



<b>Title:</b>	<b>Terms of Reference for the Group Audit Committee of the Board (ACB)</b>
<b>Approved by:</b>	Board of Directors
<b>Date of Approval</b>	12 December 2021
<b>Date of Last Review</b>	21 March 2023
<b>Date of Next Review</b>	<i>One year from Date of Last Review (or earlier for regulatory or strategic changes)</i>

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## SECTION 1 - INTRODUCTION

### PURPOSE

The Audit Committee (“**ACB**” or “**Committee**”) is a committee of the Board of Directors of MAR Group for the purpose of reviewing and monitoring financial reporting, internal control systems, audit responsibilities and internal and external audit matters. 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

### 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> ACB shall comprise three members from the Board of Directors. The Chairperson of the Committee must be an Independent Director and shall be nominated by the Chairman of the Board. Majority of the members must be Independent and Non-Executive Directors. (Hereinafter individually referred to as a “<b>Member</b>” and collectively as “<b>Members</b>”).</p> <p>The Chairman of the Board shall not be a member of the Committee. Members of the Committee shall not be member of any other Board sub-committee. All members should be financially literate at their time of appointment and at least one Member, preferably the Chairperson, should have significant, recent and relevant financial experience. In all cases, no person who works for or had worked for the external auditors of the company during the last two years, may be member of the Committee.</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. In the event where there is any conflict of interest between the Committee's recommendations and the Board's resolutions, including the refusal of the Board to adopt the Committee's recommendation on the external auditor, the Board should include in the annual Corporate Governance Report a comprehensive statement clarifying the recommendations and the reason(s) for not observing such recommendation.</p>
1.7	<b>Secretary:</b> Company Secretary or his/her delegate.



1.8	<p><b>Frequency of Meetings:</b> Once every two months with at least 6 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, the Group Head of Internal Audit, GCRO, GCFO, Group Legal Counsel, Group Head of Compliance and AML, Members of SSB, person in charge of Corporate Governance and the External Auditor.</p>
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 be sent to Members and to other attendees as appropriate, at the same time. Notices and packs may be sent by e-mail, facsimile or post mail.</p>
1.10	<p><b>Permanent Attendees (without voting rights):</b></p> <ul style="list-style-type: none"> <li>- GCEO</li> <li>- GCFO</li> <li>- Group Head of Internal Audit</li> <li>- External Auditors</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 ACB 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</li> </ol>



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;

- b) It requires unanimity of the Members i.e. the request sent for a resolution by circulation must be approved by ALL 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;

A resolution by circulation may be passed by one or more of the following means:

1. **By email circulation:** 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 Members (iv) maintain the same in the secretary files; and/or
2. **By circulation of a written resolution** 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;

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.

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.

1.13	<b>Advice:</b> ACB 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, the role of internal and external audit.
1.15	<b>Board Meeting Attendance:</b> The Chairperson, or in his/her absence, his/her delegated deputy, must attend the Board Meeting at which the financial statements are approved.
1.16	<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.



1.17	<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>
2.1	<p>ACB is authorized by the Board to:</p> <ol style="list-style-type: none"> <li>1. Exercise authorities vested in it under the Board-approved DOA and the Board-approved policies;</li> <li>2. Review the annual, semi-annual and quarterly financial statements of the Group and recommend the adoption to the Board;</li> <li>3. Monitor integrity of the financial statements, preliminary results announcements and any other formal announcement relating to financial performance;</li> <li>4. Provide opinion on significant changes to financial policies, financial reporting issues, interpretation of financial standards and any other matters brought for its consideration;</li> <li>5. Review significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature prior to submission or publication.</li> <li>6. Review and challenge, where necessary:</li> <li>7. The consistency of, and any changes to, accounting policies both on a year on year basis and across all the Group;</li> <li>8. The methods used to account for significant or unusual transactions where different approaches are possible;</li> <li>9. Whether the Bank has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;</li> <li>10. The clarity of disclosure in the Bank's financial reports and the context in which statements are made;</li> <li>11. All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management); and</li> <li>12. Comply with all applicable provisions of the Qatar Central Bank and the rules and regulations of the QFMA and QSE and other regulations as applicable to the Group, including those related to independency;</li> <li>13. Approve policies and charters related to accounting, finance, internal audit, external audit, whistleblowing and internal control;</li> <li>14. Adopt a whistleblowing system and review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;</li> <li>15. Ensure that whistle blowing process is regularly communicated and well understood within the Group and that such process allows proportionate and independent investigation of such matters and appropriate follow-up action, all in accordance with the Group Whistle-blowing Policy of the Group;</li> <li>16. Review statements of internal control systems to be included in the Group's annual report prior to endorsement by the Board and the external auditors;</li> <li>17. Ensure that management has developed and followed an adequate system of internal controls</li> <li>18. Discuss internal control systems with the management and ensure that the management performs its duties towards the development of effective internal control system;</li> <li>19. Understand the controls and processes implemented by management to ensure that the financial statements derived from the underlying financial systems, comply with the relevant standards and requirements, and are subject to appropriate management review;</li> <li>20. Evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by the internal and external auditors have been implemented by management;</li> </ol>





21. Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a system breakdown or to protect against computer fraud or misuse;
22. Examine investigation results related to the internal control issues assigned by the Board or executed by the committee under the approval of the Board.
23. Monitor and review the effectiveness of the Group's internal audit function in the context of the Group's overall risk management system;
24. Approve the appointment and removal of the Group Head of Internal Audit function; subject to QCB prior approval of the appointment
25. Consider and approve the remit of the internal audit function and ensure it has adequate resources and unrestricted access to, and obtain copies of, any information to enable it to perform its function effectively and in accordance with the relevant professional standards;
26. Ensure that internal audit function has adequate standing and is free from management or other restrictions, and no limitations are made;
27. Ensure fairness and make independent assessment of the performance, remuneration and bonus of the Group Head of Internal Audit and the audit department;
28. Review, assess and approve the annual internal audit plan;
29. Ensure the internal audit function is not subject to undue influence and check with the Group Head of Internal Audit whether any difficulties were encountered in exercising any of the functional duties and responsibilities, or any restrictions on the scope of activities or access to requested information, and disagreement with management on any significant issue;
30. Review promptly all reports on the Bank from the internal auditors;
31. Review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
32. Enquire of the GCEO, and any other member of the senior management as to the existence of any significant deficiencies in the design or operation of the group's systems and controls that may adversely affect the operation of the Group;
33. Meet the Group Head of Internal Audit, at least once a year, without management being present, to discuss management's remit and any issues arising from the internal audits carried out;
34. Ensure the Group Head of Internal Audit has direct access to the Chairperson of the Committee and the Committee members through the Company Secretary;
35. Review and approve Internal Control over Financial Reporting (ICOFR) policy and procedures and recommend the annual ICFR report for Board approval
36. Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Assembly, in relation to the appointment, re-appointment and removal of external auditor; subject to QCB prior approval;
37. Oversee the selection process for new auditors and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
38. Pre-approve audit and non-audit fees and services, as well as oversee the external auditor's performance;
39. Adopt a contracting policy with the external auditors, provided that all issues requiring any special measures and recommendations on the procedures or steps to be followed are presented to the Board;
40. Supervise and track the independence and objectivity of the external auditors and discuss the nature, effectiveness and scope of the auditing process with them, in accordance with the international auditing standards and the IFRS;
41. Supervise accuracy and fairness of the financial statements and the annual, semi-annual and quarterly reports as part of the committee action and after closing the quarterly account; review those statements and reports and concentrate mainly on:
  - Any changes in policies and applications/practices related to the accounting;
  - Aspects controlled by estimative provisions imposed by the senior management;
  - Main amendments resulting from the auditing;





- Successful continuity of the Group business;
  - Observance of the accounting standards set by the different regulators;
  - Observance of the Market listing rules; and
  - Observance of the disclosure rules and other requirements related to the preparation of the financial reports.
42. Oversee the relationship with the external auditor including (but not limited to):
  43. Approve their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
  44. Approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit subject to annual delegation from AGA;
  45. Assess annually their independence and objectivity taking into account relevant Qatari professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  46. Satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Bank (other than in the ordinary course of business) which may result in bias or potential conflicts of interest;
  47. Agree with the Board to a policy on the employment of former employees of the Bank's auditor, then monitoring the implementation of this policy;
  48. Monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Bank compared to the overall fee income of the firm, office and partner and other related requirements;
  49. Assess annually the qualifications and expertise of external auditors as well as the resources and effectiveness of the external audit process which shall include a report from the external auditor on their own internal quality procedures;
  50. Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage;
  51. Meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
  52. Ensure the external auditors have access to the Chairperson of the Audit Committee and the members as and when required through the Company Secretary.
  53. Review and approve the annual external audit plan and ensure that it is consistent with the scope of the audit engagement;
  54. Consider and decide whether or not the Group's external auditors should perform any non-audit services for the Group;
  55. Ensure appropriate coordination between internal auditors and external auditors and availability of the necessary resources;
  56. Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
    57. A discussion of any major issues which arose during the audit;
    58. Any accounting and audit judgments;
    59. Levels of errors identified during the audit and the effectiveness of the audit;
  60. Review any representation letter(s) requested by the external auditor before they are signed by management;
  61. Review management letter and management's response to the auditor's findings and recommendations;
  62. Develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter;
  63. Report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
  64. Make whatever recommendations to the Board deemed appropriate on any area, including internal control and governance issues, within the remit of the Committee where action or improvement is needed;
  65. Compile a report to shareholders on the activities of the Committee to be included in the Bank's annual report.
  66. Receive QCB Inspectors' Report, review the remarks and violations and ensure the



	<p>implementation of adequate mitigation actions.</p> <p>67. Ensure a documented response is prepared by senior management and sent to QCB on time;</p> <p>68. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;</p> <p>69. Give due consideration to laws and regulations applicable Group wide and ensure these are covered within the internal audit programs;</p> <p>70. Be responsible for co-ordination of the internal and external auditors;</p> <p>71. Oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;</p> <p>72. Consider and examine such other matters as the Board requires, the Committee considers appropriate, or which are brought to its attention, and to make recommendations or reports to the Board as appropriate;</p> <p>73. Understand financial reporting risks that may be threats to the Group and periodically assess if management is adequately managing business risk;</p> <p>74. Receive reports from subsidiary audit committees in accordance with the Group policies;</p> <p>75. Ensure coordination with the Sharia Supervisory Board on any audit issue related to Sharia matters; and</p> <p>76. Review, at least once a year, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval</p>
<b>3.</b>	<b>COMPENSATION</b>
<b>3.1</b>	ACB 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.
<b>4.</b>	<b>DISCLOSURE</b>
<b>4.1</b>	ACB TOR 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.
<b>5.</b>	<b>AMENDMENTS TO TERMS OF REFERENCE</b>
	ACB 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 TOR 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.