



CORPORATE GOVERNANCE
REPORT 2011



Report Content

Chairman Foreword	5
1. Introduction	6
1.1 Objective	6
1.2 Commitment to Comply with Corporate Governance	6
1.3 Application of Corporate Governance Principles	6
2. QNB Group Achievements during 2011 in Strengthening the Corporate Governance Approach	7
3. The Scope	8
4. The Board of Directors (BOD)	9
4.1 The Board of Directors Composition	9
4.2 Independent and Non-Executive Board Members	9
4.3 Board Secretary	10
4.4 Board Meetings	10
4.5 Board Committees	10
- Group Executive Committee	10
- Group Audit and Compliance Committee	10
- Group Policies, Governance, Development & Remuneration Committee	10
5. Board of Directors and Executive Management Members' Remuneration	11
6. Executive Management	11
6.1 Group Risk Committee	12
6.2 Group Credit Committee	13
6.3 Group Asset and Liability Committee	13
6.4 Group Strategy Committee	13
6.5 Centralized Purchasing Committee	14
6.6 Group Information Technology Committee	14
6.7 Group Business Development Committee	15
6.8 Group Operations and Services Committee	15
6.9 Group Human Capital Committee	15
7. QNB Group Organization Structure and Succession Plan	16
7.1 Organization Structure	16
7.2 Succession Plan and Leadership Development	16
7.3 Training and Development of Future Leadership Profiles	16

8. Risk Management	17
9. Internal Control System	18
9.1 Group Internal Audit	18
9.2 Group Compliance	19
10. External Audit	20
11. QNB Group Ratings	20
12. Capital and Shares	21
13. Shareholders' Rights	21
14. Disclosure	21
15. Conflicts of Interest and Insider Trading	22
16. Customers' Complaints	22
Conclusion	23
Appendix	24

Dear QNB Group Shareholders,

Greeting,

In compliance with the Article (30) of the Corporate Governance Code, issued by Qatar Financial Markets Authority, on January 27th, 2009, we have submitted our first annual corporate governance report of QNB Group for the year 2010 which was then considered as fundamental base to move towards the development of the concepts of sound corporate governance within the Group in order to enhance shareholders' trust.

During 2011 and in view of establishing a new era of corporate governance within QNB Group, we have reviewed and updated our existing corporate governance practices at several levels starting from the Charters of the Board of Directors and its Committees, the adoption of standards for self-evaluation of the Board Members in order to promote transparency within QNB Group and ending up with a review of the professional conduct rules.

The Corporate Governance framework establishes a redress mechanism towards the long-term success and continuity of the Group. Through the combined joint efforts of the Board of Directors, Executive Management and employees, we have put in place various inter-organizational frameworks to enhance and develop this principle, including the preparation of the Corporate Governance Manual for QNB Group which aims to build a sound and sustainable governance, serving QNB Group's shareholders, customers and stakeholders.

Through submitting this second corporate governance report for 2011, we would like to emphasize the continuation by QNB Group of ensuring the proper application of the best international standards in corporate governance as framed out by Basel Committee, the International Network for Corporate Governance, the Organization for Economic Cooperation and Development and other relevant international institutions, along with our full concern to abide by the corporate governance guidelines issued by Qatar Central Bank and Corporate Governance Code issued by Qatar Financial Markets Authority.

Sincerely,

Yousef Hussain Kamal
Chairman

1. Introduction

QNB Group considers that sound corporate governance is a key factor to enhance the image of the Group, both locally and internationally, through a commitment to Corporate Culture that motivates directors, managers and employees to maximize operational efficiency and comply with sound principles of conduct, by ensuring returns on investment and long term productivity growth.

1.1 Objective

The Board of Directors (BOD) and Executive Management believe that corporate governance is essential element to enhance shareholders' trust, specifically minority shareholders and stakeholders, by increasing the level of transparency of the ownership and control, and the implementation of effective monitoring system for strategic business management. Hence, all necessary efforts were combined to create awareness of their importance within QNB Group.

1.2 Commitment to comply with Corporate Governance

The BOD, Executive Management, and Officers commit themselves to the governance principles and best practices as detailed in the Group Corporate Governance Manual, in order to achieve the Group's objectives. Periodically, the Board ensures that QNB Group complies with the principles of corporate governance, review and updates the professional codes of conduct for the purpose of updating its governance practices. The Board also promotes the institutional values, policies and other internal procedures that apply to all members of the BOD, Executive Management and staff of the Group.

1.3 Application of Corporate Governance Principles

To ensure the proper application of the principles of sound corporate governance, as stipulated in the guidelines issued by Qatar Central Bank (QCB) and the Corporate Governance Code issued by Qatar Financial Markets Authority (QFMA), QNB Group's BOD has approved the application of a comprehensive set of corporate governance policies and procedures within QNB Group. This assures that obvious vigilance is exerted by the BOD and Executive Management, as this is compatible with the legal and regulatory requirements and reflects the real orientation to comply with the international standards developed by the Organization for Economic Cooperation and Development, recommendations of the Basel Commission, the International Network for Corporate Governance, and other international institutions.

The roles and responsibilities of the BOD are segregated from the functions of Executive Management, whereby the Board assumes the overall supervision of the Group and provides strategic direction through the approval of the strategic initiatives, policies and objectives, while the daily affairs of the Group are carried out by the Group Chief Executive Officer.

Therefore, QNB Group believes that sound corporate governance is vital for the success of the Group through the combined efforts of the BOD, Executive Management, employees and stakeholders. For this reason, stakeholders cannot be ignored, and their rights must be determined along with the Group's obligations by exercising good corporate governance.

2. QNB Group Achievements during 2011, in Strengthening the Corporate Governance Approach

QNB Group's vision focus on Corporate Governance principles, which is recognized as a valuable part of the ethical culture of the Group and its daily strategic practices, and in order to develop the relationship with the customers to improve the confidence of the existing and potential investors, the BOD has made further efforts to promote transparency, disclosure, and to foster a culture of corporate governance within the Group.

The productive result of the continuous efforts during 2011 was the review and update the application of corporate governance principles within QNB Group through the preparation of a corporate governance manual which sets the framework for the corporate governance practices within the Group. Moreover, Board members completed individual and collective self-evaluation forms, which promoted transparency in the Group. The rules of professional conduct and the Charters of the Board and its Committees were also reviewed. In addition, the capital structure and control are transparently disclosed in this report in accordance with QFMA requirements.

During 2011, the implementation of the Group's strategic plan through the year 2017 was initiated, after being approved by the BOD. In order to achieve the strategic objectives of the Group, the Risk Management Department prepared a comprehensive plan for risk structuring, and initiated the Credit Rating Policy as a mechanism to assess the credibility of juristic entities and individuals. The Risk Management Department also prepared an exhaustive document describing how to address Basel III requirements, taking into account the requirements of QCB.

The organizational chart was also reviewed to incorporate modifications in accordance with the Group's expansion strategy. All amendments were duly approved by the BOD based on the Executive Management proposal. Moreover, the strategic plan of staff succession and the development of leadership skills were enhanced through the implementation of several development programs to support talented staff to assume leadership positions in the Group over the coming years.

Since sound governance requires continuous improvement and development, in order to achieve the strategic interests of the Group, the BOD approved the initiation of new strategy to strengthen the internal procedures through the implementation of Key Risk Indicators (KRI) and Key Control Indicators (KCI) for all operations. The implementation of these indicators contributed effectively in strengthening the internal controls within the Group, in accordance with legal and regulatory requirements in countries where QNB Group operates.

As confirmed by Executive Management to strengthen the internal control environment, guiding principles, segregation of duties and disclosure of conflict of interests were implemented in the adoption of the concept of "Chinese Walls". Moreover, in the context of commitment to combating money laundering and terrorist financing, and in accordance with the instructions issued by the QCB and the QFMA, the Bank launched a project for the integration of advanced international automated systems that efficiently assist in combating money laundering and terrorist financing and adequately detect suspicious transactions.

The principle of consolidated supervision as well as compliance monitoring have been developed in accordance with QCB requirements, in order to enhance monitoring over the Group's foreign branches, subsidiaries and aiming to the development of an internal controls system which serves the governance system which is applied within QNB Group.

Furthermore, consistent approaches were implemented to enhance the confidentiality of customers and stakeholders' information in order to eliminate the conflict of interests and insider trading through the application of new mechanism for restricting access to information and data only to the relevant departments. Also, electronic controls were implemented to prevent any illegal access to such information through the application of "Need to Know" principle. The selection process of a new electronic system to protect data has already been launched.

For the promotion of the principle of independence and in order to adhere to international standards, Group Internal Audit initiated “Quality Assessment” project, to be performed once every five years in collaboration with the Institute of Internal Auditors in the United States of America, as an independent party to execute this vital project in order to assess the effectiveness and efficiency of management processes, and to provide advice and guidance on the development of audit tools in line with the needs of QNB Group.

Further actions were taken to enhance transparency with stakeholders, mainly for current and prospect customers, QNB Group in the process of establishing an independent unit specialized in Complaints’ Management. The unit will be responsible of developing and applying several advanced mechanisms to receive complaints arising from customers and stakeholders, including shareholders, investors, and service providers, in order to remediate their concerns in an efficient and timely manner.

Caring about effective participation in the community and in order to improve QNB reputation and presence, QNB Group has sponsored many social activities that directly contribute to the social development of the individual and the community in the fields of culture, arts, health, , environment, sports and education. The Bank also sponsored economic conferences and participation in local, regional and international seminars.

Moreover, the Bank presented a special paper specific to corporate governance, entitled “Corporate Governance at QNB” during a workshop held under the sponsorship of the QFMA in March, 2011.

3. The Scope

Based on the corporate governance project that has been applied in QNB Group since 2007, which included nine integrated and interrelated phases to achieve the proper application of such project, taking into consideration the laws and regulations issued in the State of Qatar, specially the instructions of QCB and the Law Number (33) for the Year 2006, the project included at that time the application of comprehensive measures of governance and contained the preparation of overall policies, procedures, manuals, organizational structure and accurate job descriptions, the determination of the powers and responsibilities, the internal and external reporting requirements and the roles, responsibilities and charters of the BOD and its committees as well as the roles and responsibilities of the executive committees.

The optimal application of sound corporate governance within QNB Group provides assurance to the BOD with regards to the internal monitoring of the Group’s practices, and confirms the permanent commitment of the BOD to the development of corporate governance practices to suit and cope with the changing needs and conditions. Hence, the resolutions of the BOD relevant to corporate governance support their commitment through the ongoing review of governance practices, while working to periodically implement the necessary adjustments to comply with local and international legislative requirements.

In this context, the annual corporate governance report submitted to QFMA aims to ensure a transparent disclosure of the governance practices applied by QNB Group, which embodies the values of the Group and the policies that all parties must abide by. The report includes the capital structure, control, shareholders’ rights, equality, development of the Charters of the BOD and its Committees, systems, related parties’ transactions policy, rotation, and the periodic review of the principles of professional conduct, in order to ensure the application of best professional practices that meet the needs and objectives of QNB Group.

4. The Board of Directors (BOD)

The BOD monitors and guides QNB Group strategy through the review and approval of the various Group policies, including the investment and credit policies, whether originated directly by the BOD or through the Board Committees, to ensure the adherence to specific standard limits in order to minimize the Group’s risk exposure.

The BOD also ensures that QNB Group adopts effective of policies and rules that include the functions and responsibilities of the Board, along with defining the duties of its members. These policies and rules are developed in compliance with the provisions of applicable laws, with the possibility of being amended from time to time. The BOD also administers the development and implementation of the code of conduct for its members, explaining their roles and responsibilities in establishing the principles of ethical behavior.

The BOD meets at least six times a year to review and approve the annual budgets, capital expenditures and business plans. Moreover, the BOD regularly monitors the Group’s progress towards achieving its strategic goals and objectives, and recommends the necessary adjustments where applicable. As part of its duties, the BOD also ensures the implementation of an internal control system, including risk management, internal audit, compliance and financial control.

4.1 The Board of Directors Composition

In conformity with QNB Group Articles of Association, (10) members of the BOD are elected or nominated for three years renewable for the same period. The General Assembly was held on 7 February, 2010 and elected the (5) members of the BOD from the private sector. Following this meeting, (5) members from the private sector joined the BOD and Qatar Investment Authority (QIA) appointed the other (5) members. The term of the current Board expires in 2013.

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

In order to preserve the transparency in the nomination for membership of the BOD, in order to ensure the rights and interests of all shareholders to stand for the Board membership process by the direct election of the General Assembly without exclusion or deprivation, the BOD maintains strict and direct supervision over the nomination and election process and does not to delegate such task to any of its committees.

Nominations and appointments are made in accordance with an approved mechanism to accept candidates in line with QCB requirements. Moreover, for this specific purpose, the BOD has adopted a clear policy in light of international professional and technical standards to measure the eligibility of individuals to apply for Board membership.

4.2 Independent and Non-Executive Board Members

QNB Group’s BOD is composed of (10) members all of them are non-executive members, out of them (6) are independent members. Moreover, none of the BOD members assumes executive responsibilities and no member holds a full-time or part-time job with the Group in accordance with QFMA Corporate Governance Regulations. The BOD has completed the evaluation of the Board’s performance as well as the performance of its members as a whole using the self-assessment and group-assessment criteria in the evaluation.

4.3 Board Secretary

The BOD has appointed a Secretary of the Board who is entrusted to record, coordinate and register all Board's meetings, in addition to the custody of records, books and reports are sent and received by the Board. The Secretary's functions also include the distribution of information and coordination among members of the Board and between the Board and stakeholders within the Group, including shareholders, Executive Management and staff, and to ensure the timely access of members of the Board to all minutes of meetings, information, documents and records relating to the Group.

4.4 Board Meetings

The BOD' meetings are held regularly or when invited by the Chairman or by two Board members, according to QNB Group's Articles of Association. The invitation for the Board meeting should be communicated to all members at least one week prior to the meeting. In this regard, any member can add a subject to the meeting's agenda. The Group's Articles of Association also provide detailed information on the attendance, quorum, voting and meeting requirements. The Board should periodically meet in order to ensure it is adequately fulfilling its roles and responsibilities. The Board should hold at least six meetings during the year. In 2011, the BOD held six meetings.

4.5 Board Committees

To appropriately handle its duties, the BOD is assisted by three specialized Committees composed of members of the Board that report directly to it and perform function on its behalf and improve its efficiency. These Committees include the Group Executive Committee, Group Audit & Compliance Committee, and Group Policies, Development, Governance & Remuneration Committee.

- Group Executive Committee

The Group Executive Committee is composed of five Board members; one of them will be selected by the BOD as Chairman of this committee. The Group Chief Executive attends all meetings, without voting right.

The Group Executive Committee reviews overall credit and investment exposures, and approves credit facilities exceeding the authorized ceiling set for the Executive Management up to the committee's limit as delegated by the Board. The committee reviews, on quarterly basis, the status of litigation matters and recommends action to be taken on impaired loans. The committee also oversees and approves corporate social responsibility expenditures. The committee held five meetings during the year 2011.

- Group Audit and Compliance Committee

The Group Audit and Compliance Committee reviews the Financial Statements; ensure effectiveness of the Internal Control and the performance of Internal Audit, External Audit, Compliance, Combat of Money Laundering and Terrorist Financing within QNB Group. For the purposes of confirming the adherence to transparency and independence principle, the Internal Audit and Compliance Divisions report directly to the Group Audit and Compliance Committee where as the Chiefs of both the Audit and the Compliance are responsible to submit reports and observations to the Committee on a quarterly basis and as needed. The committee held eight meetings during the year 2011.

- Group Policies, Development, Governance & Remuneration Committee

This committee develops the long-term strategy of QNB Group. It ensures the annual business plans and budget are in line with the long-term strategy by monitoring the quarterly performance of the Group.

The committee is also entrusted with the development and promotion of business activities, product and services and the allocation of resources across the Group, along with marketing and communication plans.

On periodic basis, the committee reviews and assesses changes in the local and international corporate governance practices and recommends improvements to the Board. The committee also reviews group-wide policies and provides recommendations prior to final approval by the Board. The committee also forms the QNB Group's remuneration policy including that for the BOD and Executive Management, through a framework and policy to be approved by the Board. The Board's remuneration is approved by shareholders at the annual General Assembly meeting, which has the sole right on such decision based on the Board's proposal. The committee held four meetings during the year 2011.

5. The Board of Directors and the Executive Management Members' Remuneration

In accordance with Commercial Companies Law Number (5) for the Year 2002, and its subsequent amendments, as well as Qatar's Central Bank Law Number (33) of the Year 2006, QNB Group adopted a special remuneration policy for the BOD in line with the said regulations, whereby the Group's Articles of Association has established a framework for the Board members' remuneration which is far below the limits referred to in the Commercial Companies Law. During the General Assembly held in February 2010, the remuneration policy of the BOD member was duly acknowledged to in line with QCB instructions for the year 2010, by which a mechanism regarding the remuneration policy dedicated to the BOD members should be presented on a yearly basis to the General Assembly for approval.

The said mechanism includes the following elements:

- Presentation of the BOD remuneration to the General Assembly for approval on a yearly basis.
- The remuneration will include all allowances, fees and benefits.
- The remuneration has to commensurate with the efforts exerted by the BOD members in the development of QNB Group's profit and their contributions as per the approved mechanism.
- The calculation of remuneration will be a percentage of the profits not exceeding 0.5% of the annual profits.
- The Board's remuneration is treated as expenses (deductible from the profits).

With regards to the Executive Management, Group Policies, Development, Governance & Remuneration Committee defines a specific policy for remuneration of the Executive Management before presenting it to the BOD for approval. The policy draws down a mechanism where by the remuneration is tied to performance for each employee through their achievement of the tasks assigned to them and in accordance with the profitability, risk assessment and the overall performance of QNB Group.

6. Executive Management

In accordance with the corporate governance code of QFMA, article (7) and the corporate governance guidelines issued by QCB, in order to ensure the separation of powers between the Chairman of the BOD and the Group Chief Executive Officer (GCEO), the BOD has given this aspect due attention and has adopted a clear policy since the establishment of the Bank with a complete segregation between the duties of Chairman of the BOD and the GCEO.

In line with this policy, the day-to-day operations of the Group are managed and presided over by Mr. Ali Shareef Al-Emadi as GCEO for the QNB Group, a position he was assigned to since August 8th, 2005. He is assisted in his duties by a specialized and highly qualified team from the Executive Management. Four Executives report

directly to the GCEO: The Executive General Manager – Chief Business Officer; the Executive General Manager - Chief Operating Officer; General Manager – Chief Risk Officer; and General Manager - Chief Financial Officer. Two other Executives, responsible for generating reports and reporting on violations and concerns to the GCEO are the Group Compliance Officer and the Group Chief Audit Executive.

Executive Management of the QNB Group is fully aware of its role on governance, through its commitment to implement the legislative requirements and the BOD's instructions in a way to strengthen the control environment in the various processes and banking activities. This includes determining the deviation from the objectives, ensuring the convergence of operations to achieve the desired goals and implementing corrective actions when required. Executive Management is also committed to assess the behavior of individuals and organizational units through the development of effective internal controls, which enhance the monitoring of business performance and risk measurement. In addition, soft controls have been implemented, such as incremental audit checks, segregation of duties, and restriction of powers, in addition to the implementation of ceilings on all banking operations through the adoption and monitoring of an authority matrix.

The GCEO relies on a number of multi-functions internal committees in the execution of his functions. Based on the corporate governance project that the QNB Group implemented since 2007, nine specialized committees were formed. The Committees' meetings are authenticated if quorum number of attendees is attained, including the chairman of the committee or his deputy. If any member is absent, a representative must be nominated to attend the meeting. Where majority rules are the norm for decisions, the vote of the chairman of the committee has to prevail in case of a tie, with the exception of the Group's Credit Committee where unanimous decisions are required, and any suggestion that is not approved by all the members is denied.

In addition, the GCEO presides the Crisis Management team which includes the GM - Chief Risk Officer as Vice President and members from the various divisions of the Bank. The Crisis Management team addresses issues that may affect QNB Group reputation, customers trust, financial matters, and operation failures in some preset scenarios.

A summary of the tasks of the various committees is highlighted below:

6.1 Group Risk Committee

The Group Risk Committee is headed by the GCEO, with the General Manager - Chief Risk Officer as the Vice Chairman. The committee also includes the Executive General Manager – Chief Business Officer, Executive General Manager – Chief Operating Officer, General Manager - Chief Financial Officer, Assistant General Manager – Credit and Executive Manager Operational Risk. The Group Chief Audit Executive and Group Compliance Officer attend the meetings as observers. The Head of Operational Risk acts as Secretary for this committee. The committee meets at a minimum every two months and decisions taken are by majority, with the Chairman vote deciding in case of a tie. The committee held six meetings during 2011.

The Group Risk Committee establishes, implements and monitors QNB Group's risk management strategy and defines risk policies. It reviews the processes and control framework for the management of risks and defines related roles and responsibilities across the QNB Group. The committee also monitors risk management activities from several perspectives: operational, credit, market, strategic, legal and reputational. The review of the Committee's policies and supervision of its activities falls under the responsibilities of the Board.

The Committee reviews compliance with policies and procedures, audit recommendations, regulatory requirements, including combating money laundering and counter terrorist financing requirements. It also implements and manages the Crisis Management Plan and framework and provides strategic direction during a crisis, including the management of external communications - liaising with media, regulatory authorities, emergency services and government agencies.

6.2 Group Credit Committee

The Group Credit Committee is headed by the GCEO, with the General Manager - Chief Risk Officer as the Vice Chairman. The committee also includes the Executive General Manager – Chief Business Officer, General Managers of Corporate Banking and International Banking and the Assistant General Manager – Credit. The Head of Credit Administration acts as Secretary for this committee.

The committee meets at least every month and decision consensus is unanimous. Any proposal not supported by all members present is rejected. The committee held forty one meetings during 2011.

The Group Credit Committee reviews, recommends and implements approved credit policies and procedures relating to all corporate and financial institutions across the Group. The Committee also reviews and recommends the investment strategy, policies and procedures to the Group Executive Committee and BOD.

The Committee reviews the delegated authorities related to credit and investments and recommends amendments to the BOD where appropriate. It also escalates its decisions to the Group Executive Committee of the BOD credit facilities which exceed its authority.

The Committee also assumes the responsibility to review and approve the range of investment products across the Group and approves acceptable brokers/dealers and custodians for the Group. It also monitors and reviews the performance of all the investment portfolio activities. In addition, the Committee monitors and reviews country risk exposures, for compliance with the approved investment limits and ratios. The Committee also provides investment and credit risk reports to the Board as and when required.

6.3 Group Asset and Liability Committee

The Group Asset and Liability Committee is headed by the GCEO, with the General Manager – Chief Financial Officer as the Vice Chairman. Other members of this committee include the Executive General Manager – Chief Business Officer, General Manager – Chief Risk Officer, General Manager – Treasury and Head of Asset and Liability Management. Other members of senior management may be invited to attend if needed. The Head of Financial Reporting acts as a Secretary for this Committee.

The Committee meets every month and decisions are taken by majority, with the Chairman vote deciding in case of a tie. The committee held twelve meetings during the year 2011.

The committee reviews and recommends the strategies, policies and procedures related to Asset Liability Management across the Group. It also monitors and reviews Treasury performance and products, including banking and trading book portfolios; interest rate risk; liquidity risk; and foreign exchange risk. The Committee also ensures compliance with Treasury's limits and ratios.

The Committee oversees inter-group transfer pricing policy. It also monitors monthly financial performance and budget targets and market share targets against performance.

6.4 Group Strategy Committee

The Group Strategy Committee is headed by the GCEO, with the Executive General Manager – Chief Business Officer as the Vice Chairman. The committee also includes the Executive General Manager – Chief Operating Officer, General Manager – Chief Risk Officer, General Manager – Chief Financial Officer and General Manager – Strategy. On regular basis, General Managers of Business and Support Divisions are invited. The Assistant General Manager - Economics, Financial Analysis and Research acts as Secretary for this Committee. The Committee meets at a minimum on a quarterly basis and decisions are taken by majority, with the Chairman vote deciding in case of a tie. The Committee held five meetings during 2011.

The main function of this Committee is to develop a five-year strategy for approval by the BOD, while making recommendation for adjustment as needed. In line with the five-year strategy, the committee develops the annual business plan and budget for the QNB Group and monitors quarterly the performance against it. The committee monitors and analyzes market movement developments and the competitive positioning, quantitatively and qualitatively against peers in the Middle East and North Africa Region.

QNB Group's strategic vision was crystallized in early 2011 and in coordination with a company specialized a project defining the Group's strategy until the year 2017 has been implemented. The Group's strategic plan was hence approved by the BOD and disseminated to the concerned departments, in order to harmonize the action plans of each department with the Group's strategic vision. Moreover, for the purpose of strengthening this strategic goal, the Group's Executive Management organized a workshop for its members and the general managers of the overseas branches, subsidiaries and affiliates, and presented the milestones of the strategic plan, while emphasizing on the objectives intended to be achieved and the projects and products to be adopted.

6.5 Centralized Purchasing Committee

The Centralized Purchasing Committee is headed by the GCEO, with the General Manager – Chief Financial Officer as the Vice Chairman. The Committee includes the Executive General Manager – Chief Business Officer, Executive General Manager – Chief Operating Officer, and General Manager – General Services and Special Projects. Required observers in this Committee include the Group Chief Audit Executive, Group Compliance Officer and Head of Legal. This Committee also includes a representative from the concerned Department as an Observer. The Head of Business Services acts as a Secretary for this committee. The Committee meets as and when required, and the decisions are taken by majority with the Chairman's vote deciding in case of a tie.

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

6.6 Group Information Technology Committee

The Group Information Technology Committee is headed by the Executive General Manager - Chief Operating Officer, with the General Manager – Information Technology as the Vice Chairman. The committee includes the Executive General Manager – Chief Business Officer, General Manager – Chief Risk Officer and General Managers of General Services and Special Projects, Retail Banking and International Banking. The Head of Operations, Control and Business excellence is also a member of the Committee. The Head of Support and Operation – Information technology acts as secretary of this Committee. The Committee meets at a minimum every two months and decisions are taken by majority, with the Chairman's vote deciding in case of a tie. The committee held four meetings during 2011.

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

6.7 Group Business Development Committee

The Group Business Development Committee is headed by the Executive General Manager – Chief Business Officer, with the General Manager – Corporate Banking as the Vice Chairman. The committee includes the Executive General Manager – Chief Operating Officer, General Managers of International Banking, Treasury, Strategy, General Services and Communications. The Assistant Manager – Cash Management acts as Secretary for this Committee. The committee meets at a minimum once every two month and decisions taken are by majority, with the Chairman vote deciding in case of a tie. The committee held eleven meetings during the year 2011.

The Group Business Development Committee formulates the implementation framework for realizing expansion plans and aligns the required regulatory, business, support and marketing resources. The Committee develops a five-year international expansion plan in line with QNB Group's five-year strategy. It also reviews mergers and acquisitions to implement appropriate integration standards across QNB Group business.

The Committee reviews the competitor products and services and recommends business plan amendments as needed. It also reviews regulatory developments and their impact on business strategy and products. The Committee develops and monitors implementation of operational standards across the Group. It maintains inter-group working priorities in areas of business and operations, at the same time review support units' delivery against business objectives. It is also the committee's responsibility to review and recommend marketing plans and branding opportunities, as well as the participation in events and ensure maximum benefit from staff and management engagement.

6.8 Group Operations and Services Committee

The Group Operations and Services Committee is headed by the Executive General Manager – Chief Operating Officer, with the General Manager – General Services and Special Projects as the Vice Chairman. The committee includes the Executive General Manager – Chief Business Officer, General Manager - Chief Risk Officer and General Managers of Information Technology, Retail Banking and International Banking. The Heads of Business Services and Operations, Control and Business Excellence are also members. The Head of Operations Control and Business Excellence acts as Secretary for this Committee.

The Committee meets at a minimum once every two months and decisions taken are by majority, with the Chairman's vote deciding in case of a tie. The committee held six meetings during 2011.

The Group Operations and Services Committee ensures the follow-up and conducts regular reviews for the Bank's operational activities, transactions monitoring, procedures execution and improvements, operational efficiencies, oversight of premises and facilities, insurance and back-office centralization initiatives. The Committee aligns all operations activities with QNB Group's vision, mission and business plans. It conducts regular re-engineering program to support continuous process and service improvement.

The Committee prioritizes the management of relevant projects and manages QNB Group real estate interests. It reviews and monitors branch, office and ATM expansions across the Group. It also defines and monitors the implementation of security and safety standards across the Group. The Committee also monitors the implementation of internal and external signage and branding standards, and provides quarterly capital budget utilization and reassignments reports.

6.9 Group Human Capital Committee

The Group Human Capital Committee is headed by the Executive General Manager – Chief Operating Officer, with the General Manager – Human Capital as the Vice Chairman. The committee includes the Executive

General Manager – Chief Business Officer, General Manager – Chief Risk Officer and General Managers of Retail Banking, International Banking and Strategy. The Heads of International Human Capital and Group Human Capital Centers of Excellence are also members. The Head of Domestic Human Resources acts as Secretary for this Committee. The Committee meets at a minimum once every two months and decisions taken are by majority, with the Chairman vote deciding in case of a tie. The committee held five meetings during 2011.

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

7. QNB Group Organization Structure, and Succession Plan

7.1 Organization Structure

As part of the ongoing Corporate Governance project which started in 2007, the BOD approved the new organization structure for the Bank that complies with regulatory requirements and to cover future plans of internal and external growth. The new organization structure played an integral role in the expansion of QNB Group as well as the development of its financial services locally and abroad.

7.2 Succession Planning and Leadership Development

During 2011, QNB Group developed and enhanced the Succession Planning and Leadership Development strategy. Under the Talent Management framework, internationally benchmarked assessment and development methodologies, processes and tools were launched to adequately and objectively identify talented employees to fill Executive Management and Middle Management positions. Over 250 employees have undergone scientific assessments, and a number of Management Development Programs (MDPs) have been developed and implemented in partnership with international training institutions. In addition, customized and Individualized Development Programs (IDPs) are offered to talented employees to prepare them assume leadership positions in the Bank

The Talent Management initiative has achieved positive results since the Group's retention and promotion policies are now aligned to the Talent Management strategy and MDP/IDP processes thus ensuring that adequately qualified employees with the appropriate competency level and leadership skills/capabilities are promoted to higher levels of responsibility.

7.3 Training and Development of Future Leadership Profiles

QNB Group is considered as the market leader, in the State of Qatar, for the recruitment, retention and development of experienced and recently graduated Qatari individuals. The Bank has developed a structured induction process supported by an extensive number of career-linked development programs designed to help Qatari employees not to only excel in their jobs but to also prepare them to assume future leadership positions within QNB Group. The Bank's objective is to build training and development centers, and implement and execute training and development programs, under the supervision and support of the Executive Management and in line with the best interests of QNB Group's overall people vision and strategy.

The Bank has expanded the Sponsorship Program aimed towards young talented Qatari nationals who are pursuing higher education studies. The Bank offers 50 sponsorships annually in partnership with leading educational institutions and universities in Qatar.

During 2011, an Executive Retention Plan (Long Term Incentive Plan) was launched aiming towards selected members of the Executive Leadership team, designed to retain top talent and to provide the Bank with leadership continuity and stability. The retention plan left a positive impact in providing the Group with a stable executive leadership team throughout 2011.

8. Risk Management

QNB risk exposures are mitigated through various specific mechanisms for risk assessment and control. The success of risk management in QNB Group is generated from the ability to focus on the roles and responsibilities defined for the BOD, various committees, Executive Management, officers and staff. Risk management is considered an important element for the QNB Group to ensure continued profitability, and every employee in the Group is responsible for dealing with potential risks when carrying out his/her duties.

The BOD assumes the ultimate responsibilities for monitoring QNB Group risks, by assuming the responsibility of risk assessment and supervision, in coordination with the GCEO, the Group Risk Committee, the Group Credit Committee, and the Group Assets and Liabilities Committee. The BOD also performs complete supervision over credit, market and operational risks affecting the Group.

The BOD has determined the objectives and framework of the Group's risk management policy and is committed to monitor the various risks on a daily basis through the various committees that are responsible for the establishment of the risk management policy based on the objectives and mechanisms identified by the Board. The Group Risk Management department, headed by the Group Risk Officer, undertakes the implementation of the policy.

Risk management policies and procedures are established in order to identify, assess and monitor the risks at Group level. The process of independent risk oversight is a part of the strategic planning for QNB Group and includes business risks such as variables that may arise in the environment, technology and business.

The BOD assumes full responsibility for the development of strategic risks and the application of the relevant principles, frameworks and policies. This includes the implementation of appropriate restrictions with respect to products, issuer, geographic location, and maturity. However, separate and independent entities responsible for the management and control of certain risks are nominated and pre-defined. Accordingly, QNB Group's Treasury, Risk Management and Internal Audit departments are responsible for the Group's commitment to trading restrictions imposed by the BOD. In this regards, detailed monthly reports are submitted to the Group Assets and Liabilities Committee.

The Group Risk Management Department is considered the ultimate administrative authority vested to deal with the various risk aspects, at Group level. The Department undertakes the formulation and review of the risk management strategy, defines the risk management policies, evaluates the activities of risk management and control mechanisms, and assesses and determines the Group's operational, credit, market, strategic, legal, and reputational risks. Group risk Management also ensures the implementation of operational plans to monitor and manage these risks, reviews and monitors cases of fraud and operating losses, and oversees the legal disputes at all levels of QNB Group.

In order to achieve the strategic objectives of QNB Group, Group Risk Management has presented a comprehensive plan covering risks' structure, prepared the credit rating policy, created a mechanism to assess the credit worthiness of companies and individuals, and prepared an ample document on addressing Basel III, taking into account the requirements of Qatar Central Bank. QNB Group was granted the British Standards for Business Continuity award. Moreover, a process for the selection of an electronic system for the protection of the Group's information and data has been initiated.

9. Internal Control System

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

The existing applicable internal control tools provide reasonable assurance, though not absolute, to the soundness and accuracy of financial data, the safeguarding and preservation of assets, the detection of fraud, implicit responsibility or loss and deliberate financial error while adhering to applicable laws and regulations.

Group Audit and Compliance Committee, on behalf of the BOD, performs on a regular basis, a review of the framework of internal controls and assesses the internal systems through the evaluation of processes carried out by the Group Internal Audit and Group Compliance in addition to the reviews that the external auditors conduct. The BOD confirms the adequacy of the existence of effective internal controls at the Group level based on the recommendations and advices presented by the Group Audit and Compliance Committee as supported by Group Internal Audit and Group Compliance through:

9.1 Group Internal Audit

Group Internal Audit is an independent function within QNB Group that intends to add value to the Group's operations and improve their performance. It is the responsibility of Group Internal Audit to determine and report on the failures or weaknesses in the systems and operations of the Group in order to control its activities and adequately manage its risks. The department also reviews the systems and internal controls, for the activities of the Group, by assessing the efficiency and effectiveness of the systems and the implemented procedures, and by ensuring compliance with the control mechanisms implemented by management. The department also ensures compliance with all rules, regulations and internal procedures, and reviews the validity and reliability of the information that is provided to management.

Group Internal Audit submits its reports directly to the BOD or through the Group Audit and Compliance Committee. The remuneration of the department is determined by the Group Audit and Compliance Committee, which enhances its objectivity and independence. The Group Chief Audit Executive is nominated by the Group Audit and Compliance Committee and submits periodic reports directly to the Committee and the GCEO.

In order to enhance the principle of independence and transparency, and in order to adhere to international standards, Group Internal Audit has initiated a "Quality Assessment" project, which is performed by an independent party, once every five years. In furtherance to this principle, Group Internal Audit has contracted with the Institute of Internal Auditors in the United States of America in order to implement this vital project.

The Quality Assessment project intends to evaluate the effectiveness and efficiency of management's processes, provide advice and guidance for the development of audit tools and techniques, in line with the Group's expectations, and present an opinion about the department's compliance with internal standards on internal auditing.

9.2 Group Compliance

Monitoring of compliance with laws, provisions and standards is considered the common prominent responsibility to the Group Audit and Compliance Committee, Executive Management and the BOD. Group Compliance is an independent function, characterized by an official status within the Group, which undertakes the identification, evaluation, monitoring and reporting on compliance risks which include the risk of legal sanctions, legislative and financial loss, or damage to the reputation of the Group as a result of failure to abide by the laws and regulations, the charter of professional conduct and the standards of good practices.

These legislations include, but are not limited to, the laws and regulations of QCB, the directives or instructions issued by relevant authorities where applicable on the Group in the State of Qatar, in addition to the laws of each country where the Group operates. Group Compliance also responsible to ensure compliance with regulations dealing with combating money laundering and terrorist financing.

In order to enable Group Compliance efficiently perform its functions and responsibilities, it has been granted authority to deal with compliance matters within the Group's activities and has been given unrestricted access to all information, records of employees and operations of the Group in Qatar and abroad. Group Compliance is also empowered to conduct investigations relevant to any possible irregularity. Group Compliance responsibilities are carried out through the implementation of a compliance program that specifies its activities. The Group Audit and Compliance Committee approves the compliance annual plans which are executed in accordance with the Group Compliance Charter, its policies and procedures. Group Compliance submits periodic reports to the Group Audit and Compliance Committee and the GCEO concerning the compliance issues, irregularities, and the corrective action hence implemented.

During 2011, Group Compliance has made obvious efforts in order to identify and assess the compliance risks associated with the activities of QNB Group, especially those related to international sanctions imposed on some countries that have a banking relationship with QNB Group. Therefore, Compliance with the international laws and sanctions is the evidence on transparency and maturity of QNB Group Executive Management.

Group Compliance also intensified its efforts to ensure the application of the instructions introduced by the QFMA, especially in terms of Corporate Governance.

Group Compliance is keen to adopt an "adding-value" philosophy in order to facilitate QNB Group's understanding and implementation of international regulations. In this context, studies covering various recent international laws and regulations were prepared by Group Compliance, in order to ensure a better understanding of the legislative and legal requirements in these countries, where the role of the Group Compliance aims to fulfill the following objectives.

- Enhancing transparency and disclosure, QNB Group is committed to the highest standards of transparency, integrity and responsibility, which enhances the effective compliance control through the implementation of the whistle-blowing policy that encourages the employees to disclose their external interest with the bank and report any wrongful conduct without fearing of the accountability by providing an adequate protection for them.
- Increase awareness of compliance discipline within the Group, whereby Group Compliance responds to all queries on the legal requirements, the standards and the applicable regulations, while still providing written guidance on the instructions and regulations issued by regulatory authorities wherever the Group operates. Regularly, Group Compliance provides training sessions for the Group's staff to increase their awareness in terms of compliance, anti-money laundering and counter terrorist financing, and whistle-blowing policy.

- In order to prevent the Group from performing any transaction suspected of being involved in money laundering and terrorist financing, Group Compliance applies various effective control systems that ensures adequate monitoring of all financial transactions and customer accounts in accordance with the instructions of QCB and the Financial Action Task Force (FATF)'s Recommendations. In this regard, Executive Management has contracted with an international company during 2011 to acquire advanced software that relies on a risk-based approach to monitor the Group's transactions. Thus, providing QNB Group with a technical competence and professional response to all international requirements in the area of combating money laundering and terrorist financing, in accordance with instructions issued by the supervisory and regulatory authorities in all countries where QNB Group operates.

During 2011, as a result to the Group's compliance with the regulatory requirements and directives, no penalty of whatever nature by any regulatory authority was imposed on QNB Group.

10. External Audit

According to the Commercial Companies Law Number (5) for the Year 2002, Article (141), and QCB instructions – 12th edition – May 2010, page (311); QNB Group's General Assembly appoints an external auditor for one fiscal year based on recommendations raised by the Group Audit and Compliance Committee, where the General Assembly assesses the evaluation of this remuneration. Currently, KPMG (Qatar's Auditor's Registry Number. 251), was assigned to audit QNB Group accounts until the 31st of December 2011. The external auditors attend the General Assembly meetings to present their report and answer shareholders' questions.

Based on QCB's instructions and in line with International Standards, the External Auditor conducts the review and the audit of the financial statements quarterly and annually, according to the relevant International Standards on Auditing. The External Auditor presents his reports to the BOD and the General Assembly in conformity with the Laws of the State of Qatar.

11. QNB Group Ratings

During 2011, Standard & Poor's, Fitch and Moody's affirmed QNB's rating. Also, in April 2011, Capital Intelligence increased QNB's long-term rating to AA-, from A+. QNB Group credit rating is considered amongst the highest in the region.

The following table highlights the rating of QNB Group's by the most important rating agencies world-wide:

	Moody's	S&P	Capital Intelligence	Fitch
QNB Group Long-Term Rating	Aa3	A+	AA-	A+

12. Capital and Shares

As at December 31st, 2011, QNB Group's share capital reached QR6,361,176,710 consisting of 636,117,671 ordinary shares of QR10 each, noting that the Group does not hold international certificates of deposit. The ownership structure of QNB Group has been stable since its establishment in 1964. A 50% stake is held by the Government of the State of Qatar through its investment arm – Qatar Investment Authority (QIA), while the remaining 50% is held by the public, whereby any natural or legal person, except QIA, cannot at any time possess more than 2% of the shares other than by way of inheritance or testament. This is considered as an important aspect designed to reduce the dominance of the majority shareholders on minority shareholders. Consequently, the BOD composition reflects the ownership structure whereby five members of the ten BOD members, including the Chairman, are representatives of QIA, while the remaining five members are from the private sector and are elected by shareholders' at the General Assembly meeting.

13. Shareholders' Rights

QNB Group maintains open and transparent channels of communication with its shareholders and has published all the information for investors and stakeholders on a regular basis through its web site as well as the other media. The QNB Group has also developed a modern version on its web site www.qnb.com.qa that provides detailed reports to shareholders on corporate governance, financial data and other important information on disclosure of financial and non-financial information. A special work team, including the General Manager – Group Chief Financial Officer and Assistant General Manager – Economics, Financial Analysis and Research, are entrusted to provide analysts and shareholders on the latest update of QNB Group activities.

The Group's articles of association also confirm that all capital shares hold equal rights, without discrimination, in terms of ownership in the Bank's assets, profits, attendance to the General Assembly meetings and voting, in application to the principle of "one vote per share."

The General Assembly meeting is always held within two months following the end of the fiscal year, in accordance with the Commercial Companies Law Number (5) for the Year 2002. Notification of the General Assembly meeting is published prior to its date as per the Commercial Companies Law and the Bank's Articles of Association, and is published on the Bank's web site. Copies of the annual report and financial statements are also published at least 15 days prior to the date of the General Assembly meeting to give the shareholders reasonable time to obtain and to discuss the Bank's performance with the Chairman of the BOD and other Members of the Board. Shareholders have the right to vote during the General Assembly in person or replaced by another shareholder as a proxy.

The BOD presents his suggestions on the dividends distribution to the General Assembly based on QNB Group performance and results along with the Group strategy. The General Assembly is the sole part to approve and decide about the profits allocation together with the modalities.

14. Disclosure

QNB Group abides by all disclosure requirements and furnishes all the financial and audit reports as well as all information accurately and transparently, including financial data, Qatar Central Bank's reports and the disclosures to the Qatar Exchange. QNB is considered among the first companies to publish its financial statements in the Middle East and North Africa region.

Based on this, the Bank is committed to a clear policy of disclosure, since the Corporate Governance report intended to QFMA includes information about the BOD with brief of the position of each member as well as their membership on the Boards of other companies (Appendix).

QNB Group affirms that all the statements supplied in this regard are accurate, true and are not misleading. In addition, all of the QNB Group annual financial reports comply with the International Financial Reporting Standards (IFRS). The External Auditors' report includes affirmations that they have received all the required information and that the audit was conducted in accordance with the International Standards on Auditing (ISA).

15. Conflicts of Interest and Insider Trading

QNB Group has established its own internal policy applicable to stakeholders, personal account dealing, tenders, auctions and outsourcing based on the Commercial Companies Law number (5) for the Year 2002 and Qatar Central Bank instructions in this regard. According to this policy, all the QNB Group employees are obliged to periodically disclose any personal interests and dealing in the Bank's shares, including third parties that have relations with the Bank. In addition, the CPC members are requested to disclose any personal interests during the tendering of any bids or auctions relevant to contracts and projects and commitments of the Bank.

QNB Group is also applying the Qatari Commercial Companies Law number (5) for the Year 2002, article number (108) regarding the works of contractors and general tenders that allows everybody to compete and participate in tender offers equally. If an offer is made by the Chairman of the BOD or any Board Member or Managers, it must be presented to the General Assembly for approval.

16. Customers' Complaints

Customers' complaints are a crucial source of information in order to enhance and develop the Group's activities, whereby customers are considered key to success and prosperity. Some companies consider the customer as the backbone for their survival, continuity and success. Therefore, the establishment of a customers' satisfaction unit that also pursue their complaints has become a major and crucial objective for management in developed institutions.

In the light of progress in legislation, laws and regulations that govern the relationship with the customers and for the purpose of promoting and developing the transparency with stakeholders, QNB Group has established, during the year 2011, the framework and the appropriate mechanism for an independent unit specialized in managing customers' complaints (Complaint Management). The Unit is responsible for developing and implementing several advanced mechanisms to receive and manage complaints raised by customers and related parties such as shareholders, investors and service providers, on a timely basis. The creation of these channels contributes to the enhancement of transparency, emphasizes the principle of continuity and achieves equality in dealing with all parties alike, whereas a detailed report is periodically submitted by Risk Management to the Executive Management of the Group stating the nature of the complaints and the relevant departments involved in the resolution, so that adequate mechanisms will be implemented preventing the reoccurrence of the same incident in the future. In addition to the above, the creation of the Complaint Management unit contributes to the creation of a professional culture that takes care of the various stakeholders that maintain a relationship with QNB Group. This also emphasizes on the application of the principle of equality, while remaining compliant with all regulations and legislation when providing a service or implementing a project.

Conclusion

QNB Group is committed to respect the rights of all its stakeholders and those that have dealings with the Group through the adoption of the highest standards of transparency and integrity in all its dealings and disclosures. In this respect, the Group corporate governance manual has been adopted and implemented the whistle-blowing mechanism to ensure the confidentiality and protection of the employee who reports a suspicious situation.

Moreover, to confirm our commitment to maintain the secrecy of our customers', shareholders' and stakeholders' information, a Chinese Walls framework has been implemented, whereby the information is retained with the relevant internal party without being leaked out to other parties, unless for business purposes.

The BOD has reinforced the concept of Equal Opportunity by the adoption of a remuneration and compensation policy that motivates distinguished employees to provide a better performance and encourages the other employees to deploy serious efforts to develop their performance in line with the strategic objectives of the Group in the coming five years.

QNB Group believes that stability is considered as one of the main economic indicators and important prerequisite to achieve successful business in the long term. In order to succeed in an active contribution towards the society, we constantly intend to assume responsibilities higher than those solely associated to profitability, mainly in terms of developing a trust-worthy relationship with the customers and stakeholders through the establishment of modern and advanced channels for the reception of complaints, enhancing corporate governance components, and managing the Group with wisdom.

Reference to article (30) of the Corporate Governance Code issued by the QFMA, QNB Group has provided the QFMA with the required annual report within the time allocated for this task.

Regarding Article (17-5) of the QFMA's Code that stipulates the necessity to disclose any conflict between the recommendations of the Group Audit and Compliance Committee and the decisions of the BOD taken following these reported suggestions, we would like to confirm that the system of regularly raising the adopted reports between the Group Audit and Compliance Committee and the BOD, ensures full commitment of all responsible parties to abide by the Committee's recommendations and that during the year 2011 no conflicts of such kind have occurred in QNB Group.

Rashid Misfer Al-Hajri
Member of the BOD
Chairman of the GACC

Yousef Hussain Kamal
Chairman of the BOD

Appendix

The Board of Directors and Brief Overviews of Practical Experience

BOD Members	Brief overviews of BOD members Practical Experience
H.E. Yousef Hussain Kamal Chairman	H.E. Yousef Hussain Kamal is the Chairman of the Board since 1998 and has been a member of the Board since 1988. He is also currently the Minister of Economy and Finance, the Secretary General to the Supreme Council for Economic Affairs & Investment, Chairman of the Board of Qatar Steel, Qatari Diar Company, Qatar Financial Markets Authority, Qatar Financial Center Authority, Qatar Aviation Lease and Investment Committee for Civil and Military Pension Funds. His Excellency is also Vice Chairman of Qatar Airways, Executive Board of Qatar Foundation and a Board member of Sidra Medical Research, Qatar Investment Authority and the Supreme Committee for Qatar 2022.
H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al-Thani Vice Chairman	H.E. Sheikh Jassem Bin Abdulaziz Bin Jassem Bin Hamad Al-Thani has been a member of the Board since 2004. He was elected Vice Chairman in 2011. He is also a member of the Group Executive Committee, the Minister of Business and Trade, and he is currently the Deputy Chairman of the Higher Council for Communications & Information Technology and a member of the Supervisory Committee of Porsche, as well as being a Board member of the Higher Council for Economic & Investment Affairs and the Qatar Foundation Fund.
H.E. Sheikh Hamad Bin Jaber Bin Jassem Al-Thani	H.E. Sheikh Hamad Bin Jaber Bin Jassem Al-Thani has been a member of the Board since 2004. He is Chairman of the Group Executive Committee and a member of the Group Policies, Governance, Development and Remuneration Committee. He is the Chairman of the Permanent Population Committee and a member of the Boards of Qatar University, Hamad Medical Corporation and Qatar Water & Electricity Company. He is the president of Qatar's Statistics Authority.
H.E. Sheikh Hamad Bin Abdullah Bin Khalifa Al-Thani	H.E. Sheikh Hamad Bin Abdullah Bin Khalifa Al-Thani has been a member of the Board since 2007. He is also the Chairman of the Board of Qatar Investment & Projects Development Holding Company and a member of the Boards of Qatar Airways and Qatar Real Estate Investment Company.
Mr. Ahmad Mohammed Ahmed Al Sayed	Mr. Ahmad Mohammed Al Sayed is a member of the Board and has been such since 2010. He is a member of the Group Executive Committee and also the Managing Director and Chief Executive Officer of Qatar Holdings, as well as being the vice Chairman of Qatar Exchange and Deputy Chairman of Arab International Bank.

Appendix - Continued

The Board of Directors and Brief Overviews of Practical Experience

BOD Members	Brief overviews of BOD members Practical Experience
Mr. Bader Abdullah Darwish Fakhroo	Mr. Bader Abdullah Darwish Fakhroo has been a member of the Board since 2001 and is a member of the Group Executive Committee. He is also the Chairman of Darwish Holding Company.
Mr. Rashid Misfer Al- Hajri	Mr. Rashid Misfer Al-Hajri has been a member of the Board since 1998 and he is the Chairman of the Group Audit and Compliance Committee.
Mr. Ali Hussain Ali Al-Sada	Mr. Ali-Hussain Ali Al-Sada has been a member of the Board since 1998. He is a member of the Group Executive Committee. He is also the Chairman of Qatar Syrian Company for Investment and Development, as well as being a member of the Board of Qatar Navigation and Safwah Financial Services, Tharawat Investment House and Dalala Holding Company.
Mr. Fahed Mohammed Fahed Buzwair	Mr. Fahed Mohammed Fahed Buzwair has been a member of the Board since 2001. He is the Chairman of the Group Policies, Governance, Development and Remuneration Committee, also a member of the Group Audit and Compliance Committee, and he is the Chairman of Buzwair Group.
Mr. Mansoor Ebrahim Al-Mahmoud	Mr. Mansoor Ebrahim Al-Mahmoud has been a member of the Board since 2004. He is a member of the Group Audit and Compliance Committee. He is also the CEO of Qatar Development Bank, Office Manager of H.E. the CEO of Qatar Investment Authority and a member of the Board of Directors of Qatari Diar, Hassad Food Company, Enterprise Qatar and Doha Film Institute.

The Annual Corporate
Governance Report 2011