

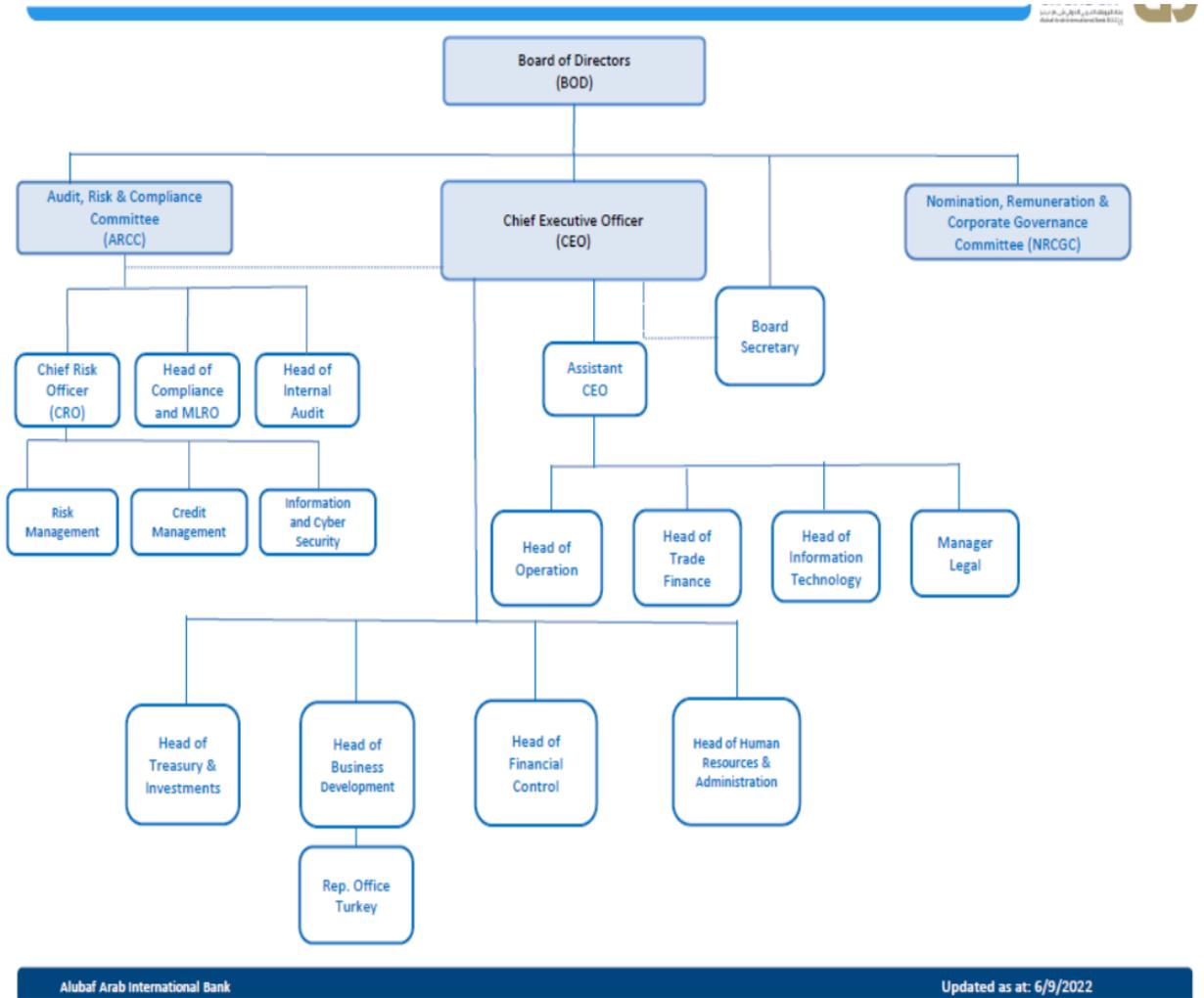


CORPORATE GOVERNANCE DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2022

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1. ORGANIZATION STRUCTURE OF THE BANK



2. ALUBAF’S CORPORATE GOVERNANCE PHILOSOPHY

ALUBAF Arab International Bank B.S.C. (c) (the "Bank") is a closed Bahraini joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry, Commerce and Tourism (“MOICT”) under Commercial Registration (CR) number 12819. The Bank operates under a wholesale banking license issued by the Central Bank of Bahrain (the "CBB").

As a Wholesale commercial bank, Alubaf’s corporate governance framework is based on the guidelines of the Corporate Governance Code as introduced by the Ministry of Industry, Commerce and Tourism, the Commercial Companies Law and its Implementation Regulations (“CCL”) and the regulations of the Central Bank of Bahrain (“CBB”) as specified in Volume 1 of its Rulebook - High Level Controls (Module HC).

ALUBAF Arab International Bank B.S.C.(C) (“Bank”) is fully committed to meeting its strategic objectives and achieving solid growth while upholding the highest standards of corporate governance. Such commitment is deeply rooted in its dedication to enhancing its compliance with all the applicable laws, regulations and best industry practices to the ultimate benefit of its shareholders, clients, employees and other stakeholders.

3. FRAMEWORK

ALUBAF Arab international Bank has an effective, disciplined and transparent management framework developed on strict adherence to corporate governance principles and statutes of its regulator Central Bank of Bahrain. The Board of Directors is responsible for strategic plans, policies and supervision of business performance/operations, overseeing the functions of executive management and ensures to conduct meetings at least four times annually. At the next level, is the executive management team, which is committed in the daily execution of business in compliance with approved policies, plans and regulatory requirements. The bank’s external auditors Ernst & Young, conduct final audit and other statutory reviews and quarterly on financials, prudential information reporting, public disclosure and the review on AML/CFT to ensure compliance with regulatory requirements.

4. PROFILE AND OWNERSHIP STRUCTURE OF THE BANK

As part of disclosure requirements indicated in HC module issued by the CBB, the Bank presents the following facts:

The Bank’s authorized share capital is USD 500,000,000 (United States Dollars five hundred million) divided into 10,000,000 (ten million) shares of USD 50 (United States Dollars fifty) nominal value per share. The Bank’s issued and paid up capital is USD 250,000,000 (United States Dollars two hundred and fifty million) divided into 5,000,000 (five million) shares of USD 50 (United States Dollars fifty) nominal value per share.

Shareholders Distribution of Shareholding according to Nationality:

Name	Nationality	No. of Shares	Nominal Value (USD)	%
Libyan Foreign Bank	Libyan	4,975,008	248,750,400	99.50
National Bank of Yemen	Yemeni	13,768	688,400	0.28
Yemen Bank for Reconstructions and Development	Yemeni	11,224	561,200	0.22

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Nationality	No. of Shares	Nominal Value (USD)	%
Libyan	4,975,008	248,750,400	99.50
Yemeni	24,992	1,249,600	0.50

As of 31 December 2022, Libyan Foreign Bank (LFB) owns more than 5% or above of Alubaf's total outstanding shares.

As of 31 December 2022, the Bank's Directors and the Senior Management do not own any shares in the Bank on an individual basis.

5. BOARD OF DIRECTORS

BOARD COMPOSITION

The Bank shall be administered by a Board of Directors comprising of at least five (5) directors and not more than nine (9) directors ("Directors"). As of 31 December 2022, the total number of Directors is seven (7). The Board of Directors also elects by secret ballot from its Directors a chairman ("Chairman"), and a deputy chairman ("Deputy Chairman") for its tenure.

In accordance with HC 1.5.2 of the CBB Rulebook, in conventional bank licensees with a controller, at least one third of the Board of Directors must be independent.

In compliance with HC 1.4.8, the Chairman is not an executive director. Furthermore, the CBB Rulebook and Corporate Governance Code also require that the Chairman of the Board of Directors must be an independent Director. The Bank's Chairman, Mr. Moraja Gaiith Solaiman Buhlaiga, complies with this requirement in accordance with CBB's exemption letter dated 27th November 2022.

As of 31 December 2022, the Bank is in compliance with the aforementioned independence requirements with the following being its composition:

STATUS/CATEGORY	NO. OF DIRECTORS	%
Non-independent / non-executive	2	28.57
Independent / non-executive	5	71.43
TOTAL	7	100

For the financial year ending 31 December 2022, the bank's board of directors was as follows:

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NAME	POSITION	STATUS	NATIONALITY	DATE OF AGM APPROVAL	TERM
Mr. Moraja Gaith Solaiman Buhlaiga	Chairman	Independent / non-executive	Libyan	21-APR-13	Fourth
Mr. Anthony Constantine Mallis	Vice Chairman	Independent / non-executive	Australian	18-JUN-17	Third
Mr. Abdulkarim Bucheery	Director	Independent / non-executive	Bahraini	15-MAR-20	Second
Mr. Guima Masaud Salem Kordi	Director	Non-independent / non-executive	Libyan	19-APR-16	Third
Mr. Basel El Hini	Director	Independent / non-executive	Egyptian	15-MAR-20	Second
Mr. Abdulrazag Tarhuni	Director	Independent / non-executive	Libyan	15-MAR-20	Second
Mr. Khaled Taher	Director	Non-independent / non-executive	Libyan	26-JUN-22	First

The full profiles and the bank's directors, information on other posts that they hold and their biographies are available in the annual report and the website www.alubafbank.com.

The Board of Directors is supported by its Board Secretary, who provides it with professional and administrative support. The Board Secretary also acts as secretary at the General Assemblies. The Audit, Risk and Compliance Committee secretary is the Head of Internal Audit and the Nomination, Remuneration and Corporate Governance Secretary is the Head of Human Resources and Administration As per HC 1.6.2, the appointment of the Board Secretary is subject to approval of the Board of Directors.

INDEPENDENCY OF THE BOARD MEMBERS

The majority of the Board's members are independent. To ensure the independency of the members, as per HC-1.4, every director must bring independent judgment to bear in decision-making. No individual or group of directors must dominate the board's decision-making and no one individual should have unfettered powers of decision. The members should also ensure that their membership of the Board of Directors is not in conflict with any of their other interests. Where there is the potential for conflict of interest, or there is a need for impartiality, the Board must assign a sufficient number of independent Board members capable of exercising independent judgment.

APPOINTMENT/TERMINATION OF THE BOARD OF DIRECTORS

The appointment of Directors is subject to obtaining the prior written approval of the CBB and comply at all times with the Company Commercial Law and the CBB regulations. The Board of Directors is appointed for a term of three (3) years by the Annual General Assembly, such term being capable of

renewal. Appointments of Directors are also subject to Article 175 of the Company Commercial Law for shareholders holding 10% of the share capital or more having the right to appoint representatives on the Board in proportion to the number of members on the Board. The current term of the Board of Directors started in June 2022 and will end in – June 2025.

The Directors are generally required to adhere to the Bank's Articles of Association, Company Commercial Law, the Corporate Governance Code, CBB Rulebook, Code of Ethics and Conduct and all applicable laws and regulations. The Bank has written appointment agreements with each Director, which set out the Directors' roles, duties, responsibilities, accountabilities, in addition to other aspects relating to their appointment such as term, the time commitment required, the committee assignments (if any), their remuneration and expense reimbursement entitlement and access to independent professional advice, as and when required.

The Bank's Articles of Association, which incorporate the relevant Company Commercial Law provisions, and the Board of Directors' Charter list all the grounds for termination of membership of the Board of Directors. The General Assembly, via majority vote, has the authority to terminate the membership of some or all of the Board of Directors. This is without prejudice to the rights of shareholders qualifying under Article 175 of the Company Commercial Law to terminate the appointment of any Director they appointed in accordance with the aforementioned Article. Terminations without proper justification or cause may entitle the Director to seek compensation from the Bank.

INDUCTION OF NEW DIRECTOR

The Board ensures that each new appointed Director receives all information to strengthen and support his contribution from the commencement of his term, via meetings with senior management, presentations regarding the Bank's strategic plans, significant financial, accounting frameworks, risk management issues, compliance programs, in addition to access to its internal and external auditors and legal counsel.

RESPONSIBILITIES OF THE BOARD

The Board of Directors' role and responsibilities include but are not limited to, the following:

- Establishing the objectives of the Bank;
- Determining the overall business performance, plans and strategy of the Bank;
- Monitoring approved persons performance and their implementation of strategic decisions;
- Convene and prepare the agenda for the shareholder meetings;
- Monitoring conflict of interest and preventing abusive related party transactions;
- Adoption and annual review of strategy;
- Annual approval of budget and monitoring management performance in relation to the same thereof;
- Adoption and review of management structure and responsibilities;
- Adoption and review of the systems and controls framework;
- Causing financial statements to be prepared which accurately disclose the Bank's financial position;
- Setting the 'tone at the top' of the Bank and overseeing compliance with various laws and regulations, including but not limited to, CBB laws and regulations, Company Commercial Law, Corporate Governance Code, Labor Law and other applicable laws and regulations; and
- Approve term borrowings bond

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Further details of the roles and responsibilities of the Board of Directors are set out in the Board Charter and Articles of Association. These roles and responsibilities are in line with the regulatory requirements contained in the High-Level Control (“HC”) of the CBB Rulebook Volume 1 and the Corporate Governance Code.

MEETINGS OF THE BOARD OF DIRECTORS DURING THE YEAR 2022

In accordance with HC-1.3 of Volume 1 of the CBB Rulebook, the Board must meet frequently but in no event less than four (4) times a year. The Bank’s Board of Directors has exceeded this requirement by meeting six (6) times in the financial year ending 31 December 2022. All Directors have complied with the requirement to attend at least 75% of all Board meetings convened in a given financial year. During 2022, six Board meetings were held as follows:

DIRECTOR	DATE OF FIRST APPOINTMENT (AGM APPROVAL)	FIRST BOARD MEETING	1/2022 Held in Bahrain 23-Feb-22	2/2022 Held in Bahrain 18-Apr-22	3/2022 Held in Turkey 14-Jul-22	4/2022 Held in Bahrain 18-Sep-22	5/2022 Held in Bahrain 13-Nov-22	6/2022 Held in Bahrain 11-Dec-22
Moraja Gaith Solaiman Buhlaiga	21-Apr-13	29-Jan-13	✓	✓	✓	✓	✓	✓
Anthony Mallis	18-Jun-17	09-Jul-17	✓	✓	✓*	✓	✓	✓
Abdulkarim Bucheery	15-Mar-20	11-Nov-19	✓	✓	✓	✓	✓	✓
Giurma Masaud Salem Kordi	19-Apr-16	21-Aug-15	✓	✓	✓	✓	✓	✓
Basel El Hini	15-Mar-20	10-Feb-20	✓	✓	✓	✓	✓	✓
Abdulrazag Tarhuni	15-Mar-20	8-Jun-20	✓*	✓*	Absent	✓	✓	✓*
Khaled Taher	26-June-22	23-Feb-22	✓*	✓	✓	✓	✓	✓

**Participated by phone/Video link*

BOARD ASSESSMENT AND EVALUATION

The Board and its Committees conduct annual assessments and evaluations on an annual basis. Each Director completes an overall Board assessment form, in addition to each Committee member completing a Committee assessment form. The NRCGC is responsible for reporting the results of the assessments to the Board for appropriate action, where and if required.

MATERIALITY AND AUTHORITY LEVELS

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The materiality level for transactions that require board approval varies for different activities and is governed by pre-approved exposure levels delegated by the board which are contained in various policy and procedure documents as well as the delegation of authority. Transactions exceeding the approval authorities granted to the CEO or CIC must be approved by the board.

BOARD COMMITTEES

In accordance with the bank’s constitutional documents, charters and the requirements set forth by the corporate governance code and CBB regulations, the board of directors has delegated specific responsibilities to a number of board committees (each a “**committee**” and collectively, the “**committees**”). Each committee has its own formal written charter that sets out the roles and responsibilities of its members. The main committees are as follows:

- *Audit, risk and compliance committee (“ARCC”); and*
- *Nomination, remuneration and corporate governance committee (“NRCGC”)*

As of 31 December 2022, the composition of the committees are as follows:

Board committee	Members	Position
Audit, Risk and Compliance (ARCC)	Abdulkarim Bucheery Anthony Mallis Basel El Hini Khalid Taher	Chairman Member Member Member
Nomination, Remuneration and Corporate Governance (NRCGC)	Moraja Gaith Solaiman Buhlaiga Giuma Masaud Salem Kordi Abdulrazag Tarhuni	Chairman Member Member

ARCC MEETINGS AND ATTENDANCE

The minimum number of meetings required is four.

MEMBERS	1/2022 19-Feb-22	2/2022 17-Apr-22	3/2022 23-Jul-22	4/2022 10-Nov-22
Abdulkarim Bucheery	✓	✓	✓*	✓
Anthony Mallis	✓	✓	✓*	✓
Basel El Hini	✓*	✓	✓*	✓*
Khalid Taher	-	-	✓*	✓*

**Participated by phone/Video link*

NRCGC MEETINGS AND ATTENDANCE

The minimum number of meetings required is two.

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MEMBERS	1/2022	2/2022
	21-Feb-22	11-Dec-22
Moraja Gaith Solaiman Buhlaiga	✓	✓
Giuma Masaud Salem Kordi	✓*	✓
Abdulrazag Tarhuni	✓*	✓*

**Participated by phone/Video link*

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BOARD COMMITTEES RESPONSIBILITIES

BOARD OF DIRECTORS COMMITTEES RESPONSIBILITIES	
ARCC RESPONSIBILITIES	
SUMMARY OF TERMS OF REFERENCE	SUMMARY OF RESPONSIBILITIES
<ul style="list-style-type: none"> ➤ The members of the Committee shall be appointed by the Board. The Committee will comprise of at least three independent members. All members must be non-executive directors and the majority of the members of the committee including the Chairman shall be independent directors. ➤ Members must have no conflict of interest with any other duties they have for the bank. ➤ Appointments to the Committee shall be for a period of up to three years, which may be renewable for similar periods, and shall coincide with the appointment of the board of directors. ➤ A meeting of the Committee will not be valid unless attended by not less than two or half of the members (depending on the number of the members of the committee), whichever is greater. ➤ The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. ➤ The Chairman of the Committee shall attend the shareholder's meeting in order to respond to any shareholders inquiry on the ARCC activities. ➤ The Committee shall conduct an annual self-assessment review and reports conclusions and recommendations to the Board. 	<ul style="list-style-type: none"> ➤ The committee's responsibility is to assist the board in discharging its oversight duties mainly relating to the following matters:- ➤ The integrity of the bank's financial statements and financial reporting process and the bank's systems of internal accounting and financial controls; ➤ Recommending appointment, retention of the external auditor, and be directly responsible for the oversight of the external auditor's work. ➤ Review and assess the effectiveness of the bank's internal audit function ➤ Ensure the independence of the internal auditor and external auditor; ➤ Ensure independence of risk and compliance from risk-taking activities and business lines; ➤ Oversee the bank's compliance with laws, regulations and internal policies. Review the implementation of, enforcement of and adherence to the bank's code of conduct and compliance with corporate governance charter. ➤ Overseeing the management of the bank's compliance risk. Assist the board in establishing a permanent and effective compliance function. ➤ Overseeing the bank's activities in managing credit, market, liquidity, operational, legal, reputational and other risks and to ensure that an effective risk management framework is in place and functioning in the bank. ➤ Review all bank's policies and recommend them for board approval. ➤ Monitor the responsiveness of management to the committee's recommendations and findings; ➤ Address and review all concerns arising from the whistle blowing policy

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NRCGC RESPONSIBILITIES	
	<p>The NRCGC is responsible for developing and recommending changes from time to time in the Bank's nomination and remuneration policy, including the variable payment policy. As will responsible of the banks corporate governance practices and recommending any changes from time to time.</p> <p>It is also entrusted to identify and recommend persons occupying senior positions including board members, as will ensure a succession planning for directors and senior management.</p> <p>Succession Planning Succession planning in the Bank is driven by our Business strategy and forward looking approach. The primary objective of the plan is to develop people to meet future demands of the Bank. On an annual basis, the Human Resources Department of the Bank reviews and consults the Board's Nomination & Remuneration Committee to ensure availability of a practical and executable succession plan.</p>

6. MANAGEMENT

SEGREGATION OF DUTIES BETWEEN BOARD OF DIRECTORS AND MANAGEMENT

In accordance with CBB regulations, the positions of the chairman and deputy chairman are segregated from those of the chief executive officer (“CEO”). Furthermore, there is a clear delineation of responsibilities between the aforementioned positions as defined in the bank’s articles of association and board charters.

MANAGEMENT COMMITTEES

Committee Name	Member Position	Committee Member Position
Asset and Liability Committee (ALCO)	Chief Executive Officer	Head/Chairman
	Chief Risk Officer	Member
	Head of Financial Control	Member
	Head of Business Development	Member
	Head of Treasury & Investments	Member
	Head of Trade Finance	Member
	Head of Operations	Member
Management Risk Committee (MRC)	Chief Executive Officer	Head/Chairman
	Chief Risk Officer	Member
	Head of Financial Control	Member
	Head of Business Development	Member
	Head of Treasury & Investments	Member
	Head of Trade Finance	Member
	Head of Operations	Member
Credit and Investment Committee (CIC)	Chief Executive officer	Head/Chairman
	Chief Risk Officer	Non-voting member
	Head of Financial Control	Member
	Head of Risk Management	Non-voting member
	Head of Treasury & Investments	Member*
	Head of Business Development	Member*
	Senior Manager – Business Development	Secretary
Insurance Coverage Committee (ICC)	Head of Financial Control	Head/Chairman
	Senior Manager - Risk	Member
	Legal Manager	Member

	Head of information Technology	Member
	Head of Human Resources & Administration	Member/Secretary
Tariff and Commission Committee (TCC)	Chief Executive Officer	Head/Chairman
	Head of Business Development	Member
	Head of Financial Control	Member
	Head of Treasury & Investments	Member
	Head of Trade Finance	Member
	Head of Operations	Member/Secretary
Special Asset Management Committee (SAMC)	Head of Financial Control	Head/Chairman
	Head of Operations	Member
	Chief Risk Officer	Member
	Legal Manager	Member
	Senior Manager – Risk Management	Member
	Manager – Credit Management	Member/Secretary

* Do not vote/approve their submissions

MANAGEMENT COMMITTEES RESPONSIBILITIES

MANAGEMENT COMMITTEES RESPONSIBILITIES	
ALCO RESPONSIBILITIES	
SUMMARY OF TERMS OF REFERENCE	SUMMARY OF RESPONSIBILITIES
<ul style="list-style-type: none"> ➤ The purpose of the ALCO is to prudently direct and manage asset and liability allocations to achieve the Bank's strategic goals. ➤ The ALCO shall meet once in a quarter or more frequently, if required. ➤ A meeting of the committee will not be valid unless attended by half of the voting members. ➤ The Committee's decisions shall be considered by a vote of the majority of the attending members. In case of tied votes, the Head of the Committee shall have the casting vote. 	<p>ALCO's key responsibilities are to:</p> <ul style="list-style-type: none"> ➤ Monitor the Bank's asset and liability maturity profiles taking into account economic developments, fluctuations in asset values and benchmark reference rates ➤ Develop asset and liability management strategies, including liquidity strategies, and short and long-term funding and leverage strategies, within board approved parameters ➤ Review the Bank's capital adequacy position and address capital management strategies from an ICAAP perspective ➤ Review the Bank's liquidity risk profile, including monitoring liquidity risk metrics, early warning indicators, contingency plans, adequacy of liquidity cushion etc., and ensure that the Bank maintains adequate liquidity to cover stress scenarios ➤ Review the interest rate risk and forex risks of the Bank and devise strategies (including hedging) to minimize the impact of such risks on the Bank's net worth and earnings ➤ Reviewing the portfolio performance, treasury reports, risk management reports and provide guidance to management ➤ Review risk limits and approve or reject breaches of limits within its authority
MRC RESPONSIBILITIES	
SUMMARY OF TERMS OF REFERENCE	SUMMARY OF RESPONSIBILITIES
<ul style="list-style-type: none"> ➤ The purpose of the MRC is to assist the Board Audit, Risk and Compliance Committee (ARCC) in overseeing the Bank's risk management framework and manage all areas of risks within the Bank. ➤ The MRC shall meet once in a quarter or more frequently, if required. ➤ A meeting of the committee will not be valid unless attended by half of the voting members. ➤ The Committee's decisions shall be considered by a vote of the majority of the attending members. In case of tied votes, the Head of the Committee shall have the casting vote. 	<p>MRC's key responsibilities are to:</p> <ul style="list-style-type: none"> ➤ Determine key risk areas and adopt risk management practices that contribute to the Bank's objective ➤ Increase the awareness level of management and staff on business risks in the Bank ➤ Review and recommend for approval the Bank's risk management framework ➤ Evaluate the level and trend of material risks and their impact on capital levels ➤ Review and assess various internal limits and make specific recommendations with respect to economic risk capital, market risk limits, ALM limits, etc. ➤ Approve Operational Risk Framework and monitor the operational risk on ongoing basis ➤ Review and approve the stress test scenarios of the Bank and ensure that they cover all material risks faced by the Bank, review stress testing results and recommend action plan to ARCC and Board to manage stress events

	<ul style="list-style-type: none"> ➤ Review the reputational risk and ensure adequate measures are taken to monitor and manage reputational risks, including management of Step-in risks ➤ Review other major risk concentration as deemed appropriate
CIC RESPONSIBILITIES	
SUMMARY OF TERMS OF REFERENCE	SUMMARY OF RESPONSIBILITIES
<ul style="list-style-type: none"> ➤ The purpose of the Credit and Investment Committee is to assist the Board of Directors in fulfilling its responsibilities by providing oversight of bank's credit and investment operations and management activities relating to the identification, assessment, measurement, monitoring, and management of the bank's credit risk. The committee fulfils the following responsibilities with respect to financing/lending activities, investment activities and trade finance activities. ➤ The Committee shall meet at least once every quarter or more frequently if required. However, the committee shall review monthly reports circulated via email by various departments and may approve actions if required over email. ➤ A meeting of the committee will not be valid unless attended by half of the voting members. ➤ The Committee's decisions shall be considered by a vote of the majority of the attending members. In case of equality of votes, the Head of the Committee shall have the casting vote. 	<p>CIC's key responsibilities include:</p> <ul style="list-style-type: none"> ➤ To structure the details of all facilities / facility limits by delegated authority; in line with DOA ➤ Consider approved risk appetite of the Bank, strategic objectives with regards to servicing certain customers and geographies, desirable pricing, country, product, sector and concentration limits, provisioning policy, adequacy of collateral, customer relationships and repayment history; ➤ Monitor on-going risk profile of the Bank in aggregate and by individual business/economic sectors and geographic concentrations and concentration to a single borrowing entity; ➤ Evaluate all new loan proposals, and appraise new Treasury Product, Tradable Instruments, ➤ Assess all guarantee facilities. ➤ Report approved LC refinance/ discount and rejected deals/facilities to management, ➤ The CIC is assigned responsibility by the Board of Directors for the management and oversight of the bank's credit and investment operations and management activities relating to the identification, assessment, measurement, monitoring, and management of the bank's credit risk and to make appropriate decision while adhering to the bank's risk appetite and procedures for credit and investment selection. ➤ Review sales strategy in conjunction with the Head of Treasury and the ALCO in order to identify and satisfy customer needs and to achieve revenue and profit targets; ➤ Reviewing and approving on the renewal and /or amendment of current credit facility agreements and counterparty limits as per the Delegation of Authority Matrix. ➤ Review and approve the investment deal proposals on Amortized Cost and FVOCI portfolios; within its authority; ➤ Recommending action to be taken on customer covenant breaches, restructuring of loans. ➤ Approving the cancellation of Credit facilities (Loan, Treasury and Trade Finance) as per the guidelines and authority provided in the Delegation of Authority Matrix. ➤ Approving the execution of Trade finance products, LC issuance, refinancing LC, Discounting LC, Back to Back

	<p>LC, transferable LC, Guarantee, Factoring, Risk Participation, Trade loans, Irrevocable Reimbursement undertaking (IRU), avalized Documentary collection and any other trade finance funded or unfunded exposure and their amendments as per Delegation of Authority Matrix.</p> <ul style="list-style-type: none"> ➤ Approving the Closure of Nostro account. ➤ Reviewing the opening of new Nostro accounts. ➤ Reviewing all write off of facilities/loans/ exposures prior to ARCC and BOD review and approval.
ICC RESPONSIBILITIES	
<p>The objective of this committee is to review, assess and provide recommendation on all types of insurance in the bank to the management.</p>	
TCC RESPONSIBILITIES	
<p>The mandate of the TCC requires it, among other things, to:</p> <ul style="list-style-type: none"> ➤ Review the bank’s tariffs and commissions and other charges applied by the bank; ➤ Set country pricing limit for Trade Finance products offerings and ➤ Ensure the bank maintain comprehensive tariff and commissions terms and conditions. 	
SAMC RESPONSIBILITIES	
SUMMARY OF TERMS OF REFERENCE	SUMMARY OF RESPONSIBILITIES
<ul style="list-style-type: none"> ➤ The purpose of the SAMC is to assess and monitor credit defaults, develop recovery strategy customized to each portfolio and implement suitable strategy to recover the maximum possible amount from the delinquent borrower. ➤ The committee shall meet once in three months or as and when required. ➤ A meeting of the committee will not be valid unless attended by half of the voting members. ➤ The Committee’s decisions shall be considered by a vote of the majority of the attending members. In case of tied votes, the Head of the Committee shall have the casting vote. 	<p>SAMC’s key responsibilities are:</p> <ul style="list-style-type: none"> ➤ Taking over the responsibility for handling customer accounts which is over 90 days past due. ➤ Initiating suspension of credit facilities to accounts transferred from CAU. ➤ Exploring all possible avenues including engagement of external debt collection agencies to enhance collection. ➤ Initiating and following-up on collateral realization procedures where approved. ➤ Responsible for developing strategies for handling the classified assets in order to prevent losses and maximize recovery, and to ensure their implantation. ➤ Liaising with other departments in gathering the required data for formulating remedial strategy for NPA cases. ➤ Based on account history, call logs and visit reports or if the account crosses 180 days past due, decide on whether the account should be restructured/payments rescheduled or whether legal action should be pursued. ➤ Reporting to the CEO and ARCC periodically on any legal action to be taken. ➤ Monitoring restructured accounts over twelve months cooling off period and transfer of account ownership to CAU following cooling off period. ➤ Providing recommendations to the CIC on provisioning for NPAs. ➤ Reviewing the list of NPAs which are eligible for moving off-balance sheet (off-loading). ➤ Reviewing the list of facilities which are being proposed for write-off.

- | | |
|--|--|
| | ➤ Monitoring and following up on the list of written off facilities. |
|--|--|

7. RELATED PARTY TRANSACTIONS

In general, the bank has proper credit due diligence procedure for all type of facilities or exposures. Related party transactions relating to directors are approved by the shareholders. Details of related party transactions are set out in note 26 of the Consolidated Financial Statements.

The Bank's major related party transactions are generally with its majority shareholder/controller and/or its affiliate companies. The Board of Directors ensures that the pricing policies and terms of these transactions are approved by the Bank's management and are to further the interests of the Bank

8. CODE OF CONDUCT AND CONFLICT OF INTEREST

The Bank has adopted a code of conduct and ethics ("**Code of Ethics and Conduct**"), in addition to other internal policies and guidelines, which are applicable to directors, management and other staff. These documents are designed to establish best practices and incorporate all regulatory and legal requirements governing the Bank's operations for the aforementioned parties to follow in the fulfillment of their responsibilities and obligations towards the bank's stakeholders.

The code of conduct and ethics contains rules on conduct, ethics and on avoiding conflicts of interest, and is applicable to all employees and directors of the bank. The board approved code of conduct and ethics is published on the bank's website.

The Bank requires its directors and approved persons to issue an annual declaration of conflict of interest statement. Additionally, as per the board appointment agreements, each director has the responsibility to disclose any material interests relating to business transactions and agreements and the privilege of accessing to independent professional advice in this regard if required.

During 2022 there were no materially significant transactions entered into that may have potential conflict of interest with the interest of the Bank and no disclosures in this regard were accordingly made.

9. WHISTLEBLOWING POLICY

The Bank has a whistle-blowing policy with designated officials that employees can approach. The policy provides protection to employees for any reports made in good faith. The Board's Audit, Risk and Compliance Committee oversees this policy. The whistle- blowing policy is published on the Bank's share drive.

10. COMMUNICATIONS AND DISCLOSURE POLICY

In compliance with CBB regulations under PD Module of Volume 1 of CBB Rulebook, the Bank has a Board approved Public Disclosure Policy ("**Disclosure Policy**") that governs the disclosure of material information relating to its activities to various stakeholders of the Bank.

The Disclosure Policy applies to all modes of communication to the public including written, oral and electronic communication. These disclosures are made on a timely basis and subject always to the requirements stipulated in the applicable laws and regulations. Disclosures include, but are not limited to, the following:

- Annual and quarterly results;
- Annual Report publication and filing;
- Basel II (Pillar 3) related disclosures;
- Chairman and/or Board of Director reports;
- Corporate governance disclosures;
- Communication with regulatory authorities;
- Press releases, announcements and presentations; and
- Matters included on the Bank's website.

The Bank maintains a website at www.alubafbank.com, which includes information of interest to various stakeholders, such as the annual reports and reviewed quarterly financials of the Bank, covering the minimum periods prescribed by the applicable regulations.

11. RELATIVES RECRUITMENT POLICY

The bank has in place policies that govern the recruitment of relatives in the bank and to prevent the potential conflict of interest, the policies are:

- 1- As a matter of policy, employment of relatives is not allowed however, in case of any exception, the approval of the Board's Nomination & Remuneration Committee is sought.
- 2- As part of annual reporting requirements, the CEO must confirm to the Board of Directors that no such cases occurred during the year.

12. ANTI-MONEY LAUNDERING

The Bank's anti-money laundering policy ("**AML Policy**") intends to ensure that the Bank has a comprehensive framework of policies and procedures including best practice standards for combating money laundering and terrorist financing. The policies and procedures are established to prevent the Bank's operational activities from being utilized by others for unlawful purposes.

The Bank's AML Policy prohibits and actively prevents money laundering, in addition to any activities that facilitate money laundering or funding of terrorist or criminal activities. This is accomplished by ensuring compliance with the AML laws and regulations of the jurisdiction in which it undertakes business activities and in accordance with its internal compliance framework.

The bank is committed to providing periodic training and information to ensure that all employees are aware of their responsibilities under the CBB and AML laws and regulations in the Kingdom of Bahrain. The Bank provides annual up to date AML training for its staff designed to cater to the Bank's activities and its differing types of customers and jurisdictions.

13. 2022 FINANCIAL YEAR COMPLIANCE WITH REGULATIONS

As per rule HC-A.1.8 and HC-8.2.1 (c) of the HC Module in Volume 1 of CBB Rulebook with reference to the disclosure of the non-compliance events “Comply or Explain Principle”, which stipulates the need to set out the instances of non-compliance and provide clarification on the same, the Bank wishes to clarify the following:

CBB rulebook reference	Rule or guidance	Justification
HC-1.8.2: The board should establish a corporate governance committee of at least three independent members which should be responsible for developing and recommending changes from time to time in the conventional bank licensee’s corporate governance policy framework.	Guidance	The Bank’s Corporate Governance Committee is merged with the Nomination and Remuneration Committee considering the size of the Bank and its limited number of Board Members. Currently the committee comprises of two independent members including the chairman of the committee and one not independent member, due to which the Bank is not in compliance with the guidance.
HC-1.4.11; Where an independent director has served three consecutive terms on the board, such director will lose his/her independence status and must not be classified as an independent director if reappointed.	Rule	The Bank’s Chairman served three consecutive terms on the board and is also the Chairman of Nomination, Remuneration and corporate governance committee. Therefore, to be in compliance with CBB rules HC-1.4.11 and HC-4.2.2, the Bank has obtained CBB’s exemption via letter dated 27 th November 2022 to continue classifying the Chairman as an independent Director.
HC-4.2.2: The committee must include only independent directors or, alternatively, only non-executive directors of whom a majority must be independent directors and the chairman must be an independent director. This is consistent with international best practice and it recognises that the Nominating Committee must exercise judgment free from personal career conflicts of interest.	Rule	

Central Bank of Bahrain (CBB) penalty disclosure: As per rule PD-1.3.37, the Bank is in compliance with CBB rules and regulations and did not pay any penalties during 2022.

14. REMUNERATION OF EXTERNAL AUDITORS

For the year 2022, the Bank has appointed Messers Ernst & Young as their external auditors to provide audit and various other non-audit services. These services include year-end audit, prudential information return reviews, quarterly reviews, sound remuneration reviews and public disclosures reviews. Messers Ernst & Young have expressed their willingness to continue as the auditors of the bank for the financial year ending 31 December 2023. The ARCC has recommended the appointment of Ernst & Young and a resolution proposing their re-appointment will be presented at the annual general assembly meeting, which will be held on 29th March 2023.

The breakdown of the external auditor's fee in relation to audit and non-audit related services is as follows:

TYPE OF SERVICE	2022	2021
	USD'000	USD'000
Audit and other audit related service fees	65	70
Non-audit service fees	81	82
TOTAL	146	152