



# *Rising to the challenge*

Corporate Governance Report  
2018





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# *proud to be qatari*

We take pride in being a Qatari bank in our country. Commercial Bank's development over more than four decades has mirrored the spectacular growth of Qatar, and as a leader in the private sector, we have a responsibility to give back to our country. Commercial Bank supports economic diversity and sustainability through our innovative approach to business and we are helping to build Qatar's human capital by investing in people and our community of which we have been part of since 1975.









# 1. Chairman's Message

Dear Commercial Bank Shareholders,

The Board of Directors of Commercial Bank is pleased to present the Annual Corporate Governance Report 2018 as per the guidelines and instructions issued by the Qatar Central Bank on 26 July 2015 by virtue of Circular No. 68/2015; the Commercial Companies Law (promulgated by Law No. 11 of 2015); the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority pursuant to Decision No. 5 of 2016; and all applicable laws and regulations in Qatar.

The Board of Directors firmly believes that good corporate governance is fundamental in ensuring the proper management of Commercial Bank in the interests of all of our stakeholders. We recognise that the way we interact with stakeholders is key for the success of our business and the transparent disclosure of our governance assists investors in their investment decisions.

We continue to enhance our corporate governance framework as the Bank's business evolves and regulatory requirements change. This Report describes the corporate governance best practices that Commercial Bank has adopted and highlights how we apply the principles and provisions of applicable governance laws and regulations.

During 2018, Commercial Bank's core governance documents, namely the Corporate Governance Charter, Board of Directors Charter and Board Committees Charter, were each reviewed and updated for compliance with the QFMA Corporate Governance Code and changes to the Bank's business. We were delighted to welcome HE Mr. Khalaf Ahmed Al Mannai as the new representative of Qatar Insurance Company (a Board Member). We also effected required changes to the Board of Directors organisational structure.

In support of Commercial Bank's five-year strategic plan, the Board of Directors continued to work with the Executive Management team towards our vision to be the best bank in Qatar recognised for our five Cs: corporate earnings quality, client experience, creativity and innovation, culture, and compliance. As one of the five Cs, compliance is a fundamental part of Commercial Bank's strategy in recognition that good governance is the essential foundation for growth.

Actions taken under our five-year strategic plan are reflected in the Bank's improved financial performance and the market is recognising our achievements in the form of award wins such as "Best Bank in Qatar 2018" from Global Finance magazine, together with the "Best Remittance Bank in the Middle East 2018" and "Best Retail Bank in Qatar 2018" from The Asian Banker. We enjoy strong credit ratings of (A3) from Moody's, (A) from Fitch, and (BBB+) from Standard & Poor's and the confidence of the international investor community in the strength of Commercial Bank has been evident in the high quality and geographical diversity of participating banks and investors in our major debt issuances in 2018.

Being a publicly listed Qatari company engaged in banking activities, Commercial Bank has complied with the provisions of the QFMA Corporate Governance Code, QCB Corporate Governance Guidelines, and all the disclosure requirements (including financial reporting), as required by Qatar Exchange and other regulatory authorities.

On behalf of The Board of Directors of Commercial Bank and the Executive Management team, we thank all of our shareholders for their continuing trust and confidence.

**Abdulla Bin Ali Bin Jabor Al Thani**  
Chairman

## 2. Governance Framework

Effective governance is, at its core, simply about doing the right things for stakeholders. It is enabled by having the right checks and balances throughout the organisation to ensure that the right things are always done. It comprises the processes and structures which affect the way an organisation is directed, managed and monitored and its activities are reported, including: the elements of internal control, ethics, various risk functions, policies and procedures, internal audit, external audit and formal committees that promote greater transparency and facilitate efficient and effective management for the best interests of stakeholders.

The main rules, procedures and practical application of Commercial Bank's governance are contained in the Bank's Corporate Governance Charter, Board of Directors Charter and Board Committees Charter. These charters reflect Commercial Bank's long-standing ethical governance practices and the regulatory requirements mandated by:

- guidelines and instructions issued by the Qatar Central Bank on 26 July 2015 by virtue of Circular No. 68/2015 (QCB Corporate Governance Guidelines);
- the Commercial Companies Law promulgated by Law No. 11 of 2015 (CCL); and
- the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority pursuant to Decision No. 5 of 2016 (QFMA Corporate Governance Code).

These charters also follow the recommendations of leading international best practice for corporate governance developed by the Organisation for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS), and the International Institute of Finance (IIF).

In 2018, each of the Corporate Governance Charter, Board of Directors Charter and Board Committees

Charter was updated to take into account the provisions of the QFMA Corporate Governance Code. Following Commercial Bank's Extraordinary General Meeting on 21 March 2018, the Bank's Articles of Association were amended to comply with the provisions of the Commercial Companies Law and QFMA Corporate Governance Code. The three charters and the Articles of Association can be found on the Bank's website at [www.cbq.qa](http://www.cbq.qa).

### 2.1 Commercial Bank's Corporate Governance Principles

The Board understands that sound corporate governance principles and practices are fundamental to maintaining the trust of its stakeholders, which is also critical in business growth, sustainability and profitability. The Board is committed to implement the corporate governance principles of justice, equality among stakeholders without discrimination, transparency and disclosure, while upholding the values of corporate social responsibility and acting in the public interest of Commercial Bank and stakeholders over their personal interests, as well as performing their duties, tasks and functions in good faith, integrity, honour and sincerity. The implementation of these principles is driven by a qualified Board aided by a seasoned and experienced Executive Management team. The Board ensures that the Bank adheres to these corporate governance principles in its day-to-day activities at all times.

### 2.2 Shareholders' Rights and Communication

The Board and Chairman's responsibilities detailed in the Corporate Governance Charter were expanded in 2018 to govern the interests of not only the Bank but also "partners, shareholders and stakeholders, and to achieve public interest and investment development in the State as well as the community" as per Article 2 of the QFMA Corporate Governance Code. This amendment formalises and documents the Board's pre-existing position.

Commercial Bank upholds the principle of equality among shareholders, with shareholders' rights detailed in the Bank's AOA and Corporate Governance Charter including (but not limited to) the:

- Equitable treatment of all holders of shares falling under the same class, and between holders of different classes of shares without prejudice to the rights of shareholders of those classes which have priority in ranking;
- Protection of minority shareholders in major transactions;
- Right to vote;
- Right to attend and participate at the AGM personally or by proxy; and
- Approve the dividend distribution endorsed by the Board.

A hallmark of an effective and transparent communication is one which puts emphasis on the integrity, timeliness and relevance of information provided but continually mindful that the level of information disclosed does not negate the Board's duty to protect the long-term sustainability of the Bank or provide unfair advantage to some shareholders over the others.

In line with the Bank's AOA and Corporate Governance Charter, the Bank maintains effective and candid communication with its shareholders, which enables them to understand the business, its financial condition, its operating performance and trends, actively participate in the AGM and to execute their voting rights. In 2018, Commercial Bank created a Head of Shareholder Relationships position to oversee effective communication channels with shareholders, receive their opinions and complaints, and make shareholders' opinions known to the Board.

Apart from the Annual Report and formal shareholders' meetings, the Bank regularly provides

a wide range of information for all stakeholders through its website [www.cbq.qa](http://www.cbq.qa) which contains the Bank's corporate governance charters, financial data and non-financial information.

### 2.3 Corporate Social Responsibility

Commercial Bank's longstanding commitment to Corporate Social Responsibility (CSR) was formalised in the Corporate Governance Charter in 2018 by including the provisions of QFMA Corporate Governance Code Article 39 relating to community development and preservation of the environment. A detailed report of the Bank's CSR activities in 2018 is contained in the Annual Report.

### 2.4 Code of Conduct

In addition to Commercial Bank's corporate governance charters, the Board is responsible for setting the Bank's professional conduct rules found in the bank-wide Code of Conduct, and regularly reviews the Bank's internal policies and procedures that are binding on the Board, Executive Management and employees.

The bank-wide Code of Conduct serves as a guide to the everyday professional conduct of Board Members, Executive Management and employees. The Code covers all applicable laws and regulations and the highest standards of business ethics that Bank employees should be aware of and comply with in the conduct of their day-to-day business activities. Further standards of conduct expected from the Board are also covered in the Board of Directors Charter.

The Code extends to the Bank's subsidiaries and outsourced staff and covers the following specific topics:

- Compliance with laws and regulations;
- Board and employee conduct;
- Restrictions on accepting gifts or commissions;
- Avoiding conflict of interest;

- Quality service and operational efficiency;
- Protection and proper use of Bank assets;
- Prohibition on insider trading;
- Media relations and publicity;
- Whistle-blowing;
- Relations between employees and the Bank;
- Use of proprietary and insider information and stakeholder information;
- Employee information and privacy; and
- Respect for human rights and prohibition of discrimination within the workplace.

## 2.5 Conflict of Interests and Related Party Transactions

The Bank has adopted clear rules and procedures governing granting of credits, outside employment, outside directorships, business interests, related parties and any transaction/situation that raises questions or doubts with respect to possible conflicts of interest. These rules and procedures are documented in the Bank's Code of Conduct and Corporate Governance Charter, and are applicable to the Bank's Board, Executive Management, employees and other stakeholders (including shareholders, customers, and service providers, among others).

The Corporate Governance Charter requires the Bank's Board, Executive Management, employees and other stakeholders (where applicable) to:

- Avoid situations that may create actual or perceived conflict of interest;
- Act in a responsible and respectable manner and remain free of influences that may result in the loss of objectivity on business conducted with the Bank's customers or with the Bank itself;
- Protect staff members who prepare conflict of interest reports from any retribution made by those included in such reports (whistle blowing);
- Avoid soliciting gifts from prospective or current customers, vendors or any other individual or business;

- Avoid disclosing inside information to outside entities with malicious intention to benefit from the disclosure;
- Restrict persons from using the Bank's information for personal gain; and
- Disclose Board Member holdings to the public/stakeholders.

In regards to insider trading, the Bank has clear rules and procedures governing the trading of securities which are documented in the Bank's Corporate Governance Charter. In general, in accordance with QSE bylaws, Commercial Bank's Board Members, Executive Management or employees are not permitted to exploit inside information about the Bank for trading in its shares to seek personal benefit or benefit to other persons, nor disclose information which is not yet disclosed to QSE and is capable of affecting the prices of the securities or trading in the QSE.

### Related Party Transactions:

The Board is required to approve related party transactions, and material related party transactions require subsequent approval by shareholders at the Bank's AGM. The Bank has adopted clear rules and procedures governing transactions with related parties, which are documented in the Bank's Corporate Governance Charter.

Board Members and Executive Management are required to disclose to the Board whether they have directly, indirectly or through third parties, a material interest in any transaction or matter directly affecting Commercial Bank. Related party transactions require the prior review and endorsement of the Board and when considering the approval of a related party transaction, a legitimate business case must be developed including the arm's length nature of the proposed transaction and the disclosure implications of such a transaction.

To ensure independent decisions, related parties are not permitted to attend the Board meeting while discussing that related party transaction or relationship in question, and are not entitled to vote regarding the transaction. The Board must disclose related party transactions in detail to shareholders and material related party transactions are approved by shareholders at the Bank's AGM.

The Bank has observed and complied with the definition and protocols required by applicable regulatory authorities with respect to related party transactions it has entered into during 2018. In compliance with QFMA Article 4.11, related party transactions are disclosed in the Bank's consolidated financial statements within the Annual Report 2018, Note No. 39.

### 3. The Board of Directors

#### 3.1 Role of the Board, Board Committees and Executive Management

The Board is entrusted by the shareholders with the authority to govern the Bank, oversee its operations and provide effective governance over the Bank's key affairs. The responsibilities of the Board of Directors are clearly defined in the Bank's AOA, Corporate Governance Charter, and Board of Directors Charter in compliance QFMA Corporate Governance Code Article 8, which can be found on the Bank's website at [www.cbq.qa](http://www.cbq.qa)

In order to provide an organised and focused means of achieving the Bank's goals and to properly address issues in a timely manner, the Board has set up Board Committees in accordance with leading practices and applicable local governance regulations. In addition, the Board has assigned the day-to-day management of the Bank to the Executive Management, subject to clear instructions and within the bounds of their delegated authority.

#### 3.2 Board Composition and Directors' Qualifications

The Bank currently has nine Directors, whose details and qualifications can be found in Disclosures, Section 1. Three Directors are independent and five are non-executive. The Bank is in compliance with QFMA Corporate Governance Code Article 6 by at least one-third of the Board being comprised of independent Board Members, and a majority comprised of non-executive Board Members.

Members of the Board possess personal qualities and technical skills required to effectively carry out their assigned roles and to provide leadership and supervise management in compliance with QFMA Corporate Governance Code Article 5.

As per QFMA Corporate Governance Code Article 7, each Board Member provided their annual acknowledgement in 2018 that they are not combining their position as a Board Member of Commercial Bank with prohibited positions being:

- A board chairman or vice-chairman for more than two listed companies headquartered in Qatar;
- A managing director in more than one listed company headquartered in Qatar;
- A board member in more than three shareholding companies headquartered in Qatar; and
- A board member combining memberships in two listed companies headquartered in Qatar exercising a homogenous activity.

The positions of the Commercial Bank's Chairman and the Group Chief Executive Officer are distinct and separate.

### 3.3 Electing Directors

The Board Remuneration, Nomination and Governance Committee is responsible for recommending Board Members' appointments and nomination for election at the AGM. Nominations, appointment and removal of Board Members are made in accordance with formal, rigorous and transparent procedures in line with the Bank's AOA, Board of Directors Charter and Board Committees Charter. Members of the Board are elected by the AGM for a period of three years, and a Director may be re-elected more than once.

The Board was delighted to welcome HE Mr. Khalaf Ahmed Al Mannai as the new representative of Qatar Insurance Company, Board Member in 2018.

### 3.4 Board Self-Assessment and Training

In compliance with international leading practices, QCB Corporate Governance Guidelines, the QFMA Corporate Code and the Board of Directors Charter, the Board and Board Committees have completed their annual self-assessment for 2018. This self-assessment exercise was approved by the Board Remuneration, Nomination and Governance Committee, and the results were reviewed to help ensure the Board of Directors, Board Committees and each Board Member continually improve towards carrying out their roles and responsibilities effectively and efficiently. A headline summary of the Board and Board Committees self-assessment in compliance with QFMA Corporate Governance Code Article 4.7 is found in Disclosures, Section 2.

The expertise of the Board is augmented by the continuing Board Member education programme. The Board underwent their annual corporate governance training programme in 2018 as approved by the Board Remuneration, Nomination and Governance Committee to ensure they are updated with the very latest local corporate governance regulations and international best practice.

As a new representative of a Board Member, HE Mr. Khalaf Ahmed Al Mannai underwent an induction and training programme approved by the Board Remuneration, Nomination and Governance Committee.

### 3.5 Board Responsibilities

#### 3.5.1 Board Chairman

The Chairman is the president of Commercial Bank, represents it before others, and is primarily responsible for ensuring the proper management of Commercial Bank in an effective and productive manner and working to achieve the interests of the Bank, partners, shareholders and stakeholders.

The full duties of the Chairman in compliance with QFMA Corporate Governance Code Article 11 were added to the Board of Directors Charter in 2018, together with the duties of the Managing Director.

#### 3.5.2 Board of Directors

The Board of Directors is responsible for the stewardship of the Bank, providing effective supervision over Executive Management and leading the Bank's business to grow in a profitable and sustainable manner. The Board's key functions and responsibilities include (but are not limited to):

- Providing strategic direction to the Bank;
- Appoint and renew the mandate of the GCEO;
- Review, approve and ensure the accuracy of the Bank's financial statements;
- Monitor the Bank's financial performance;
- Overseeing a strong risk governance framework; and
- Oversee overall corporate governance of the Bank.

The full responsibilities of the Board are clearly defined in the Bank's AOA, Corporate Governance Charter, and Board of Directors Charter in

compliance QFMA Corporate Governance Code Article 8.

Each Board Member exercises the fiduciary duties of care, loyalty and compliance with the rules set out in applicable laws and regulations including the QCB Corporate Governance Guidelines, the QFMA Corporate Governance Code and the Bank's governance documents. At all times, the Board Members are expected to act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Bank and all shareholders/ stakeholders in the fulfilment of their responsibilities and tasks towards the Bank.

### 3.5.3 Board Reserved Matters

Among the matters reserved for Board approval are certain written policies as per QCB Instructions to Banks, QCB Corporate Governance Guidelines, the QFMA Corporate Governance Code, other applicable laws and regulations, and the Bank's governance documents. These include the Bank's Corporate Governance Charter, Board of Directors Charter, Board Committees Charter, Risk Policy (Risk Appetite Statement), Code of Conduct, remuneration policy for the Board and Executive Management and the Bank's dividend distribution policy.

All the above-mentioned policies were reviewed and approved by the Board in 2018.

The Board is required to approve transactions of certain nature and over a certain amount as provided in the Board delegation of authority, and applicable laws and regulations.

### 3.6 Board Meetings

The Board held six meetings in 2018, with dates and attendance details listed in Disclosures, Section 3. Invitations, participation frequency, and decisions of Board meetings are conducted in

line with QCB Corporate Governance Guidelines, QFMA Corporate Governance Code Articles 13, 14 and 15, Commercial Bank's AOA and the Board of Directors Charter. The minutes of Board meetings are prepared by the Board Secretary with details of the matters considered by the Board and decisions reached, including any concerns raised by Members. The draft minutes are circulated to all Members of the Board for their comments. The Board formally adopts the draft minutes at the subsequent meeting. Minutes of Board meetings are kept by the Board Secretary.

The draft agenda for Board meetings is prepared by the Board Secretary and approved by the Chairman of the Board. It is usually sent to the Members not less than 10 days before the intended date of the Board meeting. All Members of the Board have full and timely access to relevant information.

### 3.7 Board Secretary

The Board appointed Ms. Marie-Therese Lebbos Auger as Board Secretary and Head of Commercial Bank's Corporate Affairs Department in 2018 in accordance with QFMA Corporate Governance Code Article 16. Ms. Auger is a French qualified lawyer with over 20 years of expertise in corporate and commercial law, and corporate governance.

In her role as Board Secretary and in accordance with QFMA Corporate Governance Code Article 17, Ms. Auger provides administrative support to Board Members, the Board Committees and the Chairman to facilitate the execution of all their functions.

All Members of the Board have access to the advice and services of the Board Secretary, who is responsible for ensuring that the correct Board procedures are followed and advising the Board on all corporate governance matters.

#### 4. Board Committees

To increase the efficiency of the Board's control over the Bank's various activities and the risks to which it is exposed in an independent and professional manner, the Board has established committees, which are delegated specific responsibilities and authorities to act on behalf of the Board. In addition, in line with its commitment to corporate governance principles, the committees instituted by the Board meet the minimum committee requirements set by applicable corporate governance regulations.

The Board has formed four Board Committees:

1. Board Audit and Compliance Committee;
2. Board Risk Committee;
3. Board Executive Committee;
4. Board Remuneration, Nomination and Governance Committee

Each Board Committee has detailed and specific roles, duties and authorities as determined by the Board and captured in the Board Committees Charter approved by the Board. The Board Committees Charter has been developed taking into consideration regulatory requirements including QFMA Corporate Governance Code Article 18, QCB Corporate Governance Guidelines Fourth Principle, Commercial Companies Law, and leading corporate governance practices.

Members and chairmen of the four Board Committees are found in Disclosures, Section 4. In compliance with QFMA Corporate Governance Code Article 19, no Board Member is the chairman of more than one Board Committee and the Chairman of the Board of Directors is not a member of the Board Audit and Compliance Committee, Board Risk Committee and Board Remuneration, Nomination and Governance Committee as per Article 7.

##### 4.1 Board Audit and Compliance Committee

The Board Audit and Compliance Committee is primarily responsible for overseeing the quality

and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank as well as setting forth compliance and Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) requirements, and defining criteria and control mechanisms for all activities involving Bank-wide related risks. The Committee's role, responsibilities, composition, membership requirements and other protocols are fully documented in the Board Committees Charter.

Members of the Board Audit and Compliance Committee are found in Disclosures, Section 4. In compliance with QFMA Corporate Governance Code Article 18, the chairman and the majority of the Board Audit and Compliance Committee are independent Board Members, and in compliance with QCB Corporate Governance Guidelines Fourth Principle 1, the members are not members of any other Committee.

Conforming to the transparency and independence principle, the Bank's Internal Audit Department and Compliance Department reports directly to the Board Audit and Compliance Committee whereby the heads of both the Internal Audit and Compliance Departments are responsible to submit reports and observations to the Committee on a periodic basis and as needed.

##### Activities during the year

During the year, the Committee undertook the following key activities:

- Reviewed and recommended to the Board the adoption of the Bank's interim and annual financial statements;
- Reviewed the scope of the 2018 internal audit and compliance plans;
- Performed oversight on the work performed by the External Auditors throughout the year and made recommendations regarding their re-appointment;

- Reviewed the significant accounting, financial reporting and other issues raised by management, and the internal and External Auditors, including a review of all reports issued by the Bank's Internal Audit Department (which includes credit reviews and investigation reports);
- Reviewed the progress made by the Bank in resolving the various issues raised in Internal Audit reports, the External Auditor's management letter and the QCB inspection report;
- Reviewed all Compliance's findings on all the Bank's business units raised by the Bank's Compliance and AML/CFT Department as well as other regulatory bodies;
- Ensured that the Bank's Executive Management was made aware of the Foreign Account Tax Compliance Act (FATCA) with an impact assessment conducted and an implementation roadmap developed towards the same;
- Supervised the data cleansing project (phase one) across the Bank's IT systems;
- Held private meetings with the Chief Internal Auditor and the Head of Compliance and AML/CFT, at least every two months, without the presence of Executive Management;
- Reviewed and updated Internal Audit SOPs "Standard Operating Procedures" and DOA "Delegation of Authority" benchmarked against IIA (Institute of Internal Auditors) standards;
- Upgraded the AMS "Audit Management System" to ensure maximum efficiency for Internal Audit follow up and reporting;
- Provided an unrated report of the "Equation" system. The objective of this non-rated review is for the Bank to use this information as part of a gap analysis, incorporate these in a statement of work and to ensure proper mitigation of these gaps as part of the Equation (Kapiti) upgrade project;

- Developed a multi-factor risk-based top industry standard risk assessment model for credit and support areas; and
- Handled two high priority investigations (fraud and AML related) along with enabling timely submission to QCB.

The Committee is required to meet at least six times a year. During 2018, the Board Audit and Compliance Committee met a total of eight times and minutes of such meetings are duly documented. The dates and attendance details of the Committee meetings are listed in Disclosures, Section 5.1.

#### 4.2 Board Risk Committee

The Board Risk Committee has been delegated risk oversight functions by the Board of Directors. The Board Risk Committee's primary responsibility is risk oversight, including, but not limited to, credit, interest rate, liquidity, price, operational, strategic, and reputational risks. The Board Risk Committee is responsible for advising the Board on the Bank's overall and future risk appetite, overseeing Executive Management's implementation of the "Risk Appetite Statement", reporting on the state of risk culture in the Bank, and interacting and overseeing the Chief Risk Officer. The Board Risk Committee's role, responsibilities, composition, membership requirements and other protocols are fully documented in the Board Committees Charter, and members of the Board Risk Committee are found in Disclosures, Section 4.

The Board Risk Committee's work includes:

- Helping to define the Bank's risk appetite;
- Working with the Board to ensure the Bank's strategic, liquidity, and capital plans are consistent with the Bank's Risk Appetite Statement, and that the material risks are addressed in the Bank's strategic plan;

- Reviewing and approving Delegations of Authority and risk limits;
- Ensuring the Bank has appropriate policies and procedures for risk governance, risk management practices, and the risk control infrastructure;
- Working with Executive Management to establish processes for identifying and reporting risks;
- Discussing regularly the Bank's material risks in aggregate and by type;
- Discussing regularly the effect of the risks to capital, earnings, and liquidity under normal and stressed conditions;
- Ensuring the independence of the Risk Management function;
- Overseeing and directing the work of the Chief Risk Officer; and
- Ensuring effective and timely escalation of material issues to the Board and holding Executive Management accountable for timely and appropriate corrective actions.

The Board Risk Committee maintains oversight of all Bank risks through the Management Risk Committee (MRC), the GCEO, and the Chief Risk Officer, and provides risk management directives through the GCEO and the Chief Risk Officer.

During the year, the Board Risk Committee undertook the following key activities, among others:

- Reviewed periodically the Special Assets Management (SAM) unit's problem loan and non-performing loan portfolios, and corrective actions and other steps taken for recovery;
- Reviewed credit quality and performance of Retail and Consumer Banking's loan portfolio;
- Reviewed and approved the Bank's "refinancing and underwriting credit guidelines" for loans;
- Reviewed liquidity risk of the Bank, including deposit rate, duration, funds providers, concentrations, and geographic risks;

- Reviewed operational risk management, including incidents by category, corrective actions tracker, and 2018 loss forecasts;
- Approved revised Delegations of Authority for retail collections, and new credit guidelines for risk rating government-related entities;
- Reviewed acquired properties, including valuations, occupancies, and balance sheet and profit & loss impacts in 2018;
- Reviewed fraud risk management, including major incidents, investigations, controls, and 2018 loss forecasts;
- Reviewed risk performance of Wholesale Banking's corporate loan portfolio, including pricing, restructured accounts, IFRS9 staging and expected credit losses, concentrations, among others;
- Reviewed and ratified risk appetite, risk tolerance levels, and portfolio limits, including limits at Bank-level, as well as at the SBU-level for Wholesale Banking, Enterprise Banking and Retail Banking separately;
- Performed oversight on actions taken by the MRC throughout the year, along with ratification of MRC decisions requiring Board Risk Committee approval;
- Reviewed and discussed Bank-wide portfolio, performance, and risk trends;
- Reviewed and approved the Bank's ICAAP and capital & recovery plan.

The Board Risk Committee is required to meet at least four times a year. During 2018, the Board Risk Committee met a total of five times and minutes of such meetings are duly documented. The dates and attendance details of the Board Risk Committee meetings are listed in Disclosures, Section 5.2.

### Cyber security

The Board Risk Committee's responsibilities contained in the Board Committees Charter were expanded in 2018 to provide oversight of the Bank's technology and cyber security risks, and ensure that measures are in place to support the Bank's related business strategies and objectives for Board compliance with QCB circular 4-2018 on technology risks.

### 4.3 Board Executive Committee

The Board Executive Committee is responsible for handling matters especially relating to credit facilities (within authorised limits), which may arise between Board Meetings and require the Board's review, as per QCB and the Board Committees Charter. This includes reviewing and approving all credit proposals (other than off-the-shelf products) relating to politically exposed persons (PEPs), and approving credit facilities with a tenor above 12 years. The Committee is also responsible for reviewing the strategy for recovery of special asset relationships whenever required.

In addition, the Board Executive Committee is also responsible for approving all strategies, plans, budgets/objectives and policies, procedures and systems as well as reviewing the performance of the Bank. The Board Executive Committee's role, responsibilities, composition, membership requirements and other protocols are fully documented in the Board Committees Charter and members of the Board Executive Committee are found in Disclosures, Section 4.

#### Activities during the year

During the year, the Board Executive Committee undertook the following key activities:

- Reviewed and approved credit facilities in accordance with its mandate and within its delegated authority;

- Recommended credit facilities to the Board above 10% of the capital and reserves of the Bank;
- Reviewed country risk and financial institutions exposures and recommended amendments in country limits to the Board;
- Reviewed and approved all policies relating to the Bank's organisation and operations including all necessary authorities required by Executive Management in the execution of their responsibilities (except those policies which are subject to other relevant Board Committee review as provided in the Board Delegation of Authority);
- Received reports of the Bank's financial and operating performance and evaluated key performance indicators against their accompanying strategies;
- Reviewed and approved the Bank's operating and capital expenditure budgets; and
- Decided on all matters related to corporate premises including recommendations to the Board as to acquisition of premises and approval of other capital and operating expenditure.

The Committee is required to meet at least twelve times a year. During 2018, the Board Executive Committee met a total of 17 times and minutes of such meetings were duly documented. The dates and attendance details of the Committee meetings are listed in Disclosures, Section 5.3.

### 4.4 Board Remuneration, Nomination and Governance Committee

The Board Remuneration, Nomination and Governance Committee is responsible for evaluating the Bank's compensation and remuneration framework for Board Members, Executive Management and staff, based on the long-term performance and objectives of the Bank. The Committee is also responsible for recommending Board Members' appointments

and re-nomination for election by the General Assembly, recommending Executive Management appointments, supervising the training of the Board Members with regard to corporate governance of the Bank, and conducting the annual self-assessment of the Board and Board Committee's performance. In addition, the Committee is primarily responsible for attending to issues relating to governance.

Members of the Board Remuneration, Nomination and Governance Committee are found in Disclosures, Section 4 and the Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Board Committees Charter.

#### Activities during the year

During the year, the Committee undertook the following key activities:

- Approved the Bank's 2018 Remuneration and Benefits Plan;
- Reviewed and approved the Bank's Corporate Governance Charter, Board of Directors Charter and Board Committees Charter;
- Reviewed and assessed the annual self-assessment of the Board and Board committees' performance;
- Reviewed the Bank's induction program for new Board Members;
- Reviewed the Bank's annual corporate governance training programme for all Board Members;
- Reviewed and assessed any changes to international and local corporate governance practices that could have an impact on how the Bank operates and manages its governance policies and recommended actions with regard to changes, where required; and
- Reviewed and endorsed the updates of the Corporate Governance Charter, Board of Directors and Board Committees Charter in line with applicable regulations.

The Committee is required to meet at least two times a year. During 2018, the Board Remuneration, Nomination and Governance Committee met a total of four times and minutes of such meeting were duly documented. The dates and attendance details of the Committee meetings are listed in Disclosures, Section 5.4.

#### Directors' Remuneration

Rules on Directors' remuneration are contained in the Bank's AOA, Corporate Governance Charter and Board Committees Charter. Directors' remuneration takes into account the responsibilities and scope of functions of the Board Members and the Bank's performance. In addition, the remuneration may include fixed elements and matters, which are related to the performance of the Bank in the long-term. The Board Committees Charter was amended in 2018 to restrict the maximum annual remuneration of the Chairman (QAR 2 million); a Board member (QAR 1.5 million); and additional remuneration for Board members on Committees (QAR 500,000) as per QCB Circular 18/2014.

Remuneration of Board Members may take the form of:

- Fixed salaries;
- Directors' fees;
- In-kind benefits; or
- A percentage of the Bank's profits.

In addition, the following elements are observed in providing remuneration to Board Members:

- The Board shall receive remuneration annually of an amount which shall not exceed in aggregate 5% of the net annual profits of the Bank after deduction of transfers to reserves, legal liabilities and a dividend payment equivalent to 5% of the paid up capital of the Bank to shareholders; and
- The amount of such remuneration is approved annually by the General Assembly, taking into account the level of profitability of the Bank.

The Board Remuneration, Nomination and Governance Committee approves the annual remuneration plan for Board Members. Board Members' remuneration is disclosed in accordance with QCB Circular No. 18/2014. This remuneration plan is presented to the shareholders at the AGM for approval and made public. The Board regularly evaluates and measures risks involved in determining and paying incentives and compensations and reviews the remuneration plan accordingly.

Directors' remuneration for 2018 is disclosed in Disclosures, Section 6.

#### **Executive Management Remuneration**

The Board Remuneration, Nomination and Governance Committee also approves the annual remuneration plan for Executive Management and staff. This plan outlines the compensation structures for Executive Management and employees, which are competitive relative to the market, reward performance that contributes to the Bank's growth and profitability and are consistent with the Bank's strategy. Commercial Bank is the first company in Qatar to introduce deferred bonuses for Executive Management with provisions for malice and clawback, in line with international best practice and good governance.

Executive Management remuneration for 2018 is disclosed in Disclosures, Section 7.

### **5. Executive Management**

While the Board has the ultimate responsibility for the governance of the Bank, the Board delegates the day-to-day responsibility of managing Commercial Bank to the GCEO, and to Executive Management through the GCEO. This delegation of authority must be within the limits detailed in the Board Delegation of Authority document.

Executive Management is composed of a group of the Bank's highly qualified senior employees headed by the GCEO, who implement the processes, activities, and Board resolutions according to the strategies and the policies approved by the Board and the Bank's risk structure. Executive Management contribute to the implementation and development of a sound governance system and ensures that operations are carried out in an effective, safe and sound manner, and in compliance with applicable internal Bank policies and procedures and external laws and regulations.

Executive Management profiles can be found in Disclosures, Section 8.

To ensure high quality replacements for those individuals who currently hold positions that are key to the Bank's success, a succession planning policy section is included in the Corporate Governance Charter to capture the mechanism followed by the Bank in ensuring the availability and placement of suitably qualified and experienced employees with the appropriate competency level and leadership skills for key leadership roles within the Bank. The Board Remuneration, Nomination and Governance Committee can nominate whoever it deems fit to fill any Executive Management position.

### **6. Management Committees**

The GCEO relies on a number of internal Management Committees in the day-to-day management of the Bank. Based on governance requirements and the broad nature of the Bank's operations, seven Management Committees have been formed. Decisions are formalised if the required Committee quorum is achieved, including the chairman or his deputy.

Management Committees' activities are summarised below.

#### **Executive Committee (EXCO)**

- EXCO is chaired by the GCEO, Mr. Joseph Abraham and meets on a regular basis or as required by the business. Its principal function is to develop the annual business plan and budget for the Bank, and to monitor performance against these items.
- During 2018, the Executive Committee met a total of eight times and minutes of such meetings were duly documented.

#### **Management Risk Committee (MRC)**

- The MRC is the highest management-level authority on all risk-related issues facing the Bank, and reports on all risk policies and portfolio issues to the Board Risk Committee.
- The Acting Chief Risk Officer, Mr. Paul Gossiaux, serves as Chairman of the MRC, which meets at least four times a year, and more frequently if necessary.
- During 2018, the MRC met a total of seven times and minutes of such meetings were duly documented.

#### **Asset and Liability Committee (ALCO)**

- ALCO is a decision making body for developing policies relating to asset and liability risk management with the objective of maximising shareholder value, enhancing profitability and protecting the Bank from facing adverse consequences arising from changes in extreme market condition and compliance with regulatory guidelines.
- The Chief Financial Officer, Mr. Rehan Ahmed Khan serves as Chairman of ALCO. Meetings of ALCO are held monthly and more frequently if necessary, particularly in the case of a volatile operating environment.
- During 2018, ALCO met a total of ten times and minutes of such meetings were duly documented.

#### **Special Assets Management (SAM) Committee**

- Special Assets are those assets of the Bank, which require extensive monitoring and control in order to minimize risk, prevent losses, maximize recoveries and restore profits through rehabilitation, restructuring, workout, collection or legal actions. The SAM Committee supervises these activities, reviews actions proposed to be taken on all accounts within the Special Asset portfolio.
- The Senior AGM, Head of Special Assets, Mr. Yakan Abdel-Majeed serves as the Chairman of the Committee. Meetings are held at least four times a year, or more frequently as deemed appropriate by the Chairman.
- During 2018, the SAM Committee met a total of nine times to discuss portfolio related matters and/or to approve specific proposals/reviews and minutes of such meetings were duly documented.

#### **Management Credit Committee (MCC)**

- The MCC is the third highest level authority on all borrower and counterparty credit risk exposure, after the Board of Directors and Board Executive Committee. The MCC approves credit requests within the limits of its delegated authority, and reviews, recommends and implements approved credit policies and procedures relating to the Bank. The Committee reviews all delegated credit authorities, and recommends amendments to the Board Risk Committee where appropriate. It also recommends and/or escalates credit proposals to the Board Executive Committee for decision as necessary.
- The Acting Chief Risk Officer, Mr. Paul Gossiaux, serves as Chairman of the MCC. Meetings are held as and when required.
- During 2018, the MCC met a total of fifty times and minutes of such meetings were duly documented.

### Investment Committee (ICO)

- ICO is the decision making committee for the Bank's investment activities, with a view to optimise returns, ensuring that the investment book provides a liquidity buffer for the Bank and mitigates market risk attached to the nature of targeted investment. ICO also assumes the responsibility to review and approve the investment strategy for the Bank. It also monitors and reviews the performance of all the investment portfolio activities.
- The EGM, Investments & Strategy, Mr. Parvez Khan serves as Chairman of the Committee. During 2018, ICO met a total of four times and minutes of such meetings were duly documented.

### Crisis Management Committee (CMC)

- The CMC oversees implementation of the Bank's crisis management framework. Commercial Bank has a documented Crisis Management Plan (CMP) and Crisis Communication Plan (CCP) in place to manage a crisis. A Crisis Management Team (CMT) has been formed to respond to any crisis incident and act as a central command during a crisis.
- The GCEO, Mr. Joseph Abraham serves as the Chairperson of the CMC and Chief Operating Officer, Ms. Leonie Ruth Lethbridge is the Deputy Chairperson.
- During 2018, the CMC met a total of two times and minutes of these meetings were duly documented. As part of annual training, Crisis Management Team members and their alternates were trained using a semi-live crisis simulation exercise. The key elements of CMP & CCP were exercised during this training.

## 7. Risk Management

Risk governance at Commercial Bank applies the principles of sound corporate governance to the identification, measurement, monitoring, and controlling of risks, ensuring that risk-taking activities are in line with the Bank's strategy and

risk appetite. Key components of risk governance include:

**Risk Culture:** the shared values, attitudes, competencies, and behaviours throughout the Bank that share and influence governance practices and risk decisions. To promote a sound risk culture:

- a. the Board of Directors takes the lead in establishing the tone at the top by promoting risk awareness within a sound risk culture by conveying its expectations to all employees that the Board does not support excessive risk taking, and that all employees are responsible for ensuring the Bank operates within the established risk appetite and limits; and
- b. Executive Management implements and reinforces a sound risk culture, and provides incentives that reward appropriate behaviour and penalizes inappropriate behaviour.

**Risk Appetite:** the aggregate level and types of risk that the Board and Executive Management are willing to assume to achieve the Bank's goals, objectives, and operating plan, consistent with applicable capital, liquidity, and other requirements.

**Risk Management System:** the policies, processes, personnel, and control systems used to identify, measure, monitor, control, and report risk exposures consistent with the Board-established risk appetite. The categories of risk covered by the Risk Management System include: credit; interest rate; liquidity; price; operational; compliance; strategic; and reputation.

The core values of the Bank are embodied in the Board-approved Risk Charter and Risk Appetite Statement, as well as in risk policies outlining enterprise-wide risk management activities of the Bank, and detailing the organisation, authorities and processes relating to all aspects of risk management.

Commercial Bank's Risk Management System is built on three lines of defence, namely:

**First Line of Defence:** front line business units or functions that create risk. These groups are responsible and accountable for identifying, assessing, and managing the risks that they take. These groups are the Bank's primary risk takers, and are responsible for implementing effective internal controls, and maintaining processes for identifying, assessing, controlling, and mitigating the risks associated with their activities consistent with the Bank's established risk appetite and risk limits.

**Second Line of Defence:** independent risk management function. The independent risk management function oversees risk taking, and assesses risks independent of the front line business units or functions that create risk. The independent risk management complements the front line units' risk-taking activities through its monitoring and reporting responsibilities, including compliance with the Bank's risk appetite. The independent risk management function provides input into key risk decisions, and is responsible for identifying, measuring, monitoring, and controlling aggregate and emerging risks enterprise-wide.

At Commercial Bank, the independent risk management function is performed by the Risk Management SBU, headed by the EGM Chief Risk Office, and the Compliance and Anti-Money Laundering SBU, headed by the Senior AGM Chief Compliance Officer.

**Third Line of Defence:** internal audit function. The internal audit function provides independent assurance to the Board on the quality and effectiveness of governance, risk management, and internal controls. At Commercial Bank, the Internal Audit function is performed by the Internal Audit SBU, headed by the EGM Chief Internal Audit Officer.

As part of the overall corporate governance framework, the Board is responsible for overseeing a strong risk governance framework, including: a strong risk culture; a well-developed risk appetite articulated through the Risk Appetite Statement; and, well-defined responsibilities for risk management and control functions. The Board may delegate some of its functions, though not its responsibilities, to Board Committees (including the Board Risk Committee and Board Executive Committee) where appropriate.

The Board Risk Committee has been delegated risk oversight functions by the Board of Directors and its responsibilities are detailed in Section 4.2.

The Chief Risk Officer has primary responsibility for overseeing the development and implementation of the Bank's independent risk management function. This includes, among others, the ongoing strengthening of staff skills and enhancements to risk management systems, policies, processes, quantitative models, and reports as necessary to ensure the Bank's risk management capabilities are sufficiently robust and effective to fully support its strategic objectives and all of its risk taking activities.

During 2018, the Bank enhanced its controls and processes in all areas of risk management by implementing components of ICAAP into its periodic reporting, as well as addressing information security matters under the broader digitization strategy and providing updates with regards to meeting the strategic risk objectives of the Bank.

In addition, specific risk-focused management committees (risk, asset and liability and special assets management) convene on a quarterly basis, at a minimum. The Board of Directors or their sub-committees are regularly updated on all major risks that the Bank faces.

Overall, the governance framework, policies and administrative procedures and practices relating to risk management in Commercial Bank align well with global leading practice, the recommendations of the Basel Committee, and QCB guidelines.

## 8. Information Security

Information security governance is the responsibility of the Board and Executive Management and an integral and transparent part of enterprise governance. In general, whilst senior executives have the responsibility to consider and respond to the concerns and sensitivities raised by information security, boards of directors are increasingly expected to make information security an intrinsic part of governance, integrated with processes they already have in place to govern other critical organizational resources. To this end and in compliance with QCB circular 4-2018, oversight of the Bank's technology and cyber security risks have been clearly designated to the Board Risk Committee.

The benefits of good information security are not just a reduction in risk or a reduction in the impact should something go wrong. Good security can improve reputation, confidence and trust from others with whom business is conducted, and can even improve efficiency by avoiding wasted time and effort recovering from a security incident.

A key goal of information security is to reduce adverse impacts on the Bank to an acceptable level of risk. Information security protects information assets against the risk of loss, operational discontinuity, misuse, unauthorized disclosure, inaccessibility and damage. It also protects against the ever-increasing potential for civil or legal liability as a result of information inaccuracy and loss, or the absence of due care in its protection. Information security covers all information processes, physical and electronic, regardless whether they involve people and technology or relationships with trading partners, customers and third parties.

Key Information Security Accomplishments in 2018:

- Created visibility into insider security threats by monitoring and managing user data handling behaviors. This was accomplished by implementing two initiatives: Data Classification and Data Leakage Protection (DLP);
- Significantly improved visibility and management of cybersecurity threats by detecting and preventing attacks on endpoints, acquiring threat intelligence, forensics capabilities and red team assessments. This was accomplished by implementing a suite of detection and response software and services;
- Completed the closure of around 100 cybersecurity gaps that were identified by a QCB-mandated assessment;
- Developed minimum security baselines for all systems and applications;
- Conducted multiple vulnerability scans, security reviews and risk assessments and oversaw remediation plans and developed a Bank-wide information security strategy; and
- Provided both online and face-to-face awareness and training on cyber risks.

## 9. Commercial Bank's Control Framework

The Bank has adopted a set of internal control policies, approved by the Board, to evaluate the methods and procedures for risk management, implementation of the Bank's corporate governance framework and compliance with related laws and regulations. This internal control framework also aims to safeguard shareholders' investment and the Bank's assets and to ensure the reliability of Commercial Bank's financial record keeping and reporting.

The Board Audit and Compliance Committee performs a periodic review of the effectiveness of the Bank's internal control framework through evaluations carried out by the Internal Audit and Compliance Departments. Such review

includes all material controls, including financial, operational and compliance controls and risk management systems. In addition, the Board Audit and Compliance Committee also takes into consideration the results of the Bank's External Auditor's evaluation. The Committee reports results of these assessments on the adequacy of the existing internal controls and processes to the Board.

### 9.1 Compliance

The Compliance and AML/CFT Department on a pro-active basis, identifies documents and assesses the compliance risks associated with the Bank's business activities, including but not limited to the development of new products and business practices, and the proposed establishment of new types of business or customer relationships, or material changes in the nature of such relationships. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or loss to reputation as a result of failure to comply with applicable laws, regulations and standards.

Other major responsibilities of Compliance and AML/CFT Department include:

- Ensuring complete adherence of branches/ departments to relevant laws/regulations, QCB instructions and AML/CFT laws issued in the State of Qatar;
- Issue written instructions to employees on the proper application of laws, regulations and standards;
- Monitoring and ensuring the Bank's compliance with QCB, QFMA, Labour Law, CCL and AML/CFT regulations;
- Proposing relevant recommendations to enhance/improve the internal control procedures that help mitigate non-compliance and AML/CFT risks;
- Keeping up-to-date with new laws and regulations and informing Executive Management and the concerned departments for their timely implementation;

- Monitoring customers' financial transactions, investigate and raise suspicious transaction reports to the Financial Information Unit (FIU);
- Conducting enhanced due diligence (EDD) for correspondent relations and high risk customers;
- Ensuring the proper implementation of FATCA/ CRS regulations; and
- Providing training and awareness to the Bank's staff on governance, QCB regulations, AML/ CFT sanctions and FATCA/ CRS regulations on frequent basis.

The Compliance and AML/CFT Department monitors and tests compliance by performing compliance reviews to identify regulatory breaches and non-compliance issues. The results of the compliance reviews are reported to the Board Audit and Compliance Committee, the GCEO and the concerned Executive Management on a regular basis. The reports summarise deficiencies and/or breaches and recommend measures to address them, in addition to the corrective measures already taken and those which shall be taken in accordance with agreed target dates.

During 2018, the Compliance and AML/CFT Department carried out 17 compliance reviews which identified compliance and controls deficiencies, all of which were appropriately addressed by the Bank's Executive Management. None of the compliance issues identified in the Department's compliance reviews had any material financial impact on the Bank.

The Compliance and AML/CFT Department was also involved in all the following tasks:

1. Provided compliance advice and guidance on all daily inquiries raised by the Bank's Executive Management and staff in a timely manner;
2. Represented compliance in all Operational Risk Approval Process (ORAPs) and MRC meetings;
3. Addressed all the Bank's business units' inquiries with QCB;

4. Addressed all inquiries raised by QCB on behalf of business units;
5. Facilitated and responded to all QCB examiners' requests for the 2018 QCB regulatory review on the Bank's business units;
6. Regulatory reporting: investigated and responded to all inquiries raised by the FIU, QCB, and other regulatory inquiries;
7. Monitored the Bank's ratios versus QCB mandated ratios;
8. Followed-up the closure of the compliance observations;
9. Track the implementation progress of QCB circulars; and
10. Coordinated the implementation and improvement of the KYC – AML/CFT Risk Based Approach controls.

- Adequacy, effectiveness and efficiency of the Bank's internal control structure;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding and utilisation of assets; and
- Compliance with laws, regulations and contracts.

In addition, the Department is also tasked with the following key responsibilities:

- Performing a scheduled audit of branches/ departments/divisions, products, processes, systems, procedures and controls in conformity with the annual audit plan agreed with and approved by the Board Audit and Compliance Committee. This includes:
  - Independent risk assessments of risk and control elements applicable to the area under review;
  - Assist the Bank in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement; and
  - Assess and make appropriate recommendations for improving governance process.
- Performing independent assessments of the quality of the Bank's various credit portfolios. A credit review team within Internal Audit function undertakes this role;
- Providing consulting services to the Bank's Executive Management and businesses such as special reviews of new projects, systems/ applications, outsourced facilities, and policies and procedures. In this role, Internal Audit will maintain its independence and objectivity and will not assume responsibility for the management, design or implementation of new processes, products, systems or applications; and
- Performing unscheduled/ad hoc tasks such as fraud investigations and other assignments at the request of the Board Audit and Compliance Committee, the regulator or the Bank's Executive Management, as and when necessary.

## 9.2 Internal Audit

The Internal Audit Department is an independent function that enhances Commercial Bank's overall control environment. Its mandate and authority are defined in its Internal Audit Charter which has been approved by the Board Audit and Compliance Committee and ratified by the Board.

To maintain its independence, the Internal Audit Department reports to the Board, through the Board Audit and Compliance Committee. The remuneration of the Department is determined by the Board Audit and Compliance Committee. The Chief Internal Auditor is nominated by the Board Audit and Compliance Committee and submits periodic reports directly to the Committee and the senior Management.

The Department is tasked to provide an independent assurance to the Board and Executive Management as to the adequacy of the Bank's control environment and the effectiveness of the operation of these controls with respect to the management/mitigation of the key risks to which the Bank is exposed. The Department's risk-based internal audit plan focuses on the following:

The Internal Audit function regularly makes recommendations to the Bank's Executive Management on areas where controls could be improved or where better adherence is required. Despite the existence of such recommendations, there have been no instances of major control failures that have or could have had an impact on the Bank's overall financial performance. In addition, results of the aforementioned assessment showed that the Bank's internal controls, risk management and governance processes were adequate and operating effectively. There were no material risks, weakness or instances of non-compliance which were beyond the Bank's risk tolerance level.

In line with the 2018 Internal Audit Plan, the Department issued and submitted a total of 33 Internal Audit reports and investigation reports to the Board Audit and Compliance Committee. These reports in total covered more than 100 units within the Bank's inventory of "auditable units", with certain units, including the majority of the Bank's branches, being covered in more than one audit assignment. All key recommendations with respect to these reports were presented and discussed during the Board Audit and Compliance Committee meetings, with eight meetings of this Committee being held during 2018. The Bank's management proactively and timely responded to all recommendations made within Internal Audit reports, such that there was no requirement for the Bank's Board Audit and Compliance Committee to become involved in ensuring the resolution of any such matters. However, there is a governance framework in place to enable the escalation of issues to the Board Audit and Compliance Committee in need.

As of the end of December 2018, the Department is composed of 13 auditors (with the hiring of a replacement staff member to be completed in the first quarter of 2019, taking the number up to 14).

### 9.3 External Audit

As per the CCL and regulatory requirements, and based on the proposal of the Board, the Bank's External Auditor is appointed annually at the AGM and their fees approved. The External Auditor's appointment is made in consultation with QCB.

The Bank's External Auditor rotation policy is in line with the provisions in the Bank's AOA and in compliance with the QCB Corporate Governance Guidelines and the QFMA Corporate Governance Code. KPMG was replaced as the Bank's External Auditor in 2018 due to being appointed for five consecutive financial years, the maximum amount of time permitted by the QFMA Corporate Governance Code.

The shareholders approved the appointment of Ernst & Young (Qatar auditor's registration No. 114) as the Bank's External Auditor for the financial year 2018 during the AGM held on 21 March 2018. The External Auditor's annual fee for 2018 is QAR 800,000.

The External Auditor performs the audit of the Bank's financial statements quarterly and annually, in accordance with the relevant International Standards on Auditing (ISA). Such standards require the External Auditor to comply with ethical requirements and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The 2018 Independent Auditor's Report to Shareholders of Commercial Bank will be published in the Bank's Annual Report after the AGM.

The External Auditor presents his reports to the Board and the AGM in conformity with the laws of the State of Qatar.

## 10. Abbreviations

<b>Abbreviation</b>	<b>Meaning</b>
AGM	Annual General Meeting / General Assembly
AML	Anti-Money Laundering
AOA	Articles of Association
Bank	Commercial Bank
The State	The State of Qatar
The Board	Commercial Bank Board of Directors
CCL	Commercial Companies Law
CFT	Combating Financing of Terrorism
EGM	Executive General Manager
FATCA	Foreign Account Tax Compliance Act
GCEO	Group Chief Executive Officer
ICAAP	The Internal Capital Adequacy Assessment Process
MRC	Management Risk Committee
SBU	Strategic Business Unit
QCB	Qatar Central Bank
QSE	Qatar Stock Exchange
QFMA	Qatar Financial Markets Authority

# Disclosures

## 1. Board Members

### Sheikh Abdulla bin Ali bin Jabor Al Thani

Chairman

Date of First Appointment	1990
Expiry of Current Appointment	2019
Status on the Board	Non-Independent & Executive
Number & Percentage of Shares %*	1.58% 6,380,835 shares

#### Experience and Membership in Other Boards

- Graduated from Qatar University with a BA in Social Science;
- Owner of Vista Trading Company;
- Vice Chairman of National Bank of Oman;
- Director of United Arab Bank.

### Mr. Hussain Ibrahim Alfardan

Vice Chairman

Date of First Appointment	1975
Expiry of Current Appointment	2019
Status on the Board	Non-Independent & Executive
Number & Percentage of Shares %*	1.06% 4,300,627 shares

#### Experience and Membership in Other Boards

- Chairman of Alfardan Group;
- Chairman of QIC International LLC;
- Vice Chairman of Gulf Publishing and Printing Company;
- Vice Chairman of the Qatar Businessmen Association;
- Director of Qatar Insurance Company (QIC) and Chairman of QIC's investment committee;
- Founding member and Director and Chairman of the Executive Committee for Administrative Policy of Investcorp Bahrain.

### HE Mr. Abdul Rahman Bin Hamad Al Attiyah

Member

Date of First Appointment	2014
Expiry of Current Appointment	2019
Status on the Board	Non-Independent & Executive
Number & Percentage of Shares %*	0.25% 1,011,813 shares

#### Experience and Membership in Other Boards

- Graduated from the USA with a BA in Political Science;
- State Minister;
- Vice President of the Board of Trustees of the Arab Thought Forum – Amman, Jordan
- Former Secretary General of the Cooperation Council for the Arab States of the Gulf;
- Former Undersecretary of the Foreign Ministry;
- Former Ambassador of the State of Qatar to Saudi Arabia, France, Italy, Greece, Yemen, Switzerland and Djibouti;
- Former permanent representative of the State of Qatar to the United Nations and other international organizations (Geneva, Rome and Paris);
- Owner and Chairman of Mawten Trading Co.;
- Former Director of the National Bank of Oman (NBO);
- Holder of the Orders of Merit from France, Italy, Yemen, and Sudan as well as the Award of Excellence from the Cooperation Council for the Arab States of the Gulf.
- Holder of the State Award of Appreciation.

**Mr. Omar Hussain Alfardan**

Managing Director

<b>Date of First Appointment</b>	2002
<b>Expiry of Current Appointment</b>	2019
<b>Status on the Board</b>	Non-Independent & Executive
<b>Number &amp; Percentage of Shares %*</b>	0.25% 1,021,813 shares

**Experience and Membership in Other Boards**

- Graduated from Webster University, Geneva with a Bachelor's degree in Business Administration and a Master's degree in Finance;
- President & CEO of Alfardan Group and its subsidiaries in Qatar and Oman;
- Board Member of Alfardan Jewellery, Alfardan Investment and Alfardan Marine Services in Qatar;
- Vice Chairman of the Board of Directors and Chairman of the Board Executive Committee of United Arab Bank in UAE;
- Chairman of the Board of Directors of Alternatif Bank in Turkey;
- Advisory Board Member of Qatar Financial Centre Authority;
- Board Member of Qatar Red Crescent Society.

**Sheikh Jabor bin Ali bin Jabor Al Thani**

Member

<b>Date of First Appointment</b>	2002
<b>Expiry of Current Appointment</b>	2019
<b>Status on the Board</b>	Non-Independent & Executive
<b>Number &amp; Percentage of Shares %*</b>	0.45% 1,837,587 shares

- Owner of Al Maha Trading and Contracting Co.;
- Director of Gulf Publishing and Printing Company;
- Director of Qatar Clay Bricks Company.

**Sheikh Faisal bin Fahad bin Jassim Al Thani**

Member

<b>Date of First Appointment</b>	2017
<b>Expiry of Current Appointment</b>	2019
<b>Status on the Board</b>	Independent & Non-Executive
<b>Number &amp; Percentage of Shares %*</b>	0.25% 1,011,813 shares

**Experience and Membership in Other Boards**

- Completed his education under Fullbright Scholarship from Colorado University of Boulder;
- Graduated from Oklahoma, USA as a Petroleum Engineer;
- Holds a PhD in Project Finance from Leeds, UK;
- Chairman of Qatar Petroleum Society;
- Chairman of Doha Petroleum Club;
- Chairman and Partner of Namma Real Estate;
- Chairman and Partner of Qatar Import-Export Company (QNIE);
- Member of the Qatar Businessmen Association (QBA);
- Joined Qatar Petroleum (QP) in 1987 – 2017;
- Previously seconded to several companies - Shell from 1987 to 1992; Qatar Petroleum from 1987 to 1997; Arco Petroleum from 1997 to 2001; BP from 2001 to 2003; Anadarko Petroleum from 2003 to 2007; Maersk Oil Qatar from 2008 – 2017.

**Mr. Mohd Ismail Mandani Al Emadi**

Member

Date of First Appointment 2014

Expiry of Current Appointment 2019

Status on the Board Independent &amp; Non-Executive

Number &amp; Percentage of Shares %\* None

**Experience and Membership in Other Boards**

- Graduated from Holy Names University, California with a BSc in Business Administration & Economics;
- Over 30 years of experience in banking;
- Occupied a number of key roles in Commercial Bank from 1983 to 2006 including Head of Banking, Operations, Commercial Services and Risk Management;
- Deputy General Manager of Commercial Bank from 2004 to 2007;
- Director of National Bank of Oman;
- Director of Alternatif Bank in Turkey;
- CEO of Qatar Real Estate Investment Co. from 2008 to 2011;
- Former Managing Director of Qatar Cinema & Film Distribution Co. in Qatar;
- Former Director of Qatar Real Estate Investment Co.;
- Former Director of Mannai Corporation;
- Former Director of Qatar Shipping Co.;
- Former Director of Doha Securities Market.

**Qatar Insurance Company**

Member

(Represented by HE Mr. Khalaf Ahmed Al Mannai)  
(The representative is Independent & Non-Executive, whose date of appointment is 2018)

Date of First Appointment 2017

Expiry of Current Appointment 2019

Status on the Board Non-Independent &amp; Non-Executive

Number & Percentage of Shares %\* 0.82%  
3,309,731 shares**Experience and Membership in Other Boards**

- Graduated from Cairo University with in Bachelor's degree in Business Administration;
- Undersecretary of the Ministry of Finance;
- Chairman of the Board of Directors of OQIC;
- Member of the Board of Directors of QIC;
- Member of the Administrative Committee of Al Aqsa and Al Quds Funds "Islamic development Bank" Jeddah;
- Former Member of the Advisory Council, the QCB Board of Directors, the Qatar Financial Markets Authority and Hamad Medical Corporation;
- Former Chairman of the Board of Directors of the Tunisian-Qatari Bank, and Vice Chairman of Al Jazeera

**HE Mr. Saleh Abdulla Mohamed Al Ibrahim Al Mannai**

Member

Date of First Appointment 2017

Expiry of Current Appointment 2019

Status on the Board Independent &amp; Non-Executive

Number & Percentage of Shares %\* 0.35%  
1,430,400 shares

### Experience and Membership in Other Boards

- Holds a degree in Business Administration and a diploma in International Economy from Ain Shams University;
- Started his banking career with Commercial Bank in 1991 to 1993;
- Joined Qatar National Bank in 1994 and held various positions: teller, Officer in Charge, Assistance Branch Manager, Branch Manager, Group Branch Manager and Corporate Branch Manager.

## 2. Board and Board Committees Self-Assessment Summary

### 2.1 Board of Directors Self-Assessment

- Total of 47 questions, answered by 9 Directors
- 3 choices of response: 1. agree 2. neutral 3. disagree
- From 47 total questions, 40 (85%) questions were answered by all 9 Directors as “agree”

### 2.2 Board Audit and Compliance Committee Self-Assessment

- All 3 (100%) of BACC Members thought that general performance of the BACC was “excellent” (performance is clearly outstanding and superior – it far exceeds standards or expectations)
- Total of 27 questions, answered by 3 Members
- All 27 (100%) questions were answered by all 3 Members as “agree”

### 2.3 Board Risk Committee Self-Assessment

- All 3 (100%) of BRC Members thought that general performance of the BRC was “excellent” (performance is clearly outstanding and superior – it far exceeds standards or expectations)
- Total of 23 questions, answered by 3 Members
- All 23 (100%) questions were answered by all 3 Members as “agree”

### 2.4 Board Executive Committee Self-Assessment

- All 4 (100%) of BEC Members thought that general performance of the BEC was “excellent” (performance is clearly outstanding and superior – it far exceeds standards or expectations)
- Total of 23 questions, answered by 4 Members
- 22 (96%) questions were answered by all 4 Members as “agree”

### 2.5 Board Remuneration, Nomination and Governance Committee Self-Assessment

- All 3 (100%) Committee Members thought that general performance of the Board Remuneration, Nomination & Governance Committee was “excellent” (performance is clearly outstanding and superior – it far exceeds standards or expectations)
- Total of 26 questions, answered by 3 Members
- 24 (96%) questions were answered by all 3 Members as “agree”

## 3. Board Meetings Dates and Attendance

Meeting Dates	Attendance
29 January 2018	9
21 March 2018	7
17 April 2018	6
28 May 2018	7
25 September 2018	7
17 December 2018	8



# Board of Directors





1	2	3
4	5	6
7	8	9

- 1. Sheikh Abdulla bin Ali bin Jabor Al Thani**  
Chairman
  - 2. Mr. Hussain Ibrahim Alfardan**  
Vice Chairman
  - 3. HE Mr. Abdul Rahman Bin Hamad Al Attiyah**  
Member
  - 4. Mr. Omar Hussain Alfardan**  
Managing Director
  - 5. Sheikh Jabor bin Ali bin Jabor Al Thani**  
Member
  - 6. Sheikh Faisal bin Fahad bin Jassim Al Thani**  
Member
  - 7. Mr. Mohd Ismail Mandani Al Emadi**  
Member
  - 8. Qatar Insurance Company**  
Member  
(Represented by HE Mr. Khalaf Ahmed Al Mannai)
  - 9. HE Mr. Saleh Abdulla Mohamed Al Ibrahim Al Mannai**  
Member
- 
- 

#### 4. Board Committees Members

Board Member Name	Board Executive Committee	Board Risk Committee	Board Audit and Compliance Committee	Board Remuneration, Nomination and Governance Committee
Sheikh Abdulla bin Ali bin Jabor Al Thani	X Committee Chairman			
Mr. Hussain Ibrahim Alfardan	X			X Committee Chairman
HE Mr. Abdul Rahman Bin Hamad Al Attiyah	X	X		
Mr. Omar Hussain Alfardan	X			X
Sheikh Jabor bin Ali bin Jabor Al Thani			X	
Qatar Insurance Company (represented by HE Mr. Khalaf Ahmed Al Mannai)		X		
Sheikh Faisal bin Fahad bin Jassim Al Thani			X Committee Chairman	
Mr. Mohd Ismail Mandani Al Emadi		X Committee Chairman		X
HE Mr. Saleh Abdulla Mohamed Al Ibrahim Al Mannai			X	

#### 5. Board Committees Dates and Attendance

##### 5.1 Board Audit and Compliance Committee

Meeting Dates	Attendance
29 January 2018	3
13 March 2018	3
8 May 2018	2
10 July 2018	2
26 September 2018	2
22 October 2018	2
27 November 2018	2
26 December 2018	3

##### 5.2 Board Risk Committee

Meeting Dates	Attendance
25 February 2018	2
15 May 2018	2
26 September 2018	2
29 November 2018	3
10 December 2018	3

### 5.3 Board Executive Committee (BEC)

Meeting Dates	Attendance
15 January 2018	4
5 February 2018	3
26 February 2018	3
19 March 2018	4
9 April 2018	4
23 April 2018	3
7 May 2018	3
14 May 2018	4
11 June 2018	4
9 July 2018	3
5 August 2018	3
3 September 2018	4
10 September 2018	4
24 September 2018	4
8 October 2018	4
5 November 2018	4
3 December 2018	4

### 5.4 Board Remuneration, Nomination and Governance Committee

Meeting Dates	Attendance
15 January 2018	4
11 February 2018	4
12 March 2018	3
26 November 2018	3

### 6. Directors' Remuneration

As reported in the Bank's Annual Report 2018, total remuneration earned by the Board in 2018 was QAR 18,500 million (subject to approval during the Bank's AGM) (2017: QAR 18,500 million).

### 7. Executive Management Remuneration

Total remuneration earned by Executive Management in 2018 was QAR 46,710 million (2017: QAR 46,925 million).

## 8. Executive Management Profiles

### Mr. Joseph Abraham

Group Chief Executive Officer

He does not own any shares in Commercial Bank.

### Education, Experience and Affiliations

- Holds an MBA from the Graduate School of Business, Stanford University in California, USA.
- Joined Commercial Bank in June 2016 as Group Chief Executive Officer.
- Prior to joining Commercial Bank, served as CEO of ANZ Indonesia (Australia and New Zealand Banking Group) based in Jakarta (2008-2016).
- Worked in Indonesia, Singapore, Hong Kong, Ghana, UK and India in various country and regional banking roles with a successful track record covering general management, corporate banking, strategy, product management as well as acquisitions and integrations.
- Appointed as Vice Chairman of the Board of Alternatif Bank in Turkey (fully owned subsidiary).
- Board Director of the United Arab Bank, UAE (40% owned associate).
- Director of CB Innovation Services LLC, Orient 1, CBQ Finance, CBQ Global Trading Limited and CB Global Limited.

### Mr. Rehan Khan

EGM, Chief Financial Officer

He does not own any shares in Commercial Bank.

### Education, Experience and Affiliations

- Graduated from London School of Economics with a Bachelor in Economics.
- Trained with KPMG in London and member of the Institute of Chartered Accountants in England and Wales.
- 23 years banking experience with HSBC working in London, India, Malaysia and Saudi Arabia.
- Joined Commercial Bank as Chief Financial Officer in 2013.
- Director of Orient 1, CBQ Finance, CB Global and CB Financial Services.

### **Mr. Raju Buddhiraju**

EGM, Chief Wholesale Banking

He does not own any shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Graduated from Indian School of Mines, India with a Bachelor in Petroleum Engineering.
- MBA from Indian Institute of Management, Calcutta.
- Joined Commercial Bank in 2014 as EGM, Head of Wholesale Banking.
- Previously EGM, Retail & SME Banking, Dubai Islamic Bank, Dubai, U.A.E.
- Joined Commercial Bank as EGM in Retail and Enterprise Banking in 2008 till Sept of 2012.
- General Manager & Head of Retail & Consumer Group, Arab National Bank, Saudi Arabia in May 2006 and Head of Retail Assets in Sept. 2002.
- Worked in CitiGroup for 13 years in India, Singapore, Poland and Hungary (1989-2002).
- Deputy Chairman of Orient 1 Limited.

### **Sheikh Jassim Saud Abdulaziz Hamad Al Thani**

EGM, Chief Human Capital Officer

He does not own any shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Holds a Masters in Strategic Management from HEC Paris and a Bachelor's degree in Computer Science from University of Qatar.
- Extensive experience leading HR functions including management of HR operations in Maersk Oil Qatar and partnering with major business units in Maersk Oil in Denmark.
- Led the Qatarization function for Maersk.
- Joined Commercial Bank from North Oil where he was Public Relations and Communications Manager.

### **Mr. Parvez Khan**

EGM, Treasury & Strategy

He owns 45,189 shares in Commercial Bank

#### **Education, Experience and Affiliations**

- Graduated from Aligarh Muslim University with BSC in Chemical Engineering.

- Joined Commercial Bank in 1994 and was responsible for setting up Investment services business.
- Over 20 years of experience in Treasury Capital Markets and Investment Banking.
- Holds a Diploma in International Capital Markets from New York Institute of Finance.
- Director of Commercial Bank Financial Services, CBQ Finance Limited and CB Global.

### **Mr. Fahad Badar**

EGM, Chief International Banking

He owns 2,896 shares in Commercial Bank

#### **Education, Experience and Affiliations**

- Over 18 year career at Commercial Bank.
- Held a number of key roles including EGM, Wholesale Banking, EGM Government Sector and International Banking. In addition, he occupied other senior positions in Retail Banking and Operations.
- Holds a Bachelor's degree in Banking & Finance from the Bangor University and an MBA from Durham University, UK.
- Director of Alternatif Bank in Turkey.
- Director of United Arab Bank.

### **Ms. Leonie Ruth Lethbridge**

EGM, Chief Operating Officer

She does not own any shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Holds a Doctorate Degree in Philosophy from Swinburne University of Technology, a Masters in Applied Science (Innovation and Service Management) from RMIT University, Graduate Diploma in Adult Education from University of Melbourne and Bachelor of Applied Science (Hons) from University of New South Wales.
- Joined Commercial Bank as Chief Operating Officer in 4 July 2017;
- Prior to joining Commercial Bank, served as CEO at ANZ Royal in Cambodia.

- Held several key positions in Australia and New Zealand Banking Group for over 10 years: Regional Chief Operating Officer, Institutional and International Banking, Shanghai (2014-2016), Chief Operating Officer ANZ Indonesia, Jakarta (2010-2014), Head of Integration and enablement, ANZ Indonesia, Jakarta (2008-2010), and Acting Head of Risk, Asia Pacific Division, ANZ Banking Group, Melbourne (2007-2008), General Manager Risk, China Partnerships, Shanghai (2005-2006), Senior Manager Risk, and Head of Strategy and Business risk, Melbourne (2002-2005).
- For 2 years (2002-2000), served as Principal Consultant, PA Consulting Group.
- Senior Consultant at SMS Consulting Group from 1999 – 2000;
- Worked as Head of Organisation Development and Quality Assurance at Zibo Morgan Insulators in China for 2 years (1997-1999).
- Held various roles for 12 years (1984 – 1996) including General Manager at Apparel Fabric Dyehouse Bradmill Textiles Ltd.
- Previous Board Memberships: Association of Banks of Cambodia, Board Director, Chair of Education Committee (2016-2017); Australia Indonesia Centre, Board Director (2014-2016); AustCham Shanghai, Board Director (2015-2016); Indonesia Australia Business Council, Vice President and Board Director (2010-2014); and Financial Services Advisory Board, Australia APEC Study Centre (2007-2008).

#### **Ms. Kimberley Ann Reid**

EGM, Organisational Effectiveness and Strategic Leadership

She does not own any shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Joined Commercial Bank in March 2017.
- Holds a Master of Public Administration from Harvard Kennedy School (2011) Cambridge, USA, Bachelor of Laws (Honors) and Arts (Honors) from University of Melbourne (1992) Australia.
- Doctoral Candidate in Faculty of Business of Economics, University of Melbourne.

- Admitted to practice as a barrister and solicitor from the Supreme Court of Victoria, SA, NSW, High Court of Australia.
- Prior to joining Commercial Bank, served as Principal Consultant in Hampton Reid - Strategy, Policy, Organisational Effectiveness (May 2014 - 2017).
- Executive Director, People and Development at King and Wood Mallesons (January – July 2013).
- Served as Research Associate in Hauser Centre of Non-Profit Organisations from Harvard Kennedy School, USA (2011-2012).
- Held several key positions from ANZ Banking Group for eight years across Asia, Pacific, Europe and USA: (2007 - 2010) General Manager, HR Communications in Hong Kong and China, (2004 – 2007) GM, HR for Operations, Technology and Shared Services in India, Melbourne and (2002 - 2004) Head of Workplace Relations.
- Held various roles (2000 – 2002) Senior Consultant in Hinton and Associates, (1997 – 2000) Senior Associate in Arthur Robinson and Hedderwicks (Now Allens), (1995 – 1997) Senior Policy Officer in Native Title Unit – Human Rights and Equal Opportunities Commission (1994 – 1995) Associate Justice to PRA Gray in Federal Court of Australia and (1993 – 1994) Articled Clerk – Arthur Robinson and Hedderwicks.

#### **Ms. Rana Salatt**

EGM, Chief Internal Audit Officer

She owns 1,328 shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Graduated from Qatar University in 1996 with a major in English.
- Joined Commercial Bank in 1996 as a graduate trainee in Retail Banking and then promoted to Risk Management Assistant.
- A number of promotions followed: Manager, Credit Risk Administration in 2003, Head of Credit Administration & Control in 2005, Head of Client Relations in 2008, Head of Credit Control in 2009, Assistant General Manager and Head of Risk Controls in 2011 and EGM, Chief Risk Officer in 2013.

- 20 years of banking experience in Commercial Bank between Retail and Risk.
- Handled the role as Chief Risk Officer, from April 2013 until Jan 2018 where her primary role was to lead and establish a comprehensive and effective enterprise wide integrated risk management framework for the Bank ensuring all risks (including credit, market, liquidity, operational, reputational, corporate governance and regulatory risk) are effectively managed within the defined risk appetite and government regulations.
- Currently she is EGM Chief Internal Audit Officer, leading, the development and implementation of strategies, policies, and procedures related to Internal Audit and give professional independent opinions and recommendations on critical risk and compliance issues.

#### **Mr. Amit Sah**

EGM, Consumer Banking

He does not own any shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Holds an MBA from Indian Institute & Management, Ahmedabad, India and a Bachelor of Engineering degree from Indian Institute of Technology, Roorkee, India.
- Joined Commercial Bank in December 2016.
- In his current role, Mr. Amit is responsible for managing the Retail Banking (including SME) franchise for Commercial Bank with focus on defining and executing a growth strategy for sustained profitability driven by market leading value propositions, enhanced customer experience and improved operational efficiencies.
- Mr. Amit is a veteran in the financial services industry and has benefitted from his experience of working in multiple geographies and across multiple functional units.
- Prior to joining Commercial Bank, he worked with Citibank for over 28 years in various roles including Country Management responsibilities in Thailand and Russia and regional management for the EMEA region based out of London.

#### **Mr. Hussain Ali Al-Abdulla**

EGM, Chief Marketing Officer

He does not own any shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Holds a degree in Petroleum Engineering from Colorado School of Mines in Golden Colorado, USA.
- Holds a Bachelor's in Business Administration and Management (2007) from University of Qatar - Masters in "The Adaptation of Digital Transformation in the Banking Sector" from the United Kingdom.
- Joined Commercial Bank in July 2017, as EGM, Chief Marketing Officer.
- Prior to joining Commercial Bank, served as General Manager-Personal Banking (2012-2017) in Barwa Bank, Doha Qatar.
- Held various roles for 13 years (1999 – 2012) in HSBC Bank Middleast Ltd, Doha Qatar.

#### **Mr. Paul Gossiaux**

EGM, Acting Chief Risk Officer

He does not own any shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Holds an MIA degree from the School of International and Public Affairs, Columbia University, New York, New York.
- Graduated with a BA degree from Fordham University, New York;
- Joined Commercial Bank in 2010 as Head of International Credit, subsequently appointed Chief Credit Officer in 2016 and EGM Chief Risk Officer in 2018.
- Appointed Member of the Board of Directors of Alternatif Bank, Turkey, in 2016.
- Over 25 years' experience building and managing risk management and control teams in both commercial banking and investment banking sectors across the UK, Europe, Middle East, and Asia.
- Previous positions include: Executive Director, UBS Investment Bank (London); Director, Deutsche Bank (London); and, senior credit and business development positions with Bank of America (New York, London, Madrid), among others.

### **Mr. Abdulla Ahmed Al-Fadli**

Senior AGM, Chief Compliance Officer

He does not own any shares in Commercial Bank.

#### **Education, Experience and Affiliations**

- Holds a Master of Business Administration from Hull University, UK;
- Previously Acting Head of Human Capital.
- Joined Commercial Bank as Head of Internal Audit Strategy & Operations.
- Prior to joining Commercial Bank, led internal audit at Barwa Bank.

#### **9. Ownership Structure**

In accordance with Article 7 of the Bank's AOA, no person (whether natural or juridical) shall at any time own more than 5% of the total shares in the Bank by any means other than inheritance, with the exception of (i) Qatar Investment Authority, Qatar Holding LLC or any of their associated companies and (ii) a custodian or depository bank holding shares in respect of an offering of Global Depository Receipts.

On 31 December 2018, 84.08% of the total number of shares in the Bank were held by Qatari nationals (whether individuals or entities) and 15.92% of shares by foreign investors.

On 31 December 2018, Qatar Holding LLC held 16.67% of the Bank's shares. No other individuals or entities held more than 5% of the Bank's shares.

#### **10. General Statements**

Commercial Bank has complied with all the provisions of the QFMA Corporate Governance Code.

In line with our commitment to transparency, Commercial Bank has rigorously complied with all the disclosure requirements, including financial reporting, as required by Qatar Exchange and other regulatory authorities. Such disclosures represent accurate and

non-misleading data and information. Following rigorous testing, Commercial Bank implemented IFRS 9 in 2018 in line with best governance standards and a conservative approach, resulting in a one-time IFRS 9 charge of just over QAR 1.5 billion.

#### **11. Violations**

There was a sum of penalties imposed on the Bank in 2018 by QCB of QAR 2,700,000 covering different areas in the Bank.

There were no violations or sanctions imposed due to non-compliance with the QFMA Corporate Governance Code.

#### **12. Disputes**

A small number of legal cases have been filed against the Bank in 2018. These are all being defended in accordance with proper procedures. All disputes and lawsuits in which the Bank is a party are handled and tracked by the Bank's Legal Department. These cases together with the latest updates are regularly reported to the Management Risk Committee and the Board Risk Committee for information and proper decision.

#### **13. Scope**

Commercial Bank is a group of companies including foreign and domestic subsidiaries and associates which operate independent businesses in Qatar, Oman, UAE and Turkey

Commercial Bank exercises its control and oversight through adoption of management practices and policies that are appropriate to the activities and geographical situation of each, taking into consideration the local governance requirements.

# QCB Corporate Governance Disclosure Requirements

Article No.	Article Title	Item No.	Description	Disclosure
1	Share Ownership	1.1	Ownership by Nationality	Local: 84.08%. Other Nationalities: 15.92%.
		1.2	Ownership by Number of Shareholders	3,222 shareholders. Total Number of Shares: 404,725,375 (by the end of December 2018).
		1.3	State Ownership	20.0%
		1.4	Major Shareholders (above 10% holdings)	Qatar Holding LLC (16.67%)
		1.5	Minor Shareholders (above 5% holdings)	None (excluding Qatar Holding LLC)
2	Board of Directors and Executive Management	2.1	Board Functions Detailed Statement	Corporate Governance Report (Section 3.5)
		2.2	Transactions Requiring Board Approval	Corporate Governance Report (Sections 2.5 and 3.5.3)
		2.3	Members of the Board (indicating names, authorities, capacities, details, including membership on boards of other financial institutions, positions, qualifications and expertise)	Corporate Governance Report (Disclosures Section 1)
		2.4	Number and Name of Independent Members	Corporate Governance Report (Disclosures Section 1)
		2.5	Appointment Date and Expiry Date	Corporate Governance Report (Disclosures Section 1)
		2.6	Board Members Training and Induction Program	Corporate Governance Report (Section 3.4)
		2.7	Board Members Ownership in Bank's Shares	Corporate Governance Report (Disclosures Section 1)
		2.8	Board Election Process	Corporate Governance Report (Section 3.3)
		2.9	Insiders Trading	QSE Website
		2.10	Number of Board Meetings and Dates	Corporate Governance Report (Section 3.6 and Disclosures Section 3)
		2.11	Board Members Meeting Attendance	Corporate Governance Report (Disclosures Section 3)

<b>Article No.</b>	<b>Article Title</b>	<b>Item No.</b>	<b>Description</b>	<b>Disclosure</b>
		2.12	Total Remuneration Paid to Board Members	Corporate Governance Report (Disclosures Section 6)
		2.13	Total Remuneration Paid to Executive Management	Corporate Governance Report (Disclosures Section 7)
		2.14	Bank Policy on Remuneration to the Board and Executive Management	Corporate Governance Report (Section 4.4)
		2.15	Senior Executives Names and Biographies	Corporate Governance Report (Disclosures Section 8)
		2.16	Shares Owned by Senior Executives	Corporate Governance Report (Disclosures Section 8)
		2.17	Bank-wide Code of Conduct	Corporate Governance Report (Section 2.4)
3	Board Committees	3.1	Board Committee Names	Corporate Governance Report (Section 4)
		3.2	Board Committee Duties and Responsibilities	Corporate Governance Report (Section 4)
		3.3	Board Committee Members	Corporate Governance Report (Disclosures Section 4)
		3.4	Minimum Number of Meetings Per Year	Corporate Governance Report (Section 4)
		3.5	Total Number of Board Committee Meetings	Corporate Governance Report (Section 4)
		3.6	Board Committee Members Meeting Attendance	Corporate Governance Report (Disclosures Section 5)
		3.7	Total Remuneration for Board Committee Members	Corporate Governance Report (Disclosures Section 6)
		3.8	Board Committee Activities During the Year	Corporate Governance Report (Section 4)
4	Corporate Governance	4.1	Separate Section in the Annual Report	Reference in the Annual Report
		4.2	Reference to Corporate Governance Charter	Corporate Governance Report (Section 2)

<b>Article No.</b>	<b>Article Title</b>	<b>Item No.</b>	<b>Description</b>	<b>Disclosure</b>
5	External Auditors	5.1	Audit Fees	QAR 800,000 for 2018
		5.2	Services falling outside the audit scope and provided by the external auditors and fees of such services	Total of QAR 72,300 for taxation and training services
		5.3	Reasons for Replacing/ Reappointing External Auditors	Corporate Governance Report (Section 9.3)
6	Other Matters	6.1	Related Party Transactions	Disclosed in the Bank's Annual Report 2018 consolidated financial statements, Note No. 39
		6.2	Approval Procedures for Related Party Transactions	Corporate Governance Report (Section 2.5)
		6.3	Communications with Shareholders and Investors	Corporate Governance Report (Section 2.2)
		6.4	Risk Management Report	Corporate Governance Report (Section 7)
		6.5	Review of Internal Control Procedures & Publication of Financial Statements	Review of internal control is found in the Corporate Governance Report (Section 9). The Bank's financial results for 2018 were published in Arabic and English local newspapers and can be found on the Bank's website
		6.6	Statement of Board's Responsibilities	Corporate Governance Report (Section 3) and Board of Directors Charter
		6.7	Directors' Independence for Related Party Transactions	Corporate Governance Report (Section 2.5)
		6.8	Periodical Assessment of the Board Members and the Board Committee Members	Corporate Governance Report (Section 3.4 and Disclosures Section 2)



