



المصرف

إلتزام بالريادة
Committed to leadership

Corporate Governance Report 2010





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1. Introduction

Corporate Governance is a matter of vital importance and a fundamental part of the business of Qatar Islamic Bank. The Bank is committed to strong corporate governance practices that allocate rights and responsibilities among the Bank's shareholders, the Board and executive management to provide effective oversight and management of the Bank in a manner that enhances the shareholder value.

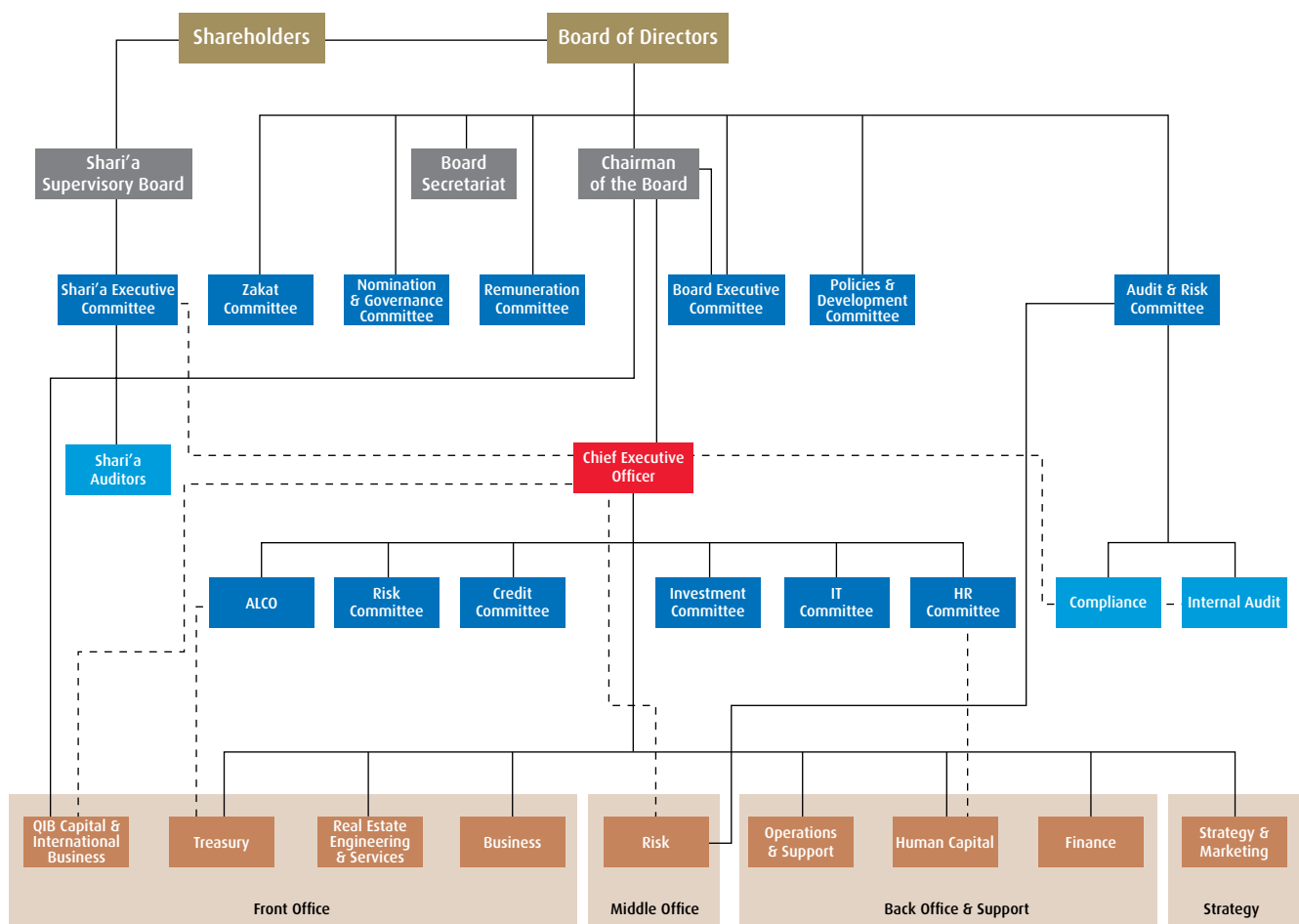
The Bank is committed to applying the rules of sound corporate governance as an integral part of the Bank's culture in the conduct of its strategic and day-to-day activities. In addition to the enhancement of the corporate culture, the Bank's corporate governance practices aim to improve its internal and external controls.

The Bank has already established an official corporate governance framework to cover all aspects of governance in Qatar Islamic Bank. This included the adoption and implementation of a comprehensive set of policies and procedures, complete organisational transformation which includes realignment of the organisation structure with detailed job descriptions that clearly detail the authorities, responsibilities, internal and external reporting requirements

related to audit, risk and compliance, the mission responsibilities of the Board of Directors, the charter for all committees that report to the Board, as well as the Executive Committees. The Corporate Governance Framework also has clear guidelines and elaborated policies, Conflict of Interest, Code of Ethics and Code of Conduct as well as standards of professional conduct for board members.

In fulfillment of the Bank's responsibilities to its stakeholders on corporate governance the Bank undertook a comprehensive audit assessment of the Corporate Governance Standards in practice, by the Bank's independent External Auditors in 2010. The audit also undertook an assessment of the Board and the standards adopted by the Board and how they are provided in the framework of the Bank's corporate governance. The Bank has already earmarked in 2011, individuals as well as resources to undertake any improvements required as an outcome of the assessment to improve these standards ensuring that the Corporate Governance Report for 2010 is a reflection of the fact that the Bank maintains best practices in corporate governance at all times, and that these practices provide for effective oversight and management of the Bank to achieve its goals.

2. Corporate Structure



3. Role of the Board and Board of Directors

The Board oversees the conduct of the Bank's business and will be primarily responsible for providing effective governance over the Bank's key affairs, including the appointment of executive management, approval of business strategies, and evaluation of performance and assessment of major risks facing the Bank.

In discharging its obligations the Board exercises judgment in the best interests of the Bank and may rely on the Bank's executive management to implement approved business strategies, resolve day-to-day operational issues, and maintain and promote high ethical standards.

Meeting, at a minimum, six times a year, the Board of Directors review and approve the annual budget, business plans, and all capital expenditures. The Board of Directors review the achievements against the Bank's strategy and dynamically modify it, as required. It is also the Board of Directors' responsibility to ensure the implementation of a control framework covering Risk Management, Internal Audit and Compliance.

3.1 Board Composition

The size of the Board is in accordance with the Bank's Articles of Association and Companies Law. The organisation of the Board shall, (i) be determined from time to time according to the requirements of the Bank, and (ii) be subject to director independence. The Board will consist of a balance of Non-Executive and Independent Directors. The position of the Chairman of the Board and Managing Director of the Bank may not be held by the same individual.

The Board collectively possesses professional knowledge, business expertise, industry knowledge and financial awareness sufficient to enable the Board to carry out its responsibilities and the Directors shall have the experience and technical skills in the best interests of the Bank.

3.2 Electing Directors

The Board review the appropriate skills and characteristics required of directors from time to time and the qualification of potential nominee directors, recommending suitable nominees for election to the Board. Vacancies on the Board shall be filled in accordance with the Bank's Articles of Association. To be elected to the Board a nominee director must receive a simple majority of the votes cast in the election at the general assembly.

A director's membership to the Board terminates in the event that, amongst other things, the Director is convicted of an offence of dishonour or breach of trust or is declared bankrupt.

3.3 Responsibilities of the Chairman and the Directors

The responsibilities of the Chairman of the Board and the Directors shall be as defined in the Bank's Articles of Association.

3.4 Board of Directors

As of 31st December 2010, the Board of Directors of the Bank comprised of the following members:

Director	Position
Sheikh Jassim Bin Hamad Bin Jassim Bin Jabr Al Thani	Chairman
Mr. Mohammad Bin Abdullatif Al Mana	Vice-Chairman
Mr. Abdullatif Bin Abdulla Al Mahmmoud	Managing Director
Mr. Mohamed Bin Issa Al Mohanadi	Director
Mr. Abdul Rahman Abdulla Abdul Ghani	Director
Mr. Mansour Mohamed A. Fattah Al Muslah	Director
Mr. Abdulla Bin Saeed Al Eidah	Director
Mr. Nasser Rashid S. Al-Kaabi	Director
Mr. Issa Bin Rabia Al Kuwari	Director



Sheikh Jassim Bin Hamad Bin Jassim Bin Jabr Al Thani

Sheikh Jassim Bin Hamad Bin Jassim Bin Jabr Al Thani is the Chairman of the Board of Directors of QIB. He is also the Chairman of the Board of Al Jazeera Finance, Q-Invest, QIB-UK, Damaan Islamic Insurance Co. (Beema) and Q-RE (under establishment). He is also a Board Member of Qatar Navigation, Qatar Insurance Co., Arcapita Bank and Credit Suisse Group.

Mr. Mohammad Bin Abdullatif Al Mana

Mr. Mohammad Bin Abdullatif Al Mana is the Vice-Chairman, Deputy Head of Executive Committee and a Member of the Board of Directors of QIB. He also serves on the Board of Syrian International Islamic Bank, Al Jazeera Finance Company, Retaj Company and is the CEO of Aqar Real Estate Development. Additionally, Mr. Al Mana is the Chairman of the Board of Supreme Council for Welfare of the Elderly People.

Mr. Al Mana holds a Bachelor's Degree in Shari'a and Islamic Jurisprudence from the College of Shari'a Islamic Studies and Law from Qatar University and a Diploma in General Administration from the Institute of Administration in Qatar.

Mr. Abdullatif Bin Abdulla Al Mahmmoud

Mr. Abdullatif Bin Abdulla Al Mahmmoud is currently a Board Member & the Managing Director, and Head of Policies & Procedures Committee. He is also a member of the Zakat Committee. He is also the Chairman of Retaj Marketing & Project Management Company and Al Made'en Investment and Development Company. Mr. Mahmmoud currently works as the General Manager of Al Sharq House for Printing, Publication and Distribution.

Prior to his current posts, Mr. Mahmmoud worked at Qatar Petroleum (QP) and Qatar Petrochemical Company.

Mr. Mahmmoud holds a B.Sc. in Business Administration from Seattle Pacific University (USA).

Mr. Mohamed Bin Issa Al Mohanadi

Mr. Mohamed Bin Issa Al Mohanadi is the Head of Audit Committee & a Board Member of QIB. He is the Managing Director of Al Jazeera Finance Company.

Mr. Mohanadi currently holds positions on various companies' boards including Qatar Telecom (Qtel). Prior to holding these positions, Mr. Mohanadi worked as the Minister for Parliamentary Affairs and at Diwan Amiri.

Mr. Mohanadi holds an MBA from an American University and a Bachelor's Degree in Business Management from Cairo University.

Mr. Abdul Rahman Abdulla Abdul Ghani Nasser

Mr. Abdul Rahman Abdul Ghani is a Board and Executive Committee Member. Mr. A.Ghani's vast work experience ranges from managing his portfolio of companies to being involved in a variety of prominent businesses in the region. He is currently the Chairman of Abdulla Abdulghani & Brothers Co. (Toyota) and Abdulla Abdulghani & Sons Group of Companies for Trading and Contracting.

He also holds positions on the boards of Qatar Industrial Manufacturing Company (QIMCO), United Development Company (UDC) and Qatar Drilling Company (QDC).

Mr. A.Ghani holds a B.Sc. (Hon) in Economics from Boston University, USA.

Mr. Mansour Mohamed A. Fattah Al Muslah

Mr. Mansour Al Muslah is a Board & Executive Committee Member and Head of Zakat Committee. He is also the Chairman of Aqar Real Estate Development and Investment Company and Al Andalus Private Schools. He also serves as the Chairman of the Board of Trustees of Mayfair Islamic Centre, London. In addition to these posts, he serves as a member of the boards of Al Jazeera Finance Company, Solidarity Company and Al Tadamon International Islamic Bank.

Apart from his board positions, he serves as a Director in the Interior Minister's office and owns and manages various companies.

Mr. Muslah holds a Bachelor's Degree in Social Science from Qatar University.

3. Role of the Board and Board of Directors (continued)

Mr. Abdulla Bin Saeed Al Eidah

Mr. Eidah is a Board Member, and a member of the Remuneration and Audit Committee.

He is also involved in various business ventures including investment and real estate management and investment.

Mr. Al Eidah completed various educational programmes in the UK.

Mr. Nasser Rashid S. Al-Kaabi

Mr. Nasser Rashid S. Al-Kaabi is a Board & Executive Committee Member & Head of Remuneration Committee. He has a long history of successful business ventures dating back to 1974, when he established Al Sraiya Trading & Contracting. The Company has since grown into Al Sraiya Group Holdings, which is now a well-known, large conglomerate.

Mr. Al-Kaabi is the Chairman of Qatar Sand Treatment Plant Company and Ready-mix Concrete Company. He also serves as the Vice Chairman of Qatar Industrial Manufacturing Company, National Agricultural and Food Manufacturing and Marketing Company and the Qatar Diabetic Society (Board of Trustees). He also serves on the boards of Aqar Real Estate Investment & Development Company, Gulf Cement Company (Gulf Holdings) and Qatar Islamic Insurance Company.

Mr. Al-Kaabi has been a member of the Shoura Council (National Advisory Council) since 1995 and is a member of a host of other organisations including: the Consultative Body of the GCC Supreme Council, Qatari Businessmen's Association, Joint Committee of Qatari Businessmen Association and Abu Dhabi Chamber of Commerce and Industry and the Qatari-Syrian Joint Business Council.

Mr. Issa Bin Rabia Al Kuwari

Mr. Issa Bin Rabia Al Kuwari has a vast amount of experience in the areas of contracting, real estate and petrochemicals via his portfolio of businesses in these sectors. In addition to owning Al Rabia Trading and Contracting Company, Mr. Kuwari is involved in general activities in the fields of construction and transport, petroleum products distribution and investments in real estate and other businesses.

Mr. Kuwari serves on the board of Aqar Real Estate Development and Investment Company.

In addition to serving on various boards, Mr. Kuwari is integrally involved in several organisations in Qatar. These positions include: Deputy Speaker of the Advisory Council (since 2005), member of the Advisory Council (since 1990), Head of the Advisory Council's Committee for Internal and External Affairs, member of the Naturalization Committee at the Ministry of Interior (since 1986) and Head of Complaints and Compensations Committee at the Ministry of Municipal Affairs and Agriculture (1980).

3.5 Board Meetings

The Board holds meetings at least once every two months pursuant to either (i) written notice from the Chairman of the Board, or (ii) written request submitted by at least two thirds of the Directors.

Notice of the meetings issued by the Chairman of the Board shall include the meeting agenda. Directors may request that a matter be included on the meeting agenda.

Directors make every effort to attend, in person, all scheduled board meetings and meetings of the committees of the Board on which they serve. A board meeting shall only be validly called if a majority of the directors are in attendance (whether in person or by proxy), and provided that the attendance of at least half of its members (not less than (5) five) and including the Chairman or his deputy are present in person.

Voting in board meetings shall be in accordance with the Bank's Articles of Association. Matters considered, and decisions taken by the Board shall be recorded by means of minutes kept by the Secretary of the Board & copied to the Companies Department – Ministry of Business & Trade for endorsement.

3.6 Board Committees

To appropriately manage its duties the Board of Directors are assisted by five specialised committees that report directly to it and perform functions on its behalf to support efficient management practices. These committees include:



i. Board Executive Committee

The Board Executive Committee is represented by Board Members and senior employees of the Bank who hold the responsibility of transferring information and data between the management level and the Board of Directors. The Executive Committee serves as a tool to coordinate the businesses. It has, as its prime tasks and responsibilities, the provision of ongoing information to the Board on business developments, regular review of business segments, consultation with and furnishing advice to the Board on strategic decisions and preparation of decisions to be made by the Board. The Board Executive Committee works to develop and execute the Bank's business plan. The Executive Committee monitors and guides the Bank's operations to ensure that its daily operations are effective and meet the needs of the clients and stakeholders.

ii. Audit and Risk Committee

The primary objective of the Committee is to assist the Board to fulfill its corporate governance and oversight responsibilities related to the Bank. This includes financial reporting, system of internal control, management of material business risks, the internal and external audit functions and the process for monitoring compliance with laws and regulations and the Bank's code of business conduct. Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to the Audit and Risk Committee Charter in order to facilitate decision making by the Board.

The Committee is authorised by the Board to investigate any activity. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the assistance of outsiders with relevant experience and expertise if it considers this necessary but only after consultation with the Chairman of the Board.

The Committee has unlimited access to both the internal and external auditors and to the Senior Management of the Bank. The Committee is

established by the Board to review, evaluate and make recommendations to the Board in relation to: General Risk and Accounting, Internal Control, Risk and Control Environment, Financial Reporting, Internal Audit, External Audit and Compliance.

iii. Policies and Development Committee

The primary objective of this committee is to study, prepare and develop strategies, objectives, policies, systems, plans and budgets. The Committee ensures that QIB policies and practices are conducted in accordance with the established and approved business operating standards. The Committee reviews the operating efficiency of the respective functions, and measures the alignment of functional procedures with corporate objectives and business processes.

The Committee is responsible to monitor the QIB quarterly performance against strategy, business plan and budgets. This includes review and consolidation of business development, product alignment and resources distribution across QIB. The Committee also highlights deviations of policies and procedures from laid down standards to the Management for necessary corrective action from time to time and reviews compliance of the same. The Committee is also responsible to develop QIB's corporate social responsibility strategy in light of QIB's brand values.

iv. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible to propose candidates for election to the Board of Directors, including the Chairman. The Committee takes into consideration the various available rules and guidelines on the independence of the Board in relation to the Bank, its senior management and major shareholders.

The Committee is formed from within the Board of QIB for the purpose of nominating candidates for Board membership as well as the Executive Management of the Bank. The main difference being that the available candidates, either nominated or 'written in' outside of the Committee's choices, are then voted into office by all of the members. The intention is that they be made up of qualified and knowledgeable people representing the best interests.

3. Role of the Board and Board of Directors (continued)

Note: The recommendation made by the Committee for board seats is always subject to election by the General Assembly and the nomination of the Committee does not deprive any shareholder of his rights to nominate or be nominated.

The Committee is also responsible to develop a remuneration policy to attract, retain and motivate staff, management and the Board of the highest caliber who have the skills needed to achieve the Bank's objectives year on year. The Committee is responsible to ensure that it balances the interests of the shareholders, the Bank and its employees.

The Committee meets for remuneration functions at least twice every year. As a strict policy no person shall be present when his or her remuneration or contractual arrangements are discussed.

v. Zakat Committee

The Committee is responsible to promote interdependence and integration among members of the Muslim community by channeling contributions of Zakat. The Committee identifies key players in the field of humanitarian aid, general development and other channels that can be used to distribute Zakat proceeds. The Committee is responsible to develop

good relationships with charitable, humanitarian aid groups and institutions that provide assistance in general development in order to evaluate recipients who would receive Zakat proceeds. They also, develop a Zakat collection and disbursement policy for the Bank for monitoring the result of the Zakat contributions and introducing accountability. The Committee also ensures that Zakat is calculated and distributed as per Shari'a rules and standards.

3.7 Board Committee Members

Board committee members are appointed by the Board. Each board committee has its own written terms of reference, duties and authorities as determined by the Board.

3.8 Meetings of Board of Directors and Board Committees

The Board of Directors meetings are held regularly, according to the Bank's Articles of Association, at least six times a year. The meetings are held at the request of the Chairman of the Board of Directors or based on a request of two of its members. The Board met twelve (12) times during 2010 with the Chairman of the Board attending and presiding at all meetings. The number of meetings held by the Board and its Committees are detailed below.

Board and Board Committees' Meeting	Number of Meetings during 2010
Board of Directors	12
Board Executive Committee	6
Audit and Risk Committee	5
Zakat Committee	5
Nomination and Remuneration Committee	3
Policy and Development Committee	2

4. Shari'a Supervision

4.1 Shari'a Supervisory Board

The Shari'a Supervisory Board is responsible to ensure compliance of the Bank's operations with the Islamic Shari'a principles. It acts as an independent body of specialist jurists in Fiqh-Al-Muamalat. The Board is responsible for and to ensure the following:

- Provide Islamic advice and guidance to ensure that all QIB activities comply with Shari'a law.
- Review Shari'a Auditors' Reports and report to members on QIB's operations compliance with Shari'a.
- Determine whether contracts, transactions and dealings entered into by QIB complies with Shari'a.
- Examine financial statements to determine the appropriateness of allocation of profit between QIB equity holders and policyholders, in accordance with Shari'a.
- Approve all marketing material of QIB, ensuring that the products are represented fairly and clearly to customers, in accordance with Shari'a.
- Ensure that all earnings realised from sources or by means prohibited by Shari'a are disposed of to charitable causes.
- Ensure that the calculation of Zakat is in compliance with Shari'a.
- Publish Fatwas, Rulings and Guidelines with regard to QIB activities.

Shari'a Supervisory Board	Position
His Eminence Dr. Youssef Al Qaradawi	Chairman
His Eminence Sheikh Abdul Qader Al Ammari	Member
His Eminence Dr. Ali Al Mohammadi	Member
His Eminence Sheikh Walid Bin Hadi	Head of Executive Committee

4.2 Shari'a Executive Committee

The Shari'a Executive Committee is responsible for the following:

- Advise the Shari'a Supervisory Board on Shari'a matters in order to ensure that QIB business operations comply with Shari'a principles at all times.
- Ensure that QIB products comply with Shari'a principles in all aspects.
- Endorse the terms and conditions contained in the proposal form, contracts, agreements or other legal documentation used in executing the transactions.
- Endorse QIB product manual, marketing advertisements, sales illustrations and brochures that are used to describe the product.
- Provide assistance to QIB Board to ensure that compliance with Shari'a principles is being assured completely and continuously.

Shari'a Executive Committee	Position
His Eminence Sheikh Walid Bin Hadi	Head of Executive Committee
His Eminence Sheikh Nizam Bin Mohammed Al Yacoubi	Member
Prof. Abdul Sattar Abou Ghodda	Member

5. Segregation of Duties

A balance between the roles and responsibilities of the Board of Directors and Management is achieved through duty segregation. The Board of Directors provide the overall strategic direction and oversight through the review and approval

of major strategic direction and oversight and through the review and approval of major strategic initiatives, policies and objectives while day-to-day management of the Bank is entrusted to the Chief Executive Officer.



6. Executive Management Team

Executive Management, defined as the group of persons with operational responsibility for the Bank and appointed by the Board, is responsible for the overall day-to-day management of the Bank. The Executive Management is headed by the Chief Executive Officer (CEO) and a seasoned and experienced executive management team supports the CEO. Reporting directly to the CEO are eight senior executives: The Chief Financial Officer (CFO), Chief Business Officer (CBO), CEO QIB Capital, Chief Operations Officer (COO), Chief Real Estate Officer (CREO), Chief Strategy Officer (CSO), Chief Human

Capital Officer (CHCO), and Chief Treasurer (CT). To maintain total independence, three other members of the senior management team, the Group Chief Risk Officer (GCRO), Chief Audit Officer (CAO) and Chief Compliance Officer (CCO) report directly to Audit & Risk Committee. Additionally the Head of Shari'a Audit reports to the Shari'a Executive Committee directly to maintain independence of reporting as well, on Shari'a Compliance functioning of QIB.

As of 31st December 2010, the Executive Management of the Bank comprised of the following persons:

Director	Position
Mr. Ahmad Meshari Muhaidi	Acting CEO
Mr. Syed Maqbul Qader	Group Chief Risk Officer
Mr. Murtada Khidir Abuzaid	General Manager, Financial Group
Mr. Salah Al Hail	General Manager, Real Estate Group
Dr. Ahmed A. Al-Kuwari	General Manager, Human Capital Group
Mr. Choudhary Mohammed Wasi	Chief Strategy Officer
Mr. Jean-Marc Riegel	General Manager, QIB Capital-International Business
Mr. Akhter Jamal	General Manager, Operations Group
Mr. Amer Al Jabri – Mr. Adil Hasan	Assistant General Manager, Domestic Business Group
Mr. Atef Abdelkhalek Mohamed Ali	Head of Internal Audit
Mr. Samir El-Ghandour	Head of Compliance

Mr. Ahmad Meshari Muhaidi

Mr. Ahmad Meshari assumed his current position as Acting Chief Executive Officer in October 2010. Mr. Ahmad Meshari, a seasoned professional at the Bank has been an integral part in the Bank's aspirations to grow its domestic business while cutting costs.

Prior to joining QIB, Mr. Ahmad Meshari worked as a Senior Vice President (Corporate Banking) at Sharjah Islamic Bank. While there, Mr. Ahmad Meshari worked on various projects including internal restructuring, strategy formation and instituting an achievements-based awards program. Before his post at Sharjah Islamic Bank, he worked on various other ventures including working for the Ministry of Interior in Kuwait and operating his own consumer goods company in Canada. Mr. Ahmad Meshari holds an MBA from the University of Ottawa in Canada and a BA from Kuwait.

Mr. Syed Maqbul Qader

Mr. Syed Maqbul Qader is the Group Chief Risk Officer of Qatar Islamic Bank and its subsidiaries. Mr. Syed Maqbul Qader has worked in banking for more than thirty nine years. Over the last two decades Mr. Syed Maqbul has been working for leading banks in the GCC region in senior positions in corporate banking and risk functions. He was previously the Chief Credit Officer of National Bank of Bahrain, and subsequently General Manager for Corporate Banking Group at Al Rajhi Bank in Saudi Arabia.

Mr. Qader began his career with Chase Manhattan Bank in Hong Kong in 1971, and subsequently served the Bank for over eighteen years in New York, London and Bahrain, where he was Vice President and Regional Credit Officer.

6. Executive Management Team (continued)

Mr. Murtada Khidir Abuzaid

Mr. Murtada Khidir joined QIB in 2006 as General Manager of the Financial Group. Mr. Khidir serves on various committees at QIB.

Prior to joining QIB, Mr. Khidir worked at Amlak Finance in Dubai, UAE where he served as Chief Finance and Operations Officer. Before Amlak Finance, Mr. Khidir worked at Doha Bank (Qatar) where he worked as Senior Risk Manager in the Finance Department. Mr. Khidir also worked at Al Rajhi Bank (Riyadh) and the Central Bank of Sudan (Khartoum).

Mr. Khidir holds a B.Sc. (Hon) in Accounting from the University of Khartoum, Sudan and holds a CPA license from the State of Georgia, USA.

Mr. Salah Al Hail

Mr. Salah Al-Hail is the General Manager for QIB's Real Estate Group and has close to 20 years experience working with reputed financial organisations.

Prior to joining QIB, Mr. Salah spent nearly ten years with QNB, the largest bank in Qatar. His duties there ranged from managing a team of staff in the areas of project management, purchasing and procurement, security and safety and real estate management.

Prior to his tenure at QNB, Mr. Al-Hail worked on Qatar's Physical Development Plan as well as other key infrastructure and development projects in the country.

Dr. Ahmed A. Al-Kuwari

Dr. Ahmed Al-Kuwari is the General Manager, Human Capital Group of QIB. He joined QIB in late 2008 and has performed a complete transformation of operational HR function into strategic Human Capital (HC) function by implementing various key HC initiatives. Dr. Ahmed has combined both practical & academic experience in these initiatives.

Before he joined QIB, he has worked with Qatar University as Assistant Professor of Management in the College of Business & Economics. He also managed a high profile Government Modernization Project aimed at improving government sectors' performance & services between 2003 and 2008.

Dr. Ahmed holds a PhD in Management from the School of Business & Economics, University of Exeter, U.K. in addition to a Master's Degree in Public Administration from Seattle University, U.S.A.

Mr. Jean-Marc Riegel

QIB Capital was headed by Mr. Jean-Marc Riegel till 4th January 2011, and is currently handled by Acting General Managers, Mr. Saeed Al Khayareen and Mr. Ahmed Barghout.

Mr. Akhter Jamal

Mr. Akhter Jamal was Chief Operations Officer till February 2011, and is currently handled by Mr. Adnan Faour, Assistant General Manager, Operations Group.

Mr. Choudhry Mohammed Wasi

Mr. Choudhry Mohammed Wasi was Chief Strategy Officer till February 2011, and is currently handled by Senior Executive Managers, Mr. Sammy Zaiter and Mr. Chouaib Othmane.

Mr. Amer Al Jabri and Mr. Adil Hassan

Mr. Ahmad Meshari Muhaidi was Chief Business Officer till October 2010, and is currently handled by Mr. Amer Al Jabri and Mr. Adil Hassan, Assistant General Managers, Domestic Business Group.

7. Bank Committees

The CEO relies on a number of multi-functional internal committees in the execution of his functions. The Committee meetings are authenticated if a quorum, including the Chairperson of the Committee or his deputy, is attained. Where majority rules are the norm for decisions, the vote of the Chairperson of the Committee prevails in case of a tie or non-resolution, with the exception of the Credit Committee and Investment Committee where unanimous decisions are always required, and any suggestions that are not approved by all members are always denied. All committees have a dedicated Secretary and each committee has a set of minimum meetings to be held during the year. Officers from concerned departments may be invited to attend meetings. Based on the Organisation Transformation and corporate governance approach that the Bank has been implementing since 2009 seven specialised management committees are functioning as detailed below:

- i. **Management Committee (MANCOM)**
The Management Committee ensures that everything the Bank does supports its vision, purpose and aims. The Committee establishes fundamental values, ethical principles and strategic direction in which the Bank operates. The Committee monitors and evaluates all areas of the Bank's performance and accounts for everything the Bank does as an organisation including its spending and activities. Everything the Management Committee does must be in line with all its governing guidelines, strategies and approved business plans.
- ii. **Assets and Liabilities Committee (ALCO)**
The Assets and Liabilities Committee is responsible for co-ordinating the Bank's borrowing and financing strategy, the funds acquisition to meet profitability objectives as well as the market and business environment changes. The primary goal of ALCO is to evaluate, monitor and approve practices related to risks due to imbalances in the capital structure. Among the factors considered are the liquidity risk, market risk, external events and operational issues that may affect the Bank's forecast and strategic balance-sheet allocations. The Committee is responsible to take important decisions related to the balance sheet of the Bank.
- iii. **Credit Committee**
The Credit Committee reviews, recommends, and when approved, implements credit policies and procedures related to all corporate, financial institutions and retail assets across the Bank. The Committee reviews the delegated authorities across the Bank and recommends amendments to the Board where appropriate. The Committee reviews the adequacy of the credit and risk controls implemented by the Management and the Board and the standard and quality of reporting to the Board. The Committee approves financing facilities if deemed fit or declines them within its delegated authority in line with QIB's business strategy, and recommends to the Executive Committee/Board of Directors where authority is exceeded. The Committee also conducts the following:
 - Review and make recommendations regarding credit controls and financing conditions approved by the Management
 - Monitor and review country exposures across QIB
 - Monitor and review financing compliance by QIB with QCB regulations, applicable local regulations and board policy
 - Review introduction of new credit products across QIB
- iv. **Investment Committee**
The Investment Committee is responsible for reviewing and recommending the investment strategy, policies and procedures across QIB to the Executive Committee and the Board. The Committee approves the purchase and sale of investments with delegated authority, approves acceptable brokers, dealers and custodians, and reviews the introduction of new investment products across QIB. The Committee is responsible to ensure that local and foreign investments are considered in line with the investment limits, ratios and parameters set by the Board. The Committee is also responsible to monitor and review the performance of all investment activities in terms of profitability, financial performance, risks, volatility and volumes against the Board assigned limits, QCB and any other regulators.

7. Bank Committees (continued)

v. **Risk Committee**

The Risk Committee is responsible to assist the Board in fulfilling its oversight responsibilities with regard to the risks inherent in the Bank. The Committee is responsible to create, review and recommend the risk management strategy, and define the risk appetite. The Committee ensures that the relevant risk policies are in place to manage the risks to which the Bank is exposed, including market, operational, liquidity, credit, regulatory, legal, compliance and reputational risk. The Committee sets risk tolerance limits and policies as well as checks compliance with limits. The Committee monitors on a regular basis, QIB's risk management performance and obtains, on a regular basis, assurance that the risk management policies are being adhered to.

vi. **Information Technology Committee – IT Committee**

The IT Committee is responsible to monitor the development and continuing support of the information systems across the Bank and address integration of systems and enhance MIS reporting. The Committee reviews and prepares plans for the development of

Information technology systems across the Bank in the short and long term and has the overall responsibility of aligning all IT activities with the QIB vision, mission and business plans. The Committee supervises the development and revision of IT policies as well as suggests and recommends future IT initiatives. The Committee is also responsible to monitor the progress of IT projects across the Bank and take corrective action where appropriate.

vii. **HR Committee**

The Human Resources Committee is responsible to ensure the effective human capital management across QIB in accordance with QIB standards and Qatar Labour Law and Regulations. The Committee ensures that appropriate human capital policies and procedures are in place and leads the Bank's recruitment, retention, selection and assessment, grading and succession planning process. The Committee has the overall responsibility of fulfilling the Bank's Qatarization program and supporting human capital in the development and implementation of QIB's manpower plan.

8. Risk Management

Risk management is exercised at all levels of the Bank, including the Board of Directors, Board Committees, and senior management team and through various management and bank committees. A comprehensive, centralized and proactive risk approach effectively minimizes exposures on all fronts and mitigates credit, market, liquidity risks, as well as operational and business continuity risks, balanced against business growth.

Conservative Credit Policy

The Bank has always implemented and followed a conservative credit policy to ensure full understanding of potential risk through a diverse product range and client base, and a wider geographical and industrial spread. This approach, coupled with a periodic stress testing and scenario analysis and an appetite to proactively manage all risks continue to yield positive results in strengthening the solidness of QIB's Overall Credit Portfolio.

Improved Liquidity Ratios

The Bank, on a continuous basis, applies diversified approaches to improve its liquidity ratios. The Bank continues to maintain a capital adequacy ratio well above the minimum accepted ratio set by Qatar Central Bank and the Basel Committee's banking supervision requirements.

Enterprise-wide Risk Management System

The Bank is in the process of implementing a number of initiatives across the board which constitutes stronger and granular MIS tool, improved limit and threshold controls, better portfolio management.

Operational Risk

To minimize potential losses from operational risks, the Bank has developed and implemented policies and procedures to methodically identify, assess, control, manage and report system vulnerabilities. Controls include effective duty segregation, access limits, effective authorisation and reconciliation procedures and ongoing staff education and assessment processes. In addition, a new sophisticated operational risk system has been deployed to manage all risk indicators, including database risk and loss events. This enhanced system is expected to be fully functional in 2011.

9. Internal Audit

The Bank's internal audit function continues to adapt its audit methodology to respond effectively to the Bank's expansion and to conduct independently, planned and unplanned internal audit engagements, in order to recommend changes that enhance governance, risk management, internal controls and compliance. During the year the role of audit transformed from being outsourced to a fully functional internal audit capability of the Bank. Operationally, the audit team supports individual unit managers by routinely analyzing audit reports and identifying areas of vulnerability. This process will be further enhanced in the coming year with the implementation of a self assessment checklist that will enable staff to avoid common oversights and promote flawless processes. The process will minimize routine errors and will be expanded to develop appropriate training tools for staff in the future. The Internal Audit function also provides valuable input on internal controls, processes, and service quality and advices on how to enrich the Bank's training curriculum and development plans so that appropriate preventive focus is brought to bear on the risks faced by the Bank.

10. Compliance

The Bank's Compliance Team reports directly to the Audit and Risk Committee. The Bank's governance structure ensures that it benefits extensively from expert advice and the support of compliance in order to ensure that all areas of domestic and international operations are in full compliance with relevant local and international jurisdictional and statutory requirements. These include, but are not limited to Basel Committee on Compliance Requirements, Financial Action Task Force (FATF) recommendations on Anti Money Laundering and Counter-Terrorist Financing (AML/CTF) and other international standards on corporate governance as well as QCB instructions and regulations. Over the past year the Bank's Compliance Team has played an active role in reviewing the policies, codes and terms of reference of the Board to ensure full compliance with Qatar Central Bank's and Qatar Financial Markets Authority's requirements. The Compliance Team responds on a continuous basis to all bank inquiries seeking clarification on applicable regulations and standards and continues to provide a wide range of advisory services, including studies, comments, suggestions, recommendations and appropriate reviews.

11. External Audit

PricewaterhouseCoopers (PwC) was the appointed external auditors to audit the financial statements of Qatar Islamic Bank for the financial years 2006 to 2010 inclusive, to report on the outcome of these audits to the Board of Directors and to provide an audit opinion on the financial statements of Qatar Islamic Bank. Furthermore, PwC also audited and reported on the effectiveness of internal control over financial reporting on 31 December 2010. The external auditors attended the meetings of the Audit Committee and the Shareholders' Meeting held in 2010.

After a maximum period of five years of performing the financial audit of Qatar Islamic Bank, the external audit firm responsible for reviewing the audits, have to be replaced by another external audit firm. The Audit and Risk Committee provides recommendations to the Board regarding the replacement based on an annual evaluation of the provided services. In line with this requirement, the external audit firm PwC has now been replaced (after the year-end audit 2010) by Ernst & Young. The external auditors may be questioned at the Annual General Assembly Meeting about their audit opinion on the annual accounts. The external auditors will therefore attend and be entitled to address the meeting.

The external auditors may only provide audit and non-audit services to Qatar Islamic Bank with the permission of the Audit and Risk Committee. The Audit and Risk Committee generally pre-approves certain types of audit, audit-related and non-audit services to be provided by the Bank's external audit firms on an annual basis. Services that have not been generally pre-approved by the Audit and Risk Committee should not be provided by the external auditor or should be specifically pre-approved by the Audit and Risk Committee after the recommendation of the QIB management.

The Audit and Risk Committee also sets the maximum annual amount that may be spent for pre-approved services. Throughout the year the external audit firm and the Bank monitors the amounts paid versus the pre-approved amounts.

12. Corporate Social Responsibility

The Bank, as a responsible corporate citizen, recognises its social responsibility to the community in which the Bank operates. The Bank is committed to promoting sustainable development, protection and conservation of human life, health, natural resources and the environment, and adding value to the communities in which we operate. In doing so, the Bank recognises the importance of both financial and non-financial commitment and contribution.

During 2010, the QIB Zakat Committee, which reports to the Board of Directors, extended financial assistance worth QAR 1.4 million to a wide range of beneficiaries which included various educational, cultural and health care activities; sports clubs; social causes; charity societies; scholarships; conferences; exhibitions and sporting events.

13. Environmental Policy

The Bank is committed to environmental management in ensuring that no harm should come to the environment when performing its operations. In keeping with these beliefs and commitments, the Bank endeavours to ensure that all the management and employees comply with the following environmental policies.

1. Conduct business in an environmentally responsible manner.
2. Comply with all applicable environmental laws and regulations.
3. Promote the efficient use of resources and reducing (and where possible eliminating) waste through recycling and pursuing opportunities to reuse waste.
4. Notify the Board of any pertinent environmental issues and how QIB contributes towards those issues.

14. Health Policy

The Bank recognises that good health and safety management has positive benefits to an organisation, and thus is committed to providing and maintaining a healthy, safe and secure working environment for all employees. The Bank is committed to:

1. Ensuring the health, safety, security of all its employees whilst at work.
2. Ensuring that visitors to the Bank's premises are not exposed to risks to their health and safety.
3. Identifying hazards, assessing risks and managing those risks.

Pursuant to this the Bank has in place a comprehensive Fire, Health and Safety Insurance and Policy and provides extensive Medical and Health Insurance through a recognised insurance provider for the benefit of all permanent staff.

15. Penalties or Fines Imposed on the Bank by Regulatory Authorities

Fines aggregating to QAR 430,524.03 were imposed on the Bank in 2010 by Qatar Central Bank in respect of breaches of Qatar Central Bank regulations.

16. Material Issues Regarding the Bank's Employees and Stakeholders

There are no material issues regarding the Bank's employees and stakeholders to be disclosed in this report.

17. Communication with Stakeholders & Investors and Shareholders

The Bank keeps Qatar Exchange, Qatar Financial Markets Authority and Qatar Central Bank updated on matters and developments that may affect its share price performance.

Transparency and full disclosure are the cornerstones of the Bank's communication efforts. The Board values clear, comprehensive and timely communication with shareholders and stakeholders.

At the General Assembly Meetings, the Chairman of the Board of Directors presents the shareholders with detailed information and data on the Bank's performance and its achievements during the prior year, along with an outline of the major business plans and objectives of the current year.

The Bank's Articles of Association and by-laws include provisions that ensure the shareholders' right to call for a General Assembly and the Bank should ensure that the same is conducted in a timely manner. Also the shareholders have a right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon.