

Board of Directors

Date: 22/1/2013

Corporate Governance Report for the year 2012 Submitted to the Qatar Financial Markets Authority

In accordance with the requirements of Article (30) of the Corporate Governance Code for listed companies in markets that are subject to the supervision of the Qatar Financial Markets Authority (QFMA), the Board of Directors of Qatar Insurance Company are pleased to provide its annual corporate governance report for the year 2012 which repeats some information for the benefit of shareholders and new investors, though provided in the earlier year's report by the Company.

Introduction:

Corporate Governance is essentially a system used by the management to direct and control the activities of the Company by ensuring integrity, transparency and honesty in managing the affairs rather than looking upon the same as a legally imposed obligation. Corporate Governance inspires and enhances the confidence of shareholders and strengthens their affiliation to the Company.

The main objective of the Corporate Governance system is to create a culture of institutional awareness and adherence to the culture of transparency, honesty, integrity, of moral values and justice in its business development identifying opportunities that serve the goal of value creation and sustainable growth of the Company.

As a responsible Company, Qatar Insurance Company maintains its credibility in all its affairs, and is committed to transparency in all its dealings constantly enhancing and strengthening the system of Corporate Governance in line with global standards.

Qatar Insurance Company strives at all times to improve the Corporate Governance system as it understands that it is the main engine for sustainable growth and realizes that governance system is not merely compliance or controls. The Company continues to pursue excellence in governance and responsible management practices as it believes that the success of a Company in achieving global standards of professional conduct result in the Company being managed in a better and more comprehensive and integrated manner.

Qatar Insurance Company QSC was established in 1964 with the participation of the State of Qatar together with few strategic corporate and individual investors who ensured strict internal control system and external oversight from the very beginning itself which benefited the Company in complying with all rules and regulations that govern the business activity in general and the activity of insurance companies in particular in the State of Qatar. All this had a positive impact on the Company's performance and the distinct class it reached amongst other insurance companies in the region.

The Company's shares are listed on the Doha Securities Market (DSM) since 1997.

From a review of internal systems of the Company since its incorporation, based on the Commercial Company Law No 5 of 2002 and the amendments, and the Company's amended Articles of Association related to its formation and as also required by its regulators, the Company has complied to a large extent with the requirements and principles of Corporate Governance though the related names and rules may be different from those mentioned in the Corporate Governance Code of the QFMA. The end result is that the Company has achieved the goals and objectives sought by the Code in all areas identified therein which means the Company meets the governance standards as recognized internationally.

In the light of the provisions of corporate governance code, the Company has amended titles conform to those contained in the code, and within the limits of the existing legislation for businesses, and in particular Law No. (5) of 2002 promulgating the Commercial Companies Law and its amendments.

The position of the Company with regard to compliances to the Corporate Governance Code is as under:

1. Governance Charter:

The Company has developed a charter of governance which includes the principles, rules and the practical applications of the system of governance as contained in the system of corporate governance issued by the Board of Directors of the Qatar Financial Markets Authority in its meeting held on 27.01.2009. QFMA's system of corporate governance is a guide to the company for application of governance system and provides a framework for its performance in order to achieve vision of the future and takes into account the best international standards of corporate governance, including, but not limited to those set by the Organization for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS), the International Corporate Governance Network (ICGN) and The Institute of International Financial (IIF). The Company's charter also takes into account the provisions of the Commercial Companies Law of the State of Qatar and the stock market systems, in addition to the Company's statute and the nature of the activity practiced.

This Charter will be amended from time to time to keep pace with developments in the global governance system and the requirements of the regulatory authorities in the state of Qatar.

The Charter was adopted by the Board of Directors in its meeting held on 16.10.2012.

2. Board of Directors:

A) Board Charter:

The Charter of the Board of Directors adopted by the Board of Directors is prepared in accordance with the model charter contained in the Corporate Governance Code of QFMA and in accordance with the provisions of the Commercial Companies Law No. (5) of 2002. The Charter lays down the membership conditions, terms of reference, responsibilities and duties & rights of the Board members.

B) Board of Directors:

The Boards of Directors are elected through the General Assembly of shareholders in accordance with the rules and conditions set forth in the Commercial Companies Law and the Articles of Association of the Company in terms of which a Board Member is required to hold a minimum of not less than 200,000 (two hundred thousand) shares of the Company. The principle of cumulative voting in the election of Board members as referred in the Corporate Governance Code of QFMA cannot be applied at present in the absence of any clear legislative guidance on it.

The present Board members were elected as the Board of Directors for the period 2011-2013 in the Annual General Meeting (AGM) of the Company held on February 20, 2011. The following are the present board members of the Company who are individuals having several years of varied experience in financial and macro-economic segments of the economy:

S No.	Name and designation	Represented by	No. of shares owned *	% of capital	Profile
1.	Sheikh Khalid Bin Mohammed Bin Ali Al-Thani Chairman & Managing Director	Self	2,000,692	2.2%	Businessman & former Minister
2.	Mr. Abdullah Bin Khalifa Al-Attiya Deputy Chairman	Self	698,090	0.8%	Businessman and Minister of State; holds a BA degree in Political Science from United States; Chairman of the Board of Directors of Commercial Bank; Deputy Chairman of United Development Company; Chairman of Gulf Publishing & Printing; owner of Contraco Contracting Company.
3.	Mr. Hussain Ibrahim Al-Fardan Member	Self	545,264	0.6%	Businessman; Chairman of Alfardan Group, United Development Company and QICI; Managing Director of Commercial Bank, a founding and Board member of Investcorp in Bahrain; Deputy Chairman of Gulf Publishing & Printing and Qatari Businessmen Association.
4.	Mr. Jassim Mohammed Al-Jaidah Member	Jaidah Motors & Trading Company	1,320,000	1.5%	Businessman; Chairman of the Board of Directors of Jaidah Group

5.	Sheikh Hamad Bin Faisal Bin Thani Al-Thani Member	Self	600,000	0.7%	He holds a BA degree in political science from the United States; Chairman of the Board and Managing Director of Gulf Bank and a former Minister of Economy and Trade; Deputy Chairman of Gulf Holding Company; a member of the Board of Directors of Qatari Businessmen Association.
6.	Mr. Khalaf Ahmed Al-Mannai Member	Government of State of Qatar	8,762,609 (Civil Service Retirement Fund) and 2,897,263 (Military Retirement Fund)	9.8% and 3.2%	Undersecretary of Ministry of Economy and Finance; a member of the Shura council; a member of the Board of Directors of QLM and QICI and Qatar Central Bank.
7.	Sheikh Jassim Bin Hamad Bin Jassim Bin Jabor Al-Thani Member	Mirqab Capital (Special Projects Company)	988,495	1.1%	Chairman of the Board of Directors of Qatar Islamic Bank and Insurance Company for Islamic Insurance (BIMA) and Q-Re
8.	Mr. Ibrahim Abdullah Al-Mahmoud Member	Broog Trading Company	4,459,454	5%	He holds a BS degree in accounting from California, USA 1991; Chairman of the Coordinating Bureau of the financial Emiri Diwan; member of the Board of Directors of QICI.
9.	Sheikh Saoud Bin Khalid Bin Hamad Al-Thani Member	self	240,000	0.3%	Businessman and former Minister; Chairman of the Board of Directors of QLM and Board member of Q-Re.

** Number of shares owned and percentage of capital is as at December 31, 2012.*

Currently it is not possible to classify the existing Board members as ‘executive’, ‘non-executive’ and ‘independent’, as the election to the Board of members which was conducted in accordance with the existing rules and regulations of the Commercial Companies Law does not stipulate need for such classifications.

However as and when any new requirements or Law may require having such a classification, the Company will take it into account to meet corporate governance requirement for all its future elections to any new Board.

C) Board's functions and responsibilities:

Board of Directors is responsible for the management of the Company of setting goals and strategies necessary to operate the Company and monitor implementation of the strategies by the executive management of the Company. This is as per the duties, responsibilities and powers of the Board and Chairman of the Board as laid down in the Articles of Association and provisions of the Commercial Companies Law which ensure Company's commitment to sound Corporate Governance. This is reviewed and updated periodically to meet changing needs of good governance as required under the relevant laws and regulations and its Articles that enshrines sound business ethics, professional business conduct and high corporate values drilled down into the internal policies and procedures to which all members of the Board of Directors and staff of the Company are committed to and follow.

The Board is assisted by a number of Board Committees which operate within the mandate and responsibilities as entrusted by the Board of Directors as mentioned later in this report.

This annual report prepared by the Board of Directors is a comprehensive assessment of the Company's performance during the year and the results of its activity.

The General Assembly determines the directors' remuneration based on the recommendations of the Board. The remuneration is determined in light of the results of the performance of the Company and the limits stipulated by Commercial Companies Law (Article 118) and the statute of the Company (Article 40).

D) The duty of trust of the members of the Board of Directors:

Each member of the Board of Directors owes the Company, a duty of care and devotion and adherence to authority as defined in the laws and regulations relevant in the Charter of the Board of Directors and the governance system and they all work on the basis of clear information, good faith, care, attention and efficiency needed to achieve Company's interest and that of the shareholders.

E) Duties of the Chairman of the Board:

Chairman of the Board is responsible for the proper functioning of the Board. The Chairman makes sure that he discusses all the key issues in an efficient and timely manner, in addition to his responsibilities and powers set forth in the Commercial Companies Law and the Statute of the Company and under the system of governance. The Chairman of the Board does not participate in any of the committees of the Board of Directors. The Chairmanship of the Board and the office of the Chief Executive Officer of the Company are two separate functions and held by different individuals.

F) Duties of the Managing Director

- i. To act as a link between the Board of Directors and executive management and to translate the objectives set by the Board of Directors and to ensure that they are efficiently achieved.
- ii. To discuss and review the strategies and the long term plans for the company presented by the executive management and give guidance that enables the company to meet the challenges of the market.

- iii. To ensure that the overall business directions are aligned with the company objectives and targets as set by the Board of Directors.
- iv. To approve/make recommendations to the Board of Directors for investment, restructuring, refinancing and other strategic initiatives.
- v. To provide periodic reports to the Board of Directors on the performance of the executive management.
- vi. To monitor the execution of company's policies-administrative, financial and technical - approved by the Board of Directors.
- vii. To ensure that the executive management and all authorities within the company, including any authorized committees are working within their established financial and administrative authorities.
- viii. To consider the recommendations of the various committees established by the company.

G) Other duties of the Board of Directors:

- i. The Board of Directors shall ensure access for the Board members to information, documents and records relating to the company and ensure that the executive management of the company provides the Board and its Committees with all documents and information required;
- ii. The Board of Directors shall ensure that the Board invites members of its various committees and internal auditors and representatives of the external auditors to attend meetings of the General Assembly of the company.
- iii. The Board shall develop a training program for newly appointed members of the Board to ensure that they have a proper understanding of the functioning of the company and its operations, and that they understand and are fully aware of their responsibilities through their involvement in the membership of various committees.
- iv. The Board of Directors is responsible for the good perception of their role and duties and to educate themselves in matters concerning the company.
- v. The Board of Directors shall ensure that it always keeps its members up to date on developments in the field of corporate governance and best practices in this regard.
- vi. The Board shall ensure that the members are aware of the statute of the company and clear procedures for the dismissal of members of the Board in case of absence from Board meetings.

I) Board Meetings:

In terms of applicable provisions of Commercial Companies Law, the Board shall meet at least six times in a year. During the year 2012, the Board held six (6) meetings which were attended by all members of the Board personally or through their representatives.

According to the Commercial Companies Law and the Statute of the company, if a Member of the Board fails to attend three consecutive meetings or five meetings without an acceptable excuse, he is considered to have resigned.

J) The Secretary of the Board:

The Secretary of the Board is Mr. Ali Ali Derbala, Legal Counsel of the Company, who holds a Bachelor's degree in Law (1970) from the University of Alexandria, Egypt and worked as a lawyer since his graduation under the Egyptian Bar Association and joined the Misr Insurance Company in April 1971. He was registered as a lawyer with the Egyptian Court of Cassation since 1986 and joined

the Qatar Insurance Company in November 1987 and has been the Secretary of the Board of Directors since 1988.

The Secretary of the Board maintains all documents of Board meetings and the reports submitted and presented to the Board. The Secretary ensures the delivery and distribution of information relating to the Company as requested by members of the Board. The Secretary arranges to provide clarifications to all the queries raised by the members and provides advices to them as required. He coordinates between the Board and other stakeholders, including the Company's shareholders, management and staff.

K) Related Parties:

Company's policy with regard to 'related party transactions' ensures that all transactions are negotiated under normal commercial terms on arms length basis. All 'related party transactions' are based on rules and procedures governing these transactions in the legislation in force and more specifically the Commercial Companies Law and the corporate governance system, which ensures maximum transparency, fairness and disclosure.

3. Board Committees:

The Committees of the Board assists the Board in the performance of its duties and functions, the development and implementation of plans and strategies and fulfilling its overall responsibilities in the management of the company.

The Committees meet periodically to discuss and debate on issues raised and to determine what is necessary to achieve its objectives, and provides reports to the Board of the records of its meetings, its decisions and recommendations in its annual report.

In addition to the standing committees, the Board of Directors may form other committees as and when necessary to carry out specific tasks or functions.

Presently, the Company does not have a "Nomination Committee" to recommend appointment of independent Directors as required by the Corporate Governance code of QFMA. The Company is yet to form a Nomination Committee as QFMA regulations and the provision of Commercial Company Law on this matter is not compatible.

There is no separate Remuneration Committee but the Business Strategy & Compensation Committee in addition to its role of deciding the policy for the Company has determined Remuneration Policy of the Company.

Presently, the Board has set up the following committees:

- A) Investment Committee;
- B) Business Strategy and Compensation Committee; and
- C) Audit, Risk and Compliance committee.

A) Investment Committee:

a) Functions: The Investment Committee of the Board performs the following functions:

- i. Frame investment policy of the company in accordance with its mandate from the Board; develop investment strategy for dealings in the markets.
- ii. Set authority limits for the executive management of the investment department and decide on matters exceeding their limits.
- iii. Monitor the management of portfolio securities of the Company to achieve the best possible returns while maintaining spread in terms of asset class and geography creating an optimum balance mitigating risks taking into account the need to maintain liquidity necessary to meet obligations of the Company.
- iv. To discuss potential investment initiatives of using surplus funds and make recommendations to the Board on potential opportunities for investment partnerships.
- v. To report to the Board about the results of activities of the Committee and recommendations that needs approval from the Board.

b) Committee members:

The present members of the Investment Committee of the Board are:

- i. Mr. Hussain Ibrahim Al-Fardan
- ii. Mr. Jassim Mohammed Al-Jaidah
- iii. Sheikh Hamad Bin Faisal Bin Thani Al-Thani
- iv. Sheikh Jassim Bin Hamad Bin Jassim Bin Jabor Al-Thani

The Group President & CEO along with other specialists of the Executive Management attend the meeting of the Investment Committee.

The Committee held five meetings during the year 2012 in which the performance reports of the company's investment portfolios and their results were presented. The Committee also took various decisions relating to investments.

The most important decision taken by the Committee and reported to the Board were as follows;

- Approval for settling the claim due from "Lehman Brothers" for an amount of GBP (8.85) Million pounds.
- Agreeing to buy commercial space (65,309) square feet in Emmar Square, Dubai for a total value of about (145.3) million AED.
- Approval of the development of a part of a piece of land owned by the Company in the Al Maseela area.
- Setting up of an investment fund in Gulf Real Estate for \$ (150) million dollars. The executive management to explore partner / strategic partners for this fund.

- Acquiring majority stake in Kuwait Qatar Insurance Company by increasing shareholding from 39.90% to 81.94% of the total paid up share capital.
- Establishing a subsidiary company named QIC Capital LLC which is registered with the Qatar Financial Centre (QFC) to hold all investment companies of the group.

B) Business Strategy and Compensation Committee:

Business Strategy and Compensation Committee undertakes the following tasks:

- i. Ensure that the future vision of the Board is translated into objectives, strategies and action plans and implementation of such plans and objectives.
- ii. Authorize and agree to accept the risks / benefits / work projects / expenses exceeding the authority limits of the Group President & CEO or those that need specific approval of the Committee.
- iii. Approve the organization structure of the Company and any changes, and all matters related to the changes in compensation in the Company.
- iv. Adoption of the policy of granting bonus and incentives to the executive management as deemed appropriate by the Board in line with the performance reports and results; development of policy for bonus and allowances to members of the Board as well as recommendations of members to the Board as per the provisions of the Commercial Companies Law (Article (118), and the statute of the company (Article 40).
- v. Follow Company's commitment to social & environmental responsibilities, for conferences & seminars, economic, cultural & sports events, donations, subsidies etc as defined under the law no. (13) of the year 2008 for all such support activities.
- vi. To report to the Board on its activity and its observations and recommendations.

The present members of the Committee of the Board are:

- i. Mr. Abdullah Bin Khalifa Al-Attiya, Chairman;
- ii. Mr. Hussain Ibrahim Al-Fardan, Member; and
- iii. Mr. Khalaf Ahmed Al-Mannai, Member

The Group President & CEO together with the executive management participates in all the meetings of the Committee.

The Committee held five meetings during the year 2012, during which the discussion of many of the topics that are specific to the Committee's functions were held and it was decided to take necessary decision. Important decisions made during the year were:

- In-principle approval to the offer of the Government of the State of Qatar to increase its holding in the Company's capital as a strategic partner, for which the required steps to effect the decision will be taken immediately after getting approval of the competent authorities.
- Expand activities of re-insurance company "Q-Re" through acquisition of a team of underwriters currently based in Europe and open a branch of the company in Zurich and Bermuda and a representative office in London as part of the plan to tap opportunities from global reinsurance centers.
- Approval of the plan for a future Qatar Insurance Group which provides for the establishment of a holding company to aid business development and expansion of the group as a whole.

- Incentives and bonus for management and staff for the year 2012 were approved in commensuration with the results based on net profit.
- As part of plan to motivate and create commitment of employee in contributing to the growth and future of the Company an employees' participation & saving scheme "QIC Group Employees Savings & Participation Scheme" was made operational from November 2012.

C) Audit, Risk and Compliance Committee:

The Audit, Risk and Compliance Committee committed to undertake the following tasks:

- i. Make necessary recommendation to the Board on appointment of external auditors; discuss their reports & comments and take necessary action.
- ii. Appointment of internal auditors, approve internal audit plans and strategies, discuss their periodic reports and issue necessary guidance and directions.
- iii. Adoption of internal control systems to ensure compliance with laws and regulations governing the activities of the Company including but not limited to law related to anti-money laundering and counter terrorist financing.
- iv. Approve risk management framework and discuss periodic reports in accordance with the established framework for the Company. To review and approve overall risk retention policy for the Company including maximum limits for insurance risks accepted and the maximum retention limits.
- v. Approve rules & regulations, system and policies to ensure implementation of action plans efficiently and effectively in line with local requirements and global standards as per the directives of the Board.
- vi. Submit its report to the Board on internal audit, corporate governance, compliance, risk management reviewed during the year and submit its opinion on the matters reviewed by the Committee.

The present members of the Audit, Risk and Compliance Committee of the board are:

- i. Mr. Khalaf Ahmed Al Mannai, Chairman
- ii. Sheikh Saoud Bin Khalid Bin Hamad Al-Thani, Member
- iii. Mr. Ibrahim Abdullah Al-Mahmoud, Member

The executive management participates in all the meetings of the Committee.

The Committee submitted to the Board a report on its activities during the year 2012.

The Committee held four meetings during the year 2012 during which;

- i. It reviewed internal audit reports of different departments and units of QIC group and it discussed observations of the internal audit department with auditors and executives and issued directives for implementation of the proposed corrective action with deadlines for compliances.
- ii. The Committee agreed to propose to the Board write-off of debts owed to the Company totaling (2.81) million riyals outstanding for many years and impossible to collect. Provision had been made by creating a reserve for doubtful debts.
- iii. The Committee discussed the annual report of the Risk Committee.
- iv. Adoption of audit plan and programs for the next year 2013.

The Committee has stated in its annual report to the Board that the internal audit reports submitted to it were discussed during the meetings which takes into account the size and nature of the activity of Qatar Insurance. Nothing in the report of external auditors and internal auditors refer to existence of any major violations or breach or of any limitation to accounting or it's reporting which in any way impact Company's financial position.

4) General Management (Executive):

The Executive Management of the Company is responsible for implementation of the set strategies and translates the goals and policies established by the Board to short and long-term plans. The approved business plan is implemented through the relevant heads of the units and departments which operate within the approved financial and administrative authorities, as approved by the Board. They provide the Board and its Committees with all information and documents, data and statistics they require for their review and decision.

The CEO of the Company is Mr. Khalifa Abdullah Turki Al-Subaey. He holds a BA in Economics and Political Science from the University of Michigan, USA (1981). Prior to joining Qatar Insurance Company in 1986 as General Manager he worked with Qatar Petroleum joining in 1982 as head of the Insurance Section, represents Qatar Insurance Company on the boards of Commercial Bank of Qatar and United Development Company and Damaan Islamic Insurance Company "*Beema*".

5) Structure:

Commensurate with size of operation, the Company maintains an efficient and sound organization structure that effectively governs and run all administrative, technical and financial operation of the Company. All major changes to the organization structure are approved by the Business Strategy and Compensation Committee prior to implementation.

6) Internal Control::

Company's internal control function is managed as follows:

A) Internal Audit Department:

This function carries an independent review of the internal control and governance systems reporting on the existence, effectiveness and/or weaknesses of such systems covering risk management, maintenance and safeguarding of assets, financials etc of the Company. It also reviews the effectiveness of the compliance machinery and functions as an internal control tool of the Management providing assurance to the Board of the existence of sound internal control systems in the Company commensurate with size and nature of its business.

B) Compliance Department:

The department reviews compliances with internal system, procedures, policies, authorities and regulations of the Company and with the external regulations and laws and also with the laws and regulations on combating money laundering & financing of terrorism.

The above two department reports directly to the Board of Directors through the Audit, Risk and Compliance Committee of the Board.

The Board may outsource, if necessary, any of the above two functions if required.

7) Auditor:

The shareholders at the Annual General Meeting of the Company held on 19.02.2012 appointed Deloitte & Touche as the external auditors for the year 2012, on the recommendations of the Board of Directors. The Company will review the appointment of the external auditor of the Company after every 3 (three) years as laid down in the Corporate Governance code of QFMA.

8) Disclosure:

The company is fully committed to all disclosure requirements as required under existing legislations and regulations of various regulatory authorities and has fully complied with the requirements set forth in this regard in the corporate governance rules.

The most important requirements in this regard relates to the publication of information of interest in the shares of the Company uniformly at the same time to shareholders, investors and dealers to access all information that affect stock prices providing equal opportunities to them for their investment decisions.

The Board of Directors through the compliance department ensures that all the disclosures that the Company makes are accurate and the financial reports of the Company conform to applicable accounting standards and guidelines.

The Company also discloses the number of shares held by the members of the Board of Directors and executives and major shareholders and also disclose the names of the members of the various committees of the Board of Directors to various competent authorities.

All decisions of the Board of Directors during the year 2012 which interest the shareholders, investing public and stock brokers were disclosed. Such decisions were immediately notified to Qatar Exchange and the Qatar Financial Markets and in addition published in the local newspaper and on the website of the Company.

The Company also published audited financial reports in newspapers and on the website of the Company, pursuant to the provisions of the Commercial Companies Law and the requirements of QFMA and Qatar Exchange.

9) Relation with shareholders and other stakeholders:

A) The Company keeps channel of communication open and transparent with shareholders who have all the rights to be informed by virtue of relevant laws and regulations in line with the corporate governance system.

B) The Company publishes financial information which is available to investors and other stakeholders on a regular basis through the Company's website and various other media in addition to communication through Qatar Exchange.

C) The Company maintains a record of shareholders which is updated monthly to comply with the register of shareholders of the Company filed with the Qatar Exchange. The Qatar Exchange carries all information relating to trading of the shares of listed companies in the stock market.

D) The Shareholders have right to obtain a copy of the Company's statute and all other relevant documents for a fee as determined by the QFMA.

E) All shares of the Company's accords equal right to the shareholders without any discrimination. In case any share amounts are owed to the Company, restrictions are imposed on such shares in the register of shareholders to share in the profit or assets of the Company.

F) Each shareholder has the right to attend the General Assembly in person or by way of proxy as per the law in force and each shareholder has voting rights equivalent to the number of shares held by him.

G) The Board ensures that as required in the relevant legislation and in accordance with the Company's corporate governance requirements, all employees are treated at par as per the principles of justice and equality without any discrimination, and they are empowered to blow whistle on any suspicious issues in financial reporting, internal control etc while providing protection to them from any retaliation, negative action or damage.

H) Annual General Assembly of the shareholders is held within three (3) months following the end of the fiscal year. Advertisement of the meeting is published along with all the information, reports and statements required for that meeting in accordance with the Commercial Companies Law, the system put by QFMA, the rules Qatar Exchange, and the statute of the Company. The Company also provides a copy of these documents to all those shareholders who want such information to facilitate their discussion on the Company's performance.

I) The annual report includes the report of the Board of Directors to the shareholders and policy for the distribution of profits. The dividend is disbursed upon adoption of the proposed distribution of profits by the General Assembly.

In the General Assembly meeting held on 19.02.2012, the assembly approved the following:

- i. Report of the Board of Directors on the Company's activities and its financial position during the year ended on 31/12/2011 with the auditor's report and the future plan of the Company
- ii. The balance sheet and profit and loss account for the year; adopted cash dividend to shareholders at the rate of (40%) forty percent of the nominal value of the shares, i.e. four (4) riyals per share, in addition to bonus shares at the rate of (20%) of the capital viz; one share for every five shares.
- iii. Discharge of duties of the Board of Directors and remuneration for the Board of Directors.
- iv. Company's remuneration policy.
- v. Governance report of 2011;
- vi. Appointment of M/s Deloitte & Touché as external auditors for the financial year (2012);

It also ratified the Extraordinary General Assembly's decision to increase the company's capital by 20% to become 891,891,000 riyals by distributing bonus shares at the rate of one share for every five shares.

With the amendment of Article (6) of the Statute of the Company, the Board of Directors was authorized to act to consider on any value of the fractional shares that result from free distribution.

10) Capital stock:

The authorized share capital of the company is QR 891,891,000) divided into 89,189,100 equity shares which are fully paid. No shareholder except the Government of Qatar or government entities is allowed to hold more than 5% of the paid up share capital.

The total number of shareholders of the Company as at 31/12/2012 was (1370) which included Government entities, banks, companies and individuals of different nationalities. In 2012, there were 84 major shareholders who held more than (200,000) shares, names and owned shares are as per list attached.

11) Regulatory Compliance:

The Company has a system and process in place to ensure that all the regulatory compliance requirements and the statutory requirements of the Stock Exchange of Qatar and all other applicable regulatory authorities are complied and followed with.

No fines or penalties are imposed on the Company by any regulatory body for lack of compliance in the application and disclosure of legal or regulatory requirements.

12) Risk Management:

Risk Management Committee of the Company is headed by the Group President & Chief Executive Officer of the Company and includes a number of senior officials from different business lines. The Committee identifies, monitors and follows-up major risks that the Company could be exposed to and takes appropriate corrective and preventive actions in order to mitigate such identified risks. The Committee provides necessary guidance and directions to create an embedded risk management culture in all sectors of the Company.

The Committee submits its reports and findings to the Audit, Risk and Compliance Committee of the Board. The main areas of activity of the Risk Management Committee of the company are the following:

A) Insurance Risk:

Review of acceptances of all insurance risks and analyze accumulations and aggregation of risks based on geographical locations and various types of insurance risks. Review risk retention policy of the Company, approve tolerance limits and determine policy for reinsurance security and alternate risk

mitigation. Review results of internal stress tests conducted to analyze the possible impact on portfolio risk retained as well as to check the adequacy of insurance reserves maintained by the company (Reserve for unexpired risks, Outstanding Claims and IBNR) and its impact on reinsurance structure.

B) Operational risk:

Developing plans for disaster recovery from any major event that may impact the Company's head office. Measures taken include testing of fire alarm & engines, water and electricity generators, recruitment and training of security officials, maintenance of equipments and computer software including safe-keeping of back up of all information at a different location as part of the disaster recovery plan.

C) Credit risk:

Screening the financial position of customers and business partners and developing limits of credits and continuous monitoring for any potential credit risk. Mitigation steps as needed are taken and adequate provision is made for provision for doubtful debts against all long overdue debts which are not good.

D) Investment Risk:

The Investment Committee of the Board provides necessary direction and guidelines with regard to the investment strategy for the Company. The Investment Committee lays down maximum defined investment execution limits for each class of investments in local and overseas markets to ensure maximum yield and liquidity for the investments of the Company.

All the above risks that are identified and addressed are also brought up in the periodical reports submitted by the Enterprise Risk Management (ERM) Department to the Audit, Risk and Compliance Committee of the Board. Any unusual risks and the risks exceeding the tolerance limits are identified and mitigated and that which is open is brought to the notice of the Committee for immediate controlled action.

13) Ratings:

Based on the assessment carried out by globally recognized rating agency Standard & Poor's ("S&P"), the Company has maintained its upgraded rating of "A" (Stable) since February 2006 from S&P. The aforesaid ratings are based on a study and comprehensive assessment carried of the Company's financial position and management of the organization including administrative and operating policies before any conclusion of the demonstrated strong financial strength of the Company and its ability to meet its obligations is drawn. It may be pertinent to highlight that QIC is the first insurance company in the Middle East to receive these ratings and there are only 3 (three) other insurers in the Middle East to achieve such a rating.

In addition to the above, the Company was also recently rated "A" (Excellent) by A.M Best on 26th November 2012, which reiterated the financial strength of Qatar Insurance Company.

The company is keen to renew the certification for quality business system and process (ISO 90001:2008) in 2013. The Company was also awarded ISO 27001:2005 certification for Information Technology security which demonstrates the quality of IT security systems of the Company and the data base which carries information of the Company and its customers. The information management system of the Company is at par with the international standards to meet confidentiality and security of all such information.

In the Annual Report of 2012, issued by the Dun & Bradstreet Corporation (D&B) which is one of the oldest international institutions specializing in publishing economic information for financial markets, D&B announced a list of the best one hundred (100) companies registered in the capital markets in the GCC based on four criteria: a) Total Revenue b) Net profit c) Total Shareholders' Equity and d) Total Assets. Qatar Insurance Company was ranked first among the ten insurance companies included in the registered 100 companies. Further QIC ranked (55) in terms of total revenue, (40) in terms of net profit, (51) in terms of total shareholders' equity and (50) in relation to total assets.

Conclusion:

As detailed in the above statement, since its inception the Company is fully committed and adhere to the requirements and principles of Corporate Governance as laid down in the rules and regulations, from times even before the release of Corporate Governance Code by the QFMA.

Going forward, the Company will further strive to achieve and implement highest possible level of Corporate Governance culture at par with global standards.

For Qatar Insurance Company S.A.Q.

**Khalifa Abdullah Al Subaey
Group President & CEO**

**Khalid Bin Mohammed Bin Ali Al Thani
Chairman and Managing Director**