

- Credit facilities granted to customers sponsored by the customer of the bank regardless of the legal status of such customers.
- Credit facilities granted to any debtors if it appears to QCB or the bank that their credit risk is the same as the customer's credit risk. In all cases, any obligations transferred by any customer to one of family members' account shall be calculated, for any reason, within the credit concentration limits of this customer's borrower group at banks.

2/1/6 Credit Facilities for the Parties of Interfering Interests

Includes the following:

- ⁴Major owners and shareholders:
Own 5% of the bank's capital in their personal capacity and/or minor members of their families and spouses and/or their institutions and companies in which they own 50% of the capital.
- Subsidiaries:
In which the bank owns 50% or more of their capital.
- The members of the Shariaa Supervisory Board in Islamic banks.
- Major employees are senior employees in the bank and having major administrative posts as the general manager, CEO, his deputies, his assistants, executive managers, auditing manager, consultants with and without salaries, and any others of the major executives who occupy positions indicated from the administrative system that they affect the bank's decisions or submitting their reports to the general manager, CEO, the mandatory member, board of directors or the committees arising from the board of directors.
- Affiliates:
In which the bank owns from 20% to 50% of their capital.
- Members of board of directors.
- External Auditors.

2/2 Credit Concentration Maximum Limits

2/2/1 As for a customer, the maximum limit of credit facilities granted by a bank to his borrower group must not exceed 20% of the bank's capital and reserves.

⁴ For more details about the major shareholders, please refer to annex no. (13) in page no. (412).

2/2/2 As for a major shareholder, the maximum limit of credit facilities granted by a bank to his borrower group must not exceed 10% of the bank's capital and reserves.

2/2/3 As for a customer, the total investments and credit facilities granted to his borrower group must not exceed 25% of the bank's capital and reserves.

2/2/4 The maximum limit of investments and credit facilities granted to an affiliate must not exceed 25% of the bank's capital and reserves. As for subsidiaries, refer to the ceilings mentioned in the item no. (3/6) in page no. (200).

2/2/5 Banks, especially the commercial banks, is not allowed to grant any credit facilities to their managers and employees with exception of the loans granted to their employees only for personal purposes in accordance with their internal regulations approved by the board of directors or by the general Administration of branches of the foreign banks, so that the maximum limit of the credit facilities must not exceed QR 2.5 million.

2/2/6 Banks is not allowed to grant any credit facilities to their external auditors or to their family members.

2/2/7 National banks should not grant new credit facilities against shares of the bank granting the credit facilities.

2/2/8 Branches of the foreign banks that have arrangements should comply with the maximum limits of the credit facilities, approved by QCB, granted to borrower group.

2/2/9 In all cases, the maximum limit of the credit facilities granted by all banks to a single customer and his ⁵borrower group must not exceed QR 3 billion, in conformity with the sound banking criteria and bases. Such instructions shall come into effect as of December 2007.

2/2/10 QCB's approval should be gotten before granting any loan or finance at 10% or more of the bank's capital and reserves, as maturity of the loan or finance exceeds 10 years.

⁵ Please refer to circular no. (237/2007) dated 5/12/2007.

2/2/11 Total credit ceilings granted to all customers and their borrower groups, which got credit facilities of 10% or more of bank's capital and reserves, must not exceed 600% of bank's capital and reserves.

2/2/12 Total credit ceilings granted to parties of interfering interests must not exceed 100% of bank's capital and reserves.

Branches of foreign banks shall be exempted from the limits mentioned in the items no. (2/2/11 - 2/2/12).

Exemptions:

- Credit facilities granted to government, government institutions or institutions guaranteed by government.
- Credit facilities covered by cash deposits or margins. If the credit facilities exceed the blocked cash deposits and margins, only the covered part will be deducted and a written authorization should be obtained for retaining and netting, provided that copies of the documents supporting such coverage must be attached.
- Credit facilities covered by irrevocable and unconditional banking guarantees from a bank or financial institution with a sound financial position. The guarantees must be encashed on maturity of loan/finance or must be automatically renewed till it is fully paid.
- Bid bonds.
- Credit facilities granted to banks.

3- Additional Controls

3/1 The credit concentration maximum limits shall be calculated depending upon the granted ceiling or the debt balance, whichever is higher. The debt balance shall constitute of the capital base and interest or return for the Islamic banks plus any other amounts added to the debt such as commissions, fines or others.

3/2 The credit ceiling granted to the customers must be for a period of one year, renewable after revaluation unless the agreement between the bank and the customer states otherwise.

Exceptions:

- The loans and debts arising from substandard, doubtful and bad credit facilities.