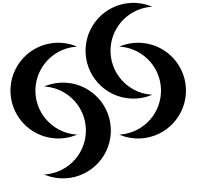


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COMMERCIAL
BANK



40 years of prosperity & innovation

Annual Corporate Governance Report 2014

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I. Chairman's Message



Sheikh Abdullah Bin Ali Bin Jabor Al Thani

To Commercial Bank Shareholders,

The Board of Commercial Bank (hereinafter 'the Bank') has the pleasure of submitting its Annual Corporate Governance Report for the year 2014, in line with Article 30 of the Corporate Governance Code (hereinafter "Code"), issued by the Qatar Financial Markets Authority.

The principles presented in this Report conform to the guidelines of the Code and all applicable laws and regulations in Qatar.

Regulators and investors increasingly focus on corporate governance and risk management and the Bank continued to take active measures to further enhance and raise its corporate governance standards during 2014. Through the combined efforts of the Board of Directors, the Executive Management and its employees, the Bank has adopted governance charters and documents, which demonstrate full compliance with regulatory requirements and the best practice in corporate governance.

We have a robust corporate governance foundation at the Bank and our aim now is to ensure seamless execution and delivery. Recognising how paramount a strong corporate governance culture is to sustaining growth and profitability, Commercial Bank continues to meet the leading international standards in corporate governance, while complying fully with local guidelines and regulations.

Abdullah Bin Ali Bin Jabor Al Thani

Chairman



II. Governance Framework

2.1 Introduction

Effective governance is, at its core, simply about doing the right things for the shareholders. It is enabled by having the right checks and balances throughout the organisation to ensure that the right things are always done. It comprises the processes and structures, which affect the way an organisation is directed, managed and monitored and its activities are reported, including: the elements of internal control, ethics, various risk functions, policies and procedures, internal audit, external audit and formal committees that promote greater transparency and facilitate efficient and effective management for the best interests of shareholders/stakeholders.

Commercial Bank believes that strong leadership and governance is vital to ensure high performance across all dimensions of the Bank's activities and in relation to the people and the communities in which it operates. The promotion of corporate transparency, fairness and accountability is driven by a qualified and independent Board aided by a seasoned and experienced management team.

In fulfilment of the Bank's responsibilities to its stakeholders (being any person who has an interest in the Bank including shareholders, customers, employees and creditors), the Board of Directors (the Board) has approved and adopted the standards and practices, which provide the framework for the Bank's corporate governance. Such standards are reviewed by the Board periodically to ensure that the Bank maintains the best practices in corporate governance, and that these practices provide for the effective oversight and management of the Bank.

These standards are encapsulated in the Bank's governance charters, policies and documents, highlights of and compliance to which are detailed in the succeeding sections of this report.

Being a listed Qatari shareholding company engaged in banking activities, the Bank is also bound to adhere with the corporate governance regulations issued by the Qatar Central Bank (the QCB Corporate Governance Guidelines) and Qatar Financial Markets Authority (the QFMA Corporate Governance Code). In addition, the Bank seeks to adopt international leading practices for corporate governance, including but not limited to those developed by the Organisation for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS) and the International Institute of Finance (IIF).

This report is prepared in accordance with the requirements of Article 30 of the QFMA Corporate Governance Code.

2.2 The Board of Directors

2.2.1 Role of the Board and Executive Management

The Board is entrusted by the shareholders with the authority to govern the Bank, oversee its operations and provide effective governance over the Bank's key affairs, including the appointment of Executive Management (as well as establishing compensation, performance evaluation and ensuring succession planning), setting the Bank's vision and mission, approval of business strategies and objectives, evaluation of performance and assessment of major risks facing the Bank, and ensuring compliance with related laws and regulations as well as the Bank's Articles of Association (AOA).

In order to provide an organised and focused means of achieving the Bank's goals and to properly address issues in a timely manner, the Board has set up Board Committees in accordance with leading practices and applicable local governance regulations. In addition, the Board has assigned the day-to-day management of the Bank to the Executive Management subject to clear instructions and within the bounds of their delegated authority.

Each Board Member exercises the fiduciary duties of care, loyalty and compliance with the rules set out in applicable laws and regulations including QFMA Corporate Governance Code, QCB Guidelines and the Bank's governance documents. At all times, the Board Members are expected to act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Bank and all shareholders in the fulfilment of its responsibilities towards the Bank.

The detailed roles and responsibilities of the Board are defined in the Board Charter. The Board Charter can be found on the Bank's website at www.cbq.qa and is also available in print to any shareholder upon request.

2.2.2 Approach to Governance

The Board understands that sound corporate governance practices are fundamental to maintaining the trust of its shareholders, which is also critical in business growth, sustainability and profitability.

Accordingly, the Board is committed towards embracing relevant corporate governance regulatory requirements and applicable leading practices. To this end, the Board ensures that the Bank adheres to the principles of corporate governance in its day-to-day activities at all times and ensures that the Bank remains up-to-date with any new developments as required by relevant regulatory authorities (e.g. QCB, QFMA...etc.) and the professional code of conduct.

The relevant Governance Charters and the Bank-wide Code of Ethics Policy can be found on the Bank's website at www.cbq.qa and are also available in print to any shareholder upon request.

2.2.3 Board Composition and Directors' Qualifications

In accordance with the Bank's AOA, Corporate Governance Charter, Commercial Companies Law (CCL) and other applicable regulations, the Bank currently has nine (9) Directors and none of them assumes executive responsibilities, four (4) of whom are independent members. The organisation of the Board shall (i) be determined from time to time according to the requirements of the Bank and regulatory requirements, and (ii) be subject to Director independence provisions.

The positions of Chairman of the Board and Chief Executive Officer of the Bank are not being held by the same individual.

Members of the Board possess the knowledge and skills required to provide leadership and to supervise management in order to ensure maximisation of shareholder wealth. They hold the necessary technical skills, industry knowledge, financial awareness and expertise in the field of banking and international markets, sufficient to enable the Board to carry out its responsibilities. The Directors are also committed to provide the required amount of time and attention towards the accomplishment of their duties for the duration of their tenure.

2.2.4 Electing Directors

The Nomination Committee is tasked to uphold the transparency in the nomination process for Board membership. This Committee is responsible for recommending Board Members' appointments and nomination for election in the General Assembly, as well as conducting the annual self-assessment of the Board and Board Committees' performance.

Nominations and appointments are made in accordance with formal, rigorous and transparent procedures as per QFMA Corporate Governance Code and in line with the Bank's AOA and relevant governance charters. To be elected to the Board, a nominee Director must receive a majority of votes cast in the election. Members of the Board shall be elected for a period of three years, and a director may be re-elected more than once.

In the event that a Director is convicted of an offense of dishonour or breach of trust or is declared bankrupt or absents himself for more than three consecutive meetings of the Board or five non-consecutive meetings without an excuse that has been accepted by the Board, the Director's membership to the Board shall be deemed terminated. Further details relating to the election and removal from office of directors are provided in the AOA and the Corporate Governance Charter.

During 2014, in compliance with leading practices and corporate governance regulations and charter, the Board and Board Committees have completed their annual self-assessment for 2013. New Board Members have been elected to the Board in 2014.

2.2.5 Directors' Responsibilities

Board Chairman

The Chairman is responsible for ensuring the proper functioning of the Board in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information. The comprehensive responsibilities of the Board Chairman are as defined in the Directors' Job Descriptions, which are in line with applicable laws and regulations.

The key responsibilities of the Board Chairman include:

- *Strategic*
 - Leading the Board to provide strategic direction to the Bank and partnering with the Chief Executive Officer (CEO) to achieve the Bank's vision and objectives.
 - Encouraging all Board Members to fully and effectively participate in dealing with the affairs of the Board to ensure that the Board is working in the best interest of the Bank.
 - Monitoring the Bank's performance through periodic updates provided by the CEO and offering recommendations in light of the approved plans.
 - Keeping the Board focused on Governance, and away from management and operational duties. This responsibility flows from a clear conception of the Board's objective to govern the Bank within its defined role. With this definition in mind, the Chairman must make sure that the Board stays focused on the issues falling within its own domain, and not on those properly assigned to the management.
 - Ensuring that the Board discusses all the critical issues in an efficient and timely manner.
 - Being extensively involved in the long-term strategy formulation and taking on some degree of explicit responsibility for the development of a long-term strategic perspective for the Bank, in parallel with the Board's collective role.
 - Representing the Bank externally in key initiatives such as efforts to access new markets or key negotiations on important deals for the Bank.
 - Maintaining sufficient contact with the major shareholders to understand their issues and concerns and make sure that the same are duly communicated to the Board as a whole.
- *Operational*
 - Ensuring that the Bank maintains positive and productive ties and communication with the media, ministries, regulators and other organisations. In this capacity, the Chairman serves as an official spokesperson for the Bank.
 - Leading Board discussions. As the bulk of the contributions made by Board Members occur at Board meetings, it is essential that the Chairman leads these meetings to deal with all issues on the agenda, and also in a manner that unlocks the value that each Board Member is capable of contributing.

- Taking an active interest in ensuring that the right people are selected as Board Members, that they complement each other and function well as a group, and that there are sound mechanisms for evaluating the performance of individual Board Members, and the Board as a whole, at least annually.
- Communicating concerns about a Board Member's performance to the individual in question; but it should be clear that what the Chairman is conveying is the product of a well-designed process, and not his own personal judgment about that individual.
- Ensuring that the Board is properly carrying out the delegated responsibilities in accordance with the Board Charter.
- Assisting and making arrangements for the Board Members to continually update their skills and the knowledge, especially in the area of corporate governance and risk management, required to fulfil their role both on the Board and the Board Committees.
- *Administrative*
- Managing the Annual Board Calendar and Meeting Agendas and overseeing the planning of the Annual Board Calendar, including the scheduling of meetings and the substantive allocation of recurring topics.
- Assuming a leading role, working closely with the CEO, and consulting with the other Board Members, in producing the agendas for each BOD meeting and in reviewing the agendas developed for committee meetings by their chairs.
- Approving the call for the General Assembly in terms of invitations and publications and overseeing the timely circulation of the same to authorities and shareholders.
- Signing the Bank's financial statements for the financial year end that was presented by the Bank's external auditor, together with one member of the Board.
- Overseeing that the decisions of Extraordinary Meetings are published if they include any amendments to the Bank statute, following the applicable regulations.
- Ensuring that Board Members receive appropriate and timely information from the management.

Non-Executive Directors' Responsibilities

Directors shall be given appropriate and timely information to enable them to maintain full and effective control over strategic, financial, operational, compliance and governance issues of the Bank.

Directors shall act in accordance with the Bank's AOA, Commercial Companies Law, other applicable laws and regulations and the Bank's governance charters.

Other than resolutions passed at each Annual General Assembly absolving the Board from responsibility and the provisions of the AOA stipulating that disputes against Directors can only be brought in accordance with a resolution by the General Assembly, there are no provisions in effect protecting the Board and Executive Management from accountability.

The responsibilities of the Non-Executive Directors are as defined in the Directors' Job Description and as prescribed in the rules set out in applicable laws and regulations. These include:

- Being actively involved in Board meetings and providing input to Board activities as stipulated in the Board Charter.
- Assisting and providing opinion on the Bank's strategic and business planning processes and constructively challenging proposals on strategy.
- Monitoring management's performance in achieving agreed goals and objectives and scrutinising the Bank's performance reports.
- Reviewing the integrity of financial information and ensuring that the Bank's financial controls and systems of risk management are robust and defensible.
- Ensuring that the Bank and Shareholder interests are preserved and prioritised, especially in 'conflict of interest' situations especially if and when any of the Board Members or Executives is involved in such conflicts.
- Participating in the development of protocols relating to corporate governance and ensuring their implementation in a consistent manner.
- Being available to shareholders if they have concerns, which have not or cannot be resolved through contact with the Chairman and the CEO or if such contact is not appropriate.
- Consulting an independent external advisor at the Bank's expense if necessary.
- Raising to the Board's attention any shareholder concerns when other channels of communication are inappropriate.
- Participating in various Board Committees.
- Being collectively responsible for the Board decisions and actions.
- Performing any additional responsibility entrusted by the Board/Board Chairman.

Other Board Duties and Practices

Other rights and responsibilities assigned to Board Members include:

- Having full and immediate access to information, documents, and records pertaining to the Bank.
- Ensuring that the Nomination, Remuneration and Board Audit and Compliance Committee members, the Internal Audit and the representatives of the External Auditors attend the General Assembly.

- Putting in place an induction program for newly appointed Board Members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities and have proper understanding of the manner in which the Bank operates.
- Adopting an appropriate formal training program to enhance Board Members' skills and knowledge.
- Being updated on the latest developments in the area of corporate governance and best practices relating thereto.
- Ensuring that the Bank's AOA includes clear procedures for removing Board Members in the event of failing to attend Board meetings.

2.2.6 Director's Independence

As per QFMA Corporate Governance Code, at least one third of the Board shall comprise Independent Directors and a majority of the Board shall comprise Non-Executive Directors. Non-Executive Directors must be able to dedicate suitable time and attention to the Board, and their directorship must not conflict with any other interests of such Directors.

Directors must notify the Board as soon as reasonably practicable in the event of any change in circumstances, which may affect the evaluation/status of their independence.

The Bank has fully adopted QCB Corporate Governance Guidelines definition of 'Independent Directors' in assessing independence of its Board Members. With respect to the independence definition as per QFMA Corporate Governance Code, the Bank is generally complying except on the provision stating that a Board Member is considered non-independent if he has been a member of the Bank's Board for more than nine consecutive years. All Board Members have to be re-elected every three years, although by re-election there are members serving the Bank for more than nine consecutive years.

2.2.7 Members of the Board

Sh. Abdullah bin Ali bin Jabor Al Thani

Chairman

| | |
|--------------------------------------|--------------------------------|
| Date of First Appointment | 1990 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Non-Independent |
| Shares %* | 1.58% |

Experience and Other Board Seats Held

- Graduated from Qatar University with a BA in Social Science;
- Owner of Vista Trading Company;
- Partner in Dar Al Manar, Domopan Qatar, and Al Aqili Furnishings;
- Director of National Bank of Oman;
- Director of United Arab Bank.

Mr. Hussain Ibrahim Al Fardan

Vice Chairman & Managing Director

| | |
|--------------------------------------|--------------------------------|
| Date of First Appointment | 1975 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Non-Independent |
| Shares %* | 1.06% |

Experience and Other Board Seats Held

- Chairman of Alfardan Group;
- Chairman of United Development Company;
- Chairman of QIC International LLC;
- Vice Chairman of Gulf Publishing and Printing Company;
- Vice Chairman of the Qatar Businessmen Association;
- Director of Qatar Insurance Company;
- Founding member and Director of Investcorp Bahrain.

HE Mr. Abdul Rahman Bin Hamad Al Attiyah

Member

| | |
|--------------------------------------|--------------------------------|
| Date of First Appointment | 2014 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Non-Independent |
| Shares %* | 0.36% |

Experience and Other Board Seats Held

- State Minister;
- Vice President of the Board of Trustees of the Arab Thought Forum – Amman, Jordan
- Former Undersecretary of the Foreign Ministry;
- Former Ambassador of the State of Qatar to Saudi Arabia, France, Italy, Greece, Yemen, Switzerland and Djibouti;
- Former permanent representative of the State of Qatar to the United Nations and other international organizations (Geneva, Rome and Paris);
- Owner and Chairman of Mawten Trading Co.;
- Director of the National Bank of Oman (NBO);
- Graduated from the USA with a BA in Political Science;
- Holder of the State Award of Appreciation.

Mr. Jassim Mohammed Jabor Al Mosallam

Member

| | |
|--------------------------------------|----------------------------|
| Date of First Appointment | 1975 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Independent |
| Shares %* | 0.63% |

Experience and Other Board Seats Held

- Owner of Al Mosallam Trading Company;
- Director of Qatar German Medical Devices Company;
- Director of Qatar Clay Bricks Company.

Late Mr. Abdulla Mohammed Ibrahim Al Mannai

Member

| | |
|--------------------------------------|----------------------------|
| Date of First Appointment | 1987 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Independent |
| Shares %* | 0.99% |

Experience and Other Board Seats Held

- Owner of AMPEX;
- Owner of Qatar Marble & Islamic Mozaic Company;
- Member of the Qatar Businessmen Association.

Mr. Omar Hussain Al Fardan

Member

| | |
|--------------------------------------|--------------------------------|
| Date of First Appointment | 2002 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Non-Independent |
| Shares %* | 0.25% |

Experience and Other Board Seats Held

- Graduated from Webster University, Geneva with a BA degree in Business Administration and a Master's degree in Finance;
- CEO of Alfardan Group, Alfardan Hotels and Resorts, Alfardan Hospitality;
- CEO of Alfardan Automobiles and Alfardan Properties in Qatar and Oman;
- Director of Alfardan Jewellery in Qatar and KSA, Alfardan Investment and Alfardan Marine Services in Qatar;
- Vice Chairman of the Board of Directors and Chairman of the Board Executive Committee of United Arab Bank in UAE;
- Vice Chairman of the Board of Directors and Chairman of the Board Executive Committee of Alternatifbank (ABank) in Turkey;
- Chairman of Qatar District Cooling Company (Qatar Cool);
- Manager of Marsaarabia;
- Director of United Development Company;
- Member of the Board of Trustees of the American University of Beirut;
- Director of Qatar Red Crescent Society.

Sh. Jabor bin Ali bin Jabor Al Thani

Member

| | |
|--------------------------------------|----------------------------|
| Date of First Appointment | 2002 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Independent |
| Shares %* | 0.65% |

Experience and Other Board Seats Held

- Owner of Al Maha Contracting Co.;
- Director of Gulf Publishing and Printing Company;
- Director of Qatar Clay Bricks Company.

Mr. Ali Mohd Ghanim Al Mannai

(Representative of Qatar Insurance Company)

Member

| | |
|--------------------------------------|----------------------------|
| Date of First Appointment | 2014 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Independent |
| Shares %* | 1.31% |

Experience and Other Board Seats Held

- Graduated from Alexandria University in 1977 – Specialized in Accounting;
- 1971 – 1987: Head of Financial and Administrative Affairs in Qatar General Petroleum Corporation;
- 1987 – 1988: Head of Mortgages in QNB;
- 1988 – till date: Deputy CEO of QIC Group;
- Former Director of Qatar Development Bank;
- Former Director of Al Jazeera Finance;
- Former Director of La Copenort, France;
- Representative of Qatar in SUMED;
- Former Director of Kuwait Qatar Insurance Company.

Mr. Mohd Ismail Mandani Al Emadi

(Representative of M/S Savings Development Company LLC)

Member

| | |
|--------------------------------------|--------------------------------|
| Date of First Appointment | 2014 |
| Expiry of Current Appointment | 2016 |
| Status on Board | Non-Executive, Non-Independent |
| Shares %* | 0.71% |

Experience and Other Board Seats Held

- Graduated from Holy Names University, California with a Bsc degree in Business Administration & Economics;
- Over 30 years of experience in banking;
- Occupying a number of key roles in Commercial Bank from 1983 to 2006 including Head of Banking, Operations, Commercial Services and Risk Management;
- Deputy General Manager of Commercial Bank from 2004 to 2007;
- Director of National Bank of Oman;
- Director of Alternatifbank (ABank) in Turkey;
- Managing Director of Qatar Cinema & Film Distribution Co. in Qatar;
- CEO of Qatar Real Estate Investment Co. from 2008 to 2011;
- Former Director of Qatar Real Estate Investment Co.;
- Former Director of Mannai Corporation;
- Former Director of Qatar Shipping Co.;
- Former Director of Doha Securities Market.

Board of Directors



| | | |
|---|---|---|
| 1 | 2 | 3 |
| 4 | 5 | 6 |
| 7 | 8 | 9 |

1. **Sh. Abdullah bin Ali bin Jabor Al Thani**
Chairman
2. **Mr. Hussain Ibrahim Alfardan**
Vice Chairman and Managing Director
3. **HE Mr. Abdul Rahman bin Hamad Al Attiyah**
Board Member
4. **Mr. Mohammed Ismail Mandani Al Emadi**
Board Member
(Representative of M/S Savings Development Company LLC)
5. **Mr. Omar Hussain Alfardan**
Board Member

6. **The Late Mr. Abdulla Mohammed Ibrahim Al Mannai**
Board Member
7. **Mr. Ali Mohammed Ghanim Al Mannai**
Board Member
(Representative of Qatar Insurance Company)
8. **Mr. Jassim Mohammed Jabor Al Mosallam**
Board Member
9. **Sh. Jabor bin Ali bin Jabor Al Thani**
Board Member

*As on 31 December 2014.

2.2.8 Board Meetings

In line with the Bank's AOA and the Board of Directors Charter, the Board shall hold at least six meetings (minimum once every two months) pursuant to either (i) written notice from the Chairman of the Board or his Deputy at least one week prior to the meeting, or (ii) the request of another member of the Board of Directors. Board meetings are scheduled in the Board Calendar according to key events and coinciding with financial period closures of the Bank. The meeting agenda shall be included in the notice of meetings issued by the Chairman of the Board or his Deputy or upon the request of another member of the Board. Directors may request the inclusion of a specific matter in the meeting agenda. Directors are expected to make every effort to attend, in person, all scheduled Board meetings and meetings of the Board Committees on which they serve. A Board meeting shall only be validly called if a majority (at least five out of nine members) of Directors are in attendance (whether in person or by proxy) provided that at least four Directors are present in person. Voting in Board meetings shall be in accordance with the Bank's AOA. Matters considered, and decisions taken, by the Board shall be recorded by means of minutes kept by the Board Secretary.

During 2014, the Board held a total of seven (7) Board meetings as indicated in the table below:

| Meeting Dates | Attendance |
|------------------|------------|
| 9 February 2014 | 8 |
| 16 March 2014 | 8 |
| 12 May 2014 | 5 |
| 23 June 2014 | 5 |
| 8 September 2014 | 5 |
| 3 November 2014 | 7 |
| 15 December 2014 | 8 |

2.2.9 Board Secretary

The Board has appointed a Board Secretary who provides administrative support to the members of the Board, the Board Committees and the Chairman to facilitate their execution of all functions relating to the Board. The Board Secretary may only be appointed and removed by a Board resolution.

Under the direction of the Chairman, the Board Secretary is in charge of ensuring timely access to information and coordination among the Board Members as well as between the Board and other stakeholders in the Bank including shareholders, management, and employees. The Board Secretary is also responsible for maintaining and safekeeping Board documentation and for managing all communication with QCB, government, ministries, institutions and other external entities.

The incumbent Board Secretary possesses the requisite knowledge and skills required to fulfil the role. She has extensive experience in compliance and corporate governance matters for financial institutions. More importantly, the Board Secretary also holds the trust and confidence of the Board in performing Board-related tasks.

2.3 Board Committees

To assist the Board with the efficient and effective discharge of its duties, the Board has established committees which are delegated specific responsibilities and authorities to act on behalf of the Board. In addition, in line with its commitment to corporate governance principles, the committees instituted by the Board meet the minimum committee requirements set forth by applicable corporate governance regulations.

The Bank has the following six Board Committees:

1. Board Audit and Compliance Committee;
2. Board Risk Committee;
3. Board Executive Committee;
4. Policy, Strategy and Governance Committee;
5. Nomination Committee; and
6. Remuneration Committee

Each Board Committee has detailed and specific roles, duties and authorities as determined by the Board and captured in the Board Committees Charter ratified by the Board. The Charter has been developed taking into consideration regulatory requirements, Commercial Companies Law and leading corporate governance practices.

2.3.1 Board Audit and Compliance Committee

The Board Audit and Compliance Committee is primarily responsible for overseeing the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank as well as setting forth compliance and Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) requirements, and defining criteria and control mechanisms for all activities involving Bank-wide related risks.

The Committee is composed of the following:

| Board Member Name | Status on the Committee |
|--|-------------------------|
| HE Mr. Abdul Rahman Bin Hamad Al Attiyah | Chairman |
| Sh. Jabor bin Ali bin Jabor Al Thani | Member |
| Mr. Ali Mohd Ghanim Al Mannai | Member |
| Any Independent Member | Alternate Member |

The Board Audit and Compliance Committee is composed of two (2) independent members, (1) non-independent member and one (1) alternate independent member.

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Board Committees Charter.

Conforming to the transparency and independence principle, the Internal Audit and Compliance Departments report directly to the Board Audit and Compliance Committee whereby the Heads of both the Internal Audit and Compliance functions are responsible to submit reports and observations to the Committee on a periodic basis and as needed.

Activities during the year

During the year, the Committee undertook the following key activities:

- Reviewed and recommended to the Board the adoption of the Bank's annual financial statements;
- Reviewed the scope of the 2014 internal audit and compliance plans;
- Performed oversight on the work performed by the external auditors throughout the year and made recommendations regarding their re-appointment;
- Reviewed the significant accounting, financial reporting and other issues raised by management, and the internal and external auditors, including a review of all reports issued by the Bank's Internal Audit Department (which includes Credit Reviews and Investigation reports);
- Reviewed the responses provided by the Bank to the QCB in respect of the QCB inspection report;
- Reviewed the progress made by the Bank in resolving the various issues raised in Internal Audit reports, the external auditor's management letter and the QCB inspection report;
- Reviewed all Compliance reviews findings on all the Bank's business units raised by the Bank's Compliance and AML/CFT Department as well as other regulatory bodies;
- Ensured that the Bank's Management was made aware of the Foreign Account Tax Compliance Act (FATCA) with an impact assessment conducted and an implementation roadmap developed towards the same;
- Supervised the data cleansing project (Phase one) across the Bank's IT systems; and
- Held private meetings at least every two (2) months with the Chief Internal Auditor and at least annually with the Head of Compliance and AML/CFT Department, without the presence of management.

During 2014, the Board Audit and Compliance Committee met a total of five (5) times and minutes of such meetings are duly documented. The table below provides the dates and Committee member attendance at the Committee meetings held:

| Meeting Date | Attendance |
|-------------------|------------|
| 9 February 2014 | 2 |
| 2 April 2014 | 3 |
| 2 July 2014 | 2 |
| 17 September 2014 | 3 |
| 9 December 2014 | 3 |

2.3.2 Board Risk Committee

The Board Risk Committee is primarily responsible for all aspects of enterprise risk management including but not limited to credit risk, market risk and operational risk.

The Committee is composed of the following:

| Board Member Name | Status on the Committee |
|--|-------------------------|
| Mr. Omar Hussain Al Fardan | Chairman |
| HE Mr. Abdul Rahman Bin Hamad Al Attiyah | Member |
| Mr. Mohd Ismail Mandani Al Emadi | Member |
| Mr. Andrew C. Stevens | Member |

The Board Risk Committee is composed of four (4) non-executive members.

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Board Committees Charter.

Activities during the year

During the year, the Committee undertook the following key activities:

- Reviewed and approved Risk Policies and related standards and the methodologies used in managing the risks in the Bank;
- Reviewed and ratified risk tolerance levels and portfolio limits, including limits associated with industry sector, geography, asset quality and others;
- Managed all matters relating to the Bank's Business Continuity including Information Security protection and readiness;
- Performed oversight on the works performed by the MRC throughout the year;
- Reviewed reports of risk assets and exposures as well as other reports covering bank-wide portfolio and performance trends; and
- Reviewed the Bank's Basel III readiness plans.

During 2014, the Board Risk Committee met a total of seven (7) times and minutes of such meetings are duly documented. The table below provides the dates and Committee member attendance to committee meetings held:

| Meeting Date | Attendance |
|------------------|------------|
| 17 February 2014 | 2 |
| 26 February 2014 | 2 |
| 2 April 2014 | 3 |
| 10 June 2014 | 3 |
| 1 July 2014 | 4 |
| 28 October 2014 | 4 |
| 14 December 2014 | 3 |

2.3.3 Board Executive Committee

The Board Executive Committee is responsible for handling matters especially relating to credit facilities (within authorised limits), which may arise between full Board meetings and require the Board's review, as per QCB and Board guidelines.

The Committee is composed of the following:

| Board Member Name | Status on the Committee |
|---|-------------------------|
| Sh. Abdullah bin Ali bin Jabor Al Thani | Chairman |
| Mr. Hussain Ibrahim Al Fardan | Member |
| Mr. Omar Hussain Al Fardan | Member |
| Mr. Mohd Ismail Mandani Al Emadi | Member |
| Mr. Andrew C. Stevens | Member |

The Board Executive Committee is composed of five (5) non-executive members.

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Board Committees Charter.

Activities during the year

During the year, the Committee undertook the following key activities:

- Approved credit facilities in accordance with its mandate;
- Recommended credit facilities to the Board where these are above 10% of the Capital and Reserves of the Bank;
- Reviewed country risk exposures and financial institutions exposures and recommended amendments in country limits to the Board recommended by the Management; and
- Reviewed and approved credit proposals in line with its delegated authorities.

During 2014, the Board Executive Committee met a total of 21 times and minutes of such meetings are duly documented. The table below provides the dates and Committee member attendance to committee meetings held:

| Meeting Date | Attendance |
|-------------------|------------|
| 6 January 2014 | 3 |
| 13 January 2014 | 4 |
| 20 January 2014 | 4 |
| 2 February 2014 | 3 |
| 17 February 2014 | 3 |
| 4 March 2014 | 3 |
| 10 March 2014 | 3 |
| 18 March 2014 | 3 |
| 31 March 2014 | 3 |
| 14 April 2014 | 4 |
| 28 April 2014 | 4 |
| 13 May 2014 | 5 |
| 26 May 2014 | 4 |
| 1 June 2014 | 5 |
| 9 June 2014 | 5 |
| 1 September 2014 | 3 |
| 15 September 2014 | 4 |
| 22 September 2014 | 4 |
| 22 October 2014 | 5 |
| 10 November 2014 | 4 |
| 21 December 2014 | 3 |

2.3.4 Policy, Strategy and Governance Committee

The Policy, Strategy and Governance Committee is primarily responsible for attending to issues relating to governance, approving all strategies, plans, budgets/objectives and policies, procedures and systems as well as reviewing the performance of the Bank in relation to each of the foregoing.

The Committee is composed of the following:

| Board Member Name | Status on the Committee |
|--|-------------------------|
| Sh. Abdullah bin Ali bin Jabor Al Thani | Chairman |
| Mr. Hussain Ibrahim Al Fardan | Member |
| HE Mr. Abdul Rahman Bin Hamad Al Attiyah | Member |
| Mr. Omar Hussain Al Fardan | Member |
| Mr. Andrew C. Stevens | Member |

The Policy, Strategy and Governance Committee is composed of five (5) non-executive members.

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Board Committees Charter.

Activities during the year

During the year, the Committee undertook the following key activities:

- Reviewed and approved all policies relating to the Bank's organisation and operations including all necessary authorities required by the Executive Management in the execution of their responsibilities (except those policies which are subject to other relevant Board Committee review as provided in the Board Delegation of Authority);
- Received reports and analysis of the Bank's financial and operating performance and evaluated key performance indicators against their accompanying strategies;
- Reviewed and approved the Operating and Capital Expenditure Budgets;
- Decided on all matters related to Corporate Premises including recommendations to the Board as to acquisition of premises and approval of other capital and operating expenditure; and
- Reviewed and assessed any changes to international and local corporate governance practices that could have an impact on how the Bank operates and manages its governance policies and recommended actions with regard to changes, where required.

During 2014, the Policy, Strategy and Governance Committee met a total of 11 times and minutes of such meetings are duly documented. The table below provides the dates and Committee member attendance to committee meetings held:

| Date | Attendance |
|-------------------|------------|
| 27 January 2014 | 4 |
| 2 February 2014 | 3 |
| 10 March 2014 | 3 |
| 30 March 2014 | 3 |
| 14 April 2014 | 3 |
| 6 May 2014 | 4 |
| 9 June 2014 | 4 |
| 15 September 2014 | 4 |
| 22 September 2014 | 3 |
| 1 November 2014 | 4 |
| 1 December 2014 | 4 |

2.3.5 Nomination Committee

The Nomination Committee is responsible for recommending Board Members' appointments and re-nomination for election by the General Assembly as well as conducting the annual self-assessment of the Board's performance.

The Committee is composed of the following:

| Board Member Name | Status on the Committee |
|---|-------------------------|
| Sh. Jabor bin Ali bin Jabor Al Thani | Chairman |
| Mr. Jassim Mohammed Jabor Al Mosallam | Member |
| Mr. Ali Mohd Ghanim Al Mannai | Member |
| Late Mr. Abdulla Mohammed Ibrahim Al Mannai | Alternate Member |

The Nomination Committee is composed of three (3) independent members and one (1) alternate independent member.

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Board Committees Charter.

Activities during the year

During the year, the Committee undertook the following key activities:

- Reviewed and assessed the annual self-assessment of the Board and Board committees' performance; and
- Reviewed and approved the Bank's induction program.

During 2014, the Nomination Committee met a total of four (4) times and minutes of such meetings are duly documented. The table below provides the dates and Committee member attendance to committee meetings held:

| Date | Attendance |
|-------------------|------------|
| 21 January 2014 | 3 |
| 9 February 2014 | 2 |
| 30 September 2014 | 2 |
| 29 October 2014 | 3 |

2.3.6 Remuneration Committee

The Remuneration Committee is responsible for evaluating the compensation and remuneration of the members of the Board, management and staff with due regard to the long-term objectives of the Bank.

The Committee is composed of the following:

| Board Member Name | Status on the Committee |
|--|-------------------------|
| Sh. Jabor bin Ali bin Jabor Al Thani | Chairman |
| Mr. Hussain Ibrahim Al Fardan | Member |
| HE Mr. Abdul Rahman Bin Hamad Al Attiyah | Member |
| Mr. Jassim Mohammed Jabor Al Mosallam | Alternate Member |

The Remuneration Committee is composed of two (2) non-executive members, one (1) independent member and one (1) alternate independent member.

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Board Committees Charter.

Activities during the year

During the year, the Committee undertook the following key activities:

- Approved the 2015 Remuneration and Benefits Plan.

During 2014, the Remuneration Committee met a total of two (2) times and minutes of such meeting are duly documented. The table below provides the dates and Committee member attendance to committee meetings held:

| Meeting Date | Attendance |
|-----------------|------------|
| 21 January 2014 | 4 |
| 29 October 2014 | 3 |

2.4 Independent Advisors

The Board and its Committees may retain counsel or consultants with respect to any issue relating to the Bank's affairs. Costs and expenses incurred pursuant to appointment of independent advisors or consultants shall be borne by the Bank.

For 2014, total costs incurred by the Bank with respect to retaining counsel and consultants amounted to QAR 43.8 million.

2.5 Directors' and Executive Management Remuneration

Board Members' remuneration shall be in accordance with QCB Circular No. 18/2014 and in compliance with the CCL (Law 5 of 2002), the QFMA Corporate Governance Code and the AOA. This remuneration framework shall be presented to the shareholders in the General Assembly for approval and shall be made public. The Board shall regularly evaluate and measure risks involved in determining and paying incentives and compensations and review the policy and the system accordingly.

In conformity with the Bank's Remuneration Policy for the Board, remuneration shall take into account the responsibilities and scope of functions of the Board Members as well as the performance of the Bank. Compensation may include fixed and performance-related components, noting that such performance related components should be based on the long-term performance of the Bank.

Remuneration of Board Members may take the form of:

- Fixed salaries;
- Directors' fees;
- In-kind benefits; or
- A percentage of the Bank's profits.

In addition, the following elements should be observed in providing remuneration to Board Members:

- No Board Member shall participate in the setting of his own remuneration or participate in the Board meeting or deliberations called for such purpose.
- The Board shall receive remuneration annually of an amount which shall not exceed in aggregate 10% of the net annual profits of the Bank determined and after deduction of depreciation, transfers to reserves and a notional dividend payment equivalent to 5% of the paid up capital of the Bank.
- The amount of such remuneration shall be approved annually by the General Assembly, taking into account the level of profitability of the Bank.

As reported in the Bank's Annual Report 2014, total remuneration earned by the Board in 2014 (including fixed remuneration and meeting attendance fees) was QAR 19,190 million (subject to approval during the Bank's AGM). (2013: QAR 23,85 million).

With respect to Executive Management and employees, the Bank has a remuneration framework developed that outlines the compensation structures for Executive Management and employees, which are competitive relative to the market, reward performance that contributes to the Bank's growth and profitability and are consistent with the Bank's strategy.

Total remuneration earned by the senior executive management in 2014 was QAR 97,238 million (2013: QAR 75,30 million).

2.6 Executive Management

While the Board has the ultimate responsibility on the governance of the Bank, the Executive Management (defined as the group of persons, appointed by the Board, with operational responsibility for the Bank) is responsible for the overall day-to-day management of the Bank's operations. It is responsible for making sure that operations are carried out in an effective, safe and sound manner, and in compliance with applicable internal Bank policies and procedures and external laws and regulations.

Since 2013, Mr. Abdulla Saleh Al Raisi has been appointed as the CEO of the Bank. The CEO is supported by a specialised and highly qualified team overseeing the core banking areas of Wholesale Banking and Retail and Consumer Banking and other support functions which include areas of Risk Management, Banking Operations, Strategic Clients, Legal Affairs, Finance, Organisational Effectiveness, Internal Audit and Compliance and AML/CFT.

Mr. Andrew C. Stevens occupied the position of the Group Chief Executive Officer till September 2014. He is currently the Advisor to the Board of Commercial Bank.

Mr. Andrew C. Stevens

Advisor to the Board of Commercial Bank

- Graduated from Birmingham University in 1980 with a B.Com (Hons) in Banking and Finance.
- Began his banking career in 1980 with Standard Chartered Bank in Dublin, Ireland, later posted to Hong Kong, Bahrain and their regional headquarters for Africa, Middle East and South Asia before being seconded to lead the African business of Standard Chartered Bank in Uganda.
- Joined Commercial Bank in 1989; appointed as first AGM of Retail Banking in 1994, General Manager of Commercial Bank in 2001, CEO of Commercial Bank in 2005, Group CEO in 2008. Resigned to hold a new position as the Advisor to the Board of Commercial Bank in September 2014.
- Over 30 years of experience in international banking. Director of National Bank of Oman, United Arab Bank, Alternatifbank in Turkey and CBQ Finance Limited.
- Chairman of Orient 1 Limited.
- Director of QIC International LLC and a member of the Visa International Senior Client Council.

Currently, the Executive Management of the Bank is composed of the following:

Mr. Abdulla Saleh Al Raisi

Chief Executive Officer

Education, Experience and Affiliations:

- Graduated from Portland State University in 1982 with a B.Sc. in Political and Social Sciences.
- Joined Commercial Bank in 1998.
- Appointed Deputy CEO in March 2007 then CEO in July 2013.
- Previously with QAFCO.
- Over 26 years of experience including extensive banking experience in Arab Gulf States Folklore Centre and Doha Bank, respectively.
- Chairman of Commercial Bank Investment Services.
- Director of CBQ Finance Limited.

Colin Macdonald

Deputy Chief Executive Officer

- An Honours graduate in Business Finance, a London Business School Alumnus (Corporate Finance programme).
- A Certified Professional Director having completed the Director Development Programme at the Mudara Institute of Directors.
- 27 years of wide ranging financial banking services experience.
- Previously Group CEO of Shuaa Capital.
- Held several key positions in ABN AMRO Bank including Regional Head, Middle East.
- Led various origination and business strategy roles in National Westminster Bank.

Mr. Rehan Khan

Chief Finance Officer

- Graduated from London School of Economics with a Bachelor in Economics.
- Trained with KPMG in London and member of the Institute of Chartered Accountants in England and Wales.
- 22 years banking experience with HSBC working in London, India, Malaysia and Saudi Arabia.
- Joined Commercial Bank as Chief Financial Officer in 2013.
- Director of Orient 1 and CBQ Finance.

Mr. Sandeep Chouhan

EGM & Chief Operating Officer

- Graduated from the National Institute of Technology, India.
- Joined Commercial Bank as Group Chief Operating Officer in 2008.
- Previously with Barclays Bank in London.
- Over 20 years global experience in banking operations and technology, including 5 years with Morgan Stanley and 8 years with Citigroup across EMEA, Asia and USA.
- Chartered Professional of the British Computer Society.
- Director of Orient 1 Limited.

Mr. Dean Proctor

EGM, Consumer Banking

- Joined Commercial Bank in January 2012 as EGM, Retail & Consumer Banking.
- Previously CEO of Arbutnot Latham & Co. Ltd, a private bank in the UK, for 3 years.
- Concurrently an Executive Director and Board Member of Arbutnot Banking Group a UK listed company.
- Previously with Citibank working in the UK as Managing Director, UK Retail & Wealth Management including Egg Banking Plc and internationally as Head of Credit Cards for the Middle East based out of UAE.
- Spent 14 years with Lloyds Bank Plc working in retail and corporate banking across all divisions.
- Chairman of Asteco Qatar and Massoun Insurance Services and Director of Commercial Bank Investment Services and Orient 1 Limited.

Mr. Parvez Khan

EGM, Treasury, Investments & Strategy

- Graduated from Aligarh Muslim University with Bsc in Chemical Engineering.
- Joined in 1994 and was responsible for setting up Investment services business.
- Over 20 years of experience in Treasury Capital Markets and Investment Banking.
- Completed Diploma in International Capital Markets from New York Institute of Finance.
- Director of Commercial Bank Investment Services.

Ms. Rana Salatt

EGM, Chief Risk Officer

- Graduated from Qatar University in 1996 with a major in English.
- Joined Commercial Bank in 1996 as a graduate trainee in Retail Banking and was then promoted to Risk Administration Assistant.
- A number of promotions followed: Manager, Credit Risk Administration in 2003, Head of Credit Administration & Control in 2005, Head of Client Relations in 2008, Head of Credit Control in 2009, Assistant General Manager and Head of Risk Controls in 2011 and EGM, Chief Risk Officer in 2013.
- 16 years of banking experience in Commercial Bank between Retail and Risk.

Mr. Abduljalil Borhani

EGM, Strategic Clients

- Graduated from Northern Arizona University with a degree in Business Administration in 1992.
- Joined Commercial Bank in 1993, beginning his career in corporate banking as relationship officer; promoted to EGM, Corporate Banking Officer in January 2009.
- Currently EGM, Strategic Clients.

Mr. Fahad Badar

EGM, International & Private Banking

- Joined Commercial Bank in 2000 and currently serves as EGM, International & Private Banking.
- Over 11 years of experience in various areas of the retail, corporate banking and operations divisions, where he has built strong relationships and an excellent reputation amongst key industry stakeholders, from customers to peers.
- Bsc in Banking & Finance from the University of Wales and an MBA from Durham University.
- Director of Alternatifbank.

Ms. Sharoq Ibrahim Al Malki

EGM, Chief Human Capital Officer

- MA in Social Policy and Administration from University of Nottingham, UK.
- Currently pursuing a PhD in Business Administration specializing in industrial / organizational psychology.
- Joined Commercial Bank as EGM, Chief Human Capital Officer on 8 January 2014.
- Over 11 years of experience in different sectors including oil and gas, government and semi government.
- Winner of "HR Professional Award" in 2013 and "Qatar Business Women Award" in 2011 and currently a member of the Golden Key International Honor Society.
- Nominated to become one of the best 100 HR pioneers worldwide.
- Recently launched her first book about self-development titled 'A Piece of Peace'.

Mr. Jeremy Davies

EGM, Chief Marketing Officer

- Joined Commercial Bank as EGM, Chief Marketing Officer in 2012.
- Began his career at multinational advertising agency J Walter Thompson in 1990, having graduated in Law from Exeter University.
- Completed his MBA at the Judge Business School, Cambridge and became the founder and Managing Director of JWT's brand and digital consultancy.
- Joined the cable group NTL as Marketing Director in 2001.
- Appointed Brand & Communications Director at Abbey National/Santander in 2003.
- Joined the E.ON Group in 2008 as UK Brand and Communications Director, with responsibility for all UK marketing activities, as well as internal communications, PR and public affairs, before being appointed as Marketing Director of E.ON's new Energy Solutions Business in 2011, driving customer satisfaction improvements across E.ON's core markets across Europe.

Mr. Gary Williams

Senior AGM & Chief Internal Auditor

- Joined Commercial Bank in 2010 as Senior AGM and Chief Internal Auditor.
- Previously with Standard Chartered Bank for 25 years, the last 12 of which were in Group Internal Audit and Operational Risk Assurance positions.
- Roles in the Group Internal Audit function included postings in UK, Singapore, Hong Kong and South Korea.
- Final role in Standard Chartered Bank, prior to joining Commercial Bank was to establish and manage the Operational Risk Assurance function in 20 countries across the Africa, Middle East and Pakistan regions for the Bank.

Mr. Mohamad Mansour

SAGM & Head of Compliance & AML/CFT Unit

- Started his banking career at the Treasury Bills Department of the Central Bank of Lebanon.
- Founding member and a former Senior Investigator and Research Analyst of the Financial Information Unit at the Central Bank of Lebanon, where he led numerous money laundering and terrorism financing investigations with regional and international counterparts as well as conducting banks' examinations on anti money laundering programs.
- A Certified Anti Money Laundering Specialist (CAMS) and Certified Compliance Officer actively involved with local and international regulators on enhancing the AML/CFT implementation, raising awareness, and introducing the latest AML/CFT information technology solutions.

To ensure high quality replacement for those individuals who currently hold positions that are key to the Bank's success, a Succession Planning policy section is included in the Corporate Governance Charter to capture the mechanism followed by the Bank in ensuring the availability and placement of suitably qualified and experienced employees with the appropriate competency level and leadership skills/capabilities for key leadership roles within the Bank. The Board has designated the Policy, Strategy and Governance Committee to review and approve the Bank's succession plan for the Executive Management.

2.6.1 Management Committees

The CEO relies on a number of internal committees in the day-to-day management of the Bank. Based on the governance requirements and broad nature of operations, seven (7) committees were formed. Decisions are formalised if the required quorum is achieved, including the Chairman or his deputy. All decisions shall be unanimous.

A summary of their main activities is documented in the Risk Charter as discussed below.

- **Executive Committee (EXCO)**
 - EXCO is chaired by the CEO and meets on a regular basis, monthly, or as required by the business. Its principal function is to develop the annual business plan and budget for the Bank, and to monitor performance against these.
- **Management Risk Committee (MRC)**
 - The MRC is the highest management level authority on all risk-related issues facing the Bank, and reports on all risk policy and portfolio issues to the Board Risk Committee. It monitors and controls levels of credit, retail and operational risk to ensure that the risk strategies and policies approved by the Board are adhered to and implemented. The MRC also sets up and monitors the policies and procedures relating to the management of business continuity.
 - The Chief Risk Officer serves as Chairman of the MRC, which meets at least four times a year, and more frequently if necessary.

• **Asset and Liability Committee (ALCO)**

- ALCO is a decision making body for developing policies relating to asset and liability and market risk management with the objective of maximising shareholder value, enhancing profitability and protecting the Bank from facing adverse consequences arising from changes in extreme market condition and compliance with regulatory guidelines. Its key functions are to formulate policies on market risk, liquidity risk and interest rate risk, and to ensure that such risks are effectively assessed, controlled, monitored and managed.

- The Chief Financial Officer serves as Chairman of ALCO. Meetings of ALCO are held once a month or more frequently if necessary, particularly in the case of a volatile operating environment.

• **Special Assets Management (SAM) Committee**

- Special Assets are those assets of the Bank which require extensive monitoring and control in order to minimise risk, prevent losses, maximise recoveries and restore profits through rehabilitation, restructuring, workout, collection or legal actions. The SAM Committee supervises these activities, reviews related policies and procedures and monitors actions being taken on all accounts within the Special Asset portfolio.

- Head of Special Assets serves as Chairman of the committee. Meetings are held at least four times a year, or more frequently as deemed appropriate by the Chairman.

• **Management Credit Committee (MCC)**

- The MCC reviews, recommends and implements approved credit policies and procedures relating to the Bank. The Committee reviews the delegated authorities related to credit and recommends amendments to the BOD where appropriate. It also escalates its decisions relating to credit facilities, which exceed its authority, to the BEC.

- The Chief Credit Officer serves as Chairman of the committee. Meetings are held as and when required.

• **Investment Committee (ICO)**

- The Investment Committee reviews the delegated authorities related to investments and recommends amendments to the BOD where appropriate. The Committee also assumes the responsibility to review and approve the range of investment products across the Bank. It also monitors and reviews the performance of all the investment portfolio activities.

- EGM, Treasury, Investments & Strategy, serves as Chairman of the committee. Review and approval of the Committee is obtained by circulation to all members.

• **Crisis Management Committee (CMC)**

- The CMC is responsible for heading incidents which may result in a crisis situation for the Bank. The Committee ensures that a bank-wide Crisis Management Plan (CMP) is developed and communicated to all stakeholders including the establishment of a Crisis Management Team.

It also ensures formal drills and training are conducted and a comprehensive communication process is developed regarding Crisis Management. In the event of an incident, which may conceivably result in the activation of the Bank's Crisis Plan, the Bank's Call Tree will be used to communicate the incident to the CEO, who will decide whether the Bank's Recovery Plans require to be actioned or not. In the event that the Bank's Recovery Plans are activated this will be rapidly communicated to all stakeholders by way of activation of the Bank's mobile phone Call Trees.

- The Chief Executive Officer serves as Chairman of the committee. Meetings are held as and when required.

2.7 Ownership Structure

In accordance with Article 7 of the Bank's AOA, no person (whether natural or juridical) shall at any time own more than 5% of the total shares in the Bank by any means other than inheritance, with the exception of (i) Qatar Investment Authority, Qatar Holding LLC or any of their associated companies and (ii) a custodian or depository bank holding shares in respect of an offering of Global Depositary Receipts.

On 31 December 2014, 84.50% of the total number of shares in the Bank were held by Qatari nationals (whether individuals or entities) and 15.50% of such shares by foreign investors. On 31 December 2014, in percentage terms, the largest shareholdings in the Bank were as follows:

| | |
|---|--------|
| Qatar Holding LLC | 16.67% |
| Pension Fund of General Retirement & Social Insurance Authority (GRSIA) | 1.84% |
| Al Watani Fund 4 | 1.76% |
| Al Watani Fund 3 | 1.58% |

2.8 Risk Management**1. Risk Management**

The Bank's Risk Management function continues to be well positioned to manage the banks business risk. The risk management process addresses all types of risks, principal of which are credit, market, operational, liquidity, reputational and strategic. It ensures the effective identification, understanding, measurement, mitigation and reporting of all risks, the allocation of adequate capital against those risks, and the assurance of an appropriate risk/return relationship. These core values are embodied in the Board-approved Risk Charter and Risk policies which outline the enterprise-wide risk management activities of the Bank and detail high level organisation, authorities and processes relating to all aspects of risk management.

The Bank follows a "three lines of defence" model to enterprise risk management, whereby responsibility and accountability for risk management within each line of defence are well embedded and exercised at all levels within the Bank cascading from the Board of Directors, Board-level Committees, Management-level Committees, Executive Management and employees.

Within Commercial Bank, risk management is based on the risk appetite and strategy set by the Board of Directors. The strategy and resultant policies and procedures are implemented through specialist risk functions reporting to the Chief Risk Officer. Risk is provided at the required level of independence and works closely with the other business units in the Bank to support their activities. The following represent the key objectives of the risk management framework:

- Ensure adherence/compliance of individual and portfolio performance with agreed terms and policies;
- Institute prudent risk control mechanisms across the Bank;
- Ensure compliance with local legal and regulatory guidelines; and
- Maintain primary relationship with the local regulators with respect to risk-related issues.

Risk has over 90 dedicated staff which underlines Commercial Bank's commitment to a strong risk governance and management framework. During 2014, the Bank continued to enhance its controls and processes in all areas of risk management.

Commercial Bank's Board is involved in risk decisions through the:

- The Board Risk Committee is responsible for all aspects of enterprise-wide risk management including, but not limited to credit risk, market risk, liquidity risk and operational risk. The BRC reviews the policy on all risk issues and maintains oversight of all Bank risks.
- The Board Executive Committee is responsible for evaluating and granting credit facilities within authorized limits as per QCB and Board guidelines as well as for reviewing the strategy on recovery of Special Asset relationships, reviewing and approving all credit proposals (other than off-the-shelf products) relating to political figures and persons in ministerial posts, within the Risk Delegation of Authority, and approving credit facilities with tenor above 8 years.

In addition, specific risk-focused management committees (Risk, Asset and Liability and Special Assets Management) convene on a quarterly basis, at a minimum. The Board of Directors or their sub-committees are regularly updated on all major risks that the Bank faces.

During 2014, the Bank further strengthened its risk management processes by implementing a comprehensive stress testing framework, a credit scoring system for the retail portfolio, further upgraded the internal credit risk rating system, enhanced bank-wide portfolio monitoring and reporting capabilities, finalized its risk based pricing model and implemented the ICAAP process.

The Bank is in compliance with the provisions of Basel II framework and is following the Basel III implementation directive as advised by the Qatar Central Bank. In summary, the governance framework, policies and administrative procedures and practices relating to risk management in Commercial Bank align well with global leading practice, the recommendations of Basel Committee, and the guidelines of the Qatar Central Bank.

2.9 Internal Control Framework

The Bank has adopted a set of internal control policies, approved by the Board, to evaluate the methods and procedures for risk management, implementation of the Bank's corporate governance framework and compliance with related laws and regulations. This internal control framework also aims to safeguard shareholders' investment and the Bank's assets and to ensure the reliability of Commercial Bank's financial recordkeeping and reporting.

The Board Audit and Compliance Committee performs a periodic review of the effectiveness of the Bank's internal control framework through evaluations carried out by the Internal Audit and Compliance Departments. Such review includes all material controls, including financial, operational and compliance controls and risk management systems. In addition, the Committee also takes into consideration the results of the Bank's external auditor's evaluation. The Committee reports results of these assessments on the adequacy of the existing internal controls and processes to the Board.

2.9.1 Compliance

The Bank promotes a robust compliance culture across the organization and requires everyone, from the Board down to staff, to consistently comply with applicable laws, regulations and standards.

The Compliance and AML/CFT Department does, on a proactive basis, identify, document and assess the compliance risks associated with the Bank's business activities, including but not limited to the development of new products and business practices, and the proposed establishment of new types of business or customer relationships, or material changes in the nature of such relationships. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or loss to reputation as a result of failure to comply with applicable laws, regulations and standards.

Other major responsibilities of Compliance and AML/CFT department include:

- Ensuring complete adherence of branches/departments to relevant laws/regulations, Central Bank's instructions and Anti Money Laundering/Combating Financing of Terrorism laws issued in the State of Qatar;
- Monitoring and ensuring the Bank's compliance with QCB, QFMA, labour law, Commercial Companies Law and AML/CFT regulations;
- Proposing relevant recommendations to enhance/improve the internal control procedures that help in mitigating non-compliance and AML/CFT risks; and
- Keeping up-to-date with new laws and regulations and informing executive management and the concerned departments for their timely implementation.
- Monitoring the customer's financial transactions, investigate and raise STR to FIU for the suspicious ones.
- Conducting enhance due diligence "EDD" for the correspondent relations and high risk customers.

- Ensuring the proper implementation of FATCA regulations.
- Providing training and awareness to the bank's staff on AML/CFT – sanctions and FATCA regulations on frequent basis.

The Compliance and AML/CFT Department monitors and tests compliance by performing compliance reviews to identify regulatory breaches and non-compliance issues. The results of the compliance reviews are reported to the Board Audit and Compliance Committee, the CEO, the Chief Risk Officer, the Executive Management and the concerned unit/department heads on a regular basis. The reports summarize deficiencies and/or breaches and recommend measures to address them, in addition to the corrective measures already taken and those which shall be taken in accordance with agreed target dates.

During 2014, the Compliance and AML/CFT Department carried out 18 Compliance Reviews which identified compliance and controls deficiencies all of which were appropriately addressed by the Bank's management. None of the compliance issues identified in the department's compliance reviews had any material financial impact on the Bank.

Compliance was also presented and involved in all the following tasks:

- Provided compliance advice and guidance on all daily inquiries raised by the Bank's management/staff in a timely manner;
- Represented compliance in all Operational Risk Approval Process (ORAPs) and MRC meetings;
- Addressed all the Bank's business units' inquiries with QCB;
- Addressed all inquiries raised by QCB on behalf of business units;
- Facilitated and responded to all QCB examiners' requests for the 2014 annual QCB regulatory review on all the Bank's business units; and
- Regulatory reporting: Investigated and responded to all inquiries raised by the Financial Information Unit (FIU), QCB, and other regulatory inquiries.
- Monitored the bank's ratios vs. QCB mandated ratios.
- Followed-up the progress of the data cleansing project.

Penalties or Fines Imposed on the Bank by Regulatory Authorities

Penalties imposed on the Bank in 2014 by QCB amounted to QAR 140,000.

2.9.2 Internal Audit

The Internal Audit Department is an independent function that intends to enhance/augment Commercial Bank's overall control environment. Its mandate and authority are defined in its Internal Audit Charter which has been approved by the Board Audit and Compliance Committee and ratified by the Board.

To maintain its independence, the Internal Audit Department reports to the Board, through the Board Audit and Compliance Committee. The remuneration of the department is determined by the Board Audit and Compliance Committee. The Chief Internal Auditor is nominated by the Board Audit and Compliance Committee and submits periodic reports directly to the Committee and the senior management.

The Department is tasked to provide an independent assurance to the Board and its senior management as to the adequacy of the Bank's control environment and the effectiveness of the operation of these controls with respect to the management/mitigation of the key risks that the Bank is exposed to. The department's risk-based internal audit plan focuses on the following:

- Adequacy, effectiveness and efficiency of the Bank's internal control structure;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding and utilisation of assets; and
- Compliance with laws, regulations and contracts.

In addition, the Department is also tasked with the following key responsibilities:

- Performing a scheduled audit of branches/departments/divisions, products, processes, systems, procedures and controls in conformity with the annual audit plan agreed with and approved by the Board Audit and Compliance Committee. This includes:
 - Independent risk assessments of risk and control elements applicable to the area under review;
 - Assist the Bank in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement; and
 - Assess and make appropriate recommendations for improving governance process;
- Performing independent assessments of the quality of the Bank's various credit portfolios. A Credit Review team within Internal Audit function was established during 2012 to perform this;
- Providing consulting services to the Bank's Executive Management and businesses such as special reviews of new projects, systems/applications, outsourced facilities, and policies and procedures. In this role, Internal Audit will maintain its independence and objectivity and will not assume responsibility for the management, design or implementation of new processes, products, systems or applications; and
- Performing unscheduled/ad hoc tasks such as fraud investigations and other assignments at the request of the Board Audit and Compliance Committee, the regulator or the Bank's senior management, as and when necessary.

The Internal Audit function regularly makes recommendations to the Bank's management on areas where controls could be improved or where better adherence is required. Despite the existence of such recommendations, there have been no instances of major control failures that have or could have had an impact on the Bank's overall financial performance. In addition, results of the aforementioned assessment showed that the Bank's internal controls, risk management and governance processes were adequate and operating effectively. There were no material risks, weakness or instances of non-compliance which were beyond the Bank's risk tolerance level.

In line with the 2014 Internal Audit Plan, the Department issued and submitted a total of 30 Internal Audit Reports and Investigation Reports to the Board Audit and Compliance Committee. These reports in total covered 108 units within the Bank's inventory of "auditable units", with certain units being covered in more than one audit assignment. All key recommendations with respect to these reports are presented and discussed during the Board Audit and Compliance Committee meetings, with 5 meetings of this committee being held during 2014. The Bank's management proactively and timely responds to all recommendations made within Internal Audit reports, such that there was no requirement for the Bank's Board Audit and Compliance Committee to become involved in ensuring the resolution of any such matters. However, there is a Governance framework in place to enable the escalation of issues to the Board Audit and Compliance Committee in need.

Additionally, the Internal Audit function undertook 4 ad hoc assignments which, in certain instances, did not result in a formal report being issued to the Board Audit and Compliance Committee.

As of the end of December 2014, the Department is composed of 14 auditors.

2.10 External Audit

According to CCL and the relevant regulatory requirements, the General Assembly shall appoint annually, based on the proposal of the Board, the Bank's external auditor and approve the fees. The appointment should be made in consultation with QCB.

KPMG (Qatar Auditors' Registry No. 3) was assigned as the Bank's external auditor until 31 December 2014.

The External Auditor performs the audit of the Bank's financial statements quarterly and annually, in accordance with the relevant International Standards on Auditing. Such standards require the External Auditor to comply with ethical requirements and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

2014 Independent Auditor's Report to Shareholders of Commercial Bank will be published in the Bank's Annual Report after the Annual General Assembly.

The External Auditor presents his reports to the Board and the General Assembly in conformity with the Laws of the State of Qatar.

2.11 Disclosure Requirements

With the Bank's thrust towards transparency, the Bank rigorously complies with all the disclosure requirements, including financial reporting and Bank's shareholders by Qatar Exchange and other regulatory authorities. Such disclosures represent accurate and non-misleading data and information.

As part of this QFMA Corporate Governance Report, the Bank has also provided information relating to its Board and the relevant committees, including membership and status, among others.

2.12 Conflict of Interest and Insider Trading

The Bank has established guidelines and protocols with respect to handling actual or perceived conflicts of interest situations and insider trading. Such guidelines are documented in the Bank's Corporate Governance Charter and are applicable to the Bank's Board, Executive Management, employees and other stakeholders (including shareholders, customers, and service providers, among others).

The Charter requires the Bank's Board, Executive Management, employees and other stakeholders (where applicable) to:

- Avoid situations that may create actual or perceived conflict of interest;
- Act in a responsible and respectable manner and remain free of influences that may result in the loss of objectivity on business conducted with the Bank customers or with the Bank itself;
- Disclose to the Board any direct or indirect material interest in any transaction or matter directly affecting the Bank;
- Protect staff members who prepare conflict of interest reports from any retribution made by those included in such reports;
- Adopt clear rules and procedures governing the trading of securities, granting of credits, outside employment, outside directorships, business interests, related parties and any transaction/situation that raises questions or doubts with respect to possible conflicted interest;
- Avoid soliciting gifts from prospective or current customers, vendors or any other individual or business;
- Avoid disclosing inside information to outside entities with malicious intention to benefit from the disclosure;
- Restrict certain persons from using the Bank's information for personal gain; and
- Disclose Board member holdings to the public/stakeholders.

The Bank has generally observed and complied with the definition and protocols required by applicable regulatory authorities with respect to related party/commercial/major transactions it has entered into during 2014. Specifically with respect to related party transactions, the Bank has adopted QCB's definition of related parties as provided in its Instructions to Banks.

2.13 Shareholders' Rights

A hallmark of an effective and transparent communication is one which puts emphasis on the integrity, timeliness and relevance of information provided but continually mindful that the level of information disclosed does not negate the Board's duty to protect the long-term sustainability of the Bank or provide unfair advantage to some shareholders over the others.

In line with the Bank's AOA and Corporate Governance Charter, the Bank maintains effective and candid communication with its shareholders, which enables them to understand the business, its financial condition and its operating performance and trends. Apart from the Annual Report and formal shareholders' meetings, the Bank hosts a website that provides a wide range of information and issues for all stakeholders.

The Bank strives to provide shareholders with sufficient data to analyse Commercial Bank performance and to take decisions on Board Member elections, and other such matters which include the following, among others:

- Access to shareholders' register, Board Members' register, AOA, and other relevant documents/records/information as provided in applicable regulations on a timely manner;
- Equitable treatment of all holders of shares falling under the same class, and between holders of different classes of shares without prejudice to the rights of shareholders of those classes which have priority in ranking;
- Right to attend the General Assembly meeting personally or by proxy; and
- Review and approve a mechanism on dividend distribution endorsed by the Board.

2.14 Stakeholders' Rights

Stakeholder relationships provide a platform for the Board to take into account the concerns and objectives of the Bank's stakeholders in its decision making, which is fundamental to the achievement of the Bank's long term strategy and sustained growth. The Board is committed to continually uphold the rights of its stakeholders and ensure that stakeholders' interests are adequately considered in the legal and business decisions that the Bank will take. Such commitment is captured in the Bank's Corporate Governance Charter which highlights the adoption of the highest standards of integrity and transparency in all its business activities and dealings.

Furthermore, the Bank adopts a process in managing an open and transparent dialogue and communication with its stakeholders. Such process delineates the protocols that will be followed in communicating with stakeholders and the level and degree of information that can be divulged. In addition, the Bank endeavours to maintain equitable and fair treatment of all its stakeholders. To promote ethical conduct, the Bank has rolled out a Bank-wide Code of Conduct which stipulates the ethical principles that each employee must demonstrate.

Any breaches are thoroughly investigated and as appropriate, disciplinary and corrective action is taken. Moreover, the Bank has in place a Whistle-blowing Policy where employees and/or outsourced service providers can report issues without fear of reprisal.

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.

2.15 The Bank's Policies

The Bank currently has a total of forty-two (42) policy manuals/charters, five (5) of which are specifically focused on and involved in corporate governance and risk management. These are discussed in detail below:

2.15.1 Corporate Governance Charter

The Bank recognises that an effective corporate governance framework is the focal component in the achievement of the Bank's corporate objectives and maximisation of shareholders' value. The Bank has established corporate governance practices and protocols in compliance with its AOA and relevant regulatory requirements and in line with relevant corporate governance leading practices.

The Corporate Governance Charter captures the detailed guidelines of the Bank's governance framework.

2.15.2 Corporate Social Responsibility

The Bank, as a responsible corporate citizen, recognises its social responsibility to integrate business values and operations to meet the expectations and needs of its stakeholders.

The Bank is committed to promoting sustainable development, protecting and conserving human life, health, natural resources and the environment and adding value to the communities in which it operates. In so doing, the Bank recognises the importance of both financial and non-financial commitment and contribution.

2.15.3 Code of Ethics

The Bank-wide Code of Ethics serves as a guide to the everyday professional conduct of its employees. The Code covers all applicable laws and regulations and the highest standards of business ethics that the Bank employees should be aware of and comply with in the conduct of their day-to-day business activities. In addition to the Bank-wide Code of Ethics, the standards of conduct expected from the Board are also covered in the Board Charter.

The Code extends to the Bank's subsidiaries and outsourced staff and covers the following specific topics:

- Compliance with laws and regulations;
- Board and employee conduct;
- Restrictions on acceptance of gifts or commissions;
- Avoidance of conflict of interest;
- Quality service and operational efficiency;
- Protection and proper use of company assets;
- Prohibition on insider trading;
- Media relations and publicity;
- Whistle-blowing;
- Relations between employees and the Bank;
- Use of proprietary and insider information and stakeholder information;
- Employee information and privacy; and
- Respect for human rights and prohibition of discrimination within the workplace.

2.15.4 Human Resources

The Bank provides fair and equitable policies geared towards attracting, retaining and motivating employees which is a key element in the efficient operation of its business. Such policies also capture sound personnel administration practice and maintenance of competitive remuneration and welfare packages to employees.

In terms of Human Resource management, the Bank is committed to:

- Recruit and retain highly qualified and competent candidates through a cost-effective recruitment process;
- Comply with all legal obligations and its own internal regulations relating to hiring, personnel administration and termination of employment;
- Provide fair, equitable and transparent treatment of all employees;
- Develop initiatives to recruit and retain quality Qatari nationals and to meet the targets set by the State of Qatar;
- Follow a consistent and competitive compensation and benefits structure throughout the Bank;
- Implement a fair promotion mechanism which recognises and rewards excellent employee performance;
- Improve employee performance, correct deficiencies, build on strengths and improve organisational effectiveness through a formal performance appraisal system;
- Handle complaints to mitigate grievances and to secure the rights of the Bank and its employees; and
- Promote knowledge sharing and learning across the Bank and facilitate knowledge growth.

2.15.5 Anti-Fraud

The Anti-Fraud Policy facilitates development of controls that aid in the detection and prevention of fraud perpetrated against the bank.

The Bank promotes an anti-fraud risk culture by adopting the following principles:

- Commitment to the principles of integrity, and accountability and to an environment of sound governance which includes robust internal controls;
- Commitment to a culture that safeguards public funds and property in order to protect shareholder interest;
- Zero tolerance approach to fraudulent and/or unethical conduct and holding all employees accountable for their actions; and
- Consistent handling of all cases regardless of positions held, connections to authorities, nationality or length of service.

III. Abbreviations

| Abbreviation | Meaning |
|--------------|-------------------------------------|
| ALCO | Asset and Liability Committee |
| ALM | Asset and Liability Management |
| AOA | Articles of Association |
| AML | Anti Money Laundering |
| Bank | Commercial Bank |
| BOD | Board of Directors |
| CFT | Combating Financing of Terrorism |
| FATCA | Foreign Account Tax Compliance Act |
| CEO | Chief Executive Officer |
| SAM | Special Assets Management Committee |
| MRC | Management Risk Committee |
| QFMA | Qatar Financial Markets Authority |
| QCB | Qatar Central Bank |
| CCL | Commercial Companies Law |

IV. QFMA Governance Report Form

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
|---|---|------------|----------------|----|---------------|------------------------------|
| Article (3): Company's Obligation to Comply with Corporate Governance Principles | 3-1: The Board shall ensure that the Company listed on the main market complies with the principles set out in this Code. | ■ | ■ | ■ | 2.1 | |
| | 3-2: The Board shall regularly review and update its governance practices. | ■ | ■ | ■ | 2.1 | |
| | 3-3: The Board shall regularly review and update professional conduct rules setting forth the Company's corporate values and other internal policies and procedures all of which shall be binding upon the Members of the Board of Directors and the Company's staff as well as the Company's advisors (These professional conduct rules may include but are not limited to the Board Charter, audit committee's charter, company regulations, related party transactions policy and insider trading rules). The Board shall review these professional conduct principles regularly so as to ensure they reflect best practices and they meet the needs of the Company. | ■ | ■ | ■ | 2.2.1 & 2.2.2 | |
| Article (4): Board Charter | The Board shall make sure that the Company adopts a Charter for the Board of Directors detailing the Board's functions and responsibilities as well as the Board Members' duties, which shall be fulfilled by all Board members. The said Board Charter shall be drafted to comply with the provisions of this Code, and shall be based on the Board Charter annexed to this Code and as may be amended from time to time by the Authority. The said Board Charter shall be published on the Company's website and made available to the public. | ■ | ■ | ■ | 2.2.1 | |
| Article (5): Board Mission and Responsibilities | 5-1: The Company shall be managed by an effective Board of Directors which shall be individually and collectively responsible for the proper management of the Company. | ■ | ■ | ■ | 2.2.3 | |
| | 5-2: In addition to the Board functions and responsibilities as set out in the Board Charter, the Board shall be responsible for: | ■ | ■ | ■ | | |
| | 5-2-1: Approving the Company's strategic objectives, appointing and replacing management, setting forth management compensation, reviewing management performance and ensuring succession planning concerning the Company's management. | ■ | ■ | ■ | 2.2.5 | |
| | 5-2-2: Ensuring the Company's compliance with related laws and regulations as well as the Company's articles of association and by-laws. The Board is also responsible for protecting the Company from illegal, abusive or inappropriate actions and practices. | ■ | ■ | ■ | 2.2.5 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
|---|---|------------|----------------|----|---------------|--|
| | 5-3: The Board may delegate some of its functions and constitute special committees, for the purpose of undertaking specific operations on its behalf. In this case written and clear instructions shall be given concerning the delegated function or authority with the requirement to obtain the Board's prior approval on specific matters. In any event, the Board remains liable for all of its functions or authorities so delegated and for the activities of these committees. | ■ | ■ | ■ | 2.3 | |
| Article (6): Board Members' Fiduciary Responsibilities | 6-1: The Board of Directors represents all Shareholders. Accordingly, it shall exercise due diligence to manage the Company and adhere to the rules set out in related laws and regulations including this Code and the Board Charter. | ■ | ■ | ■ | 2.2.1 & 2.2.5 | |
| | 6-2: Board members shall act, at all times, on an informed basis, in good faith, with due diligence and care, and in the interest of the Company and all Shareholders. | ■ | ■ | ■ | 2.2.5 | |
| | 6-3: Board members shall act effectively to fulfill their responsibilities towards the Company. | ■ | ■ | ■ | 2.2.5 | |
| Article (7): Separation of Positions of Chairman and CEO | 7-1: The same person may not hold the position of Chairman and the position of Chief Executive Officer or any other executive position at the Company. | ■ | ■ | ■ | 2.2.3 & 2.6 | |
| | 7-2: In all circumstances, no one person in the Company shall have unfettered powers to take decisions. | ■ | ■ | ■ | 2.2.5 & 2.2.6 | |
| Article (8): Duties of the Chairman of the Board | 8-1: The Chairman shall be responsible for ensuring the proper functioning of the Board; in an appropriate and effective manner including timely receipt by the Board members of complete and accurate information. | ■ | ■ | ■ | 2.2.5 | |
| | 8-2: The Chairman may not be a member of any of the Board committees prescribed in this Code. | ■ | ■ | ■ | | Commercial Bank of Qatar abides by QCB instructions in this regard. Meanwhile, the chairman is not a member of The Board Audit and Compliance, Nomination and Remuneration Committees. |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
|---|---|------------|----------------|----|-------------|--|
| | 8-3: The duties and responsibilities of the Chairman of the Board of Directors shall, in addition to the provisions of the Board Charter, include, but not be limited to, the following: | ■ | ■ | ■ | | |
| | 1- Ensuring that the Board discusses all the main issues in an efficient and timely manner; | ■ | ■ | ■ | 2.2.5 | |
| | 2- Approving the agenda of every meeting of the Board of Directors taking into consideration any matter proposed by any other Board member; this may be delegated by the Chairman to a Board member but the Chairman remains responsible for the proper discharge of this duty by the said Board member; | ■ | ■ | ■ | 2.2.5 | |
| | 3- Encouraging all Board members to fully and effectively participate in dealing with the affairs of the Board of Directors for ensuring that the Board of Directors is working in the best interest of the Company; | ■ | ■ | ■ | 2.2.5 | |
| | 4- Ensuring effective communication with Shareholders and communication of their opinions to the Board of Directors; | ■ | ■ | ■ | 2.2.5 | |
| | 5- Allowing effective participation of the Non-Executive Board members in particular and to promote constructive relations between Executive and Non-Executive Board members; and | ■ | ■ | ■ | 2.2.5 | |
| | 6- Ensuring annual evaluation of the Board's performance. | ■ | ■ | ■ | 2.2.5 | |
| Article (9): Board Composition | 9-1: The Board composition shall be determined in the Company's Articles of Association. The Board shall include executive, non-executive and independent Board members so as to ensure that the Board decisions are not dominated by one individual or a small group of individuals. | ■ | ■ | ■ | 2.2.3 | Commercial Bank of Qatar abides by QCB instructions in this regard and hence, the Board does not include executive managers. |
| | 9-2: At least one third of the Board Members shall be Independent and the majority of the Board members shall be Non-Executive. | ■ | ■ | ■ | 2.2.6 | |
| | 9-3: Board members shall have adequate expertise and knowledge to effectively perform their functions in the best interest of the Company and they shall give sufficient time and attention to perform their role as Board members with integrity and transparency so as to serve the interest of the Company and achieve its goals and purposes. | ■ | ■ | ■ | 2.2.5 | |
| | 9-4 : A candidate for an independent Board member position shall not own in the Company's capital more than the number of shares required for Board membership. | ■ | ■ | ■ | 2.2.7 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
|--|--|------------|----------------|----|-------------|--|
| Article (10): Non-Executive Board Members | 10-1: Duties of the Non-Executive Board Members shall include, but not be limited to, the following: | ■ | ■ | ■ | | |
| | 10-1-1: Participating in the meetings of the Board of Directors and providing independent opinion on strategic matters, policy, performance, accountability, resources, key appointments and operation standards; | ■ | ■ | ■ | 2.2.6 | |
| | 10-1-2: Ensuring that priority shall be given to the interest of the Company and Shareholders in case of conflict of interests; | ■ | ■ | ■ | 2.2.5 | |
| | 10-1-3: Participating in the Company's Audit Committee; | ■ | ■ | ■ | 3.3.1 | Non-Executive Board Members participate in a number of Board Committees. |
| | 10-1-4: Monitoring the Company's performance in realising its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports; and | ■ | ■ | ■ | 2.2.5 | |
| | 10-1-5: Monitoring the development of the procedural rules for the Company's corporate governance for ensuring their implementation in a consistent manner; and | ■ | ■ | ■ | 2.2.5 | |
| | 10-1-6: Availing the Board of Directors and its different Committees of their skills, experience, diversified specialties and qualifications through regular presence in the Board meetings and effective participation in the General Assemblies and the acquisition of a balanced understanding of Shareholders' opinions. | ■ | ■ | ■ | 2.2.5 | |
| | 10-2: A majority of the Non-Executive Board Members may request the opinion of an independent consultant, in relation to any of the Company's affairs, at the Company's expense. | ■ | ■ | ■ | 2.2.5 | |
| Article (11): Board Meetings | 11-1: The Board of Directors shall hold meetings regularly, so as to ensure that the Board is effectively performing its duties. The Board shall meet at least six times during a year and at least once every two months. | ■ | ■ | ■ | 2.2.8 | |
| | 11-2: The Board shall meet when convened by its Chairman or upon the written request of two Board Members. The invitation for the Board meeting and agenda shall be communicated to each Board Member at least one week before the date of the meeting, noting that any Board member may add any item to the agenda. | ■ | ■ | ■ | 2.2.8 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
|--|--|------------|----------------|----|--|------------------------------|
| Article (12): Board Secretary | 12-1: The Board shall appoint a Board Secretary whose functions shall include recording the minutes and decisions of the Board in a special register with serial numbers, noting which members have attended the meetings and the reservations expressed by the members and safekeeping records, books and reports submitted by or to the Board. Under the direction of the Chairman, the Board Secretary shall also be in charge of ensuring proper receipt and distribution of agendas, documents and information and coordination among the Board Members as well as between the Board and the other stakeholders in the Company including Shareholders, management, and employees. | ■ | ■ | ■ | 2.2.9 | |
| | 12-2: The Board Secretary shall ensure that Board Members have full and timely access to the minutes of all Board meetings, information, documents, and records pertaining to the Company. | ■ | ■ | ■ | 2.2.9 | |
| | 12-3: All Board Members shall have access to the services and advice of the Board Secretary. | ■ | ■ | ■ | 2.2.9 | |
| | 12-4: The Board Secretary may only be appointed or removed by a Board resolution. | ■ | ■ | ■ | 2.2.9 | |
| | 12-5: The Board Secretary should preferably be a member of a recognised body of professional accountants, or a member of a recognised or chartered body of corporate secretaries, a lawyer or a graduate from a recognized university or equivalent. S/he should have at least three-year experience of handling the affairs of a public company listed in the market. | ■ | ■ | ■ | 2.2.9 | |
| Article (13): Conflict of Interests and Insider Trading | 13-1: The Company shall adopt and make public general rules and procedures governing the Company's entering into any commercial transaction with a Related Party (the Company's "Related Party Policy"). In any event, it shall not be permitted to enter into any commercial transaction with a Related Party unless in strict compliance with the aforementioned Related Party Policy. The said policy shall include principles of transparency, fairness and disclosure in addition to the requirement that a related party transaction be approved by the General Assembly of the Company. | ■ | ■ | ■ | 2.12 & according to the applicable Governance Charter adopted by the Bank. | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
|--|---|------------|----------------|----|---|------------------------------|
| | 13-2: Whenever an issue involving conflict of interests or any commercial transaction between the Company and any of its Board Members or any Party related to the said Board Member, is discussed in a Board meeting, the issue shall be discussed in the absence of the concerned Board Member who may not in any event participate in the voting on the matter. In any event, such transaction shall be made at market prices and on arm's length basis and shall not involve terms that are contrary to the interests of the Company. | ■ | ■ | ■ | 2.12 & according to the applicable Governance Charter adopted by the Bank. | |
| | 13-3: In any event, such transactions shall be disclosed in the Company's annual report and specifically referred to in the General Assembly following such commercial transactions. | ■ | ■ | ■ | 2.12 & according to the applicable Governance Charter adopted by the Bank. | |
| | 13-4: Trading by Board Members in the Company's shares and other securities shall be disclosed and the Company shall adopt clear rules and procedures governing trading by Board Members and employees in the Company's shares. | ■ | ■ | ■ | 2.12 & according to the applicable Governance Charter adopted by the Bank. | |
| Article (14) Other Board Practices and Duties | 14-1: Board Members shall have full and immediate access to information, documents, and records pertaining to the Company so as to allow them to perform their duties and have knowledge of all aspects related to the Company's business. The Company's executive management shall provide the Board and its committees with all requested documents and information. | ■ | ■ | ■ | 2.2.5 | |
| | 14-2: The Board Members shall ensure that the members of Nomination, Remuneration and Audit Committees, besides the representatives of the External Auditors attend the General Assembly. | ■ | ■ | ■ | 2.2.5 | |
| | 14-3: The Board shall put in place an induction program for newly appointed Board Members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which the Company operates. | ■ | ■ | ■ | 2.2.5 & according to the applicable Governance Charter adopted by the Bank. | |
| | 14-4: The Board Members are responsible for having an appropriate understanding of their role and duties, and for educating themselves in financial, business, and industry practices as well as the Company's operations and functioning. In this respect, the Board shall adopt an appropriate formal training to enhance Board Members' skills and knowledge. | ■ | ■ | ■ | 2.2.5 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non- Compliance Justification |
|---|---|------------|----------------|----|--|-------------------------------|
| | 14-5: The Board of Directors shall, at all times, keep its Members updated on the latest developments in the area of corporate governance and the best practices related thereto. The Board may delegate the same to the Audit Committee or the Governance Committee or any other entity as it deems appropriate. | ■ | ■ | ■ | 2.2.5 & 2.3.4 | |
| | 14-6: The Company's Articles of Association shall include clear procedures for removing Board Members in the event of failing to attend Board meetings. | ■ | ■ | ■ | 2.2.5 & according to Article (35) of the Bank's Articles of Association. | |
| Article (15): Board Committees | I. The Board of Directors shall study the benefits of establishing specialized committees to oversee the proper performance of important functions. The Board of Directors shall take into consideration the committees mentioned in this Code when deciding on the committees to be established. | ■ | ■ | ■ | 2.3 | |
| Article (16): Board Members Appointment – The Nomination Committee | 16-1: Nominations and appointments of Board Members shall be made according to formal, rigorous and transparent procedures. | ■ | ■ | ■ | 2.3.5 & according to the Bank's Articles of Association. | |
| | 16-2: The Board shall constitute a Nomination Committee chaired by an Independent Board Member and comprised of Independent Board Members which shall recommend Board Members' appointments and re- nomination for election by the General Assembly (for the avoidance of doubt, nomination by the Committee does not deprive any shareholder of his/her rights to nominate or to be nominated); | ■ | ■ | ■ | 2.3.5 | |
| | 16-3: Nominations shall take into account, inter alia, the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical and academic qualifications and personality and should be based on the 'Fit and Proper Guidelines for Nomination of Board Members' annexed to the Code as amended by the Authority from time to time; | ■ | ■ | ■ | 2.3.5 & according to the Board Committees Charter. | |
| | 16-4: Upon its establishment, the Nomination Committee shall adopt and publish its terms of reference explaining its authority and role. | ■ | ■ | ■ | 2.3.5 & according to the Board Committees Charter. | |
| | 16-5: The Nomination Committee's role shall include performing annual self-assessment of the Board's performance. | ■ | ■ | ■ | 2.3.5 & according to the Board Committees Charter. | |
| | 16-6: Banks and other companies shall comply with any conditions or requirements relating to the nomination, election or appointment of Board Members issued by Qatar Central Bank or any other relevant authority. | ■ | ■ | ■ | 2.2.4 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non- Compliance Justification |
|--|---|------------|----------------|----|--|--|
| Article (17): Board Members' Remuneration- Remuneration Committee | 17-1: The Board of Directors shall establish a Remuneration Committee comprised of at least three Non-Executive Board Members, the majority of whom must be Independent. | ■ | ■ | ■ | 2.3.6 | Commercial Bank of Qatar abides by QCB instructions and Board Committees Charter in this regard. |
| | 17-2: Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities. | ■ | ■ | ■ | 2.3.6 & according to Board Committees Charter. | |
| | 17-3: The Remuneration Committee's main role shall include setting the remuneration policy of the Company including remuneration of the Chairman and all Board members as well as Senior Executive Management. | ■ | ■ | ■ | 2.3.6 & 2.5 | |
| | 17-4: The policy and principles pertaining to Board members' remuneration shall be published the Company's annual report. | ■ | ■ | ■ | 2.3.6 & 2.5 Board Members' remuneration shall be in accordance with QCB Circular No. 18/2014 and in compliance with the QCCL (Law 5 of 2002), the QFMA Corporate Governance Code and the AOA. This remuneration framework shall be presented to the shareholders in the General Assembly for approval and shall be made public. | |
| | 17-5: Remuneration Committee shall take into account the responsibilities and scope of the functions of the Board Members and members of Senior Executive Management as well as the performance of the Company. Compensation may include fixed and performance-related components, noting that such performance-related components should be based on the long-term performance of the Company. | ■ | ■ | ■ | 2.3.6 & 2.5 The Bank's Corporate Governance Charter approved Board Members' and Executive Management remuneration system in the light of QFMA Corporate Governance Code. | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
|--|---|------------|----------------|----|--|------------------------------|
| Article (18): Audit Committee | 18-1: The Board of Directors shall establish an Audit Committee that shall be comprised of at least three members, the majority of whom should be independent. The Audit Committee must include at least one member with financial and audit experience. If the number of available independent Board Members was not sufficient to fill the Audit Committee membership, the Company may appoint members that are not independent Board Members provided that the Chairman of the Committee is independent. | ■ | ■ | ■ | 2.3.1 | |
| | 18-2: In any event, any person who is or has been employed by the Company's external auditors within the last 2 years may not be a member of the Audit Committee. | ■ | ■ | ■ | 2.3.1 | |
| | 18-3: The Audit Committee may consult at the Company's expense any independent expert or consultant. | ■ | ■ | ■ | 2.4 | |
| | 18-4: The Audit Committee shall meet as needed and regularly at least once every three months and shall keep minutes of its meetings. | ■ | ■ | ■ | 2.3.1 | |
| | 18-5: In the event of any disagreement between the Audit Committee's recommendations and the Board's decision including where the Board refuses to follow the Committee's recommendations concerning the external auditor, the Board shall include in the Company's Governance Report, a statement detailing such recommendations and the reason(s) behind the Board of Directors' decision not to follow the recommendations. | ■ | ■ | ■ | 2.3.1 No difference arose between the Board and the Board Audit and Compliance Committee during 2014. | |
| | 18-6: Upon its establishment, the Audit Committee shall adopt and make public its terms of reference explaining its main role and responsibilities in the form of an Audit Committee Charter including in particular the following: | ■ | ■ | ■ | 2.3.1 & according to Board Committees Charter. | |
| | a- Adopting a policy for appointing the External Auditors; and reporting to the Board of Directors any matters that, in the opinion of the Committee, necessitate action in addition to providing recommendations on the necessary procedures or required action; | ■ | ■ | ■ | 2.3.1 | |
| | b- Overseeing and following up on the independence and objectivity of the external auditor and discussing with the external auditor the nature, scope and efficiency of the audit in accordance with International Standards on Auditing and International Financial Reporting Standards; | ■ | ■ | ■ | 2.3.1 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
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| | c- Overseeing the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports, and reviewing such statements and reports. Focusing particularly on: | ■ | ■ | ■ | 2.3.1 | |
| | 1- Any changes to the accounting policies and practices; | ■ | ■ | ■ | 2.3.1 | |
| | 2- Matters subject to the discretion of Senior Executive Management; | ■ | ■ | ■ | 2.3.1 | |
| | 3- The major amendments resulting from the audit; | ■ | ■ | ■ | 2.3.1 | |
| | 4- Continuation of the Company as a viable going concern; | ■ | ■ | ■ | 2.3.1 & according to Board Committees Charter. | |
| | 5- Compliance with the accounting standards designated by the Authority; | ■ | ■ | ■ | The Bank applies this condition unless otherwise instructed by QCB. | |
| | 6- Compliance with the applicable listing rules in the market; and | ■ | ■ | ■ | 2.1 | |
| | 7- Compliance with disclosure rules and any other requirements relating to the preparation of financial reports; | ■ | ■ | ■ | 2.3.1 | |
| | d- Coordinating with the Board of Directors, Senior Executive Management and the Company's chief financial officer or the person undertaking the latter's tasks, and convening with the external auditors at least once a year; | ■ | ■ | ■ | 2.3.1 | |
| | e- Considering any significant and unusual matters contained or to be contained in such financial reports and accounts. Giving due consideration to any issues raised by the Company's chief financial officer or the person undertaking the latter's tasks, or the Company's compliance officer or external auditors; | ■ | ■ | ■ | 2.3.1 | |
| | f- Reviewing the financial and internal control and risk management systems; | ■ | ■ | ■ | 2.3.1 Risk Committee is held responsible in the first place for all aspects related to Risk Management. (2.3.2 & 2.8) | |
| | g- Discussing internal control systems with the management to ensure management's performance of its duties towards the development of an efficient internal control system; | ■ | ■ | ■ | 2.3.1 | |
| | h- Considering the findings of principal investigations in internal control matters requested by the Board of Directors or carried out by the Committee on its own initiative with the Boards' approval; | ■ | ■ | ■ | 2.3.1 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
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| | i- Ensuring coordination between the internal auditors and the external auditor, the availability of necessary resources and the effectiveness of the Internal Controls; | ■ | ■ | ■ | 2.3.1 | |
| | j- Reviewing the Company's financial and accounting policies and procedures; | ■ | ■ | ■ | 2.3.1 | |
| | k- Reviewing the letter of appointment of the External Auditor, his business plan and any significant clarifications he requests from senior management as regards the accounting records, the financial accounts or control systems as well as the Senior Executive Management's reply; | ■ | ■ | ■ | 2.3.1 | |
| | l- Ensuring timely reply by the Board of Directors to the queries and matters contained in the letters or reports of External Auditors; | ■ | ■ | ■ | 2.3.1 | |
| | m- Developing rules, through which employees of the Company can confidentially report any concerns about matters in the financial reports or Internal Controls or any other matters that raise suspicions. In addition to ensuring that proper arrangements are available to allow independent and fair investigation of such matters whilst ensuring that the aforementioned employee is afforded confidentiality and protected from reprisal. Such rules should be submitted to the Board of Directors for adoption. | ■ | ■ | ■ | 2.3.1 | |
| | n- Overseeing the Company's adherence to professional conduct rules; | ■ | ■ | ■ | | 2.2.1 & 2.15.3 |
| | o- Ensuring that the rules of work related to the powers assigned to the Board of Directors are properly applied; | ■ | ■ | ■ | 2.3.1 | |
| | p- Submitting a report to the Board of Directors on the matters contained in this Article. | ■ | ■ | ■ | 2.3.1 | |
| | q- Considering other issues as determined by the Board of Directors. | ■ | ■ | ■ | 2.3.1 | |
| Article (19): Compliance, Internal Control and Internal Auditor | 19-1: The company shall adopt an internal control system approved by the Board, complying with related regulations and laws. Internal Control should set clear standards for responsibility and accountability in all of the company's departments. | ■ | ■ | ■ | 2.9 | |
| | 19-2: The Internal Control System shall include effective and independent risk assessment and management functions, as well as financial and operational internal audit functions in addition to the external audit. The Internal Control System shall also ensure that all related-party transactions are handled in accordance with the requirements related thereto. | ■ | ■ | ■ | 2.9, 2.9.1 & 2.9.2 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
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| | 19-3: The Company shall have an internal audit unit with clearly defined functions and role. In particular, the internal audit function shall : | ■ | ■ | ■ | 2.9.2 | |
| | 1- Audit the Internal Control System and oversee its implementation; | ■ | ■ | ■ | 2.9.2 | |
| | 2- Be carried out by operationally independent, appropriately trained and competent staff; | ■ | ■ | ■ | 2.9.2 | |
| | 3- Submit its reports to the Board of Directors either directly or through the Board's Audit Committee; and is responsible to the Board; | ■ | ■ | ■ | 2.9.2 | |
| | 4- Have access to all Company's activities; and | | | | 2.9.2 | |
| | 5- Be independent including being independent from the day-to-day Company functioning. Its independence should be reinforced for example by having the Board determine compensation of its staff. | ■ | ■ | ■ | 2.9.2 | |
| | 19-4: The internal audit function shall include at least one internal auditor appointed by the Board of Directors. This internal auditor shall report to the Board. | ■ | ■ | ■ | 2.9.2 | |
| | 19-5: The internal auditor shall prepare and submit to the Audit Committee and the Board of Directors an "internal audit report" which shall include a review and assessment of the Internal Control System of the Company. The scope of the Internal Audit Report shall be agreed between the Board (based on the Audit Committee recommendation) and the internal auditor and shall include particularly the following: | ■ | ■ | ■ | 2.9.2 | |
| | - Control and oversight procedures of financial affairs, investments, and risk management. | ■ | ■ | ■ | 2.9.2 | Risk Committee is responsible in the first place for all aspects related to Risk Management. (2.3.2) |
| | - Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes. | ■ | ■ | ■ | 2.9.2 | |
| | - Assessment of the performance of the Board and senior management in implementing the Internal Control System, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board. | ■ | ■ | ■ | 2.9.2 | |
| | - Internal Control failure, weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedure followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements). | ■ | ■ | ■ | 2.9.2 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non- Compliance Justification |
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| | - The Company's compliance with applicable market listing and disclosure rules and requirements. | ■ | ■ | ■ | 2.1 & 2.11 | |
| | - The Company's compliance with the Internal Control System in determining and managing risk. | ■ | ■ | ■ | 2.9.2 Risk Committee is responsible in the first place for all aspects related to Risk Management. (2.3.2 & 2.8) | |
| | - All relevant information describing the Company's risk management operations. | ■ | ■ | ■ | | Risk Committee is responsible in the first place for all aspects related to Risk Management. (2.3.2 & 2.8) |
| | 19-6: The Internal Audit Report shall be prepared every three months. | ■ | ■ | ■ | 2.9.2 | |
| Article (20): External Auditor | 20-1: An External Auditor who is independent and qualified, and appointed upon the recommendation of the Audit Committee to the Board and the decision of the Company's General Assembly, shall undertake an annual and semi-annual independent audit. The purpose of the said audit is to provide an objective assurance to the Board and Shareholders that the financial statements are prepared in accordance with this Code, related laws and regulations and international financial reporting standards and accurately represent the financial position and performance of the Company in all material respects. | ■ | ■ | ■ | 2.10 | |
| | 20-2: The External Auditor shall comply with the highest professional standards and he shall not be contracted by the Company to provide any advice or services other than carrying out the audit of the Company. The External Auditor must be completely independent from the Company and its Board Members and shall not have any conflict of interests in relation to the Company. | ■ | ■ | ■ | 2.10 | |
| | 20-3: The Company's External Auditor must attend the Company's annual ordinary General Assembly where he shall deliver his annual report and answer any queries in this respect. | ■ | ■ | ■ | 2.10 | |
| | 20-4: The External Auditor is accountable to the Shareholders and owes a duty to the Company to exercise due professional care in the conduct of the audit. The External Auditor is also responsible for notifying the Authority and any other regulatory authority should the Board fail to take proper action concerning suspicions raised or identified by the External Auditor. | ■ | ■ | ■ | 2.10 | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non- Compliance Justification |
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| | 20-5: A listed company shall change its External Auditor every five years at a maximum. | ■ | ■ | ■ | | Commercial Bank's AOA stipulates that the External Auditor shall be replaced every five years as per the instructions of Qatar Central Bank. |
| Article (21): Disclosure | 21-1: The Company must comply with all disclosure requirements including financial reporting as well as disclosing shareholdings of Board members, senior executives and major or controlling Shareholders. The Company must also disclose information about its Board members including notably a resume of each member describing his/her respective education, profession, other board seats that they may hold (if any). Names of the members of various Committees constituted by the Board as mentioned in Article 5.3, along with the composition of the committee, should also be disclosed. | ■ | ■ | ■ | 2.11 | |
| | 21-2: The Board shall ensure that all disclosure made by the Company provides accurate and true information which is not misleading. | ■ | ■ | ■ | 2.11 | |
| | 21-3: The Company's financial reports must comply with IFRS /IAS and ISA standards and requirements. In addition to stating whether the external auditor obtained all information needed, the external auditor report shall also state whether the Company conforms to IFRS/IAS and that the audit has been conducted in accordance with IAS. | ■ | ■ | ■ | 2.1 Commercial Bank's financial reports comply with IFRS/IAS and ISA standards and requirements. Meanwhile, the External Auditor is tasked with auditing the financial statements quarterly and annually as per the related international auditing standards. | |
| | 21-4: The Company's audited financial reports shall be circulated to all Shareholders. | ■ | ■ | ■ | 2.11 The audited financial reports are part of the Bank's annual report published on www.cbq.qa and the website of Qatar Exchange. | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non- Compliance Justification |
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| Article (22): General Rights of Shareholders and Key Ownership Elements | Shareholders have all rights conferred upon them by related laws and regulations including this Code as well as the Company's Articles of Association; and the Board shall ensure that Shareholders' rights are respected in a fair and equitable manner. | ■ | ■ | ■ | 2.13 | |
| Article (23): Ownership Records | 23-1: The Company shall keep valid and up-to-date records of share ownership. | ■ | ■ | ■ | 2.13 | |
| | 23-2: Shareholders shall have the right to review and access for free the Company's Shareholders' register at the Company's regular office hours or as otherwise determined in the Company's Access to Information Procedures. | ■ | ■ | ■ | 2.13 | |
| | 23-3: The Shareholder shall be entitled to obtain a copy of the following: Board Members' register, Memorandum and Articles of Association of the Company, instruments creating a charge or right on the Company's assets, and related-party contracts and any other document as the Authority may decide upon payment of a prescribed fee. | ■ | ■ | ■ | 2.13 | |
| Article (24): Access to Information | 24-1: The Company shall include in its Memorandum and Articles of Association Procedures of Access to Information to ensure that Shareholders rights of access to the Company's documents and information in a timely manner and on a regular basis, are preserved. The Access to Information Procedures shall be clear and detailed and shall determine: | ■ | ■ | ■ | 2.13 | |
| | 1- the Accessible Company Information including the types of information that is made accessible on an on-going basis to individual Shareholders or to Shareholders representing a minimum percentage of the Company's share capital, and | ■ | ■ | ■ | 2.13 | |
| | 2- Clear and Explicit procedures to access such information | ■ | ■ | ■ | 2.13 | |
| | 24-2: The Company shall have a website where all relevant and public information and disclosures must be posted. This includes all information that is required to be made public by this Code and any related laws and regulations. | ■ | ■ | ■ | 2.11 & 2.13 Commercial Bank of Qatar has an up-to-date website where all the required information is published in accordance with this Code and any related laws and regulations. | |
| Article (25) Shareholders Rights with Regard to Shareholders Meetings | The Company's Memorandum and Articles of Association shall include provisions ensuring effective Shareholders' right to call for a General Assembly and be convened in a timely manner; the right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon; and the right to make informed decisions. | ■ | ■ | ■ | These requirements are mentioned in the Bank's Articles of Association (Articles No. 42, 48 and 53). | |

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| Article (26) Equitable Treatment of Shareholders and Exercise of Voting Rights | 26-1: All shares of the same class shall have the same rights attached to them. | ■ | ■ | ■ | 2.13 | |
| | 26-2: Proxy voting is permitted in compliance with related laws and regulations. | ■ | ■ | ■ | Proxy voting is permitted according to Article No. 43 of the Bank's AOA. Shareholders are notified with the proxy voting process as well. | |
| Article (27): Shareholders' Rights Concerning Board Members' Election | 27-1: The Company's Memorandum and Articles of Association shall include provisions ensuring that Shareholders are given information relating to Board membership candidates including a description of candidates' professional and technical skills, experience and other qualifications. | ■ | ■ | ■ | According to Article No. 47 of AOA, the agenda of the General Assembly meeting shall include the election of the Board Members where appropriate. Also, as per Article No. 46 of AOA, invitations to all shareholders for the General Assembly meeting shall be announced in two local papers issued in the Arabic language, and on the Qatar Exchange Website, 15 days at least prior to the date of the General Assembly. | |
| | 27-2: Shareholders shall have the right to cast their votes for Board member's election by Cumulative Voting. | | | | The mechanism of voting determined in AOA is in accordance with the Commercial Companies Law and based on cumulative voting. | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non- Compliance Justification |
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| Article (28) Shareholders' Rights Concerning Dividend Distribution | The Board of Directors shall submit to the General Assembly a clear policy on dividend distribution. This shall include the background and rationale of such policy in terms of the best interest of the Company and the Shareholders. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 2.13 Commercial Bank has adopted a policy on dividend distribution as set in the Corporate Governance Charter. In addition, the agenda of the General Assembly meeting shall include consideration and approval of the recommendations made by the Board of Directors regarding the distribution of dividends, as per Article No. 47 of AOA. | |
| Article (29) Capital Structure, Rights of Shareholders and Major Transactions | 29-1: Capital Structure shall be disclosed and Companies shall determine the type of Shareholders agreements that should be disclosed. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The Bank's capital structure and the agreements of shareholders are disclosed in the audited financial statements tendered during the General Assembly meeting. | |

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| | 29-2: Companies shall adopt in their Memorandum and/or Articles of Association provisions for the protection of minority Shareholders in the event of approval of Major Transactions where the said minority Shareholders have voted against such Major Transactions. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | According to Article No. 69 of AOA: "Without prejudice to any legally established rights of shareholders, no disputes affecting the public and common interest of the Company shall be raised against the Board of Directors or against one or more of its members except in the name of all the shareholders and in accordance with a resolution by the General Assembly. Any shareholder who wishes to raise any dispute of this sort shall notify the Board of Directors of his desire at least one month before the date of the General Assembly's next session." This condition has been also mentioned in the Corporate Governance Charter. | |
| | 29-3: Companies shall adopt in their Memorandum and/or Articles of Association, a mechanism ensuring the trigger of a public offer or the exercise of Tag Along Rights in the case of a change in ownership exceeding a specific percentage (threshold). The thresholds should take into consideration shares held by third parties but under the control of the disclosing shareholder, including shares covered by shareholder agreements which should also be disclosed. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | According to Article No. 7 of AOA. | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non-Compliance Justification |
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| Article (30) Stakeholders' Rights | 30-1: The rights of Stakeholders are to be respected. Whenever Stakeholders participate in the corporate governance arrangements; they shall have access to relevant, sufficient and reliable information on a timely and regular basis. | ■ | ■ | ■ | 2.14 | |
| | 30-2: The Board of Directors shall ensure that the Company's employees are treated according to the principles of fairness and equity and without any discrimination whatsoever on the basis of race, gender, or religion. | ■ | ■ | ■ | 2.15.3 | |
| | 30-3: The Board shall develop a remuneration policy and packages that provide incentive for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company. | ■ | ■ | ■ | 2.15.3 | |
| | 30-4: The Board shall adopt a mechanism enabling the company's employees to report to the Board suspicious behaviour, where such behaviour is unethical, illegal, or detrimental to the Company. The Board shall ensure that the employee addressing the Board shall be afforded confidentiality and protected from any harm or negative reaction by other employees or the employee's superiors. | ■ | ■ | ■ | 2.15.4 | |
| | 30-5: Companies must fully comply with the provisions of this article as it is not covered by the "Comply or Explain" principle. | ■ | ■ | ■ | 2.14 & 2.15 | |
| Article (31) Corporate Governance Report | 31-1: The Board shall prepare an annual Corporate Governance Report signed by the Chairman. | ■ | ■ | ■ | In accordance with Article No. 30 of the Corporate Governance Code issued by QFMA, the Board of Directors of Commercial Bank issues the Corporate Governance Report signed by the Chairman of the Board of Directors. | |
| | 31-2: This Report shall be submitted to QFMA on an annual basis and whenever required; an undertaking of regular disclosure shall be attached to the annual report prepared by the Company. | ■ | ■ | ■ | Commercial Bank is fully committed to this condition. | |

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| | 31-3: The Corporate Governance Report item shall be included in the agenda of the Company's General Assembly, and a copy of the report must be distributed to the Shareholders during the meeting. | ■ | ■ | ■ | 2 & 2.2.2 | |
| | 31-4: The said Report shall include all information related to the application of this Code, including but not limited to: | ■ | ■ | ■ | 2 & 2.2.2 | |
| | 1- Procedures followed by the Company in this respect; | ■ | ■ | ■ | 2 & 2.2.2 | |
| | 2- Any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future; | ■ | ■ | ■ | 2.11 | |
| | 3- Members of the Board of Directors and its Committees and their responsibilities and activities during the year, according to the categories and terms of office of said members along with the method of determining the Directors and Senior Executive Managers remuneration; | ■ | ■ | ■ | 2.11 | |
| | 4- Internal Control procedures including particularly the Company's oversight of financial affairs, investments and risk management; | ■ | ■ | ■ | 2.11 | |
| | 5- The procedure followed by the Company in determining, evaluating and managing significant risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes; | ■ | ■ | ■ | 2.11 | |
| | 6- Assessment of the performance of the Board and senior management in implementing the Internal Control System, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board; | ■ | ■ | ■ | 2.11 | |
| | 7- Internal control failures or weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedures followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements); | ■ | ■ | ■ | 2.11 | |
| 8- The Company's compliance with applicable market listing and disclosure rules and requirements; | ■ | ■ | ■ | 2.11 | | |

| Article No. | Item No. | Compliance | Non-Compliance | NA | Application | Non- Compliance Justification |
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| | 9- The Company's compliance with the Internal Control System in determining and managing risks; | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 2.11 | |
| | 10- All relevant information describing the Company's risk management operations and Internal Control procedures. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 2.8 & 2.9 | |



