Credit and Financing Risk

Second: Credit and Financing Risk

Identification of provisions, write off debts, credit concentrations, overdrafts, and real estate financing:

1- Provisions for Credits Classified as Substandard, Doubtful or Bad and Financial Investment Evaluation Form

1/1 The data for reporting and updating the provisions for non-performing customers' accounts (substandard, doubtful or bad) and the suspended interest or return on these accounts should be made through the designed computer systems, according to the regulations stated in annex no. (8). Data must be completely entered by 20th November each year as deadline.

Entering and updating data on provisions calculated on the non performing customers' accounts, starts when all banks complete entering customer facilities balances as on October each year through banking credit risk system whose data must be completely entered by 8th November each year as deadline. All banks must provide QCB with a written letter containing its external auditor's views on assessment of the granted credit and the value of the calculated provisions by 20th November each year.

2- Debts Write off

Review item (7) in page no. (367) and item (6) in page no. (181). Instructions therein should be complied with.

3- Credit Concentrations

All banks should provide QCB with the periodical reports on the large credit concentrations for one single customer and his credit group through the following

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320 Item 1/2 is cancelled
1/2 QCB should constantly be provided with the forms of the financial investment operations inside and outside Qatar for all banks during the period between 1/1 and 31/12, as stated in annex no. (20). The mentioned forms must be approved by the bank's general manager and external auditor. Customers' data should be entered via computer system through the anonymous accounts, if registry number is unavailable and the customer is a legal personality, or the identification number is unavailable and the customer is normal personality.
two forms at the end of June and December of each year in CD,\textsuperscript{321} containing data on each customer and his credit group in one folder. Such folders should contain all accounts of the customer and his credit group separately and Forms (ts/1) and (ts 1/1) attached with all required supporting documents as per the concerned instructions. The latest approved financial statements and supporting documents of guarantees in each account, the latest collaterals valuation, personal guarantees contracts, and any other documents desired by the bank.

These instructions shall be in force until the electronic file program, for VIP customers and all accounts of the parties with inter related interests, are in place

3/1 Form No. (ت س/1), annex no. (15)

It should be filled in every 6 months at the end of June and December of each year with the following accounts and credit groups:

- Facilities granted to each member of the bank’s board of directors and his credit group irrespective of the amount of the granted credit facilities. (National Banks)
- Facilities granted to each major shareholder and his credit group irrespective of the amount of the granted facilities. (National Banks)
- Facilities granted to each customer and his credit group, which is equivalent to 10% or more of the bank’s capital base (tier 1) or 200 million Qatari Riyals, whichever is less.

3/2 Form No. (ت س/1-1), annex no. (16)

It should be filled in every 6 months at the end of June and December of each year with the following accounts and credit groups as a separate periodical report for each account of the listed credit group’s account in the form no. (ت س/1).

- Member of board of directors’ account and any other account related to such member.
- The account of each major shareholder and all related accounts to this major owner.
- Each account of the customer accounts and his borrower group which is equivalent to 10% or more of the bank capital base (tier 1) or 200 million Qatari Riyal, whichever is less, provided that all these forms must be attached

for each account of the credit group accounts for each specific form for the customer and his credit group, no. (ت س/1).

3/3 Compliance with filling up instructions of annex no. (15 and 16).

Complete accuracy is necessary while filling up the above-mentioned two forms. Check the balances of granted and used facilities of customers and the value of the contra physical collaterals before entering them into the computer through the new banking credit risk system. If the bank provides QCB with any incorrect or incomplete data, strict measures will be taken against all responsible employees of such bank. This data will be considered authentic by QCB, through which the ratios and the different limits of credit concentration will be calculated.

3/4 Banks should provide QCB with these two forms within 10 days after the expiration of the required period.

3/5 Updating the data of companies that are granted credit facilities:

It has been noted while reviewing the data of the periodical reports on form no. (ت س/1), the difference in some customers' data, such as: trade register numbers, partners' names, their shares, and the data that was previously declared by the bank to QCB through the banking risk system. In order to reconcile such differences, it is necessary that banks' updating certain customers' data, which were declared through the aforementioned system, to apply to QCB for updating the data of these customers through the banking notification system.

4- The Overdraft Accounts and the Overdrawn Accounts (Commercial Banks)

Each bank should provide QCB with the following data:

4/1 Quarterly periodical report for the total of the overdrafts accounts and the overdrawn accounts according to the attached statement no. (1) annex no. (18).

4/2 Quarterly periodical report on the details of the individuals overdrawn accounts for other purposes with physical collaterals mentioned in item (6) statement (1) annex (18), according to the attached statement no. (2) annex no. (19).
5- Real Estate Financing Net Risk Ratio

5/1 Fill in the attached form no. (1) annex no. (120), for calculating real estate financing ratio as at the end of each month and submit the same to QCB, attached to the other monthly balance sheet attachments.

5/2 This ratio is calculated for all the days of the month and in case of exceeding this ratio for any one day or more, banks should fill in the following forms and provide them to QCB, attached to the monthly balance sheet attachments:

- (Form no. 2) calculating real estate financing annex no. (121).
- (Form no. 3) for recording the fine for violation of the real estate financing ratio annex no. (122).

5/3 QCB may demand from any bank, at any time, to calculate the real estate financing ratio for all the days in a certain month. If any unreported violations are detected, QCB will impose the maximum limit of the fine for each day, in accordance with the article (216) of The Law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012).