



AL RAYAN BANK

Gender Pay Gap Report

March 2022



Executive Summary

Al Rayan Bank is pleased to report that the Gender Pay Gap has narrowed since our 2020 report. The median pay gap has **closed by 2.9% to 32.4%** and the mean pay gap has closed by **11.9% to 30.7%**. The median pay gap for bonus pay has also closed by **10% to 35.8%** and the mean has further closed by **16.5% to 45.5%**. Al Rayan Bank is confident that its gender pay gap does not stem from paying men and women differently for the same or equivalent work

As an employer that prides itself on being ethical, we remain committed to diversity, equality and inclusivity for our colleagues. Whilst the Bank is only required to disclose gender pay gap data, we have included some supporting narrative. We **are proud of our achievements** following the implementation of key initiatives which have helped close the pay gaps, highlighted below;

ACHIEVEMENTS

- 1. Recruitment and Selection;** We continue to ensure we have diverse shortlists for Executive and Board roles. As part of our Board Diversity Policy, we committed to interviewing at least one female candidate for board vacancies. Since our 2020 report, up to 75% of all Board shortlists have been female candidates. As a result, we successfully recruited two females to join the Bank as Non-Executive Directors. In addition to improving our diversity at Board level, at the end of 2021 we increased our female representation on our Executive Committee. As per our 2020 reporting, the Executive Committee was 100% male however at the time of issuing our report, 28% of the committee are women. These steps taken over the last few years have enabled us to narrow the pay gap within the upper quartile. The Bank will continue to mirror these practices at management level to support further improvements in our lower quartile bandings.
- 2. Hybrid Working;** The COVID-19 pandemic gave us the opportunity to look at the way we work. As a result, we have moved to a predominately hybrid working pattern, with 3 days in the office and 2 at home. Prior to the pandemic we received feedback from female candidates about the lack of home working, the shift to hybrid has allowed us to widen our talent pool to include those candidates who want this flexibility. As well as empowering managers to support ad-hoc flexible working arrangements/hours at a local level.
- 3. VIBE (Visibility, Inclusivity, Breaking Stereotypes and Equality);** Whilst this report is about our gender pay gap, our commitment to diversity goes beyond just gender. In 2021 we launched our VIBE networking group. The network's objective is to encourage inclusivity and address key topics, such as visibility of female leaders to ensure women can see they are represented. Our future topics for 2022 are about improving inclusivity in the workplace, how to break stereotypes in the workplace and ensuring equality for all protected characteristics.
- 4. Leadership & Development;** In 2021 the Bank launched a new leadership and development programme. The Remuneration & Nomination Committee wanted to ensure even those not in management roles were able to have access to the programme. As a result, an aspiring leaders programme was launched. The committee were also keen to ensure there was a gender mix on the aspiring programme to support achieving a better percentage of women in leadership. As a result, 33% of the cohort are women and the aim is to support closing the pay gap within the lower quartiles.



Pay Gap

Median: the difference in the median hourly rate of pay between male and female full-pay relevant employees

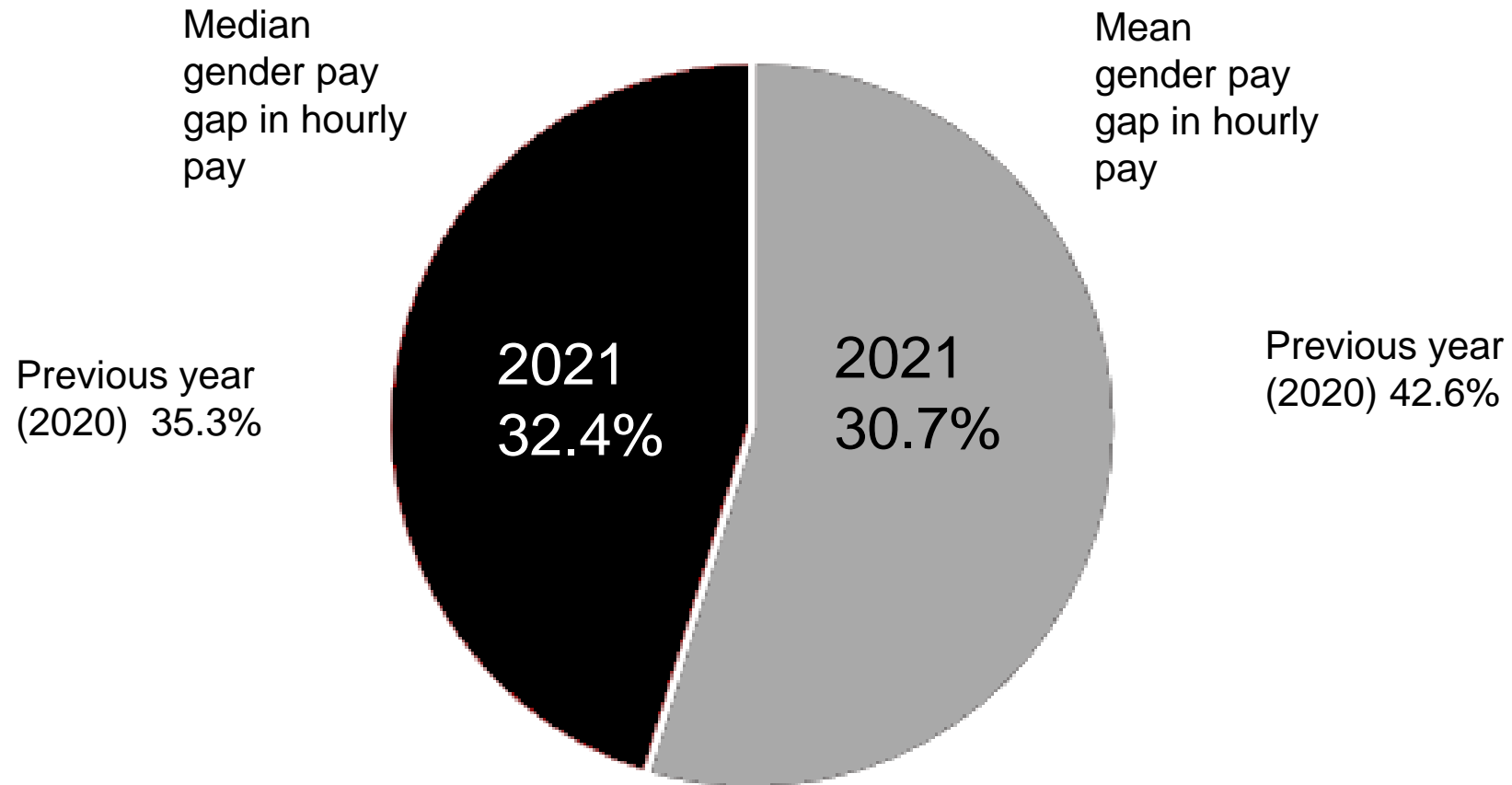
Mean: the difference in the mean hourly rate of pay between male and female full-pay relevant employees

Proportion by gender by quartile: the proportions of male and female full-pay relevant employees in each of the four quartile pay bands



Pay Gap: Median & Mean

Al Rayan Bank



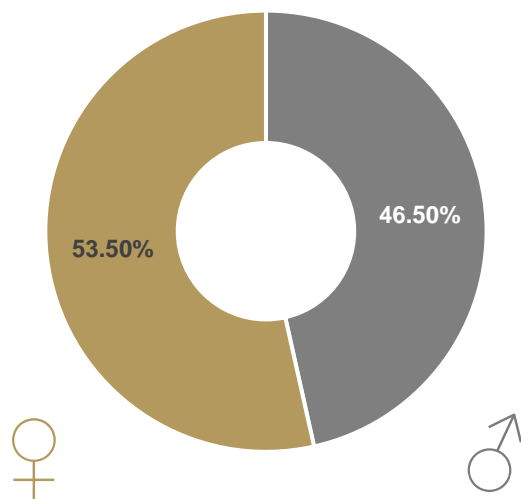
In summary the gap between median and mean from 2020 has narrowed in 2021 demonstrating the output of the positive steps which were taken under the previous action plan.



Proportion by Gender Quartile

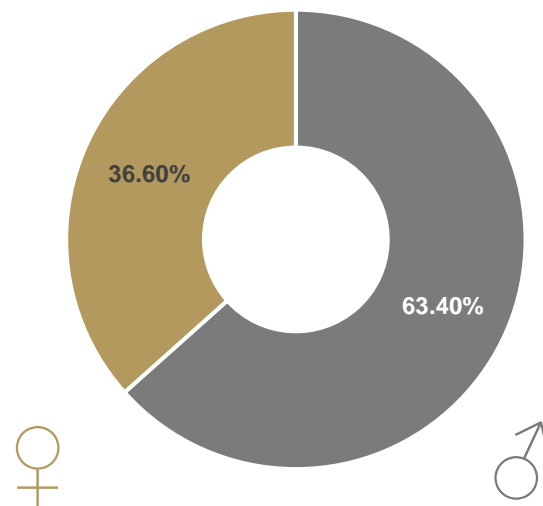
This shows Al Rayan Bank workforce divided into four equal-sized groups based on hourly pay rates

LOWER QUARTILE



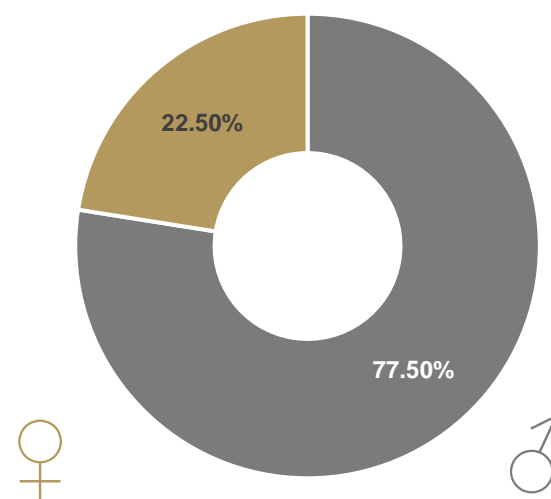
The lower quartile includes the lowest-paid 25% of employees. Within Al Rayan Bank, 53.50% of the employees in the Lower pay band are women (compared to last year's 53.3%) and 46.5% men (compared to last year's 46.7%).

LOWER MIDDLE QUARTILE



The percentage of male employees increases throughout the remaining quartiles/pay bands, from 63.4% in Lower Middle quartile (compared to last year's 65.3%). There has been a slight increase of females within this quartile of 1.9% to 36.6% from 34.7%.

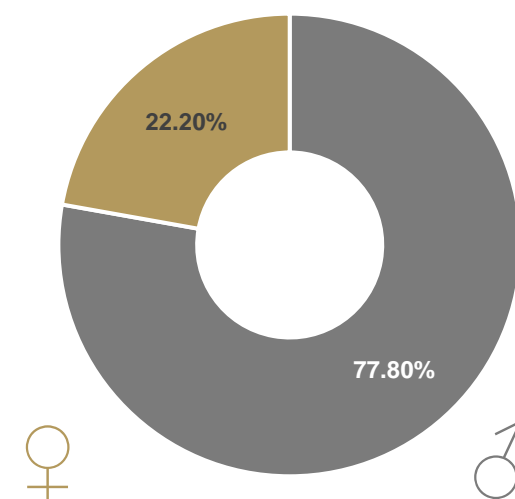
UPPER MIDDLE QUARTILE



To 77.5% (compared to last year's 76%) of employees in the Top Middle quartile are male versus only 22.5% of employees who are female (compared to last year's 24%).

In order for there to be no gender pay gap, there would need to be an equal ratio of men to women in each Band

UPPER QUARTILE



The Top or upper quartile covers the highest-paid 25% of employees.

There is a disproportion of men; 77.80% (previously 82.9%) compared to 22.20% for women (previously 17.1%) in the top paid roles at Al Rayan Bank. However, whilst still disproportionate, this band has seen an improvement since last year.



Bonus Gap

Mean: the difference in mean bonus pay between male and female relevant employees

Median: the difference in median bonus pay between male and female relevant employees

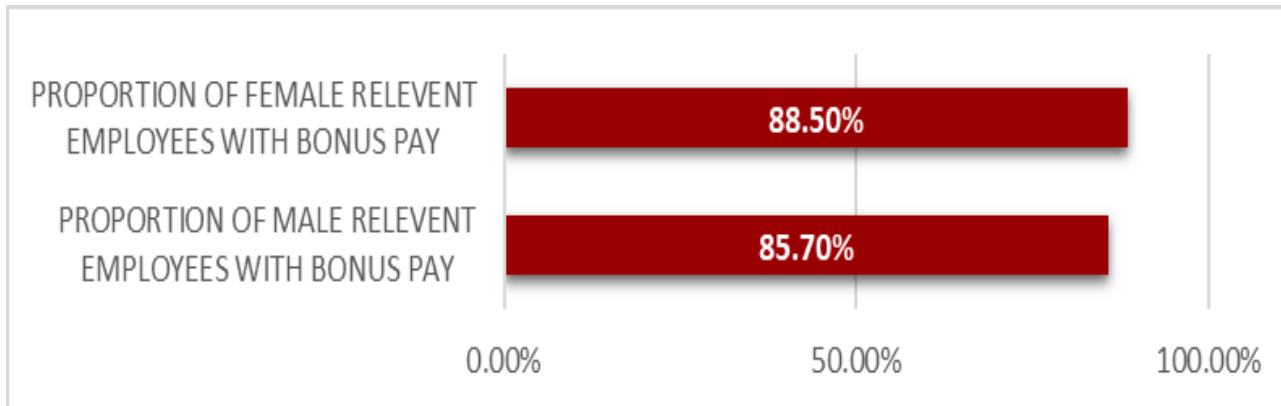
Proportion of recipients by gender: the proportions of male and female relevant employees who received bonus pay



Bonus Pay

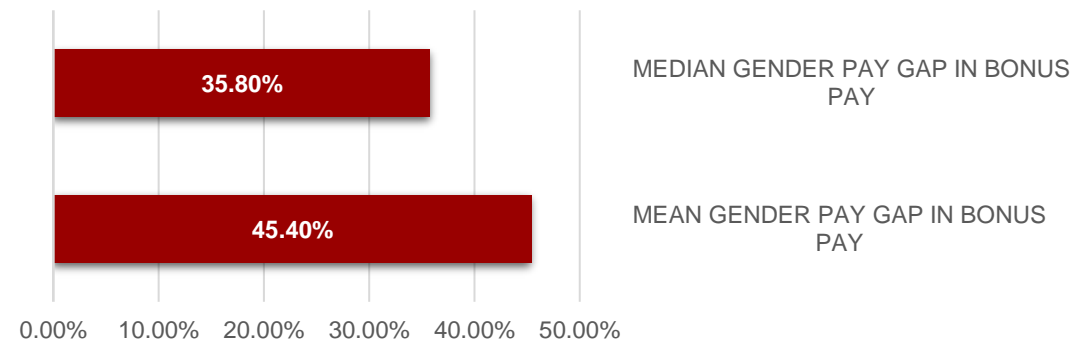
Based on end of year ratings there were 85 female colleagues, and 162 male colleagues were eligible for a 2021 bonus payment.

This slide shows the proportion of eligible women and men that received a bonus payment in 2021. In comparison to last year the chart shows how the number of colleagues both male and female has increased. Within this area, we can see that more females received bonus pay than male colleagues by 2.8%. Whilst this is positive, we still have gaps within the median and mean within bonus pay.



We are able to see a significant improvement in the difference in both median and mean gender pay;

1. Median bonus pay has narrowed by 10% to 35.8% (previously 46%)
2. Mean bonus pay has narrowed by 16.5% to 45.5% (previously 62%)





Signed Statement

Signed by the Chair of Remuneration & Nomination Committee, Malcolm Brookes, to confirm the information included within the report is accurate;

Signed:

Date; 05 April 2022