



AUDIT COMMITTEE

Terms of Reference 2019

Approved by the Board of Directors

In Board Meeting 06-2019

Dated 04/12/2019

1. INTRODUCTION

- 1.1 Based on Qatar Central Bank governance instructions under circular No. 68/2015 issued on 26/07/2015 about “Governance Instructions” and “Corporate governance regulations for companies listed on the main market” and issued by Qatar Financial Markets Authority, Ahli bank Board of Directors established an Audit Committee to play a key role in identifying the specific matters within these functions and any other matters stipulated in the above mentioned governance guidelines.

2. AUDIT COMMITTEE PURPOSE

- 2.1 To assist the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct.

3. AUDIT COMMITTEE AUTHORITY

- 3.1 The committee is empowered to obtain any other legal or professional advice relating to its assigned role.
- 3.2 The committee has the right to seek the assistance of any external parties with the necessary expertise and knowledge after informing the Board of Directors.
- 3.3 The committee does not supervise the day-to-day administrations work and does not have executive authorities.
- 3.4 The committee must submit its recommendations and findings to the board of directors regarding the issues within its competence on a regular basis.

4. AUDIT COMMITTEE FUNCTIONS

- 4.1 The Committee will, as applicable, carry out the following functions:
- (a) Supervise the accuracy and correctness of the financial statements and review authentication of the bank interim, and year-end financial statements. In addition, discuss them with the Executive Management and the External Auditor before being presented and approved by the Board of Directors, with particular emphasis on:
- (i) Any changes in accounting standards, implementation and practices.
 - (ii) Significant adjustments resulting from the audit.
 - (iii) Areas subject to discretionary provisions by executive management.
 - (iv) The Bank continues to exist and proceeding its activities successfully.
 - (v) Compliance with adopted accounting standards and principles established by Qatar Central Bank and Qatar Financial Markets Authority.
 - (vi) Compliance with the rules of listing in the market.
 - (vii) Compliance with disclosure rules and other requirements related to financial reporting.
 - (viii) Recommend the action plan to rectify weaknesses in the internal control reported in the management letter.
- (b) Supervise all matters relating to the external auditor, which shall include, without limitation:
- (i) Recommend to the Board of Directors the nomination, dismissal and fees. In addition, the scope and results of the audit and inspection of the tasks assigned to the external auditor.
 - (ii) Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.

- (iii) To meet with the External Auditor whenever necessary, and to coordinate with the Executive Management and to consider any important and unusual matters contained or will be contained in the financial reports, accounts and internal controls.
 - (iv) Provide quick response to the Board of Directors on queries and questions contained in the External Auditor's letters or reports.
 - (v) Whenever necessary, to meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- (c) Responsible for all matters relating to the internal audit department, for example:
- (i) Approval of the Internal Audit Manual and charter.
 - (ii) Recommend to the Board of Directors the selection, appointment and termination of the services of the Head of Internal Audit.
 - (iii) Recommend to the Board of Directors any adjustments related to the allocated budget, resources plan and the powers necessary for the internal audit department, in order to ensure that it carries out the responsibilities and tasks related to it effectively.
 - (iv) Approve the annual audit plan and all major changes to the plan. Review the internal audit activity's performance relative to its plan.
 - (v) Review the performance of the internal audit department as prepared by the Head of the internal audit department and to issue recommendations with relation thereto to the Board or to the relevant committee of the Board such as the Governance, Nomination and Remuneration Committee.
 - (vi) Review the Internal Audit self-assessment/conformance report on the Internal Audit Department's conformance with governance and other regulatory requirements, the guidelines of the Institute of Internal Auditors (IIA), code of ethics and international standards for professional practice of internal audit.
 - (vii) Whenever the committee deems necessary, to meet separately with the Head of Internal audit to discuss any matters that the committee or internal audit believes should be discussed privately.
 - (viii) Consideration of the results of the internal audit reports and any special reports requested for business purposes, in particular with regard to high-risk observations and the executive management responses thereon.
 - (ix) General follow-up of the implementation of the scheduled points within the target date.
 - (x) Issue decisions to the executive management by implementing the recommendations contained in the internal audit reports submitted to the committee.
 - (xi) Whenever required coordinate between the internal auditor and the external auditor of the bank.
- (d) Coordinating with the Risk and Compliance Committee on the assessment and hedging of risk management systems.
- (e) Review the findings of any examinations by regulatory agencies, any other auditors' observations and the bank's management responses on these reports. Moreover, follow up the correction of the violations contained therein, and establish the necessary controls to ensure that they did not repeat them.
- (f) Ensure the integrity and independence of internal and external audit and avoid any kind of influence by the executive management, obtain statements from the auditors on relationships between the auditors and the group including non-audit services, and discussing the relationships with the auditors.
- (g) Consideration of any matters referred by the Board of directors to the committee.

- (h) Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes (If any), and ensure appropriate disclosure as may be required by law or regulation.
- (i) Review the reports prepared by the Internal Audit Department, the External Auditor, Qatar Central Bank and other supervisory authorities. In addition, Review the effectiveness and adequacy of the internal control system and ensure that the executive management performs its duties towards the development of an effective internal control system.

5. PERIODIC MEETINGS

- 5.1 The Committee meets at least four times each year and additional meetings may held if required. A member of the Committee may attend the meeting remotely in the necessary cases by any means that allows him to hear and speak, including by telephone or of any modern communication. Its meetings may be scheduled in conjunction with regularly-scheduled meetings of the board.
- 5.2 The Committee may invite any non-member to attend any meeting, including the Chief Executive Officer, the Head of the Internal Audit Department, the External Auditor and any employee invited to attend.

6. AUDIT COMMITTEE COMPOSITION

- 6.1 The Committee must consist of three members of the board directors, the majority of whom must be independent and non-executive, and the chairman of the board must not be a member of the Committee. The members of the committee must appointed by a decision of the Board of Directors by specifying their names and positions.
- 6.2 No member of this Committee must be a member of another Committee.
- 6.3 To the extent possible, the members of the Committee must have expertise in financial, accounting and auditing.

7. QUORUM AND VOTING

- 7.1 The quorum for the meeting and the meeting of the Committee must be composed of two members and the decisions must be taken by the committee with the approval of the majority of the members. The member objecting to any decision must prove this objection in the meeting minutes of the committee in accordance with the provisions of the law in this regard.

8. REPORTING

- 8.1 Regularly report to the board of directors about committee activities, issues, and related recommendations.
- 8.2 Provide an open avenue of communication between internal audit, the external auditors, and the board of directors.
- 8.3 Review any other reports issued by the bank and which relate to the committee's responsibilities.

9. URGENT MATTERS

- 9.1 In case of necessity, and where the Committee cannot be convened for any reason, any urgent matters can be passed on the Committee members by circulations and the Committee may pass any resolutions by passing. Matters may be passed to the committee members by email or any other electronic media, and resolutions may be collected via the same electronic media which

allow the members to review any given matter and to be able to discuss it and to issue their approval, rejection or abstention.

10. COMMITTEE SECRETARY

10.1 The secretary of the board of directors acts as secretary of the committee. In the absence of the secretary, the committee may appoint the head of legal department or one of his staff to serve as secretary of the committee.

11. COMMITTEE SECRETARY DUTIES

11.1 Circulate the agenda and documents of the meeting to the members of the committee.

11.2 Prepare and keep minutes of meetings and record all decisions taken by the committee.

11.3 Circulate the minutes of the meeting to all members of the committee within one week from the date of the meeting and obtain their accreditation.

11.4 To inform the persons concerned of the decisions of the committee in order to implement them, and to inform the committee at subsequent meetings of the progress of the implementation procedures.

11.5 Submit the minutes of each meeting to the Board of Directors for approval

11.6 Coordinating with the concerned departments regarding the updating of the functions and responsibilities of the audit committee.

12. ADDITIONAL ISSUES

12.1 Where required by the Committee, the Bank's CEO will receive copies of such reports, resolutions or recommendations issued by the committee and the CEO must coordinate if necessary to address any deficiencies in a timely manner.

12.2 The Chairman of the Audit Committee and its members may request reports on any irregularities which have occurred during the daily work or any exceptions to the Bank's regulations, policies and procedures.

12.3 The Head of internal audit has the right to have direct access to the audit committee members on substantive issues submitted to the audit committee if necessary

13. REVIEW AND UPDATE

13.1 The Committee members shall have the right to review and update, amend, restate or replace these terms of reference and the functions and responsibilities of the audit committee whenever needed whenever required by its members.