

البنك الأهلي
ahlibank



Governance
Report **2017**

With You

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Dear Shareholders of Ahli Bank QSC,

Greetings,

This Corporate Governance report is based on (i) the Corporate Governance Instructions issued by Qatar Central Bank in circular no. (68/2015) dated 26/7/2015 (“**Governance Instructions**”) which defined governance as a system of relationships between the bank’s management, Board of Directors, shareholders and other stakeholders, and which set a clear mechanism through which goals are developed as well as the means to achieve such goals, and for performance monitoring. Governance determines powers and the decision-making process and on (ii) 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**”) which mainly aims to establish the principles of good governance and determine the functions and responsibilities of the Board of Directors, Senior Executive Management and employees of the Company, promote principles of justice and equality among stakeholders and encourage the society development and advancement.

In general, the system of Corporate Governance in Ahlibank is intended to maintain the rights of shareholders, provide equal treatment for each of them, protect the interests of small shareholders and focus on disclosure of information and ensure its transparency as well as setting the duties and responsibilities of the Board of Directors, and Senior and Executive Management, in order to achieve the objectives of the Governance Instructions and the Governance Code.

A critical requirement of Corporate Governance is transparency and disclosure whereby companies are required to release a Corporate Governance report on an annual basis. To this effect, we are pleased to provide you with the Corporate Governance report of Ahlibank for 2017.

Sincerely,

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

Board of Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure to announce to the shareholders that Ahlibank achieved positive results for the year ended 31 December 2017.

2017 was a challenging year which tested our resilience, capitalising on our continuing efforts for building solid foundations and ensure stability. Our performance was characterised by its flexibility and quick response to changes, and I am pleased to report a steady performance of our Bank for the year 2017, achieving a profit of QAR 639,712 thousand compared to QAR 631,748 thousand for the year 2016, with earnings per share equal to QAR 3.19 (QAR 3.15 in 2016). Total assets grew to reach QAR 39.88 billion compared to QAR 38.16 billion at the end of 2016.

The Bank continues to have a quality credit portfolio, whereby Non-Performing Loans (NPL), (excluding performing loans under watch list) stood at 0.99% by year end, which remains a relatively low percentage and controlled NPL ratio.

As a result of the stable performance for the year 2017, and taking into consideration the benefit of the shareholders and the Bank, and to support the Bank's growth and expansion and its capital adequacy ratio, and to build additional reserves to hedge against future risks which will ensure a long term value for the shareholders, the Board recommended and approved the distribution of cash dividends at the rate of 10% and free shares at the rate of 5%.

Stability of the Bank's funding remained a prime focus for the Board of Directors to comply with regulatory ratios as well as provide strong financial foundations for continued growth. A major achievement for 2017 was the highly successful and well timed second US\$ 500 million five-year bond issue, with a competitive 3.5% fixed coupon. The continued support of the Bank's geographically diverse international investors demonstrated great confidence in Qatar and the Bank. We also established our US\$ 500 Million Commercial Papers and Certificates of Deposits Programme to assist the Bank's diversification of short term liquidity as well as ability to achieve competitive cost of funds.

2017 was a year we led the way. Our Bank was 'first-to-market' with Visa PayWave technology and was recognised as the first Visa PayWave issuer in Qatar. We upgraded our ATM network and launched our CDM network giving customers within our community access to a competitive range of self-service banking facilities.

Support for our Qatari community was unwavering with products launched for our esteemed Qatari customers by way of exclusive loan rates for new Personal and Buyout loans, and mortgages.

Our Corporate Banking department continues to support projects that contribute to our community, abide by our values, and deepen our strong relationships with our customers to increase our quality assets and maintain our margins.

In addition to honouring colleagues for their long-service and commitment to our Bank, we added a new category of 'Outstanding Performing Qataris'. This was to recognise our Qatari colleagues for their dedication and hard work to our Bank, as they grow and develop the Bank and themselves, along and with other future Qatari leaders. Each person was deservedly recognised, and we thank them once again for their valued efforts.

It is an honour to extend our sincere appreciation and gratitude to His Highness Sheikh Tamim Bin Hamad Al-Thani, the Emir, may God protect him, and to His Excellency the Prime Minister Sheikh Abdullah Bin Nasser Al-Thani and His Excellency the Minister of Finance and His Excellency the Minister of Economy and Trade for their confident leadership. We also extend appreciation to His Excellency Sheikh Abdullah Bin Saud Al-Thani, the Governor of Qatar Central Bank, and his deputy, and all the Qatar Central Bank staff for their unwavering support and dedication to the Banking community.

To our customers, I convey our genuine appreciation for their trust and continued support. And to you, dear shareholders, we offer our thanks and gratitude for the support and encouragement you have provided.

Finally, on behalf of the Board and the Bank's shareholders, we would like to express our appreciation to the Bank's management team and employees for the results achieved during 2017, for without your daily efforts they would not be possible.

In conclusion, I ask God Almighty to help us progress to greater prosperity and success, and to lead us in being a true and valued member of the community we hold so dearly.

Al Salamu Alaikum

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

First: Corporate Governance disclosures

Board of Directors:

First: Constitution of the Board

The Board consists of eight members¹. Six members shall be chosen by election for a period of 3 years, and they were elected during the general assembly meeting of Ahlibank in 2017 and their tenure will expire upon the approval of the 2019 Financial Statements, while Qatar Foundation for Education, Science and Community Development² appoints two members to represent it on the Board. Appointment and removal of the ninth member is made by the Board of Directors as subject-matter independent member in accordance with the provisions of the Bylaws. The existing Board consists of the following members:

Name	Position and Ownership of shares as at December 31,2017	Election/ Appointment	End of tenure	Status ³
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. Holder of a Bachelor of Finance, Suffolk University, Boston, United States of America	Chairman & Managing Director He owns 2,121,282 shares	2017	2019	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-and Sari Trading Company (Qatar). He holds a bachelor's degree in Business Administration.	Deputy Chairman He owns 2,138,965 shares	2017	2019	Executive

1 The ninth member will be added to the Board in accordance with the requirements of Governance Instructions, and the Bylaws have been amended accordingly.

2 The major part of the shareholding of Qatar Foundation for Education, Science and Community Development was transferred to Qatar Investment Authority towards end of December 2017.

3 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.

Name	Position and Ownership of shares as at December 31,2017	Election/ Appointment	End of tenure	Status ⁹
<p>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.</p>	<p>Board Member He represents Trans Orient Establishments which owns 2,124,277 shares. He owns 2,124,277 shares.</p>	<p>2017</p>	<p>2019</p>	<p>Non-Executive</p>
<p>Sheikh Fahad Bin Falah Bin Jassem Al-Thani He has been serving on the Board of Ahlibank since 2015. Holder of Bachelor of Finance - George Washington University, United States of America</p>	<p>Board Member He did not personally own any shares. He represents Al Maha Capital which owns 3,920,830 shares.</p>	<p>2017</p>	<p>2019</p>	<p>Independent</p>
<p>Sheikh Faisal Bin Thani Bin Faisal Al-Thani He has been serving on the Board of Ahlibank since 2014. He is currently the Qatari Investment Director at Qatar Investment Authority, a Board Member of Nakilat and a Board Member of Qatar Insurance Company. Holder of Bachelor of Business Administration - Marymount University, Virginia, USA, and an Executive Masters in Business Administration from HEC Paris.</p>	<p>Board Member He did not personally own any shares.</p>	<p>He was appointed in March 2014 by Qatar Foundation for Education, Science and Community Development which owned 11,786,159 shares accounting for 5.88% of the Bank's Share capital as at December 31, 2017.</p>	<p>Tenure ends upon a written notification from Qatar foundation for Education, Science and community Development.</p>	<p>Non-Executive</p>

Name	Position and Ownership of shares as at December 31,2017	Election/ Appointment	End of tenure	Status ⁴
<p>Sheikh Salman Bin Hassan Al-Thani⁴ 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. His main responsibilities include Qatar Foundation’s strategic planning and business planning, budget development, performance management and risk management activities. He was also the Director of Strategy and Business Development in addition to Chief Financial and Tax Officer at Qatar Financial Centre Authority. He holds a bachelor’s degree in banking and financial studies from Qatar University.</p>	<p>Board Member He did not personally own any shares.</p>	<p>He was appointed in March 2017 by Qatar Foundation for Education, Science and Community Development which owned 11,786,159 shares accounting for 5.88%4 of the Bank’s Share capital as at December 31, 2017.</p>	<p>Tenure ends upon a written notification from Qatar foundation for Education, Science and community Development.</p>	<p>Non-Executive</p>
<p>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 (Doha, Qatar).</p>	<p>Board Member He did not personally own any shares He represents Al-Majda Real Estate Investment Company which owns 2,205,000 shares.</p>	<p>2017</p>	<p>2019</p>	<p>Executive</p>
<p>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.</p>	<p>Board Member He owns 6,001,873 shares.</p>	<p>2017</p>	<p>2019</p>	<p>Executive</p>

⁴ Mr. Fahed Al Qahtani was replaced by Sheikh Salman Bin Hassan Al-Thani pursuant to the request of Qatar Foundation for Education, Science and Community Development. Sheikh Salman Bin Hassan Al-Thani attended the first meeting of the Board of Directors in the meeting 4/2017 held on 07/06/2017.

Second: Functions and Authorities 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 Corporate Governance. A summary of the main functions and authorities of the Board is set out below:
1. Provide, develop and re-evaluate the work strategies, objectives and policies, and approve, supervise and review the internal control systems.
 2. Approve, evaluate and develop the Bank's organisational structure, and determine the functions, competences, duties and responsibilities.
 3. Form committees; set up their works programmes and determine their powers, duties and responsibilities; delegate the powers of decision taking, determine the powers of signature on behalf of the Bank.
 4. Evaluate the current and future risks to which the bank may be exposed; adopt risk policies and comply with their procedures.
 5. Supervise the implementation of, and evaluate and develop the programmes and procedures of work ensuring their adequacy and suitability.
 6. Appoint and supervise the internal control department; ensure its fairness and independency.
 7. Nominate and contract with an External Auditor with high efficiency and competency, and to determine his fees.
 8. Review the reports of Executive Management, Internal Audit and External Audit, and approve the interim and final accounts of the Bank.
 9. 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.
 10. 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.
 11. Support and clarify the Corporate Governance values and rules of professional conduct by adopting the policies and rules of Corporate Governance.
 12. Organise the nomination process of Board Members in a transparent manner, and disclose information related to the nomination procedures of the shareholders.
 13. Carry out any duties or responsibilities, which the Board sees as necessary in order to achieve the Bank's objectives.
- B. In addition to the foregoing, the non-executive Board Members shall pay special attention to the following duties:
1. 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.
 2. Express an independent opinion about the strategies and policies of the Bank, evaluate the Bank's performance, and assess the adequacy and quality of human resources in the Bank as well as the approved labour standards.

3. Observe the Bank's performance in achieving its objectives and goals; review the periodical performance reports and provide skills, experiences, specializations and qualifications to serve the best interests of the Bank and its shareholders.
 4. Supervise and develop the Corporate Governance rules, procedures, and applications in the Bank.
- C. The Board shall be mainly responsible towards the shareholders, other parties, Qatar Central Bank, Qatar Financial Markets Authority, Qatar Stock Exchange and other official authorities in the state.
- D. It shall be noted that there is a separation of responsibilities between the positions of Chairman and Chief Executive Officer, and two different persons assume these positions.
- E. The Board shall hold a minimum of six meetings annually in line with Article (36) of the Bank's by-laws. According to Article (35), all Board meetings shall be held upon a notice issued from the Chairman or from 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 2017.
- F. 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. Under the

direction of the Chairman, the Board Secretary shall distribute information and coordinate among the Board Members and the Board and the other stakeholders. It shall be noted that the Secretary is holder of a Bachelor of Law 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.

Third: other functions and duties of the Board.

- A. The Board represents all shareholders, and is committed to achieving what is in the best interest of the Company and performing their duties with responsibility, good faith, diligence and care.
- B. The Board Members shall have immediate and full access to information, documents and Bank-related records.
- C. The General Assembly must be attended by all the Board Members, including Chairman of the Board committees, and the invitation is sent to Companies Control Department at the Ministry of Economy and Commerce, Qatar Central Bank, External Editor, Qatar Financial Markets Authority, Qatar Stock Exchange, and key employees in the Bank, such as Chief Executive Officer, his deputies, Director of Internal Audit and others.
- D. 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. The Board of Directors also has a manual which includes the following:

S/N	Subject
1.	The Bank's Memorandum and Articles of Association
2.	Qatar Central Bank Law
3.	Corporate Governance Instructions (Qatar Central Bank)
4.	Corporate Governance Code (Qatar Financial Markets Authority)
5.	The Board Charter
6.	Authorities and Duties 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 Interests policy
11.	Governance Policy

- E. 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 and shall have the ability to provide professional contribution 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.
- F. Every Board Member shall perform its duties with due diligence and loyalty and shall comply with institutional authority as defined in the relevant laws and regulations, including Corporate Governance Code issued by the Qatar Financial Markets Authority and the Board of Directors Manual.
- G. 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.
- H. All Board Members shall work effectively to comply with their responsibilities towards the Bank.
- I. The Bank's by-laws include clear measures to dismiss the Board Members in case of absence from the Board meetings. Article (33) of the Bank's by-laws stipulates that "If a Board member is absent from three consecutive meetings of the Board or five non-consecutive meetings without an excuse accepted by the Board, such Board Member shall be deemed resigned."

Fourth: the Board meetings and attendance

- A. The table below clarifies the percentage of attendance of the Board Members in the six (6) Board meetings in 2017, noting the absence was for personal reasons which were accepted by the Board and that the majority of the members appointed a member 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	6/6
Sheikh Fahad Bin Falah Bin Jassem Al-Thani	Board Member	6/6
Sheikh Faisal Bin Thani Bin Faisal Al-Thani	Board Member	5/6
Sheikh Salman Bin Hassan Al-Thani	Board Member	5/6
Mr. Victor Nazeem Reda Agha	Board Member	5/6
Mr. Ahmed Abdulrahman Nasser Fakhro	Board Member	6/6

Fifth: the main issues reviewed by the Board and issue decisions thereon in 2017

- A. Approve the Interim Financial Statements
- B. Approve a term loan of US\$ 250 Million from Barclays Bank
- C. Approve the necessary arrangements for the second issue of US\$ 500 million European Medium Term Notes to support liquidity and stable funding.
- D. Different resolutions related to the Bank's operations, policies and strategies.

Sixth: total remuneration paid to the Board Members:

The total remuneration paid to the Board Members are:

- A. An amount of QAR 12,120,000 in Board fees for the year 2016 paid during 2017.
- B. An amount of QAR 2,880,000 for attendance allowance and membership of the committees for 2017.

Seventh: The Board's committees

The Board delegated part of its powers to a number of committees, which are:

A. Audit Committee

The Audit Committee is composed of three members:

Name	Position	Attendance
Sheikh Jassem Bin Mohammed Bin Hamad Al-Thani	Chairman	5/5
Sheikh Fahad Bin Falah Bin Jassem Al-Thani	Member	5/5
Sheikh Salman Bin Hassan Al-Thani	Member	4/5

Authorities and Duties of Audit Committee:

Duties:

1. 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.
2. 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.
3. Discuss problems and reservations arising from the interim and final audits, and any other matters the committee needs to discuss with the external auditors.
4. Review the contents of regular reports required or prepared by regulatory authorities, and then respond to these reports by the Bank.
5. 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.
6. Review the adequacy and completion of the Audit Plan and provide adequate resources to meet its annual plan on an annual basis.
7. 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.

A. Audit Committee (contd.)

Authorities and Duties of Audit Committee: (contd.)

Duties: (contd.)

8. Review of policies and procedures developed by the executive management to apply the instructions of Regulatory authorities, and requirements of Financial reports.
9. Review the scope of Internal Audit department.
10. The Committee shall submit to the Board any issue related to its scope of work or the Committee deems necessary in order to inform the Board or take the appropriate decision by the Board.

B. Risk and Compliance Committee

The Risk and Compliance Committee is composed of three members:

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	3/3

Responsibilities and Competences of the Committee:

1. Review the scope of risk and compliance functions and authorities and duties of directors of these departments.
2. Make sure that there are policies in place to manage all types of risk 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.
3. Review the reports submitted by the Risk Management and review steps taken to assess, monitor and control credit, operational and market risks.
4. 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.
5. Consider any matters referred by the Board to the Committee.
6. Make recommendation to the Board and present such recommendation to the Board for obtaining approval over the resignation or dismissal of the Head of Risk and Compliance and their employees.
7. 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).
8. 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 of the necessary arrangements are in place to manage an independent and appropriate investigation into such matters.
9. The Committee shall submit to the Board any issue related to its scope of work or the Committee deems necessary in order to inform the Board or take the appropriate decision by the Board.

C. Governance, Nominations and Remuneration Committee

The Governance, Nomination and Remuneration Committee is composed of three members:

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

Responsibilities and Competences of the Committee:

1. Study, prepare and develop strategies, policies, systems, plans and budgets based on the directives of the Board.
2. Approve the general structure of the system of remuneration, incentives and advantages in accordance with the Bank's by-laws, Central Bank guidelines and the Governance System.
3. Approve systems, procedures and controls for granting remuneration and allowances and update them, where necessary.
4. Make recommendation to the Board about the total amount of bonuses and remuneration based on the annual performance evaluation.
5. Make recommendation to the Board of Directors about remuneration, allowances of the Board Members and the Board's committees.

6. Determine the bonuses and remuneration paid to the General Manager and his deputies in accordance with the annual performance evaluation system and to the head of Audit Department, head of Compliance and Head of Risk Management.

7. Carry out any other responsibilities delegated to the Committee by the Board to achieve the goals of the Bank.

Responsibilities of the Committee shall include:

1. Approve the opening and closing dates for nomination for Board membership.
2. Receive nomination requests for Board membership.
3. Evaluate nominees for Board membership based on the principle of fitness suitability and qualification.
4. 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.
5. Review the membership of the Board Committees, when required.

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 2017.

D. Executive Committee:

The Executive Committee consists of three members who are:

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

Responsibilities and Duties of the Committee:

1. 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.
2. Exercise authority delegated to the Committee by the Board regarding granting, renewing, and following up credit and investing and employing the funds which value exceeds the powers of the Executive Management.
3. Approve various systems and banking products, plans and budgets within the policies approved by the Board.
4. Assume any other responsibilities entrusted to the Committee by the Board to achieve the objectives of the Bank.

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 without a meeting.

E. Tender Committee

The Tenders Committee consists of three members who are:

Name	Position
Sheikh Faisal Bin Abdulaziz Bin Jassem Al-Thani	Chairman
Sheikh Nasser Bin Ali Bin Saud Al-Thani	Member
Mr. Ahmed Abdulrahman Nasser Fakhro	Member

Responsibilities and powers of the Committee:

1. Receive bids, procurement offers and have them documented.
2. 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.
3. Review and approve the administrative, financial and technical requirements for all tenders and auctions.
4. Consider and decide on tenders and purchase orders that exceed QAR 400,000, if they are budgeted.
5. Consider and decide on tenders and purchase orders that exceed QAR 200,000, if they are unbudgeted.
6. Approve the Committees authorised by the Tender Committee to open the bids and tenders submitted thereto.
7. When making recommendation 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 recommendation submitted to the accreditation body.

E. Tender Committee (contd.)

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 having to without a meeting.

<p>1. Mahmoud Malkawi⁵ Acting Chief Executive Officer He did not own shares in the Bank as at 31-12-2017</p>	<p>2. Mahalingam Shankar Deputy CEO Finance, Operations, and Technology He did not own shares in the Bank as at 31-12-2017</p>	<p>3. Hassan El Efranj Deputy CEO Retail and Private Banking He did not own shares in the Bank as at 31-12-2017</p>
<p>4. Mohamed Al Namla Deputy CEO Business Support Services He did not own shares in the Bank as at 31-12-2017</p>	<p>5. Mohamed Ouf Executive Manager of Legal He did not own shares in the Bank as at 31-12-2017</p>	<p>6. Saad Al-Kaabi Head of Human Resources He did not own shares in the Bank as at 31-12-2017</p>
<p>7. Trevor Bailey Head of International Banking He did not own shares in the Bank as at 31-12-2017</p>	<p>8. Johnny AlKhoury General Counsel and Board Secretary He did not own shares in the Bank as at 31-12-2017</p>	<p>9. Maher Barakat Head of Internal Audit He did not own shares in the Bank as at 31-12-2017</p>
<p>10. Derek Kwok Head of Treasury and Investment He did not own shares in the Bank as at 31-12-2017</p>	<p>11. Kareem Salem⁶ Acting Chief Risk Officer He did not own shares in the Bank as at 31-12-2017</p>	<p>12. Khaldoun Al-Khateeb⁷ Acting Chief Compliance Officer He did not own shares in the Bank as at 31-12-2017</p>

⁵ Mahmoud Malkawi was appointed as Acting Chief Executive Officer by a Board resolution following the resignation of former Chief Executive Officer Salah Murad.

⁶ Kareem Salem was appointed as Acting Chief Risk Officer following the resignation of the former Chief Risk Officer Hans Broekhuisen until a replacement is appointed.

⁷ Khaldoun Al-Khateeb was appointed as Acting Head of Compliance succeeding the late Zakaria Abedraboh, former Head of Compliance.

The total Bonus paid to the Senior Management for 2016, which were paid during 2017 amounted to QAR 6,282,439.

1. Shareholding distribution according to Nationality

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 Foundation for Education, Science and Community Development.	Private	Qatari	11,786,159	5.88
Qatar Holding	Governmental	Qatari	35,354,693	17.65
Qatar Investment Authority	Governmental	Qatari	47,980,253	23.95

2. Shareholding distribution according to number of Shareholders

Number of Shares	Number of Shareholders	Governmental	Private	Share of the capital
More than one million	36	3	33	84.58
500,000 to million	10	0	10	3.68
250,000 to 500,000	25	1	24	4.59
100,000 to 250,000	43	0	43	3.30
Less than 100,000	810	1	803	3.837

3. Compliance or Non-Compliance Disclosures

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:

1. The Board members regularly attended or were represented in the Board of Directors and Board Committees, in order to achieve the best interest of Ahlibank and all shareholders without discrimination while elevating the interest of the Company, shareholders and all stakeholders.
2. The Board of Directors performed self-assessment and independence assessment.
3. The Chairman and Members of the Board of Directors signed an undertaking not to combine holding positions where it is prohibited to do so according to the provisions of law and the Governance Code.
4. The spokespersons were nominated by a Board resolution and the relevant policy was updated.
5. The Bank's Bylaws were amended to ensure compliance with the requirements of the Governance Regulation and approval thereof was included in the agenda of the general assembly to be held on 20/02/2018. Voting was adopted in accordance with the Commercial Companies Act and the Governance Code.

As for non-compliance, the Chairman of the Board of Directors of Ahlibank 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. In all cases, the constitution of the board and board committees was reported to the supervisory authorities.

4. Legal Structure of the Bank

Name	Legal Form
Ahlibank (Q.S.C.)	Qatari Shareholding Company (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)
Ahli Brokerage Company LLC	A wholly owned subsidiary of Ahlibank QSC. (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). The company started operation on 24/7/2011 in the trading of Financial Securities.)
ABQ Finance Limited	A wholly owned subsidiary of Ahlibank QSC. A company registered in the Cayman Islands and which purpose is to issue the European Medium Term Notes.

Corporate Governance of the Bank

Ahlibank seeks to comply with applying 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 particularly has been committed to the requirements and rules of disclosure applicable in Qatar Stock 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.

The Bank has Corporate Governance policy related to other internal policies, forming a comprehensive system of Corporate Governance. These policies include, without limitation:

1. Compliance Policy
2. Conflict of Interest Policy
3. Code of Professional Ethics and Practices
4. Whistle-blowing Policy and Procedures
5. Fraud Prevention Policy and Procedures
6. Remuneration Policy
7. Human Resources Policy

Auditors

The 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.

The Bank's by-laws determines the mechanism of appointing the Auditor and its duties and rights to review, at any time, the books, records, and documents of the company, and to attend the meetings of the General Assembly and express its opinion regarding the Audit. It should be noted that the Auditor of the Bank for the financial year ending December 31, 2017 is M/S. Deloitte and their fees for the year 2017 amounted to QAR 500,000. The Audit Committee has the responsibility to discuss the Auditor's report and make its recommendations in this regard to the Board.

The Auditor shall be fully independent and shall attend the meetings of the General Assembly of the Bank. 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.

Internal Control

The Bank follows an Internal Control System approved by the Board. The Board and the senior management shall participate in approving all policies and methods to address the risks. 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.

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 Ahlibank 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.

The Credit and Investment Committee shall follow up and monitor the daily management process of the Credit Risk. Moreover, the Bank is committed to applying the Basel II and Basel III Guidelines related to the calculation of the capital adequacy according to the schedule prepared by the Basel Committee and the Qatar Central Bank. The credit exposures that indicate the presence of material problems and failure in payment shall be entrusted to a specialised private assets department, in which these cases are followed up through monthly and periodic reports.

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.

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.

In case of disasters, the Recovery Plan and Business Continuity Plan is hold audited by an independent External Auditor and the Qatar Central Bank.

The Asset-Liability Committee of the Bank, which regularly holds its meetings over the year, shall be responsible for complying with and following up the approved liquidity policy.

The Bank adopts the principle of three-level defense against various risks:

The first level of defense: This level is represented in various departments that define the risks and submit reports thereon;

The second level of defense: 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.

The third level of defense: This level includes the Internal Audit Department, which carry out periodic review and evaluation to ensure the efficiency of internal controls. This department shall submit periodic reports of its activities to the Audit Committee of the Board.

Related-party transactions

The Bank has a clear policy for dealing with related party transactions and conflict of interest through the Bank's policy approved by the Board of Directors. This policy includes the following subjects:

- 1. 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 Head of Compliance.

2. **Whistle-blowing Policy and Procedures:** This policy adopts the principle of “Whistle-blowing” in the event of any prohibited, illegal or non-professional practices, and 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.
3. **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.
4. **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.
5. **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.

6. **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.
7. **Communication Policy:** This Policy shows the communication channels of the key personnel of the Bank from various functional levels with the relevant parties.

Pursuant to the instructions of the Qatar Central Bank, the Bank shall present all transactions related to the Board Members and the facilities granted to them and to their families, relatives, and subsidiaries in each Board meeting to make sure that such transactions have been conducted in accordance with the permitted limits set by the Qatar Central Bank and after obtaining the necessary approvals.

Shareholders' Rights

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 by-laws. The shareholder is entitled to obtain a copy of the Memorandum of Association and by-laws of the Bank. As the Bank is listed in the Qatar Stock 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.

Chapter Five of the Bank's by-laws describes 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.

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.

Accordingly, the shareholders enjoy all the rights granted to them under the relevant laws and regulations, including the Corporate Governance Instructions and System.

Sheikh Faisal Bin Abdulaziz Bin Jassem Al-Thani

Chairman & Managing Director

Ahlibank Organisational Structure 2017



