



الريان للاستثمار
ALRAYAN INVESTMENT

ANNUAL
GOVERNANCE
REPORT
20
24

معاً نتقدم Leading Forward



His Highness
Sheikh Tamim bin Hamad Al-Thani
Amir of the State of Qatar



His Highness
Sheikh Hamad bin Khalifa Al-Thani
Father Amir

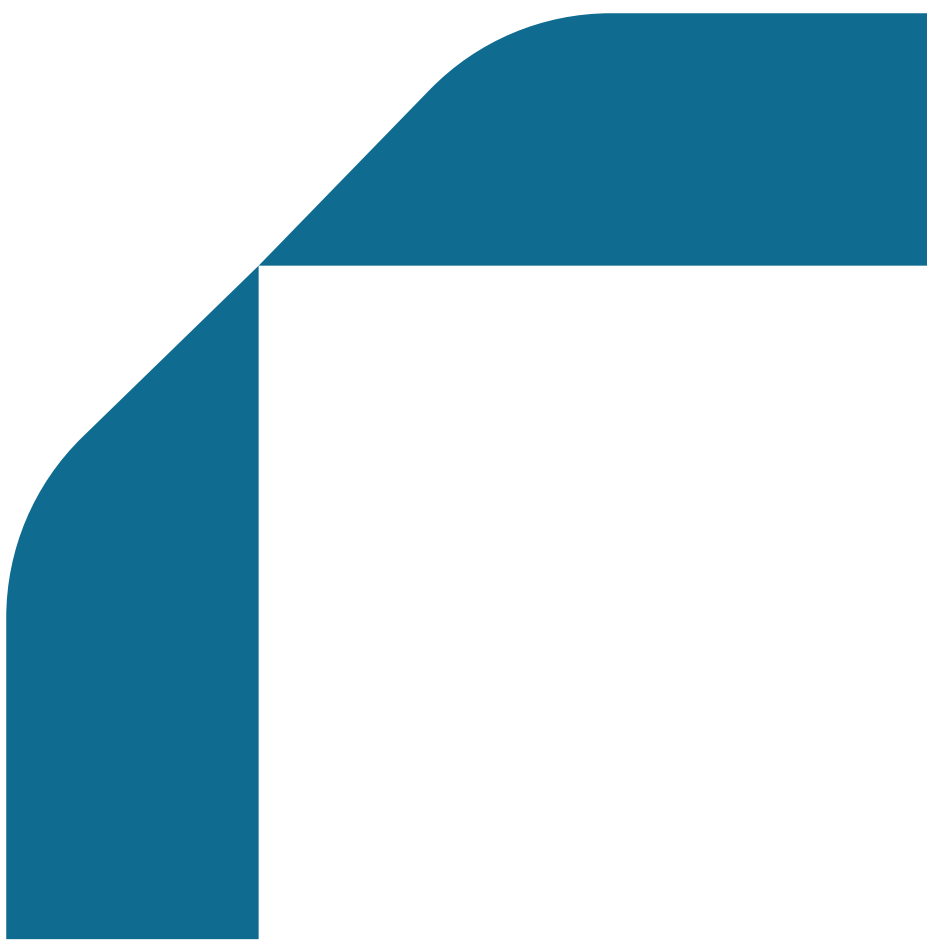


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Introduction

1. Introduction

Corporate Governance is one of the cornerstones of Al Rayan Investment LLC (“**ARI**” or “the **Firm**”). The Firm’s good governance practices aim to protect the long-term interest of its shareholders, clients and other stakeholders and to promote business conduct in accordance with international best practices.

ARI’s Corporate Governance Framework has been established in accordance with the Governance and Controlled Functions Rules 2020 (CTRL) of the Qatar Financial Centre Regulatory Authority (“**QFCRA**”) and the Governance Code for Companies and Legal Entities of the Qatar Financial Markets Authority (“**QFMA**”).

ARI is fully committed to adhering to the principles of governance and to provide transparent and accurate information to its stakeholders. ARI is bound by the requirements of its regulators to issue the Annual Governance Report and present it to the shareholders of the Firm during the Annual General Assembly.

2. Corporate Governance Framework

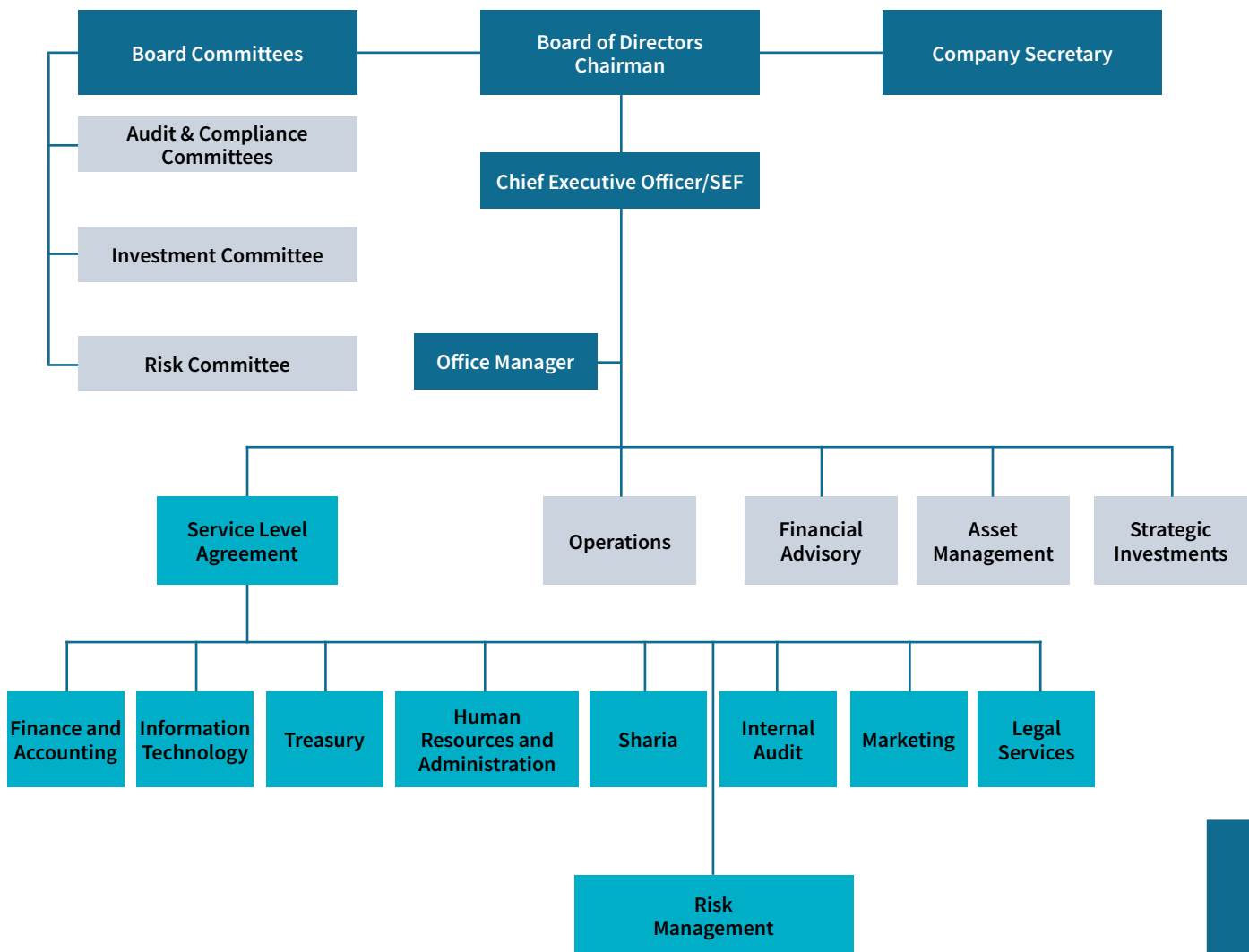
Strong and effective corporate governance helps to cultivate a culture of integrity, leading to positive performance and a sustainable business, when founded on **accountability, responsibility, fairness and transparency**. As such, ARI's corporate governance framework is made up of its Board, Board Committees, organisational structures, policies, procedures and controls and it includes:

- the Firm's risk management framework;
- its internal control and assurance functions;
- its business objectives; and
- the corporate governance rules in the applicable rules and regulations.

In 2024, the Corporate Governance Policy has been reviewed, updated and approved, where needed, to ensure compliance with the applicable rules and regulations.

The Board of Directors understands its responsibility in developing, implementing and maintaining a sound corporate governance culture in order to promote well-managed and accountable decision making at all levels of business. The implementation of the governance principles is driven by a qualified Board of Directors aided by experienced Executive Management.

ARI Organisation Chart





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The Board of Directors

3.1. Responsibilities

The Board of Directors is entrusted by the Shareholder to oversee the operations and performance of the Firm and provide effective governance over its key affairs. The Board of Directors' responsibilities are defined in the Firm's Articles of Association, Board of Directors Charter and the Corporate Governance Policy and include, but are not limited to, the following main responsibilities:

A. Corporate Governance

1. Ensure adequate corporate governance policies and mechanisms are adopted and implemented across the Firm.
2. Ensure the existence of a full disclosure framework as to achieve justice and transparency and to prevent conflicts of interest.
3. Ensure adequate qualifications, experience, and professional performance criteria of the Senior Executive Function (SEF) and key Executive Management officers.
4. Review and approve the Firm's organisational structure on periodic basis to ensure proper distribution for functions, tasks & responsibilities.

5. Design and establish an adequate succession plan for the Board and Senior Executive Management of the Firm.
6. Approve the annual Corporate Governance report in accordance with regulatory requirements for submission to the General Assembly and QFCR.
7. Ensure existence of Conflict-of-Interest Policy that would regulate conflict of interest and remedy any possible cases of conflict by Board members, Senior Executive Management and shareholders, with an appropriate monitoring process in place.

B. Strategic Decisions and Planning

1. Approve and oversee the implementation of the Firm's strategic objectives.
2. Approve the Firm's annual budget and business plans and ensure these are in line with the long-term strategy and changes in the economy, market, and regulatory environments.
3. Approve the Firm's risk appetite, risk management framework and monitoring aggregate risk exposures.
4. Set and develop strategies, plans, objectives and main policies for the Firm.
5. Approve the capital expenditures budget of the Firm and any changes thereto during the fiscal year.
6. Approve the risk management strategy of the Firm as well as the overall Risk Appetite and Portfolio Strategies.
7. Set the strategic aims and ensure that the necessary financial and human resources are in place for the Firm to meet its objectives.
8. Approve the Firm's financial statements

C. Oversight, Control and Supervision

1. Oversee the Firm's Senior Executive Management through the BOD committees as part of the Firm's checks and balances and discuss their reports on important issues raised.
2. Ensure the implementation of a system of internal control including internal audit, compliance, risk management and financial control as well as a framework to assess Internal Controls over Financial Reporting (ICOFR).

3. Ensure the Firm effectively takes into consideration the comments raised by Internal Audit, Compliance, Risk Functions and External Auditors.
4. The Board will have an oversight role on the proper design and monitoring of the internal controls, pertaining to combatting financial crime requirements including money laundering and terrorism financing, sanction programs, fraud, tax etc. and receive/consider annual report of the MLRO as stipulated by relevant laws and regulations.

D. Performance Evaluation

1. Make sure the Firm maintains and enforces appropriate awareness programs necessary for spreading the culture of self-control and risk management.
2. Put in place a self-assessment mechanism to evaluate the performance, competence and effectiveness of the Board and the BOD members, Consider and incorporate the feedback received related to the performance of the Board.
3. Conduct the SEF's and Senior Executive Managements performance appraisal on an annual basis.
4. Monitor and evaluate the performance and risks of the business strategy.

E. Stakeholder Management

1. Assume responsibilities towards shareholders and other stakeholders and related parties within the Firm and the community at large.
2. Develop a policy that regulates the relationship among the stakeholders in order to protect them and their respective rights. Be congruent of areas of conflict of interest
3. Such a policy shall include indemnifying the mechanisms of the stakeholders, set out suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.
4. Develop a clear policy for contracting with Related Parties.

5. Oversee the preparation of the General Assembly agenda and related material, such as the audited financial statements, reports of the Board and CEO, and voting/ attendance administrative matters.
6. Provide the General Assembly, whenever it is held, to make a strategic decision, the necessary recommendation to take into consideration the benefit of the Firm and minor shareholders.

3.2. Composition

In accordance with the Corporate Governance Rules and where AlRayan Bank (Masraf Al Rayan) is the sole shareholder, ARI's Board is composed of:

- **Mr. Nasser Jarallah Saeed Jarallah Al Marri**
Chairman – Dependent Non-Executive
- **Sheikh Saoud A. Rahman H. A. Al Thani**
Vice Chairman – Independent Non-Executive
- **Sheikh Ali Abdulla K A Al Thani**
Board Member – Independent Non-Executive
- **Mr. Khalid Abdullah K A Al-Attiya**
Board Member – Dependent Non-Executive
- **Mr. Tahir Hayat Pirzada**
Board Member – Dependent Non-Executive

3.3. Role of the Chairman

The Chairman is the president of the Firm and he represents it before other parties and judiciary. The Chairman is primarily responsible, among other things, for ensuring the proper management of the Firm in an effective manner to achieve the best interests of ARI and its shareholders.

The responsibilities of the Chairman are detailed in the Board of Directors Charter and below are some of his main responsibilities:

1. Ensuring that the Board discusses all the main issues in an efficient and timely manner;
2. Approving the agenda of the Board meeting taking into consideration any matter proposed by any other Board member;
3. Encouraging all Board members to collectively and effectively participate in dealing with the Board affairs for ensuring that the Board is working with its responsibilities to achieve the best interest of the Firm;

4. Creating effective communication channels with shareholders and making their opinions heard to the Board;
5. Allowing effective participation of the Non-Executive Board Members in particular and promoting constructive relations between Executive and Non-Executive Board Members;

3.4. Importance of Independence

In order to foster independent decision-making and to mitigate any conflict of interest that may arise, ARI appointed two independent Directors to the Board who also brought different and relevant expertise to the Board's discussions.

3.5. Frequency of meetings

The Board held five meetings in 2024 as listed below:

Meeting dates:

1. 7 February 2024.
2. 9 May 2024.
3. 9 September 2024.
4. 21 October 2024.
5. 5 December 2024.

The minutes of meetings are prepared by the Company Secretary and a draft is sent to all the Board Members for their comments. The final minutes are signed by the Chairman on behalf of the Board, and the Company Secretary.

3.6. Company Secretary

On 7 July 2022, the Board of Directors of ARI has appointed Mrs. Mariam Kamaledine as the Company Secretary and Secretary of the Board Committees under Resolution No. 3.2/2/2022. The Secretary supports the Board in effectively meeting its obligations by taking and dispatching without delay minutes that reflect accurately the proceedings of the Board meeting and ensures that all records in this regard are kept in a safe place.

3.7. Annual Evaluation

In Compliance with QFCRA's Governance and Controlled Functions Rules and international best practices, the Board of Directors completed their annual self-assessment for 2024, from a collective standpoint as well as individually.

The purpose of the annual evaluation is, in addition to complying with the QFCRA's and QFMA's regulations, to ensure the continuous improvement of the Board performance while discharging its responsibilities and assess the effectiveness of the governance practices and procedures in order to make any necessary improvements, where needed.

The results showed that the procedures and mechanisms in place at the level of the Board and its Committees are effective and there are no major concerns in this regard.

4. Board Committees

In order to increase the efficiency of the Board's supervisory responsibilities over the Firm, the Board of Directors of ARI has established committees, which are delegated specific responsibilities.

The Board has formed two Board Committees:

- 1- Audit and Compliance Committee; and
- 2- Investment Committee.

As for the Risk and Policies Committee, and in accordance with ARI's Corporate Governance Policy, in the absence of such Committee, MAR Risk department provides the services of this Committee, under a Service Level Agreement (SLA). MAR Risk department's review will then be provided to ARI Board of Directors for their approval.

Due to the size, nature and complexity of ARI, the Board has not established a Nomination and Remuneration and in the absence of such Committee, the Board of Directors will take all decisions related to remuneration and nomination.

Each Committee has detailed and specific roles, duties and authorities as determined by the Board and captured in the Committees Charter that is approved by the Board.

• Audit and Compliance Committee

Members:

- **Sheikh Ali Abdulla K A Al Thani** – Chairman of the Committee
- **Sheikh Saoud A. Rahman H. A. Al Thani** – Member
- **Mr. Tahir Pirzada** – Member

Main Responsibilities

1. Overseeing, and reviewing the accuracy and validity of the Firm's financial statements and the yearly, half-yearly reports. Discussing these statements with SEF and External Auditor before approving the same

and submitting them to the board for final approval;

2. Reviewing the Firm's dealings with the Related Parties, and making sure whether such dealings are subject to and comply with the relevant controls;
3. Assist the Board in fulfilling its oversight role regarding establishment and maintaining effective Corporate Governance policies and procedures;
4. Reviewing the effectiveness and adequacy of internal controls, overall risk management and control, financial reporting systems, and best accounting and financial practices;
5. Reviewing the financial and accounting policies and procedures of the Firm and expressing an opinion and recommendation to the Board on this regard;
6. Responsible for all issues regarding Internal Audit and making recommendations to the Board regarding the selection, appointment and termination of the Chief Internal Audit It is responsible also for allocating the budget and the assessment of the Internal Audit staff;
7. Review Investigation or special project reports carried out by Internal Audit;
8. Reviewing reports of the Internal Audit, External Auditor, supervisory authorities;
9. Follow-up the necessary corrective actions taken to address violations identified by auditors, and set controls required to avoid violations in future;
10. Ensure independence of External and Internal Auditors and Compliance;
11. Approval of Compliance Manuals in coordination with Compliance Department within the Firm;
12. Approve an Annual Compliance Plan; and
13. Review the annual MLRO report provided by the compliance department

The Committee held four meetings in 2024 as listed below:

Meeting dates:

1. 31 January 2024.
2. 29 April 2024.
3. 2 September 2024.
4. 27 November 2024.

The Chairman of the Board is not a member of the Audit and Compliance Committee.

- **Investment Committee**

Members:

- **Sheikh Saoud A. Rahman H. A. Al Thani** – Chairman
- **Mr. Nasser Jarallah Saeed Jarallah Al Marri** - Member
- **Mr. Tahir Pirzada** – Member

Main Responsibilities

1. Approve and amend ARI's Investment Policy which details all risk limits (investments related) which shall include investment guidelines and asset allocation targets and prohibited investments;
2. Authorize the ARI Strategic Investment Committee to take investment decision in relation to ARI Sukuk and Public equity investments.
3. Review and approve (where applicable) investment transactions in line with set limits for single transaction and/or cumulative during the year. These limits are provided in the Investment Policy;
4. Oversee management's administration of ARI's investment portfolios to ensure compliance with the Investment Policies and best practices;
5. Evaluate investment performance based on a comparison of actual returns with expected returns, and with such other benchmarks as the BOD may select. The evaluation will take into account compliance with investment policies and guidelines and risk levels assumed;
6. Review periodic analysis and reports from management on each investment and group of investments as a portfolio;
7. Report directly to the BOD at each scheduled Board meeting to update the BOD on investment decisions, policies and investment performance; and
8. Approve all transactions within delegated limits but also recommend for Board's approval any deals above its delegated limit.

The Committee held two meetings in 202 as listed below:
Meeting dates:

1. 9 May 2024.

2. 21 October 2024.

5. Executive Management

Although the Board has the ultimate responsibility for the Firm's governance, the Board delegates the day-to-day management of the Firm to the SEF who is assisted by the Executive Management.

The Executive Management is composed of the Firm's senior employees headed by the SEF, who implement the processes and procedures in accordance with the policies and strategies approved by the Board and contribute to the implementation of a sound governance framework.

ARI's Executive Management is composed of:

- **Mr. Akber Khan – Acting Chief Executive Officer (Senior Executive Function – SEF)**

With more than 25 years' experience in the investment industry, Akber is Acting Chief Executive Officer of Al Rayan Investment. He joined ARI in 2009, to set up and lead asset management, which included overall responsibility for managing GCC public equity and global sukuk portfolios of \$1.5bn. Prior to ARI, Akber was a Director at Deutsche Bank in London, where he spent more than 11 years in European and emerging markets equities. Akber is a graduate of University College London. Akber has lived in Doha, Dubai, Frankfurt, Karachi and London.

- **Mr. Shabbir Kagalwala – Director, Asset Management Group**

Shabbir has over 19 years industry experience. He joined ARI in 2010 from Vision Investment Services, Oman. At ARI, Shabbir leads the asset management team and is responsible for managing client portfolios with different strategies. At Vision he was the lead analyst on the flagship Emerging GCC Fund. Prior to this, Shabbir worked with research houses in India, focusing on the US, Europe and Middle-East equity markets. His expertise includes portfolio management, investment research, valuations and financial model-building. Shabbir is a CFA charter holder (CFA Institute USA) and holds a Post Graduate degree in Finance (MS Finance) from ICAI University, Hyderabad, India.

- **Mr. Hadi El-Kadi – Senior Associate, Financial Advisory Group**

Hadi joined Al Rayan Investment's Financial Advisory Group in 2019. Having more than a decade of financial advisory experience, he currently focuses on deal origination and execution, advising clients across equity and debt capital

markets, mergers and acquisitions, and corporate finance advisory. Hadi has advised numerous clients during his time at ARI, including Estithmar Holding, Lesha Bank and Mazaya. Prior to joining ARI, Hadi was at EY's economics and valuation advisory practice where he served clients across the GCC.

Hadi holds a bachelor's degree from the American University of Beirut and a master's degree from Imperial College London. He is a CFA charter holder and is fluent in English and Arabic.

- **Mr. Vishal Saxena – Head of Operations**

Vishal has more than 22 years of experience across accounting and operations and has been with ARI since 2011. Vishal is responsible for all aspects of operations to support the Asset Management group's products and services. Prior to ARI, Vishal has worked with organizations like Vision Investment Services, Northern Trust and HSBC and was awarded 'best employee' in his previous organization. Vishal has completed CMA (USA), Post Graduate Certificate in Management (Public Accounting) from All India Management Association (AIMA), India, EPGM from Indian Institute of Management, Jammu (IIMJ), the Intermediate examination of the Institute of the Chartered Accountants of India and the Certificate in International Financial Reporting (CertIFRS) from ACCA. Vishal has also completed few certifications, amongst them are Investment Foundations certificate from CFA Institute and the Fundamentals of Alternate Investments from CAIA. He is a Member (MCSI) of the Chartered Institute for Securities & Investment (CISI).

- **Mrs. Mariam Kamaledine – Senior Manager, Head of Compliance and AML**

Mariam has more than 10 years of broad experience in legal and compliance in areas such as Compliance, Anti-Money Laundering, Risk Assessments, KYC and Due Diligence. Her experience covers compliance within the financial sector. She holds a certificate in AML from QFBA, Level 3 Award from CISI in Global Financial Compliance, and certificates in Investment Operations and International Introduction to Investment from CISI. She is also a Certified Anti-Money Laundering Specialist (CAMS) and a Certified Global Sanctions Specialist (CGSS).

6. Internal Controls and Assurance

ARI has established an internal controls and assurance framework composed of the following functions:

- The Risk Management Function;

- The Compliance Oversight Function; and
- The Internal Audit Function.

The internal controls and assurance framework provides reasonable assurance on the effectiveness and efficiency of the Firm's operations, the reliability of its financial reporting and the extent of its compliance with applicable laws and regulations.

The internal controls and assurance framework ensures that:

- the Firm's business is conducted efficiently;
- the Firm's assets are safeguarded;
- fraud and other unlawful acts are prevented or detected;
- risk is managed effectively;
- the Firm's financial records are accurate and complete; and
- the preparation of the Firm's financial statements is timely.

6.1. Risk Management

Risk Management is fully independent from the commercial lines of business. ARI has outsourced the Risk Management function to the parent company MAR. The Risk Manager reports directly to the Chief Executive Officer with an indirect reporting line to the Board.

ARI risk management framework includes a set of policies and procedures approved by the Board and aligned with Company's strategy and business model. ARI's risk profile and appetite are approved by the Board and then cascaded down to every division, department and employee.

The main responsibilities of Risk Management are to manage credit & counterparty risk; market & liquidity risk; information, cyber & physical security risk; enterprise risk; operational risk, business continuity, and fraud risk; and to ensure compliance with risk-related QFC regulations. The Risk Manager identifies, measures and proactively manages risks relating to ARI activities, processes and systems.

The Board of Directors assumes the responsibility of risk oversight, hence, there is no separate Risk Committee delegated by the Board. The Board is responsible for approving the risk management framework and ensuring it is reflected in the policies and procedures. It also evaluates and oversees ARI's risk profile in coordination with the SEF and the Group Risk Committee or relevant bodies.

6.2. Internal Audit

The ARI Internal Audit (IA) function is an independent



division within Al Rayan Investment reporting directly to the ARI Audit and Compliance Committee (ACC). IA strengthens the bank's ability to create, protect and sustain value by providing the ACC and management with independent, risk based and objective assurance, advice, insight and foresight. IA enhances the organisation's:

- successful achievement of its objectives;
- governance, risk management and control processes;
- decision-making and oversight;
- reputation and credibility with its stakeholders; and
- ability to serve the public interest.

IA Structure

IA is headed by the General Manager, Group Internal Audit (GMGIA), who reports functionally to AlRayan Bank Group Board of Directors through the ARI ACC, ensuring the independence of the Audit function.

As at 31 December 2024, IA comprised five specialized audit units, each unit including Subject-Matter Expert auditors with extensive experience and related qualifications in a variety of subjects, including Financial Crime Compliance, Operations, Credit, ICT and Cybersecurity, Financials and Risk Modelling.

Strategy

ARI Strategy

ARI's strategy is to cement its position as Qatar's leading asset manager and corporate advisory firm.

Across Asset Management and Advisory the focus remains, seeking to capitalise on the relatively low penetration of best-of-breed service competitors in Qatar and growing ARI's market share. ARI targets continued increase in share of wallet from existing clients and, converting the pipeline across both businesses signed mandates.

The most important enabler is hiring, developing, nurturing and keeping motivated, top-quality human resources across ARI's four departments.

Part of the refreshed strategy in 2024 focused on deepening cooperation and synergy with MAR and this is expected to strengthen further in the coming years.

Within Strategic Investments, ARI aims to enhance the firm's return on assets.

Internal Audit Strategy

In line with the above ARI Strategy, and in conformance with Global Internal Audit Standards (GIAS), IA has documented

an IA Strategy that details strategic (SPOT) objective which are supported by specific initiatives, timelines, and actions to guide implementation over the next 4 years (incorporating the last year of the current Audit Cycle plus the upcoming new three-year Audit Cycle).

S for STRATEGIC ADVISOR: Strategic Partner and Risk, Balance and result driven.

P for PROCESS UPLIFTMENT: Independence and Objectivity; Continuous Improvement; Quality Assurance and Improvement Program.

O for OPERATIONAL EXCELLENCE: Independent and Objective Team; Proficiency and Professionalism; Talent source for the organisation.

T for TECHNOLOGY: Add value through efficiency; Advance use of Technology.

Assurance and Advisory Services

Assurance Services

Services through which internal auditors perform objective assessments to provide assurance.

IA is responsible for independent audit and assurance engagements.

In compliance with the Qatar Central Bank, Basel and Institute of Internal Audit guidelines, the IA has developed a Risk-Based-Internal-Audit Approach (RBIA) based on a rolling three-year Audit cycle. The RBIA directs the IA in prioritizing and allocating resources to riskier areas / product / service / project where they are most required.

Advisory Services

Such services through which Internal Auditors provide advice to the bank's stakeholders are undertaken without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with related stakeholders.

IA's regular interaction with the ARI ACC, Management and the extensive review of various areas within ARI puts IA in a unique and valuable position and enables us to help ARI meeting its strategic initiatives and improve its systems and processes through Advisory services.

When performing Advisory services, the internal auditor maintains their objectivity and does not assume management responsibility. To ensure its independence and objectivity, the IA routinely assesses impairment issues while providing advisory services to the ARI ACC and the Management. As an independent reviewer, IA also conducts

reviews of new and amended policies in a consultant capacity.

IA Framework

Criteria

The IA's conduct and operation are in accordance with the

- Laws and regulations and international practices including but not limited to QFCRA, QFMA and Global Internal Audit Standards (GIAS);
- ARI Internal Audit Charter approved by the ARI ACC;
- ARI Internal Audit Methodologies approved by the ARI ACC.

When conducting Assurance audits and Advisory engagements in subsidiaries in foreign jurisdictions, IA considers the rules, regulations and instructions as issued by the regulators of that jurisdictions.

The Internal Audit Charter grants the IA unrestricted access to all records, data, systems and personnel within ARI for audits and related assignments.

IA, acting as third line, provides an independent assurance on the effectiveness of the implemented internal control framework. This arrangement, of in-compatible responsibilities, ensures that ARI always remains in control. The GMGIA will ensure that the IA teams remain free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing and report content. If the GMGIA determines that independence or objectivity may be impaired in fact or appearance, the details of impairment and or non-cooperative behaviour will be disclosed to the ACC.

IA Risk Assessment

At the start of each year, the IA team performs a detailed risk assessment of the Audit Universe. In performing this risk assessment, consideration is given to:

1. Regulatory Requirements
2. Strategic Projects and Initiatives
3. Risk Based evaluation.
4. Fraud Risk Assessment.
5. Other Assurance Providers.

Based on the outcome of the assessment, a risk based three-year audit cycle will be formulated that will generate the annual audit plan (covering both Assurance and Advisory engagements). In addition, a dynamic risk assessment

will be conducted and presented to the Audit committee biannually from 2025.

Quality Assurance and Improvement Program (QAIP)

A QAIP has been adopted by the IA team with an objective of continuous improvement and adoption of best practices, including quality of governance activities and structures, professional practices and communication process.

The QAIP enables continual evaluation of:

- Conformance with the Definition of Internal Auditing, the Code of Ethics (CoE) and the Standards;
- The adequacy of the IA's charter, goals, objectives, policies and procedures;
- The contribution to ARI's governance, risk management and control processes;
- Completeness of coverage of the entire audit universe;
- Compliance with applicable laws, regulations and government or industry standards to which the IA may be subject;
- The risks affecting the operation of the IA itself;
- An appraisal of the efficiency and effectiveness of the IA activities within ARI as well as identification of opportunities for improvement;
- The effectiveness of continuous improvement activities and adoption of best practices;
- Whether the IA team adds value, improves ARI's operations and contributes to the attainment of objectives.

Culture

IA enhances and promotes control awareness and risk culture within ARI. Building an informed risk culture and raising control awareness that will lead to a stronger control environment and less disturbance to the operations of ARI.

The department also believes that stronger transparency results in improved stakeholder confidence and actively encourage Management Self-Identified Observations (MSIOs) throughout all engagements.

In addition, IA report to the ACC on any identified culture observations, potentially caused by inadequate actions or behaviour of the management / employees and on any audit observations that may be culture related.

Audit Technology Solutions

IA's Audit Management System (AMS) is used to record details of the audit universe / auditable entities, annual risk assessments, audit planning and scheduling, providing a paperless audit work paper environment, allows online

internal quality assurance and enables the efficient sharing of best practices across the Internal Audit team members.

Key Achievements and Developments in 2024

ARI IA successfully completed five (5) audits during 2024.

GIAS Implementation

Implementation of the GIAS requirements into the ARI Internal Audit methodologies has resulted in the creation / enhancement of the following key Internal Audit documentation:

- Audit Strategy and guidance for assessment / SWOT;
- ARI Internal Audit Charter;
- ARI Internal Audit Methodology Manual (replacing the current policy and procedures Manual) including forms, approaches, IQA program and EQA assessment, surveys and declarations;
- Root Cause Categories and Analysis;
- IA Audit Plan, Training Plan, Resources Plans, Technology Plan and overall budget;
- IA Objectives;
- Job Descriptions (JDs);
- Succession Plan.

Audit Technology Plan

During 2024, IA enhanced its technology coverage as follows:

1. Increase in AMS User Licenses: With the increase in IA staff headcount, additional licenses were purchased for 2024.
2. AMS Upgrade: Wolters Kluwer, software vendor, is continually enhancing the audit management solution to cater for new initiatives, such as the new GIAS requirements. AMS has been upgraded to the latest version (December 2024).
3. AMS Reporting Add-on: To enhance IA's reporting capability through AMS a reporting add-on (reporting API), that works through Microsoft Power BI, was purchased.
4. Data Analytics Application: To enhance IA's data analysis / testing capability, purchased the data analytics tool "TeamMate Analytics".

Training

During 2024, audit staff participated in up to 16 different educational training programs / sessions, which included numerous sessions / workshops on the new GIAS / Internal Audit Ethics / Professional Audit Skepticism; ICT related introduction courses (specifically designed for non-ICT

auditors), and various online financial sector-based webinars.

Future Outlook

Due to recent advancements in the technology, changing risks and increased transaction volume and more focus on customer experience, IA will be focusing on emerging and systemic risks that may have impact on the performance of ARI and keep the ACC and Management informed and updated on a timely basis.

IA will continue to make better use of advancements in technologies as part of its audits.

The Institute of Internal Audits has established new Global Internal Audit Standards that will come into effect on 8th January 2025. In preparation, IA has assessed the requirements, as defined in the new Standards, and updated the IA Methodology and documents accordingly.

6.3. Compliance

The Board of Directors and the Executive Management set the tone from the top in relation to ethical conduct and compliance where all employees are regularly reminded of their responsibilities, obligations and limitations within the Firm.

The Compliance and AML function identifies, assesses, advises on, monitors and reports on the Firm's compliance risk.

The compliance oversight function includes:

1. Monitoring and assessing the adequacy and effectiveness of the Firm's compliance policies and procedures;
2. Participating in the process of approving new products or significant changes to existing products;
3. Monitoring and assessing the extent to which the Firm complies with those policies and procedures;
4. Monitoring and assessing the adequacy and effectiveness of measures taken to correct any deficiencies;
5. Maintaining and updating the Firm's compliance policies and procedures in conjunction with the Firm's senior executive function and senior management;
6. Providing advice and support to the SEF and management about compliance issues.

Compliance monitors and assesses ARI's operations and

activities from a Compliance perspective to ensure high levels of compliance with QFCRA's and QFMA's regulations.

The Compliance Oversight Function (COF) and MLRO, who reports to SEF and to the Board of Directors via the Audit and Compliance Committee, is empowered to cover compliance issues of all of ARI activities and has access to all information, records, staff, property and operations. In addition, the COF has the right to conduct investigations into breaches, to carry out its role and responsibilities in the most effective and efficient manner.

During 2024, ARI updated a number of its policies and procedures, including but not limited to, the following:

- Anti-Money Laundering Policy;
- Compliance Policy and Procedures;
- Corporate Governance Policy;
- Customer Acceptance Policy;
- Compliance Forms Policy;
- Investment Management and Advisory Policy;
- Fraud Prevention Policy;
- Outsourcing Policy;
- Training and Competency Document;
- Compliance Monitoring Programme;
- Whistleblower Protection Policy; and
- Client Verification Policy

ARI has an Anti-Money Laundering and Combating Terrorism Financing (AML/CFT) framework, which aims to combat financial crimes in all its forms.

ARI also implements a Compliance Monitoring Programme to monitor compliance across the Firm and develop a strong compliance culture. The Compliance department updates the Compliance Monitoring Programme frequently to be in line with the latest regulatory requirements and best practices.

ARI conducts an induction AML/CFT training to its new employees and refresher training on combating Financial Crime once every year. In 2024, ARI conducted training on Combating Financial Crime to its governing body and all employees.

ARI is committed to compliance with relevant laws and regulations through its robust compliance framework, regular audits, and proactive risk assessments to ensure its adherence to ethical business practices. This commitment is integral to maintaining the trust of the Firm's stakeholders

and fostering a culture of transparency and accountability throughout the Firm.

7. Core Activities

The investment arm of AlRayan Bank, Al Rayan Investment LLC (ARI) was incorporated in 2007, and is a fully-owned subsidiary, focused on asset management and corporate financial advisory. ARI is authorised by the Qatar Financial Centre and regulated by the Qatar Financial Markets Authority. The firm had capital of \$100 million at establishment.

After an impressive 2023, 2024 was another year of near record profits. ARI built on successes of previous years, further strengthening ties with clients, and expanding its reach. Asset management remained the key driver of performance, through a combination of new client mandates, injections from existing investors and investment returns. The financial advisory practice jointly led numerous US Dollar sukuk issuances for Qatari, regional and international issuers. ARI was also proud to have issued the first ever QAR corporate sukuk issuance. Work continues on listings and IPOs to be executed on the Qatar Stock Exchange.

Since its inception 15 years ago, the firm has grown impressively, across both asset management and advisory, and despite material market volatility, has delivered profit growth almost every year. These results are testament to a world class team which serves clients with market leading professionalism; ARI aims to be the most trusted financial services partner for its clients.

Asset Management Group

Launched in mid-2010, ARI's asset management franchise has crafted an enviable investment track record. While demand from high-net-worth investors continues to build each year, awareness of ARI's best-in-class capabilities among domestic institutional investors is very strong.

Investors find ARI's proposition compelling: experienced in-house research feeding into a robust investment process, helping to deliver superior security selection, generating consistently strong returns.

2024 Performance

Despite global head winds and broadening regional geopolitical risks after Israel's war on Gaza, most regional equities markets delivered a positive return in 2024. Dubai (+27%) was the best performing market, continuing its



positive run in 2024. Kuwait (+5%), Oman (+2%) and Saudi Arabia (+1%) also ended the year positive. Abu Dhabi (-2%) and Qatar (-2%) were the laggards. Foreign investors continued to gain regional exposure, with net buying of more than \$18 bn during the year, predominantly in the United Arab Emirates and Saudi Arabia.

ARI's Assets Under Management (AUM) across money markets, public equities and sukuk, ended the year at QAR 5.4 billion.

Our money market offering gained further traction with institutional investors. While local short-term debt instruments are scarce, this product mimics a traditional money market fund by offering significantly higher returns relative to call deposits, while offering daily liquidity, and taking no market risk.

Global Sukuk

During 2024, the US interest rate cycle turned, with 100 bp of cuts towards the later part of the year, ending at 4.50%. ARI managed to further grow its sukuk offering, benefitting from new issuances and positive investment performance. Net of fees, ARI's actively-managed, US Dollar sukuk portfolios returned north of 8% over the year. Furthermore, ARI added new client sukuk portfolios while not having any redemptions in 2024.

ARI offers a Sukuk execution service to institutional and individual investors, Sukuk purchased for investors are held in custody by ARI. Investors frequently highlight the quality of ARI's execution, which is key to gaining new clients. ARI was lead manager on the first Qatari Riyal corporate sukuk in 2024 which opened new avenues for local investors and supported the sukuk execution offering.

Listed equities

ARI's investment focus for public equities remains the Gulf. Equities' segregated portfolios for institutional investors and family offices account for a large proportion of overall assets under management.

Funds

In addition to these segregated portfolios, ARI manages three regulated funds, of which Al Rayan Qatar ETF and Al Rayan GCC Fund are the largest.

Al Rayan Qatar ETF (QATR)

Listed on the Qatar Stock Exchange, Al Rayan Qatar ETF (QATR) tracks the performance of the QE Al Rayan Islamic index (a Sharia-compliant, Qatari equity index). With market-

capitalisation of QAR 423 million at end-2024, QATR is one of the world's 10 largest Sharia-compliant, equity, exchange traded funds (ETF). A Total Expense Ratio (TER) of 0.50% makes QATR among the most cost efficient single-country ETFs across emerging markets. The ETF pays a cash dividend more than once a year, generally in the second and third quarter of each year.

Al Rayan GCC Fund

The flagship Al Rayan GCC Fund invests in Gulf listed equities and sukuk, and with assets north of QAR 420 million, and remains one of the largest regional, Sharia-compliant GCC funds. In 2024, this absolute-return fund delivered more than 6% total return, including a dividend of 4.9%. At the discretion of the fund manager, the fund is expected to pay dividends semi-annually (January and July). The fund's very strong performance over the years helped boost subscriptions in 2024, from individual and institutional investors.

Financial Advisory Group

Economic and capital market activity in Qatar remained somewhat stagnant during 2024 driven by a slow-down in government spending and a high-interest rate environment. The year saw an influx of Sukuk issuances from issuers in Qatar and the region, to capitalise on a lower cost of funding as expectations of rate cuts put downward pressure on yields. Qatari equity capital markets were relatively subdued in 2024, with only one listing on the venture market of the Qatar Stock Exchange.

An improvement in the economy and capital market activity is expected in 2025. Over the next several years, economic expansion is expected across parts of the economy fueled by an 85% increase in LNG capacity and continued growth in tourism. The expected surge in activity enjoyed by many private businesses will likely see some of them seek funding through public equity or public debt markets.

Catering primarily to its Qatari client base, ARI had a very busy 2024, including several ongoing listings on the Qatar Stock Exchange, some of which are expected to conclude during 2025. ARI is listing advisor on these transactions.

ARI had an excellent year in advising and assisting issuers in raising public debt, winning Joint Lead Manager mandates on numerous local and regional US Dollar sukuk issuances. These included the world's largest aviation leasing company, Air Lease; Qatar International Islamic Bank's tier 1 sukuk and senior unsecured issuances; Kuwait's first green sukuk, issued by Warba Bank; supranational Islamic Corporation for Development; among others. In a pioneering development, ARI arranged and was joint lead manager on the first ever Qatari Riyal Sukuk issuance by a corporate issuer: Estithmar Holding's QAR500 million sukuk. This was followed up by a

QAR 145 million tap of the same sukuk in December 2024, at a price of 101, highlighting robust investor demand.

Strategic Investment

With a focus on continued growth in shareholder equity, ARI invests its own capital to enhance return on assets. In 2024, ARI maintained the strategy adopted during 2023, of raising allocation to sukuk. This was to avail attractive yields, as US interest rates reached an inflexion point in the current cycle. ARI also remains open to lucrative opportunities across other asset classes.

ARI investments as of 31 December 2024 (QAR):

Sukuk	351,310,014
Cash and equivalent	317,968,140
Total	669,278,154

Sharia Audit

The Shari'a Audit Department reports directly to the Shari'a Supervisory Board. Sharia Audit's main responsibilities include acting as a link between the Senior Management and the Shari'a Supervisory Board by relaying the former's inquiries, clarifications, new products, contracts, agreements and investment funds to the Shari'a Supervisory Board to obtain approvals, instructions and fatwas, and run audits on the correct implementation according to the Shari'a Board's instructions and fatwas.

8. Financial Highlights

- Total operating income decreased by 4% in 2024
- Net profit down by 3% from last year; 20% above budget.
- Total assets increased by 8%
- Total owner's equity up by 9%
- Assets Under Management closed at QAR 5.4 billion at end of 2024

9. Shari'a Supervisory Board

Sharia Supervisory Board

As at 31 December 2024, the Sharia Supervisory Board (SSB) consisted of the following scholars:

- His Eminence Sheikh Dr. Walid bin Hadi – Chairman
- His Eminence Sheikh Dr. Sultan Ibrahim Sultan Khalifa Al Hashemi - Member
- His Eminence Sheikh Dr. Mohamed Ahmeen - Member

The work of ARI's SSB includes reviewing contracts, answering queries related to Shari'a, and developing solutions to challenges that may appear upon implementation. The SSB also supervises ARI's activities and business and ensures the correct implementation of SSB decisions.

The SSB carries out its operations and submits an annual report for each financial year to the General Assembly at its annual meeting.