



RELATED PARTIES TRANSACTION POLICY

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Approved on 04 December 2023

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1 INTRODUCTION

1.1 Introduction

- 1.1.1 The Related Parties Transaction Policy (the **"Policy"**) of Lesha Bank LLC (Public) (**"Lesha"** or the **"Bank"** or the **"Company"**) has been established to regulate related parties relationships, such transactions being defined according to Article (2) of the Policy.. Business entities frequently carry out parts of their activities through subsidiaries, joint ventures and associated companies. In these circumstances, the entity's ability to affect the financial and operating policies of the subsidiaries, joint ventures and associates is through the presence of control, joint control or significant influence.
- 1.1.2 The objective of this Policy is to ensure that Lesha's financial statements contain adequate disclosure of related parties transactions as a related party relationship could have an effect on the profit or loss and other comprehensive income and financial position of the Bank. Related parties may enter into transactions that unrelated parties would not. The profit or loss and other comprehensive income and financial position of Lesha may be affected by a related party relationship, even if related party transactions do not occur. The mere existence of the relationship may be sufficient to affect the transactions of Lesha with other parties.
- 1.1.3 This policy defines various classes of entities and people as related parties and sets out the disclosures required in respect of those parties, including the compensation of key management personnel.
- 1.1.4 This policy must be read in conjunction with other corporate governance documents.

1.2 Complementary to law and article

- 1.2.1 The Policy is drafted to comply with the provisions of the Governance Code for Companies and Legal Entities Listed in the Main Market (the **"Code"**) issued by the Qatar Financial Markets Authority (**"QFMA"** or the **"Authority"**) under Decision n. (5) of 2016(as may be amended or re-enacted from time to time),, and in accordance with the laws and regulations of Qatar Financial Centre Authority (**"QFCA"**) and Qatar Financial Centre Regulatory Authority (**"QFCRA"**).


2 RELATED PARTIES TRANSACTIONS

2.1 Related parties

- 2.1.1 A related party, as defined by the Code, includes the following:
- The board member of the Company, or a company of its group.
 - a member of the senior executive management of the Company, or any company of its group.
 - A person who owns at least 5% of the Company shares or any of its group.
 - The relative of any of the former mentioned to the second degree.
 - The legal persons controlled by a member of the board of the Company, or any company of its group, or of senior executive management and their relatives to the second degree.
 - The legal persons that participated in a project or a partnership of any kind with the Company, or any company within the group.

2.2 Approval of related parties transactions

- 2.2.1 Any transaction presenting a situation of conflicts of interest with any of the Board members shall be entered into on an arm's length basis and shall not include terms which are contrary to the Bank's interests.
- 2.2.2 Transactions entered into on an arm's length are those transactions entered by the Bank and not carrying any unconventional terms or conditions. Arm's length price is the customary market price which two unrelated parties agree on prior to entering into a transaction.

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- 2.2.3 The Board shall approve the pricing methods for related party transactions that were made on the terms, equivalent to those at arm's length transactions only, if such terms can be substantiated.
- 2.2.4 Transactions not at arm's length are those transactions of the Bank, where the price and the terms of the transaction are unconventional. Pricing for transactions at arm's length will be with reference to market verifiable data of similar transactions carried out with unconnected persons.
- 2.2.5 The related party transactions which are not executed at arm's length price will also be a separate item of the agenda for discussion at each board meeting, along with necessary justification for consideration and approval of the Board.
- 2.2.6 The details of the related party transactions before approval from the Board shall be placed before the Audit, Risk and Compliance Committee for review, who shall then forward it to the Board for approval.
- 2.2.7 Unless permitted to do so by virtue of a resolution of the general assembly of shareholders ("**General Assembly**") , members of the Board must not have a direct or indirect interest in any contracts, projects or commitments made on account of the Bank, unless such contracts:
- were awarded pursuant to a public tender which was opened for the participation of all interested parties following a transparent and fair procedure;
 - are being entered into by the Bank in the ordinary course of business.
- 2.2.8 In all cases, all relationships held by the Bank with other must serve the Bank's best interest, as well as all transactions be made according to market prices and on arm's length basis and shall not involve terms that are contrary to the Bank's interest.
- 2.2.9 All board members and executive management staffs are required to clarify with the company's legal department prior to trading in Bank's securities to ascertain the appropriateness of the trading they are carrying out.
- 2.3 **Abstention by the related party**
- 2.3.1 Any related party, which is a party who has a relation with a business dealing, or has a relation with, or a transaction entered into, by the Bank, shall not attend the meetings of the general assembly of shareholders or board of directors, while discussing that dealing, relationship or transaction. Such related party shall not be entitled to vote on what is issued by the board regarding these relationships or transactions.

3 DISCLOSURE REQUIREMENTS

- 3.1 All related party transactions shall be disclosed in the Bank's Annual Report and specifically referred to in the General Assembly following the execution of the transactions.
- 3.2 Under IAS 24 on Related Party Disclosures, if an entity has had related party transactions, it shall disclose the nature of the related party relationship as well as, information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. These disclosures would be made separately for each category of related parties and would include:
- the amount of the transactions
 - the amount of outstanding balances, including terms and conditions and guarantees
 - provisions for doubtful debts related to the amount of outstanding balances
 - expense recognized during the period in respect of bad or doubtful debts due from related parties.
- 3.3 The disclosures shall be made separately for each of the following categories:
- the parent company
 - entities with joint control or significant influence over Lesha
 - subsidiaries
 - associates

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- joint ventures in which Lesha is a joint venture partner
 - key management personnel of Lesha or its parent
 - other related parties.
- 3.4 Items of a similar nature may be disclosed in aggregate, except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.
- 3.5 In addition, an entity shall disclose key management personnel compensation in total and for each of the following categories:
- short-term employee benefits
 - post-employment benefits
 - other long-term benefits
 - termination benefits
 - share-based payment.
- 3.6 All related party transactions which require specific type of disclosure under the Code or the QFMA merger and acquisition Code shall be disclosed in the form requested in such codes in addition to any other form of disclosure adopted by the Bank.

4 AMENDMENTS

- 4.1 This policy shall be reviewed on a regular basis, or at least every three (3) years.