

البنك الأهلي
ahlibank



Governance Report 2019

Over Three Decades
of Stability & Trust





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Corporate Governance Report

Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present Ahlibank's Annual Corporate Governance Report for the year ended 31 December 2019.

In 2019, we made excellent progress in all our divisions and our performance was steady and consistent. We continued pursuing our goals by supporting the Bank's overall vision "To be at the heart of the community" and aiming to support the sustainable growth of our customers and our community.

Our performance was a testament of our approach to deliver a solid and steady financial performance for the year ended 31 December 2019 and I am pleased to report positive results for our Bank for the year 2019, achieving a net profit of QAR 675.2 million compared to QAR 665.6 million for the year 2018, with Loans and Advances growing by 14.8% over December 2018 to QR 31,591 million. The Bank's investment Securities grew by 27.1% over December 2018 to QR 7,521 million and the Total Capital Adequacy Ratio as of December 2019 stood at a healthy 18%, reflecting the strong capital position of the Bank.

As a result of our solid performance for the year 2019, and taking into account maximisation of shareholders' wealth, the Bank's internal capital requirements, liquidity and balance sheet growth projections, the Board has proposed as the dividend distribution for the year 2019 a cash dividend of 15% (QR 0.15 per share) and a bonus share of 5% (One new share for every 20 shares).

The Bank has successfully met one of its Key Strategic Objectives of improving Stable Funding by completing the third bond issuance for US\$ 500 Million under its US\$ 1.5 Billion EMTN Programme in the International Debt Capital markets. The bond issuance was oversubscribed by more than three times with orders from over 85 investors from Asia, MENA and Europe. This clearly demonstrates the continued vote of confidence from international investors in both Qatar and Ahlibank.

As a further testimony to our financial performance and asset quality, Ahlibank continues to enjoy higher Credit Ratings; A2/P1 from Moodys and is the second highest Rated conventional Bank in Qatar after QNB. Fitch Ratings has also affirmed the Bank's Long Term Issuer Default Rating (IDR) at 'A'."

I am pleased to say that we achieved all this without compromising the Bank's corporate governance and internal controls. We are investing further in tightening processes and improving our systems for reporting suspicious transactions through strong cyber security, to safeguard our customer's information and transactions data. In this context, we are cooperating closely with our regulators.

We are continuing our commitment to embrace innovative technologies and to ensure that reliable services are provided around-the-clock. The bank has been making significant investment in technology infrastructure including capacity improvements and digital banking that will improve the customer experience and servicing them better and more efficiently. As part of the next phase of our journey, the emphasis will be to enrich our Omni-Channel experience by enhancing the Mobile and Internet Banking platforms, as well as launching a new, feature rich, E-Wallet product.

We also continued with our branch strategy by renovating our branch in Al Wakra to serve and support our customers better. Our branch network is now supplemented by over 70 ATMs that are strategically located around Qatar to ensure optimum usage of the network. Our contactless ATM machines offer both cash withdrawal and cash deposit services to enable our customers to conveniently do their day-to-day banking.

The Bank's success is derived from the competence and dedication of our people, the loyalty and trust of our customers and the unwavering support of our shareholders, who are the foundations for our success.

Emanating from the Board's firm belief that proper Corporate Governance is fundamental to ensuring proper management and control of the Bank in the interest of all stakeholders, the Board took the necessary actions to ensure that the Bank is compliant with applicable Governances Regulations as well as disclosure and financial reporting requirements of Qatar Exchange.

I would like to thank the Board of Directors, the Bank's management team and employees for their efforts, enabling the results achieved during 2019.

In conclusion, I ask God Almighty to help us along our journey as we move forward to achieve even greater prosperity and success, contributing to our community and the vision of our beloved country.

Faisal Bin AbdulAziz Bin Jassem Al-Thani
Chairman & Managing Director

Corporate Governance Disclosures

1. Introduction

- 1.1 This Corporate Governance report is based on (i) the Commercial Companies Law No. 11 of 2015, (ii) the Corporate Governance Instructions issued by Qatar Central Bank in circular no. (68/2015) dated 26/7/2015 (“**Governance Instructions**”), and (iii) the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market issued by the Qatar Financial Markets Authority Board resolution No. (5) of 2016 (“**Governance Code**”) collectively referred to as (“**Governance Regulations**”).
- 1.2 Corporate Governance comprises the processes and controls which govern the way the Bank is managed, and its activities are reported, including the functioning of its internal controls, having proper policies and procedures in place, having effective management and promoting greater transparency for the benefit of the Bank and its stakeholders.
- 1.3 The Board of Directors of Ahli Bank QSC (**the “Bank”**) is committed to applying Corporate Governance and to continuously enhancing and improving the Bank’s governance principles and framework in the benefit of the Bank, its stakeholders, including the shareholders, and to ensure that the main principles and purposes of Corporate Governance are in place, and such principles include, without restriction (i) protecting shareholders and maximising their wealth, (ii) increasing awareness and responsibility at the level of the Board, (iii) ensuring equal treatment amongst shareholders, (iv) compliance with the rules of applicable laws and regulations, (v) enhancing transparency and disclosure, and (vi) avoiding any mix between the roles and responsibilities of the Board and Executive Management.
- 1.4 In order to achieve proper application of Corporate Governance, the Board is committed to applying the Governance Regulations and ensuring continuous application of ethical standards to protect the rights of shareholders and stakeholders, protecting the interests of minority shareholders, focusing on disclosure of information and ensuring its transparency, as well as setting the roles and responsibilities of the Board of Directors and its committees, and Senior and Executive Management and Management Committees.
- 1.5 Throughout the year ended 31 December 2019, and to ensure that proper Corporate Governance is applied, the Board exercised effective oversight in promoting high levels of transparency, disclosure, fairness and accountability, applying a clear segregation of roles and responsibilities between the Board of Directors and Executive Management.
- 1.6 This report was prepared to reflect on the Bank’s application of Governance Regulations as at 31 December 2019 and includes disclosures required under the Governance Regulations.

2. The Board of Directors

2.1 Composition of the Board

- A In accordance with article 26 of the Bank's Articles of Association, the Board shall consist of nine members, out of which, (i) six members are chosen by election for a period of three years, and they were elected for the period 2017-2019, (ii) Qatar Investment Authority ("QIA") appoints two members to represent it on the Board, and (iii), one independent member will be appointed and removed by a decision of the Board of Directors.
- B The positions of the Chairman of the Board and the Chief Executive Officer of the Bank are separated and are not held by the same individual.
- C Members of the Board possess personal qualities such as integrity and good reputation, and hold the proper educational qualifications, experience and skills to professionally and effectively carry out assigned roles and to provide leadership and supervise management in the best interest of the Bank and its shareholders.

2.2 Roles and Responsibilities of the Board

- A The Board shall carry out its duties and responsibilities according to the Board Charter and in light of the provisions of the Law and Governance Regulations. A summary of the main roles and responsibilities of the Board is set out below:
 - i Provide, develop and re-evaluate the work strategies, objectives and policies, and approve, supervise and review the internal control systems.
 - ii Approve, evaluate and develop the Bank's organisational structure, and determine the functions, competences, duties and responsibilities of the Executive Management roles.
 - iii Form committees; set up their work programmes and determine their powers, duties and responsibilities; delegate the powers of decision taking and determine the powers of signature on behalf of the Bank.
 - iv Evaluate the current and future risks to which the bank may be exposed; adopt risk policies and ensure compliance with their procedures.
 - v Supervise the implementation of and to evaluate and develop the programmes and procedures of work ensuring their adequacy and suitability.
 - vi Appoint and supervise the internal control department; ensure its fairness and independency.

2. The Board of Directors

2.2 Roles and Responsibilities of the Board

Continued..

- vii Nominate and contract with an External Auditor with high efficiency and competency, and to determine his fees.
 - viii Review the reports of Executive Management, Internal Audit and External Audit, and approve the interim and final accounts of the Bank.
 - ix Verify the validity and credibility of the Financial Statements, final account of the Bank and the results of the Bank's business and uphold the rights of depositors and shareholders.
 - x Ensure transparency and openness in disclosing all significant matters that affect the performance of the Bank, the results of the Bank's business, and the obligations and transactions of relevant parties as well as all interrelated interests.
 - xi Support and clarify the Corporate Governance values and rules of professional conduct by adopting the policies and rules of Corporate Governance.
 - xii Organise the nomination process of Board Members in a transparent manner, and disclose information related to the nomination procedures to the shareholders.
 - xiii Carry out any duties or responsibilities, which the Board sees as necessary in order to achieve the Bank's objectives.
 - xiv Approve the annual plan of training and education in the Bank, which include programs introducing the Bank's activities and governance related matters.
- B** In addition to the foregoing, the non-executive Board Members shall pay special attention to the following duties:
- i Being actively involved in Board meetings and providing input to Board activities.
 - ii Ensure compliance with giving priority to the Bank's interests and its shareholders in matters that may lead to conflict of interests between the Bank and relevant parties.
 - iii Assisting and providing opinion on the Bank's strategic and business planning processes and constructively challenging proposals on strategy.
 - iv Express independent opinions with respect to the Bank's strategies and policies, evaluate the Bank's performance, and assess the adequacy and quality of human resources in the Bank as well as the approved labour standards.

- v Observe the Bank's performance in achieving its objectives and goals; review the periodical performance reports and provide skills, experiences, specialisations and qualifications to serve the best interests of the Bank and its shareholders.
 - vi Supervise and develop the application of Corporate Governance and its applications within the Bank.
 - vii Perform any additional responsibility entrusted by the Board/Board Chairman.
- C The Board shall be mainly responsible towards the shareholders, other parties, Qatar Central Bank, Qatar Financial Markets Authority, Qatar Exchange and other official authorities in the State of Qatar.
- D The Board shall hold a minimum of six meetings annually in line with Article 34 of the Bank's Articles of Association. According to Article 35, all Board meetings shall be held upon a notice issued by the Chairman or by his deputy in case of the absence of the Chairman. The Board shall be convened upon a request of two Board Members, at least 15 days prior to the date of the planned meeting. The request shall set out date, time and place of meeting, while the notice shall provide a brief description for the planned agenda during the meeting. In this respect, the Board convened six (6) times in 2019.
- E The Board represents all shareholders and is committed to achieving what is in the best interest of the Bank and performing their duties with responsibility, good faith, diligence and care.
- F The Board Members shall have immediate and full access to information, documents and Bank-related records.
- G The General Assembly must be attended by the Board Members, including Chairman of the Board committees, and the invitation is sent to Companies Control Department at the Ministry of Commerce and Industry, Qatar Central Bank, External Auditor, Qatar Financial Markets Authority, Qatar Exchange, and key employees in the Bank, such as Chief Executive Officer, his deputies, Head of Internal Audit and others.
- H The Board of Directors charter is distributed annually to new and existing Board Members with the purpose of ensuring their understanding of the operation of the Bank and fully recognising their responsibilities.
- I The Board charter is based on the requirements of the Governance Regulations and it is binding to the Board.

2. The Board of Directors

2.2 Roles and Responsibilities of the Board

Continued..

- J The Board Charter includes, in general, that the Board members shall have qualifications and adequate knowledge and expertise that enable them to perform their supervisory functions while having the ability to provide professional contributions with regard to strategies, operational activities, risk assessment and management, compliance with laws, executive regulation, accountability, financial reports and communications. The Board Members shall devote enough time to perform their responsibilities towards the Bank.
- K The Board members have unrestricted access to the board manual, which includes the Bank's Articles of Association, Governance Instructions, Governance Code, relevant policies and rules.
- L Every Board Member shall perform duties with due diligence and loyalty and shall comply with institutional authority as defined in the relevant laws and regulations, including the Corporate Governance Code issued by the Qatar Financial Markets Authority and the Board of Directors Manual.
- M All Board Members shall always work on the basis of clear information and with good faith and the diligence required for serving the best interests of the Bank and all its shareholders.
- N All Board Members shall work effectively to comply with their responsibilities towards the Bank.
- O The Bank's Articles of Association include clear measures to dismiss the Board Members in case of absence from the Board meetings. Article 33 of the Bank's Articles of Association stipulates that, "If a Board Member is absent from three consecutive meetings of the Board or four non-consecutive meetings without an excuse accepted by the Board, such a Board Member shall be deemed resigned".

2.3 Board Members

A The existing Board consists of the following members:

Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani

He has been serving on the Board of Ahlibank since 2005, and as Chairman of the Board since 2011. He is a holder of a Bachelor of Finance degree, from Suffolk University, Boston, United States of America.

Position and Ownership of shares as at December 31, 2019

Chairman & Managing Director, and he owns (24,500,800) shares

Election/Appointment: 2017

End of tenure: 2019

Status: Non-Executive

Sheikh Nasser Bin Ali Bin Saud Al-Thani

He has been serving on the Board of Ahlibank since 1997, and has been the Deputy Chairman since 2013. He is currently the Chairman and Managing Director of Qatar General Insurance and Re-Insurance Company. He is also a Board Member of Trust Bank (Algeria), Trust Insurance Company (Algeria), Trust Insurance Company (Libya), Trust Investment, Oman Reinsurance, Jordanian Expatriates Investment Holding, World Trade Centre (Qatar), Al-Sari Trading Company (Qatar). He holds a Bachelor's Degree in Business Administration.

Position and Ownership of shares as at December 31, 2019

Deputy Chairman, and he owns (24,705,040) shares

Election/Appointment: 2017

End of tenure: 2019

Status: Executive¹

1. The status of the Executive Members is determined based on their membership of the Executive Committee and based on the definition of "Non-Executive Members" in the Governance Instructions.

2. The Board of Directors

2.3 Board Members

Continued..

Sheikh Jassem Bin Mohammed Bin Hamad Al-Thani

He has been serving on the Board of Ahlibank since 2014, and he is a Board Member of Mohamed Bin Hamad Holding Company (Qatar). He holds a Bachelor's Degree in Business Administration from Plymouth University in London, United Kingdom.

Position and Ownership of shares as at December 31, 2019

Board Member, and he represents Trans Orient Establishments, which owns (2,227,340) shares.

He owns (24,487,713) shares.

Election/Appointment: 2017

End of tenure: 2019

Status: Non-Executive

Sheikh Fahad Bin Falah Bin Jassem Al-Thani

He has been serving on the Board of Ahlibank since 2015. He holds a Bachelor of Finance degree from George Washington University, United States of America.

Position and Ownership of shares as at December 31, 2019

Board Member and he did not personally own any shares.

He represents Al Maha Capital, which owns (45,285,580) shares

Election/Appointment: 2017

End of tenure: 2019

Status: Independent-Non-Executive

Sheikh Faisal Bin Thani Bin Faisal Al-Thani

He has been serving on the Board of Ahlibank since 2014. He is currently the Head of Regional Portfolios at Qatar Investment Authority, Non executive director at Qatari Diar Real Estate Company, Non-executive director at Qatar Insurance Company, and Chairman at Qatar First Bank LLC. He holds a Bachelor of Business Administration degree from Marymount University, Virginia, USA, and an Executive Master's in Business Administration from HEC Paris.

Position and Ownership of shares as at December 31, 2019

Board Member and he did not personally own any shares. He represents Qatar Investment Authority that owns (1,103,898,030) shares as at December 31, 2019

Election/Appointment: He was appointed by Qatar Investment Authority in March 2017.

End of tenure: Tenure ends upon a written notification from Qatar Investment Authority.

Status: Non-Executive

Sheikh Salman Bin Hassan Al-Thani

He has been serving on the Board of Ahlibank since May 2017. He is currently the Chief Financial Officer at Qatar Foundation, overseeing the finance, strategy and risk functions. He holds a Bachelor's Degree in Banking and Financial Studies from Qatar University.

Position and Ownership of shares as at December 31, 2019

Board Member and he did not personally own any shares. He represents Qatar Investment Authority that owns (1,103,898,030) shares as at December 31, 2019.

Election/Appointment: He was appointed by Qatar Investment Authority in March 2017.

End of tenure: Tenure ends upon a written notification from Qatar Investment Authority.

Status: Non-Executive

2. The Board of Directors

2.3 Board Members

Continued..

Mr. Victor Nazeem Reda Agha

He has been serving on the Board of Ahlibank since 2005. He is currently the General Director of Al-Sadd Travel Agency (Qatar) and Al-Sadd Exchange Company (Qatar). He is a Board Member of Doha Insurance Company and Al-Majda Real Estate Investment Company and was formerly a Board Member of Al Sadd Sports Club (Qatar).

Position and Ownership of shares as at December 31, 2019

Board Member, and he did not personally own any shares. He represents Al-Majida Real Estate Investment Company, which owns (25,467,750) shares.

Election/Appointment: 2017

End of tenure: 2019

Status: Independent – Executive

Mr. Ahmed Abdulrahman Nasser Fakhro

He has been serving on the Board of Ahlibank since 1995. He is a Board Member of Qatar Cinema and Film Distribution Company (Doha). He previously held the position of Plenipotentiary Ministerial Envoy at the Ministry of Foreign Affairs, Doha.

Position and Ownership of shares as at December 31, 2019

Board Member and he owns (69,321,620) shares.

Election/Appointment: 2017

End of tenure: 2019

Status: Executive

2.4 Board meetings and attendance

- A The table below clarifies the attendance of the Board Members in the six (6) Board meetings in 2019. Noting that the absence of a member was for personal reasons, which the committee accepted, the absent member appointed a currently serving committee member as their proxy to act on their behalf.

Name	Position	Attendance
Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani	Chairman and Managing Director	6/6
Sheikh Nasser Bin Ali Bin Saud Al-Thani	Deputy Chairman	6/6
Sheikh Jassem Bin Mohammed Bin Hamad Al-Thani	Board Member	5/6
Sheikh Fahad Bin Falah Bin Jassem Al-Thani	Board Member	6/6
Sheikh Faisal Bin Thani Bin Faisal Al-Thani	Board Member	6/6
Sheikh Salman Bin Hassan Al-Thani	Board Member	6/6
Mr. Victor Nazeem Reda Agha	Board Member	4/6
Mr. Ahmed Abdulrahman Nasser Fakhro	Board Member	6/6

2.5 Main issues reviewed by the Board in 2019

- A Approve the Interim Financial Statements.
- B Approve a Bilateral and syndicated facilities availed by the Bank.
- C Approve the necessary arrangements for the third issue of US\$ 500 million European Medium Term Notes to support liquidity and stable funding.
- D Review and approval of the Bank's organisation chart.
- E Different resolutions which relate to the Bank's operations, policies and strategies.

2. The Board of Directors

2.6 Total remuneration paid to the Board Members:

- A The total remuneration paid to the Board Members are:
- i An amount of QAR 12,250,000 in Board fees for the year 2018 paid during 2019 after it was approved by the General Assembly.
 - ii An amount of QAR 3,780,000 for attendance allowance and membership of the committees for the year 2019.
-

2.7 Board Secretary

- A The Board has a Board Secretary, whose functions include recording, coordinating, and maintaining the minutes of all the Board's meetings and reports submitted by or to the Board, and providing them to the Board Members when needed.
- B Under the direction of the Chairman, the Board Secretary shall distribute information and coordinate among the Board Members and other stakeholders.
- C The current Board Secretary is holder of a Bachelor of Law degree and has over 15 years legal experience. He held several senior positions in local and international companies working as a legal counsel and as Secretary of the Board of Directors. In addition, he attended several courses related to his job as the Board Secretary and actively participated in Corporate Governance conferences and seminars.
-

2.8 Board Committees

In accordance with the Governance Regulations, and to increase the efficiency of the Board's control over the various activities and functions of the Bank, the Board has established committees, and delegated to such committees specific responsibilities and authorities to act on behalf of the Board. During the year 2019, Board committees, each in accordance with its relevant roles and responsibilities, reviewed different matters and passed resolutions or otherwise issued recommendations to the Board, covering areas and activities of the bank including lending, approval of tenders and purchases, approval of policies, review and approval of remunerations and bonuses, and several other matters which are in the normal course of business.

During the year 2019, each of the Board Committees passed resolutions or otherwise issued recommendations to the Board on certain matters which fall within the scope of its authorities.

Each of the Board Committees submitted a full year report to the Board about its work and recommendations.

The Board Committees are:

A **Audit Committee**

i The Audit Committee is composed of three members:

Name	Position	Attendance
Sheikh Jassem Bin Mohammed Bin Hamad Al-Thani	Chairman	6/6
Sheikh Fahad Bin Falah Bin Jassem Al-Thani	Member	6/6
Sheikh Salman Bin Hassan Al-Thani	Member	6/6

ii Roles and Responsibilities of the Committee:

- a) Consider recommendations, make necessary recommendations to the Board with regard to appointing the external auditors, determine audit fees, evaluate the external auditor in terms of qualifications, experience, resources, independence, objectivity, effectiveness, and respond to any questions in order to terminate a contract of the external auditors or dismiss them.
- b) Review the Financial Statements before submitting them to the Board, with focus on the following:
 - Any changes in accounting policies and procedures.
 - Significant amendments resulting from the audit.
 - Compliance with accounting standards.
 - Compliance with the instructions of Qatar Central Bank and Qatar Financial Markets Authority.
 - Compliance with legal and regulatory requirements applicable in the State of Qatar.
- c) Discuss problems and reservations arising from the interim and final audits, and any other matters the Committee needs to discuss with the external auditors.
- d) Review the contents of regular reports required or prepared by regulatory authorities, and then respond to these reports by the Bank.

2. The Board of Directors

2.8 Board Committees

Continued..

- e) Review the adequacy and completion of the plan and scope of Internal Audit, ensure coordination between the internal and external auditors and make sure that the internal audit process has sufficient and effective resources to carry out its responsibilities on an annual basis.
- f) Review the adequacy and completion of the Audit Plan and provide adequate resources to meet its annual plan on an annual basis.
- g) Consider the results of Internal Audit reports, along with any special reports required for the purposes of work, particularly with regard to high-risk observations, and executive management's responses, and follow up the implementation of the scheduled points within the prescribed deadline.
- h) The Committee shall submit to the Board any issue related to its scope of work or matters Committee deems necessary in order to inform the Board or take the appropriate decision by the Board.

B Risk and Compliance Committee

- i The Risk and Compliance Committee is composed of three members. Noting that the absence of a member was for personal reasons, which the Committee accepted, the absent member appointed a currently serving committee member as their proxy to act on their behalf:

Name	Position	Attendance
Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani	Chairman	3/3
Mr. Ahmed Abdulrahman Nasser Fakhro	Member	3/3
Mr. Victor Nazeem Reda Agha	Member	2/3

- ii Roles and Responsibilities of the Committee:
 - a) Review the scope of risk and compliance functions and authorities and duties of Directors of these departments.
 - b) Make sure that there are policies in place to manage all types of risks faced by the Bank and ensure the compatibility of these policies with applicable legal and regulatory requirements and the effectiveness of the Internal Control System and Risk Management.

- c) Review the reports submitted by the Risk Management and review steps taken to assess, monitor and control credit, operational and market risks.
- d) Review the adequacy and completion of the Compliance Plan, including training on compliance, monitoring and reporting, and provide adequate resources for the compliance function, in order to meet its annual plan on an annual basis.
- e) Consider any matters referred by the Board to the Committee.
- f) Make recommendations to the Board and present such recommendations to the Board for obtaining approval over the resignation or dismissal of the Head of Risk and Compliance and their employees.
- g) Evaluate the performance of Head of Compliance and Risk Management and approve their salaries and allowances and other matters pertaining to the salaries of all employees working in these departments (Subject to the applicable directives of the Bank with regard to the policies of salaries and remuneration).
- h) Review arrangements that enable employees, with confidence, to report concerns about possible violations in the financial reports or other important issues along with making sure that the necessary arrangements are in place to manage an independent and appropriate investigation into such matters.
- i) The Committee shall submit to the Board any issue related to its scope of work or matters the Committee deems necessary, in order to inform the Board or take the appropriate decision by the Board.

C Governance, Nominations and Remuneration Committee (“GNR”)

- i) The Governance, Nominations and Remuneration Committee is composed of three members. Noting that the absence of a member was for personal reasons, which the Committee accepted, and the absent member appointed a currently serving committee member as their proxy to act on their behalf:

Name	Position	Attendance
Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani	Chairman	4/4
Sheikh Faisal Bin Thani Bin Faisal Al-Thani	Member	3/4
Mr. Ahmed Abdulrahman Nasser Fakhro	Member	4/4

2. The Board of Directors

2.8 Board Committees

Continued..

- ii Roles and Responsibilities of the Committee:
 - a) Study, prepare and develop strategies, policies, systems, plans and budgets based on the directives of the Board.
 - b) Approve the general structure of the system of remuneration, incentives and advantages in accordance with the Bank's Articles of Association, Central Bank guidelines and the Governance Regulations and the Remuneration Policy.
 - c) Approve systems, procedures and controls for granting remuneration and allowances and update them, where necessary.
 - d) Make recommendations to the Board about the total amount of bonuses and remuneration based on the annual performance evaluation.
 - e) Make recommendations to the Board of Directors about remuneration, allowances of the Board Members and the Board's committees.
 - f) Determine the bonuses and remuneration paid to the Chief Executive Officer and his deputies in accordance with the annual performance evaluation system and to the Head of Audit Department, Head of Compliance and the Chief Risk Officer.
 - g) Carry out any other responsibilities delegated to the Committee by the Board to achieve the goals of the Bank.
- iii Other responsibilities of the Committee include:
 - a) Approve the opening and closing dates for nomination for Board membership.
 - b) Receive nomination requests for Board membership.
 - c) Evaluate nominees for Board membership based on the principle of fitness, suitability and qualification.
 - d) When the evaluation is completed, the Committee shall submit the results of evaluation and its recommendation to the Board, which in turn will notify the Central Bank along with a list of nominees with the personal questionnaire of the nominee, and the remaining documents and papers required two weeks prior to the convocation of the General Assembly meeting. The list sent to the Central Bank shall be signed by the Chairman of the Board.
 - e) Review the membership of the Board Committees, when required.

- f) The Committee shall meet three (3) times in a year. The Chairman of the Committee or his representative may invite the Committee to convene whenever necessity arises. The Committee held four (4) meetings during 2019.

D Executive Committee

- i The Executive Committee consists of three members who are:

Name	Position	Status ²
Sheikh Nasser Bin Ali Bin Saud Al-Thani	Chairman	Executive
Mr. Ahmed Abdulrahman Nasser Fakhro	Member	Executive
Mr. Victor Nazeem Reda Agha	Member	Executive

- ii Roles and Responsibilities of the Committee:

- a) The Committee is responsible to approve any credits or loans, which are in excess of Executive Management limits.
- b) Manage and operate the Bank's affairs according to the Annual Budget, Business Plan, and instructions related to the financial, administrative, operational, and credit policies approved by the Board, from time to time.
- c) Exercise authority delegated to the Committee by the Board regarding granting, renewing, and following up credit and investing and employing the funds, wherein the value of which exceeds the powers of the Executive Management.
- d) Approve various systems and banking products, plans and budgets within the policies approved by the Board.
- e) Assume any other responsibilities entrusted to the Committee by the Board to achieve the objectives of the Bank.

- iii The Committee meets at the request of its Chairman or Chief Executive Officer or the Board whenever necessary. The Committee issues its written resolutions by passing them without a meeting. The committee did not hold any meetings in 2019.

2. The status of the executive members is determined due to their membership in the Executive Committee

2. The Board of Directors

2.8 Board Committees

Continued..

E Tender Committee

i The Tender Committee consists of three members who are:

Name	Position	Attendance ³
Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani	Chairman	1/1
Sheikh Nasser Bin Ali Bin Saud Al-Thani	Member	1/1
Mr. Ahmed Abdulrahman Nasser Fakhro	Member	1/1

ii Roles and Responsibilities of the Committee:

- a) Receive bids, procurement offers and have them documented.
- b) Consider the offers of sale or purchase of properties and lands owned by the Bank or the Bank desires to own and make the necessary recommendations thereon to the Board.
- c) Review and approve the administrative, financial and technical requirements for all tenders and auctions.
- d) Consider and decide on tenders and purchase orders wherein the value of which exceeds a certain authority of Executive Management.
- e) Approve the Committees authorised by the Tender Committee to open the bids and tenders submitted thereto.
- f) When making recommendations to an accreditation body, the Committee is entitled not to adhere to the lowest price submitted thereto. In this case, the Committee shall disclose its justification within its recommendations submitted to the accreditation body.

iii The Committee meets at the request of its Chairman or Chief Executive Officer or the Board whenever necessary. The Committee issues its written resolutions by passing them without a meeting.

2.9 External Advisors

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

3. Management

3.1 Management's Details

- A The Bank's Management is composed of the Bank's senior employees who report to the Board or to the CEO. Management is responsible for preparing the Bank's organisational chart, which shall be finally approved by the Board.
- B Members of the Management shall contribute to the implementation and development of sound governance in collaboration with the Board and to ensure that operations are carried out in an efficient manner, and in compliance with the Bank's applicable policies and procedures and applicable laws and regulations.
- C Currently, the Management of the Bank is composed of the following:

Mahmoud Malkawi

Acting Chief Executive Officer

He did not own shares in the Bank as at 31-12-2019

Mahalingam Shankar

Deputy CEO Finance, Operations, and Technology.

He did not own shares in the Bank as at 31-12-2019

Ahmed Shehata

Acting Deputy CEO Retail and Private Banking

He did not own shares in the Bank as at 31-12-2019

Mohamed Al Namla

Deputy CEO Business Support Services and Human Resources

He did not own shares in the Bank as at 31-12-2019

Mohamed Ouf

Assistant General Manager-Legal

He did not own shares in the Bank as at 31-12-2019

Saad Al-Kaabi

Head of Human Resources

He did not own shares in the Bank as at 31-12-2019

2. The status of the executive members is determined due to their membership in the Executive Committee

3. Management

Trevor Bailey

Head of International Banking

He did not own shares in the Bank as at 31-12-2019

Johny AlKhoury

General Counsel and Board Secretary

He did not own shares in the Bank as at 31-12-2019

Maher Barakat

Head of Internal Audit

He did not own shares in the Bank as at 31-12-2019

Derek Kwok

Head of Treasury and Investment

He did not own shares in the Bank as at 31-12-2019

Kareem Salem

Acting Chief Risk Officer

He did not own shares in the Bank as at 31-12-2019

Khaldoun Al-Khateeb

Head of Compliance

He did not own shares in the Bank as at 31-12-2019

The total Bonus paid to the Senior Management for 2018, which was paid during 2019, amounted to QAR 7,860,000.

4. Internal Controls Over Financial Reporting (ICFR)

4.1 Management Report on ICFR

- A The Board is responsible for establishing and maintaining adequate internal control over financial reporting (ICFR). The Bank's ICFR has been designed and implemented pursuant to the Governance Regulations, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Bank's financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICFR includes disclosure of the controls and procedures designed to prevent misstatements.
- B The Board in its meeting 6/2018 adopted the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), for evaluating internal controls, and an evaluation of the design of internal controls over financial reporting has been conducted as at December 31, 2019 based on COSO requirements.
- C Design and implementation of ICFR was assessed by the Company's external auditors Deloitte and Touche being an independent accounting firm, which issued a reasonable assurance report on the Bank's assessment of ICFR.

4.2 Risks of Financial Reporting

- A The main risks in financial reporting are that either financial statements do not present a true and fair view due to inadvertent or intentional errors or the publication of financial statements not being done on a timely basis. A lack of fair presentation arises when one or more financial statement amounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions made based on such financial statements.
- B To confine those risks of financial reporting, the Bank established ICFR with the aim of providing reasonable but not absolute assurance against material misstatements and assessed the effectiveness of the Bank's ICFR based on the framework established by COSO, which recommends the establishment of specific objectives to facilitate the design and evaluate adequacy of a control system.
- C The COSO Framework includes 17 basic principles, and five components:
 - i Control environment
 - ii Risk assessment
 - iii Control activities
 - iv Information and communication
 - v Monitoring

4. Internal Controls Over Financial Reporting (ICFR)

- D Controls covering each of the 17 principles and five components have been identified and documented.
- E As a result of establishing ICFR, management has adopted the following financial statement objectives:
 - i Existence / Occurrence: assets and liabilities exist and transactions have occurred.
 - ii Completeness: all transactions are recorded, account balances are included in the financial statements.
 - iii Valuation / Measurement: assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts.
 - iv Rights and Obligations and Ownership: rights and obligations are appropriately recorded as assets and liabilities.
 - v Presentation and Disclosures: classification, disclosure and presentation of financial reporting is appropriate.
- F However, any internal control system, including ICFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICFR may not prevent all errors and fraud.
- G Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

4.3 Risks of Financial Reporting

- A Controls within the system of ICFR are performed by all business functions and infrastructure functions with an involvement in reviewing the reliability of the books and records that underlie the financial statements. As a result, the operation of ICFR involves staff based in various functions across the organization.

5. Organisation of the Internal Control System

5.1 Functions Involved in the System of ICFR

- A Controls within the system of ICFR are performed by all business and support functions with an involvement in reviewing the reliability of the books and records that underlie the consolidated financial statements. As a result, the operation of ICFR involves staff, based in various functions across the organization.

5.2 Controls to Minimize the Risk of Financial Reporting Misstatement

- A The system of ICFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which:
 - i are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
 - ii operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
 - iii are preventative or detective in nature;
 - iv have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
 - v feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

5. Organisation of the Internal Control System

5.3 Measuring Design, Implementation and Operating Effectiveness of Internal Control

- A For the financial year 2019, the Bank has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICFR considering:
- i The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
 - ii The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.
- B These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.
- C The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Loans and advances to customers, Customer deposits, Treasury, Commission income, Investment, Financial reporting and disclosures. The evaluation also included an assessment of the design, implementation, and operating effectiveness of entity level controls, information technology general controls, and disclosure controls. As a result of the assessment of the design, implementation, and operating effectiveness of ICFR, management did not identify any material weaknesses and concluded that ICFR is appropriately designed, implemented, and operated effectively as of December 31, 2019.

6. Ahlibank Shareholding Structure

6.1 Shareholding distribution according to Nationality

A Ahlibank is a 100% Qatari owned bank. The shareholding of major shareholders in the Bank is distributed as follows:

Main Shareholders (5% and more)	Classification	Nationality	Number of shares	Share of the capital
Qatar Investment Authority (Directly and Indirectly)	Governmental	Qatari	1,103,898,030	47.71%

6.2 Shareholding distribution according to number of Shareholders

Number of Shares	Number of Shareholders	Governmental	Private	Share of the capital
More than one million	121	2	119	96.81%
500,000 to million	41	0	41	1.24%
250,000 to 500,000	46	0	46	0.66%
100,000 to 250,000	93	0	93	0.63%
Less than 100,000	627	0	627	0.66%

7. Compliance

7.1 Disclosures

- A As part of Ahlibank's compliance with the Governance Instruction and Governance Code, the necessary actions have been taken, inter alia, in respect of the following:
- i The Board Members regularly attended or were represented in the Board of Directors and Board Committees, in order to achieve the best interest of the Bank and all shareholders without discrimination while elevating the interest of the Bank, shareholders and all stakeholders.
 - ii During the year 2019, and in compliance with the Governance Regulations and practices, the Board of Directors performed self-assessment, based on attendance and participation of a director in the Board and committees' meetings, and independence assessment. At Board level, an annual assessment exercise for the performance of the Board and its committees is conducted by the GNR which was then reported to the Board for review and recommendations.
 - iii The Chairman and Members of the Board of Directors have been notified of the obligations in Articles 98 of the Commercial Companies Law and Article 7 of the Governance Code and they signed an undertaking not to combine holding positions where it is prohibited to do so in accordance with the provisions thereof.
 - iv The Bank's Articles of Association are constantly reviewed to ensure their compliance with the Governance Regulations.
 - v The Bank has complied with the requirements of transparency and disclosure on Qatar Exchange with respect to disclosing its quarterly and year-end results and other general disclosures.
- B As for non-compliance;
- i The Chairman of the Board of Directors of Ahlibank Sheikh Faisal Bin AbdulAziz Al-Thani is a member of the Board Committees contrary to the Governance Code, as the Governance Instructions issued by Qatar Central Bank in circular no. (68/2015) dated on 26/7/2015 prohibits the Chairman of the Board to be a member of the Audit Committee without prohibiting his membership of the remaining committees. This is given that the constitution of the Board and Board Committees was reported to the supervisory authorities.
 - ii The Bank's AoA and Board Charter state that the Board shall be comprised of nine directors. However, the Board is currently comprised of eight members only, and the independent member is yet to be appointed by the Board.

- iii Sheikh Faisal Bin Thani Al-Thani is a member of the Board who represents QIA, is currently the Chairman of Qatar First Bank LLC, which is an investment bank listed on Qatar Exchange.
- iv The GNR Committee comprises of executive and non-executive members and is chaired by a non-executive member of the Board. The committee does not have any independent member.

7.2 Additional Disclosures

A Regulatory Penalties

- i No penalties which have been imposed on the Bank and which fall within the ambit of clause 2 of Article 4 of the Governance Code, during the financial year ended 31 December 2019, were material in value or have any adverse impact on the Bank's activities and operations, nor resulted out of any fraudulent or illegal activities of the Bank.

B Legal Cases

- i During the year 2019, the Bank filed several cases for recovery of debts, and where necessary, provisions have been taken in accordance with the QCB and IFRS rules and regulations as disclosed in the Bank's financial statements.
- ii None of the cases filed against the Bank is material in nature or may have an adverse impact of the Bank's financial status of its operations and activities. During the year 2019, no judgments were issued against the Bank.

C Compliance with Listing and Disclosure Rules

- i In the year 2019, the Bank fully complied with all listing and disclosure requirements set forth under the relevant laws and regulations.

8. Legal Structure of the Bank

Name	Legal Form
Ahlibank (Q.S.C.)	<p>Qatari Public Shareholding Company</p> <p>(The Bank was established under a decree No. (40) of the year 1983 dated on 16/6/1983. The Bank started activity on 4/8/1984. The Bank is licensed to practice banking business by Qatar Central Bank under license No.: SL/ 13/1984)</p>
Ahli Brokerage Company LLC	<p>A wholly owned subsidiary of Ahlibank QSC</p> <p>(Ahli Brokerage Company was established with a capital of (50) million Qatari Riyals. The company is approved by Qatar Central Bank and is licensed from the Qatar Financial Markets Authority (QFMA) and is a member of Qatar Exchange. The company started operations on 24/7/2011 in the trading of Financial Securities.)</p>
ABQ Finance Limited	<p>A wholly owned subsidiary of Ahlibank QSC</p> <p>ABQ Finance Limited is a company registered in the Cayman Islands and its purpose is to issue the European Medium Term Notes.</p>

9. Governance of the Bank

- 9.1 The Bank seeks to comply with the Governance Instructions issued by the Qatar Central Bank and all requirements of Corporate Governance, taking into account the international standards and practices followed in the field of Corporate Governance. The Bank has particularly been committed to the requirements and rules of disclosure applicable in Qatar Exchange and Qatar Financial Markets Authority. At the time of this report, the Bank has not committed any material violation of the legal and regulatory requirements, which may affect its financial position.
- 9.2 The Bank has a robust Corporate Governance structure which has been documented and communicated through internal policies and compliance with laws and regulations, and which include without limitation:

S/N	Subject
1	The Bank's Memorandum and Articles of Association
2	Qatar Central Bank Law
3	Governance Instructions (Qatar Central Bank)
4	Governance Code (Qatar Financial Markets Authority)
5	The Board Charter
6	Roles and Responsibilities of the Board Committees
7	Functions and powers of Executive Management
8	Personal Account Dealing policy
9	Whistle-blowing policy and procedures
10	Conflict of Interest policy
11	Governance Policy
12	Personal Account Dealing
13	Dividend Policy
14	Related Party Transactions Policy

9. Governance of the Bank

9.3 The Bank's Policies are updated frequently or whenever needed and their approval is centralised with the GNR Committee. A brief about the Bank's policies include the following:

A **Policy of Dealing with Personal Account**

This policy explains the concept of disclosure and undertaking in the trading of investment activities (through a form prepared for this purpose). It also details the rules and procedures for trading in such activities, in addition to the available and named practices and periods of banning trading for the Board, Executive Management and the Bank's employees. The policy also includes records of those having access, and which is under the responsibility of the Head of Compliance.

B **Whistle-blowing Policy**

This policy adopts the principle of "Whistle-blowing" in the event of any prohibited, illegal or non-professional practices. It also provides full protection for the employee who raised any allegations. Based on this policy, the Bank has an Independent Committee to study the cases of prohibited practices and take the disciplinary action in that regard, which may lead to dismissal from the position held. The policy also includes standards of compliance with good corporate governance, ethics, integrity and credibility that should be followed in practicing the banking business. It also involves the prohibited, non-legal, non-professional practices that lead to misconduct and misbehaviour. These practices include conflict of interest practices between the employee and the Bank or the customer, or any other parties.

C **Commercial Companies Law**

The Bank is committed to applying the provisions of the Commercial Companies Law, which describes matters that should be followed in case of presence of any interests, whether directly or indirectly, of the Chairman or any Board Member or one of the Directors in contracts, projects and arrangements, which are concluded with the Bank.

D **Instructions of Qatar Central Bank**

All facilities granted to the Chairman and the Board Members and their families and relatives shall be presented to the Board of Directors in each meeting to make sure that these transactions were conducted in accordance with the limits and controls set by the Qatar Central Bank.

E Code of Professional Ethics and Practices

The code obligates all employees not to use any internal information for personal interest to avoid conflict of interests. The signature of all employees on this Charter means their knowledge and compliance therewith.

F Human Resources Policy

This policy includes prohibited acts by employees, whether inside the Bank or with any parties outside the Bank, that may lead to a conflict of interest and it explains the disciplinary procedures and sanctions imposed in this regard.

G Communication Policy

This policy shows the communication channels of the key personnel of the Bank from various functional levels with the relevant parties.

H Corporate Governance Guidelines

This is a comprehensive guide for Corporate Governance

I Disclosure and Transparency Policy

This policy sets the requirements for disclosure and transparency in accordance with the Governance Regulations and other regulatory requirements

10. External Auditors

- 10.1 The External Auditor of the Bank shall be nominated by the Board during the General Assembly meeting, after obtaining the approval of Qatar Central Bank in order to appoint the Auditor for a maximum period of five years, as per Qatar Central Bank regulations. The re-appointment of the External Auditor shall be considered only after two years of last appointment.
- 10.2 The Bank's Articles of Association determine the mechanism of appointing the Auditor and its duties and rights to review, at any time, the books, records, and documents of the Bank, and to attend the meetings of the General Assembly and express its opinion regarding the Audit. The Auditor of the Bank for the financial year ending December 31, 2019 is Deloitte and Touche and their fees for the year 2019 amounted to QAR 963,500. The Audit Committee has the responsibility to discuss the Auditor's report and make its recommendations in this regard to the Board.
- 10.3 The Auditor shall be fully independent and shall attend the meetings of the General Assembly of the Bank.
- 10.4 As instructed by Qatar Central Bank, the Bank shall not proceed with any financial transactions or provide any facilities to the Auditor or its employees or members of their families to avoid any conflict of interest.

11. Internal Control

11.1 The Bank follows an Internal Control System approved by the Board. The Board and Senior Management shall participate in approving all policies and methods to address general risks and to ensure compliance with the different laws and regulations.

11.2 The Bank adopts the principle of three-level defence model for enterprise risk management as follows:

A **The First Level of Defence**

This level is represented in various departments that define the risks and submit reports thereon; it includes departmental policies and procedures, employee roles, responsibilities and training, and management oversight of activities in line with agreed policies and procedures and the Bank's Corporate Governance framework.

B **The Second Level of Defence**

This level includes the Risk Management Department, Compliance Department and Legal Affairs Department, according to their authorities and duties, to mitigate the risks, which fall within their powers. These departments ensure that the Bank carries out its activities within the appropriate risk limits and ensure compliance with the applicable legal and regulatory requirements. The Risk and the Compliance Departments issue periodical reports to the Risk and Compliance Committee of the Board.

C **The Third Level of Defence**

This level includes the Internal Audit Department, which shall carry out periodic reviews and evaluation to ensure the efficiency of internal controls and provide assurance that the first and second lines of defence achieve control objectives. This department submits periodic reports about its activities to the Audit Committee.

11.3 As at 31 December 2019, there were no failures in the Bank's controls which had any material adverse impact on the financial position of the Bank or its operations in general.

11. Internal Control

The Bank's Internal Control comprise of the following:

11.4 Risk Management

- A The risk management function ensures that:
- i Risk policies, procedures and methodologies are tailored in a manner that is in line with the regulatory guidelines and are consistent with the risk appetite of the Bank.
 - ii The overall business strategy and business activities conducted within the Bank are consistent with the risk appetite approved by the Board.
 - iii Appropriate risk management architecture and systems are developed and implemented for the Bank.
 - iv Adequate monitoring of portfolios' risks and limitations across the Bank.
- B The risk management function relies on the competence, experience, and dedication of its professional staff for performing the above-mentioned activities. Furthermore, the Board of Directors/ Board approved Committee and Executive Management Team are involved in the establishment of various risk processes and provide the periodic oversight and guidance of the risk management function. The risk management processes are subject to additional scrutiny by independent internal and external auditors, and the Bank's regulators, with periodic reporting to the Board/Board.
- C The approved Committee, functions in order to help further strengthen risk management best practices.
- D The Risk Management Department shall make its recommendations under the supervision of the Risk and Compliance Committee. These recommendations are reviewed by the Board, which adopts the main risk management policies at least once every year.
- E The Risk Management Department shall identify, analyse, evaluate, accept, measure, manage, and control all financial and non-financial risks that may have a negative impact on the performance and reputation of the Bank. The main risks associated with the business of the Bank are represented in the credit, operational, and market risks, which include foreign currency exchange, interest rates, stock prices, and liquidity, in addition to the operational risks and reputation-related risks.

- F The Bank, as part of the conservative policy for managing the market risks, applies conservative limits and restrictions in order to harmonise with the investment and trading portfolio and to be compatible with the business development needs and market conditions.
- G The Operational Risk Committee approves on an annual basis, the self-assessment process for the operational risks arising to execute the various banking businesses in the Bank. The Committee shall conduct a periodic follow-up and provide the appropriate controls, if necessary, in light of the nature and quality of these risks and their frequency and causes.
- H In case of disasters, the Recovery Plan and Business Continuity Plan is held by an independent External Auditor and the Qatar Central Bank.
- I Risk Management monitors internal and external fraud attempts, and investigates, and recommends course of action for additional measures for fraud risk mitigation.
- J IT Risk Security acts to identify, monitor, and manage potential information security or technology risks, whether internal or external, with the goal of mitigation or minimising their negative or adverse impact.
- K The Bank's Risk Department is constantly focused on the market dynamics and related risks and adapts to any changes and trends through an amending of our risk-based approach, policies and procedures. A main approach to managing risks is through our annual review and update of the Bank's risk appetite through renewing and updating the Bank's "Risk Appetite Framework" to cover changes in the market risk factors whether systematic or specific to the Bank's existing and /or new products. The Bank's risk policies at a wider scale include credit risk, market risk, operation risk, and fraud risk, and the risk related policies have been renewed and updated to cope with the local market, address the latest regulatory amendments, as well as adding new guidelines to match with the Bank's overall risk appetite.

11. Internal Control

11.5 Compliance

- A The Compliance function is responsible for identifying, documenting and assessing the compliance risks associated with the Bank's business activities and also aims to identify possible regulatory breaches. The Compliance risks include risk of legal / regulatory sanctions, material financial loss and loss of reputation as a result of not complying with the applicable laws, regulations and standards.
- B The Compliance function ensure that appropriate policies, procedures, systems and controls are established and maintained across the Bank to monitor the day-to-day operations, in order to comply with the AML/CFT law, FATCA and CRS regulations. Moreover, compliance function will review and assess regularly (at a minimum Yearly), the effectiveness of these policies to prevent money laundering and terrorist financing and prevent FATCA and CRS breaches.
- C Results of compliance assessments are reported to the Board Risk and Compliance Committee and relevant Executive Management persons on a quarterly basis. The Compliance reports summarise breaches and recommend corrective actions already taken and those, which shall be taken in accordance with agreed target dates.

11.6 Internal Audit

- A Internal Audit function is an integral part of the control environment of the Bank. It derives its delegated authority and mandates from its charter that is approved by the Board Audit Committee. It reports functionally to the Audit Committee and administratively to the Chief Executive Officer.
- B The Bank's Internal Audit Department is an independent department that provides objective assurance and consulting activities designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a risk based systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- C The Bank's Internal Audit Department has adopted QCB and QFMA guidelines in addition to the International Professional Practices Framework (IPPF), developed and maintained by the Institute of Internal Auditors (IIA).

12. Management Committees

The Bank has a number of internal committees, which manage the day-to-day operations and activities of the Bank. Amongst the Bank's Management Committees are:

12.1 The Asset- Liability Committee

- A The committee regularly holds its meetings over the year, and shall be responsible for managing the assets and liabilities of the Bank and complying with and following up the approved liquidity policy.

12.2 Special Assets Committee

- A The Committee is responsible for Special Assets, being assets of the Bank, which require monitoring and control in order to prevent loss, ensure recovery, restructuring, collection or legal actions.
- B The Committee is responsible for ensuring that recovery actions are taken with respect to all special assets and that the applicable regulatory requirements for provisioning on special assets are implemented in accordance with regulatory requirements and internal policies.

12.3 Credit Committee

- A The Committee holds regular monthly meetings to review the Corporate Banking, Retail Banking, and Private Banking exposures and to discuss the Corporate Banking Pipeline. Approvals on facilities take place by circulation, while any exception or elevations are discussed during the committee meetings.
- B The Committee exerts all possible efforts to ensure the quality of the Bank's assets and mitigate the risks inherited in the lending business.

12.4 Investment Committee

- A The Committee regularly holds its meetings over the year and is responsible for reviewing the investment strategy of the Bank to ensure maximising the assets return, while maintaining the boundaries within the regulatory requirements.

12.5 Operations Risk Committee

- A The Committee holds meetings on a quarterly basis to review the Operational Risk incidents and the required action plan to rectify it. The Committee is also responsible for the Disaster Recovery Plan and follow-up for the required procedures to keep the Disaster recovery site ready for any unanticipated risks.

13. Related Party Transactions

- 13.1 During the year 2019, and in accordance with the instructions of the Qatar Central Bank, all transactions related to the Board Members, and the facilities granted to them and to their families, relatives, and subsidiaries, were presented during each Board meeting to ensure that such transactions have been conducted in accordance with the permitted limits set by the Qatar Central Bank, and after obtaining the necessary approvals.
- 13.2 As of 31 December 2019, there were no major related party transactions in the Bank's book that require shareholders' approval.
- 13.3 The Bank has a Related Party Transactions Policy, which governs related party transactions and the related procedures, as well as establishment of a related party transactions register.
- 13.4 Pursuant to the Related Party Transactions policy, the Bank's Risk department shall hold a special register (the "Register") of all related Party Transaction within the Bank, which shall include details of all Related Party Transactions.
- 13.5 The Register of Related Party Transactions shall be made available for inspection by the Bank's shareholders who are entitled to inspect the Register without any fees and the Bank is committed to updating the mentioned Register on periodical basis in a way that reflects the factual situation of the Related Party Transaction.
- 13.6 The risk management department shall have the obligation to frequently update the Register in order to at all time reflect the names and details of the Related Parties and Related Party Transaction.

14. Shareholders' Rights

- 14.1 The shareholder shall have the right to examine the Register of Shareholders in the Bank during the official working hours of the Bank free of any charge. Every interested party is entitled to request the correction of data contained in the record, especially if any person is logged or removed from the record without justification, based on Article No. 11 of the Bank's Articles of Association. The shareholder is entitled to obtain a copy of the Bank's Articles of Association. As the Bank is listed in the Qatar Exchange, the Bank shall comply with the provisions of the internal regulation of the market, regulations, laws and instructions regulating trading of securities in the State by disclosing and providing information and documents required for all shareholders.
- 14.2 Chapter Five of the Bank's Articles of Association describe the shareholders' rights with regard the General Assembly of the Bank, fair treatment of the shareholders, the exercise of voting rights and the election of members. Chapter Seven includes the rights of shareholders related to dividend distribution. The Board proposes dividends distribution to shareholders in the General Assembly meeting and discuss and approve this distribution by the shareholders.
- 14.3 Pursuant to Article No. 50 of the Bank's by-laws, the Board is entitled to invite the General Assembly, if required, and may invite the General Assembly upon the request of the auditor or a number of shareholders representing at least 10% of the capital, provided that the auditor or the shareholders has reasons sufficient to justify their calling for a meeting.
- 14.4 Further, the Bank's Articles of Association was amended to protect the right of shareholders and to ensure that they are equal and shall have all the rights with relation to their shareholding in accordance with the provisions of the law and the relevant resolutions and regulations. This is reflected expressly in Article 8 of the Bank's Articles of Association. Further, Article 31 of the Bank's Articles of Association stated that the Board represents all the shareholders and shall protect their rights. Moreover, Articles 53 gave every shareholder the right to attend the General Assembly and to approve or object on any of its decisions and resolutions.
- 14.5 Accordingly, the shareholders enjoy all the rights granted to them under the relevant laws and regulations, including the Corporate Governance Instructions and System.

15. Corporate Social Responsibility

At the heart of the community.

- 15.1 Being an integral component of the Qatari society, the Bank is cognisant of its corporate social responsibility towards the Qatari community. In accordance with this approach, and to uphold the general policy of Qatar Central Bank and the QFMA Governance Code as per Article 39 thereof, the Bank has been active in contributing towards wellbeing and welfare of the community in general, preserving natural resources and the environment.
- 15.2 Reflecting Ahlibank's commitment to be at the heart of the community, and playing its role in community development, the Bank once again donated to Qatar Society for Rehabilitation of Special Needs for Ramadan related initiatives.
- 15.3 Further we donated to Shafallah Centre, the leading institution providing model services to persons with mental disabilities and autism in the State of Qatar, which includes education, rehabilitation, societal awareness and legal support for achieving all their daily life rights and integrate them in Qatari society.
- 15.4 We sponsored a Thyroid Conference in support of Qatar Cancer Society. The conference covered the latest developments in the treatment of thyroid cancer and focused on raising awareness among the public about cancer and ways to combat the disease.
- 15.5 Recognising that sport is an integral part of Qatari society the Bank participated in the QCB Football championship 2019 – 20 and we also sponsored Al Shamal Sports Club's 2019 Championship.
- 15.6 During 2019, we continued our mission to support key areas that raise awareness among the public, while offering personal or financial support.
- 15.7 The Bank also participated in a Blood Donation campaign to contribute and support the Blood Bank in Qatar and to raise awareness of the importance of donating blood.
- 15.8 To recognise the efforts of our people, in year ended 31 December 2019, we honoured 68 colleagues for their years of service at the Ahlibank long-service awards ceremony, recognising their commitment to the Bank and their personal contribution to the Bank's success.

The Outlook

The Outlook for 2020 continues our aspiration to be at the heart of the community. Hence, we will remain focused on our CSR programme, continue to support initiatives and ensure that our role in community development will become more crucial.



Faisal Bin AbdulAziz Bin Jassem Al-Thani
Chairman & Managing Director

16. Ahlibank Organisational Structure 2019

Corporate Secretary

DCEO – Business Support, Services & Human Resources

- Facilities Management
- Projects and Properties
- Human Resources

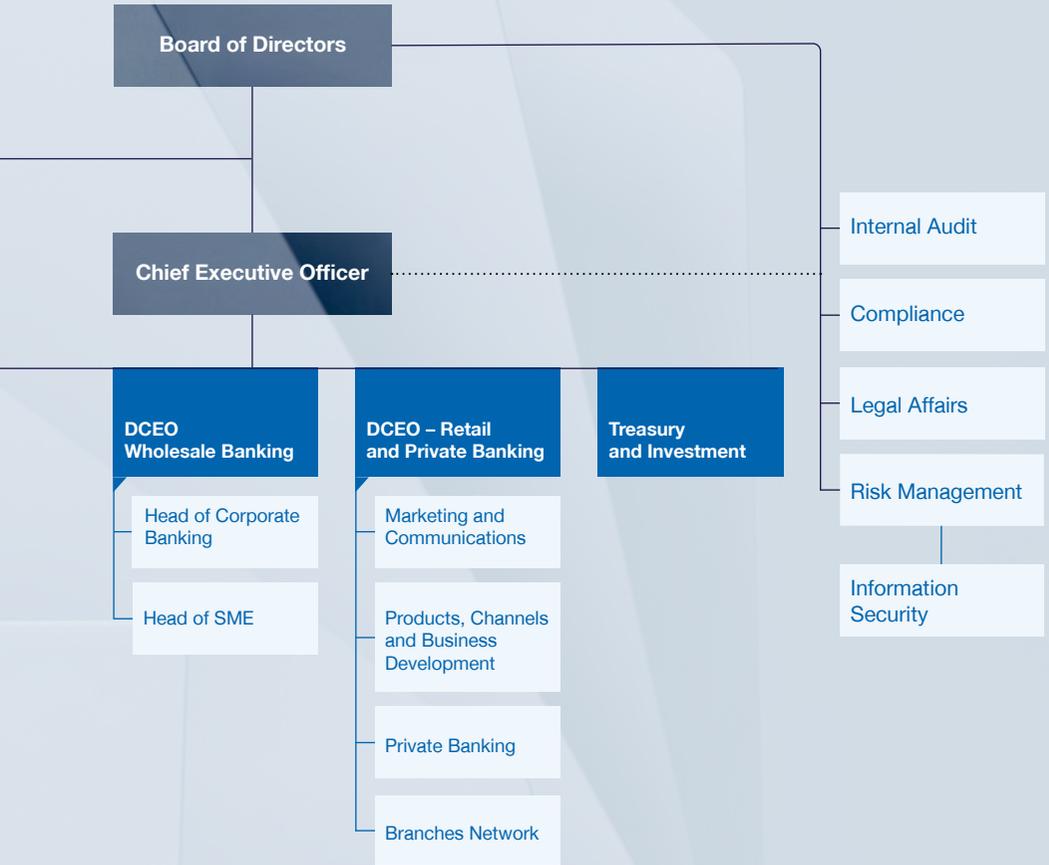
International Banking

Head of IT and Central Operations

- Information Technology
- Central Operations

DCEO – Finance, Operations and Technology

- Finance
- Strategy and Analysis
- Trade Finance







البنك الأهلي
ahlibank

