

Board of Directors' Governance Report 2019



مصرف الريان

MASRAF AL RAYAN

As on the 31st of December 2019

Table of Contents

Introduction	4
Masraf Al Rayan Ownership Structure.....	7
Masraf Al Rayan Ownership Structure.....	7
Statement of the Top 10 Shareholders of Masraf Al Rayan as on 31st of December 2019.....	7
Statement of Ownership of Masraf Al Rayan's Shares by Nationality as on the 31st of December 2019	7
Statement of Ownership of the Members of the Board of Directors and Executive Management - 2019	8
Masraf Al Rayan's Board of Directors	9
Board Charter	9
About the Board of Directors	9
Board Formation and Board Members Overview	10
Board's Tasks, Responsibilities, and Other Duties	12
Board's Tasks.....	12
Board's Responsibilities	15
Board's Other Matters	Error! Bookmark not defined.
Board Chairman.....	17
Board Members	17
Board Members' Obligations:	18
Board Meetings	19
Invitation to a Meeting	19
Board Meetings in 2019:	19
Board's Decisions.....	20
Board Secretary	20
Secretary's Tasks and Duties	21
Board Committees	22
Executive Committee	22
Nominations and Governance Committee.....	24
Audit and Compliance Committee	25
Remunerations and Compensations Committee.....	27
Risks and Policies Committee	27
Shariah Supervisory Board.....	28
Masraf Al Rayan's Executive Management	29
Masraf Al Rayan's Management Committees	30
Masraf Al Rayan's Internal Control Policies	30
Masraf Al Rayan's Compliance with the Rules and Conditions governing the Disclosure and Listing on the Market	31
Masraf Al Rayan's Compliance with Internal Control Systems for Risk Identification and Management	32
Risk Management and Internal Control Procedures, including the Supervision of the Financial Affairs and the Investments	32
Risk Management Operations and Internal Control Procedures in the Company	34

The Procedures Followed by Masraf Al Rayan to determine, assess, and manage the Risks it faces.....	35
Stress Testing.....	35
Credit Risks	36
Credit Risk Management.....	37
Credit Risk Management Standards	37
Application of Proper Procedures to determine the Credit Risks.....	38
Credit Handling and Follow-up Procedures	39
Credit Risks Control Procedures	40
Market Risks.....	40
Credit Limits granted for the Banks and Countries	41
Operational Risks	41
Operational Risk Mitigation	42
Best Applicable Practices to mitigate the Operational and Systems Risks.....	42
Masraf Al Rayan Credit Rating	43
Auditor “External Auditor”	43
Auditor’s Tasks	44
Shareholders’ Equity.....	44
Shareholders’ Register.....	45
Information Access.....	45
Conflicts of Interest and Dealings with Subcontractors	45
Code of Professional Conduct	46
Fair Treatment of Shareholders and Voting Rights.....	46
Shareholders’ Rights in the Election of Board Members	46
Shareholders’ Rights regarding Profits Distribution.....	47
Capital Structure, Shareholders’ Rights, and Major Transactions	47
Other Stakeholders’ Rights.....	48
Whistleblower Protection Policy	48
Masraf Al Rayan’s Responsibility towards the Society and Environment	48
Summary of Disclosures.....	49

Introduction

Governance is one of the most important systems for managing and controlling the companies in general. This is due to the good governance principles it establishes, along with identifying the tasks and responsibilities of the Company's Board of Directors, the Senior Executive Management and the employees; and establishing fairness and equality, control, risk management, transparency and disclosure among the stakeholders; in addition to organizing the stakeholders' rights, and developing and promoting the society. This enhanced the Company's performance in general, thus resulting in upholding the public interest, and not just the interests of the Bank and stakeholders.

In this regard, under the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No.(5) of 2016, the Governance Instructions issued by Qatar Central Bank (QCB) (Bank Governance Principles) under the Circular No. (68/2015), the Commercial Companies Law issued under the Law No. 11 of 2015; and in view of the best international and regional governance systems, the governance principles established by the G20 and the Organization for Economic Cooperation and Development (OECD) issued in 2015, which include the principles of the International Organization of Securities Commissions (IOSCO) in this regard, and the International Corporate Governance Network (ICGN) issued in 2014; and in conformity with the unified corporate governance guiding principles listed on the GCC financial markets issued in 2012, and the other relevant laws, regulations, and systems, Masraf Al Rayan commits to these principles and strives to apply them in accordance with the good governance principles, the governance report's content. This is including the terms and conditions for the board membership's nomination, the Board's tasks and responsibilities, the tasks and procedures of its chairman and the members, the formation of the board committees, the provisions of their membership and specializations, the Bank's internal and external control provisions and risk management, the disclosure and transparency provisions, and the organization of the stakeholders' rights in light of upholding the public interest and the equal rights among stakeholders.

The Following are the Main Governance Principles:

Principle of Transparency: This principle is based on good faith, honesty and openness, along with upholding the self-regulatory and integrity values, and exercising the utmost caution, care, and honesty in performing the tasks and functions assigned to each officer and employee in the Company from the Chairman and members of the Board of Directors and the Senior Executive Management to all the employees and other parties related to the Company. This principle identifies the disclosure frameworks and provides the information requested by the Authority and other regulatory authorities, or requested by the

stakeholders at the proper time and in the manner that enables those requesting the information to make his proper decision. It also regulates the trading of the informed persons in the securities issued by the Company or any company from its group, and works on avoiding and reducing the conflicts of interest, and achieving public benefit under the concept of fair investment in the market.

A- Principle of Accountability and Acknowledgement: This principle aims to identify the Company's rights, duties and responsibilities, and establish a suitable control mechanism that works on holding each officer accountable for his work and assesses his performance; along with assessing the Company's performance in general in accordance with the best international standards, whether it is an internal control carried out by the Company's Board of Directors and its committees or the Internal Audit Unit, each within its competence, or an external control performed by the Auditor. Furthermore, this principle aims for the officer to acknowledge his responsibility, and if he assigns others to perform some of his tasks or powers, the assignment will only be in the tasks and not the responsibilities. It also aims to show the Company's social responsibility and its role towards the society, along with working on its development and prosperity, and the environment's maintenance.

Principle of Fairness and Equality: Stakeholders, mainly shareholders, have equal rights. It is prohibited to discriminate between them based on race, gender or religion, and they have all the rights arising from the ownership of the share or their capacity in the Company. Therefore, this system established a chapter on the rights of the Company's stakeholders, whether shareholders or others with a capacity or interest, such as employees, creditors, customers and suppliers; in order to enable them to exercise and enjoy their rights, notably those related to the General Assembly, along with facilitating the effective participation through them. The most important rights are the right to vote, the right to run for Board membership and elect its members, the right to distribute profits, the right to access information, and the adoption of the remuneration and incentives policy in the Company, including the remuneration of the Chairman and members of the Board of Directors and the Senior Executive Management. This system has stressed on protecting the rights of the investors and stakeholders in general and enabling them to enjoy such rights. This is in addition to upholding the values of protecting the minority and the Company's employees by adopting preferential treatment for the small investors and the minority; since the pillars of such treatment are represented in the majority's lack of empowerment or control over the minority, the inability of one or more Board members to control the decision-making, and the adoption of a cumulative voting system in the Board members' elections; as this voting system gives each shareholder a voting power by the number of shares he owns and enables him to vote for one candidate or divide the vote among his chosen candidates without any repetition of these votes; thus increasing the chances for the minority shareholders to receive fair representation

in the Board of Directors, along with providing an appropriate mechanism for all the shareholders and other stakeholders to obtain information to the extent that protects the Company and its rights, interests and others; in addition to adopting another mechanism to file grievances, complaints and reports of any irregularities or risks that may threaten the Company.

The efforts and attention provided by Masraf Al Rayan's Management throughout 2019 reflect better commitment to the instructions, and the development and improvement in the reports, and the transparent disclosure in accordance with the regulatory requirements; in order to maintain the market's confidence and continued support from its shareholders. We present to you below Masraf Al Ryan's Governance Report for 2019.

Masraf Al Rayan Ownership Structure

Masraf Al Rayan Ownership Structure

Statement of the Top 10 Shareholders of Masraf Al Rayan as on 31st of December 2019

	Name	Classification	Nationality	Number of Shares	Percentage
1	Qatar Holding Company	Government	Qatari	873,487,390.00	11.65%
2	Qatar Armed Forces Investment Portfolio	Government	Qatari	700,906,780.00	9.35%
3	Qatar Investment Authority	Government	Qatari	306,904,020.00	4.09%
4	General Retirement Authority's Pensions Fund	Government	Qatari	228,601,774.00	3.05%
5	Al Watani Fund 3	Commercial	Qatari	161,789,779.00	2.16%
6	Al Watani Fund 4	Commercial	Qatari	153,957,863.00	2.05%
7	Al Taybeen Commercial OPC	Commercial	Qatari	149,092,550.00	1.99%
8	sheikh Hamad bin Abdullah Al Thani	Individual	Qatari	140,740,568.00	1.88%
9	Ithmaar Construction and Commerce OPC	Commercial	Qatari	140,307,930.00	1.87%
10	Burooq Commercial Company	Commercial	Qatari	139,500,000.00	1.86%

- The Government's ownership in Masraf Al Rayan is 29.29% equivalent to 2,196,400,911.00 shares.
- Total number of Masraf Al Rayan's shares is 7,500,000,000 shares (seven billion and five hundred million).

Statement of Ownership of Masraf Al Rayan's Shares by Nationality as on the 31st of December 2019

Nationality	Number of Shareholders	Number of Shares	Percentage
Bahrain	19,181	44,792,398.00	0.60%

Kuwait	20,646	74,355,826.00	0.99%
Oman	7,338	19,522,425.00	0.26%
Qatar	50,272	6,134,008,538.00	81.79%
Saudi Arabia	66,289	234,994,129.00	3.13%
United Arab Emirates	24,149	65,112,534.00	0.87%
Others	2,585	927,214,150.00	12.36%
Total	190,460	7,500,000,000.00	100.00%

Statement of Ownership of the Members of the Board of Directors and Executive Management - 2019

Name	Position	Contribution Rate as on 31/12/2019	Change from 31/12/2018
H.E. Dr. Hussain Ali Al Abdullah	Board Chairman and Managing Director	0.11%	0.11%
General Retirement and Social Insurance Authority	Vice Chairman	3.05%	2.88%
Represented by Mr. Turki Mohammed Al Khater		0.01%	0.01%
Qatar Holding Company	Board Member	11.65%	11.65%
Represented by Sheikh Faisal bin Saud Al-Thani		0.02%	0.02%
Ministry of Defense - Qatar Armed Forces	Board Member	9.35%	9.31%
Represented by Mr. Nasser Jarallah Saeed Jarallah Al Marri		0.00%	0.00%
Employee Loans Fund - Ministry of the Interior	Board Member	0.00%	0.00%
Represented by Dr. Menahi Khalid Mohammed Al-Mezafari Al Hajri		0.01%	0.01%
H.E. Sheikh Ali bin Jassim Al Thani	Board Member	0.22%	0.22%
Sheikh Nasser bin Hamad bin Nasser Al Thani	Board Member	0.01%	0.01%
Mr. Abdullah Ahmed Al Malki Al Juhani	Board Member	0.05%	0.04%
Taskeen Business and Investment Company	Board Member	0.01%	0.01%
Represented by Sheikh Khalifa Thani Abdullah Thani Al-Thani		0.00%	0.00%

Mr. Adel Mostafawi	Group's CEO	0.01%	0.01%
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Masraf Al Rayan's Board of Directors

Board Charter

In the scope of the procedures followed by Masraf Al Rayan in applying the provisions of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, and the Governance Instructions issued by Qatar Central Bank (QCB) (Bank Governance Principles) under the Circular No. (68/2015), Masraf Al Rayan's Board of Directors prepared a charter called the "Board Charter", which specifies the Board's tasks and the rights, duties and responsibilities of the Chairman and the members. Masraf Al Rayan published the Charter on the website www.alrayan.com in the Investor Relations Section.

About the Board of Directors

According to Masraf Al Rayan's Statute, at least one third of the Board Members are independent, and the majority of the Board Members are non-executive. It is permissible to allocate one or more board seats to represent the minority, and another to represent the Company's employees. In any case, the Board's formation must ensure that the issuance of decisions will not be controlled by one or more members.

Masraf Al Rayan's Board Directors

- 1- Masraf Al Rayan is managed by a Board of Directors consisting of 9 members.
 - A- The Ordinary General Assembly will elect seven of them by secret ballot.
 - B- The Qatar Holding Company and the Qatar General Retirement and Social Insurance Authority will appoint their own representative member.
- 2- One third of the Bank's Board members are experienced independent non-shareholders, and they are exempt from the share ownership requirement set out in Article 24, Clause (3) of the Bank's Statute.

Board Formation and Board Members Overview

H.E. Dr. Hussain Ali Abdulrahman Abdullah

Holds a Ph.D. in Economics

Holds a Master's degree in Special Law

Holds the following positions:

- Minister of State
- Board Member of the "Qatar Investment Authority"
- Board Member of the Supreme Council for Economic Affairs
- Board Chairman and Managing Director of Masraf Al Rayan Q.P.S.C
- Board Member of the Gulf Investment Corporation (Kuwait)
- Board Member of the Volkswagen Company (Germany)

Mr. Turki Mohammed Khalid Al Khater

He represents the General Retirement and Social Insurance Authority

Holds a Bachelor's degree in Economics and Social Sciences

Holds the following positions:

- Board Vice Chairman - Masraf Al Rayan
- Chairman of the General Retirement and Social Insurance Authority
- Chairman of the United Development Company
- Board Member of the «Ooredoo» Company

H. E. Sheikh Faisal Bin Saud Bin Fahd Al-Thani

He represents the Qatar Holding Company

Holds a Bachelor's degree in Finance

Holds the following positions:

- Board Member of Masraf Al Rayan
- Vice Chairman of the Al Rayan Investment Company
- Director of the Industrial Investments Directorate - Qatar Investment Authority

Mr. Nasser Jarallah Saeed Jarallah Al Marri

He represents the Ministry of Defense - Qatar Armed Forces

Holds a Master's degree in Accounting and Finance Sciences

Holds the following positions:

- Head of the Financial Affairs Authority at the Ministry of Defense
- Board Member of Masraf Al Rayan
- Board Member of the United Development Company
- Board Chairman of the Al Rayan Investment
- Board Member of Vodafone
- Board Member of the Barzan Holding Company / Investment Arm at the Ministry of Defense

Dr. Menahi Khalid Mohammed Al-Mezafari Al Hajri

He represents the Employees Loans Fund at the Ministry of the Interior
Holds a Ph.D. in Commercial Jurisprudence
Holds a Master's degree in Special Law
Holds the following positions:

- Board Member of Masraf Al Rayan

Sheikh Ali bin Jassim Al Thani

Holds a Master's degree in Economics and Political Science
Holds the following positions:

- Board Member of the Qatar General Insurance and Reinsurance Company
- Board Member of Masraf Al Rayan
- Board Chairman of the Nuran Bank – Libya

Mr. Abdullah Ahmed Al Malki Al Juhani

Holds a Bachelor's degree in Management and Economics
Holds the following positions:

- Board Member of Masraf Al Rayan
- Vice Chairman of the Insurance Committee at Qatar Chamber
- Board Member of the Qatar Business Council

Sheikh Nasser bin Hamad bin Nasser Al Thani

Holds a Master of Business Administration (MBA)
Holds the following positions:

- Head of Business Processes in the «Ooredoo» Company
- Board Member of Masraf Al Rayan

Sheikh Khalifa Thani Abdullah Thani Al-Thani

He represents the Taskeen Business and Investment Company
Holds a Bachelor of Business Administration
Holds the following Positions:

- Board Member of Masraf Al Rayan

Board's Tasks, Responsibilities, and Other Duties

Board's Tasks

(A) Approve the Bank's strategic plan and main objectives and supervise their implementation, including:

- 1- Develop, review, and direct the Bank's comprehensive strategy, the key business plans, and the risk management policy.
- 2- Determine the Bank's optimal capital structure, its strategy and financial objectives, and approve the annual budgets.
- 3- Supervise the Bank's main capital expenditures, and the ownership and disposal of assets.
- 4- Determine the objectives, and monitor the implementation and overall performance at the Bank.
- 5- Conduct a periodic review for the Bank's organizational structures and approve them in a manner that ensures strict distribution of the Bank's functions, tasks, responsibilities, especially the internal control units.
- 6- Approve the Bank's Strategy and Objectives Implementation Procedures Manual, which is prepared by the Senior Executive Management; provided that it identifies methods and tools for rapid communication with the Authority, the other regulatory authorities and all the other governance stakeholders, including the designation of a liaison officer.
- 7- Approve the Bank's annual training and education plan; provided that it includes programs for introducing the Bank and its activities and the governance in accordance with this system.

(B) Develop the internal controls systems and controls and their general supervision, including:

- 1- Develop a written policy governing conflicts of interest and addressing the potential conflicts of interest for the Board members, the Senior Executive Management and the shareholders; including misuse of the Bank's assets and facilities, and misconduct resulting from dealings with relevant parties.
- 2- Establish a full disclosure system that achieves fairness and transparency and prevents conflicts of interest and exploitation of information that is not available to the public; provided that the system includes the bases to be followed when trading in securities by informed persons; and specifies periods for banning the trade in these securities for the Bank or any company in its group; in addition to preparing and updating a list of the informed persons, and providing a copy of it to the Authority and the market as soon as it is approved or updated.

- 3- Ensure the integrity of the financial and accounting regulations, including those related to the preparation of financial reports.
 - 4- Ensure the application of the appropriate risk management control systems by identifying the general perception for the risks that the Bank may face, and present them in a transparent manner.
 - 5- Conduct an annual audit for the effectiveness of the Bank's internal control procedures.
- (C) Develop the Bank's governance system in accordance with the provisions of the Governance Code for Companies and Legal Entities listed on the Main Market of the Qatar Financial Markets Authority (QFMA); conduct a general supervision thereon; monitor the extent of its effectiveness, and amend it when needed.
- (D) Develop clear and specific policies, standards and procedures for the Board's membership, and put them into effect after obtaining the General Assembly's approval.
- (E) Develop a written policy that governs the relationship between the stakeholders; in order to protect them and maintain their rights. This policy covers the following:
1. The mechanism for compensating the stakeholders in case of violating their rights, which were approved by the regulations and protected by contracts.
 2. The mechanism for resolving complaints or disputes that may arise between the Bank and the stakeholders.
 3. An appropriate mechanism for establishing good relationships with the clients and suppliers and maintaining the confidentiality of their information.
 4. The code of professional conduct for the executive management and the Bank's employees; so that it complies with the proper professional and ethical standards, and regulates the relationship between them and the stakeholders, and the mechanisms of monitoring the application and compliance of these rules.
- (F) Shariah Supervisory Board
- According to Annex (2) on the Main Reference Conditions of the Shariah Supervisory Board contained in the Governance Principles issued by the Qatar Central Bank (QCB) in 2015 (Circular No. 68/2015), each Islamic bank must appoint an independent body for Shariah supervision consisting of scholars and experts specialized in Islamic Transactions Jurisprudence and experienced in the Islamic financial institutions' work. Among the tasks of the Bank's Board in this regard are the following:
- 1- Recommend the appointment or dismissal of the Bank's Shariah

Supervisory Board members, in accordance with the applicable procedures (it is not permissible to dismiss or remove the Shariah Supervisory Board or any of its member, unless a recommendation is issued by the Bank's Board of Directors, and through a decision made by the General Assembly; provided that the decision is justified).

- 2- Determine and approve the Board's remuneration based on an authorization from the General Assembly.
- 3- Adopt the Shariah Supervisory Board's work regulation, which includes the Board's work bylaws, its competences, responsibilities and independence, the organization of its relationship with the Board of Directors, the Executive Management and the Bank's other departments and sections, and the mechanism for preparing its reports.
- 4- Receive and discuss the regulatory reports sent by the Shariah Supervisory Board to the Board of Directors on a quarterly or annual basis, which include the Supervisory Board's vision of the Bank's compliance with the provisions of the Shariah law in all its activities; and the report addresses any activities that violate the Shariah laws, if any.
- 5- Ensure that all the Bank's activities are carried out in accordance with the provisions of the Shariah Islamic Law, and that the Supervisory Board's appointment letters must contain an indication for the Board of Director's compliance with it.

- (G) Develop a policy for the Bank's social contribution (Social Policy).
- (H) Develop policies and procedures that ensure the Bank's respect for the systems and regulations, and its obligation to disclose information to shareholders, creditors and other stakeholders
- (I) Invite all the shareholders to attend the General Assembly's meeting in the manner set out by the law; and the invitation and announcement must include an adequate summary of the General Assembly's agenda, including a clause for discussing and approving the governance report.
- (J) Adopt the nominations for the appointment to the Senior Executive Management positions, and the succession plan for their management.
- (K) Develop a mechanism for dealing and cooperating with the financial service, financial analysis, and credit rating providers and the other service providers and the financial market standards and indicators determination authorities; in order to provide their services in a rapid, honest, and transparent manner to all the shareholders.
- (L) Develop the awareness programs necessary to spread the culture of self-regulation and risk management in the Bank.

- (M) Adopt a clear and written policy that defines the bases and method of granting the remunerations to Board Members, and the incentives and remunerations to the Senior Executive Management and Bank employees in accordance with the principles of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA, without any discrimination on the basis of race, gender or religion, and submit it annually to the General Assembly for approval.
- (N) Develop a clear policy for contracting with the relevant parties (Conflict of Interest Regulation Policy)
- (O) Develop the assessment bases and standards for the Board and Senior Executive Management's performance.

Board's Responsibilities

In accordance with Article (9) of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, the Bank's Statute (Article 64) included the Board's responsibilities; as the Board represents all the shareholders; therefore, due diligence must be exercised in managing the Bank in an effective and productive manner that achieves the interest of the Bank, the partners, the shareholders, and the stakeholders; along with achieving public benefit, developing the State's investment, and promoting the society. Accordingly, the Board must assume responsibility for protecting the shareholders from illegal or arbitrary acts and practices or any actions or decisions that may harm them, discriminate against them or empower one group over the other. The Board (without prejudice to the provisions of the Law) must perform its functions and tasks, and assume its responsibility according to the following:

1. The Board must perform its tasks with responsibility, good faith, seriousness and care; and its decisions must be based on adequate information from the Executive Management, or from any other reliable source.
2. The Board Member represents all the shareholders, and he must comply with what achieves the interests of the Bank, not the interests of his representative or who he voted to be appointed at the Board.
3. The Board must determine the authorities that it assigns to the Executive Management, the decision-making procedures and the delegation period; in addition to the topics in which it retains its discretion to adjudicate it; and the Executive Management will submit periodic reports on its exercise of the delegated authorities.
4. The Board must ensure that procedures are developed to inform the new Board members about the Bank's work, particularly the financial and legal aspects, along with training them, if necessary.

5. The Board should ensure that the Bank provides adequate information about its affairs to all the Board members in general, and the Non-Executive Board Members in particular; in order to enable them to carry out their duties and tasks efficiently.
6. It is not permissible for the Board to conclude loan contracts with maturities exceeding three years, or to sell or mortgage the Bank's properties, or discharge the Bank's debtors of their obligations; unless it is authorized to do so in the Bank's System and the conditions contained therein. If the Bank's System contains provisions in this regard, it is not permissible for the Board to perform the mentioned actions without the permission of the General Assembly; unless such actions are within the Bank's purposes (considering the nature of the Bank's work).

Board's Other Matters

At Masraf Al Rayan, the Board Members are granted full and prompt access to information, documents, and records related to the Company; and the Executive Management of Masraf Al Rayan is committed to provide the Board and its Committees with all the required documents and information. The Board Members are keen on attending the General Assembly meetings.

Masraf Al Rayan Board has adopted an induction program, which has been developed and its data is updated periodically, to ensure that the Board Members, when elected, have a proper understanding of the Company's functioning and operations, and that they are fully aware of their responsibilities.

The Board Members are responsible for having a good understanding of their roles and duties, and they must educate themselves in the financial, commercial, and industrial matters, and in the Company's operations and its work. To this end, the Board must provide to its member, when needed, appropriate and official training courses that aim to enhance the Board Members' skills and knowledge.

The Board of Directors works to keep its members constantly informed on the latest developments in the governance field and the best practices in this regard, and the Board may delegate the responsibility to any of its specialized committees.

The Masraf Al Rayan's Statute in its Article (32) includes clear procedures for the dismissal of the Board Members in the event of their absence from the Board meetings.

Board Chairman

In accordance with Article (11) of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, the Chairman (i.e. Board Chairman) is considered the President of the Bank and represents it before the third parties and the courts; as he is primarily responsible for the Bank's proper management in an effective and productive manner, and works on achieving the interests of the Bank as a company, the shareholders and other stakeholders. The "Board Charter" must include the Chairman's tasks and responsibilities; provided that they at least include the following:

1. Ensure that the Board discusses all the core issues in an efficient and timely manner.
2. Approve the Board meeting's agenda; taking into account any issue posed by any of its Board Member.
3. Encourage all the Board Members to collectively and effectively participate in conducting the Board's affairs; in order to ensure that the Board fulfills its responsibilities in the manner that achieves the Company's interests.
4. Provide all the data, information, documents and records related to the Company, the Board, and its committees to the Board Members.
5. Ensure effective communication with the shareholders, and work on delivering their opinions to the Board of Directors.
6. Allow the Non-Executive Board Members, in particular, to participate effectively, and promote constructive relationships between the Executive and Non-Executive Board Members.
7. Keep the members constantly informed about the implementation of the provisions of this System, and the Chairman may authorize the audit committee or others to do so.

In the absence of the Board Chairman, the Vice-Chairman will take his place, and the Chairman may authorize some of his powers to other Board members.

The Chairman of Masraf Al Rayan Board of Directors is H.E Dr. Hussain Ali Abdulrahman Abdullah and he is not a member in any of the Board committees. The Vice-Chairman of the Board of Directors is Mr. Turki Mohammed Khalid Al Khater, and he chairs both the Executive Committee and the Risk and Policy Committee.

Board Members

In accordance with Article (12) of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, the Board Members are committed to the following:

Board Members' Obligations:

Main Obligations:

- 1- Regularly attend the meetings of the Board and its committees, and not withdraw from the Board unless it is necessary and in a timely manner.
- 2- Uphold the interest of the Bank, the partners, the shareholders and other stakeholders, and prioritize it over the private interest.
- 3- Express an opinion on the Bank's strategic issues, its policy in implementing its projects, its employees' accountability systems, its resources and key appointments, and its work standards.
- 4- Monitor the Bank's performance in achieving its purposes and objectives, along with reviewing its performance reports, including the annual, semi-annual and quarterly reports (prepare the Bank's financial statements).
- 5- Supervise the development of procedural rules related to governance; and work on its optimal application in accordance with these rules.
- 6- Exploit their diverse skills and experience in diverse specializations and qualifications in managing the Bank in an effective and productive manner; and work on achieving the interests of the Bank, the partners, the shareholders and other stakeholders.
- 7- Participate effectively in the Bank's general assemblies, and achieve the demands of its members in a balanced and fair manner.
- 8- Do not make any declarations, statements or information without prior written permission from the Chairman or his deputy, and the Board should designate the Bank's spokesperson.
- 9- Disclose financial and commercial relations, and lawsuits that may adversely affect the tasks and functions assigned to them.

The Board members may request the opinion of an independent external advisor at the Bank's expense in regards to any matter related to the Bank.

Board Members' Additional Obligations:

- Manage the Bank with the duties of care and loyalty; give sufficient attention and time to the work assigned to them; and abide by the Bank's institutional authority as defined in the relevant laws, systems and regulations.
 - Work based on clear information in good faith, and with the necessary care and attention for the benefit of the Bank and all the shareholders.
 - Work effectively to comply with their responsibilities towards the Bank.
 - Protect the Bank's interests; comply with the full confidentiality of the information, and refrain from any actions that would lead to any kind of unauthorized disclosure or use of any confidential information.
- Participate in the meetings on a regular basis, including Board meetings, General Assembly meetings, and committee meetings emanating from the

Board; and enrich these meetings with their discussions and opinions, and along with achieving effective and independent conversations.

Board Meetings

A. Invitation to a Meeting

In accordance with Article (13) of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, concerning the invitation to the meetings, the Bank's Board of Directors will convene at the invitation of its Chairman; and in accordance to what is stipulated in the Bank's Statute. The Chairman must invite the Board to convene when requested by at least two members; and the invitation will be directed to each member enclosed with the agenda at least a week before the scheduled convening date. Any member may request to add one or more clauses to the agenda.

B. In accordance with Article (14) of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, concerning the Board's meetings, the Bank's Board of Directors must hold at least six meetings within one year; and it is not permissible to pass three months without holding a meeting, and the Board meeting is valid only in the presence of the majority of the members; provided that it includes the Chairman or Vice-Chairman. The absent member may appoint another Board member in writing to represent him in the attendance and voting; provided that it is not permissible for a single member to represent more than one member, and if the Board member was absent from three consecutive meetings, or four intermittent meetings without an excuse accepted by the Board, the member would be considered to have resigned. The Board Member may participate in the Board's meeting using any of the secured and accepted modern technology means; thus enabling the participant to listen and actively participate in the Board's work and decision-making.

C. Board Meetings in 2019:

Masraf Al Rayan's Board held a number of meetings during 2019 on the following dates:

- First Meeting: 21/1/2019
- Second Meeting: 17/4/2019
- Third Meeting: 18/5/2019
- Fourth Meeting: 30/6/2019
- Fifth Meeting: 18/9/2019
- Sixth Meeting: 27/10/2019
- Seventh Meeting: 12/12/2019

D. Board's Decisions

In accordance with Article (15) of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, concerning the Board's decisions, without prejudice to the provisions of the Law in this regard, the decisions of the Bank's Board of Directors will be issued by a majority of the votes of the attendees and representatives, and when the votes are equal, the side in which the Chairman of the meeting is present will be favored. A minutes will be made for each meeting, specifying the names of the present and absent members and explaining what occurred in the meeting; and it will be signed by the Chairman of the meeting and the Secretary. The member who did not agree to any decision taken by the Board must record his objection in the minutes of the meeting. In case of necessity and for urgency reasons, the Board may pass some of its decisions, on the condition that all its members will agree in writing to these decisions; provided that they will be presented at the next Board meeting; in order to be included in the minutes of its meeting.

The Board of Directors issued a number of decisions and recommendations throughout 2019 within the Board's work, tasks and responsibilities that are in the interest of the Bank, the shareholders and the stakeholders.

E. Masraf Al Rayan Board exercises its authorities and responsibilities according to what has been stated in the Masraf Al Rayan's Statute and Articles of Association, and in accordance with the QCB's instructions; while taking into account the Governance Code for Companies and Legal Entities listed on the Main Market issued by the Qatar Financial Markets Authority (QFMA) and the Banks' Governance Principles issued by QCB. The Board is considered collectively responsible for supervising the Masraf Al Rayan's management in an appropriate manner, in compliance with the Board Member's Charter. The Board also approves the strategic objectives and adopts the policies that control Masraf Al Rayan's business.

Board Secretary

In accordance with Article (16) of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, concerning the Board Secretary, and Article (17) concerning the Board Secretary's tasks and duties, the Bank's Board of Directors will issue a decision to designate the Board Secretary, and the priority will be given to those with a university degree in Law or Accounting from a recognized university or its equivalent, and for those with at least three years of experience in handling the affairs of a listed company. The Secretary - after obtaining the Chairman's approval - may use any of the Company's employees he deems appropriate; in order to perform his work tasks.

Mr. Ghassan Yassin Al-Rihawi has held the (Board Secretary) position since the Bank's inception in 2006. Mr. Al-Rihawi has previously served as the Secretary of the Qatari Chamber of Commerce and Industry Board from 2002 -2006, and he has managerial experience of over 35 years in the State of Qatar.

Secretary's Tasks and Duties

After obtaining the Chairman's approval, the Secretary may use who he deems appropriate from the Bank's employees in performing his work tasks. The following are the most important tasks and duties of the Secretary, who assists the Chairman and all the Board members in their tasks; as the Secretary is committed to conduct all of the Board's work, including:

- 1) Drafting minutes of the Board's meetings, which specify the names of the present and absent members, explain what occurred in the meeting, and record the members' objections on any decisions issued by the Board.
- 2) Record the Board's decisions in the register prepared for this purpose, according to the date of their issuance.
- 3) Record the meetings held by the Board in the register prepared for this purpose in a sequential and organized manner, according to the meeting's convening date, indicating: the present and absent members, the decisions taken by the Board at the meeting, and the objections, if any.
- 4) Maintain the minutes of the Board's meetings and its decisions and reports and all the Board's records, communications, and correspondence in paper and electronic records.
- 5) Send the invitation to the Board members and the participants, if any, enclosed with the agenda at least two weeks before the meeting's scheduled convening date; along with receiving the members' requests to add one or more clauses to the agenda and record its submission date.
- 6) Achieve full coordination between the Chairman and the Board members, and between the members among themselves; and between the Board, the relevant authorities and the stakeholders, including the shareholders, the Management and the employees.
- 7) Enable the Chairman and the Board members to have quick access to all the Company's records and documents, and their information and data.
- 8) Maintain the Board members' acknowledgements not to merge between the positions that are forbidden to be merged together in accordance with the Law and the provisions of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016.

Board Committees

In accordance with Article (18) of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, concerning the Board Committees, and Article (19) concerning the committee's work, the Board decides and nominates the chairman and members of each committee, and determines the committee's specializations, duties, and its work provisions and procedures; taking into account certain controls, such as that the number of meetings of the Audit and Compliance Committee should not be less than six meetings per year (given the importance of its role). It is not permissible to combine between the chairmanship of the Audit and Compliance Committee and the membership of any committee. The convening of a committee is valid only in the presence of its Chairman and the majority of its members; and a minutes will be made for each meeting; stating what occurred at the meeting, and signed by the Committee's Chairman.

The Board Committees performed their duties throughout 2019 as specified in their approved frameworks, where the membership of some of them was updated in line with the changes introduced to the Board's formation. The following are the names of the Bank's Board Committees for 2019 and their members:

Executive Committee

Mr. Turki Mohammed Al Khater	Chairman
Dr. Menahi Khalid Al Hajri	Member
H.E. Sheikh Nasser bin Hamad bin Nasser Al Thani	Member
H.E. Sheikh Ali bin Jassim Al-Thani	Member

Risks and Policies Committee

Mr. Turki Mohammed Khalid Al Khater	Chairman
Mr. Nasser Jarallah Al Marri -	Member
Sheikh Khalifa bin Thani Al-Thani	Member

Remunerations and Compensations Committee

Mr. Nasser Jarallah Al Marri	Chairman
Sheikh Nasser bin Hamad Al Thani	Member
Mr. Abdullah Ahmed Al Malki	Member

Nominations and Governance Committee

Dr. Menahi Khalid Al Hajri	Chairman
Mr. Abdullah Ahmed Al Malki	Member
Sheikh Faisal bin Saud Al Thani	Member

Audit and Compliance Committee

Mr. Abdullah Ahmed Al Malki	Chairman
Mr. Nasser Jarallah Al Marri	Member
Sheikh Khalifa bin Thani Al-Thani	Member

Group's Investment Committee

Sheikh Faisal bin Saud Al Thani	Chairman
Sheikh Nasser bin Hamad Al Thani	Member
Mr. Nasser Jarallah Al Marri	Member
Mr. Ahmed Sheikh	Member
Mr. Haithem Katerji	Member

Executive Committee

The Executive Committee is considered one of the Board's most important Committees in the Bank; as it helps the Board review Masraf Al Rayan's activities, and studies the various matters presented to the Board, such as credit transactions or the other activities of Masraf Al Rayan that require the Board's approval; along with submitting its recommendations to the Board in this regard.

The Executive Committee's Main Responsibilities:

- Review the Board's main tasks.
- Discuss and approve the matters that fall within the Board's authority or the matters that arise within the Board's meetings.
- Provide reports and recommendations to the Board when needed.
- Make recommendations and approve the financial matters according to the authority table.
- Recommend to approve the policies, regulations, and any amendments or additions.
- Approve or recommend the ceilings for transactions with the new countries and banks that the Bank deals with, and make the necessary amendments.

The Committee has held the following meetings during the year 2019:

First Meeting:	4/1/2019
Second Meeting:	15/4/2019
Third Meeting:	8/9/2019
Fourth Meeting:	20/11/2019

Nominations and Governance Committee

The Committee consists of three Board members, including its Chairman; and the selection of members of this committee takes into account the availability of the necessary expertise to exercise its specializations, which are represented in the following:

The Committee mainly assumes the following responsibilities:

- 1- Establish the general foundations and standards used by the General Assembly to nominate the most favorable among the candidates for the Board's membership.
- 2- Nominate whoever it deems fit for the Board's membership, if any of its seats becomes vacant.
- 3- Develop a draft succession plan for the Bank's management to ensure the speedy appointment of the appropriate replacement to fill the Bank's vacancies.
- 4- Nominate those who it deem fit to fill any of the Senior Executive Management's positions.
- 5- Receive applications to run for the Board's membership.
- 6- Submit the list of candidates for the Board's membership, including its recommendations in this regard; provided that a copy thereof will be sent to the Qatar Financial Markets Authority (QFMA).
- 7- Submit an annual report to the Board containing a comprehensive analysis of the Board's performance, while identifying the strengths, weaknesses and suggestions in this regard.

The Nominations and Governance Committee's tasks include the following:

- Adopt and publish the Committee's framework in a manner that shows its authority and role.
- Supervise the implementation of the steps concerning the invitation for nominations to the Board's membership; and study the received applications to ensure that applicants meet the membership conditions.
- Assess the candidates' applications for Senior Executive Management positions, and submit recommendations to the Board of Directors.
- Review the annual corporate governance report of Masraf Al Rayan, and

recommend its approval by the Board.

- Develop an induction program for new members and suggest training programs for them when required.

The Committee held the following two meetings in 2019:

First Meeting: 15/1/2019

Second Meeting: 8/12/2019

Audit and Compliance Committee

The Committee consists of three Board members, including its Independent Chairman; and the selection of members of this committee takes into account the availability of the necessary expertise to exercise its specializations, which are represented in the following:

- Appoint External Auditors on an annual basis and approve their contracting policy.
- Supervise and follow up with the independence of the External Auditors and their objectivity, and discuss with them the nature of the audit and its effectiveness and scope, in accordance with the International Standards on Auditing (ISA) and the International Financial Reporting Standards (IFRS).
- Review the External Auditor's appointment letter, his work plan and any inquiries or important notes he requested from the Bank's Senior Management, along with the Executive Management's responses.
- Ensure coordination between the Internal and External Auditors.
- Meet with the Bank's Chief Financial Officer (CFO) or the person who carries out his tasks, the Internal and External Auditors at least once a year.
- Study any important and unusual issues included, or will be included, in the financial reports.
- Appoint or dismiss the Head of the Internal Audit Body and supervise his effectiveness.
- Supervise and monitor the Internal Audit Management and the Compliance Management, and ensure their independence, along with discussing and recommending the annual plan and the appropriate training for them.
- Review the internal controls systems, and approve the Bank's internal and external audit reports.
- Review and recommend the charter, policies, and work procedures for the Internal Audit Management and the Compliance Management on an annual basis.
- Supervise the Compliance Management's work, which determines, evaluates, and provides consultations, along with monitoring and submitting reports

regarding the risks of non-compliance with the applicable laws, instructions, and standards. In addition, the Committee determines its position in the organizational structure in the manner that ensures its necessary independence and effectiveness. The Committee will ensure that the Compliance Management is provided with the adequate resources and the swift and clear channels; in order to submit the reports to the Committee and the Executive Management; and provide it with the sufficient powers to access the information in a clear and sufficient policy.

- Review the quarterly reports prepared by the Compliance Management.
- Develop rules to be approved by the Board of Directors allowing the Bank's staff to secretly report their concerns regarding any issues that are likely to raise suspicion; and ensure the presence of appropriate arrangements to conduct an independent and fair investigation on these issues while maintaining the confidentiality of the reporting employee and protecting him from any harm or negative reaction (Whistleblower Protection Policy).
- Oversee the accuracy and validity of the financial statements and the annual, semi-annual and quarterly reports; review the data and reports related to compliance with the accounting, transparency, listing in the market and disclosure standards.
- Ensure that the Internal Audit's tasks include reviewing the activities of the Compliance Control Officer.
- Assess the impact of new organizational regulations on Masraf Al Rayan.
- Review the annual report of the Anti-Money Laundering and Counter-Terrorist Financing Officer.
- Study any other matters determined by the Board of Directors.

The Audit Committee held the following meetings during the year 2019:

First Meeting:	21/1/2019
Second Meeting:	17/4/2019
Third M	30/6/2019
Fourth Meeting:	18/9/2019
Fifth Meeting:	27/10/2019
Sixth Meeting:	12/12/2019

Remunerations and Compensations Committee

The Committee consists of three Board members, including its Chairman; and the selection of members of this committee takes into account the availability of the necessary expertise to exercise its specializations, which are represented in the following:

- Determine the Bank's annual remuneration granting policy, including the method for determining the remunerations received by the Chairman and the Board members; provided that the Board's annual remuneration must not exceed 5% of the Bank's net profits after deducting the reserves and the legal deductions, and distributing the cash and in-kind profits to the shareholders.
- Determine the foundations for granting allowances and incentives to the Senior Management and the employees, including issuance of incentive shares to its employees.
- Update the remunerations and compensations regulations on an annual basis, whenever the need arises.
- Propose the remunerations of the Board Members and Executive Management, taking into account the following:
 - The value of remunerations granted to the Board Members and the Executive Management after comparing them with what is provided in similar local and regional financial institutions.
 - The profits and achievements made by the Bank during the fiscal year and comparing them with the results of the previous years.
 - The economic and financial conditions during the fiscal year.
 - The responsibilities and scope of tasks of the Board members and the Senior Executive Management.
 - Taking into account the laws that determine the value of the remunerations of the Board Members and the relevant articles in the Masraf Al Rayan's Statute.
- Present the remuneration policy and principles to the shareholders in a General Assembly meeting to be approved and announced to the public.

Risks and Policies Committee

The Committee consists of three Board members, including its Chairman, and it assumes the following responsibilities:

Risks Management

A. Operational Risks

1. Review the effectiveness of Risk Management at the Bank's level as a whole.

2. Assess the new significant risks that affect the Bank.
3. Identify the recent strategic risks, including the institutional matters such as regulatory frameworks, business development, and the like.
4. Review the key risk indicators and identify the matters that the Board should take into consideration on a quarterly basis.
5. Review the influential operational losses
6. Review all the risk policies on an annual basis.

B. Credit Risks

1. Review the credit policies on an annual basis.
2. Establish and review the insurance powers as needed, at least once a year.
3. Adopt and review the maximum limits for dealing with other parties, and the maximum limits for dealing with other countries, when needed at least once a year.
4. Review the arrears and non-performing accounts, and recommend the suitable provisions for them.
5. Assess the write-off or return to profitability in comparison with the provisioning levels.
6. Review and monitor the filed cases and the collection processes.

C. Monitoring the reputation risks and other risks not mentioned above

Bank Policies

Study, develop and update the policies that require the Board's approval.

The committee held the following meetings in 2019:

First Meeting:	15/4/2019
Second Meeting:	8/9/2019
Third Meeting:	8/12/2019

Shariah Supervisory Board

Taking into account the governance principles issued by the Qatar Central Bank (QCB) for 2015 (Circular No. 68/2015), and in accordance with Annex (2) on the main terms of the reference of the Shariah Supervisory Authority, Masraf Al Rayan's General Assembly approved in its meeting held on 2/4/2017 to reappoint its Shariah Supervisory Board for the three years from 2017 to 2019. The formation of the Shariah Supervisory Board is as follows:

Honorable Sheikh Dr. Waleed Bin Hadi – Chairman of the Shariah Supervisory Board

Honorable Sheikh Dr. Abdullah Sattar Abu Ghuddah – Member of the Shariah Supervisory Board

Honorable Sheikh Dr. Mohamed Ahmeen – Member of the Shariah Supervisory Board

The Shariah Supervisory Board's work includes reviewing contracts, answering the Shariah-related questions, and developing solutions for the difficulties that arise during the application. The Supervisory Board directly oversees the Bank's operations and ensures the proper application of what has been decided by the Supervisory Board, along with ensuring that the banking operations may be conducted in accordance with the legitimate provisions.

The Supervisory Board also performs its work and submits its report annually for each fiscal year to the Ordinary General Assembly in its periodic meeting.

Masraf Al Rayan's Executive Management

The Board of Directors appointed the CEO of Masraf Al Rayan Group and adopted the key positions of the Executive Management, which submits its reports directly to the Group's CEO, and the positions related to the Board Committees (e.g. Head of Internal Audit Management, who is connected to the Audit and Compliance Committee). Masraf Al Rayan's Executive Management formation for 2019 included the following gentlemen:

Adel Mostafawi	Group CEO
Ahmed Sheikh	Chief Operating Officer (COO)
Khaled Fakhro	Director General of the Engineering Management
Mohamed tauseef Malik	Director General of Financial Control
Nasser Raisi	Director General of Human Resources and Administrative Affairs
Huwaida Abdullah Al-Mohannadi	Director General of Operations
Mohammed Ismail Al-Emadi	Director General of the Comprehensive Banking Services
Hamad Al-Jamali	Director General of Retail and Private Banking Services
Chidambram Bchaban	Assistant Director General of Information Technology
Yasser Kareem	Assistant Director General of Credit Risk
Adel Attia	Assistant Director General of Internal Control
Mahmoud Al-Ahmad	Executive Director - Treasury
Abdel Moneim Al-Hassan	Legal Advisor and Head of the Legal Management
Mohammed Hussein	Head of the Information Systems Risks
Dreyer Mohammed	Head of the Compliance Management

Masraf Al Rayan's Management Committees

The Bank's Executive Management has formed a number of management committees involving specialized directors; in order to ensure the proper implementation of the Bank's policies and procedures. The Bank's main management committees are as follows:

Committee Name	Overview of the Committee's Work
Management Committee	Keep the management staff up to date with the latest developments, follow up and communicate between the managements, and consult on the Bank's work
Assets and Liabilities Committee	Follow-up and deal with the liquidity and cash situations
Information Technology Security and Guidance Committee	Maintain the security of the information technologies used in the Bank, follow up with their updates, and consult on the new technologies.
Credit Committee and Group Credit Committee	Make credit decisions within its authorities, and update the credit policies and procedures
Anti-Corruption Committee	Consult on the fight against various types of financial crimes and deal with relevant emerging cases.
Human Resources Committee and Recruitment Committee	Update and develop recruitment procedures and policies, and consider the job applications.

Masraf Al Rayan's Internal Control Policies

Masraf Al Rayan is committed in its work to follow an adopted set of policies that constitute the regulatory framework for the Bank's approach, its management method, the supervision of the financial affairs, the investments and the relevant information; and these policies also determine its frameworks and controls in all the activities. Masraf Al Rayan constantly updates these policies through the Risks and Policies Committee when needed, and then submit it to the Board for approval.

Masraf Al Rayan currently follows the updated versions of a wide set of policies (other than the governance policies), which include without limitation or particular order the following:

- Credit Policy
- Expected Credit Loss Policy
- Investment Policy
- Compliance Policy
- Whistleblower Protection Policy
- Anti-Money Laundering and Counter-Terrorism Financing Policy

- External Assignment Policy
- Customer Acceptance Policy
- Internal Capital Adequacy Assessment Policy and its Implementation Framework
- Reserve Financing Liquidity Maintenance Policy
- Liquidity Risk Management Policy
- Market Risk Management Policy
- Disaster Recovery Policy
- Operations Risk Management Policy
- Cybersecurity Policy
- Cybersecurity Framework
- Information Security Protection Policy
- Business Continuity Policy
- Information Technology Policy
- Digital Infrastructure Procedures and Digital Systems Versions
- Change Management Standards Policy
- Projects Digital Systems Management Standards
- Application Development Standards Policy
- Digital Systems Testing Methodology Policy
- Code of Professional Conduct Policy
- Human Resources Policy
- Liabilities, Assets and Treasury Management Policy
- Internal Audit Policy
- Shariah-related Policy
- Governance-related Policy
- Retail Banking Services Management Policy
- Branch Operations Policy
- Fiscal Policy

Masraf Al Rayan's Compliance with the Rules and Conditions governing the Disclosure and Listing on the Market

Masraf Al Rayan Board is committed to the principle of transparency in performing its business and duties towards the shareholders and in all that is related to the requirements of public disclosure for all that may affect the Bank's financial performance or the movement of its share price. The Board Members' information can be provided to the Qatar Financial Markets Authority (QFMA), in addition to the Qatar Stock Exchange, while stating the contributor number for each of them (through which they can view their ownership of the shares). The Board Charter has detailed the responsibilities of the Board and its committees.

On the other hand, the Board is also keen on providing the Qatar Stock Exchange with financial statements and clarifications, as set by the Qatar Stock Exchange; furthermore, it publishes its financial statements upon being approved by the Board of Directors according to the Commercial Companies Law, the Qatar Central Bank's instructions, the Qatar Stock Exchange's regulation, and the Qatar Financial Markets Authority's instructions.

Financial statements are published together with the report of the External Auditor, who confirms in his reports that the financial reports and statements of Masraf Al Rayan are issued in conformity with the International Accounting and Auditing Standards, and that he has obtained all the data and information that are necessary for performing the audit.

The financial statements and the External Auditor's report are published on the Bank's website and the Qatar Stock Exchange website and in the local newspapers, according to what is stated in the Masraf Al Rayan's Statute and the Commercial Companies Law No. (11) of 2015.

Masraf Al Rayan's Compliance with Internal Control Systems for Risk Identification and Management

The Board of Directors gives special attention to developing internal control systems through a clear identification for its responsibilities, including its position in the organizational structure and its relationship with other departments and functions in a manner that would ensure its necessary independence and effectiveness; along with providing adequate resources and fast and clear channels for submitting reports to the Board of Directors or the Executive Management and providing it with the necessary authority to access information within a clear and adequate policy framework and a procedures manual; in addition to conducting annual revisions to these policies and ensuring that the Internal Audit's tasks include the revision of the Compliance Control Officer's activities. Furthermore, the Executive Management, in collaboration and coordination with the Compliance Control Officer, take the necessary corrective and disciplinary actions if any violations are discovered, and submit periodical reports to the Board on matters related to the compliance policies and procedures in order to help improving them.

Risk Management and Internal Control Procedures, including the Supervision of the Financial Affairs and the Investments

The Bank identifies the risks it may face and their assessment and management methods; analyzes the risk factors, and discusses the adopted systems; in order to address radical or unexpected changes through its management committees; and the Risk Management, Internal Controls, and Compliance Officers constitute the first

level of the tools used in the follow up; in addition to the reasonable assurance that the directions from the regulatory authorities were met; as each of these officers submit reports, when needed, directly to the Presidency of the Executive Management or the Board through its committees; and so the Board will be fully informed about of the internal control work and results, which include the following:

- Granting and Assessing credit
- Investment
- Liquidity
- Market Risks
- Capital Adequacy Risks
- Concentrations Risks
- Foreign Exchange Risks
- Interest Rate Risks
- Pricing
- Profitability and Balances
- Anti-Money Laundering and Counter-Terrorism Financing
- Assets Insurance
- Relevant Parties and Conflict of Interests
- Compliance with laws, rules, regulations, and supervisory instructions.
- Internal and External Audit
- Performance Assessment
- Disclosures to all relevant parties
- Operational and Accounting Risks
- Legal Risks

This is in addition to the Bank's implementation of the policies related to the employees' personal affairs, conduct, and work ethics, and the other policies that are reviewed to ensure the implementation of the best standards and the compliance with the regulatory requirements in this regard. Afterwards, the Internal Audit Management reviews the performance of the Risk and Compliance Officers to provide a reasonable assurance to the Board's Audit and Compliance Committee that these tasks are being carried out at an acceptable level of competency, along with highlighting the matters of concern in this regard. All the Masraf Al Rayan activities are subject to the controls specified by the main policies adopted by the Board, whether directly or through its committees. Furthermore, an assessment is made for the performance of the Senior Management in applying the internal control system; in addition to recording the number of times in which the Board has been notified about the matters related to it and the method in which such matters have been addressed.

The internal controls work has only revealed the ordinary control matters, which have been addressed routinely by the Risk Officer and the Compliance Officer within the applicable policies, which did not require Board's intervention.

The Control Management constantly attempts to discover any potential failure in applying the internal controls, or even weaknesses in the implementation, or emergencies that may affect the financial performance of the Masraf Al Rayan; and it is responsible for following-up with the procedures taken by the Company to address the failure.

The internal control activities are distributed between the control managements; as they continually carry out constant and comprehensive inspections, and continuously submit reports to the Executive Management on the observations and violations; in order to take the necessary corrective actions. There has been no emergency that influences or may influence the Bank's financial performance.

Risk Management Operations and Internal Control Procedures in the Company

Masraf Al Rayan Board is responsible for managing risks, and the Board has assigned the Executive Management with the authority to take the decisions necessary to monitor the risks on a daily basis and to manage them via specified controls that ensure proper risk management at the Bank.

The wise supervision over the risk management stems from the Board and is managed at the departments' level, and this is performed through many methods, including weekly and monthly administrative reports, the key risk indicators, and the Bank's risk records. The managements develop their own standards to keep the risks at the acceptable limits within the maximum adopted limits. The maximum limits are set to be suitable with the risk acceptance level and its significance, either by the competent committee belonging to the Board of Directors or the competent administrative committee (according to the powers granted thereto) or by the concerned departments (within the main maximum limits specified for them); in order to provide services with risks that have been mitigated in an acceptable manner. The Bank has established an appropriate structure from the committees with various appropriate levels from the Board level all the way up to the Managements' level.

Masraf Al Rayan follows a risk management model at the enterprise level, which contains (three defensive lines); as the appropriate responsibilities and authorities lie in each of these defensive lines, and the Bank's committees perform its responsibilities as per their delegated authority at the various levels from the highest level at the Board itself, and passing by the Board Committees directly until the Executive Management Committees and the staff.

Risk Management is carried out through various managements headed by experts such as the Chief Executive Officer of the Risk Management, the Compliance Manager, and the Head of the Internal Audit; as these managements identify, assess,

provide consultation, monitor and submit reports on the various risks of non-

compliance with applicable laws, instructions, and standards.

Internal control objectives are represented in protecting the Bank's assets, monitoring the use of the available resources, along with ensuring the accuracy of the accounting data, identifying authorities and responsibilities and complying with them, and following a clear policy in selecting the employees at the various management levels.

The Procedures Followed by Masraf Al Rayan to determine, assess, and manage the Risks it faces

Masraf Al Rayan relies on the Executive Management's staff and committees, and the policies and procedures based on them; in order to identify, assess and deal with the risks; and the following are the main points in this regard:

Stress Testing

The measurement, observation and monitoring of the various risks is a vital matter in assuring the validity of the financial institutions and the financial system as a whole. In this context, stress testing has been widely used by the international financial institutions, along with the regulatory authorities recently, to ensure the ability of the banks and other financial institutions to withstand the different risk factors. The idea behind stress testing is to assess the effects of the exceptional but reasonable events on the Bank's financial position and other financial entities; as several quantitative technical methods have been developed, which can be divided into two main categories: sensitivity testing and scenario testing.

In compliance with the Qatar Central Bank's regulatory instructions related to Basel Committee's subject; the Bank conducts stress testing to cover all the risks that affect the Bank individually (Firm Specific Scenarios), which include credit risks, liquidity risks, market risks, and operational risks; furthermore, the Bank conducts stress testing to cover risks that could affect the economy in general and the whole financial system (Macroeconomic Scenarios)

These tests, which are performed by the Risk Management in order to measure the Bank's ability to bear future losses that it might be exposed thereto in light of specific scenarios regarding the future economic factors, start with what is known as the base scenario, or the scenario of the continuation of the current conditions as they are, and several other alternative scenarios that vary in the degree of severity of the assumptions made thereon. Specifically, these tests aim to ensure that the Bank will continue to have sufficient capital resources to face the potential losses, in case the worst scenario occurs from among these scenarios. Accordingly, the Bank can present a realistic view of its sensitivity and ability to withstand potential shocks to the

economy, if the economic conditions continue to worsen; along with assessing the

Bank's ability to sustain various shocks resulting from the credit and market risks. These tests are conducted based on the Bank's current financial data and the financial data expected for the next five years, and the information collected by the Control Management on the risks surrounding the Bank.

The banking stress testing helps in taking the appropriate procedures and determining whether or not the Bank's position is solid, and that is through ensuring that the Bank's financial assets are sufficient to finance its obligations and cover its potential future losses in the worse possible assumptions, and then it enables the Bank to continue acting as a financial mediator, without government support, or the extent of its need for government assistance to continue its work, i.e. its need for government assistance through providing funds to assist it, or seeking to find other finance sources in the private finance market, including the possibility of making it go through merger. These are all assumptions that enhance the Bank to take care and provide studied options in case of any negative developments.

The Bank has complied with all Qatar Central Bank's instructions concerning stress testing and has complied with providing the required reports.

Credit Risks

Risk is considered an integral part of the banking business, especially within the increased intensity in the competition and the size of the banking transactions, along with the technological developments and the need for larger banks. Today, banks are facing various banking risks that vary in their severity from one bank to the other. Therefore, the management of the total possible risks is considered from the factors that assist in the Bank's success and ensures its continuity in the banking market, which results in acceptable returns and reduced risks.

The credit policies developed by the Bank are considered the axis of the Credit Risk Management's operation. Therefore, the Bank is keen on developing a comprehensive mechanism to assess the credit, by developing a comprehensive credit policy representing the framework, which contains a group of indicative standards and conditions, provided to the competent Credit Granting Management to ensure a standardized processing and the provision of sufficient flexibility.

Credit facilities are granted based on a standard internal assessment system that relies on a set of terms and controls, including the customer's experience, its financial efficiency, the presence of sufficient and reliable sources of payment, the proportionality of the finance conditions with the finance purpose, the identification and assessment of the finance risks, the presence of adequate guarantees that enables the Bank to recover its rights, in case of default or if the customer stops paying,

without any losses.

Banking credit is granted through the approval of the Credit Committees in the Bank, which consist of four committees, depending on the size of the required facilities as follows:

- Retail Credit Committee (maximum approval limit: QR 15 Million)
- Group's Credit Committee (maximum approval limit: QR 150 Million)
- Executive Committee (maximum approval limit: QR 300 Million)
- Board of Directors (maximum approval limit: QR 300 Million)

Accordingly, there are no individual powers for non-personal finance.

As for personal finance, it is the finance granted to individuals up to a maximum of 2 million Qatari Riyals (according to Qatar Central Bank's instructions). The personal finance operations are monitored through an automated centralized system at the Bank used for monitoring the loans granted to the individuals; as the employee enters the finance request, then the branch managers or their deputies, according to their powers, will review the request; and if it is approved, it will be passed to the Operations Management to grant the finance. If there are any exceptions, the request will be submitted to the Retail Credit Committee.

Credit Risk Management

The Credit Risk Management at Masraf Al Rayan conducts a number of procedures to identify, measure, follow-up, and monitor the credit risks, and that is through the following:

Credit Risk Management Standards

Credit standards were developed containing the following:

1. Determination of the credit types that can be granted to the customers according to the (Economic) sectors.
2. Development of a maximum limit for granting credit to a single credit group, in addition to the credit pricing principles.
3. Determination of the guarantees' types, their assessment method, the relationship between the credit size and the guarantees' value, along with taking precautionary steps to maintain them, such as insurance, and periodical assessment of these guarantees.
4. Development of the credit granting approval rules, the rules for obtaining information and documents that must be available to grant the credit, and the powers for granting the credit; along with establishing independent credit review and its rating conditions, and forming the provisions.
5. Determination of the risk level that the Board / Bank agrees to enter into during the finance operation.

6. Preparation of independent credit recommendations for the Business Units.
7. Disclosure of all the information related to the customer to the Credit Committee with absolute transparency; in order to have the chance to make a correct credit decision.
8. Development of the Credit Management and Control's role; in order to follow-up the completeness of all the required documents and guarantees, according to the Credit Committee's recommendation to activate the limits in the Bank's system.
9. Masraf Al Rayan has recently applied an internal system from (Moody's Company) to assess the risks of the Bank's customers in all the sectors (Corporate, SME, Private Banking & HNW Individuals); in order to establish a comprehensive mechanism for the credit risk assessment system, which includes a set of indicative standards and conditions that need to be performed when assessing the customers. This policy is considered the axis for the credit risk management and measurement; as the clients' assessment is based on a standard system that relies on a set of controls, and that is to maintain risks at the acceptable limits.
10. Implementation of the stress testing on the credit facilities to enhance the process of identifying and controlling the risks, along with providing complementary tools for the other credit management tools, in order to achieve an overall assessment for the credit risks.

Application of Proper Procedures to determine the Credit Risks

Proper procedures are applied to grant credit, which include the following:

1. The presence of a finance request signed by the customer or the authorized signatory.
2. Obtainment of the full information and documents in order to conduct a comprehensive assessment and review for the customer and the types of risks associated with the credit request, along with providing a credit rating for the customer, according to the Bank's internal credit rating system.
3. Understanding the purpose of the credit, the customer's reputation, experience, market position (within the economic sector).
4. Studying the nature of the current and future risks for the customer and sector, and the extent of sensitivity towards the economic developments, and the relation between the risks and profit.
5. Assessment of the payment sources and the customer's commitment to pay his previous obligations.
6. Obtainment and assessment of all the required guarantees.
7. Analysis of the customer's financial position using the updated audited budgets.
8. Resorting to the Qatar Credit Bureau's reports to assess the customer's

efficiency and creditworthiness and his fulfillment of his obligations, and to the Qatar Central Bank's report to know the amount of the customer's indebtedness with other banks.

9. Determination of the credit ceilings according to the economic sectors and the regions / countries based on the State's credit risk rating degree.
10. Taking into consideration the maximum credit ceiling rate that can be granted for the equity rate at the level of a single customer or the group, or the total relevant customers, and those who have overlapping interests with the Bank.
11. Taking into account the Qatar Central Bank's instructions for granting finance.
12. Approval of the stress tests framework, which includes the policy, the structure, the methodology, to ensure the definition and identification of the suitable factors related to the credit risk, along with determining its associated responsibilities and their consequences, as well as presenting them to the specialized committees to support in taking the decisions.

Credit Handling and Follow-up Procedures

The procedures for handling and following up with the credit include the following:

1. The presence of files to maintain the credit approvals and the enclosed documents, and update their data on a periodic basis.
2. Follow-up with the execution of the credit according to the competent credit committee's approval and recommendations, along with ensuring their compliance with the policies, procedures, laws and regulatory instructions, and the availability /adequacy of the required guarantees.
3. Follow-up on the customers' utilization of the granted credit limits, and that is by submitting periodic reports on the entire credit portfolio.
4. Conducting an internal credit rating that helps in granting and pricing the credit and following up with its quality; along with determining the credit portfolio characteristics and the credit concentrations, and determining the non-performing loans and the sufficiency of its provisions.
5. Issuance of reports on the non-performing sectors in the business unit to take the necessary action.
6. Issuance of periodic reports and informing the Business Units and the Management with all that is needed.
7. The Credit Risk Management Unit is a unit independent from the Credit Audit Unit, and its tasks consist of reviewing the guarantees, conditions, and contracts, and completing them before granting the facilities, including follow-up with all the limits granted on the system and their update, along with using them and issuing the required reports.

Credit Risks Control Procedures

These procedures include the following:

1. The presence of internal controls to ensure the reporting of any exceptions in the credit policies / procedures, the credit limits and / or the regulatory instructions.
2. The presence of a Collection Unit to detect the non-performing credit facilities and take the necessary procedures to solve it at an early stage, as periodic reports are prepared for the status of the non-performing accounts, along with notifying the responsible authority to take the necessary actions.
3. Periodic review of the powers of the signatories' authorized to sign the credit and its documents.
4. Development of the Bank's Credit Policy on a periodic basis to be in line with the latest developments and changes; in order to improve the risk management.
5. The Bank reviews all the granted credit facilities on a regular basis, and monitors the sectors' performance and the limits of the financial concentrations for each sector. The Bank also follows up with all the facilities and increases, and follows up with the guarantees and their completion, along with taking the necessary actions at the appropriate times. On the other hand, the Bank reviews the unused facilities, and submits recommendations, if any, to the concerned authorities.
6. Establishment of a common ground between the Risk Management and the relevant business units; in order to exchange information and disseminate the credit culture derived from the Bank's Risk Management Strategy.
7. The Risk Management's activities are ongoing and constantly evolving, and associated with the Bank's strategy.
8. Adoption and usage of systems to assess the customer's risks in accordance with the Basel requirements and the Qatar Central Bank's instructions.

Market Risks

The Bank's method for handling the market risk did not essentially change; because it relies on monitoring the market risks using the latest banking standards, depending on the Qatar Central Bank's directions and the Basel Principles, while using the expertise of experienced staff and those possess high and international competencies.

In order to solve and mitigate these risks in general, the Bank diversifies its activities in various countries, sectors, products and customer segments, and takes proactive steps to manage these risks.

The relevant employees monitors a set of market-related risks, such as foreign exchange risks, profit rates risks, pricing risks, liquidity risks, and general

investments risks; and they monitor the banking rates specified by the Qatar Central Bank from liquidity rates, capital adequacy rates; in addition to monitoring the stability rates and the concentrations in the customers' deposits. Masraf Al Rayan

issues internal reports on daily, weekly and monthly basis to the Management; in order to assist in taking proper decisions and monitoring the market risks as required.

These reports include daily reports such as the early-warning indicators reports on the market and liquidity risks and a daily report on the treasury; in addition to a monthly report to the Assets and Liabilities Committee (ALCO), which indicates the budget position, the banking ratios, the stress tests on budget, and the gap analysis in the assets and liabilities. The Assets and Liabilities Committee consisting of the Senior Management discuss this report in its monthly meeting, where it takes its decisions and follows up with them.

Credit Limits granted for the Banks and Countries

In compliance with Qatar Central Bank's instructions and within the Bank's credit policy, the credit limits for the banks that are being dealt with will be updated; along with the credit limits for the countries in which these banks are located according to their rating. The Board approves these limits after studying them according to the requirements imposed by the prevailing economic conditions, and then they are submitted to the Qatar Central Bank (QCB) after their approval.

Operational Risks

In its effort to mitigate the possibilities of losses from the operational risks, Masraf Al Rayan approved and applied policies and methodological procedures to determine, assess, monitor and manage systems and report any weakness therein. The controls of these policies and procedures include effective segregation of duties, along with restricting system access, and adopting effective procedures to delegate authorities and make settlements; in addition to the continuous learning for the employees, and the ongoing performance assessment. Masraf Al Rayan uses a specialized system to manage all the operational risk indicators, including the database and losses risks.

Operational Risk Mitigation

Masraf Al Rayan is very keen on the efforts made to mitigate and manage the operational risks and encourages following the best practices in the risk management field. At Masraf Al Rayan, controls and programs are applied, which are capable of mitigating the exposure, frequency, or severity of a certain event; such controls are tested to know whether they actually mitigate the risk, or merely transfer the exposure to certain aspect of the operational risk to another business sector.

Best Applicable Practices to mitigate the Operational and Systems Risks

- Maintain the global ISO23301 certification for business continuity by complying with the best international practices.
- Maintain the Information Security Management System (ISMS) by renewing the ISO27001 certification for information security.
- Use a specialized e-system for managing operational risks (SAS): in order to manage all the operational risks, which include following up and analyzing the incidents and the operational losses.
- Use the bank transfers control system to ensure that there are no names that appear in the banned lists or those related to anti-money laundering and counter terrorism financing; and integrate this system with the SWIFT system to intercept any suspicious names at the same time when the transactions are taking place.
- Monitor the fraud cases preemptively to prevent any suspicious transactions: as a specialized unit works on monitoring the fraud cases 24 hours a day, 7 days a week to detect and prevent fraud on the Credit Cards and ATM Cards.
- Protect the Bank's valuable data in a preemptive manner as a precaution against any emergencies; and that is by providing a disaster recovery center through the (Meza) Company at the Qatar Science & Technology Park (QSTP), and by keeping a backup copy of the important data at the Qatar Data Center, and in the city of Nice, France.
- Use an advanced system (Malware Prevention System) to prevent the phishing attempts.
- Conduct the security breaches tests (Vulnerability Tests) on the IT systems.
- Successfully participate in a Cyber Security Drill organized by the Ministry of Transport and Communications.
- Continue to increase the number of the operational risk system user base.
- Use the Information Security and Event Management System (SEIM) 24 hours a day, 7 days a week.

Some risks that cannot be avoided, mitigated or accepted will be covered through various insurance operations.

Masraf Al Rayan Credit Rating

Long-term Rating	Short-term Rating	Future Aspiration
A1	P1	Stable

Moody's Agency released its updated report on Masraf Al Rayan's ratings on the 31st of October 2019, which determines the A1/Prime-1 rating for Masraf Al Rayan (Q.P.S.C.) (Masraf). This rating takes into account a very high probability that the Bank will receive support from the Government of Qatar rated (Aa3 stable), which translates into an upgrade by four degrees for the Bank's long-term rating from the basic credit rating (baa2).

The basic credit rating (baa2) reflects the following factors:

- (1) The brand's strength in the State of Qatar.
- (2) The high quality of assets over the years.
- (3) The solid and stable profitability that supports the Masraf Al Rayan's high capitalization.

However, the strengths mentioned above are affected by the following factors:

- (1) Masraf Al Rayan's reliance on the Executive Management in terms of business promotion.
- (2) High concentration in assets and liabilities.
- (3) Weakness in finance and liquidity.

Auditor "External Auditor"

Masraf Al Rayan's Ordinary General Assembly held on 25th of February 2019, under its Decision No. (8), approved the appointment of the Auditor M/S **Deloitte** to audit the accounts of the Bank and its subsidiary companies for 2019 (with the exception of Masraf Al Rayan in the UK; and that is with the recommendation from the Audit and Compliance Committee (which has chosen their offer from a number of offers) to the Board of Directors, and based on the Ordinary General Assembly's decision, and obtaining the Qatar Central Bank's approval in this regard.

M/S Deloitte was chosen due to its application of best professional practices and its maintenance of its independence, along with refraining from entering into any relationships containing conflicts of interest. The External Auditor attends the General Assembly; where he submits his annual report and responds to inquiries.

Auditor's Tasks

The Auditor (i.e. an independent and qualified External Auditor) conducts an annual independent audit and quarterly reviews. The mentioned audit aims to provide objective assurance to the Board of Directors and the shareholders that the financial statements have been prepared in accordance with the Governance System, the relevant laws and regulations, and the international standards that govern the preparation of financial information. The financial statements fairly present, in all essential respects, the Group's consolidated financial position, the consolidated financial performance and the consolidated cash flows for the ended year, according to the International Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Qatar Central Bank's instructions.

The External Auditors must adhere to the best professional standards, and Masraf Al Rayan is committed not to contract with them to provide any consultations or services that may result in a conflict of interest; therefore, the External Auditors are considered to be completely independent from Masraf Al Rayan and its Board, and they absolutely have no conflicts of interest in their relations with Masraf Al Rayan.

The External Auditors are accountable to the shareholders and owe Masraf Al Rayan the duty of exerting the due professional care when conducting the audit. The External Auditor must also inform the Authority and any regulatory authorities if the Board does not take the appropriate action in regards to any suspicious matters raised or identified by the Auditors.

Shareholders' Equity

Masraf Al Rayan Board is keen on protecting its shareholders' equity, as specified in the relevant rules and regulations and Masraf Al Rayan's Statute; which stated that each stock entitles its owner to a share equal to the share of other stocks without distinction in the ownership of the Bank's assets and in the profits divided as described in the System. It also allows shareholders to use their voting rights by proxy.

Shareholders and stakeholders also have the right to submit proposals, complaints and grievances through a number of means such as a call center, an e-mail or by personally attending any of the Bank's branches; and the Bank records this and ensures that it reaches the appropriate people and stakeholders as necessary, and that a response will be made in an acceptable manner, along with taking the necessary actions.

Shareholders' Register

Qatar Central Securities Depository Company (QCSD) maintains the shareholders' registers in the listed companies, and since the shareholders' information changes in real-time with the market's trading; the QCSD provides this information to the Bank once a month in the following cases:

- 1- When holding the Ordinary or Extraordinary General Assembly Meeting.
- 2- When distributing the profits.
- 3- When conducting an acquisition or merger.
- 4- When increasing the capital through subscription.
- 5- When the company changes its legal status.
- 6- Any other cases as determined by the Qatar Financial Markets Authority.

Masraf Al Rayan requests the shareholders' data from the mentioned company at any other time when needed; and such data are adopted to record the attendance in the assemblies and distribute the profits to the shareholders.

Information Access

Masraf Al Rayan's website www.alrayan.com provides all the important information and the information related to Masraf Al Rayan, which facilitate access to a wide range of information that concern the shareholders, investors, and other stakeholders. This information is mainly available in the "Investor Relations" Section.

Conflicts of Interest and Dealings with Subcontractors

Masraf Al Rayan is committed to adopt and announce the general rules and procedures governing its entry in any business transaction with a relevant party, and this is mentioned in the Governance Policy and the Board Charter. In any case, Masraf Al Rayan refrains from entering into any business transaction with a relevant party or contracting with him, except if it fully complies with the Bank's policy for the relevant parties. Such policy must ensure that the principles of transparency, fairness and disclosure are applied, and that any transaction with a relevant party must require its approval by the majority of shareholders' votes; provided that the relevant party does not vote.

In case of raising any matter regarding a conflict of interest or a business transaction between Masraf Al Rayan and one of the Board Members or any relevant party, i.e. related to this Board Member, during the Board's meeting, the subject will be discussed in the absence of the concerned member, who has absolutely no right to participate in the vote on the transaction. In any case, such transaction must be done according to the market prices and on a purely commercial basis, and it must not include conditions contrary to the Bank's interest. The Bank has prepared a conflict of interest regulation policy at Masraf Al Rayan.

Code of Professional Conduct

Masraf Al Rayan has developed a policy for the code of professional conduct that all Bank employees are subject thereto; as it is applied equally to the Board members and is considered part of the statements made to the Bank. The Code of Professional Conduct clarifies what each individual should be aware of in regards to the conduct and dealings that affect the Bank's interests and financial performance.

Fair Treatment of Shareholders and Voting Rights

Masraf Al Rayan's Statute states that each shareholder has the right to attend the General Assembly, and the shareholders, who are minors or interdicted, may be represented by their legal representatives, while the legal persons are represented by the persons authorized by them via a written organized authorization according to the legal principles.

The Statute has also stated that the shareholder, who attends the General Assembly, has the right to discuss the subjects listed on the Agenda, direct questions to the External Auditors; and the Board must respond to the shareholders' questions and inquiries in a manner that would not expose the Bank to any harm; and if the Shareholder finds that the answer is insufficient, he may invoke the General Assembly, and its decision will be enforceable.

Furthermore, Masraf Al Rayan's Statute has also stipulated that each shareholder has a number of votes that is equivalent to the number of his shares.

Shareholders' Rights in the Election of Board Members

Masraf Al Rayan is keen on applying the principle of providing shareholders with information about the candidates to the Board's membership before the elections, including a description of the candidates' professional and technical skills, their experience, and other qualifications.

According to the instructions of the Ministry of Commerce and Economy stated in their Circular published on 23/2/2016, and based on the QFMA's decision, voting in the elections of the boards of the joint-stock companies listed in the market shall be as stipulated in Article (96) of the Commercial Companies Law issued by the Law No. (11) of 2015, which states:

“Each share shall have a single vote granted by the shareholder to whomever he selects from amongst the candidates for the Board's membership, and the shareholder may distribute the votes for his shares amongst several candidates; however, a

single share may not be used for voting for more than one candidate.”

Shareholders' Rights regarding Profits Distribution

The distribution of profits is completely linked to the financial results achieved by Masraf Al Rayan at the end of each year, in addition to the compliance with the relevant rules and instructions, especially the Qatar Central Bank's instructions with respect to all forms of reserves (legal reserve, risk reserve, fair value reserve). The Board annually studies the several scenarios and chooses the best of them; and then presents it to the Ordinary General Assembly in detail, showing the achieved profits and their distribution. The General Assembly has the full right to accept the Board's proposal or amend it.

The Bank has prepared the profits distribution policy at Masraf Al Rayan.

Capital Structure, Shareholders' Rights, and Major Transactions

Banks' work is mainly based on the financing operations for the individuals, companies, governmental and semi-governmental agencies; and Qatar Central Bank (QCB) issues its instructions regarding the maximum limits for credit concentrations for the single transaction or the total transactions of a single customer, or his group, or a single sector.

Other Stakeholders' Rights

The Governance Policies adopted by Masraf Al Rayan ensures the need to provide full respect to all the parties that are being dealt with, including the other stakeholders. The Personnel Affairs Regulation establishes the principles of fairness and equality between employees without prejudice to race, gender, or religion. The Management annually allocates remunerations to the employees proportionate to the achieved profits and the efforts and performance of each employee, according to a studied systematic approach.

Whistleblower Protection Policy

Believing in the importance of the employees' role as the first defense line for the Bank's interests, the Board of Directors has adopted the Whistleblower Protection Policy. This Policy allows any employee to communicate his complaint or any doubts he has about any practices or transactions that have reached his knowledge (in good faith) to the Bank's management in any manner, without fear of being threatened or influenced in any way in his work, while fully retaining his rights.

Masraf Al Rayan's Responsibility towards the Society and Environment

Masraf Al Rayan is committed to perform its duty towards the environment and society through its active and serious participation in the Corporate Social Responsibility System, which focuses on the continuous commitment to the ethical conduct and the contribution to the economic development; while at the same time ensuring the improvement of the quality of life of the workforce and their families as well as the society at large. Here are some of what the Bank has done in 2019 in this regard:

- Masraf Al Rayan continued its support for the local universities and the Qatar Schools for Banking Sciences and Business Administration through the provision of practical vocational training opportunities for the students; in order to develop and prepare a promising banking generation of Qatari students; in addition to the Bank's active participation in the professional employment fairs in the UAE.
- Masraf Al Rayan organized its annual blood donation field campaign, in collaboration with the Hamad Medical Corporation's Blood Donation Unit; and that is by encouraging its employees and customers to donate blood to boost the Hamad Medical Corporation's blood stock, which can be used to save many lives, while increasing awareness about the importance of blood donation. The Bank also participated, in collaboration with the Hamad Medical Corporation, in the orientation lecture and workshop on the relaxation and de-stress techniques at the workplace.

- Masraf Al Rayan participated with its employees in the events of the State Sports Day.
- In the framework of strengthening the means of cooperation and continuing to exchange experiences with various authorities in the State, the Bank participated in a number of lectures and technical workshops, including a lecture on the lessons learned from the latest threats and cyberattacks and their mechanisms and methods of occurrence; in order to benefit from them, develop the capabilities, and learn about the weaknesses; in cooperation with the Electronic Security Center at the Ministry of Interior.
- Masraf Al Rayan participated in the 4th Banks and Financial Institutions Football League Championship.
- The Bank sponsored the ExxonMobil Open Tennis Tournament.
- The Bank co-sponsored Qatar National Day's celebrations.

All this reflects the Bank's belief in its role in the society's development and advancement within the Social Responsibility System; as the social responsibility of the companies towards the society and the environment, and the extent of their consideration thereto are related to maintaining the continuity of their work, and supporting the individuals (especially the Qatari cadres) and the national authorities; in order to exercise their role in building a better society and achieving the national objectives within good governance.

Masraf Al Rayan prepared a policy on this subject under the name of "Social Policy".

Summary of Disclosures

In addition to the disclosures contained in this annual report; and taking into account the disclosures required in accordance with the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, Article (4); and the disclosures required under the Governance Instructions issued by Qatar Central Bank (QCB) (Bank Governance Principles) under the Circular No. (68/2015) Annex, the Bank must make a number of specific disclosures, and the following is a summary of these disclosures:

There are no cases filed against Masraf Al Rayan that have a substantial impact on it or the progress of its business. The cases that the Bank deals with are routine cases in the banking field and are centered on the failure of some customers in paying the obligations arising from the financing granted to them. Masraf Al Rayan files these claims for the purpose of protecting the Bank's funds and retaining the rights of the shareholders and depositors; and they are dealt with under the laws of the State of Qatar and through the applicable

official procedures and courts.

- The transactions and deals concluded by the Bank with any relevant party will be disclosed in Masraf Al Rayan Bank's financial statements on a quarterly and annual basis, and the Bank will publish the financial statements on its website; so that all the stakeholders can access them.
- There were no violations or sanctions during 2019 for not complying with the principles or provisions of the Governance Code for Companies and Legal Entities listed on the Main Market issued by the QFMA's Board pursuant to the Decision No. (5) of 2016, the Governance Instructions issued by Qatar Central Bank (QCB) (Bank Governance Principles) under the Circular No. (68/2015), and the Commercial Companies Act issued under the Law No. 11 of 2015.
- The Bank is constantly working on developing its performance and improving its internal control systems. Taking this into consideration, the Bank has not had any failures or any total or partial defects that can substantially affect its financial performance related to the implementation of the internal control system for 2019; therefore, the annual report or the financial statements did not include any disclosures related to it.
- The Board Members' trading of the Bank's shares will appear immediately on the Qatar Stock Exchange's screen, and will be shared with everyone who follows the Stock Exchange.
- The remunerations granted to the Board Members and the Bank employees are shown in the annual financial statements.
- In compliance with the provisions of Article (122) of the Commercial Companies Law No. (11) of 2015, Masraf Al Rayan prepared a statement that includes the remunerations and compensations obtained by the Board Members, the direct and indirect settlements that they have received, as well as the remunerations and compensations obtained by the Shariah Supervisory Board members; in addition to the provided donations and support amounts, and the amounts spent on advertising and marketing. The disclosure is placed at the disposal of the shareholders at least one week before the General Assembly's convening date.

Dr. Hussain Al-Abdullah
Board Chairman and Managing Director

20/1/2020