness of the AML/CFT Framework.

As part of the preparations for the FATF Mutual evaluation, QNB worked with Qatar Central Bank (QCB), Qatar Financial Markets Authority (QFMA), Financial Information Unit (FIU) and National Anti-Money Laundering and Terrorism Financing Committee (NAMLC) to ensure the bank’s readiness for the mutual evaluation. While compiling an assessment of the private sector in implementing FATF Recommendations, QNB

met with the FATF assessors’ team in 2022, where QNB was evaluated on the following:

- QNB’s understanding of the Money Laundering, Terrorism Financing and Proliferation Financing (ML/TF/PF) Risks.
- National Risk Assessment.
- QNB’s effective controls on risks associated with certain customers, jurisdictions, products and delivery channels.
- Targeted Financial Sanctions.
- Transactions Monitoring Framework.
- Information sharing across the QNB Group to mitigate ML/TF/PF risks.
- Training of staff members.
- Engagements and relationship with the regulators in Qatar.
- Governance and oversight of overseas branches and subsidiaries.

In consequence, QNB demonstrated a full understanding of ML/TF/PF risks and of the application of such risks in the mitigation and prevention approach used by the bank thereby complying with the FATF Recommendations.

Following the assessment session conducted by FATF, QNB received positive feedback from both FATF assessors and the regulatory authorities in Qatar. The mutual evaluation on the State of Qatar is still ongoing and as per the FATF processes, the report is expected be published in the first plenary session of the FATF in 2023.

### **Digital Transformation and Technology**

FATF is promoting the use of new technology in combating money laundering and terrorist financing. New technologies can improve the speed, quality and efficiency of measures to combat money laundering and terrorist financing. This can help financial institutions and supervisors assess these risks in ways that are more accurate, timely and comprehensive. Going forward, QNB Group intend to examine this aspect long with the new technologies used to improve the effectiveness of AML/CFT measures.



## 2.3 Strengthened the sanctions compliance framework

To meet growing sanctions regulations and challenges the Group established a dedicated Sanctions Unit in Group Compliance to implement robust Sanctions Compliance Programs and measures without disrupting customer service or jeopardizing QNB's strong reputation the bank has in the market. These efforts were aimed at achieving full compliance with local regulations and major global sanctions programs imposed by UN, EU, US, and UKHMT.

The Sanctions Unit undertook the following activities and initiatives during 2022 to strengthen the Group's sanction compliance program:

### **New sanctions compliance systems and solutions**

To manage a myriad risks associated with sanctions, QNB Group recognizes the key importance technology plays in having a proper and efficient sanction management system. In 2022, QNB followed the trends of available technology on the markets and initiated new projects related to implementation of Artificial Intelligence and Robotic solutions to enhance sanctions critical processes.

### **Updated sanction risk management policies and procedures**

To ensure full compliance with all major global sanctions policy setters (US, EU, UK, UN), FATF guidelines and recommendations including most recent local regulatory requirements, QNB Group updated the bank's sanction compliance program, policies, procedures and guidelines in 2022. Subsequently, the bank also assessed the adequacy of its sanction compliance program as to find whether the program in place was successful and efficient in managing sanction risks.

### **Updates to the sanctions awareness training strategy**

In 2022, QNB Group introduced new updates to the sanction awareness program in order to highlight new requirements as well as address sanction risk in a more comprehensive way for all employees to understand, especially employees working in high-risks functions at the bank. The training material prepared was presented to employees both as an e-learning course accessed through the bank's digital learning platform, and as a presentation (physical training session) in the designated place for learning.

## 2.4 Enforcement of a robust fraud control framework

QNB's Fraud Control Unit, reporting under the Group Compliance Division, has established a comprehensive fraud control framework, program and investigative capabilities in place, demonstrating the expectations of the Board of Directors and Executive Management and their commitment toward high integrity and ethical values regarding fraud risk management. The following represent the key initiatives and activities conducted by Fraud Unit in relation to the Fraud, Anti-Bribery & Corruption and RegTech during the year:

### **Anti-bribery & corruption actions and activities**

Following the successful completion of Phase I of the Anti-Bribery and Corruption (ABC) Self-Assessment (which covered Qatar Divisions), Phase II that covered QNB Subsidiaries then (Phase III), which was the final phase to assess QNB Overseas Branches. The Group found that there is a strong culture of anti-bribery and corruption across its organization supported by written policies and procedures and further maintained by effective operating controls.

In addition to the Anti-Bribery & Corruption Assessment Program, QNB Group has established well-designed policies and governing rules for gift and hospitality acceptance. All gifts & hospitalities above certain monetary value thresholds are subject to declaration and approval by relevant level of senior management.

The Fraud Control Unit assesses all gift & hospitality declarations on case-by-case basis by considering potential conflict of interest risks and maintains the register along with the relevant evidences for approval or rejection.

### **Fraud monitoring, prevention, detection and training**

The Fraud Control Unit performs ongoing monitoring and investigation of alerts, referrals and exception reports to mitigate the risk of fraud events occurring or not being detected in a timely manner. Furthermore, the Unit has a well-embedded fraud reporting mechanisms for International Branches and Subsidiaries.

In line with the mechanisms established, Group Compliance completed a comprehensive Fraud Risk Assessment on Online Banking processes, which significantly reduced the number and value of fraud losses due to social engineering attacks.

In the area of training and further development, the Unit rolled out e-learning on Anti-Fraud principles, Whistle Blowing, Anti Bribery and Corruption Principles for employees across the Group. In total, nearly (3,000) employees across the Group successfully completed the e-learning programs during 2022.

#### **Activities related to FIFA World Cup 2022**

QNB Group was selected as the Official Middle East and Africa Supporter of the FIFA World Cup Qatar 2022 and the Official Qatari Bank of the tournament. As part of this, QNB as the sole provider of on-site ATMs at all FIFA World Cup Qatar 2022 stadiums and the representative of Qatar's banking capabilities.

QNB performed an assessment to understand all related processes and controls, which will be materially impacted by the FIFA World Cup 2022. The assessment covered all areas such as AML, sanctions, fraud, data protection, and tax compliance and looked at the potential risks and impact the world cup event would have on the activities of the division. These risks include increase in frequency, sophistication and intensity of cybersecurity and physical attacks targeting QNB IT systems and infrastructure, and also potential surge in demand for QNB services due to large number of FIFA World Cup visitors, officials, reporters, etc. leading to increased importance of availability and resiliency of QNB services and increased reliance on anti-fraud measures.

QNB Group has built capability and capacity to manage the increased activities related to AML/CFT, Sanctions, Tax and Fraud due to the expected increase in volume and value of transactions and inflow of tourists to Qatar.

#### **Rolled out the Enterprise fraud management system**

QNB have rolled out on a phased approach the Enterprise Fraud Management System, which will fraud monitoring for QNB online channels in Qatar. During the next phases, we will move towards real-time monitoring and cover selected overseas branches on a risk-based approach. The Enterprise Anti-Fraud solution will strengthen the fraud framework through the process automation of fraud monitoring and prevention efforts while combating challenging business environment where fraud can seriously affect business bottom line.

#### **Regulatory technology (RegTech)-focused initiative**

QNB has set up an internal RegTech Steering Committee to monitor, implement and oversee the Group's Compliance Strategy in line with technological advancements in areas of Compliance. Compliance functions in the future will continue to embrace innovative solutions to face the heightened risk and compliance challenges faced by businesses globally. Compliance will be powered by information and smart technologies (machine learning, artificial intelligence, big data, analytics) to make sense of complex patterns in data and able to foresee risks and compliance failures.

## **2.5 Adhering to automatic exchange of information requirements**

QNB Group established the Tax Compliance Unit to help prevent the bank from entering into risks associated with tax evasion, as well as ensure that the bank remain in compliance with tax-related disclosure requirements. In 2022, the Tax Compliance Unit undertook these following actions, reviews, activities and assessments to further the bank's commitment with regulations issued by the General Tax Authority, the United States Foreign Account Tax Compliance Act (FATCA), and the OECD Common Reporting Standard (CRS):

#### **Furthered the bank's compliance to tax reporting regimes**

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

- The US Foreign Account Tax Compliance Act (FATCA),
- The OECD Standard for Automatic Exchange of Financial Account Information (also known as the Common Reporting Standard (CRS))

The Group facilitates the exchange of tax-related data with the relevant regulatory bodies, as it recognizes that banks play an important role in furthering tax transparency in a more global scale. Therefore, The Tax Compliance Unit works to ensure that FATCA and CRS reports were made accurately, clearly, on time and in line with the set regulatory authorities in Qatar and to applicable jurisdictions in overseas branches and subsidiaries.

#### **Maintained robust compliance programs to prevent tax evasion**

The Tax Compliance Unit rolled-out multiple initiatives and remediation programs to strengthen the bank's adherence to global and local tax regulations and ensure that the bank's tax strategy has respect for the law in each of the jurisdictions in which the Group operates. The Tax Compliance Unit also liaised and collaborated with a leading external vendor to roll out an EU MDR/DAC6 e-learning assessment across the UK and France branches.

## 2.6 Internal controls over financial reporting (ICOFR)

QNB has adopted a world leading and renowned framework (COSO 2013) to establish a robust internal control system whereby Internal Control failures, wholly or partly, or weaknesses or contingencies that have affected or may affect the Bank's financial performance are identified and remediated in a timely manner. QNB has integrated risk management and internal control over financial reporting into its business processes. As defined in the COSO framework, internal control is an aggregation of components such as a control environment, risk assessment, control activities, information and communication and monitoring.

The key achievements related to ICOFR during 2022 are the following:

- Developed a robust ICOFR framework, which included preparing test scripts and test plans, testing of design, implementation testing of controls effectiveness, documenting walkthroughs of processes and remediation management with process owners;
- Prepare work plan in coordination with the External Auditor to ensure proper alignment of the Management and External Audit testing and considering impacts of return back to normal after the COVID-19 measures and the upcoming FIFA World Cup Qatar 2022.
- Developed and rolled out an enhanced ICOFR training Plan and Manual for the Compliance teams in QNB Al Ahli;
- Documented and updated all controls designed by the first line of defence (1st LOD) in the risk and control matrix (RCM) based on our current risk climate;

At QNB, the Group Compliance team is continuously engaged in activities to enhance our internal controls system and procedures including internal controls over financial reporting which have been designed to ensure reliable financial record-keeping and transparent financial reporting and disclosure in our constantly changing business environment.

## 2.7 Global data protection and privacy program

At QNB, the privacy culture is set from the top and there is a strong commitment to protect personal data, which is fundamental to QNB Group in achieving its long-term vision. Within QNB's network, there are several complex data protection laws and regulations potentially affecting the operating business and therefore QNB established the Data Protection Team within Group Compliance Division. The Data Protection Team are responsible for the overall data privacy activities and compliance of data protection regulations. During 2022 several key initiatives were implemented pertaining to data protection including:

- Digital Transformation key player; Data Protection Team are playing a crucial role in fulfilling QNB vision and journey to proper digital transformation mainly in relation to adopting privacy requirements and a privacy by design and default culture.
- Introduction of Data Governance and Ethics principles: QNB is the first Bank in Qatar to introduce the concept of data ethics which looks at the broader requirements of processing and using data taking into consideration social and ethical values and concerns.
- Data Discovery: which consists in adopting international best practices by automating discovery of confidential data within QNB infrastructure in addition to applying key privacy controls.

QNB continue to maintain their status as the leading bank in MENA for data privacy as can be seen with QNB's rating on Morgan Stanley Capital International (MSCI) Index.



## 2.8 Relationships with regulators

### **The ever-changing compliance landscape - 2022**

QNB Group exerted extensive efforts for the identification and implementation of proactive measures to ensure business continuity across all business functions whilst ensuring all necessary regulatory directives & recommendations are implemented thoroughly. Furthermore, adherence to all regulatory instructions and requests for ad-hoc reports were handled properly with continuous update to Executive Management. Some of the key initiatives that were completed include the below:

- Governance and regulatory compliance review for using and marketing visa payment cards in the activities venues of FIFA World Cup Qatar 2022;
- Launching of Sustainable Green Mortgage Loans;
- Launching of Google Pay and QMP (Qatar Mobile Payment) in QNB;
- Gradual Withdrawal of Extraordinary Measures to Support Sectors Affected by COVID -19;
- Monitoring Information Security measures related to preparations for FIFA World Cup Qatar 2022.

### **Reviewed new regulatory developments**

Group Compliance, on an ongoing basis reviews, adopts and implements the regulatory requirements including but not limited to those instructed by QCB, QFMA and QFCRA in addition to the FATF recommendations. For this purpose, the bank has implemented a robust, proficient and effective mechanism to monitor implementation of new regulations. Projects are progressing well to comply with any new regulatory developments. The most critical recent QCB announcement is the issuance of the new guidance on Licensing requirements for Banks and other FIs and capital adequacy requirements (Pillars 1 and 2).

## 2.9 Enriched compliance monitoring and oversight

### **Strengthened Group Compliance Assessment Framework**

The Group Compliance Assessment Framework (the “Framework”) was built based on the roles and responsibilities assigned to Group Compliance as per the QNB Group Board approved compliance charter. The main objective of the framework is to identify areas that pose the greatest compliance risk. Its methodology aims to systematically and periodically evaluate and document compliance risk and achievements of divisions, branches and subsidiaries. The framework ensures proactive identification of compliance and non-compliance risks, potential area of weaknesses or unsound practices. This approach supports QNB compliance risks assessments by assigning proper rating to the observed risks, mapping them to applicable risk owners and effectively allocating resources to perform risk-mitigating activities.

This framework, which is applicable across the Group, including international subsidiaries, is comprehensive, risk based, dynamic and proactive, in a way that allows Group Compliance to identify and assess the categories of ‘compliance risk’ to which QNB may be exposed. Ultimately, the feedback/outcomes obtained from the stakeholders under this framework helps in shaping QNB’s compliance annual plan in accordance with the risk-based methodologies.

### **Utilized a risk based approach: compliance review and testing**

Group Compliance Division sets an annual plan approved by the Group Board Audit and Compliance Committee (GBACC) to conduct compliance reviews and testing utilizing a risk based approach, based on the output of the risk mapping and the compliance monitoring program (CMP). The assessments are performed on the perceived risk level of business units as well as the level of residual risk identified previously through compliance issues, audit examinations, and regulators’ reports.

The compliance testing uses specific techniques by reviewing records and documentation, testing and observing processes and practices to ensure that applicable laws, regulations and standards are being applied.

The Group communicates the identified compliance issues and gaps with the concerned divisions and discuss with stakeholders to agree on the required corrective action prior to issuance of the final report to the Executive Management and GBACC.

### **The compliance self-awareness questionnaire (CSAQ)**

In view of the ever-changing business and regulatory environment, the CSAQ serves as a dynamic Compliance Risk Management tool to ensure that QNB's objectives are achieved by assessing risks that have the greatest potential for legal, financial, operational, or reputational damage and by allocating the right resources to mitigate those risks. The CSAQ also serves to highlight potential opportunities for improvement or increased oversight

The core source for the questions within the CSAQ are derived from the laws, rules and regulations issued whether on the domestic or international level. As these regulations are dynamic and change from time to time, Group Compliance updates the CSAQ accordingly and in a timely manner in order to ensure reflecting the latest regulatory requirements. The Group uses an intricate scoring matrix methodology to reflect the actual compliance risk per compliance pillar.

### **Promoted ethical conduct and the spirit of compliance**

The fundamental element of QNB's culture is the requirement that QNB conducts its business in accordance with the highest standards of ethical behaviour. Compliance plays a key role in developing company-wide initiatives designed to embed ethics in QNB's culture, such as ensuring the enablement of the QNB Code of Ethics, which sets the expectations for all QNB Employees in terms of values, code of conduct and business principles. The Code also covers all applicable laws and regulations that the Bank employees must comply with in their daily business activities. Any violations are dealt with strictly and promptly escalated to the Board of Directors and Executive Management.

## **2.10 Raised QNB employees' awareness using focused training & awareness programs**

The predominant objective of the Compliance Training & Awareness Program is to ensure that QNB Group operates in compliance with all applicable relevant laws and regulations (Domestic and International). Consequently, in order to enhance the QNB Group's reputation and improve the global brand, the Compliance Training & Awareness Program serves to:

- Define the role and scope of the responsibility of each employee to achieve the QNB Group's strategic objectives.
- Emphasize on the fact that, the compliance of the Bank's business activities with relevant regulations, internal policies and best practices, is not only attributed to Group Compliance, but also applies to each employee of the QNB Group. Consequently, the responsibility of compliance sits within all the three lines of defense.

- Identify regulatory and reputational risks faced by the QNB group in order to achieve the risk-based approach that will be implemented in the training by illustrating how these challenges can be addressed by fulfilling their professional duties and responsibilities in accordance with the Group's code of conduct.
- The training program includes designed face-to-face and online training modules on the Spirit of Compliance, Corporate Governance, Whistle Blowing, Anti-Money Laundering, Anti-Fraud, Sanctions and Tax Compliance.

These aspects are clearly stated, in a practical and interactive way, during the training courses to employees, to make them aware of the compliance, regulatory and reputational risks faced by the Group and to illustrate how these challenges can be addressed by fulfilling their professional duties and responsibilities in accordance with the Group's code of conduct.

## **2.11 Built-up employee capabilities and skillsets within compliance**

QNB Group ensures investing in their employees in terms of training to equip them with full work ethic in the workplace when performing their assigned duties and tasks. Employees are tested and reminded periodically on matters that involve Compliance, Risk and ethical behaviour.

Thus, QNB has always promoted an inclusive workplace environment where its employees can enhance their skillsets and capabilities by giving them continuous learning opportunities in the form of in-house and external compliance related international courses. Full support is also provided to Compliance employees for obtaining relevant professional qualifications such as CAMS, CISI, CIA, CFE etc. that ensures increases morale in the workforce coupled with enhanced productivity.

## 2.12 Core governance and compliance initiatives for overseas entities

In 2022, a number of new initiatives and monitoring tools were launched focusing on the overseas entities. These efforts were directed towards enhancing the monitoring and proper governance over the compliance activities and ensure the proper application of the regulatory requirements.

Group Compliance assisted as well as supervised Overseas Branches and subsidiaries while they worked to fulfil their regulatory obligations during 2022 by doing the following activities and actions:

### **Regulatory reporting control framework for overseas branches**

In line with the bank's constant enhancement of the regulatory reporting at QNB overseas entities, the Group monitors the regulatory reporting control framework for overseas branches taking into consideration the observed related findings along with the linked regulatory requirements developments as well as adopted best standards. Group Compliance concentrates on the compliance roles through the Regulatory Reporting processes at Overseas Branches considering the following:

- Ensure that all reports are submitted properly and in timely manner as per the regulatory requirements;
- Govern the process with the concern stakeholders at each branch level; and
- Identify the required resources, actions, processes, and systems that need to be in place to avoid any efforts and time loss as well as the operational inefficiency and mitigate the possibility of any human error, profit loss, and related regulatory returns.

Group Compliance Regulatory Reporting Control framework for overseas branches identifies key components to be considered within the Regulatory Reporting arrangements relating to the following (Regulatory Reporting Requirements, Appropriate Technical Aspects, Documentation Infrastructure, Compliance Oversight, Regulatory Reporting Custodian, Data Integrity, Roles and Responsibilities, Monitoring Tools, Documentation / Archiving).

### **Maintained proper oversight mechanism on international subsidiaries**

The Group is keen to maintain a consistent and standard approach across QNB International Subsidiaries by building an effective framework for compliance oversight of international subsidiaries. The approach and methodology combines the pillars of QNB's compliance frameworks with principles of sound corporate governance this includes adherence to regulatory requirements, ethical behaviour, transparency, collaboration, roles and responsibilities and accountability.

During 2022, Group Compliance has worked closely with International Subsidiaries to implement several changes according to Group Standards such as Governance arrangements, Regulatory Compliance tools (i.e. Compliance Monitoring Program, Local CSAQ, and Compliance Regulatory Reporting), Compliance Documentation Infrastructure, Data Privacy, and Internal Control. Moreover, Group Compliance provided all the required advices to support the international subsidiaries address their regulatory initiatives as well as any issues identified by internal /external auditors pertaining to Compliance matters.

### **Enhanced the Group's compliance framework for assessing international representative offices**

The compliance framework for assessing international representative offices is built upon key pillars considered as best practices and was implemented by QNB in order to test the awareness of international representative offices concerning their compliance responsibilities. The framework emphasizes on building a strong compliance culture and a requirement to understand clearly local and international regulatory requirements in relation to the conducted business. QNB continuously monitors the framework and continues to enhance the governance of the representative offices to align with QNB Group standards.

### **Conducted a gap analysis of group compliance policies**

The Group has initiated a gap analysis exercise for the existing policies at Group Compliance with QNB International entities in order to identify the required policies that need to be developed at each jurisdiction. The exercise covered Group Compliance, Overseas Branches, and International Subsidiaries Compliance policies taking in consideration the applicable regulations for each.



## 2.13 Financial disclosure regimes as an integral part of the corporate governance framework

The bank's financial reporting and disclosure infrastructure hinges on transparency and openness. The Group maintains a trustful relationship with its regulators, shareholders, external auditors and stakeholders. QNB's Group Financial Control Division prepares the bank's disclosures timely and comprehensively in line with regulatory requirements and requested for more substantive disclosures.

During 2022, Group Financial Control Division worked to address the following regulatory requirements:

### Responding to the regulatory authorities requirements

In consequence to a growing number of new reporting requirements issued by QCB, the Group successfully submitted required reports to the regulator, these include the financial institution (FI) borrowing and lending-bank-foreign currency, resident deposit and lending, non-resident deposit and lending-all-foreign currency, funding summary and weekly FI borrowing and lending. In a similar note, QNB Group adhered with the General Tax Authority (GTA) stipulated deadline for submitting the bank's Master and Local Transfer Pricing files.

### Disclosure standards: implement pillar 3 of the Basel framework

In response to QCB requiring all banks operating in Qatar to implement pillar 3 of the Basel framework into their disclosures, QNB Group integrated credit risk, operational risk and leverage ratio and credit valuation adjustment (CVA) risk into disclosures to QCB. Also included in the bank's disclosures to QCB are risk-weighted assets (RWAs) as calculated by the bank's internal models and according to the standardised approaches and an overview of the bank's risk management structure, RWAs and key prudent metrics.

QNB Group remains compliant with regulatory requirements related to disclosure, as the Group works diligently to ensure that our disclosures on Basel framework and different types of Basel ratios are issued quantitatively and qualitatively in compliance of Basel Pillar 3 implementation requirements.

## 2.14 Delivered on sustainable environmental, social and governance commitments

Nowadays, most countries around the world recognize that companies' roles and responsibilities should be extended further than contributing in the economic growth to include their responsibilities toward the society and environment. QNB, as a key player in the Qatari financial market and the largest financial institution in MEA region, focuses on aligning the group sustainability framework with the relevant international best practices for a better society welfare, sustainable environment. During 2022, QNB preformed the following activities to reinforce the bank's ESG foundation even further:

### Strategic and Business initiatives to improve QNB governance

During 2022, QNB kept working on managing and optimising the Group's Strategic Planning framework, both in Qatar and in the subsidiaries. This supported the way QNB Group developed its business plan and executed on. Moreover, it helped in improving the performance management and monitoring along with the management process of the projects and portfolio.

Additionally, QNB incorporated both innovation and sustainability concepts into the bank strategic planning, where a robust innovation framework successfully implemented and that allow to constantly generate ideas which further enhance QNB's digital capabilities encompassing all front and back office areas as well as customer segments. The objective is to pave the way for a transformation of QNB Group towards an innovative bank leveraging digital capabilities.

Moreover, since shifting toward digitalisation and automation has rapidly increased recently, QNB focused on enhancing the operational efficiency during 2022 by leveraging technology and streamlining processes that optimize the customer experience, this would yield cost-savings outcomes and brings about more sustainable revenue-generating income streams.

### **QNB's key environmental and sustainability initiatives**

In 2022, QNB delivered and initiated number of projects to promote the sustainability framework within the group. For instance, the Group established a Sustainable Finance and Product (SFP) to combine elements of existing Green, Social and Sustainability Bond (GSSB) Framework and align with latest international standards and taxonomies. The SFP Framework demonstrates QNB continued commitment to the transition toward sustainable practices.

The bank also enhanced its' "QNB Environmental and Social Risk Management (ESRM) framework", which set the Group's overarching minimum standards and approach to Environmental and Social (E&S) risk in financing. QNB Conducted sustainability related training across the Group, including on sustainable financing and human rights. The bank also published an independently assured allocation and impact report for QNB Finansbank's green private placement with EBRD.

The Group strengthened its public commitment to sustainability by submitting the annual 'Communication on Progress' to the UNGC. QNB ALAHLI became a member of the United Nations Environment Programme Finance Initiative (UNEP FI) and signatory to the Principles for Responsible Banking (PRB), further cementing our commitment to sustainable aims, accountability and transparency.

## **2.15 Enhancements to retail banking for a better customer experience**

QNB Group recognizes that the breadth of its services and products is an important asset for clients. Accordingly, the bank's Group Retail Division works to create new products and services for QNB clients in an effort to help them meet their financial goals and personal ambitions. During 2022, the Group announced a series of new products and services with COVID-19, sustainability and climate change in mind, the following capture Group Retail Division's key activities during the year:

### **Process enhancements**

In line with the banks 2025 strategic initiative which is to enable a data-driven decision-making culture in retail banking, QNB have developed "AI based predictive models" to enhance the bank's analytical capabilities to move from traditional descriptive analytics to predictive analytics which would add value to our business and profitability. Dormant account management was re-engineered to be align with the QCB instruction on business conduct. QNB also automated the CRS/FATCA regulations to automate the

parameters for the respective countries and integrated with the customer on boarding process. Enhanced the systems for additional security features to chequebook issuance and cheque processing to comply with the QCB circular on Cheque Books. Reduced cash withdraw amount through ATM and introduced other enhancements to help reduce fraud events.

### **Green products and services**

In support of the QNB's sustainable products and services, the Group launched a Green Mortgage Loan campaign for properties holding a Global Sustainability Assessment System (GSAS) star rating certification in an effort to offer services for clients who want to address environmental challenges and climate change mitigation by being more mindful of emissions.

### **Automated services in lieu of the FIFA World Cup 2022**

In partnership with the organizing committee for FIFA World Cup 2022, QNB provided 8,000 point of sale terminals to facilitate payment at the stadiums, fan zones, media locations or e-commerce. In addition to that, QNB was the first bank in Qatar to launch FIFA-branded cards across its retail credit card portfolio.

Implemented strong usage and acquisition ATL campaigns for FWC '22 across multi-segment / product / channels through QNB's partnership as Visa's preferred payments partner in Qatar.

### **Improvements to digital payment options and services**

QNB continues to support Qatar Central Bank's strategic initiatives in payment sector by promoting digital means of payment on its platform and for its customers. In accordance, the bank now provides alternative payment in the form of digital payment methods in collaboration with International wallets such as Apple Pay, GPay, Fitbit and Garmin in addition to QNB Issuer wallet. Enhancing QNB's mobile and internet banking functionalities by the introduction of key enhancements in line with required regulations. QNB continues to expand its digital transformation plan with more products and services available through digital platforms.

### **Mitigating risks related to retail banking**

QNB focused on key risks indicators to ensure it is providing secured and confidential financial services to all its customers by keeping customers in control of their financials, educating them on their rights and keeping them protected against fraud threats specially in the face of increasing and complex online threats while continuing to enjoy the most innovative financial services provided by QNB.

## 2.16 Risk governance: strategic and operational risk management measures

The Group recognizes the importance of having a well-developed risk management and risk governance framework in place to proactively and effectively evaluate then mitigate various types of risks across QNB's growing geographical footprint. QNB Group Risk Division works diligently to effectively identify, monitor, evaluate and manage the bank's financial and non-financial risks in support of the QNB's strategic plan.

During 2022, QNB's Group Risk Division established the following initiatives and activities to enhance the Group's approach to risk management and risk governance:

### Enhancements to the strategic and operational risk management

QNB's Risk Strategy and Group Risk Appetite Statement were updated in light of top and emerging risks taking into account business unit strategy and forecasts. This includes a clear board approved statement on the Bank's risk attitude to climate-related and environmental risks. Progress was made on a bank-wide climate risk management initiative. This includes an assessment of climate risk factors as part of an overall quantitative assessment of portfolio risk.

### Updates to QNB risk management framework

QNB Risk policies outline the bank's risk management approaches in its course of identifying and managing its various risk exposures, and in doing so, reinforce a strong risk management culture. Key Group-wide policies, including those pertaining to Credit Risk, Country Risk, Risk Ratings, Market Risk, Non-Traded Market Risk, Investment Risk and Liquidity Risk were reviewed in line with an evolving external environment, industry best practice and regulatory expectations.

Moreover, QNB enhanced the Group Crisis Management Framework and reviewed the Group Recovery and Resolution Plan and Group Contingency Funding Plan in order to strengthen the Bank's resilience to any severe stresses that may manifest. Moreover, the group established Group Recovery Management Committee (GFRMC) which is a new management level committee ensuring the overall crisis management execution responsibilities are proactively maintained and well-practiced.

QNB relies on quantitative analysis and models to aid financial decision-making, measuring and managing risk. Therefore, the bank conducted an independent model validation of several material and/or critical models were completed improving Internal Controls over Financial Reporting (ICOFR). This is a part of the Bank's Model Risk Management framework

### Effective systems and mechanisms to mitigate and monitor risks

During 2022, QNB capitalized on foundational stress-testing capabilities built in prior years to establish a suite of scenarios in light of evolving geopolitical, macroeconomic and financial market risks. This entails designing stress scenarios encompassing both a plausible narrative and stress definitions across key macro and market parameters relevant to QNB's operations.

Various stress-testing methodologies were enhanced to improve risk measurement and capabilities built to perform bespoke portfolio level stress testing. Significant enhancements to modelling and data quality were made to enrich risk measurement and monitoring across multiple layers including credit rating, loss and recovery rates and behavioral modelling of different customer segments across different operating locations. Moreover, numerous stress tests and scenario analysis has been conducted to gauge the impact of other global, regional, country and banking-sector emerging risks on the Bank's capital, earnings and liquidity position.

QNB Group enhanced key risk monitoring tools such as Liquidity Key Risk Indicators (KRI) and Early Warning Indicators (EWI), which continue to be implemented at significant international operating entities.

QNB successfully completed the transition of non-USD LIBOR contracts and updated the key systems to allow for Risk Free Rate (RFR) contracts to be booked as the bank phased out doing any new LIBOR trades. Furthermore, QNB's credit risk pricing tool was upgraded to replace LIBOR rates with RFR for relevant currencies.

### Operational and strategic risk management initiatives and activities

As part of the Groups ongoing enhancements to the execution of its operational risk framework, the bank enhanced its risk control self-assessment (RCSA) methodology and control assurance testing in 2022. Approximately 40 RCSA's have been delivered across its domestic and international branch network with many undergoing associated control assurance testing

In support of FIFA-related initiatives and activities, QNB Group established the 'FIFA Resiliency Committee', which is chaired by Group Operational Risk, to discuss, track and oversee all actions related to the bank's products and services infrastructure and processes during the tournament period. Such actions include developing QNB's system capacity, resilience, information security and cyber risks.

#### **Effective risk management structures incorporated at overseas entities**

QNB Group continued to play a key role in the oversight of risk and credit policies across international subsidiaries and branches. Furthermore, the Bank continued to implement Group-wide risk systems across the international network including standardization of risk dashboards and reporting processes, strengthening risk governance and oversight.

QNB Group expanded the coverage of the Bank's Asset Liability Management (ALM) platform as the Bank's international network expands both geographically (i.e. new entities) and in terms of material contribution. This system now offers close to 100% coverage of QNBs international as well as domestic branch operations.

### **2.17 Cyber and information security initiatives**

QNB always seeks to ease the client's access to its banking services and products by developing new digital solutions and platforms that would give them the best possible banking experience. However, digital platforms motivate cybercriminals to launch their attacks targeting both the clients and even QNB itself. Luckily, QNB Group Information Security Division save no efforts to strength the bank's security systems and the governance framework of the information security in addition to raise the employees awareness of dealing with the cyberattacks.

During 2022, Group Information Security Division updated the organizational structure, where currently there is a new separate team created to focus on cybersecurity strategy and product management of risks. Moreover, Group Information Security Division delivered e-training courses, awareness campaigns and simulated phishing exercises across the Group to make sure that all employees are always alerted to any cyber risks threatening QNB Group.

### **2.18 Global governance practices across the international business network**

QNB Group presence in more than more than 30 countries across three continents through its overseas entities require the bank's continuous support in enhancing the internal controls and quality assurance in the international subsidiaries and overseas branches. In consequence, QNB Group International Business Division (IBD) oversees and supports the business and operational activities at foreign jurisdictions where QNB operates.

#### **Supported QNB overseas branches activities**

During 2022, IBD in coordination with QNB KSA branch worked on driving business activities in Kingdom of Saudi Arabia with primary focus on Corporate, Private Banking and Treasury, in addition to get the required approvals to establish new branch in Jeddah, which expected to start its work during mid-2023. Moreover, IBD helped QNB Singapore in developing new strategy for the next (5) years where this strategy aims to re-position QNB in Singapore market. In addition to that, IBD assist QNB Paris to reinforce its operations in Europe while maintaining its position as a key liquidity provider for the Group with consideration to European market standards of pricing, structure and risk assessment.

#### **Supported QNB subsidiaries activities**

QNB continued the efforts of supporting its subsidiaries in 2022, where we supported QNB Indonesia in aligning Board of Commissioners (BOC) and updating Article of Association (AOA) to align with OJK (the Financial Supervisory Authority in Indonesia) requirements. The Group also supported QNB Suisse in updating its "Board Succession Policy" and integrating it in the board charter as required by FINMA (the Swiss financial market authority). QNB also assisted QNB Finansbank in fulfilling the regulatory requirements in Turkey to establish new payment company.



## 2.19 Internal audit – an integral component of corporate governance

### **Improved the group's internal controls environment**

During 2022 Group Internal Audit Division (GIAD), formally setup a dedicated data analytics unit in order to enhance the integration of data analytics into the audit methodology to drive efficiency, improve assurance coverage and strengthen the division's control assessment capabilities. Through continuous auditing introduced to enable GIAD to provide more frequent and sustainable assurance over certain critical business processes, controls and support timely remediation of any identified anomalies or control weaknesses.

### **Enriched the Group's financial crime prevention framework**

QNB increased the use of data analytics software in the financial crime prevention framework to enable broader assurance coverage and help identify data patterns and potential control breakdowns both on domestic and international level.

### **Supported risk assessment efforts ahead of FIFA World Cup 2022**

As part of the Bank's preparation ahead of the FIFA world cup 2022, GIAD has conducted multiple advisory assessments that support progress of the operational resilience program related key cybersecurity initiatives and the readiness of Disaster Recovery. The Group also utilized its data analytics capabilities to monitor risk associated with FIFA world cup 2022.

### **Furthered the Group's compliance with IIA standards**

During 2022, GIAD performed an internal quality assurance review confirming that the bank adhered to the IIA standards and code of ethics. The Group also used this assurance review program to assess how compliant subsidiaries were to IIA standards; the results of the assessment were presented to the Group Board Audit and Compliance Committee (GBACC) and to the respective audit committees at the subsidiaries themselves to ensure full conformance with the standards.

### **Audit on information technology (IT) and information security (IS)**

With the relaxation of pandemic related travel restrictions, IT & IS Audit team has begun to conduct the biennial high level reviews of QNB Subsidiaries' IT & IS Governance and Management domains, to ensure they cover the latest technology/ cyber security related risks, as well as risks associated with key banking application systems.

Moreover, QNB engaged one of the big four firms to conduct a comprehensive IT & information security governance and management assessment and benchmark. The primary objective of this assessment, advisory in nature, was to understand and assess the maturity and adequacy of key QNB IT related governance and management processes. The respective QNB processes were benchmarked against peer banks. This assessment identified areas whereby QNB should make further investment to support the maturity level as per the international standards and best practice.

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

GIAD conducted a comprehensive review on sustainability initiatives and the annual sustainability reports in order to ensure Group's commitment to its leading role in the region and alignment with International best practices adopted by major Financial Institutions. Moreover, GIAD ensure there are a sufficient ESG and climate-related disclosures to meet increasing expectations of stakeholders, in particular the implementation of robust processes and controls to support these disclosures. GIAD will continue to include sustainability/climate change/ ESG topics into our audit universe and will schedule periodic reviews in the areas to address the increasing importance and growing expectation of this topic to our stakeholders.

### **Training and upskilling of internal audit**

GIAD encourage staff to take up professional certifications and designations. Initiatives like internal knowledge sharing, learning, on-the-job training and guidance continue to get high priority. GIAD have continued to ensure that internal audit staff have the appropriate mix of knowledge, skills and other competencies needed to perform its assurance and advisory role.

### **Inter-group audit structure enhancements**

GIAD continued to implement the framework designed to support internal audit functions at QNB's international subsidiaries to help harmonize their internal audit charters, policies, methodologies and tools throughout the entire audit cycle. QNB reviewed the framework implementation to see whether international subsidiaries have effectively adopted it in all audit activities. This includes, but is not limited to, reviewing the audit universes that includes the regulatory mandated audits, risk assessments and annual audit plans' development, revisions and implementation, audit resources adequacy, internal quality assessment programs and the respective annual reporting.

## **2.20 Human resources management and corporate governance: strategic partners**

QNB does more than safeguard employee rights; it also works to develop QNBs workforce so that all employees receive access to opportunities that effectively streamline their talents and capabilities. In 2022, QNB, through its Group Human Capital Division carried out several initiatives and enhancements to build-up the bank's workforce including the following:

### **Succession and continuity planning**

QNB initiated an emerging leaders program for a number of high potential Qatari employees. This program was designed to provide young local talent with the skills to prepare them for management roles in the near future. Furthermore, the program included a 10-month leadership development course conducted by Kaplan International as well as technical development courses and on-the-job rotations. QNB collaborated with Harvard Business Publishing (HBP) to provide these high-potential leaders with access to key Harvard online management modules. These modules were complimented with face-to-face workshops where participants learned to apply their new skills in the workplace.

The bank also took steps to identify high potential senior managers who demonstrated the capability to take on more senior or expanded roles in the near future. Wherein, the Group evaluated employees against five potential attributes and undertook psychometric testing. The Group also completed Leadership Continuity Planning (LCP) where potential successors were identified for leadership roles. This was undertaken for QNB Qatar as well as across international Branches, and selected International Subsidiaries.

### **Organizational structure updates**

The bank established a new Procurement Unit to drive performance and governance in the area of procurement. Correspondingly, QNB appointed a GM Group Procurement.

### **Human capital initiatives at overseas entities level**

During 2021, the European Bank Authority (EBA), Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) have introduced regulations that affect Remuneration Policies and the Material Risk Taker Framework. Following these new regulations, by 2022, Group Human Capital worked to support QNB UK and QNB France as they updated their remuneration policies and the material-risk frameworks in line with regulatory requirements issued.

## **2.21 Commitment to corporate social responsibility initiatives**

QNB believes that corporate social responsibility (CSR) is a key stepping-stone to create long-term beneficial effects for the societies, communities, environments and economies where QNB operates. To produce an inclusive positive impact on the society, QNB works to support CSR-focused initiatives and activities in Qatar and across QNB's international network. The following represent some of the key activities done in 2022:

### **A. Participated in social and economic events**

#### **QNB AlAhli socio-economic development efforts**

QNB AlAhli collaborated with Misr AlKheir to support students who want to enter the educational system in Asyut Governate. The subsidiary also sponsored NilePreneurs, a national initiative developed by the Central Bank of Egypt alongside Nile University to increase the capabilities of young entrepreneurs in small and medium enterprises.

QNB AlAhli's also provided economic empowerment opportunities for 20 youth income-generating projects in Gharbeya Governate in an effort to empower young aspiring individuals to generate their own growth opportunities. Furthermore, the subsidiary hosted an event for the employment of 20 women and members of the youth to provide them with equal job opportunities.

QNB AlAhli collaborated with Zewail City of Science and Technology in sponsoring the Annual Science Festival of Zewail University. The festival included 20 Scholarships for talented students from different governorates in an effort to support their ability to access advanced educational opportunities.

QNB Collaborated with Orman Association to provide 50 water connections, Medical eyes convoys (around 40 cases), and the development of electricity, rooftops, sanitation, and overall living situation enhancement in 12 houses in Gharbeya Governate in Egypt.

In addition to the above, QNB AlAhli worked to help a large number of disabled persons in Shatoura village in Sohag Governate by providing assistive devices to deaf persons and persons with mobility impairment. QNB AlAhli also contributed in 'Tahia Misr' Fund, a funding program dedicated towards the development of villages in need of monetary backing.

#### **Qatar Business Incubation Center (QBIC) Demo Day**

The Group sponsored Demo Day in an effort to emphasize the bank's efforts to support Startups, Small and Medium-sized Enterprises, and as a part of its ongoing support of the Qatar Business Incubation Center (QBIC).

#### **Warm Winter Campaign by QNB Tunisia**

QNB Tunisia Organized 'Warm Winter', a campaign that supported school students in Siliana by distributing coats, pants, sweaters, hats, gloves, and other clothing material to help them stay warm during the cold winter, in a humanitarian initiative that came to show QNB's support to those in need

#### **Tunisian Real Estate Exhibition**

QNB participated in the second Tunisian Real Estate Exhibition in Qatar, an event focused on real estate consultation and real estate opportunities. By attending the exhibition, QNB Group supported economic investments and real estate development as they both play a key role in Qatar's economy.

#### **Milipol Qatar 2022**

QNB sponsored Milipol Qatar 2022, an event exhibiting the latest modern innovations and technologies for homeland security and civil defense, with the latest innovative products and services within the field in an event that brought together multiple entities

#### **Euromoney Qatar Conference 2022**

QNB sponsored Euromoney Qatar Conference 2022 as a Senior Lead Sponsor. Euromoney is the world's leading organizer of conferences for cross-border investment and capital markets for portfolio and direct investors, financial intermediaries, corporations, governments, banks and financial institutions.

#### **International Council of Women Entrepreneurs**

QNB participated in the International Council of Women Entrepreneurs in an effort to share banking expertise and commit to economic recovery as well as promote women entrepreneurship and facilitate the access of women to decision-making positions in the economy, and support social initiatives geared towards women.

### **B. Organized cultural and educational activities**

#### **Garangao night at Msheireb**

QNB Group celebrated Garangao night at Msheireb in a big event to emphasize on the bank's keenness to support culture and heritage. During the event, kids dressed up and got to enjoy several activities like shooting footballs in several booths, enjoying face paint activities, spending time in a specified drawing corner, and receiving Garangao candy boxes

#### **Virtual FIFA World Cup 2022 art competition for kids**

The Group organized a social media competition for kids to draw their expectations of family time during the FIFA World Cup Qatar 2022™. This promoted art and helped support kids creativity and highlighted QNB's role as the Official Middle East and Africa Supporter of the FIFA World Cup 2022™.

#### **University of Doha Fair 2022**

QNB participated in the University of Doha Career Fair 2022, where the group announced job opportunities and received many applicants in an effort to continue supporting the next generation of fresh graduates and help equip them with the skills necessary to need to succeed in the work place.

### **C. Supported environmental and sustainability initiatives**

#### **Smart City Expo Doha 2022**

The Group sponsored the Smart City Expo Doha 2022, which came under the theme of 'Sustainable Future of Resilience' where QNB displayed its latest technological banking innovations in the event that brought together over 60 world-renowned speakers and experts in the field of smart cities.

#### **International Forum Corporate Social Responsibility**

QNB supported the International Forum CSR, an initiative that encourages sustainability and green financing which came in an effort to support the group's keenness to working towards a sustainable green future and maintaining general health.

### **D. Sponsored sport events**

#### **The Amir Sword Festival**

The bank sponsored the Amir Sword Festival in collaboration with the Racing and Equestrian Club. In line with QNB's long-term partnership with the Qatar Racing and Equestrian Club, the Group supported these events considering how embedded horse racing and camel racing are in the Qatari culture.

#### **Katara festivities for Qatar National Sports Day**

QNB organized 'Football Splash', a football booth set for kids in Katara on Qatar National Sport Day to share the football fun and spirit and allow kids to leave their print in the year moving forward towards the tournament.

#### **The World Athletic Championships in Oregon**

The Group sponsored the World Athletic Championships Oregon 2022, an event that brought together many champions and witnessed a gold medal win for Qatar.

#### **The Gulf Cooperation Council Games in Kuwait**

QNB Group sponsored the Qatari team at the Gulf Cooperation Council Games, a regional multi-sport event in Kuwait, where the team won a gold medal and emphasized on the group's ongoing efforts in providing its support to sports and full inclusion in it.

#### **Supported Qatar's handball Team**

Sponsored Qatar's handball team where the team got qualified for the World Men's Handball Championship happening next year and to which has proved the group's support to inclusion in all sports besides football

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

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

### **3.1 Roles and responsibilities of the Board of Directors**

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

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

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



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

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

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

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

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

### 3.2 Board of Directors structure and composition

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

In November 2021, Qatar Investment Authority appointed H.E. Mr. Ali Ahmed Al-Kuwari to the Bank's Board of Directors. H.E. was subsequently elected as the Chairman of Board of Directors. He has extensive experience working in the government, financial and banking sectors, which spans more than 30 years during which he served as CEO of QNB Group from July 2013 to November 2018. During that time, the bank became the largest bank in the Middle East and Africa.

Based on the new QCB Corporate Governance instructions (Circular 25-2022), the bank is considering the areas related to the board composition and their independency requirements, which will be aligned with the new requirements. QNB is currently coordinating with the relevant regulatory authorities on the best ways to implement the new instructions and reflect the same in its articles of association (AOA). For further details, please refer to the 'Spotlight on specific corporate governance practices' section within this report.

### 3.3 Board term and renewal

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

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

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

Nominations and appointments are made in accordance with an approved mechanism to accept candidates in line with the commercial companies Law, QCB and QFMA requirements. Moreover, for this specific purpose, the BOD has adopted a clear policy in light of international professional and technical standards to measure the eligibility of individuals to apply for Board membership. QNB Group is required to send a list of names and data of Board membership candidates, along with the candidate's curriculum vitae and original copies of candidacy requirements, to QFMA at least two weeks prior to the Board election date.

### 3.4 Board qualifications

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

### 3.5 Independent and non-executive Board members

During 2022, all of QNB Group's BOD members are non-executive members and none of them assumes executive responsibilities, moreover, the number of independent BOD members is in line with the minimum regulatory requirements and none of these members hold a full-time or part-time job within the Group.

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

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

### 3.6 Prohibition of combining positions

In 2022, none of the Board members served as a board chairman or a vice-chairman for more than two companies that have their headquarters located in the State of Qatar. Also, none of them served as a BOD member for more than three shareholding companies which have their headquarters located in the State of Qatar, and not a managing director in more than one company which is headquartered in the State of Qatar, and do not combine two memberships of two companies exercising homogenous activity.

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

### 3.7 Board members' duties

All Board members comply with the following duties:

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

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

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

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

### 3.8 Board and committee evaluations

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

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

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

The BOD performance assessment task related to 2022 was launched at the end the year and the results of the assessment will be reflected to the shareholders in the General Assembly Meeting scheduled early 2023.

### 3.9 Board Secretary

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

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

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

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

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

### 3.10 Board meetings

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

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

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

In 2022, the BOD held **seven** meetings with an average attendance rate of 97%.

### 3.11 Board members' resignation

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

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

### 3.12 Board decisions

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

### 3.13 The committees of the Board

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

Each Board committee is assigned to handle one or more of the tasks of the Board. The responsibilities of the Board committees are duly documented in the terms of reference, which are approved by the BOD. The ultimate responsibility for QNB Group rests with the Board even if it sets up committees. During the year 2022, the Board of Directors has not delegated any of its power to a third party and does not issue a general or an open-ended delegation.



QNB Group BOD committees are the following:

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

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

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

### 3.13.1 Group Board Executive Committee (GBEC)

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

The composition of GBEC for 2022 was as following:

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

GBEC main responsibilities are the following:

- review and endorse for the Board approval the long-term strategy of QNB Group based on economic and market conditions and Board of Directors' directives;
- review and endorse for the Board approval annual business plans and budgets across QNB Group in line with the long-term strategy and changes in economical, market, and regulatory environments;
- review and approve budgetary reallocations against budget approved items as per the quarterly management reports;
- monitor QNB Group quarterly performance against strategy, business plan and budgets;
- review and approve QNB brand vision and defined values with all associated brands across the Group;
- review and approve QNB corporate social responsibility strategy in light of QNB brand values

across the Group;

- review and consolidate marketing and communication plans and resource distribution plans to efficiently and effectively align it to support QNB business development and growth;
- facilitate the effective supervision and overall control of the Group's business by reviewing overall customer credit and investment exposures;
- review and consolidate business development, products alignment, and resources distribution across QNB Group;
- authorise those individual transactions and sectorial limits that fall within the authority delegated to the Group Board Executive Committee by the Board of Directors;
- review credit proposals as per the QNB Group approved authority matrix;
- review and recommend the action to be taken on impaired loans in line with the delegated limits and authorities as approved by the BOD and in line with QCB regulations; and
- report the committee's activity to the BOD on a periodic and annual basis, including the identified and key issues/approved decisions and recommended actions to be taken by the Board of Directors when required.

The Committee held **five** meetings during 2022 with an average attendance rate of 100%.

### 3.13.2 Group Board Audit and Compliance Committee (GBACC)

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

The composition of GBACC for 2022 was as following:

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

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

- review significant accounting and reporting issues, including complex or unusual transactions, in the light of regulatory directives and professional pronouncements and correlate their impact on the financial statements of the Group;
- review judgements by Executive Management in relation to responsibilities pertaining to financial statements;
- review and endorse the annual financial statements and consider whether they are complete, consistent and reflect appropriate accounting standards and principles before submission to the BOD for final approval;
- review the Group's financial statements, notes thereto, related regulatory filings, and consider the accuracy and completeness of the information before release;
- review with management and the external auditors all matters required to be communicated or disclosed under generally accepted auditing standards or regulatory requirements;
- understand how management develops interim financial information and the nature and extent of internal and external auditor involvement;
- review with relevant parties any tax related matters and adequate disclosures that could significantly impact the Group financial statements;
- review interim financial reports with management and the external auditors and consider whether they are complete and consistent before filing with regulators;
- review any legal matters that could significantly impact the financial statements of the Group; and
- review with Group Compliance and external auditors any fines imposed by the regulators and/or other bodies.

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

- understand the scope of internal and external auditors' review of internal controls over financial reports and obtain reports on significant findings and recommendations, together with management's responses;
- obtain explanation from management and internal and external auditors on whether the Group's financial and operating controls are functioning adequately and effectively;
- in coordination with the Group Board Risk Committee, consider the effectiveness of the Group's management of risks and internal controls over

annual and interim financial reporting, regulatory and other reporting, including information technology security and controls (including that at overseas branches and subsidiaries); and

- consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- Consider with Group Internal Audit, External Auditors and Group Compliance any fraud, illegal acts or deficiencies in internal control or other similar areas.

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

- appoint/remove the Group Chief Audit Executive;
- review and approve the charter, plans, activities, staffing and organisational structure of the Group Internal Audit Division;
- ensure the independency of the Audit function and that there are no unjustified restrictions or limitations on the functioning of Group Internal Audit, as well as on internal audit's access to the Group's records, documents, personnel as and when required in performance of their functions;
- review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and other applicable standards and best practices;
- on a regular basis, review the results of internal audit and meet separately with the Group Chief Audit Executive to discuss any matters that the Committee or internal audit believes should be discussed privately and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence and report the results of the Committee review to the BOD on a regular basis; and
- ensure that management responds to recommendations by the internal auditors and that all information, records etc. sought for and required by internal auditors in the performance of their formal duties is/are made available to them by management in an unhindered manner.

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

- appoint/remove the Group Chief Compliance Officer;
- review and approve the charter, plans, activities, staffing and organisational structure of Group Compliance Division;
- ensure the efficiency of the compliance function in detecting the deviations and breaches within the Group, and ensure the non-existence of any factors that would impact its independence and objectivity as well as proper reporting of the compliance function with appropriate consideration to Basel Committee requirements and FATF (Financial Action Task Force on Money Laundering) recommendations;
- review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigation and follow-up (including disciplinary action) of any instances of non-compliance within the Group;
- review the findings of any inspection by QCB and any other regulatory body and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence;
- review the communication and enforcement of the Code of Conduct to Group personnel and monitoring compliance therewith;
- ensure there is an effective framework in place across the Group for managing and monitoring financial crime compliance related risks, in line with regulatory requirements and international leading practices;
- ensure there is an effective mechanism for control, monitoring and reporting on the anti-money laundering and combating terrorism financing as well as international sanctions programmes and related issues;
- ensure oversight on appropriateness and effectiveness of the 'Internal Controls over Financial Reporting' (ICOFR) framework implemented in the Bank, in pursuit of its objectives;
- review the Group policies and framework pertaining to data protection and make sure a proper oversight is in place to protect QNB data from leakage or inappropriate or unauthorised use;
- review the effectiveness of the Whistle-blowing Policy and recommend related actions/amendments to the BOD;
- review the Group level of compliance to comply with tax compliance risks related to automatic exchange of information;

- review and approve the annual corporate governance report, prepared by Group Compliance in accordance with regulatory requirements; and
- on a regular basis, review the results of the compliance reviews and meet separately with the Group Chief Compliance Officer to discuss any matters that the Committee or Group Compliance believes they should be discussed privately and follow-up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence.

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

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

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

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

During 2022, the Committee met **eight** times with an attendance rate of 100%.

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

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

The composition of GBNRGPC for 2022 was as following:

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

GBNRGPC's main responsibilities consist of the following:

- identify eligible and qualified candidates for Board and Senior Executive Management positions according to the fit-and-proper criteria set by the Committee in addition to the independency/non-executive requirements, all candidates will be assessed as per QCB, QFMA, and Commercial Companies law conditions and minimum requirements where applicable;

- ensure that a list of all accepted/rejected candidates along with their supporting documents are sent to QCB for prior approval before election and detailing the reasons/justifications for acceptance/rejection;
- ensure that all new Directors receive a proper induction programme upon joining the Board by issuing a formal appointment letter and providing all Directors with the induction handbook containing all important information and documents that are relevant to the Director;
- monitor the induction, training and continuous professional development of Directors pertaining to corporate governance matters;
- assess and review annually the independency/non-executive criteria of each Board member;
- Decide if a director who has multiple board representations is able to and has been adequately carrying out his/her duties as director of the Bank.
- submitting the list of BOD membership candidates to the Board including its recommendations and sending a copy to QFMA;
- put in place the remuneration policy for the BOD, Executive management and the Employees in line with the related regulatory requirements and the Board's guidelines taking into consideration the balancing between achieved and realised profits and risk associated with the business activities;
- approve and review the Group's remuneration and incentives policy and ensure that the remuneration of the Board of Directors, Executive Management and Employees are in line with the criteria and limits set forth by QCB/QFMA and Commercial Companies law;
- ensure that the Directors' remuneration is in line with QCB criteria and limits. The remuneration of the BOD members is presented on an annual basis to the General Assembly for approval;
- assess on an annual basis the adequacy and appropriateness of the remuneration and incentives policy and coordinate with Group Board Risk Committee in the assessment of risk-based incentives;
- maintain overall oversight of management's implementation of the remuneration system for the entire Bank
- arrange the annual evaluation of the performance of the Board, its committees and individual Directors consistent with BOD policy and provide related information at the Annual General Assembly Meeting;
- direct and oversee the preparation and update of the Corporate Governance Manual in collaboration with the Executive Management and Group Board Audit and Compliance Committee;



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

The Committee held **five** meetings during 2022 with an attendance rate of 100%.

### 3.13.4 Group Board Risk Committee (GBRC)

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

The composition of GBRC for 2022 was as following:

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

GBRC's main responsibilities consist of the following:

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

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

The Committee held **five** meetings during 2022 with an average attendance rate of 93%.

#### 4. Segregation of the Chairman and Chief Executive Officer roles

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

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

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

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

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

Consequently, there is a separate 'QNB Group Remuneration Policy for Board, Executive Management & Employees' that defines the mechanism whereby the remuneration is directly linked to the effort and performance at both department and employee levels including that of the Board, through the achievement of assigned goals and objectives in accordance with the profitability, risk assessment and the overall performance of the Group. This policy is applicable to the Chairman, Board members, Senior Executive Management and employees of QNB Group.

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

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

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

For 2022, the total BOD remuneration proposed (inclusive of all fees and allowances) is QAR 16.94 million divided as per the table below. This remuneration is consistent with the provisions of Article (119) of Commercial Companies Law, Article (50) of QNB's Article of Association and Qatar Central Bank (QCB) circular (18/2014). Moreover, the remuneration amount is subject to QCB and 2022 General Assembly approvals.

No.	BOD Member	As BOD Member	As Committee Member	Total (for 2022)
1	H.E. Mr. Ali Ahmed Al-Kuwari	2,000,000	-	2,000,000
2	H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani	1,500,000	120,000	1,620,000
3	Broog Trading Company represented by H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani	1,500,000	120,000	1,620,000
4	H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani	1,500,000	240,000	1,740,000
5	Mr. Ali Yousef H A Kamal	1,500,000	120,000	1,620,000
6	Mr. Bader Abdulla Darwish Fakhroo	1,500,000	240,000	1,740,000
7	Mr. Fahad Mohammed Fahad Buzwair	1,500,000	120,000	1,620,000
8	H.E. Mr. Mansoor Ebrahim Al-Mahmoud	1,500,000	120,000	1,620,000
9	Mr. Abdulrahman Mohammed Y Jolo	1,500,000	120,000	1,620,000
10	H.B.H. Al Mulla & Sons Trading Company represented by Mr. Adil Hassan H A Al-Jufairi	1,500,000	240,000	1,740,000
TOTAL (in QAR)		15,500,000	1,440,000	16,940,000

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

## 6. Key corporate governance participants: Executive Management

### 6.1 Governance and structure

The Board of Directors of QNB Group appointed, in November 2018, Mr. Abdulla Mubarak Al-Khalifa as the Group Chief Executive Officer. Prior to being appointed as the GCEO of QNB Group, Mr. Abdulla Mubarak Al-Khalifa was the Executive General Manager – Chief Business Officer at QNB Group. He joined QNB in 1996 and has more than 26 years of diverse banking experience.

The GCEO is assisted in his duties by a specialised, seasoned and highly-qualified Executive Management team. Five (5) chiefs report directly to the GCEO:

- Executive General Manager – Group Chief Business Officer;
- Executive General Manager – Group Chief Operating Officer;
- General Manager – Group Chief Financial Officer;
- General Manager – Group Chief Risk Officer;
- General Manager – Group Chief Strategy Officer.

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

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

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

## 6.2 Executive and management committees

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

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

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

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

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

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

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

### 6.2.1 Group Management Risk Committee

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

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



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

The committee held **four** meetings during 2022.

## 6.2.2 Group Credit Committee

The Group Credit Committee is headed by the GCEO, with the General Manager – Group Chief Risk Officer as the Vice-Chairman (non-voting). The Committee also includes the Executive General Manager – Group Chief Business Officer, General Manager – Group Corporate and Institution Banking, General Manager – Group Asset and Wealth Management, Assistant General Manager – Domestic Corporate Banking, Assistant General Manager – Group Credit and the three Heads of Regional Credit one of them as a non-voting member. Senior staff of Group Risk acts as Secretary for this committee. The Committee is supposed to hold monthly meetings at a minimum, provided that a majority of the Committee members attend, including the Chairman of the Committee or his deputy. The decision consensus is unanimous. Any proposal not supported by all members present is rejected.

The Group Credit Committee reviews, recommends and implements approved credit policies, guidelines and procedures related to corporate, financial institution and retail assets across the Group. The Committee also reviews and recommends the investment strategy, policies and procedures to the Group Board Executive Committee and BOD. The Committee reviews the delegated authorities related to credit and investments and recommends amendments to the BOD where appropriate. It also reviews and takes decisions pertaining to credit facilities, proprietary investments and underwriting proposals (within its delegation of authority and in line with QNB's business strategy) or escalates proposals to the Group Board Executive Committee/BOD for those that exceed its authority. The Committee also assumes the responsibility to review

and approve the range of credit and investment products across the Group and approves acceptable brokers/dealers and custodians for the Group. It also monitors and reviews the performance of all the investment portfolio activities. The Committee also ensures Group entity compliance with investment limits and ratios approved by the Board of Directors, QCB, foreign regulators and senior management. In addition, the Committee monitors and reviews country risk exposures for compliance with the approved investment limits and ratios. The Committee also provides investment and credit risk reports to the Board as and when required.

The Committee held **thirty eight** meetings during 2022.

## 6.2.3 Senior Management Committee

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

The Committee is the parent committee of the Group Information Technology Committee, Group Operation and Services Committee and Group Human Capital Committee and submits memos to all the BOD committees as well as the BOD as and when required.

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

The Committee held **nine** meetings during 2022.

#### 6.2.4 Group Asset and Liability Management Committee

The Group Asset and Liability Management Committee (ALCO) is headed by the GCEO, with the General Manager – Chief Financial Officer as the Vice-Chairman. Other members of this Committee include the Executive General Manager – Group Chief Business Officer, Executive General Manager – Group Chief Operating Officer, General Manager – Group Chief Risk Officer, General Manager – Group Chief Strategy Officer and General Managers of Treasury and Corporate. Other members of senior management may be invited to attend if needed. The Assistant General Manager – Trading (Group Treasury) acts as the Secretary for this Committee. The Committee meets every month, provided that a majority of the Committee members attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

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

The Committee held **twelve** meetings during 2022.

#### 6.2.5 Group Strategy Committee

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

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

The Committee held **four** meetings during 2022.

#### 6.2.6 Centralised Purchasing Committee

The Centralised Purchasing Committee is headed by the GCEO, with the General Manager – Group Chief Financial Officer as Vice-Chairman. The Committee includes the Executive General Manager – Group Chief Business Officer, Executive General Manager – Group Chief Operating Officer and the General Manager – Group Chief Risk Officer. Required observers in this Committee include the Group Chief Audit Executive, Group Chief Compliance Officer, Head of Legal and a representative from the concerned department. The Group Head of Tenders and Contracts Administration acts as a Secretary for this committee. The Committee meets as and when required, and the decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

The Centralised Purchasing Committee ensures the compliance of the Group with the Tenders and Auction Policy directives, manages relevant contractual relations, and is committed to disclose any situation of conflicts of interest emanating from members. It reviews and approves the procedures for purchases and auctions, along with the formation of auction working groups to oversee bid openings, selection and evaluation. The Committee also reviews and approves vendor lists and associated products and services, and the awarding of tenders and auctions. It has the authority to form sub-committees in other jurisdictions where required.

### 6.2.7 Group Cybersecurity Committee

QNB Group established a Group Cybersecurity Committee (GCSC) with the objective to enhance management of cyber related and information security risks across the Group. The formation of this committee is in line with QCB's requirements and recommendations advocating measures to enhance information security and management of cyber risks and QNB's goal to adopt leading measures. This committee is classified as a 'Tier 1' Committee.

The Group Cybersecurity Committee is headed by the GCEO, with the Executive General Manager – Group Chief Operating Officer as the Vice-Chairman. The Committee also includes the Executive General Manager – Group Chief Business Officer, General Manager – Group Chief Risk Officer, General Manager of Information Technology and Group Chief Information Security Officer. The Group Chief Audit Executive attends the meetings as a required observer. The Group Chief Information Security Officer acts as Secretary for this committee. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

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

The Committee held **four** meetings during 2022.

### 6.2.8 Group Financial Recovery Management Committee

During end of 2022, QNB established Group Financial Recovery Management Committee (GFRMC) for a better risk management in case any critical issues happens that require the activation of the Recovery Plan, Contingency Funding Plan (CFP) and/or Capital Contingency Plan (ICAAP). This committee is headed by the GCEO with the General Manager – Group Chief Risk Officer as Vice-Chairman. The Committee includes Executive General Manager – Group Chief Business Officer and General Manager – Group Chief Financial Officer as members. Executive General Manager – Group Chief Operating Officer, General Manager- Group Treasurer and General Manager- Corporate Banking are non-voting observers. Both assistants of general managers of group financial strategy and business planning and group treasury act as Secretary for this committee.

The main functions of this Committee is monitor and manage the implementation of the recovery plan once it is activated and to ensure that there is timely information sharing with Board of Directors, and relevant management (as applicable) with regard to the potential recovery measures and other mitigating plans during activation of the respective plans

### 6.2.9 Group Information Technology Committee

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

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

The Committee held **four** meetings during 2022.

#### 6.2.10 Group Business Development Committee

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

The Group Business Development Committee formulates the implementation framework for realising expansion plans and aligns the required regulatory, business, support and marketing resources. The Committee develops the international expansion plan in line with QNB Group's strategy and business plans. It also reviews mergers and acquisitions to implement appropriate integration standards across QNB Group's business. The Committee reviews the new business and product initiatives, as well as market share and competitor information and recommends business plan amendments as needed. It also reviews regulatory developments and their impact on business strategy and products. The Committee develops and monitors the implementation of operational standards across the Group and

reviews the performance of Business Departments. It maintains inter-Group working priorities in areas of business and operations, at the same time it reviews support units' delivery against business objectives.

The Committee held **six** meetings during 2022.

#### 6.2.11 Group Operations and Services Committee

The Group Operations and Services Committee is headed by the Executive General Manager – Group Chief Operating Officer, with the General Manager – Group Operations as Vice-Chairman. The Committee includes the General Managers of Group Administration and General Services, Group IT, Group Retail, Group International Banking, Group Corporate and Institution Banking and the Assistant General Manager of Operations Control and Excellence. The Assistant General Managers of Group Operational Risk, Central Operations, Treasury and Assets Operations and International Operations Affairs are observers. The Assistant General Manager of Operations Control and Excellence also acts as Member and Secretary for this committee. The Committee meets quarterly at minimum, provided that the majority of the Committee members attend, including the Chairman of the Committee or his deputy. The decisions taken are by majority, with the Chairman's vote deciding in case of a tie.

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

The Committee held **four** meetings during 2022.



### 6.2.12 Group Human Capital Committee

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

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

The Committee held **four** meetings during 2022.

## 7. Risk management

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

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

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

Risk management policies and procedures are established in order to identify, assess and monitor the risks at Group level. The process of independent risk oversight is a part of the strategic planning for QNB Group, and includes business risks such as variables that may arise in the environment, technology and business. The BOD assumes full responsibility for the development of strategic risks and the application of the relevant principles, frameworks and policies. This includes the implementation of appropriate restrictions with respect to products, issuer, geographic location, and maturity.

However, separate and independent entities responsible for the management and control of certain risks are nominated and pre-defined. Accordingly, QNB Group's Treasury, Risk Management and Internal Audit Divisions are responsible for the monitoring of the Group's commitment to trading restrictions imposed by the BOD. In this regard, detailed monthly reports are submitted to the Group Assets and Liabilities Committee.

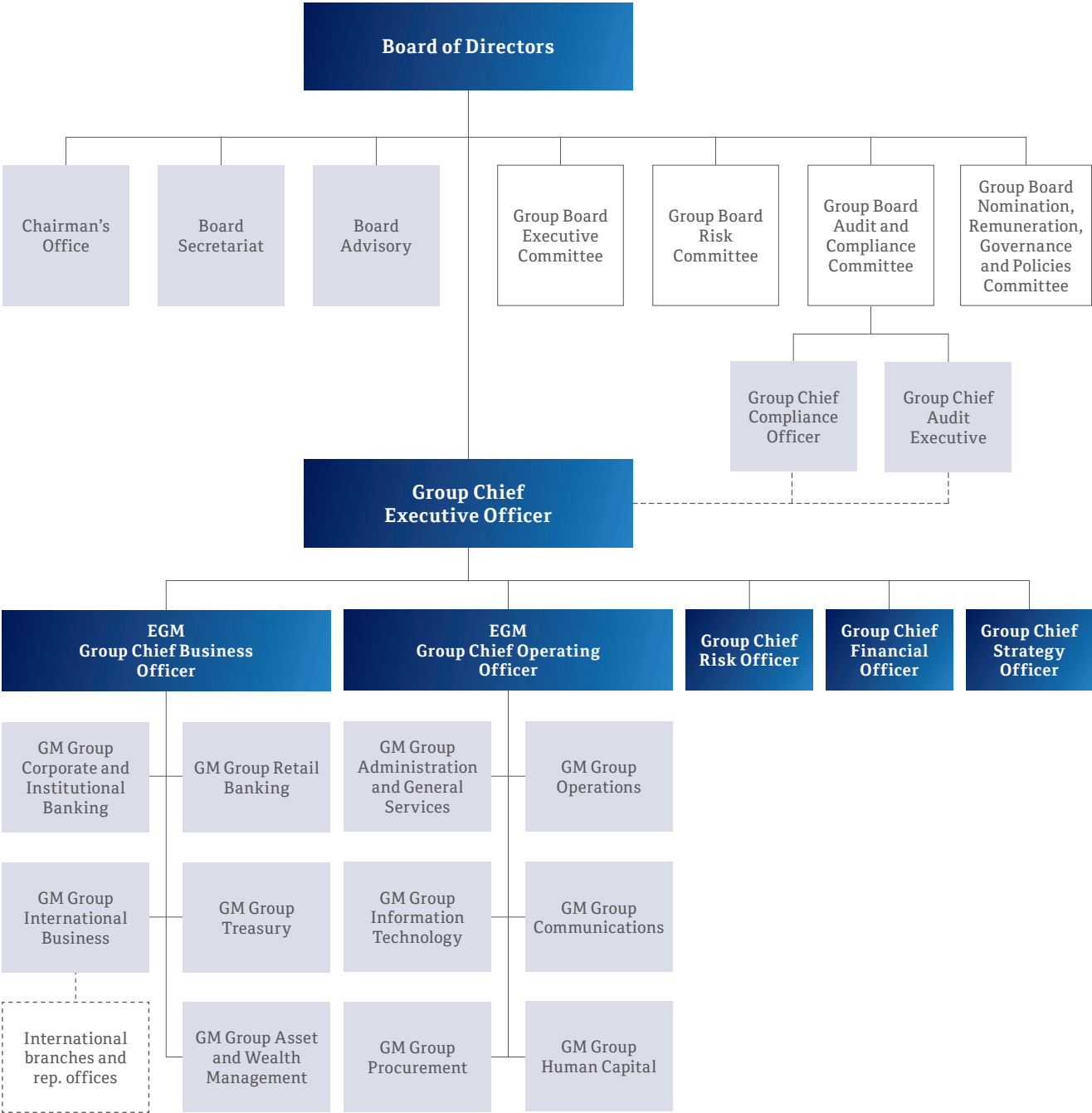
The identification of principal risks is a process overseen by Group Risk. The material risks are regularly reported to the GBRC and Group Management Risk Committee (GMRC), together with a regular evaluation of the effectiveness of the risk-operating controls. The day-to-day governance is delegated through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

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

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

8. QNB Group organisation structure and succession plan

8.1 QNB Group organisation structure



## 8.2 Leadership continuity planning and organisation structure

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

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

## 8.3 Training and development of future leadership

QNB Group continues to deliver the Leadership Development Programme (LDP) and Management Development Programme (MDP) for the middle management, supervisors and team leaders in Qatar and Group's international locations in collaboration with renowned global institutions to assist in fulfilling career aspirations. During 2022, QNB initiated 360° Assessment to identify high potential talent across different levels of the bank, which included performance evaluations, 180° evaluation and psychometric assessments.

## 9. Internal control system

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

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

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

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

Based on that, during 2022 QNB management assessed the design and operating effectiveness of QNB's internal controls over financial reporting (ICOFR). Management reviewed the results of its assessment and shared it with the Group Board Audit and Compliance Committee. Based on this assessment, management determined in the "statement", which is published in the Annual Report, besides the external auditor's reasonable assurance report, that, as of 31 December 2022, QNB's internal controls over financial reporting have been designed appropriately and are operating effectively.

## 9.1 Group Internal Audit Division

Rigorous internal audit processes are a fundamental component of QNB Group's business practice to ensure a sound corporate governance framework, following the three Lines of Defence model recommended by BASEL. The Group Internal Audit Division (GIAD) is an independent function within QNB Group that intends to add value to the Group's operations and improve their performance. It is the responsibility of the Group Internal Audit Division to determine and report on the failures or weaknesses in the systems and operations of the Group in order to control its activities and adequately manage its risks. The division also reviews the systems and internal controls for the activities of the Group by assessing the efficiency and effectiveness of the systems and the implemented procedures and by ensuring compliance with the control mechanisms implemented by management. The division also ensures compliance with all rules, regulations and internal procedures, and reviews the validity and reliability of the information that is provided to management. Group Internal Audit submits its reports directly to the BOD or through the Group Board Audit and Compliance Committee.

The remuneration of the division is determined by the Group Board Audit and Compliance Committee, which enhance its objectivity and independency. The Group Chief Audit Executive is nominated by the Group Board Audit and Compliance Committee and submits periodic reports directly to the Committee and the GCEO.

GIAD has adopted the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA) as well as Basel Committee recommendations and other leading standards. The GIAD team is composed of individuals with experience from leading financial institutions and audit firms across the globe. More than 60% of GIAD are professionally qualified and hold globally recognised professional certifications. Team members undergo continuous professional development, awareness and training. GIAD maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity to increase the

efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. GIAD continues to develop its data analytics capability and extrapolation techniques to be able to identify systemic issues and execute efficient audits.

GIAD participates in the Group Cyber Security Committee as a non-voting observer to uphold their own independency while they support IT projects, governance matters and tenders. Moreover, it also actively takes part in the deliberations of the Group Management Risk Committee as a non-voting observer to bring up-to-date working risk assessments whenever needed.

In accordance with the Institute of Internal Auditors (IIA) and the Group's internal audit platform, this year the division reviewed, a number of policies, procedures, circulars, legal agreements, businesses and new processes and consistently proposed valuable additions related to contextual, legal, financial and regulatory aspects without prejudice to its right to audit these regulations or processes later.

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

## 9.2 Group Compliance Division

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

The QNB Compliance strategy focuses on effective management of compliance activities across the Group in order to consolidate the Group's competitive position



and build trust-based relationships with all investors and stakeholders. Moreover, a robust compliance function helps QNB Group to protect its reputation, lower the cost of capital, reduce costs and minimise the risk of investigation, prosecution and penalties in addition to building a culture that is in line with QNB Group values. On a proactive basis, the division identifies, evaluates, monitors, documents and reports on compliance risks associated with the bank's business activities, including the risk of legal sanctions, legislative and financial losses, or damage to the reputation of the Group as a result of failure to abide by laws and regulations, the charter of professional conduct and the standards of good practices. QNB's Group Compliance Division continually monitors and assesses QNB Group's operations and activities from a compliance perspective, exerting additional efforts to ensure high levels of compliance with QFMA and QCB regulations as well as local and international statutory requirements.

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

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

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

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

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

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

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

Group Compliance is continually working to develop and enhance the Compliance Function with a vision to maintain a healthy environment and practices.

No penalty of any kind was imposed on the bank by any regulatory authority during 2022.

## 10. External audit

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

KPMG was appointed as the External Auditor for QNB Group in accordance with the applicable QCB regulations and QFMA corporate governance requirements. QNB Group issues a public tender in order to select a suitable external auditor for the financial year. Based on the technical evaluation and commercial proposal, the Centralised Purchasing Committee (CPC) makes its recommendation to the Group Board Audit and Compliance Committee for the appointment of the new External Auditor subject to approvals by Qatar Central Bank and the General Assembly.

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

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

## 11. QNB global ratings

During 2022, Standard & Poor's, Capital Intelligence, Fitch and Moody's affirmed QNB's strong rating and outlook. The QNB Group credit rating is considered to be among the highest in the region. The following table highlights the rating of QNB Group by some of the key important rating agencies worldwide:

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

## 12. Capital and shares

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

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

### 13. Shareholders' rights

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

A dedicated work team, led by the General Manager – Group Chief Financial Officer and the Assistant General Manager – Economic Financial Analysis and Research, are entrusted to provide analysts and shareholders with the latest updates on QNB Group's activities. The bank's Articles of Association also confirm that all capital shares hold equal rights, without discrimination, in terms of ownership in the bank's assets, profits, attendance to the General Assembly meetings and voting, in application of the principle of 'one vote per share'.

In accordance with the Commercial Companies Law, the Articles of Association states that the General Assembly shall hold one ordinary meeting within four months following the end of each financial year. The Board of Directors may call for a meeting of the General Assembly at its own discretion or whenever requested to do so for a certain purpose by the external auditor or by shareholders holding at least 10% of the capital.

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

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

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

### 14. Transparency and disclosure

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

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

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

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

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

## 15. Whistleblowing

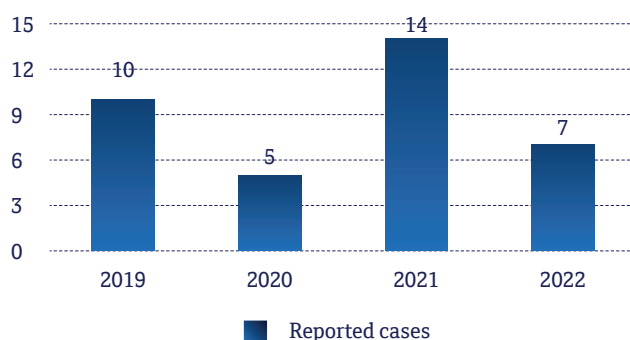
QNB Group is committed to the highest standards of openness, probity and accountability. In line with that commitment, QNB Group maintains a robust Whistleblowing Policy and related-channels thereby encouraging employees to report wrongdoings or violations they are aware of or have suspicions or concerns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

The following encapsulates QNB Group's Whistleblowing framework in 2022:

- QNB has clear reporting channels (including email and phone) that are accessible to employees to report their concerns without reprisals or retaliations in any form. Employees are encouraged to report concerns and activities that do not seem right ranging from but not limited to aspects such as fraud, misconduct, suspicions of money laundering, workplace malpractices, insider dealing, forgery, accounting irregularities, unethical conduct, bribery, corruption and criminal offences.
- QNB has established a process for receiving, evaluating, and treating alerts and whistleblowing concerns. Group Compliance is the custodian of the Whistleblowing process and conducts comprehensive investigations into potential cases referred taking into account the scope, severity, plausibility, and implications of the matter reported.
- QNB has in place a Whistle Blowing Investigation Matrix, which outlines the levels for notification, escalation and investigation of the whistle blowing cases and covering all employees.

- Moreover, during the year, nearly 3,000 employees across the Group completed trainings on the concept of Whistleblowing its core principles, process for escalation, confidentiality clauses, red flags and reporting channels
- During 2022, fraud unit closed (7) reported cases related to bribery, fraud, misconduct at workplace, and breach of procedures the graphs below shows the number of cases reported from 2019 until the end of 2022
- Actions are initiated depending on the nature of the concerns. Where investigations are warranted, actions are taken in light of observations identified and recommendations are shared with appropriate levels of Management so that appropriate corrective actions could be taken, including discipline, remediation asset recovery, training, civil action, and/or criminal referral. QNB investigated all the escalated/ reported concerns where the cases until the end of 2022 are closed. Furthermore, the allegations of most of the cases reported in 2022 were not founded.

**Number of Whistleblowing Reported Cases from 2019 to 2022**



## 16. Conflicts of interest and insider trading

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

The Executive Management are responsible for maintaining an adequate framework, and implementing proper systems,

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

With reference to article (4.10) of QFMA Corporate Governance Code, all the disputes, lawsuits in which the bank is a party are properly handled and tracked by the Legal Division of the bank. These cases together with the latest updates are regularly reported to the Group Management Risk Committee and the Group Board Risk Committee for information and proper decision. As part of the regulatory scope, the external auditor also reviews all the disputes and lawsuit cases for proper assessment.

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

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

## 17. Handling customers' complaints

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

## 18. Sustainability and corporate social responsibility

Sustainability has become one of the most pressing topics affecting our society today. This includes environmental aspects, such as climate change and resource scarcity, social aspects, such as human rights, financial inclusion and data privacy, and corporate governance aspects, such as board composition, anti-corruption and ethical business practices. Collectively, these are commonly referred to as ESG

(environmental, social and corporate governance). There is now increasing demand from investors, customers, regulators and our own employees for greater transparency of our approach to ESG issues. And we recognise the significant contribution QNB can make to society by adopting business practices to address these, especially through our financing activities.

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

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

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

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

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

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

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

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

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



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

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

**19. Spotlight on specific corporate governance practices – new ‘2022’ QCB Corporate Governance Instructions**

Law No. (8) for the year 2021 amended certain provisions of the Commercial Companies Law (CCL) of 2015. One of the key areas these amendments improved is enhancing corporate governance practices; this then sparked a change in the regulatory landscape culminating in QCB releasing Circular No. (25) 2022 titled ‘Corporate Governance Instructions for Banks’. The circular amended many aspects of QCB 2015 Corporate Governance Instructions and required all banks licensed by QCB comply with the principles set out in the updated instructions.

QNB Group conducted an in-depth analysis of the new instructions and how they differ from the previous ones - examining its policies, procedures and charters, if and how they would be affected and how they would be worked on to ensure proper alignment with the new requirements. According to this analysis, QCB new corporate governance instructions focused on the following key areas to introduce more governance aspects that could improve good governance implementation.



BOD composition



BOD members Independency



Remuneration



Conflict of interest



Internal control functions



ESG

QNB’s analysis of the newly released QCB instructions concluded that various aspects of the bank’s operations, ESG framework, internal control framework and BOD conflict of interest disclosures are properly aligned with the new instructions. However, the bank also found that there are some areas related mainly to the Board composition and the related independency requirements need to be aligned with the new requirements. QNB is currently coordinating with the relevant regulatory authorities on the best ways to implement the new instructions and reflect the same in its Articles of Association (AOA).

QNB already completed the implementation of the other requirements by properly identifying their impact; the relevant impacted documentation in terms of policies, procedures and guidelines and by including the changes mandated by the new instructions.

As the regulatory landscape continues to change and become even more dynamic, QNB Group works to ensure that our compliant nature, Corporate Governance framework and Board practices stay aligned on continuous basis.

**20. Compliance with the QFMA Corporate Governance Code**

In accordance with Article 2 of the QFMA Corporate Governance Code for Companies & Legal Entities on the Main Market (the “Code”), Qatar National Bank Q.P.S.C (“the Bank”) carried out an assessment on its compliance with the QFMA’s law and regulations and other relevant legislation applicable to the Bank including the Code.

As a result of the assessment, management concluded that there is a process in place to ensure compliance with Bank’s Articles of Association, and the provisions of the QFMA’s law and regulations and other relevant legislation and that it is in compliance with the provisions of the Code as at 31 December 2022.

KPMG, the external auditor of the Bank has issued a limited assurance report (refer to Appendix (4) of this report) on the management assessment on compliance with Bank’s Articles of Association, and the provisions of the QFMA’s law and regulations and other relevant legislation including the Code as of 31 December 2022.

## Conclusion

QNB annual corporate governance report 2022 demonstrated the commitment of QNB Group, represented by its Board of Directors and Executive Management, on raising the level of effectiveness and comprehensiveness of the Corporate Governance framework. This commitment is aligned with the interests of the shareholders, the depositors and other stakeholders, and commensurate with the scale and nature of the Group risks exposure.

During 2022, QNB Group carried out a number of activities that contributed to improving its governance system and practices at local and international levels. This has reinforced the Group's growth and preserved its strength and reputation. Doing so has also upheld the safety of our customers and employees, bolstering its status as one of the largest financial institutions in the Middle East, Africa and Southeast Asia, based on the Group's belief that sound corporate governance is the cornerstone for achieving its sustainability and growth and maintaining the confidence of shareholders and stakeholders.

As described in this report, QNB Group targeted many elements of the Corporate Governance framework, including, but not limited to, amending its corporate governance manual and improving the governance framework of QNB Subsidiaries and Overseas Branches, taking into account the legislative environment in which these entities and branches are operating.

The report also included a summary of the Group's efforts in spreading a culture of accountability and responsibility while keeping ethicalness in mind. Furthermore, the report noted how the Group worked to improve the level of transparency and disclosure in relation to good governance, familiarized employees with whistleblowing channels, evaluated internal control over financial reports then verified their adequacy and readiness by the Management and the independent External Auditor.

QNB Group believes that sound governance is a key element to achieve its objectives and enhance investor confidence. As such, the Group will continue its efforts to improve its governance framework and ensure that it is in line with the best global governance practices and complies with the regulatory and legislative requirements issued by local regulatory authorities, taking into account the interests and aspirations of shareholders, depositors and other stakeholders.

In conclusion, QNB Group affirms its compliance with the Corporate Governance instructions and code issued by QCB and QFMA in accordance with applicable legislations as well as its commitment to adopt the best international Corporate Governance standards and practices. This has contributed to the growth of our business and maintained the confidence of our shareholders, investors and other related parties. In this regard, I would like to thank all the parties that contributed to the adoption of the best standards in corporate governance intended to promote the State of Qatar as an attractive business and investment destination.

**Ali Ahmed Al-Kuwari**

Chairman of the Board of Directors

**Fahad Bin Faisal Bin Thani Al-Thani**

Vice-Chairman of the Board of Directors  
Chairman of the GBACC

## Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<b>H.E. Mr. Ali Ahmed Al-Kuwari</b>  Chairman  Non-Independent	<p>H.E. was appointed as the Chairman of QNB Group in late 2021. He is currently the Minister of Finance and Chairman of Qatar Development Bank and Katara Hospitality, as well as a member of the Supreme Council of Economic Affairs and Investment and Board member of Qatar Investment Authority and Qatar Energy. His excellency has over than 30 years of extensive experience working in the government and the financial sector. He was appointed as the Minister of commerce &amp; Industry after being the GCEO of QNB Group from 2013 to 2018. Under his leadership, QNB Group had become the largest bank in the Middle East and Africa region. H.E. has a Bachelor's Degree in Math and Computer Science from Eastern Washington University in the United States, and a Master's Degree of Science in Management Information System from the Seattle Pacific University in the United States.</p> <p>Key previously held positions include:  Minister of Economy and Commerce in the State of Qatar  Chief Executive Officer of QNB Group  Chairman of Qatar Stock Exchange</p>
<b>H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani</b>  Vice-Chairman  Independent	<p>H.E. was appointed as the Vice-Chairman of QNB's Board of Directors in 2019. He is also the Chairman of the Group Board Audit and Compliance Committee at QNB Group. H.E. is currently also the Minister of State. H.E. holds a Bachelor's Degree in Business Administration from Portland State University in Oregon, United States and a Master's Degree in Banking &amp; Finance from University College Dublin in Ireland.</p> <p>Key previously held positions include:  Deputy Governor of Qatar Central Bank  Chairman of the National Anti-Money Laundering Committee  Vice-Chairman of Qatar Financial Markets Authority</p>
<b>H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani</b>  Board member  Non-Independent	<p>H.E. was elected as a member of the Board of Directors in 2016. He is also a member of the Group Board Nomination, Remuneration, Governance and Policies Committee. He is also currently the Minister of State, member of the Arab Thought Forum in Amman, the Advisory Council for Contemporary Arab Studies –Georgetown University– Washington. He also serves as the Chairman of Qatar Sports Federation for Special Needs, as a Board member in Qatar Insurance Company (QIC) and Qatar Navigation Company (Milaha). H.E. holds a Master's Degree in International Relations from the United States International University in the United States and a Diploma in National and International Security for the Government from Harvard Kennedy School in the United States.</p> <p>Key previously held positions include:  The Head of the Amiri Diwan  Private Secretary to the Amir  Head of Political Division of the Amiri Diwan  Deputy Minister of State in the Amiri Diwan  Ambassador for the State of Qatar in Washington, United States  Ambassador of the Ministry of Foreign Affairs, Public Diwan</p>
<b>H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani</b>  Board member  Independent	<p>H.E. was appointed as a member of the Board of Directors in 2004. He is the Chairman of the Group Board Executive Committee and a member of the Group Board Nomination, Remuneration, Governance and Policies Committee. H.E. is also a member of the Board of Directors of Qatar Electricity and Water (QEW), and the Chairman of the Business Advisory Council for the College of Business and Economics of Qatar University. H.E. holds a Bachelor's Degree in Business Administration from Metropolitan State College in Colorado in United States.</p> <p>Key previously held positions include:  President of the Qatar Statistics Authority  Director General of the General Secretariat for Development Planning  Secretary General of the Planning Council  Director of Administration in Qatar Energy  Manager of Human Recourses in Qatar Energy</p>

## Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<b>H.E. Mr. Mansoor Ebrahim Al-Mahmoud</b>  Board member  Non-Independent	<p>H.E was appointed as a member of the Board of Directors in 2004 and is the Chairman of the Group Board Risk Committee. Currently, he is the CEO of Qatar Investment Authority (QIA) and Vice Chairman of Qatar Exchange. He is also a member of the Board of Directors in Qatari Diar and Doha Film Institute and Special Advisor to Qatar Museums' Chairperson. H.E. holds a Bachelor's Degree in Business Administration &amp; Finance from George Washington University in the United States.</p> <p>Key previously held positions include:  CEO of Qatar Development Bank (QDB)  Office Director of Investment Affairs for His Excellency the Former Prime Minister  The Head of Risk Management at Qatar Investment Authority</p>
<b>Mr. Bader Abdulla Darwish Fakhroo</b>  Board member  Non-Independent	<p>Mr. Fakhroo was elected as a member of the Board of Directors in 2001 and is a member of the Group Board Risk Committee and the Group Board Executive Committee. He is currently the Chairman and Managing Director of Darwish Holding. Mr. Fakhroo holds a Bachelor's Degree in Business Administration and a Postgraduate Degree in Finance &amp; Marketing from Kingston University in the United Kingdom.</p> <p>Key previously held positions include:  Board Member of the Higher Education Institute in Qatar  Chairman of the Committee of the International Fund for the Higher Education in Iraq  Chairman of the Commercial Arbitration Centre for the Gulf Cooperation Council  Board Member of Qatar Chamber of Commerce &amp; Industry, Chairman of the Internal &amp; Foreign Relations Committee  Chairman of the Italian-Qatar Joint Business Council  Participant Executive Director of Qatar-British Association of Businessmen (Q.B.A.B.)</p>
<b>Mr. Fahad Mohammed Fahad Buzwair</b>  Board member  Independent	<p>Mr. Buzwair was elected as a member of the Board of Directors in 2001. He is the Chairman of the Group Board Nomination, Remuneration, Governance and Policies Committee. He also currently serves as the Chairman of Buzwair Holding. Mr. Buzwair holds a Bachelor's Degree in Business Administration &amp; Management Information System from George Washington University in the United States.</p> <p>Key previously held positions include:  Member of the Advisory Council (Shura Council), State of Qatar  Member of the Financial and Economic Affairs Committee, and the Cultural Affairs and Media Committee in the Advisory Council (Shura Council);  Member of the Qatar-European Friendship Group in the Advisory Council (Shura Council).</p>
<b>Mr. Ali Yousef Hussain A Kamal</b>  Board member  Non-Independent	<p>Mr. Kamal was elected as a member of QNB Board of Directors in 2022. He is a member of the Group Board Audit and Compliance Committee at QNB Group. Currently he is a member of the Board of Directors in Almannai Group and Qatar Insurance Company. Mr. Kamal holds a Bachelor's Degree in Sciences with emphasis in Finance and a Bachelor's Degree in Art and Science in Economics from the University of Colorado, Boulder.</p> <p>In addition to the above, Mr Ali Kamal is also the CEO of Al Kamal International Group, Al Hermas Investments and all of other family entities. These entities are engaged in diverse activities including commercial real estate development and ownership, hotel ownership and management and global equity investment management</p> <p>Key previously held positions include:  Financial Analyst in Goldman Sachs  Financial Analyst in Credit Suisse  Consulate Affairs &amp; Trade Relations Officer in of Qatar Ministry of Foreign Affairs in Paris, France.  Board Member of Qatar Industrial Manufacturing Co  Board Member of Mazaya Real Estate Development Co</p>

## Appendix 1: The Board of Directors – biographies

Name of the Director	Brief biography summary
<b>Mr. Abdulrahman Mohammed Y Jolo</b>  Board member  Independent	<p>Mr. Jolo was appointed as a member of the Board of Directors in 2019. He is a member of the Group Board Audit and Compliance Committee. He currently serves as the Deputy Undersecretary for Financial Policies Affairs in the Ministry of Finance in Qatar. He is also Board Member in Qatar Financial Markets Authority. Mr. Jolo holds a Bachelor's Degree in Science from Texas A&amp;M University in Qatar and two Master's Degrees, one in Technology from Curtin University of Technology, and the other is in Strategic Business Unit Management from HEC Paris Business University in Qatar. In addition, Mr. Jolo is currently undertaking a Doctorate in Sustainability from Hamad Bin Khalifa University in Qatar.</p> <p>Key previously held positions include:  Director of Financial Policies in the Ministry of Finance, State of Qatar  Research and Studies Advisor in the Ministry of Finance, State of Qatar  Goal Zero Program Management Office in Royal Dutch Shell  Investigations Team Leader in Royal Dutch Shell</p>
<b>Mr. Adil Hassan H A Al-Jufairi</b>  Board member  Independent	<p>Mr. Al-Jufairi was elected as a member of the Board of Directors in 2019. He is a member of the Group Board Risk Committee and Group Board Executive Committee. He is the General Director, Partner, and Board member of HBH Al Mulla &amp; Sons Trading. Mr. Al-Jufairi has also been working in the Ministry of Health since 1992. Mr. Al-Jufairi holds a Bachelor's Degree in Chemistry from Qatar University.</p>



## Appendix 2: Executive Management – biographies

Name and position	Brief biography summary
<b>Mr. Abdulla Mubarak Al-Khalifa</b>  Group Chief Executive Officer	Mr. Al-Khalifa was appointed as the GCEO in November 2018. Prior to that, he was the Executive General Manager – Group Chief Business Officer at QNB. He joined QNB in 1996 and has more than 26 years of diverse banking experience. He is currently the Chairman of the Board of Directors of QNB Capital and QNB Suisse. In addition, he is the Board member at Ooredoo & Qatar Airways. Mr. Al-Khalifa holds a Bachelor's Degree in Business Administration from Eastern Washington University in the United States.
<b>Mr. Ali Rashid Al-Mohannadi</b>  Executive GM – Group Chief Operating Officer	Mr. Al-Mohannadi joined QNB in 1996 and currently serves as the Executive General Manager – Group Chief Operating Officer. He was previously General Manager – Retail Banking and General Manager – Information Technology. Mr. Al-Mohannadi is currently the Chairman of the Board of Directors of QNB Al Ahli (Egypt) and the Vice Chairman of the Board of Directors at CBI (Dubai). In addition, he is a Board member at QNB Capital. He also serves on several other committees within QNB Group. Mr. Al-Mohannadi has more than 26 years of experience in the financial sector, and has a Bachelor's Degree in Computer Science from Qatar University.
<b>Mr. Yousef Mahmoud Al-Neama</b>  Executive GM – Group Chief Business Officer	Mr. Al-Neama joined QNB in 2005 and currently serves as Executive General Manager – Group Chief Business Officer. Prior to joining QNB, Mr. Al-Neama held a variety of roles in financial institutions and corporate banking within Qatar and abroad, and has more than 18 years of experience in financial institutions. He is currently Vice-Chairman of the Board of Directors at Mansour Bank (Iraq) and Housing Bank for Trade & Finance (Jordan) and QNB Finansbank (Turkey). In addition, he is a Board member at QNB Capital. Mr. Al-Neama holds a BS in Aviation Management from Florida Tech. in the United States and a Diploma in Business Administration from Glamorgan University in Wales.
<b>Mr. Ramzi Mari</b>  Group Chief Financial Officer	Mr. Mari joined QNB in 1997 from the Bank of Jordan and currently serves as the Group Chief Financial Officer. He has almost 30 years of experience in the banking sector. He is currently a member of the Board of Directors at Housing Bank for Trade and Finance (Jordan), QNB Finansbank (Turkey) and QNB Capital LLC. Mr. Mari is a Certified Public Accountant (CPA) from the State of California (in 1989) and holds a Master's Degree in Accounting from California State University in the USA.
<b>Ms. Fatma Abdulla Al-Suwaidi</b>  Group Chief Risk Officer	Ms. Al-Suwaidi joined QNB in 2000 and currently serves as Group Chief Risk Officer; having previously held the role of Assistant General Manager of Credit Risk Management. She has almost 22 years of experience in banking and is currently a member of the Board of QNB Finansbank (Turkey) and QNB Indonesia. Ms. Al Suwaidi has a BSc in Accounting, a Master's in Business Administration from Qatar University, an MSc in Risk Management from the University of New York and a Juris Doctor Degree from Hamad Bin Khalifa University. She holds particular interest in banking innovation and is in the advanced stages of completing a Doctorate in Business Administration from Grenoble University, France on the subject of 'Innovation in Banking and Financial Markets', focusing on crypto currencies.
<b>Mr. Christian Eichner</b>  Group Chief Strategy Officer	Mr. Eichner joined QNB in 2009 and currently serves as the Group Chief Strategy Officer. Prior to joining QNB, he worked in the strategy consulting arena, focusing on financial services. Mr. Eichner first served clients in Germany and the German speaking countries in Europe before transferring to the Middle East in 2006 where he served clients in the GCC and MENA region. He has almost 23 years of work experience, holds a Master's Degree in Business Administration from the University of Cologne, Germany and is an Associate Certified Coach with the International Coaching Federation (ICF).
<b>Mr. Khaled Gamal Eldin</b>  Group Chief Audit Executive	Mr. Gamal Eldin joined QNB in 2014 as the Group Chief Audit Executive. He has almost 34 years of banking experience in leading banks in the region. Prior to joining QNB, he worked as GM – Chief Internal Auditor for Al Rajhi Bank in Saudi Arabia and as GM – Chief Internal Auditor for Gulf Bank in Kuwait. In addition, Mr. Gamal Eldin was previously working with QNB for 11 years in different roles in Internal Audit and as the Head of the Compliance Department. In addition, he worked as an Examiner in the Banking Control Department in the Central Bank of Egypt. He is a Certified Public Accountant (CPA) from the State of Colorado, a Certified Fraud Examiner (CFE), a Certified Anti-Money Laundering Specialist (CAMS), has an MBA in International Finance and a Diploma in Risk Management.
<b>Mr. Saleh Nofal</b>  Group Chief Compliance Officer	Group Chief Compliance Officer Mr. Nofal joined QNB in 2003 and currently serves as the Group Chief Compliance Officer. He has almost 34 years of banking and financial services industry experience and specialises in the compliance and audit fields. Prior to joining QNB, Mr. Nofal was with Arab Bank, Jordan Ahli Bank, the Arab World Auditing Bureau and a Jordanian public accountancy firm. He holds a Bachelor's Degree in Commerce, and he is a Certified Internal Auditor, a Certified Fraud Examiner, a Certified Compliance Officer and has a professional Diploma in Audit and Accounting. Mr. Nofal is also a member of the Association of Certified Fraud Examiners (ACFE), Association of Certified Anti-Money Laundering Specialists (ACAMS) and Institute of Internal Auditors (IIA). In addition, he is a member of MENA Financial Crime Compliance Group (FCCG) in partnership with Union of Arab Banks.

### Appendix 3: QCB corporate governance disclosure requirement

Clause		Description		Disclosure
1	Shareholding	1.1	Shareholding breakdown by nationality	Qatar 82.79%. Others 17.21% (as 30/11/2022)
		1.2	Shareholding breakdown by number of shareholders	Total number of shareholders 3,274 and total number of shares is 9,236,428,570 (as 30/11/2022)
		1.3	Government's shareholding	50%
		1.4	Principal shareholders (Above 10%)	Only QIA own more than 10%
		1.5	Significant shareholders (Above 5%)	Only QIA own more than 5%
2	Board of Directors and Executive Management	2.1	Board detailed functions	Please refer to Section 3
		2.2	Types of transactions requiring Board approval	Please refer to Sections 14 and 16
		2.3	Board members	Please refer to the BOD Biographies 'Appendix 1'
		2.4	Independent members	Please refer to section 3 and BOD biographies 'Appendix 1'
		2.5	Executive/non-executive members	Please refer to section 3 and BOD biographies 'Appendix 1'
		BOD Shareholding (as on 30/11/2022)		
		2.6	Mr. Adil Hassan H A Al-Jufairi	89,670
			Mr. Ali Yousef Hussain A Kamal	407,526
			Mr. Fahad Mohammed Fahad Buzwair	13,398,000
			Mr. Bader Abdulla Darwish Fakhroo	15,450,460
		2.7	New Board members induction measures	Please refer to Section 3
		2.8	Board election process	Please refer to Section 3
		2.9	Insider trades	Qatar Exchange website, 'Intraday Insiders Trades Report'
		2.10	Membership termination arrangements	Please refer to Section 3.11
		2.11	Number of BOD meetings and dates	1st meeting: 11 January 2022
				2nd meeting: 13 February 2022
				3rd meeting: 15 March 2022
				4th meeting: 10 May 2022
				5th meeting: 03 July 2022
				6th meeting: 20 September 2022
				7th meeting: 29 November 2022
		2.12	Attendance record	Please refer to Section 3
		2.13	Board and Executive Management remuneration and policy	Please refer to Section 5
		2.14	Key senior management	Executive Management biographies section 'Appendix 2'
		2.15	Executive Management shareholding	Key executive managers do not hold any QNB shares.
		2.16	Business Ethics Charter	Please refer to QNB Policy, BOD Charter and QNB Code of Ethics and Conduct
3	Board committees	3.1	Board committee names and responsibilities	Please refer to Section 3
		3.2	Committee members' attendance	Please refer to Section 3
		3.3	Total Committee Members Remuneration	Please refer to Section 5
		3.4	Committees Scope and Major issues/outcomes	Please refer to Sections 3, 4 and 5.
4	Corporate governance	4.1	Separate section within the Annual Report	Please refer to QNB Annual Report
		4.2	Reference to the corporate governance manual	Please refer to Section 1

### Appendix 3: QCB corporate governance disclosure requirement

Clause		Description		Disclosure
5	External Auditors	5.1	Audit scope related fees	QR 3.044 million for the year 2022
		5.2	Non auditing services provided	QR 0.855 million for the year 2022
		5.3	Reasons for replacing/reappointing the external auditor	This is subject to the General Assembly Meeting decision based on the recommendation of GBACC to the BOD.
6	Other Disclosures	6.1	Related party transactions	Please refer to Section 16
		6.2	Communication with shareholders and investors	Please refer to Sections 13 and 14
		6.3	Risk management	Please refer to Section 2 and 7
		6.4	Review of internal audit procedures	Please refer to Section 2 and 9
		6.5	Financial statement	Please refer to QNB Annual Report and Website
		6.6	Balance sheet	Please refer to QNB Annual Report and Website
		6.7	Income statement	Please refer to QNB Annual Report and Website
		6.8	Cash flow statement	Please refer to QNB Annual Report and Website
		6.9	Statement of changes in equity	Please refer to QNB Annual Report and Website
		6.10	External auditor certificate	Please refer to QNB Annual Report and Website
		6.11	Statement of responsibility by the Board of Directors	Please refer to Sections 3 and BOD Charter
		6.12	Detailed steps to ensure independent decision making on related-party transactions/ agreements	Please refer to Section 16
		6.13	Evaluating the performance of the Board of Directors, BOD committees and BOD members	Please refer to Section 3

## Appendix 4: External Auditor Independent Limited Assurance Report

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

#### External Auditor (i.e. KPMG) report on compliance with the QFMA ‘Governance Code for Companies & Legal Entities Listed on the Main Market’

Report on Compliance with the Qatar Financial Markets Authority’s law and regulations and Other Relevant Legislation including the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market

In accordance with Article 24 of the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market (“the Code”) Issued by the Qatar Financial Markets Authority (“QFMA”), we were engaged by the Board of Directors of Qatar National Bank (Q.P.S.C.) (“the Bank”) to carry out a limited assurance engagement over Board of Director’s assessment whether the Bank has a process in place to comply with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation and whether the Bank is in compliance with the articles of the Code as at 31 December 2022.

#### Responsibilities of the Board of Directors

The Board of Directors of the Bank is responsible for preparing the corporate governance report that covers the requirements of Article 4 of the Code. The Board of Directors provided their assessment whether the Bank has a process in place to comply with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation and the Bank’s compliance with the articles of the Code (the “Statement”), which was shared with KPMG on 11 January 2023, and to be included as part of the annual corporate governance report.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to activities of the Bank.

#### Our Responsibilities

Our responsibility is to examine the Statement prepared by the Bank and to issue a report thereon including an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board which requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Statement is fairly presented, in all material respects, that the Bank has a process in place to comply with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation and whether the Bank is in compliance with the requirements of the articles of the Code as at 31 December 2022 as the basis for our limited assurance conclusion.

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

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (*including International Independence Standards*) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures selected depend on our understanding of the Bank’s compliance with the articles of the Code and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Bank’s process for compliance with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation, and the Bank’s compliance with the articles of the Code and other engagement circumstances, we have considered the process used to prepare the Statement in order to design assurance procedures that are appropriate in the circumstances.

Our engagement included assessing the appropriateness of the Bank’s process for compliance with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation and the Bank’s compliance with the articles of the Code, and evaluating the appropriateness of the methods, policies and procedures, and models used in the preparation of the Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the

level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by the Board of Directors to comply with the requirements of the articles of the Code.

The procedures performed over the Statement included, but were not limited to:

- Examining the assessment completed by the Board of Directors to validate whether the Bank has a process in place to comply with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation including the articles of the Code;
- Examining the supporting evidence provided by the Board of Directors to validate the Bank's compliance with the articles of the Code ; and
- Conducting additional procedures as deemed necessary to validate the Bank's compliance with the Code (e.g. review governance policies, procedures and practices, etc.).

### Other information

The other information comprises the information to be included in the Bank's annual corporate governance report which are expected to be made available to us after the date of this report. The Statement and our limited assurance report thereon will be included in the corporate governance report. When we read the corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

### Characteristics and Limitations of the Statement

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another, which do not form a clear set of criteria to compare with. Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors' assessment on the process in place to ensure compliance with article of association and provisions of the QFMA's law and relevant legislations, including compliance with the Code and the methods used for determining such information. Because of the inherent limitations of internal controls over compliance with relevant laws and regulations, including the possibility of collusion or improper management

override of controls, material misstatements due to error or fraud may occur and not be detected.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

### Criteria

The criteria for this engagement is an assessment of the process for compliance with the Bank's Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation and compliance with the articles of the Code.

### Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Board of Directors' Statement does not present fairly, in all material respects, that the Bank has a process in place to comply with its Articles of Association, and the provisions of the QFMA's law and regulations and other relevant legislation, and the Bank is in compliance with the articles of the Code as at 31 December 2022.

### Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Bank and QFMA for any purpose or in any context. Any party other than the shareholders of the Bank and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Bank and QFMA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Bank and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Bank's own internal purposes) or in part, without our prior written consent.

12 January 2023  
Doha  
State of Qatar

Gopal Balasubramaniam  
KPMG  
Auditor's Registration No. 251  
Licensed by QFMA: External  
Auditor's License No. 120153



# Corporate Governance Report 2022

