

### **Background:**

- The Bank is in the process of obtaining QFCRA's approval for Mr. Salem Al Marri (representing the Qatari Armed Forces Investment Portfolio) and Dr. Mohammed Al Qahtani to exercise the Non – Executive Governance Function at the Bank.
- Both applicants are affiliated with parties for which the Bank had already provided a credit facility at a date prior to the applicants' nomination and election to the Bank's Board of Directors.
- If the applications are to be approved by QFCRA, the two applicants will be considered a related party to the Bank and the value of the granted credit facilities will exceed the limits on lending to related parties as set by QFCRA's iBank Rule 4.8.7.
- Accordingly, the purpose of this presentation is to seek your approval for a waiver for Barzan Holding and Generic Engineering Co. from the Board-Approved Limit (0.5 % of total assets for each party) in respect of Related Party transactions of the Board Members with the Bank for the year 2019. (Subject to QFCRA approval)

### **Controls and Governance (Barzan Holding):**

- The facility to Barzan Holding is equivalent to 3.78% of the Bank's total assets and it was provided in January of 2019 before Salem was nominated as the Qatari Armed Forces Investment Portfolio's representative to the QFB Board of Directors.
- The Bank did not provide terms more favorable to Barzan Holding than a corresponding transaction with a non-related party.
- The Bank obtained Letter of Guarantee from the Qatari Ministry of Defense as a security to support the credit facility.
- Mr. Salem will not be involved in discussions or voting related to the relationship with Barzan Holding.
- No further credit facilities will be provided to Barzan Holding and all items related to the relationship will be performed in accordance with the controls defined under Bank's policies and procedures.

### **Controls and Governance (Dr. Al Qahtani):**

- The credit facility was granted to GET before Dr. Mohammed was nominated to the QFB Board of Directors.
- The Bank identified that Dr. Mohammed does not maintain any personal or business relationship with GET.
- The Bank did not provide terms more favorable to GET than a corresponding transaction with a non-related party.
- Dr. Mohammed will not be involved in discussions or voting related to the relationship with GET.
- The Bank's credit exposure to Dr. Mohammed will only be effective in case of a GET default.
- No further credit facilities will be provided to GET and all items related to the relationship will be performed in accordance with the controls defined under the Bank's policies and procedures.

### **Conclusion:**

- The Bank is comfortable that its controls and systems will allow it to properly manage the identified potential conflict of interest scenario and related party exposure to ensure that the associated risk is managed.
- The Bank also believes that the Board membership of the two applicants will have a positive impact on the Bank's governance, reputation and operations.
- Accordingly, we seek your approval to exempt Barzan Holding and Generic Engineering Co. from the Board-Approved Limit in respect of Related Party transactions of the Board Members with the Bank for the year 2019.

Further information is found on the next slides for your review if required.

## Quantification and Analysis:

- The below table includes information on the Bank's related party financing position (for Barzan and GET) as of May 31, 2019. The total assets amounts to QAR 2,622,472,680 as at May 31, 2019

Identification of the Related Party and the affiliation to QFB	Percentage of value from total assets after offsetting	Impact on QFB's compliance with QFCRA's limits on lending to related parties
GET - Dr. Al Qahtani is the personal guarantor and he is a Board member subject to QFCRA approval	8.44%	This is a breach of QFCRA's limits on lending to related parties (i.e 0.5 % to Board members or senior management)
Barzan Holdings - Mr. Salem Al Marri is the CFO of Barzan Holding and also a Board Member of QFB subject to QFCRA approval.  Also , the Qatari Armed Forces Investment Portfolio directly own Barzan Holding	0.49% utilized limit  3.8% if total limit	If based on total limit, this is a breach of QFCRA's limits on lending to related parties (i.e 0.5 % to Board members or senior management))
Total (including the other related parties)	13.31% for utilized limits.  16.61% for total limits.	This is a breach of QFCRA's total limits on lending to related parties (i.e 3 % to Board members or senior management and 5 % to other related parties)