

Policy

Title:	Board Remuneration Policy
Approved by:	Board of Directors
Date of Approval	27 January 2022
Date of Last Review	14 October 2024
Date of Next Review	<i>One year from Date of Last Review (or earlier for regulatory or strategic changes)</i>



Board of Directors
Final Approved Version

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SECTION 1 - INTRODUCTION

PURPOSE

The purpose of the Board remuneration policy (the "Policy") is to govern the payment of emoluments to the members of the Board, to ensure compliance with the relevant regulatory requirements and the Bank's Articles of Association ("AoA").

SCOPE

This Policy is binding for the Group, its Board of Directors, its Board committees, SSB members 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
Director	Any one of the Chairman, Vice Chairman or members of the Board

LEGISLATIVE CONTEXT

This Policy is in accordance with the Bank's Articles of Association, Corporate Governance provisions stipulated under QCB Instructions to Banks, in particular, the QCB Circular No (18) of 2014, QCB Circular No (25) of (2022) as amended from time to time and QCB Circular of 11/6/2023 on Board and Senior Management remunerations, QFMA Corporate Governance Code issued under QFMA Board Resolution No. 5 of 2016, QFMA Circular No (6) of 2022 dated 27/1/2022, QFMA Circular No (76) of 2023 dated 11/6/2023, the CCL and international Corporate Governance standards and practices applicable on banks and shareholding companies.

SECTION 2 - POLICY

1.	DEFINITION OF REMUNERATION COMPONENT
1.1	<p>The Board Remuneration shall mean all amounts disclosed under the Director Fees Report outlined under Appendix A herein, that are awarded to the members of the Board of Directors within the meaning of Article 122 of the Companies Law, as amended from time to time. Board Remuneration shall include the following components:</p>
	<p>1.1.1 The Annual Director Remuneration shall mean the end of year cash-based amounts paid to the Chairman and each Director of the Board for his/her work during the preceding financial year;</p>
	<p>1.1.2 The Additional Director Remuneration shall mean the attendance fees for main Board meetings and the attendance fees for Board sub-committees' meetings;</p>
	<p>1.1.3 The Expenses and Compensations: shall mean all the expenses incurred by the Bank in relation to attendance of the Directors, including but not necessarily limited to, accommodation and flights expenses, per diems for official missions by the Board and all other expenses as determined under section 5 of this Policy;</p>
	<p>1.1.4 The Executive Director Remuneration shall mean all the amounts awarded to a Managing Director, if any, subject to Clause 2.3 below, including but not limited to, fixed monthly or annual salary, fixed, performance or discretionary bonuses, as applicable. The Executive Director Remuneration shall be part of the senior management remunerations but must be disclosed in accordance with the law in the Director Fees Report shown under Appendix A herein;</p>
1.2	Remuneration Proposal
	<p>It is understood that the Remuneration Limits set forth under section 3 herein are the maximum amounts the Board may receive in a fiscal year. This does not mean that the Board is entitled to the full limit automatically. The actual amounts that the Board shall be entitled to in a fiscal year shall be in accordance with a Remuneration Proposal to be recommended by the CGNRC to the Board and by the Board for AGA approval subject to necessary regulatory pre-requisite clearance.</p> <p>In determining the annual Remuneration Proposal, the CGNRC shall ensure the following are factored at minimum, including but not limited to:</p> <ul style="list-style-type: none"> - Remuneration is conform with market practice, consider the long term objectives of the organization and be cognizant of risk and is based on the outcome of the Board performance assessment exercise; - Remuneration is based on performance and compliance indices in consistency with the bank's long-term performance not only the current year's performance - Remuneration is sensitive to risk outcome over a multi-year horizon - Compensation outcomes (cash, equity shares and other forms of remuneration) must be consistent with the associated risk - Remuneration is purely dependent on the collective and individual performance without any kind of discrimination whatsoever vis-à-vis the race, religion, gender or otherwise <p>To this end, a Balanced Scorecard methodology (BSC), with KPIs across 5 metrics, including performance and compliance indices, is prepared annually and approved by the Board at the beginning of each fiscal year. The Final Score of the BSC must be audited at the end of each fiscal year by Internal Audit and presented to the CGNRC for approval. The CGNRC to present</p>

the Calculated Board Remuneration Pool Proposal together with the CGNRC Report on BSC Final Score of a fiscal year to the Board for endorsement within the first month of the next fiscal year maximum. The Calculated Board Remuneration Pool Proposal shall be in accordance with the following formula:

BSC Score %	Total Remuneration		Memo
	From QAR '000	To QAR '000	
≥90	25,500	25,500	QCB Cap
80 to 89	19,165	24,867	
70 to 79	18,532	18,532	
< 70	-	12,750	50% QCB Cap

The Calculated Individual Payout is reached by dividing the Calculated Board Remuneration Pool by the number of the Board members at time of award minus QAR 200k (to maintain the differentiation QCB has made in the remuneration cap between Chairman (QAR 2.5MM cap) and other Members (QAR 2.3MM cap). The QAR 200k added to Chairman on top of the Calculated Individual Payout. Individual QCB caps shall apply at anytime.

2. REMUNERATION APPROVAL

- 2.1** The Annual Director Remuneration shall be recommended by the Board of Directors, upon recommendation from the CGNRC, to the Annual General Assembly of Shareholders (AGA) for approval subject to the maximum limits set forth under section 3 "REMUNERATION LIMITS" herein;
- 2.2** The actual amounts paid during a year as Additional Director Remuneration in the form of sitting fees in accordance with section 3.3 shall also be reported to the AGA for endorsement. In case the AGA rejects, for any reason whatsoever, the Additional Director Remuneration paid in the form of sitting fees to the Board or to a specific director, the full Board or such specific director shall be obliged to return the amounts paid as sitting fees to the Bank;
- 2.3** The Executive Director Remuneration, if applicable, shall be recommended by CGNRC in accordance with its TOR to the full Board of Directors for approval. For the purpose of this Policy, an executive director shall mean the Managing Director(s) in the event where the Board decides to appoint one or more Managing Director(s). Members of Executive Committee of the Board shall not be considered executive directors for the purposes of this Policy. A managing director may be remunerated in accordance with a service agreement to be concluded with the Bank, where applicable. The terms and conditions of such service agreement shall be recommended by CGRNC upon proposal of Group HR to the full Board of Directors for approval;

3. REMUNERATION LIMITS

- 3.1** The total amount of Board Remuneration shall not exceed 5% of the Bank's net profit after deduction of depreciation, reserves, and distribution of dividends of no less than 5% of capital;
- 3.2** The Annual Director Remuneration shall not exceed in a given financial year the limits defined in the matrix below:

		Limit per financial year (QAR)	Additional Limit per financial year (QAR)	Aggregate Annual Director Remuneration Limit per financial year (QAR)
	Chairman	Up to 2.5 MM	N/A	2.5MM
	Board members	Up to 2 MM per director	Up to 300K* per director	2.3MM per director
*provided that such Board member is a member of any Board sub-committee				
3.3	Attendance Policy: Directors* shall receive Additional Remuneration during the year in form of sitting fees as follows:			
		Per a director for each meeting	Maximum sitting fees for each director per year	
	Board Sitting Fee	QAR 11,000	QAR 300,000	
	Committee Sitting Fee	QAR 11,000		
*Director is defined as per Definition section above				
3.4	Any amount received as Additional Remuneration during the year shall be deducted from the Aggregate Annual limit set forth under 3.2 above per year per each director.			
3.5	Additional Remuneration paid in the form of sitting fees for directors or SSB members shall be against physical attendance or attendance by any communications means. No sitting fees must be paid for directors or SSB members who gave proxies to other directors or members;			
3.6	Additional Remuneration (sitting fees) will be paid directly by Finance after each meeting of the Board or a committee at the instruction of Company Secretary in accordance with the terms under 3.3 herein;			
4.	REMUNERATION OF SHARIA SUPERVISORY BOARD			
4.1	Members of SSB shall receive the following remuneration:			
		Amount		
	Sitting Fee	QAR 9,000 per a member for each SSB meeting with maximum of 4 SSB meetings per year		
	Annual Remuneration	To be decided by the Board upon recommendation of CGNRC based on GCEO proposal.		
4.2	The Bank may decide to sign contracts with the members of SSB. In this case, terms of such contracts must be approved by the Board upon recommendation of CGNRC based on GCEO proposal. Clause 4.1 must not apply in case contracts are signed with SSB members;			
4.3	Any payments made to the SSB members according to this Policy must be disclosed in the Director Fees Report shown under Appendix A herein;			
5.	EXPENSES AND COMPENSATIONS			
5.1	Directors of the Board shall receive compensations for conducting official missions, when tasked by the Board, outside their country of domicile to cover accommodations, transportation and meal expenses as follows:			
	• GCC countries, Americas, Europe and Japan: QAR 3,000 per night			

	<ul style="list-style-type: none"> Arab countries (other than GCC): QAR 3,000 per night East Asia countries: QAR 3,000 per night
5.2	The Bank shall pay for the Air ticket on "First Class" for the Chairman and any director of the Board when on such official missions. In case a director arranges for Air ticket on his/her own, the Bank shall pay for the director such air ticket upon producing relevant invoices.
5.3	In the event where the accommodation and transportation are arranged and paid by the Bank, the director on official mission shall receive half the compensation under 5.1 above;
5.4	All expense claims, together with original supporting receipts, if applicable, must be presented according to Appendix B herein in a timely manner to the office of the Company Secretary for processing. The Bank will reimburse the expense claims up to the limits set under 5.1 above. Expense claims will be processed in accordance with the Bank's payment processes.
5.5	The Chairman or GCEO shall sign-off the Board expenses.
5.6	Expenses and Compensations set forth under 1.1.3 herein shall not be considered in the calculation of the Board Remuneration limits;
6.	REMUNERATION OF BANK'S REPRESENTATIVES ON BOARDS OF SUBSIDIARIES AND AFFILIATES
6.1	Any amount, fees, remuneration, allowances or otherwise due to a representative of the Bank on the boards of the Bank's subsidiaries or affiliates must be transferred to the account of the Bank directly and must not be paid directly to the Bank's representative unless this is required to comply with overseas regulations or for tax returns purposes.
6.2	Upon a resolution by CGNRC, MAR representatives on boards of subsidiaries and/or associates may be compensated by the Bank for their work on the board of such subsidiaries and/or associates as the case may be.
7.	ACCOUNTING AND REPORTING
7.1	Amounts of the Board Remuneration shall be recognized in the profit and losses of the year it was incurred;
7.2	In case the Board has non-Qatari directors, if applicable, all notifications and approvals required by the regulatory authorities in the country of domicile of such non-Qatari director will have to be adhered to upon approval of the Annual Director Remuneration by the AGA, in particular, all tax related returns;
7.3	Details of the Board Remuneration as defined under Clause 1.1 above shall be made available for perusal at the request of any shareholder at least one week before the AGA meeting in the Director Fees Report shown under Appendix A below;
7.4	The Director Fees Report shown under Appendix A below must be (i) prepared annually by the Finance department in accordance with the Bank's AOA, Companies Law provisions, in particular, Article 122 thereof, and any other relevant rule or regulation; (ii) delivered to the Company Secretary in a reasonable time prior to the Board meeting scheduled for approval of the Audited Financial Statements; (iii) approved by Board and signed by the Chairman and the Vice Chairman or a director; and (iv) be audited by the Bank's external auditors to the extent required by law;

8.	PAYMENT OF REMUNERATION
8.1	Annual Director Remuneration shall be entitled in the event where the Bank achieves net profits after reserves and taxes and distributes dividends to the shareholders of no less than 5% of the Bank's paid-up capital;
8.2	Annual Director Remuneration shall not be paid unless prior approval for the payment has been obtained from the QCB;
8.3	Payment of any remuneration to a Director will be in accordance with Finance Department processes;
8.4	Without prejudice to 8.1 to 8.3 above, Annual Director Remuneration shall be paid by Finance after QCB and AGA meeting approving such Annual Director Remuneration at the instruction of Company Secretary;
9.	GENERAL PROVISIONS
9.1	This Policy shall be read and interpreted in accordance with the Bank's AoA and relevant regulations, as amended from time to time;
9.2	In the event of any conflict between the provisions in the Bank's current AoA and the Companies Law or QCB rules regarding Board remunerations, the provisions of the Companies Law and QCB rule shall prevail and be adhered to for the purpose of this Policy;
9.3	The Definition of independent, executive and non-executive Board members is in accordance with the Definitions set forth under QCB Circular 25/2022 and QFMA Corporate Governance Code, as amended from time to time;
9.4	The Board remuneration policy shall be disclosed in the annual report of the Bank which shall be published on the Bank's website as per QFMA requirements;
9.5	Any regulatory or legal changes in relation to the subject of this Policy is deemed to be automatically incorporated into the Policy when such change occurs before the next review cycle of the Policy;
9.6	The Board Remunerations are cash based only unless other schemes are decided by the General Assembly of Shareholders upon a recommendation from the Board of Directors and subject to necessary regulatory approvals in this respect, as required;
9.7	The CGNRC shall be in charge to evaluate the performance of the Board and the committees. Based on the outcome of the assessment exercise, the CGNRC shall recommend a remuneration proposal to the Board after ensuring it is compliant with the terms of this Policy. In case of observations or any instance of conflict of interest in this respect, the Chairman of the Board shall have the casting vote before a recommendation is made to the AGA;
9.8	In case of losses or no sufficient profits are achieved by the Bank in a given financial year to be distributed as dividends, the AGA shall decide whether or not to grant any remuneration to the Board subject to regulatory approvals as stipulated under the relevant applicable laws and regulations;
9.9	The CGNRC may amend this Policy as it may deem fit and necessary. The Policy must be presented yearly to the AGA for endorsement.

SECTION 3 - INSTRUCTIONS

N/A

SECTION 4 - GOVERNANCE

RESPONSIBILITY

Policy Owner	Corporate Governance, Nominations and Remunerations Committee
Policy Custodian	Company Secretary

VERSION CONTROL AND CHANGE HISTORY

Version Number	Approval Date	Approved by	Amendment
V.0	27 January 2022	CGNRC and endorsed by Board. Refer to CGNRC Minutes dated 26 Jan 2022 and Board Minutes dated 27 Jan 2022	Original version. Policy was subject to annual review and was reconfirmed by CGNRC on 26 Jan 2023 with no changes made to V.0 which remains valid and in full force and effect for 2023.
V.1	19 October 2023	CGNRC and endorsed by Board	Policy amended to comply with QCB Circular dated 11/6/2023 to link Board Remuneration With Balanced Scorecard. For details, refer to CGNRC and BOD minutes dated 19 Oct and 26 Oct 2023 respectively
V.2	14 October 2024	CGNRC	Annual Review with no change to V.1

Appendix A DIRECTORS FEES REPORT TEMPLATE

The present report is prepared by the Board of Directors in accordance with Article (122) of Qatar's Commercial Companies Law No 11 of 2015 as amended by Law No (8) of 2021 and Article (39) of the Bank's Articles of Association.

The Board of Directors of Masraf Al Rayan QPSC (hereinafter referred to as "Bank" and/or "MAR" and/or "Group" and/or "Merged Entity") consists of the following members as at 31 December XXX:

Director's names	Role	Shareholder representation (country)/status:
	Chairman	
	Vice Chairman	
	Director	

1 Directors' interests

During the financial year, the following contracts were entered into in which the directors of **MAR** had (directly or indirectly) an interest. To note that such contracts were concluded at arm's length basis without any conflict with the interest of the Bank. They were approved in accordance with the Conflict of Interest Management Policy adopted by the bank in the absence of the concerned conflicted member who had no influence on and was not part of the decision making process in any kind whatsoever. The value of such contracts is considered immaterial. As such, the total value of these contracts are not material to be considered major transactions that require the approval of the General Assembly Meeting of Shareholders within the meaning of the QFMA's Corporate Governance Code of Companies and Entities Listed on Main Market.

S.No	Nature of contract	Value (QAR)
1		

The interests of the directors in the shares of the Group (directly and indirectly) at XXX December 2021 are shown below. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group except to the extent that they are shareholders of MAR.

Directors - Shares owned	1 January 2021	Purchased	Sold	31 December 2021
Total				

2 Directors' emoluments

2.1 Directors' Remuneration:

The tables and explanatory notes below report the remuneration of each director for the period ended 31 December XXX.

Directors	Salary QAR	Fringe Benefits QAR	Board fees QAR	Committee fees QAR	Total QAR
31 December CURRENT FY					
Total					
31 December PREVIOUS FY					
Total					

2.2 Senior Management Remuneration:

The tables and explanatory notes below report the remuneration of senior management for the period ended 31 December XXX.

PS: senior management are GCEO and GCEO direct and indirect reports as mentioned in MAR approved organization Chart

2.3 Sharia Supervisory Board Remuneration

The tables and explanatory notes below report the remuneration of the members of the Sharia Supervisory Board for the period ended 31 December XXX.

2.4 Expenses

Expenses related to hotel accommodation, air tickets and transport, and meals paid on behalf of the Directors amounted to QAR XXX (Previous year: QAR xxx) in addition to the above amounts.

2.5 Annual Remunerations

The annual remuneration amounts allocated to the directors of the Board for (CURRENT FINANCIAL YEAR) compared to the actual annual remunerations approved by the shareholders and paid for (PREVIOUS FINANCIAL YEAR) are detailed as follows:

Directors - Annual Remuneration	XXX Proposed (QAR)	XXX Paid (QAR)
Total		

The Group has made no pension fund contributions to the Qatar Pension Fund in accordance with the Retirement and Pension Law No. 24 of 2002 (PREVIOUS FY: QAR xxxx), and no amounts have been allocated to any Board member, either as retirement annuity or compensation or end-of-service gratuity (PREVIOUS FY: QAR xxx). No share options or share based payments have been allocated / made to any Board members.

3 Banking Transactions with Board members:

Balances of deposits, loans, advances and financing activities with Board members with the Group are as follows and are conducted at arm's-length in accordance with Qatar Central Bank regulations and normal terms of business available to the public:

Directors	Asset Accounts	Deposits Accounts	Total	Letter of Guarantee
31 December XXX CURRENT FY				
Total				
31 December PREVIOUS FY				
Total				

No other loans and advances, facilities, letters of credit, guarantees, acceptances or no material advantages were granted or enjoyed by any member of the Board during the financial year.

4 Publicity and related fees

Amounts actually spent in publicity during the reporting year ended 31 December XXX can be detailed as follows:

Publicity fees	XXX QAR	XXX QAR
1. Agency fees		
2. Advertising, printing and notices costs		
3. Campaign management fees		
4. Commercial sponsorship, exhibition and conferences		
5. Brand management		
Total		

5 Donations

During the financial year XXX, MAR made the following donations as part of its ongoing support to the society and its Corporate Social Responsibility initiatives required under the applicable laws and regulations:

Beneficiary	QAR
31 December XXX CURRENT FS	
31 December XXX PREVIOUS FY	

Approved by the Board of Directors and signed on its behalf by:

Chairman of the Board

Vice Chairman

Audited by:

External Auditors

Name:

Stamp:

Signature:

SAMPLE EXPENSE CLAIM FORM

Masraf Al Rayan QPSC
Doha – Qatar

Expense Claim Form

Director's Name:

Date of Expense Report:

Meeting(s) Attended:

Date of Meeting(s):

Expense Details ¹	Total Expense
Total to be Reimbursed:	
¹ attach receipts where applicable	
_____ Signature of Claimant	_____ Approved by

