

<b>Title:</b>	<b>Terms of Reference for the Group Compliance and Risk Committee of the Board (CRC)</b>
<b>Approved by:</b>	Board of Directors
<b>Date of Approval</b>	12 December 2021
<b>Date of Last Review</b>	14 October 2024
<b>Date of Next Review</b>	<i>every 3 years upon election of new Board or earlier for regulatory or strategic changes</i>

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## SECTION 1 - INTRODUCTION

### PURPOSE

The Group Compliance and Risk Committee of the Board (“**CRC**” or “**Committee**”) is a committee of the Board of Directors of MAR Group for the purpose of assisting the Board in fulfilling its oversight responsibilities in assessing and managing the various types of risk to which the Bank is exposed as well as approving risk framework, risk appetite, risk strategies and risk policies of the organization. The Committee will also oversee compliance with all applicable regulatory and internal policy requirements, ensure that effective and appropriate measures are defined and implemented to promote good compliance culture, comply with regulatory requirements, prevent money laundering and financing of terrorism, prevent fraud and conflicts of interest, set forth a Group compliance framework and policies, criteria and control mechanisms for all activities involving risks. The purpose of these terms of reference (“**TORs**”) is to govern the functioning of the Committee and articulate its roles and responsibilities.

### SCOPE

These TORs are binding for the Group and its employees.

### DEFINITIONS

Word/Term	Definition
MAR/Bank	Masraf Al Rayan Q.P.S.C
Group	MAR and its subsidiaries inside and outside Qatar
AOA	Articles of Association
AGA/EGA	Annual General Assembly/Extraordinary General Assembly of Shareholders
Board	Board of Directors of Group
Board-subcommittees	Any committee formed by the Board
EXCOB	Executive Committee of the Board
CRC	Compliance and Risk Committee of the Board
ACB	Audit Committee of the Board
CGNRC	Corporate Governance, Nominations and Remuneration Committee of the Board
GHIA	Group Head of Internal Audit
EXCOM	The Group Executive Committee of the Management
GRC	Group Risk Committee of the Management
GSIC	Group Special Investigations Committee of the Management
CIC	Credit and Investment Committee of the Management
GALCCO	Group Assets, Liabilities and Capital Committee of the Management
GSSC	Group Security Steering Committee of the Management
GICTSC	Group Information, Communication and Technology Steering Committee of the Management
GCEO	Group Chief Executive Officer
GCBO	Group Chief Business Officer
GCFO	Group Chief Finance Officer
GCOO	Group Chief Operating Officer
GCRO	Group Chief Risk Officer
GHTFI	Group Head of Treasury and Financial Institutions
GCHRO	Group Chief Human Resources Officer
GHCO	Group Head of Compliance and AML Officer
CG	Corporate Governance
QCB	Qatar Central Bank

QFMA	Qatar Financial Market Authority
QSE	Qatar Stock Exchange
GM	General Manager
SEO	Senior Executive Officer
CCL	Qatari Commercial Companies Law No. 11 of 2015 amended by law No (8) of 2021, as amended form time to time
TORs	Terms of Reference
DOA	Delegation of Authority Matrix and Policy approved by the Board
CS	Company Secretary
NED	Non-Executive Director/Board member
IND	Independent Director/Board member
SSB	Sharia Supervisory Board
BCP/BCM	Business Continuity Plan / Business Continuity Management
Business Continuity Management	A process that identifies both potential threats and the impacts to an organization of their normal business operations should those threats be realized
Fraud Risk	<p>Fraud risk covers:</p> <ul style="list-style-type: none"> <li>Any act or omission including a misrepresentation, that knowingly or recklessly misleads or attempts to mislead a party to obtain a financial or other benefit or to avoid an obligation.</li> <li>A coercive practice of impairing or harming or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.</li> <li>A collusive practice to an arrangement between two or more parties designed to achieve an improper purpose, including influencing improper actions of another party.</li> <li>An obstructive practice to i) deliberately destroy, falsify, alter or conceal evidence material to an investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation</li> </ul>
Legal Risk	Legal risk is the risk of loss arising from the following (i) inadequate, defective and/or inappropriate product/transaction documentation; (ii) non compliance with the applicable laws; (iii) litigation risk arising from any (front or back office) operation or contract; (iv) breach of regulatory provisions both locally and cross border (with regard to extended jurisdiction legislation, e.g. FATCA); (v) tortious (or “causing harm”) liability arising from acts and omissions; (vi) statutory liability; (vii) change in legislation or regulation
Liquidity Risk	<p><b>Funding liquidity risk</b> is the risk that the firm will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the firm.</p> <p><b>Market liquidity risk</b> is the risk that a firm cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption</p>
Macroeconomic	A type of strategic risk resulting from volatile behavior of the aggregate

Environment	economy resulting in changes in unemployment, national income, rate of growth, gross domestic product, and inflation and its impact on the earnings and capital of the Bank
Market Risk	Market risk is defined as the risk of losses in on and off-balance-sheet positions arising from movements in market prices
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events
Regulatory Risk	The risk of not complying with legal or regulatory requirements or regulators' expectations, particularly resulting from a change in laws and regulations which materially impact the normal operations of the Bank
Reputational Risk	A risk of loss resulting from damages to a firm's reputation, in lost revenue or destruction of shareholder value, even if the company is not found guilty of a crime
Security Risk	<b>Information:</b> A risk of loss resulting from unauthorized access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction. <b>Physical:</b> A risk of damage or harm to personnel and property resulting from unauthorized access to facilities, equipment and resources

## LEGISLATIVE CONTEXT

These TORs are in accordance with the Corporate Governance provisions stipulated under QCB Instructions to Banks, QFMA Corporate Governance Code, CCL and international Corporate Governance standards and practices applicable on banks and shareholding companies.

## SECTION 2 – TERMS OF REFERENCE

<b>1.</b>	<b>CONSTITUTION AND MEETINGS</b>
1.1	<b>Formed by:</b> Board of Directors of the Group
1.2	<b>Reporting line:</b> The Committee Chairperson shall report directly to the Board.
1.3	<p><b>Members:</b> The Committee shall comprise three members. Majority of the members of the Committee shall be Non-Executive Directors with at least one Independent Director. The Chairperson of the Committee shall be nominated by the Chairman of the Board. The Chairman of the Board shall not be a member of the Committee. At least one member of the Committee should have significant, recent and relevant experience in the financial industry (Hereinafter individually referred to as a “<b>Member</b>” and collectively as “<b>Members</b>”).</p> <p>Appointments to the Committee shall be for the duration of the directorship term of the members unless it is otherwise decided by the Board, provided the Member remains independent and/or non-executive director during such term.</p>
1.4	<p><b>Delegations:</b></p> <p>In the absence of any Member, he/she may appoint another Member as his/her delegate. This must be communicated in writing to the Secretary prior to meetings to be recognized by the Chairperson. An appointed delegate representing an absent Member shall have a voting right equivalent to such absent Member unless such absent Member decides otherwise in writing to the Secretary.</p>
1.5	<p><b>Quorum:</b> At each meeting, 2 Members present (of which at least must be the Chairperson or his/her appointed delegate) shall form a quorum. Attendance may be in person or by any other electronic communication means. A Member may also attend by written proxy, provided, however, that proxy is issued only to an attending Member and that no Member shall deputize for more than one Member. In such case, the deputy shall have two votes and in case of equal division of votes, the Chairperson shall cast the deciding vote. Proxies shall be duly recorded in the minutes and maintained in the Company Secretary files.</p>
1.6	<p><b>Decision Making (IN MEETINGS ONLY NOT IN RESOLUTIONS BY CIRCULATION):</b> Majority of Quorum. In case of equal votes, the Chairperson or his/her appointed delegate shall have a casting vote. In cases where only two Members are present, decisions shall be made unanimously.</p>
1.7	<b>Secretary:</b> Company Secretary or his/her delegate.
1.8	<b>Frequency of Meetings:</b> Quarterly with at least 4 meetings a year. Additional meetings may be called, as and when required by the Chairperson, any Member, Chairman or Vice Chairman of the Board, any Board member, GCEO, GCRO, Group Legal Counsel, Group Head of Compliance and AML, Internal or External Auditors.
1.9	<p><b>Notice of Meetings:</b> Meetings of the Committee shall be summoned by the Company Secretary or his/her delegates at the request of any of its Members or at the request of external or internal auditors, or at the request of other persons stated in paragraph 1.8 if they consider it necessary. Unless otherwise agreed, notice of each meeting confirming the form of meeting (physical or electronic/virtual), venue (for physical meetings), contact details (for virtual/electronic meetings via any platform), time and date together with an agenda of items to be discussed shall be forwarded to each Member and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers/pack shall</p>

	<p>be sent to Members and to other attendees as appropriate, at the same time. Notices and packs may be sent by e-mail, fascimile or post mail.</p>
1.10	<p><b>Permenant Attendees (without voting rights):</b></p> <ul style="list-style-type: none"> <li>- GCEO</li> <li>- GCRO</li> <li>- Group Head of Compliance and AML Officer</li> </ul> <p><b>Ad Hoc Attendees (as and when required and without voting rights):</b></p> <ul style="list-style-type: none"> <li>- Any other person from inside or outside the Bank by invitation from any Member of the Committee. This must be communicated in writing to the Secretary prior to meetings to be recognized by the Chairperson.</li> </ul>
1.11	<p><b>Minutes:</b> The Secretary shall minute the proceedings and resolutions of all meetings of the Committee including a summary of the discussions, the decisions taken and the information on which the decision was based, recording the date and names of those present or in attendance in person or by proxy as well as the absentees. Attendance via teleconference or telephone or any other modern communication tool that allows a member to efficiently participate in the meeting is permissible. Non-physical attendance shall be explicitly recorded in the Minutes. Dissenting opinions of members shall be recorded in the minutes. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. A conflicted Member may not deliberate or vote on an agenda item to which he/she is conflicted. The Minutes of a meeting will be circulated via e-mail or facsimile transmission for the members' review and shall be signed jointly by the Chairperson, the Secretary and all Committee's members attending that meeting at the next meeting of the Committee. Extract of minutes, copies of resolutions or minutes of resolutions shall be valid if signed solely by the Chairperson, a Member or the Secretary. The Minutes of the meeting or summary of main resolutions passed by the Committee shall be reported to the Board following each meeting of the Committee by the Chairperson or the Company Secretary. The Minutes or summary of main resolutions passed by the Committee shall be included in the agenda of the first meeting of the main Board immediately following the Committee meeting, whether for information of or formal endorsement by the Board of the resolutions passed by the Committee.</p>
1.12	<p><b>Resolutions by Circulation:</b> Resolutions by circulation are those decisions passed by the Committee when no meeting is taking place. In order for a resolution by circulation to be valid, it shall satisfy the below conditions as a minimum requirement:</p> <ol style="list-style-type: none"> <li>a) It shall be triggered in emergency cases only i.e. when a decision needs to be made within 48 hours or for any other reasonable justifications. In no event whatsoever the Committee is permitted to pass resolutions by circulation of more than 10% of its overall activity during a year. Any Member of the Committee to which a request is sent for resolution by circulation may call the Committee for a meeting to discuss the concerned request. In this event, the request must be considered on hold and the Secretary is obliged to call the Committee for a meeting to resolve on the request sent by circulation;</li> <li>b) It requires unanimity of the Members i.e. the request sent for a resolution by circulation <u>must</u> be approved by <u>ALL</u> Members of the Committee. If for any reason whatsoever a Member remains silent, declines or refuses to sign a resolution by circulation, the request must be considered on hold and the Secretary is obliged to call the Committee for a meeting to resolve on the request sent by circulation;</li> </ol> <p>A resolution by circulation may be passed by one or more of the following means:</p> <ol style="list-style-type: none"> <li>1. <b>By email circulation:</b> in this event, the Secretary shall (i) send a request for approval to ALL Members of the Committee including sufficient supporting documents that ensure the Member takes an informed decision; (ii) minute the resolutions of the Members- such minutes may take the same form of the minutes of meeting provided that it clearly states that the resolution was passed by email circulation (iii) enclose to the minutes such supporting documents circulated in the email together with the approval emails received from the</li> </ol>

	<p>Members (iv) maintain the same in the secretary files; and/or</p> <p>2. <b>By circulation of a written resolution</b> in one copy to all the Members of the Committee or by drafting the resolution and circulating more than one copy so that all of the signatures of the Members of the Committee are collected on all or some of these copies which are compiled together and deemed to be one copy signed by all the Members of the Committee;</p> <p>Any resolution passed by the Committee through any of the means from (1) to (2) above shall be (i) deemed to be valid as if it had been taken in a meeting of the Committee duly held; (ii) received from all Members of the Committee in any writing form (including emails) in order to be effective; (iv) shall be deemed effective starting from the date of last approval received from a Member and (iii) reported to the earliest meeting of the Committee for endorsement and to be included in the official minutes.</p> <p>The Secretary shall communicate any resolution passed by circulation by the Committee to concerned stakeholders, as and when necessary. For the purpose of such communication, the Secretary or his/her delegate may (i) communicate such resolution through a simple briefing email to the concerned stakeholder; and/or (ii) provide a copy of the minutes of resolution/extract of minutes to the concerned stakeholder.</p>
1.13	<b>Advice:</b> CRC may seek appropriate independent professional advice at MAR expenses as and when it considers it necessary.
1.14	<b>Training:</b> The Members will be given induction and continuing training, which should cover, among other things, Risk Management, Compliance and AML.
1.15	<b>AGA Attendance:</b> The Chairperson, or in his/her absence, his/her delegated deputy, must attend the AGA prepared to respond to any shareholder questions on the Committee's activities.
1.16	<b>Authority:</b> The Committee is authorized to seek any information it requires from any employee of the Group in order to perform its duties and to call any employee to be questioned at a meeting of the Committee as and when required.
2.0	<b>RESPONSIBILITIES &amp; DUTIES</b>
	<b>1. COMPLIANCE AND AML RESPONSIBILITIES</b>
	<p>The Committee is authorized by the Board to:</p> <ol style="list-style-type: none"> <li>Approve appointment and/or removal of GM Group Compliance and AML</li> <li>Review and approve annually Group compliance plan, compliance related manuals and policies including Anti Money Laundering, conflicts of interest, fraud and whistleblowing policies (the "Compliance Manuals and Policies");</li> <li>Review the Group's compliance reports prepared and submitted by the Group compliance officer. Consider any breaches of the regulatory compliance framework applicable to the Group;</li> <li>Review and where necessary update, at least annually, any policy statements required on behalf of the Board by relevant regulators;</li> <li>Ensure that an independent Group Head of Compliance is appointed in accordance with regulatory requirements, by reviewing and approving his/her appointment, replacement and remuneration;</li> <li>Review and approve the annual performance of the Group Head of Compliance and AML Officer;</li> <li>Review and approve the Group Compliance Department organization structure, staffing and other relevant activities;</li> <li>Review and monitor fraud losses;</li> <li>Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's action and follow-up of any instances of noncompliance;</li> </ol>

- j) Review the findings of any examinations by regulatory agencies and any audit observations;
- k) Review the process for communicating the Code of Conduct to company personnel and for monitoring compliance therewith;
- l) Obtain regular updates from Group Head of Compliance and Management regarding compliance matters; and
- m) Review and endorse on regular basis the new business relationships of Politically Exposed Persons approved by the Group Head of Compliance in accordance with the Delegation of Authority Matrix

## **2. RISK RESPONSIBILITIES**

### **2.1 Scope of Risk Coverage**

The Committee is authorized by the Board to cover the following risk types as part of its responsibilities:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Legal risk
- Reputational risk
- Strategic risk
- Security Risk
- Regulatory risk
- Fraud risk

In addition to the following:

- Macroeconomic environment
- Business Continuity Management

### **2.2 Risk Framework, Risk Strategy/Risk Appetite & Risk Policies**

The Committee is authorized by the Board to:

- Approve the Risk framework;
- Approve the Risk Strategy/Risk Appetite (including the limit framework);
- Approve Risk policies;
- Approve the ICAAP submission document; and
- Approve minimum internal CAR
- Approve clearance of/engagement with new financial institutions.
- Approve Credit Delegation of Approval Authority Matrix and Policy subject to Board endorsement

### **2.3 Risk Profile**

The Committee is authorized by the Board to:

- Acknowledge the Monthly Risk Report submitted to the Committee.

### **2.4 Risk Measurement Methodology**

The Committee is authorized by the Board to:

- Acknowledge the adequacy of the Bank's risk measurement methodologies;
- Acknowledge major changes to risk measurement methodologies, tools and models for each risk type; and
- Approve stress testing framework, stress testing policy, and stress testing results.

### **2.5 GCRO**

The Committee is authorized by the Board to:

- Approve appointment and/or removal of the Group Chief Risk Officer



For avoidance of doubt, “major changes” in risk measurement methodology refers to fundamental reengineering in the key variables, assumptions and coverage of the models applied, including but not limited to changes in confidence levels (in percentage), time horizons (days/months), parameters used (e.g. mark-to-model assumptions, PD/LGD/EAD-parameters, maturity, Greeks, volatility assumptions, distribution assumptions etc.), granularity adjustments, CVA adjustments, tolerance levels, shift from regulatory (standardized) to internal models.

### 3. OTHER RESPONSIBILITIES

The Committee is authorized by the Board to:

1. Consider any matter that must fall under its remit in accordance with the relevant applicable laws and regulation, in particular, the QCB CG Circular 68/2015 and the QFMA CG Code No. 5 of 2016 and to report to the Board on a regular basis;
2. Be concerned with the business of the Group and its continuity of operation in the event of a disaster;
3. Require investigation of any activity within its terms of reference and seek other professional investigators (internal /external auditors/consultants) where necessary;
4. Seek and obtain any documents or information that it may require from any employee of the Group and all employees are directed to co-operate with any request made by the Committee; and
5. Submit quarterly reports on its activities and decisions to the full Board
6. Ensure that the following rules apply to the Risk and the Compliance functions:
  - Being independent from profit-generating business
  - Having adequate resources and authority in order to correctly and efficiently carry out their respective duties
  - Being provided a defined direct or indirect reporting to the executive management or the Board, as applicable
  - Being compensated appropriately in order to avoid conflicts of interest
  - Being sufficiently senior in position to carry out the tasks required of the role without inhibition or intimidation
  - Co-operating closely with internal and external auditors
  - Exercise authorities vested in it under the Board-approved DOA or policies;

### 3. COMPENSATION

**3.1** CRC Members shall be compensated for their services as per the Board Remuneration Policy. Committee members cannot receive any compensation from the Bank except for the sitting fees and annual remuneration they receive for their services as members of the Board or the Committee and except for reimbursement of their expenses, if any.

### 4. DISCLOSURE

**4.1** CRC TORs will be made available internally on Intranet or externally (on website, if so required by any regulation). The membership of the Committee and a description of its duties and activities during the year shall be disclosed in the Annual Report of the Group.

### 5. AMENDMENTS TO TERMS OF REFERENCE

CRC must review, at least annually, these TORs. Chairman or Vice Chairman of the Board to approve any immaterial amendments to these TORs. Exceptions or material amendments to these TORs to be approved by the Board. Materiality is defined as per DOA. A Request for Approval must be submitted to Company Secretary to process any amendment.

## SECTION 3 – DOCUMENT GOVERNANCE

### RESPONSIBILITY

<b>TOR Owner:</b>	Board of Directors
<b>TOR Custodian:</b>	Company Secretary- Corporate Governance

### VERSION CONTROL AND CHANGE HISTORY

Version Number	Approval Date	Approved by	Description of Change
V.0	12 December 2021	Board of Directors	New release
V.1	21 March 2023	Board of Directors	Revised TOR upon election of new Board for 2023-2025. For details, refer to Board Minutes dated 21 March 2023.
V.2	14 October 2024	Board of Directors	Periodic review with change to TOR review frequency to be every 3 years upon election of new Board. For details, refer to relevant RFA maintained in ComSec files.