



البنك الإسلامي

Corporate Governance Report 2014





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1. Introduction

Corporate Governance is a critical issue and an integral part of Qatar Islamic Bank ('QIB')'s business activities. 'QIB' is committed to the sound practices of Corporate Governance which set the basic principles of rights and responsibilities for every Shareholder, the Board and, the Executive Management in order to ensure efficient control and management are duly exercised by the bank in support of Shareholders' added value.

In fact, QIB's commitment to apply the right Corporate Governance rules is due to its belief that these rules constitute an integral part of its culture in managing its daily strategic activities. Further, in addition to consolidating its own culture in terms of companies and establishments, Corporate Governance practices aim at improving the bank's internal and external controls.

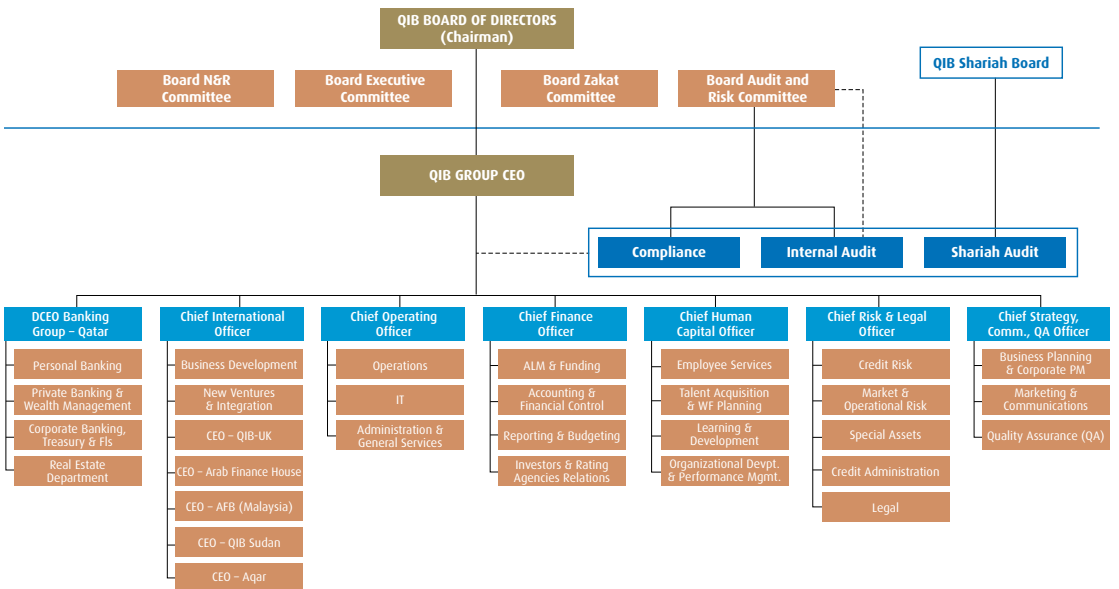
Effectively, 'QIB' has adopted a formal framework for Corporate Governance that covers all the aspects of Governance in Qatar Islamic Bank. Approval and implementation of an integral set of Policies and Procedures have been included in that framework in addition to the comprehensive Organizational Change

that comprises a restructuring of the business's Organization Chart, along with Job Descriptions for all the jobs, detailing competencies, responsibilities related to internal & external reporting requisites for the purposes of Audit, Risk & Compliance. It defines as well the B.O.D. responsibilities, its Work Chart and, the competencies of all its Committees in addition to the Executive Committees.

The Corporate Governance framework clearly defines also the General Principles, Policies, Controls of dealing with concerned parties, Conflict of Interests, Dealings with various parties, in addition to codes of Conduct and Ethics, Standards of Professional Behaviour for Board Members.

In this respect, the Bank, in fulfilment of its responsibilities towards Shareholders, has managed to get its BOD approval on the following Corporate Governance criteria. The present report on the bank's Corporate Governance for 2014 reflects that 'QIB' has been always diligent to apply the best relevant practices that ensure the Bank's effective control and management.

2. Business Organization Structure



In application of Clause (30) of Corporate Governance Rules issued by Qatar Financial Markets Authority (QFMA), this report has been prepared based on the Bank's commitment to the sound Governance rules which lay the basis for the rights and responsibilities of Shareholders, BOD and, Executive Management to enable them to exercise efficient control and management in a way that enhances Shareholders' value as follows:

- Adoption of a general form for Governance report to be shared by Compliance Dept., Audit & Policies Committee, Risk Group, Media & Marketing Dept. under full coordination with the top Management.

- Governance procedures in the Bank have been regularly evaluated and necessary remedial actions taken to ensure full compliance with same.
- BOD Committees and the Executive Committees in charge of improving Governance practices.
- Observance of Ethics, Conduct and professional behaviour criteria.

The context of this report emphasizes also the bank's commitment to the sub-clauses of said Clause, along with clarifications as necessary or in case of violations, in addition to mentions to the BOD, Board members, Committees, Internal Control department's procedures.

3. BOD and Board Members' Role

In application of Clause (5) of Corporate Governance Rules Issued by QFMA, The Board oversees the conduct of the Bank's business. It is primarily responsible for ensuring the effective dominance of Governance over the Bank's key affairs, including appointment of the Executive Management, approval of the Business strategies, evaluation of performance and assessment of the major risks facing the Bank.

For realizing its duties, the Board has to exercise governance to the best interests of the Bank and may rely on the Bank's Executive Management to apply the approved business strategies, resolve the day-to-day operational issues, maintain and promote high ethical standards.

To this end, the Board holds at least six meetings annually to review and approve the Annual balance sheet, business plans, and all Capital Expenses. The Board reviews as well the achievements performed against its Strategy and dynamically modifies it, as required. It is also the Board responsibility to ensure the implementation of a control framework covering Risk Management, Internal Audit and Compliance.

3.1 Board Structure

In application of Clause (9) of Corporate Governance Rules Issued by QFMA, the election and constitution of BOD must be according to the Bank's Articles of Association and the Companies Act clauses. Therefore, structure of the Board is subject to following conditions:

- The Board must include Executive, non-Executive and Independent Members to ensure that a single individual or small group will not control the Board's resolution-taking process.

- At least one third of the BOD members must be Independent and the majority to be non-Executive members.
- Chairman and Managing Director's posts cannot be occupied by the same person.
- Board members must possess adequate knowledge and experience to carry out their tasks effectively to the best benefits of the Bank and, should devote sufficient time and interest to such tasks as Board Members.

The Board should collectively possess the adequate professional knowledge, Commercial expertise, Banking Industry knowledge and financial awareness that enable it to carry out its responsibilities. Board members must possess sufficient experience and technical skills that enable them to assume their tasks for the best interests of the Bank.

3.2 Electing and Appointing of Board Members

The Board reviews the appropriate skills and particulars required for Board Members from time to time and the qualifications of eventual nominees. Board members are selected among the shareholders interested to such posts upon direct election, subject to specific criteria as stated in the Bank's Articles of Association and the Companies Act, subject to fulfil the required terms and conditions and, to receive a simple majority of votes cast in the election at the shareholders meeting.

Board Member's Membership shall cease if, amongst other things, he is convicted in an offence of dishonour or breach of trust or is declared bankrupt.

Pursuant to Clause (10) of Corporate Governance Rules Issued by QFMA, non-Executive Board members duties include:

- Attending Board meetings and giving an independent opinion on the issues of Strategy, policies, performance, accountability, resources, key appointments and work criteria.
- Ensuring priority is according to the benefits of the Bank and its Shareholders in case of any conflict of interests.
- Participating in Audit Committee
- Monitoring the Bank's performance towards the achievement of its agreed goals and targets and, reviewing its annual, half-annual and quarterly performance reports.
- Supervising the development of the Bank's procedure rules relative to Corporate Governance in order to follow up their implementation in pace with such rules.
- Putting their skills, expertise, rich specifications and, qualifications at the disposal of the Board or its Committees by regularly attending the Board meetings, effectively participating in the General Assembly's meetings and understanding shareholders opinions fairly and equitably.
- A majority of non-Executive members may seek the opinion of an independent Consultant at the expense of the Bank, in any issue regarding the Bank.

3.3 Board Members Responsibilities

In application of Clause (4) of Corporate Governance Rules Issued by Qatar Financial Markets Authority, the Bank has adopted a Chart for the Board members detailing the Board's and the Board members functions and duties subject to their full commitment to such functions & duties.

Responsibilities of the Chairman and Board members is as drawn in the Bank's Articles of Association and the Policies & Procedures issued by the Board from time to time, with due respect to Clause (6) of Corporate Governance rules, which detail the Board members developmental duties as follows:

- Every Board member is committed towards the Company to perform his duties with due diligence and abidance with the institutional authority as it is stated in the relevant laws and regulations including the present and the Board's charts.

- Board members must at all times, act on the basis of clear, well intentioned information, with the necessary due diligence and care to the interest of the Company and all its shareholders.
- Board members must act efficiently to put into effect their commitment towards the Company.

Chairman's Duties:

In application of Clause (7) of Corporate Governance Rules Issued by Qatar Financial Markets Authority, the Bank totally segregates between the posts of Chairman and Chief Executive Officer, as each of the two posts is occupied by an appointed person.

In application of Clause (8) of Corporate Governance Rules Issued by Qatar Financial Markets Authority, Chairman is in charge of ensuring the smooth running of the Board activities using adequate and efficient means, including permitting the Board members to have access to full and integral information at the proper time. Chairman may not as well be a member in any of the Board Committees. His duties include also:

- Ensure the Board has discussed all the basic issues effectively and in the proper time.
- Approve every Board meeting's Agenda, taking in consideration any issue raised by a Board member. He may delegate such task to a Board member. However, the Chairman will remain responsible for the adequacy such delegated member had performed the assignment.
- Encourage all members to effectively take part in handling the Board's matters, in order to ensure the Board had acted to the favour of the Bank interests.
- Ensure the proper communication with shareholders to escalate their views to the board.
- Permit non-Executive members in particular, to actively participate in the Board's activities and encourage the establishment of constructive relationships between Executive and non-Executive members.
- Ensure an annual Board's performance report is made.

3.4 Board of Directors

As at 31st December 2013, the Board of Directors was constituted of the following members:

Name	Membership's Capacity	
Sheikh Jassim Bin Hamad Bin Jassim Bin Jabr Al Thani	Chairman	Executive, Non-Independent
Mr. Abdullatif Bin Abdulla Al Mahmoud	Vice-Chairman	Executive, Non-Independent
Mr. Mohamed Bin Issa Al Mohannadi	Board Member	Non-Executive, Non-Independent
Mr. Abdul Rahman Abdulla Abdul Ghani	Board Member	Non-Executive, Non-Independent
Mr. Mansour Al Musleh	Board Member	Non-Executive, Non-Independent
Mr. Issa R. Al Rabia Al Kuwari	Board Member	Non-Executive, Non-Independent
Mr. Abdulla Bin Saeed Al Eidah	Board Member	Non-Executive, Non-Independent
Mr. Nasser Rashid S. Al-Kaabi	Board Member	Non-Executive, Non-Independent
Sheikh Ali Bin Ghanem Bin Ali Al Thani	Board Member	Non-Executive, Non-Independent

Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani

Chairman

Member in 'QIB' BOD since 22/06/2004, Sheikh Jassim Bin Hamad Bin Jaber Al Thani acceded to the post of Chairman since April 2005. Graduated from Sandhurst Royal Military College in the United Kingdom, He received a series of advanced training courses in Leadership. He is also Chairman of: Q-Invest which represents the first Islamic Investment Bank in Qatar, QIB-UK (formerly: the European Finance House) and, the 'Damaan' Islamic Insurance Co., in addition to being Board member in several establishments and financial/ investment companies (e.g. Qatar Maritime Co., and Credit Suisse-Zurich).

Mr. Abdullatif Bin Abdulla Al Mahmoud

Vice-Chairman

Member in 'QIB' BOD since April 1996, Mr. Abdullatif Al Mahmoud holds a B.Sc. in Economics & Business Administration from Seattle Pacific University (USA) in 1982. He progressively occupied several leading posts in Qatar General Petroleum Corp. (QGPC) since his Graduation till 2002. He was Board member of 'Al Jazeera' Financing Co., and then CEO to it till 2008. Headed an Audit Committee in QIB (2001-2005), and took part in several conferences and scientific seminars in the field of Energy. In addition to the issues relative to Islamic Banking, he held the post of General Manager of the 'Al Sharq' Printing & Distribution Co. since 1989 to date. Further, he was Chief Editor of the 'Al Sharq' daily newspaper (2003 -2010) and, Chairman of the 'Ritaj' Marketing & Projects Management Co.

Mr. Mohamed Bin Issa Al Mohannadi

Board Member

Member in 'QIB' BOD since 1996, Mr. Al Mohannadi, is the chairman of the Audit & Risks Committee and member in Nomination and Remuneration Committee. He holds a Bachelor's degree in Business Management from Cairo University on 1977 and an MBA from Seattle University (USA) on 1983.

Mr. Mohannadi held several administrative positions in the Emiri Diwan of Qatar, where he finally became Minister in charge of the Council of Ministers Affairs (2002-2005). Afterwards, Mr. Mohannadi turned to his own private business activities. At present, he is the MD of 'Al Jazeera' Financing Co. and Board member in Ooredoo.

Mr. Abdul Rahman Abdulla Abdul Ghani Nasser

Board Member

Member in 'QIB' BOD (since 1996), in the Executive Committee & BOD of 'Al Jazeera' Financing Co. and QIB Policies Committees, Mr. Abdul Ghani holds a B.Sc. (with Honors) in Economics from Boston University, USA.

He is Board member in several national companies, such as the Qatar Industrial Manufacturing Company (QIMCO), and the United Development Company (UDC).

Mr. A. Abdul Ghani possesses a large experience in the field of business Management and a range of investments. He is currently Chairman of Abdullah Abdul Ghani Brothers Co. (Toyota), one of the prominent Car Trading companies in the region, and Chairman of Abdullah Abdul Ghani & Sons Trading and Contracting Group.

Mr. Mansour Mohamed A. Fattah Al Musleh Board Member

Member in 'QIB' BOD since 1996 and he is a member in several Committees including the Executive Committee, and the Zakat Committee in QIB, Mr. Musleh holds a Bachelor Degree in Social Science from Qatar University and prepares for the MBA degree. He occupied several posts in the Ministries of Interior and Defence. He also has a multitude of investment activities and businesses in Real Estate sector, Aqar Company CEO and a Board member in other BOD's. At present, in addition to being a Board member in Al Jazeera Islamic Company, Mr. Al Musleh is the Chairman of 'Al Andalus' Private Schools and, Chairman of the Board of trustees for Mayfair Islamic Centre, London.

Mr. Issa R. Al Rabia Al Kuwari Board Member

Member in 'QIB' BOD since April 2002, Mr. Issa Al Kuwari has a respectable experience in the Public Affairs domain. At present he is the Deputy Chairman of the Qatari Advisory Council ('Al Shourah') where he was a deputy since 1990. He also member in numerous formal Committees relevant to the Ministry of Interior, the Committee for Complaints and Compensations Committee at the Ministry of Municipal Affairs and Agriculture in which he served for a long time.

Further, Mr. Al Kuwari has a large economic activity in the fields of Trade, Contracting, Transport and Distribution of Petroleum products.

Mr. Abdulla Bin Saeed Al Eidah Board Member

Member in 'QIB' BOD since April 2005, member of the Audit & Risks Committee and in the QIB Privileges & Compensations Committee, Mr. Al Eidah received long training courses and various programs in Administration from specialized centers in UK.

At present, he is the General Manager of Brooq Trading Company. Mr. Al Eidah is also involved in various other business ventures including Investment & Real estate management and, is the Deputy Chairman of 'Al Seyleyah' Club.

Mr. Nasser Rashid S. Al-Kaabi Board Member

Member in 'QIB' BOD since 2008 and, in several Committees including the Executive Committee and the 'Privileges & Compensations Committee', which he

presides, Mr. Al-Kaabi has a long history of successful business ventures dating back to the Seventies. He is the founder and owner of Al Sraiya Group Holdings, which is now a well-known, large conglomerate.

Mr. Al-Kaabi has been a member of the 'Shourah' (Advisory) Council since 1995 and a member of a host of other organizations including: the Advisory Body of the GCC Supreme Council in addition to his membership in many Boards of Directors and Specific Committees (including Aqar) relative to his activities in business and property development fields.

Sheikh Ali Bin Ghanem Bin Ali Al Thani Board Member

Holder of a Master's degree in Management from Cambridge University. Chairman of Ali Bin Ghanim Al Thani Group & Vice Chairman of Ghanem Holding Co.'s BOD. Board Member of 3 Stock companies: QIB', 'Al Salam' and, Doha Insurance Company, Deputy Chairman of Gulf Investment Group & Former BOD Member of 'United' Company. Supporting member in the 'Center for Arab Unity Studies. Has many published articles in the commercial sector.

3.5 Board Meetings

The Board holds its meetings at least once every two months upon an invitation from the Chairman or upon the request of two thirds of the Board Members in case of emergency.

The Chairman's invitation should include the meeting Agenda, duly approved by him.

Board Members are expected to endeavour to attend, in person, all the scheduled Board and Board Committees meetings (for those were they are members). Any member is entitled to request the inclusion of any specific issue in the Agenda. A Board meeting shall be considered as valid if attended by 50% of the members, including the Chairman or his Deputy, provided at least five Members are present.

Voting in Board meetings shall be in accordance with the Bank's Articles of Association, on majority of voting cast basis. Minutes of all matters discussed and decisions taken in the meeting shall be recorded and kept by the Secretary of the Board. Companies dept. of the Ministry of Businesses & Commerce to be provided with said Minutes for approval.

In application of Clause (11) of Corporate Governance

Rules Issued by Qatar Financial Markets Authority, the Bank's Articles of Association and Memorandum of Association, under Clause 25, Chapter III of the Company's Management state that BOD shall hold its meetings at least once every two months (six times early). The meeting shall take place upon invitation from the Chairman and may be upon the request of two thirds of the Board members in case of emergency. The call to the meeting must comprise an Agenda for the meeting approved by the Chairman and any Board member has the right to include any other issue to the meeting Agenda.

Board Secretary:

In application of Clause (12) of Corporate Governance Rules Issued by Qatar Financial Markets Authority, a Board Secretary is appointed by the Board. His functions include the recording, coordinating and, maintaining all the minutes, records, books and reports of the Board which are submitted to or issued by it. He is charged also, under the supervision of the Chairman, to ensure the proper communication and dispatching of the information and to coordinate between the Board members, the Board and the other interested parties in the Company, including Shareholders, the Management and the staff members. To this end, the Board Secretary:

- Shall make sure that Board members can have full and swift access to all Board meetings minutes, information, documents and records of the Company.
- Ensure that all Board members make use of his services and consultancy.
- His appointment of, or dismissal takes effect only vide a resolution by the Chairman.
- To be preferably a member in a renown professional accountants body or in a Board of Trustees of a chartered company or, an advocate or, to be bearer of a University degree from a renowned university or the equivalent of such certificate and, to have at least (3) years experience in handling the affairs of a public company listed in the Stock market.

In application of Clause (13) of Corporate Governance Rules issued by QFMA, commitment to the "Policy of 'Conflict of Interests' & Dealings" with sub-contractors is ensured:

- Approve and announce general rules and procedures regulating any commercial transaction proposed to enter with a concerned party (the Company's Policy in terms of Concerned Parties).

In any way, it is not permitted to engage in any commercial transaction with a concerned party (or getting contracted with it) without taking full consideration of the 'Related Parties Policy' which ensures the principles of Transparency, Equity and Disclosure, subject to approval of shareholders majority, provided such concerned party not being a party in the vote.

- If any case of conflict of interests or a commercial transaction between the Bank and a Board member or any concerned party is raised in a Board meeting, the case must be discussed in absence of the concerned member who will have no right at all to take part in the vote on said transaction. In any way, the transaction must be executed at market price, on purely commercial basis and should not include any terms/conditions contradicting with the Bank's interests.
- Board members trading in the Bank's stocks, must be disclosed. The Bank must as well adopt clear policies & procedures controlling the members and staff dealings in QIB shares.

In application of Clause (14) of Corporate Governance Rules issued by QFMA, the BOD shall have the following additional duties:

- Board members must be allowed to have full and immediate access to the business-related information. The Executive Committee should provide the Board and its Committees with all requested documents and information.
- Board members must ensure the presence of the Committees of: Recruitment, Remunerations & Bonuses and, oversee the Internal Auditors, representatives of External Auditors for the General Assembly.
- The Board must adopt an awareness program for its newly appointed members to ensure that, upon being elected by voting, they enjoy adequate understanding of how the business's operations are running and what to ensure they are totally aware of their responsibilities.
- Board members are responsible for possessing a good understanding of their roles and duties; undergo a self-training task about financial, commercial and industrial operations and about the Bank's operations and businesses. To this end, the Board has to organize adequate formal awareness courses aiming to consolidate its members' skills and knowledge.

- The Board must keep its members updated with the latest developments in the area of Governance. It may delegate such task to the Audit Committee, the Governance Committee or any other party as deemed proper.
- The Company's Articles of Association comprise clear statements on the termination of the Board members in case of absence from attending its meetings.

In application of Clause (15) of Corporate Governance Rules issued by QFMA, appointment of Board members- the Nomination Committee:

- Nomination and appointment of Board members must be according to strict and transparent formal procedures.
- The Board shall constitute a Nomination Committee, headed and formed by Independent members who will suggest the appointment and re-nomination of the Board members to be voted by the General Assembly. Nomination by mentioned Committee does not mean depriving any shareholder from exercising his right to record himself, or to propose someone else for appointment.
- Nominees should take into consideration, among other things, the candidates' capability to allocate sufficient time for assuming their duties as Board members, in addition to possessing the required skills, know-how, professional, technical and academic qualifications and their personalities, based on the "Adequate Guiding Norms for nominating Board Members".
- Upon its constitution, the Nomination Committee should approve and publish its framework in a way that clearly indicates its powers and roles.
- The Committee's function should include as well making an annual performance appraisal for the Board.
- The Bank should respect any terms or requirements relative to the Nominee's election or appointment of Board members issued by Qatar Central Bank or any other authority.

In application of Clause (16) of Corporate Governance Rules issued by Qatar Financial Markets Authority, the Bank has constituted a Nomination and Remuneration Committee' to define the policies of disbursing bonuses and link same to the Bank's long term performance. Also, the Bank's Articles of Association and Memorandum of Association state under Clause 33 that the aggregate sum that the

Board member may receive under this capacity, as a lump sum salary paid to him regardless of the Company's profit or loss or meetings attendance allowance, shall not exceed QR 20,000 (Twenty thousand Qatari Riyals).

In application of Clause (17) of Corporate Governance Rules issued by QFMA, the Bank has constituted an Audit Committee to which shall be relevant the following functions:

- Internal Audit
- Compliance
- Risk

In application of Clause (20, Clause-1) of Corporate Governance Rules Issued by QFMA in terms of Disclosure, the Bank is bound to all disclosure requisites, including the submission of financial reports and the disclosure of the number of stocks held by each Board member, Executive officer, or prominent shareholder. It discloses as well the necessary information on the Board members including their respective CV's with details on their educational background, profession, memberships in other BOD's and, the names of the various Board Committees' members and structures.

In application of Clause (21) of Corporate Governance Rules Issued by QFMA in terms of Shareholders General Rights and Basis Ownership Elements: shareholders enjoy all the rights granted to them by the relative Laws and Regulations, including the Governance Chart, Articles of Association and the Board's commitment to respect Shareholders rights to the extent that achieves equity and equality.

In application of Clause (22) of Corporate Governance Rules Issued by Qatar Financial Markets Authority, the Title records of the Bank as a Qatari Shareholding Company are correct, accurate and regularly updated, as per its Articles of Association, to clarify the ownership of stocks. A shareholder is entitled to peruse and get access to the Company's Shareholders Record, free of charge, during official Work hours. He is also entitled to get copies of the following documents: Shareholders record, Board record, the Company's Articles/Memorandum of Association, Encumbrances documents, Concerned Parties' Contracts or any other documents as stated by Qatar Markets Authority from time to time against charges as decided by said Authority.

In application of Clause (23) of Corporate Governance Rules Issued by Qatar Financial Markets Authority, in respect of Shareholders rights to get information in a way that preserves their rights to get clear and detailed information: the Bank's

Articles/Memorandum of Association guarantees under Clause (27) – Chapter 3: Management of the Company, that the Board of Directors shall, three days at least before the meeting of the General Assembly convened to consider the Company's balance sheet and the Board' Statement, put at the disposal of Shareholders, a detailed list of all the amounts disbursed to the Chairman and Board members in addition to the physical distinctions and remunerations proposed for distribution, as well as the amounts allocated for each member (salary, reserve, compensation), the operations contradicting with the Bank's interests, publicity expenses and donations, all approved by the Bank's Auditor.

All information and disclosures are also published on the Bank's Internet site.

In application of Clause (24) of Corporate Governance Rules Issued by Qatar Financial Markets Authority, the Bank's Articles/ Memorandum of Association states, under Clause (39), Shareholders right to call for a General Assembly meeting and the Bank should respond immediately to such call. Shareholders have further the right to discuss or raise any item in General Assembly meeting's Agenda, address inquiries and get corresponding answers or apply as a group of shareholders representing 10% at least of the Capital to include a specific issue in the Agenda.

In application of Clause (25) of Corporate Governance Rules Issued by QFMA , regarding fair treatment of shareholders and the exercise of the voting right, the Bank's Articles/Memorandum of Association states, under Clause (16) – (Company's Capital) – stated that each share give the right to a quota equal other, without distinction, in the ownership of the Company's Assets and Dividends. Similarly, clause (35) – (General Assembly) – confirms every shareholder' right to attend the General Assembly meetings in person or as delegation. Minors and person placed under custody will be represented by their delegates.

In application of Clause (26) of Corporate Governance Rules issued by Qatar Financial Markets Authority, Board members have been appointed conforming to the Bank's Articles/Memorandum of Association provisions, their qualifications & previous experiences, all being as appended on the Bank' website. It happens also that some shareholders obtain such information from Shareholders Affairs

Dept. Finally, details of such information are included in the Corporate Governance Report that is distributed to Shareholders in the General Assembly meeting.

In application of Clause (27) of Corporate Governance Rules issued by QFMA Dividend Distribution Policy: said distribution takes place in line with the Bank's Articles/Memorandum of Association takes place pursuant to shareholders' absolute majority basis approving the profit shares (dividends) to be distributed during the General Assembly meeting which is held once yearly within four months of the year following the end of the Company's financial year, in presence of the External Auditor and QCB representative.

In application of Clause (28) of Corporate Governance Rules Issued by QFMA, Capital is stated in the Bank's Articles/Memorandum of Association under Clause (12)://Company's Capital//, which provides the protection of minority interests- rights, as shareholders are only committed up to each share's value and cannot increase that commitment. Clause (44)-(General Assembly), state that it is not permissible to take any resolutions on Capital increase or the Company's Contract extending its term, liquidate or sell in full only through Extraordinary General Assembly Meeting.

In application of Clause (29) of Corporate Governance Rules issued by QFMA, the Bank's Articles/Memorandum of Association under clause (27) guarantees that Interested Parties may be provided with reliable adequate and connected information regularly and in reasonable times. Furthermore, the Bank treats all employees on a pari-passu basis. It has created a Nomination and Remuneration Committee assigned to disburse incentives to the staffs and the Management to the benefit of the Bank, taking in consideration the Bank's performance on the long term. Finally, the Bank has delegated several contact channels to report any violations and has adopted Board-approved policies and procedures to safeguard and protect the staff confidentiality in case of report in any suspicious activity.

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 six Board Members with the participation of CEO and senior employees of the Bank who hold the responsibility of transferring information and under discussion data between the management level and the Board of Directors. The Executive Committee serves as a tool to coordinate the business. 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 grant credit decisions within its jurisdiction. The Board Executive Committee works to develop the Bank's business plan to be or presented to the Board.

ii. Audit, Risk & Compliance Committee

The primary objective of the Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities related to the Bank. This includes financial reporting, internal control system, 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 & Compliance 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 Procedures Committee

The primary objective of this committee is to study, prepare and develop strategies, objectives, policies, systems, plans, budgets and working procedures directories. 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 Committee is responsible to develop a remuneration policy to attract, retain and motivate staff, management of the highest calibre 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 six times at least 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 channelling 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 Meetings of Board of Directors and Board Committees

The Board of Directors meetings are held regularly, according to the Bank's Articles of Association and Companies Law, at least six times a year. The meetings are held upon an invitation from chairman or based on a request of two of its members. The Board met eight (10) times during 2014 with the Chairman attending and presiding at all meetings. The number of meetings held by the Board and its Committees are detailed below:

Board and Board Committees	Meetings during 2013
Board of Directors	10
Executive Committee	2
Audit, Risk & Compliance Committee	5
Policies & Procedures Committee	4
Nomination and Remuneration Committee	2
Zakat Committee	4

4. Shari'a Supervision

4.1 Shari'a Supervisory Board

The Shari'a Supervisory Board is responsible at the first place to ensure that the Bank's operations compliance 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 profit allocation 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 Executive Committee	Position
His Eminence Sheikh Walid Bin Hadi	Head of Executive Committee
Prof. Abdul Sattar Abou Ghodda	Member
Dr. Mohamad Ahmaine	Administrative 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 experienced executive management team supports the CEO.

As of 31st December 2014, the Executive Management of the Bank comprised of the following persons:

Executive Management Team	Position
Mr. Bassel Gamal	Group CEO
Mr. Tarek Youssef Fawzi	GM – Wholesale Banking Group
Mr. Rakesh Sanghvi	Group Chief Risk Officer
Mr. Gourang Hemani	Chief Financial Officer
Mr. Constantinos Constantinides	Chief Strategy Officer
Mr. Khalifa Al Mesallam	AGM – Human Capital Group
Mr. Dorai Anand	GM – Personal Banking Group
Mr. Salah Al Hail	GM – Real Estate Group
Mr. Giles Hullah Cunningham	Chief International Officer
Mr. Salah El-Sheikh	Head of Legal
Mr. Atef Abdul Khalek Mohamed Ali	Head of Internal Audit
Mr. Samir El-Ghandour	Head of Compliance
Mr. Krishna Kumar	Chief Operating Officer, Operations & IT Group

Mr. Bassel Gamal
Group Chief Executive Officer

Mr. Bassel Gamal, holds the position of QIB's Group CEO since February 2013; having amassed over 22 years of experience in the banking and finance industry. His career started with Commercial International Bank (Chase National Bank) in Egypt, in 1990 for more than a decade.

In 2001, he joined Ahli United Bank Group in Bahrain during which he held many positions, last of which was Senior Deputy Group CEO – Banking Group. He was Ahli Bank's Deputy CEO in Qatar from 2004 until 2006, at which point he moved on to become the CEO until early 2009.

Mr. Tarek Youssef Fawzi
General Manager - Wholesale Banking Group

Senior banking executive with over 32 years of international experience predominantly in Corporate Banking, Investment and Treasury domains with reputable international & regional banks. He holds Bachelor of Economics and Business Administration from The American University in Cairo. Tarek started his banking career with Arab African International Bank in Egypt and progress his career with leading banks such as Chase International Bank, Misr America International Bank, Burgan Bank – Kuwait, National Bank of Oman in Sultanate Oman, Mashreq Bank UAE. His last position prior to joining QIB was CEO and Country Head of Mashreq Bank – Egypt.

Mr. Rakesh Sanghvi
Group Chief Risk Officer

Rakesh is a Chartered Accountant (FCA) from the Institute of Chartered Accountants of India. He carries 24 years of rich experience in Risk, Corporate Banking and Finance with leading Audit firms and banks in the region.

Mr. Gourang Hemani
Chief Financial Officer

He holds 22 years of accounting and Finance experience with international banks and with leading audit firms. Gourang started his carrier with PricewaterhouseCoopers – India and progressed through Standard Chartered Bank – India followed by long standing career with Banque Saudi Fransi in Saudi Arabia for 15 years handling various roles including Asset Liability Management, Treasury Middle Office, and Financial Planning. His last assignment, prior to joining QIB was with Banque Saudi Fransi as Deputy Chief Financial Officer. He is a CFA charter holder, FRM, Chartered Accountant of India.

Mr. Constantinos Constantinides
Chief Strategy Officer

Constantinos Constantinides (Dinos) joined QIB as Chief Strategy Officer to lead the Bank's transformation

program. Prior to that Dinos held various senior roles at Al Rajhi Bank for the last eight years. Since 2007, he has been the General Manager of Strategy responsible for business development and regional expansion. Previously he was Deputy General Manager in Retail Banking. As a management consultant with Accenture, he has led several strategic initiatives for European banks and financial institutions. He Holds an MBA in international Strategy from University of Birmingham.

Mr. Khalifa Al Mesallam
AGM – Human Capital Group General

Khalifa has around 14 years of banking experience, with a blend of retail banking and human capital management expertise gained with leading international and regional banks. He started his banking career with HSBC Qatar in the Retail Banking division and progressed to various lead roles in Customer Service, Branches and Human Resource Quality Control. He also held leading positions in Retail Banking in the Commercial Bank of Qatar and his last assignment prior to joining QIB was as Group Recruitment Manager with Al Khaliji Bank. He joined QIB In 2011 as Head of Talent Acquisition & Manpower Planning – a division within the Human Capital Group – from where he progressed to his current role.

Mr. Dorai Anand
General Manager – Personal Banking Group

Mr. Anand has over 20 years' experience in banking industry, particularly in retail banking, consumer assets business, customer service & operations. Mr. Anand has held various senior Management roles during his tenure with both worlds' leading conventional and Islamic banks. Most of his career has been with Citibank however for the last 8 years he has been associated with Al Rajhi Bank –Saudi Arabia. Prior to joining QIB Anand was GM – Retail Banking Group with Al Rajhi Bank.

Mr. Salah Al Hail
Chief Real Estate Engineering Officer

He has over 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.

Mr. Giles Cunningham
Chief International Officer

He carries 22 years of international experience in Banking & Finance with leading institutions in the region & UK. He has worked with reputed organization such as Lloyds TSB

General Insurance, Zubair Corporation – Oman & Lloyds in senior roles including CEO – Middle East, Managing Director – International Retail Banking & International Strategy. His last assignment, prior to joining QIB was with Lloyds Banking Group as Sr. Strategy & Advisor – Wealth & International Banking. He holds BA (Hons), ACIB & MBA from Sheffield Hallam University.

Mr. Krishna Kumar

Chief Operating Officer, Operations & IT Group :

He is a senior banking executive with over 24 years of experience across Corporate, Retail, Service Quality, Operations, IT and support functions. He started his banking career with Standard Chartered Bank – India

and progressed with many leading banks such as: HSBC-India, Times Bank - India, Commercial Bank of Kuwait, National Bank of Dubai, Ahli Bank QSC and National Bank of Egypt. As part of a consulting practice he has last been engaged in an Advisory capacity with Dubai Healthcare City. During his longstanding tenure with international & regional banks, he successfully spearheaded technology transformation projects, organizational restructuring programs, process reengineering and automation initiatives. He holds an MBA in Marketing & Finance from XLRI, Jamshedpur, India, and Bachelor of Technology (Mechanical) from College of Engineering, Trivandrum, India, in addition to Advanced Management Program from Harvard Business School, Boston, USA.

7. Bank Management Committees

1. QIB Management Committee

The Management Committee is responsible for the review, recommendation and decision on major issues affecting the business performance and the operations of the Bank. The committee manages the ongoing business of the Bank, reviews and assesses actual performance and the implementation of the Bank's strategy, objectives and business plans. It is responsible for monitoring and reviewing the Human Capital strategy, strategic initiatives and projects, regulatory and compliance matters, risk indicators as well as customer service and operational KPIs and SLAs.

2. Assets and Liabilities Committee – ALCO

The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. The ALCO has responsibility for setting limits on the arbitrage of borrowing in the short-term markets, while lending long-term instruments within the risk framework approved by the Board. Among the factors considered are liquidity risk, market rates and external events that may affect the bank's forecast and strategic balance-sheet allocations. The ALCO is responsible for identifying funding requirements for each business group, study the cost of funds, profit margin & maturity gap & re-pricing reports.

3. CAPEX Committee

The CAPEX Committee's primary goal is to evaluate large capital expenditure requests and provide recommendations for approval by the GCEO or Executive Committee (Board of Directors), depending on the prevailing delegation of authority. The role of the Capex Committee is to evaluate the business case presented by each Group for large capital expenditures which includes review of the cost-benefit analysis and vendor selection criteria and process and to assess alternative options for all its proposals.

4. Credit and Investment Committee

The Credit & Investment Committee is responsible for approving credit up to a maximum predetermined One Obligor Total and non-strategic investments up to certain limit. The role of the Credit and Investment committee is to endorse changes to credit and investment policy for approval of board, approve credit and non-strategic investments. The committee monitors and reviews investments' performance and issues and approve credit requests. Credit and Investment Committee is responsible to review and evaluate the investment policies and ensure compliance with the Credit policy.

5. Credit Committee

The Committee is responsible for approving credit up to a maximum predetermined Net One Obligor Total. The Credit committee approves all credits as per the credit approving authorities.

6. Special Assets Committee

The committee is responsible for managing problematic finance and investments including the Bank's subsidiaries. The Committee reviews and approves recommendations made by the relevant business lines and instructs the necessary actions on restructuring of non-performing finance and investments such as re-scheduling the repayment, early settlement and dropping part of the profit, sell part or full guarantees for repayment and proposing granting of additional financings. In addition, the committee is responsible of reviewing and Recommending write-offs and provisioning to approving authorities i.e. Board and Qatar Central Bank.

7. Operational Risk Committee

The Operational Risk Management Committee mandate is to oversee and ensure the efficient and effective management of Bank's Operational Risks. It has the responsibility to prepare and consolidate operational risk losses reports as well as action plans to mitigate deficiencies in controls, in addition the committee reports to the board a summarized account of Bank's risk and the risk management activities. The mandate also includes approving and reviewing the Risk Assessments (RA) and Risk and Control Self-Assessments (RCSA) deployment plan, results and action plans.

8. New Product Committee

The New Product Committee mandate is to oversee performance of QIB businesses through product and service development initiatives, including reviewing and approving of plans, standard tariff table of the bank, pricing, fees and cross sell targets. The mandate also includes monitoring the implementation of all projects related to the development and roll out of products and services as well as enhancements to existing products and services.

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, and 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.

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 Head of Audit , Risk & Compliance 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 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 QFMA'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

Ernst & Young was the appointed external auditors to audit the financial statements of Qatar Islamic Bank for the financial year 2013 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 2013. The external auditors attended the meetings of the Audit Committee and the Shareholders' Meeting held in 2013.

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 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.

The QIB Zakat Committee, which reports to the Board of Directors, provide assistance 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 QR 48,000 were imposed on the Bank till 31/12/2014 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, QFMA 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.