qatar
FINANCIAL CENTRE
AUTHORITY

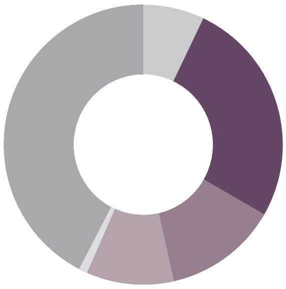
Annual Review 2008

Contents

The Qatar Financial Centre (QFC) lies at the heart of Qatar's dynamic economic growth and investment strategy. We aim to help QFC licensed firms generate new and sustained revenue streams. Together we will create business based on real opportunities for the benefit of Qatar.

The QFC Authority's objective is to contribute to the creation of a progressive and broad-based financial sector in Qatar that is integrated with global financial markets. Our ambition is to be the financial centre of choice in the Middle East.

Analysis of QFC Licensed Firms



Licensed firms by type

- Asset Management 7%
- Bank 26%
- Insurance 14%
- Investment Bank 10%
- SPV 1%
- Non Regulated 42%

Licensed firms by region

- Europe 33%
- Asia Pacific 7%
- North America 18%
- Middle East 42%

(refers to all licensed firms)

Licenses issued in 2008

● Allied Advisors LLC	18-Jun-08
● Al Mal Bank LLC	3-Dec-08
● Al Tamimi & Company International Ltd	10-Sep-08
● Aon Qatar LLC	22-Jul-08
● Bank Sarasin-Alpen (Qatar) LLC	17-Feb-08
● Beltone Financial Qatar LLC	28-May-08
● BLOM Bank Qatar LLC	7-Apr-08
● CCL Qatar LLC	31-Mar-08
● Citigate Dewe Rogerson Limited	23-Sep-08
● Coutts & Co	19-Jun-08
● Cunningham Lindsey Qatar LLC	19-May-08
● DLA Piper Middle East LLP	31-Mar-08
● First Gulf Bank - QFC Branch	24-Nov-08
● HSBC Insurance Brokers Limited	14-Sep-08
● Industrial & Commercial Bank of China Ltd	31-Jan-08
● Latham & Watkins LLP	18-Aug-08
● Manpower Qatar LLC	9-Jan-08
● Marsh Qatar LLC	30-Jun-08
● McKinsey & Company, Inc. Qatar	18-Sep-08
● McNair Chambers LLC	8-Mar-08
● Mitsui Sumitomo Insurance Company (Europe) Ltd	17-Dec-08
● Nexus Financial Services WLL	30-Dec-08
● Qatar First Investment Bank LLC	4-Sep-08
● QIS LLC Regulated	24-Nov-08
● QNB Capital LLC	28-Sep-08
● Reed Personnel Services Qatar LLC	13-Mar-08
● Religare Hichens, Harrison PLC	31-Aug-08
● Samba Financial Group	25-May-08
● Silver Leaf Capital Partners LLC	13-Feb-08
● State Street Middle East North Africa LLC	29-Jul-08
● Sumitomo Mitsui Banking Corporation	8-Mar-08
● UBS AG	23-Jul-08
● Union National Bank	8-Mar-08

● Regulated firms
● Non-regulated firms

Full list at www.qfc.com.qa Public Register

"The role of international finance in Qatar's economic strategy remains crucial, and the QFC Authority's success in continuing to attract Qatari, regional and international firms underpins the country's success."

HE Yousef Hussein Kamal
Minister of Finance and Economy and
Chairman, Qatar Financial Centre Authority

With nominal growth averaging some 28% and inflation beginning to abate, Qatar was able to continue its investment programme

While 2008 will be remembered as one of the worst for financial services for many decades, it was also a year when Qatar's economy was able to demonstrate its underlying strength and resilience, and one in which it continued to attract new financial and non-financial firms to the Qatar Financial Centre (QFC) Authority.

With nominal growth averaging some 28% and inflation beginning to abate, Qatar was able to continue its investment programme in major projects in the energy, construction and infrastructure sectors even with lower energy revenues towards the end of the year.

The role of international finance in Qatar's economic strategy remains crucial, and the QFC Authority's success in continuing to attract Qatari, regional and international firms underpins the country's success.

Two key initiatives undertaken by the QFC Authority characterise 2008, and highlight the QFC Authority's longer term role in the country's economy.

The first is the approval of the QFC Authority's Board for the creation of Qatar Insurance Services (QIS), a technology-based insurance system delivering integrated processing between insurance and reinsurance trading partners. The establishment of QIS will advance the sophistication of Qatar's insurance industry, and will help to attract further insurance expertise to Qatar. It will also bring together international insurers/reinsurers and brokers to conduct insurance trading activities through the system. In this regard the QIS is a vivid example of the transformational role that the QFC has in developing financial services in Qatar, and in the wider region.

The second key initiative is the establishment of the Qatar Finance and Business Academy (QFBA). In helping to grow and develop Qatar's financial sector the QFC Authority also has a duty to provide it with the human resources it needs to sustain itself from its local population. QFBA will deliver accredited qualification and certification programs from globally-recognised professional and business education institutions. In deepening the cadre of locally developed skills in the financial sector QFBA will directly contribute to the QFC's vision of being the financial centre of choice in the region.

While 2009 will undoubtedly present challenges to both Qatar's economy and the country's financial partners, we feel we are well placed to overcome these challenges and to continue to pursue the government's vision of creating a modern, industrialised and sustainable economy for our future generations.

Mr Nemir Kirdar has informed the Board that he is retiring as a Director of the QFC Authority with effect from 30 April. On behalf of the Board I would like to thank Mr Kirdar for his valuable contribution to the development of the QFC Authority over the past 3 years.

A significant and symbolic moment in the development of the Qatar Financial Centre (QFC) Authority came on 3rd December 2008 with the licensing of Al Mal, a Qatari owned full service Islamic bank. It was the 100th licence issued by the QFC Authority, and it represented an important milestone in the growth of the organisation.

The granting of the 100th licence to a Qatari owned company underlined a very important point, brought out by the Chairman and CEO of the QFC Regulatory Authority when announcing the authorization of the licence. It is that 20% of the firms licensed by the QFC Authority are owned by Qatari interests, which illustrates the fact that the benefit of the QFC Authority's legal and business structure is recognised by local and international companies alike.

"Many firms said being licensed by the QFC added credibility to their business and that the QFC Authority team helped provide contacts for new business leads and gave positive advice on the local market."

Stuart Pearce
Chief Executive Officer
and Director General

The QFC was established to further develop and deepen Qatar's financial sector and to contribute to the growth of financial services in the region

This is an important achievement for the QFC Authority. The QFC Authority was established to further develop and deepen Qatar's financial sector and to contribute to the growth of financial services in the region. In so doing it is raising standards in Qatar's financial sector, aided by two new key projects, the creation of Qatar Insurance Services and the establishment of the Qatar Finance and Business Academy, which are described in more detail in this review.

But it must pursue its objectives in harmony with, and not at the expense of, Qatar's domestic financial sector. The advantage of bringing world class financial firms, and the firms that provide professional services to them, was amply demonstrated when international banks first came to the Gulf over half a century ago. Their expertise infiltrates and strengthens the sector as a whole, and this drives up demand for financial services which feeds into the efficiency and growth of the economy as a whole.

Among the 31 companies which were licensed in 2008 were ICBC, China's largest commercial bank, and the first Chinese bank to open a full branch in the Middle East, Coutts, State Street, UBS and Sumitomo Mitsui Banking Corporation; Marsh, Aon, and Mitsui Sumitomo Insurance Company; Union National Bank, Saudi American Bank, BLOM Bank, Beltone and Bank Saracen Alpen; McNair Chambers (the first British Barristers' chambers to open outside the UK) and DLA Piper; and Qatar First Investment, QNB Capital and Al Mal.

The economic challenges that increasingly impacted on companies around the globe in 2008 were also felt in Qatar, though the country was buttressed to a degree by its energy based economy. However, in independently conducted research commissioned by the QFC Authority between September and November 2008, firms licensed by the QFC Authority reported continuing optimism in their outlook. They expected continuing growth in the market (and therefore their businesses) over the coming year, though not at the same rate as last year. Many firms said being licensed by the QFC Authority added credibility to their business and that the QFC Authority team helped provide contacts for new business leads and gave positive advice on the local market.

This level of optimism was reflected in the Business Optimism Index produced by Dun & Bradstreet, a leading international financial data and business information provider, which was launched in April 2008 and co-sponsored by the QFC Authority and al khaliji, one of Qatar's newest banks. In its second survey, for the 1st quarter of 2009, Dun & Bradstreet found subdued but steady optimism among the 500 firms taking part. This is unique among the regional surveys currently being produced by Dun & Bradstreet.

Major events organised by the QFC Authority or in which it played a leading role in 2008 included in March the second MultaQa Qatar event, which showcases the opportunities for the insurance and reinsurance industry in Qatar and the region, the GCC and City of London conference in June and the Lord Mayor's lunch at the Mansion House in London in November at which the QFC Authority was guest speaker. In addition the QFC Authority was a key participant in events for leading practitioners in the asset management and insurance industries run by Institutional Investor and the Geneva Association respectively, and a series of workshops and a research project leading to the publication of a book on the Gulf as an emerging financial centre by Chatham House (Institute for International Affairs). The Institute for International Finance held an "open program" event on risk management in Doha and the QFC Authority sponsored the international coverage by CNBC of the regional World Economic Forum event in Sharm El Sheikh in Egypt.

In September the QFC Authority convened the first meeting of the UK Trade and Investment Financial Sector Services Advisory Board committee for Qatar. This is the first such body set up in the region by UK Trade and Investment, a branch of the UK government, which will help to promote the growth of financial services between the UK and Qatar.

In November the QFC Authority was awarded ISO 9001 certification by the British Standards Institute (BSI) confirming that our Operations quality management system was in full compliance with international standards.

Looking ahead, 2009 will see the launch of Qatar Finance – the Ultimate Resource, a joint venture with Bloomsbury Publishing announced in 2007, a unique printed and online knowledge platform for the finance industry, academics and students and the business media; Qatar Insurance Services go live; the first training programmes by Qatar Finance and Business Academy; and the formulation and development of a strategic partnership with Qatar's youngest jewel, the Museum of Islamic Art, opened in December 2008.

Board of Directors

HE Yousef Hussein Kamal
Chairman

HE Yousef Hussein Kamal is the Minister of Finance and Economy and Chairman of the Qatar Financial Centre Authority. He is Chairman of Qatar Financial Market Authority, Chairman of Qatar Steel Company, Chairman of Qatar National Bank, Managing Director of Government of Qatar Supreme Council for Economic Affairs and Investment, and Chairman of Ras Laffan Liquefied Natural Gas Company.

Stuart Pearce
Chief Executive Officer and Director General

Stuart Pearce has been Chief Executive Officer and Director General of the Qatar Financial Centre Authority since August 2005. Previously he had a long and successful career in international banking and financial services with HSBC in the Middle East, North America, Asia and Europe.

Dr Hussein Ali Al-Abdullah
Deputy Chairman (Non-Executive)

Dr Hussein Ali Al-Abdullah is an Executive Board Member of the Qatar Investment Authority, where he oversees the management and evaluation of the Government of Qatar's Investment Fund in the international and local markets. He is also a Director of the Board of Qatar Airways and of Gulf Investment Corporation of Kuwait.

Abdulrahman Alhmad Al-Shaibi
Director (Non-Executive), Chairman, Audit and Risk Committee

Abdulrahman Alhmad Al-Shaibi is Head of Qatar Petroleum's Project Finance Group. He is a member of various Executive Committees, and responsible for the ambitious expansion plans of Qatar Petroleum in the LNG sector, petrochemical and non energy sector projects such as aluminium and steel. Mr Al Shaibi is a member of the State's Finance Policy Committee, and a Board member of various other companies including Qatargas, its sister companies and Qatar Steel Company (QASCO).

Executive Committee

Abdulrahman Al Mannai
Director of Human Resources

David Bode
Director of Audit and Risk

Desmond Holmes
Managing Director Business Development - Banking and Asset Management

Fetooh Al Zayani
Managing Director Business Development - Insurance and Reinsurance

Ian Anderson
Director of Finance and Tax

Ian Cormack
Director (Non-Executive)

Ian Cormack is a Non-Executive Director of Pearl Assurance Group. He was previously European Chief Executive of AIG Inc, and a founding partner of Cormack Tansy Partners, which provides strategic consulting advice to Boards of financial institutions. Prior to those roles he had a 30 year career at Citigroup/Citibank, leading to Global Industry Head for the Investment Industry.

Dr. Chris Gibson-Smith
Director (Non-Executive), Chairman Remuneration Committee

Dr. Chris Gibson-Smith is Chairman of the London Stock Exchange and Chairman of the British Land Company. He spent 31 years (including ten in the US) with British Petroleum in a variety of different roles culminating in Group Managing Director for four years.

Dr. Guocang Huan
Director (Non-Executive)

Dr. Guocang Huan is Chief Executive Officer of Primus Pacific Partners, a private equity firm founded with two other partners. He has held senior investment banking positions at JP Morgan & Co., BZW Asia, Citigroup and HSBC. His last position at HSBC was Head of Investment Banking, Asia-Pacific.

Nemir Kirdar
Director (Non-Executive)

Nemir Kirdar is President and Chief Executive Officer of Investcorp, the global investment group he founded in 1982 and which operates out of New York, London and Bahrain. He serves on boards and advisory bodies at Georgetown, Harvard, Columbia and Cambridge Universities as well as the Brookings Institution, the Eisenhower Fellowship, the Centre for Strategic and International Studies and the UN Pension Fund Investments Committee.

Rajat Gupta
Director (Non-Executive)

Rajat Gupta is Senior Partner of McKinsey & Company, the global management consulting firm. From 1994 to 2003, he was Worldwide Managing Director of McKinsey. Mr. Gupta serves as the United Nations Secretary-General's Special Advisor on UN management reform. He is an independent Director on the Board of the Goldman Sachs Group, and is the Chairman of the Board of the Indian School of Business and of the Associates of the Harvard Business School.

Jane Kang Thorpe
Chief Legal Officer and Board Secretary

Jeff Eggleton
Director of Operations

Jon Morton
Director of the Qatar Finance and Business Academy

Shashank Srivastava
Director of Strategy and Planning

Steve Martin
Director of Marketing and Corporate Communications

Economic Overview

Over the past year the world has witnessed the most severe and complex financial crisis in several decades. While the impact was clearly felt in declining asset values in the international financial markets, and the resulting recession in most advanced economies, the Gulf Cooperation Council (GCC) seemed impervious to the downturn until the last quarter of 2008

However, the fourth quarter of 2008 demonstrated that the economies of the GCC were not isolated from the rest of the world. The impactof the drop in oil revenues and of adverse developments in international financial markets on investment and growth was evidenced by reduced access to foreign capital, reversal of equity capital inflows, widening of credit spreads and falling real estate prices.

In spite of the international financial turmoil, the IMF estimates that real GDP growth in Middle Eastern countries overall weakened only modestly, from 6½ percent in 2007 to 6 percent in 2008. The projection for 2009 is significantly weaker at just under 4% percent, with risks to the growth outlook remaining broadly balanced. Major external risks relate to weaker demand in advanced economies and potentially lower oil prices [1].

Qatar was better placed than many other countries to cope with the effects of the global financial downturn.

Qatar's commitment to develop a world class business environment has undoubtedly contributed to the continued business optimism in the market

Qatar was better placed than many other countries to cope with the effects of the global financial downturn. The Economist Intelligence Unit (EIU) estimates Qatar's real GDP to have grown by almost 14.3% year on year in 2008 and GDP per capita at US$ 56,387, which places Qatar as one of the world's wealthiest countries.

This economic strength is driven primarily by Qatar's energy resources. The country has the third largest gas reserves in the world. The EIU estimates Qatar's exports to have grown by US$ 52.6 billion in 2008 to US$ 263 billion, an increase of 25% over 2007. LNG exports represent over 30% of total exports and are estimated to have increased by 46% to 40 million tons in 2008, according to Qatar National Bank.

Qatar's commitment to develop a world class business environment has undoubtedly contributed to continued business optimism in the market. The counter-cyclical fiscal response to limit the impact of the financial crisis and continue the government's diversification efforts has maintained confidence among the business community, especially in the non-hydrocarbon sector. The third Dun & Bradstreet Qatar Business Optimism Survey released in January 2009, sponsored by the Qatar Financial Centre (QFC) Authority and al khaliji, shows positive sales forecasts for the first quarter 2009 and an optimistic outlook overall.

Looking forward, forecasts for 2009 and 2010 continue to be revised downward worldwide, as more concrete data becomes available. A bleak outlook would appear to be the general expectation which will impact trade, investment and consumer demand.

Though the crisis is expected to be a drag on the country's development momentum, Qatar is expected to continue to enjoy exceptional growth in 2009, with EIU anticipating an increase in real GDP of 12.4% due in large part to its heavy investment over a period of years in hydrocarbons production and its ongoing commitment to the diversification of its economy.

Revenues from LNG exports are expected to surpass revenues from oil exports in 2009.[2] Increasing exports of LNG are expected to make up for the reduced oil export revenues, and thus maintain healthy fiscal and current account surpluses which will equip the government with sufficient resources to provide support to the economy.

A silver lining to the slow down in Qatar's economic growth is that the domestic inflationary pressures on the economy has already begun to take effect. As commodity prices fall, the bottlenecks in the housing and commercial property market are relaxed, and the strong dollar (to which the Qatari Riyal is pegged) results in reduced pressure for pay increases to foreign workers.

In October 2008, Qatar launched the Qatar National Vision 2030 (QNV) based on four pillars – Human Development, Social Development, Economic Development and Environmental Development. The main objective of the QNV is to boost economic and social progress in Qatar while striking a balance between sustainable growth and a high standard of living, ensuring optimum but reasonable utilization of natural resources and reducing dependence on oil and gas through the development of a knowledge-based economy. The QFC Authority strives to contribute to this goal.

[1] IMF World Economic Outlook October 2008: Financial Stress, Downturns, and Recoveries

[2] Standard Chartered Bank Qatar Country Briefing 2 February 2009

Banking

The Qatar Financial Centre (QFC) Authority is attracting financial institutions from around the world eager to participate in Qatar's rapidly developing financial markets

Despite liquidity shortfalls in the global banking system and the slowdown in worldwide economic growth, an increasing number of leading financial institutions continued to seek licences in the QFC Authority in 2008.

Qatar is one of the world's fastest growing economies; Standard Chartered Bank expects GDP growth of 11% in 2008 and 8.5% in 2009 [1]. Fiscal policy is prudent, with regular large surpluses on fiscal and current account. Qatar's risk rating leads the Middle East region, with Standard and Poor's rating it AA- and Moody's Aa2.

An increasing number of leading financial institutions continued to seek licences in the QFC Authority in 2008.

With economic growth expected to continue at between 5-9% over 2009, and the access offered by the QFC and its world class legal and regulatory environment, Qatar is expected to continue to grow in a sustained fashion as a financial centre of regional and international significance.

Although about half of the major banking deals which involve QFC licensed firms are in the hydrocarbon sector, this proportion is falling and will continue to fall in line with the Qatari government's projection of proportionally reducing revenues from hydrocarbons to 20% of GDP by 2018.

Qatar is expected to continue to grow in a sustained fashion as a financial centre of regional and international significance

According to the Dun & Bradstreet Business Optimism Index for Qatar for Q1 2009, 53% of the business units in the non-hydrocarbon sector are expecting increases in volumes of sales and net profits, indicating that demand levels in the economy are likely to stay firm. While the hydrocarbon sector is showing signs of cautiousness, the economy is expected to withstand the crisis.

Reflecting this underlying confidence in Qatar's increasingly diversifying financial economy, 12 banks, three investment firms and 12 legal, consulting and HR firms drawn from Europe, the USA, Asia and the Indian subcontinent were granted licenses from the QFC Authority in 2008. Licences were awarded to ICBC, the first Chinese bank to operate a full branch in the Middle East, as well as to Sumitomo Mitsui Banking Corporation (SMBC), the first Japanese bank in the QFC. In addition, UBS became the second Swiss bank in the QFC. The QFC also welcomed Union National Bank, Blom Bank, SAMBA Financial Group, Coutts, QNB Capital, Sarasin Alpen and First Gulf Bank.

Reflecting the continuing growth in Islamic finance and banking, two Islamic banks were also set up in the QFC, Qatar First Investment Bank and Al Mal Bank.

The issue of Al Mal's licence was a particular milestone for the QFC as it was the 100th issued, and it was apt that the 100th licensee should be a Qatari financial institution with ambitious development plans of its own. Almost 20% of authorised and licensed institutions are Qatari owned or operated, reflecting the success of the Authority's drive to encourage Qatari applications for licenses. Al Mal Bank is the first Islamic bank authorised by the QFC to operate profit sharing investment accounts.

Qatar is becoming a centre of excellence in the aviation and ship financing industries. Last year, Qatar Airways secured finance of $500m from a consortium of international banks to buy three Boeing 777 aircraft which were delivered by the year-end. Among the consortium were two banks with operations within the QFC, Deutsche Bank and Sumitomo Mitsui Banking Corporation.

Qatar's rapid construction growth is also creating a need for financing. The first Shari'ah Compliant Real Estate Mezzanine Investment Vehicle in the Gulf Cooperation Council (GCC) was successfully marketed in the GCC during 2008. The QR4.6bn raised to finance Al Wa'ab City – a 2.25 million sq metre high-end residential development in central Doha – consisted of a combination of equity, senior debt and an innovative Islamic mezzanine funding, with the QFC firm QInvest one of the founders of the mezzanine funding.

The growth in global Islamic finance and Islamic banking over the past few years continued to flourish through 2008. A combination of conventional and Islamic finance was raised in Citibank NA's multi-currency seven year $850 syndicated facility for Al Faisal Holding Company, Qatar's leading diversified business group.

Over the year, the QFC Authority visited banks and financial service institutions in the UK, USA, Australia, Singapore, Malaysia, Hong Kong, Japan, Italy, Luxembourg, Spain, Switzerland, UAE, Bahrain, Jordan and Egypt as part of ongoing efforts to promote the opportunities within the QFC and Qatar. The QFC Authority also sponsored a number of prestigious awards including the Asian Banker Young Banker Awards in Hanoi and The Banker magazine awards in London.

[1] Country Briefing, Qatar, Standard Chartered Group Global Research

Asset Management

Over the last year, investment service companies have played an increasing and visible role in helping to develop Qatar's financial markets

With the third largest gas reserves in the world, and as the richest country in the world on a per capita basis, Qatar's ambitions to become the financial centre of choice within the Middle East are looking increasingly realistic. Despite difficult investment markets worldwide, the country's accumulated reserves of wealth, conservative budget and relatively low debt levels in comparison with its regional competitors continue to underpin the attractiveness of Qatar's economy.

In addition, the Qatar Financial Centre (QFC) Authority provides a secure regulatory and efficient business environment structure. Indeed, over 2008, three more investment firms were licensed by the QFC Authority.

State Street Corporation, the world's leading provider of investment services and asset management solutions to institutional investors, opened its regional headquarters in Doha at NBK Tower in West Bay.

Beltone Financial is one of the fastest-growing investment banks in the Middle East and North Africa, offering a full range of services from corporate finance and asset management to securities brokerage, private equity and research to institutional and high-net-worth clients. In 2006, MENA Capital, its London-based subsidiary, launched the Middle East and North Africa's first hedge fund.

Religare Hichens Harrison, the oldest London stock-broking firm which is a subsidiary of leading Indian financial services group Religare, also opened its first stock-broking office within the Middle East in the QFC.

An important milestone was the agreement last year by the Doha Securities Market to sell 25% of its equity to NYSE Euronext for $250m, the largest single external investment by NYSE Euronext to date. As part of this arrangement, NYSE Euronext and Qatar will also build a new cash and derivatives exchange in Doha.

The QFC provides a secure regulatory and business environment structure.

Under the terms of its proposed tax regime, the QFC has decided to allow certain exclusions to encourage investment business. All income and gains from investment funds will be taxed at a zero rate while any fund registered with the QFC will be exempt from tax for the life of the fund. The QFC will also be offering a tax exemption to all reinsurance companies both on investment income and underwriting profit. However, all profits from management fees will be subject to the flat rate tax of 10% for all companies operating within the QFC.

Although Islamic financial services have continued to grow, the distribution of Takaful life and savings products through bank channels is still relatively new and underutilized in the GCC [1]. The uptake of investment related insurance products in Qatar is still comparatively low. The potential, in a country with a wealthy, young population with a high savings propensity, is considerable.

[1] The World Takaful Report, Ernst & Young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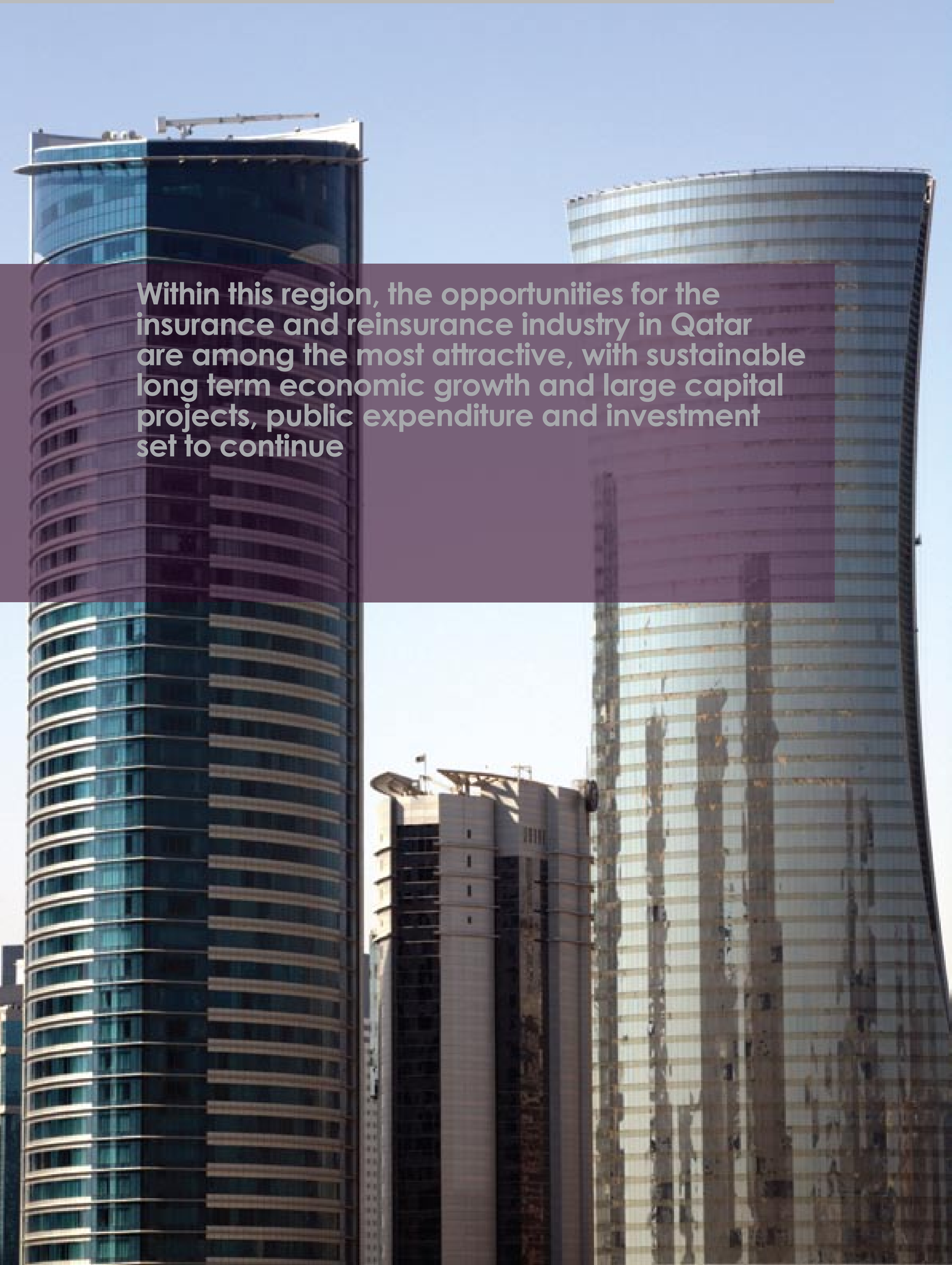


Within this region, the opportunities for the insurance and reinsurance industry in Qatar are among the most attractive, with sustainable long term economic growth and large capital projects, public expenditure and investment set to continue

Insurance and Reinsurance

Qatar's high growth rate but relatively low penetration rate for insurance demonstrates its potential as one of the region's most dynamic markets in non-life and life insurance

Insurance markets in Muslim countries exhibit low insurance density and are largely at a nascent or early stage of development [1]. The Middle East share of the world's insurance is currently less than one per cent, but it is showing significant growth, in excess of 20% annually, which indicates that the Gulf and wider Middle East region is set to become a much more significant market for global insurers and reinsurers in the future.

Within this region, the opportunities for the insurance and reinsurance industry in Qatar are among the most attractive, with sustainable long term economic growth and large capital projects, public expenditure and investment set to continue. The Qatar Financial Centre (QFC) Authority is an ideal location for the insurance and reinsurance industry, not just to develop business in Qatar, but as a regional hub.

In the life insurance sector the QFC Authority provides a well-regulated platform for insurers such as Zurich to establish and provide long term investment products to Qatar residents. Although life assurance business has grown sizeably, it is still small in comparison with non-life business, while non-life expenditure per head is less than half the level in the UK, despite a substantially higher GDP per capita. With 50% of the population under 25 and a high savings rate, the potential is therefore considerable.

In the general insurance sector Mitsui Sumitomo is the latest addition to the growing number of carriers seeking to locate in the QFC.

The superior regulatory framework within the QFC, based on best international practice, is likely to become increasingly important as companies seek to be domiciled in a well regulated environment. Once implemented, the rate of tax applied to insurance profits will be set at 10% and zero per cent for reinsurance. This will provide a fertile environment for insurance companies within the QFC.

With estimated total Takaful premiums of $2 bn in 2006, in comparison with global insurance premiums of $3.7 trn, the opportunities in Qatar and the region are considerable.

While insurance and reinsurance companies have been attracted to Qatar historically for its hydrocarbon capital projects, the government is investing in a massive programme of economic diversification to reduce its dependency on hydrocarbon revenues, with the intention of reducing the proportion of hydrocarbon revenues to 20% of GDP by 2018. The QFC is an example of this, as are Education City, Qatar Science and Technology Park and the new Doha airport.

Over the past year, an intermediary market of world class has emerged. Licenses were granted to HSBC Insurance Brokers Limited, Aon Qatar LLC Marsh and Nexus creating a total of 5 licensed insurance intermediaries, 8 insurers and 3 non regulated businesses.

A milestone was reached during the year with the establishment of Qatar Insurance Services (QIS), a technology-based reinsurance trade fulfillment system which will provide a technology based system to support transaction processes between insurers, reinsurers and brokers (see page 21), improving security and efficiency, which will help attract further insurance expertise to Qatar.

James Sutherland was appointed Director, Business Development-Insurance and Reinsurance in 2008. With 30 years' experience in international insurance markets, the last 10 of which were with Lloyds of London, he joins Fetooh AL Zayani in creating a competitive and technologically advanced regional insurance hub in Qatar.

The QFC Authority's second MultaQa Qatar conference in March 2008 brought together leading figures from the international insurance and reinsurance industry. In its relatively short existence, the invitation-only conference has established itself as one of the most prestigious in the annual insurance calendar.

The resurgence of Islamic banking and finance and demand for Shari'ah compliant investments has created rapid growth in global demand for Takaful, or insurance based on principals of mutual assistance [2]. With estimated total Takaful premiums of $2 bn in 2006, in comparison with global insurance premiums of $3.7 trn, the opportunities in Qatar and the region are considerable.

[1] The World Takaful Report, Ernst & Young

[2] ibid

In 2008 the operator for the technology underlying QIS was appointed. Preparations are underway to prepare the system so that it will be fully established by 2010, ready to support markets in Qatar, the region and the rest of the world

Qatar Insurance Services

A key decision by the Board of the Qatar Financial Centre (QFC) Authority in 2008 was to establish Qatar Insurance Services (QIS)

QIS is a technology based system that supports the placement and processing of (re)insurance transactions between insurance and reinsurance trading partners. Its establishment will help to position the QFC Authority as one of the world's most sophisticated insurance and reinsurance centres, helping to attract further insurance expertise to Qatar by bringing together international insurers/reinsurers and brokers in the conduct of insurance trading activities through the system.

While insurance companies can buy individually some of the services that QIS offers, this will be the first time, worldwide, that the potential for full straight through processing will be available in an electronic market environment where participants can be national, regional or international.

As a relatively young market, Qatar has the advantage of not having to overcome legacy processes and behaviour. The insurance industry remains largely dependant on unstructured processes for the transaction of insurance and reinsurance placements, relying heavily on e-mail, fax and face to face meetings. Such processes are inefficient and carry risks associated with rekeying, inconsistent records and a lack of proper audit trails. QIS will improve the security and consistency of transactions, provide improved contract certainty and more readily allow for the effective fulfilment of compliance.

In 2008 the operator for the technology underlying QIS was appointed. Preparations are underway to prepare the system so that it will be fully established by 2010, ready to support markets in Qatar, the region and the rest of the world.

The development of QIS will reinforce the QFC Authority's position as an agent of change and improvement within Qatar's financial sector.

The board of QIS is chaired by Abdulrahman Ahmad Al Shaibi, a non executive director of the QFC Authority and Head of Qatar Petroleum's Project Finance Group. The Deputy Chairman is Ian Cormack, also a non-executive director of the QFC Authority, and a non-executive director of Pearl Assurance Group.

Other members of the Board are John Coomber, a non-executive Board member of Swiss Re and previously CEO of the company, Mike Peachey, an independent insurance advisor and previously Managing Partner of INDECS, Stuart Pearce, CEO and Director General of the QFC Authority, Leonard Schrank, Co-founder and Chairman and CEO, ACT3 Technologies LLC, and previously CEO of SWIFT (Society for Worldwide Interbank Financial Telecommunication), and Max Taylor, currently Chairman of the Mitsui-Sumitomo Insurance London Companies, and previously Chairman of Lloyd's of London.

QIS will initially be based in the QFC Tower and is currently a 100% owned subsidiary of the QFC Authority.

With a good number of regional and international firms indicating strong interest in QIS, its development will reinforce the QFC Authority's position as an agent of change and improvement within Qatar's financial sector. It will also be a unique development in the Middle East.

Operations

Reflecting the Qatar Financial Centre (QFC) Authority's desire to become the financial centre of choice in the region, the provision of high quality support services is essential

The QFC Authority is committed to offering the highest levels of service to licensed firms. Its Operations team is continuously seeking to improve both internal processes and external client services to better facilitate the establishment of QFC licensed firms in Qatar and their growing business needs.

During 2008 the main priority was to become more service oriented and to improve efficiency, with a number of initiatives to ensure that QFC Authority's support services were in line with the highest in the world. A survey amongst QFC firms in late 2008 cited the Immigration and Visa, customer service, and helpdesk services as those they used the most and rated the highest.

The Operations team has demonstrated this commitment for improvement, being awarded the British Standards Institute (BSI) International Standards Organisation (ISO) 9001: 2000 certification in November 2008. ISO 9001 is the world's most established quality framework, setting the standard for quality management systems employed by almost 900,000 organisations in 170 countries. This certification confirms that QFC licensed firms will receive high quality services in a timely and efficient manner, with procedures and processes that will continue to be improved.

An important part of the QFC Authority's business strategy is the use of technology to satisfy business requirements across the company, as well as for external parties, when applicable. Moreover, the QFC Authority is moving towards more a more automated, secure and paperless operation to improve speed and efficiency.

During 2008, the QFC Authority's Operations, Finance, Tax and HR departments implemented Oracle ERP and Siebel CRM systems for both internal use and to support customer database and workflow requirements. Furthermore the Information Technology department began preparations to achieve ISO 27001 certification, which will formalise the QFC Authority's ability to provide the highest levels of information security. In May 2008 a centralised procurement system was set up, not just to streamline processes, but to help ensure that the QFC Authority is getting the best value for money whilst ensuring that business is transacted ethically and fairly.

Dealing with emergencies is an essential part of business planning. In 2008, the QFC Authority implemented a business continuity plan to allow for the seamless continuation of business in the event of a crisis, and recovery of our computer systems from a remote location, which were successfully tested in a live situation. In addition, during 2008 a network operations centre was opened providing a network availability monitoring capability to help ensure Service Level Agreement compliance.

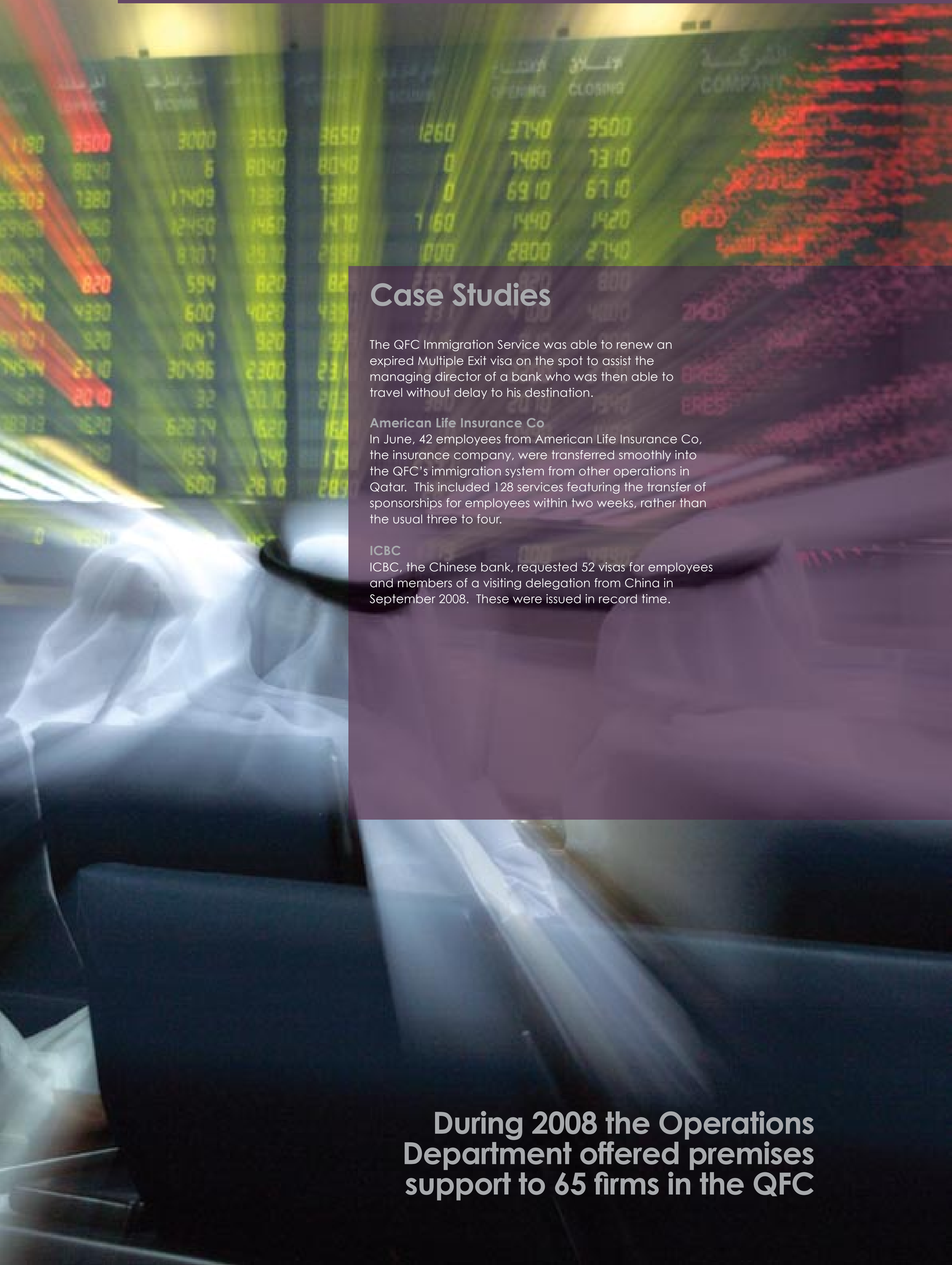
During the year, the QFC Authority's Immigration Service dealt with a total of 3209 immigration transactions (an increase of 116 % over 2007), including the issue of 1449 visas (an increase of 90 % over 2007). There was a considerable improvement in the speed and efficiency of issuing visas and transferring sponsorships, with the introduction of electronic finger printing at QFC Authority premises and the introduction of an express service for firms' transactions requiring a faster turnaround time.

The first priority for many companies wishing to apply for a licence in the QFC is the availability of office space within QFC premises, or alternatively in the outside market. The Operations department provides this necessary advice and assistance, also helping to orientate and house new arrivals.

During 2008 the Operations Department offered premises support to 65 firms in the QFC Tower and Ministry buildings. Finding premises that are in approved locations is a requirement for all firms seeking a QFC licence - currently 32 locations have been designated for firms' use. Suitable business property is still in comparably short supply in Doha but additional premises are forecast to become available in 2009.

The Operations team has demonstrated its commitment for improvement, being awarded International Standards Organisation (ISO) 9001: 2000 certification in November 2008.

A project management office was established during 2008 to provide internal management advice and structure to project managers, as well as ensuring that documentary requirements are met and project milestones tracked. Internally, Primavera software and Prince2 project methodology were adopted, while a Project Framework was implemented to document accurately and improve management of all QFC Authority projects.



Case Studies

The QFC Immigration Service was able to renew an expired Multiple Exit visa on the spot to assist the managing director of a bank who was then able to travel without delay to his destination.

American Life Insurance Co
In June, 42 employees from American Life Insurance Co, the insurance company, were transferred smoothly into the QFC's immigration system from other operations in Qatar. This included 128 services featuring the transfer of sponsorships for employees within two weeks, rather than the usual three to four.

ICBC
ICBC, the Chinese bank, requested 52 visas for employees and members of a visiting delegation from China in September 2008. These were issued in record time.

During 2008 the Operations Department offered premises support to 65 firms in the QFC

Qatar Finance and Business Academy

The Qatar Finance and Business Academy (QFBA) will help to create and develop financial talent and skills for Qatar's financial sector

One of the Qatar Financial Centre (QFC) Authority's most important initiatives was launched in 2008: the creation of the Qatar Finance and Business Academy (QFBA). This Academy is an essential part of the QFC Authority's commitment to become the financial centre of choice in the region.

Education is an important government priority in Qatar. Currently, Qatar relies heavily on expatriate talent in its financial sector. Although the QFBA will offer teaching and coaching programmes to expatriates as well as Qataris, it will play a significant role in helping to develop specific financial talent among Qatar's nationals. Indeed, this is one of the QFC Authority's responsibilities in providing the human resources the QFC needs to sustain it from the local population.

After all, home-grown talent is needed to populate the corporate and public sector senior management of the future. To achieve this, the QFBA will help to create an integrated education culture within Qatar and a sustainable financial learning culture. Rather than outsourcing the learning and development, the QFBA will develop a process of 'Train the Trainers', local Qatar-based tutors and a faculty which will deliver training and development on behalf of the QFBA, supervised by the partner organisations. The QFBA will also provide scholarships, typically for Masters and longer courses, for Qatari national and Qatar-based staff which will be partially financed by the QFC Authority.

The QFBA will deliver training and development to emergent, middle ranking and senior financial services professionals throughout the Banking, Asset Management, Capital Markets and Insurance sectors. By 2010, up to 500 staff will have passed through the QFBA's corporate and open programmes. However, the eventual level will be nearer to 1,000 a year.

The QFBA will include an Institute for research, led by a director and assistant director. Through the Institute, the QFBA will sponsor corporate and government department research projects which will develop Qatar's reputation as a leading edge financial services centre.

The QFBA will partner with an internationally renowned publishing house to create an in-house publishing capability. This will be focused on delivering all workshop materials to professional standards and will be responsible for developing and distributing the QFBA research centre imprint.

In partnership with some of the leading international institutions providing training and certification to the finance industry, the QFBA is designing a portfolio of educational and coaching programmes to meet the needs of Qatar's financial service industries and specific organisations. Nevertheless, the QFBA will remain a Qatari educational institution leading, rather than relying on, its partner organisations.

QFBA is developing innovative learning facilities in Doha. Currently 1000 square meters of space is being developed for teaching space, syndicate rooms, administration space for partner organisations and a Research Centre. The facilities will reflect the critical learning principles used in the development of QFBA.

The QFBA is designing a portfolio of educational and coaching programmes to meet the needs of Qatar's financial services industries.

The QFBA will help to create an integrated education culture within Qatar and a sustainable financial learning environment

Corporate Social Responsibility

The Qatar Financial Centre (QFC) Authority defines Corporate Social Responsibility (CSR) as integrating social and environmental concerns into its business and the way in which it interacts with internal and external stakeholders, licensed firms and suppliers

The QFC Authority's attitude to CSR reflects its approach and character and its objective to become a leader among companies in Qatar in terms of adopting and applying best practice.

The QFC sees the underlying principle of CSR as responsibility, defined as "the impact of corporate behavior on society that is managed to deliver the best combination of environmental, social and economic benefits". In addition, openness and accountability, continuous improvement and compliance with recent legislation form the other cornerstones of the QFC Authority's CSR programme. Indeed, the QFC is committed to improving the environment and finding ways in which it can improve and contribute to the well-being of the local community with whom it engages.

A number of QFC Authority Departments contribute to its CSR policy, including Marketing and Corporate Communications, Operations and HR. Over 2008 a number of initiatives have been continued or undertaken to implement the principles of CSR policy. These include continuing our partnership with Injaz Qatar, our environmental policy and our contributions to the community.

The Qatar Today Green Awards were held for the first time in 2008, to increase awareness and motivate behavioural change in relation to the protection and preservation of the environment. The QFC Authority was the first financial institution to be recognized with a commendation in these awards as the third most environment-friendly workplace in Qatar.

CSR in the workplace

Employee performance and development is critical to the success of any organisation. The QFC Authority encourages an environment of continuous professional development and high performance consistent with the conduct of a leading organisation. A carefully tailored performance management process has been designed to encourage performance improvement and to offer rewards to higher achievers. Formal and informal performance assessment, as well as coaching and feedback provide the framework for the QFC Authority's continuous improvement programme.

One of the QFC Authority's tools to encourage and recognize high staff performance is the "Shukran Awards" programme which allows line managers to reward staff immediately for outstanding performance. This is supported by an annual bonus programme which seeks to retain better performing staff and encourage excellence.

The impact of corporate behavior on society that is managed to deliver the best combination of environmental, social and economic benefits.

The QFC Authority believes that staff should reflect the communities in which they live and work, and its employment practices help to deliver this. This promotes diversity and equality across all aspects of working life. The QFC Authority also believes it is important to share best practice and success. It provides the opportunity for all staff to develop their skills and knowledge and to enjoy fulfilling careers.

By mid 2008, significant savings in power, water and paper usage were achieved

The QFC Authority understands the importance of direct and informative communication among its staff and is keen to maintain an open communications environment, in which everyone has the right to raise questions that concern them. Ask the CEO is an online channel for staff to raise any questions about the working environment directly with the CEO of the QFC Authority and to share their questions and the answers given with all members of staff.

CSR and the environment

Since the launch of the QFC Authority's Environment Policy in 2007, it has been involved in controlling the consumption of utilities in its tower. Initiatives include:

- Lowering water pressure;
- Installing timer switches in offices;
- Installing dual flush system in toilets;
- Purchasing energy saving lights and electronics;
- Buying environment friendly office furniture and stationery;
- Recycling printer cartridges;
- Using bio-degradable garbage bags;
- Using an environment awareness message in all email signatures;
- Recycling collection unit fabricated at the premises;
- Encouraging double sided printing;
- Suggesting the use of Video-conferencing facility

CSR and the Community

Over 2008, the QFC Authority has continued its support for Injaz Al Arab in Qatar. Some 100,000 students in 11 Arab countries are now benefitting from Injaz Al Arab which helps students learn from professionals in their own communities how to create their own jobs, how to be financially responsible and how to gain skills to be successful employees. Qatar joined the programme in 2007. In 2008, with the seed sponsorship provided by the QFC Authority, Injaz Qatar trained 447 Qatari students. Some 7 members of QFC Authority staff helped to deliver courses at the four schools involved in the programme and a further 2 trainers were recruited from firms licensed by the QFC Authority.

Donations to local charity organisations are made every year by the QFC Authority staff, especially during the holy month of Ramadan. In 2008 a dinner was organised by the QFC Authority for a home for the aged in Doha.

Also in 2008 the QFC Authority sponsored a finance project competition at Carnegie Mellon University in Qatar. Students in the finance faculty submitted projects on a wide range of topics including whether Gulf Cooperation Council investors should diversify into overseas stock markets, why crude oil prices have increased, Islamic Finance and Qatar's bid for Sainsbury's. The teams were judged by a panel comprising senior QFC Authority executives.

"The draft legislation for the Qatar Financial Centre regime ..... is admirably straightforward in approach and (drawing on established features of other tax regimes) clear in its application and effect. The unnecessary complexity of OECD regimes is avoided, and a particular virtue of the QFC regime is that the entire tax legislation, including the helpful accompanying notes, takes up less than 80 pages. Other finance ministries could learn from this conciseness."

Philip Marwood
KPMG Head of International Tax Services
Middle East & South Asia

Taxation

Tax is a key issue for international businesses. The Qatar Financial Centre (QFC) Authority recognises that providing a first class, fair and properly regulated tax regime is essential

When the QFC Authority was formed in 2005, provision was made for the introduction of a tax regime. An extensive consultation period with the business community revealed that firms wanted a clear, consistent and transparent procedures of regulatory and administrative processes. The resulting tax regime, under which companies within the QFC will pay corporation tax at a flat rate of 10% on accounting profits prepared under international accounting standards, will provide this while minimising the compliance burden on companies. It will also help to promote the international reputation of the QFC and provide long term funding for its development and operations.

With the current pace of change in the world's financial services industry, the view was taken that a principles-based tax regime contained the flexibility of approach to keep up with those changes without the need for regular legislative updates. As circumstances change, the QFC tax department will offer an efficient advance-ruling service, allowing companies to request rulings on either a specific proposed transaction or on the interpretation of a particular part of the legislation.

Underpinning the QFC's tax regime is the belief that the QFC should be a location from which to operate financial service businesses onshore in Qatar and regionally. The QFC does not regard a permanent tax haven as a realistic proposition for a developing tax environment in the 21st century and believes that a tax haven would lack the credibility of a well regulated tax regime, an essential element in negotiating tax treaties with other fiscal authorities. More than half the firms registered to date are expected to be able to claim tax credit relief in their home jurisdiction.

The QFC tax department is committed to providing a first class, professional and confidential service to establish good relationships with taxpayers. As part of this commitment, it will register all potential taxpayers and notify them, within 30 days of receiving a license. It will also process all tax returns within 30 days of receipt and provide taxpayers with assistance to complete their returns within one working day from an enquiry.

Tax returns will be made on a self assessment basis and enquiries will be conducted through a transparent and fair procedure. Should this fail to resolve potential disputes, taxpayers will have access to a Regulatory Tribunal, chaired by William Blair QC. Appeals from that Tribunal will be heard by the QFC Civil and Commercial Court, presided over by Lord Woolf, formerly the UK's Lord Chief Justice. The formal appeals route will be backed up by a complaints procedure, to be laid out in a published taxpayers' charter. The QFC will aim to settle all disputed tax claims within two years. The QFC will also be publishing its internal technical and administrative guidance manual, believed to be the first of its kind in the Middle East.

The QFC has made a small number of exceptions in its tax arrangements: profits from initiatives in risk management through captive insurance companies; reinsurance companies' investment income and underwriting profits; the income and gains of investment funds. Any fund registered with the QFC will be exempt from tax for the life of the fund. While fund management firms will pay tax of 10% on the net profit from annual management fees, gains generated from risk capital – 'carried interest' – will be exempt and treated like an exempt dividend.

To support the development of Islamic financial services within Qatar the QFC Tax Regulations include special provisions relating to the taxation of Islamic financial institutions and Islamic financial transactions. Broadly, these provisions ensure that the tax on the profit or loss of an Islamic financial institution, or the tax on a QFC entity undertaking an Islamic financial transaction, is not greater than the tax burden that would have arisen if the institution or transaction had been structured conventionally. This will be achieved by a special tax adjustment reducing liability (or increasing losses) by an appropriate amount to equalise liability. These provisions are unique in the MENA region.

The long term success of the QFC will depend more on having a competitive, customer friendly but robust business structure than from short term gains arising from opportunistic exemptions and tax holidays.

Corporate Governance

The corporate governance structure of the Qatar Financial Centre (QFC) Authority is designed to ensure decisions are made fairly, transparently and objectively in line with best international governance practice

The QFC Authority is a statutory body established under the Qatar Financial Centre Law No 7 of 2005, as amended by Law No 2 of 2009 (collectively, the "QFC Law"). It is responsible for developing the Qatar Financial Centre and exercising certain governmental functions.

The QFC Authority ensures that the content, administration and enforcement of its civil law system comply with principles of good government. The civil law system established and implemented by the QFC Authority complements the world class financial services regulatory system established and administered by the QFC Regulatory Authority, an independent unified regulatory authority for entities licensed in the Qatar Financial Centre that reports directly to the Council of Ministers.

Two additional bodies complete the QFC structure:

QFC Civil and Commercial Court
– a separate entity to resolve civil disputes involving QFC firms in accordance with international principles of justice.

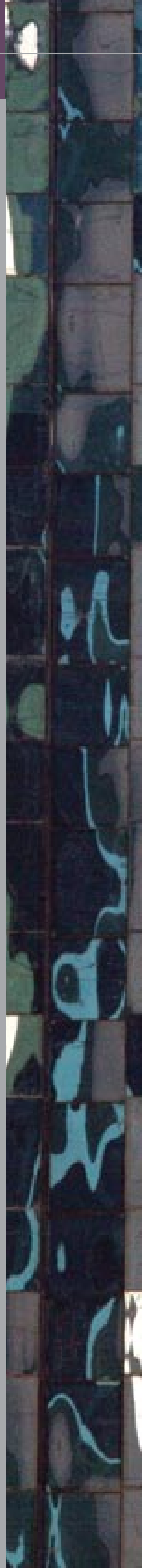
QFC Regulatory Tribunal,
– a separate entity to ensure that the QFC Authority and QFC Regulatory Authority act fairly and objectively in compliance with due process requirements.

The QFC Authority is governed by the QFC Law, which sets out its powers, duties and functions; the QFC Authority Regulations issued on May 14, 2006, which describe its "good government" responsibilities in proposing, enacting and administering QFC civil (as opposed to regulatory) requirements; and the Board Governance Resolution dated May 2, 2006. The effect of the QFC Law, Regulations and Board Resolution is to ensure that the full scope of QFC Authority responsibilities, whether governmental, operational or commercial, are carried out in a manner best suited to achieve its strategic and operational goals, to maximise shareholder value and to minimise risk to the organisation.

The Board sets overall policy and strategy, approves all legislation and rules, the budget and senior appointments and oversees the executive managers of the QFC Authority. The executives implement those policies. The board is also responsible for ensuring the implementation of proper internal and sound financial controls.

In 2006 the Board approved the implementation of a Risk Management framework within the QFC Authority. This is to ensure that all significant risks are identified, evaluated, managed and reported in a timely manner to the Board through its Audit and Risk Management Committee (see page 32).

At the end of each financial year, the QFC Authority is required to prepare accounts in accordance with international accounting principles for independent audit. An annual report and the audited financial accounts are sent to the Council of Ministers for each financial year.



Audit and Risk

Audit and Risk Management plays an essential part in ensuring key business risks are managed appropriately and that internal controls operate efficiently

Audit and Risk Management in the Qatar Financial Centre (QFC) Authority makes sure that all significant risks of the QFC Authority are identified, evaluated, managed and reported in a timely manner to the Board through its Audit and Risk Committee. This ensures that key business risks are managed appropriately and that the systems of internal control operate efficiently and effectively.

The Audit and Risk Committee

The Audit and Risk Committee of the QFC Authority meet quarterly to help the Board fulfil its legal and fiduciary obligations relating to operations, financial reporting, legal matters, risk management and the QFCA's internal controls.

The committee assists the Board in its overview of the integrity of the QFC Authority's financial statements, compliance with legal and regulatory requirements, the reports of the External Auditor and the reports submitted by the QFC Authority's internal audit function.

Members of the Audit and Risk Committee at 31 December 2008 were:

Abdulrahman Ahmad Al Shaibi
Committee Chairman and Director

Ian Cormack
Director

Dr. Guocang Huan
Director

The Chief Executive Officer, Director of Audit and Risk, Director of Finance and Tax, Chief Legal Officer and the Director of Operations also attend meetings of the Audit and Risk Committee.

The QFC Authority combines the roles of Internal Audit and Risk Management.

Internal Audit

The Internal Audit function in the QFC Authority operates under the authority of the organisation's Internal Audit Charter and is directly accountable to the Chairman of the Audit and Risk Committee. The Internal Audit Charter guarantees the independence of the auditing function within the QFC Authority.

The role of the Internal Audit function is to provide the Board and Senior Management with an independent appraisal of the QFC Authority's internal controls, including controls over its financial reporting. The Internal Audit team employs a consultative approach and assists management wherever necessary in implementing and maintaining effective policies and procedures.

The Director of Internal Audit and Risk is responsible for drafting an annual audit plan based on risk assessments of the various business units and processes within the QFC Authority. This also includes special requests from Management and the Board. The annual Internal Audit plan is endorsed and monitored by the Audit and Risk Committee.

During 2008, the Internal Audit team assisted in the implementation of the Oracle system throughout the QFC Authority by promoting the development of appropriate policies, procedures and internal controls within the various Oracle applications. The major challenge in 2009 will be to integrate the various Oracle systems and controls into our auditing and self assessment methodology.

During 2008, the internal audit team assisted in the implementation of the Oracle system throughout the QFC Authority

Risk Management
The role of Risk Management within the QFC Authority is to help management identify, assess, control and monitor operational and strategic risks in order to prevent loss and events which would be detrimental to the reputation of the QFC Authority and its licensees. The Risk Management team undertakes a program of risk assessments throughout the QFC Authority's various functions in conjunction with the execution of the Internal Audit Plan.

The Director of Risk Management is responsible for maintaining the QFC Authority's Risk Register and ensuring that risks, controls and action plans are fully documented and reported in summary to the Audit and Risk Committee.

Over 2008, risk assessments were carried out in all significant areas of the QFC Authority, including all major projects.

During 2009, the Internal Audit and Risk Management team will implement Control and Risk Self Assessment (CRSA) throughout all operating and financial functions of the QFC Authority. CRSA will strengthen the control environment throughout the QFC Authority by empowering management and staff to take increased responsibility for the evaluation of risks and controls under the facilitation of Audit and Risk Management.

Museum of Islamic Art

Undoubtedly one of the highlights of 2008 in Qatar was the opening of the Museum of Islamic Art

The Qatar Financial Centre (QFC) Authority is proud to be the strategic financial sponsor of the Museum of Islamic Art in Doha. A three year sponsorship has been agreed starting from 2009

The new Museum has the largest collection of Islamic art in the world drawn from the Middle East, India and Europe dating from the 7th through to the 19th century. It has rapidly established Qatar as an important link in a chain of centres of Islamic civilisation stretching over several centuries and represents many of the different qualities and values that epitomise modern day Qatar – culture and heritage, contemporary architecture, an emphasis on sharing with the community and the importance of education.

As the Museum's Strategic Financial Partner, the QFC Authority, its partners and its staff will benefit from the Museum's education and learning facilities as well as hosting corporate and social events on Museum premises. A number of other joint linkages and activities will also take place from 2009.

Both the Museum and the QFC Authority share a reputation for establishing global standards and promoting Qatar to an international audience. Under the guiding vision of Her Excellency Sheikha Al Mayassa bint Hamad bin Khalifa Al-Thani, Chairperson of the Qatar Museums Authority Board of Trustees, the Museum represents a foundation stone in the State of Qatar's plan to transform itself into a global capital of culture.

The collection in the Museum represents the full scope of Islamic art, comprising manuscripts, ceramics, metal, glass, ivory, textiles, wood and precious stones. Its walls display a silk wall-hanging that once graced the Alhambra in Granada while there are Persian miniatures from the 16th century Shahnameh of Tahmasp and a jade pendant worn by a Mughal emperor, Shah Jahan. There is also a 9th century earthenware bowl from Iraq and a 10th century cast brass astrolabe or surveying instrument, made in Iran or Iraq. There will also be temporary exhibitions of modern Middle East art.

Connected to Doha's corniche by a palm tree lined bridge, the Museum's eye-catching white geometric structure was created by the Chinese-American architect I.M. Pei, renowned for the glass pyramid at the Louvre and the National Gallery of Art in Washington DC. Here he has taken inspiration for the 35,500sq m Museum from the 13th century sabil (ablutions fountain) of the 9th century Ahmad ibn Tulun Mosque in Cairo.

The stone-clad Museum is composed of a five-storey Main Building and a two-storey Education Wing, connected across a central courtyard. Inside is a 50m high central domed atrium. The dome is concealed from outside view by the walls of a central tower. A glass curtain wall rises to a height of 45m on the north side of the Museum, with spectacular views of the Gulf and West Bay area of Doha from all five floors of the atrium.

The QFC Authority looks forward to contributing to and participating in the development of the Museum's reputation internationally and in the extension of its role in the community in Doha.

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