

اليوباف
alubaf
بنك اليوباف العربي الدولي ش.م.ب (س)
Alubaf Arab International Bank B.S.C (c)



ALUBAF ARAB INTERNATIONAL BANK B.S.C. (c)

Corporate Governance Guidelines

Document Details

Version Control			
Document	Corporate Governance Guidelines		
Date	Prepared By	Version No	Change reference / Comments
April 2018	Board Secretary	V1	-
April 2021	Board Secretary	V2	-
Sep 2023	Corporate Governance Officer	V3	Updated the charter incorporating minor amendments in line with regulations as per the revised HC Module as issued by CBB in March 2023 Added the responsibilities of Risk Management and Compliance functions in accordance with HC-8.1.4 and HC-9.1.8 respectively

Document Approval	
Date	Authority
8/4/2018	BOD
12/4/2021	BOD
28/09/2023	BOD (by circulation)

Document Distribution List	
Department	Role
CEO's Office	CEO
Board Secretary	Board Secretary

Contents

1 Introduction	5
Corporate Governance Mission	5
2. The Board's Role and Responsibilities.....	6
Decision Making Process	7
Independence of Judgment	8
Directors' access to Independent Advice	9
Directors' Communications with Management	10
Attendance at Board / Committee Meetings.....	10
3. Loyalty to Alubaf.....	11
Personal Accountability	11
Disclosure of Conflicts of Interest	12
Disclosure of Conflicts of Interest to Shareholders	12
4. Rigorous controls for financial audit and reporting, internal control and compliance with law.....	13
Committees of the Board.....	13
5. Appointment, training, and evaluation of the Board	14
Board Nominations to Shareholders	14
Filling of vacancies on the Board.....	15
Termination of Board Membership.....	15
Director Orientation and Continuing Education	15
6. Fair Remuneration Policy	16
Remuneration Committee	16
Standard for all remuneration	16
Non-Executive Director's remuneration.....	16
Compliance with CBB Remuneration rules	16
7. Lean mean and efficient management.....	17

8. Communication with Shareholders	20
Direct Shareholder Communication	21
9. Disclosure under the Company Law and CBB Requirements	22
Board's Responsibility for Disclosure	22

1 Introduction

- 1.1 ALUBAF ARAB INTERNATIONAL BANK B.S.C. (C) (“Alubaf” or the “Bank”) since its inception has focused on creating a leading international wholesale bank. From the outset, the backbone of the business has been supported by a carefully cultivated corporate culture that encourages teamwork, innovative thinking and integrated decision making with regard to its Directors, officers and employees, and best business practices with regard to corporate governance and transparency for the benefit of its shareholders.
- 1.2 As of January 2011, the Bahrain Ministry of Industry and Commerce had issued a Corporate Governance Code (the “Governance Code”), which applies to Alubaf. Simultaneously the Central Bank of Bahrain (“CBB”) has issued a revised High Level Controls Module in the CBB’s Rulebook 1 (“Module HC”) which sets forth requirements that will be met by Alubaf as a conventional Wholesale Bank with respect to (i) corporate governance principles in the Governance Code, (ii) international best practices corporate governance standards, and (iii) related high level controls and policies.
- 1.3 Alubaf’s Board of Directors (the “Board”) has resolved to adopt these Corporate Governance Guidelines (“Guidelines”) which require the adoption of a written corporate governance guidelines that covers the issues and material stated in Module HC and the CBB’s Module PD (Public Disclosure) as well as other corporate governance matters deemed appropriate by the Board.

Corporate Governance Mission

- 1.4 Banks are subject to a wide variety of laws, regulations and codes of best practice that directly affect the conduct of business. Such laws include the Bahraini Bourse Law, the Bahrain Labour Law, the Commercial Companies Law, as well as the rule book, codes of conduct and regulations of the Central Bank of Bahrain. The Board sets the 'tone at the top' of a bank, and has a responsibility to oversee compliance with these various requirements, and must establish corporate standards for itself, CEO and appointed senior management. and play a leading role in establishing the licensee’s corporate culture and values, and oversee management’s role in fostering and maintaining a sound corporate and risk culture.
- 1.5 The Bank aspires to adhere to the highest standards of ethical conduct: doing what it says; reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules and regulations that govern the Bank’s business.
- 1.6 A key doctrine of the Bank is good governance. In addition to its commitment towards meeting legal and regulatory governance requirements, the Bank seeks to establish and maintain good governance. The Bank is however aware that good corporate governance is not an end in itself, but that it facilitates the Bank’s capacity to define and achieve its purposes.
- 1.7 Corporate governance establishes how the shareholders, Board of Directors and management interact in determining the direction and performance of the Bank. Good governance holds

management accountable to the Board and the Board accountable to the owners and other stakeholders.

- 1.8 Directors shall determine the future of the Bank; protect its assets and reputation. They will consider how their decisions relate to “stakeholders” and the regulatory framework. Directors shall apply skill and care in exercising their duties to the Bank and are subject to fiduciary duties. Directors shall be accountable to the shareholders of the Bank for the Bank’s performance and can be removed from office by them.

2. The Board’s Role and Responsibilities

- 2.1 The Board sets out appropriate policies to ensure that transparency; effective internal controls and accurate disclosure of material information about the Bank are observed.
- 2.2 The Bank shall be headed by an effective, collegial and informed Board. The Board of Directors is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Bank’s business. The Board should therefore determine the strategic objectives and policies of the Bank to deliver such long term value, providing overall strategic direction within a framework of rewards, incentives and controls. The Board must ensure that collectively it has sufficient expertise to identify, understand and measure the significant risks to which the bank is exposed in its business activities. The Board must ensure that management strikes an appropriate balance between promoting long term growth and delivering short term results.
- 2.3 All Directors on the Board (each a “Director”, collectively the “Directors”) should understand the Board’s role and responsibilities under the Commercial Companies Law, High Level Controls module of the CBB Rulebook, and the relevant regulation of the Central Bank and in particular:
- the Board’s role as distinct from the role of the shareholders (who elect the Board and whose interests the Board serves) and the role of the senior managers (whom the Board oversees), and
 - the Board’s fiduciary duties of care and loyalty to the Bank and the shareholders.
- 2.4 The Board’s roles and responsibilities include but are not limited to:
- those responsibilities assigned to the Board by the Articles of Association of the Bank;
 - Alubaf’s overall business performance and strategy;
 - causing financial statements to be prepared which accurately disclose Alubaf’s financial position;
 - monitoring management performance;
 - convening and preparing the agenda for shareholder meetings;
 - monitoring conflicts of interest and preventing abusive related party transactions;
 - assuring equitable treatment of shareholders including minority shareholders;
 - maintaining a statement of its responsibilities for
 - a. adoption and annual review of strategy,
 - b. adoption and review of the management structure and responsibilities,

- c. adoption and review of systems and control framework, and
- d. monitoring the implementation of strategy by management;
- reviewing Alubaf's business plans and the inherent level of risk;
- assessing the adequacy of capital;
- setting performance objectives;
- overseeing major capital expenditures, divestitures and acquisitions;
- notifying the CBB of major changes to strategy or corporate plan;
- ensuring and demonstrating to the CBB that:
 - a. Alubaf's operations are measured, monitored and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of Alubaf's activities;
 - b. Alubaf's operations are supported by an appropriate control environment;
 - c. management develops, implements and oversees the effectiveness of comprehensive know your customer standards, monitoring of accounts and transactions (with particular regard to anti-money laundering measures);
 - d. the control environment maintains necessary client confidentiality, ensures that the privacy of Alubaf is not violated, and ensures that clients' rights and assets are properly safeguarded; and
 - e. where the Board has identified any significant issues related to Alubaf's adopted governance framework, appropriate and timely action is taken to address any identified adverse deviations from the requirements of such Module of the applicable regulations of the CBB.

2.5 The Directors are responsible both individually and collectively for performing these responsibilities. Although the Board may delegate certain functions to committees or management, it may not delegate its ultimate responsibility to ensure that an adequate, effective, comprehensive and transparent corporate governance framework is in place. The Board has adopted the Charter of the Board of Directors of Alubaf (the "Board Charter"). As it is important for each Director to understand his duties and responsibilities, the Chairman of the Board (the "Chairman"), assisted by the Board Secretary, should discuss the Board's role and its duties and responsibilities with each newly elected Director. In addition, Alubaf will have a written appointment agreement with each Director that refers to the Director's powers, duties, responsibilities and accountabilities, as well as other matters relating to his appointment, including time commitment, any committee assignment and remuneration.

Decision Making Process

2.6 The Board shall be collegial and deliberative, to gain the benefit of each individual Director's judgment and experience. The Chairman shall take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made. The Board shall meet at least four times in a financial year, all Directors should attend the meetings whenever possible and the Directors shall maintain informal communication between meetings.

- 2.7 It is not permissible for a Director to attend a meeting by proxy.
- 2.8 The Chairman is responsible for the leadership of the Board and for the efficient functioning of the Board. The Chairperson ~~Board Secretary~~ shall ensure that all Directors receive an agenda, minutes of prior meetings and adequate background information in writing before each Board meeting and, when necessary, between Board meetings. All Directors will receive the same Board information.
- 2.9 While agendas for forthcoming Board and Committee meetings are initiated by Alubaf's management, a Director is entitled to place on the agenda for a Board or Committee meeting matters that the Director reasonably considers to be important and to require consideration by the Board or the relevant Committee.
- 2.10 Subject to the receipt of timely information, a primary requirement of a Director's duty of care is that the Director study the materials provided to Directors in advance of the Board meeting and the meeting of any Committee on which the Director serves and prepare to contribute constructively in the deliberations of the Board and any such Committee. If sufficient information is not made available in a timely manner, a Director may request that action by the Board or a Committee be delayed until the desired information is made available to Directors for review.
- 2.11 Board meetings may be held by video conference or teleconference.
- 2.12 Non-attendance at board meetings does not absolve directors of their responsibilities. Central bank rules require Directors' to step down from their membership if they are not able to actively attend and participate in the board meetings.

Independence of Judgment

- 2.13 Every Director should bring independent judgment to decision-making. No individual or group of Directors should dominate the Board's decision making and no one individual or group should have unfettered powers of decision. Executive Directors should provide the Board with all relevant business and financial information within their knowledge ~~cognizance~~, and should recognize that their role as a Director is different from their role as an officer. Non-executive Directors should be fully independent of management and should constructively scrutinize and challenge management including the management performance of executive Directors.
- 2.14 No Board member may have more than one directorship of a Retail Bank or a Wholesale Bank. This means an effective cap of a maximum of two Directorships of banks inside Bahrain. Two directorships of licensees within the same Category (e.g. 'Retail Bank') are not permitted. If any Director holds more than one such Directorship, it is the responsibility of the Head of Compliance to confirm that the CBB is aware of such multiple directorships. Further no person should hold more than three directorships of public companies in Bahrain, subject to the provision that such directorships should not give rise to any conflict of interest. In addition, the Board should not propose the election or re-election of any Director who holds more than three

such directorships. If any then current Director or candidate for election as a Director holds more than three such directorships, it is the responsibility of the Head of Compliance to confirm that the CBB is aware of such multiple Directorships before that Director or candidate is proposed to the shareholders for re-election or election to the Board, as the case may be.

- 2.15 The duty of loyalty requires a Director to exercise the Director's powers in the interests of Alubaf and Alubaf's shareholders and not in the Director's own interests or in the interests of other persons or organizations. Each Director will consider himself or herself as a representative of all Alubaf shareholders.
- 2.16 The HC module of the CBB Rulebook, requires an entity Bahraini conventional bank licensee with a controlling shareholder to have at least one third of the Board of Directors as independent Directors. Furthermore, the CBB Rulebook and Corporate Governance Code also require that the Chairman of the Board of Directors to be an independent Director.
- 2.17 The Board will on an annual basis review the independence of each Director based upon the criteria specified by the CBB, the interests disclosed by them in their conflict of interest questionnaires and their conduct.
- 2.18 To facilitate free and open communication among Independent Directors, each Board meeting shall be preceded or followed with a session at which only Independent Directors are present, except as may otherwise be determined by the Independent Directors themselves.
- 2.19 Non Board members may attend Board meetings upon invitation but may not vote on any Board matters.
- 2.20 The Controlling Shareholder shall recognize its or their specific responsibility to the ~~other~~ minority shareholders, which is direct and is separate from that of the Board.

Directors' access to Independent Advice

- 2.21 Each Director shall have access to independent legal or other professional advice at Alubaf's expense. Such access to legal or other professional advice will be arranged by the Board Secretary upon the request of any Director. If a Director has serious concerns which cannot be resolved regarding the operation of Alubaf or a proposed Board or corporate action, such Director should consider seeking independent advice, have such concerns recorded in the Board minutes and record dissents in connection with Board actions.
- 2.22 Individual Directors shall also have access to the Secretary of the Board, who shall have responsibility for reporting to the Board on Board procedures. Both the appointment and removal of the Secretary of the Board shall be a matter for the Board as a whole, not for the CEO or any management personnel.

Directors' Communications with Management

- 2.23 The Board encourages the relevant management team members to present information on interest to the Board. Non-executive Directors may have free access to management through either the Chairman and Chief Executive Officer or the Chairman of the Audit, Risk and Compliance Committee.

Attendance at Board / Committee Meetings

- 2.24 Individual Directors should attend at least 75% of all Board meetings in a given financial year, whether in-person or virtually (if needed) to enable the Board to discharge its responsibilities effectively. Notwithstanding the Articles, voting and attendance proxies for Board meetings are prohibited at all times. In accordance with the Articles, the Board may deem that any Director who fails to attend any three consecutive meetings of the Board to have resigned.
- 2.25 The absence of Directors at Board and Committee meetings must be noted in the meeting minutes. In addition, Board attendance percentage must be reported during any general assembly meeting when Directors stand for re-election.
- 2.26 In the event that a Director has not attended at least 75% of Board meetings in any given financial year, the Bank is required by the HC Module to notify the CBB, within one month from its financial year-end indicating which Director has failed to satisfy this requirement, his level of attendance and any mitigating circumstances affecting his non-attendance. The CBB shall then consider the matter and determine whether disciplinary action, including disqualification of that Director is appropriate.

3. Loyalty to Alubaf

Personal Accountability

- 3.1** Each Director and officer should understand that under the Company Law he is personally accountable to Alubaf and its shareholders if he violates his legal duty of loyalty to Alubaf, and that he can be personally sued by Alubaf or the shareholders for such violations. The duty of loyalty includes a duty not to use property of Alubaf for his personal needs as though it was his own property, not to disclose confidential information of Alubaf or use it for his personal profit, not to take business opportunities of Alubaf for himself, not to compete in business with Alubaf, and to serve Alubaf's interest in any transactions with Alubaf in which he has a personal interest. He should be considered to have a "personal interest" in a transaction with Alubaf if he himself, or a member of his family, or another company of which he is a Director or controlling shareholder, is a party to the transaction or has a material financial interest in the transaction. (Transactions and interests which are "de minimis" in value should not be included).
- 3.2** Alubaf encourages and requires its Approved Persons (as defined below) to conduct its business activities and transactions with honesty, integrity and loyalty. For purposes of these Guidelines, the term "Approved Person" means each Director, the Chairman and Chief Executive Officer and each head of a function in Alubaf who has been approved by the CBB ("Approved Persons").
- 3.3** As required by the CBB and to further enforce Alubaf's commitment to operating the entity with high business standards the Board has approved the Alubaf Code of Conduct (the "Code of Conduct"). It demands that all Approved Persons and employees:
- act with honesty, integrity and in good faith, with due diligence and care, in the best interest of Alubaf and its shareholders and other stakeholders;
 - exhibit a commitment to the law and best practice standards. Such commitment should include commitments to following accounting standards, industry best practice (such as ensuring that information to clients is clear, fair, and not misleading), transparency, and rules concerning potential conflicts of interest;
 - abide by best employment practices. Such practices shall include rules concerning health and safety of employees, training, policies on the acceptance and giving of business courtesies, prohibition on the offering and acceptance of bribes, and potential misuse of Alubaf's assets;
 - deals with disputes and complaints from clients and monitor compliance with the Code of Conduct;
 - refrain from disclosing client or investment business information, except where disclosure is required by law;
 - act within the scope of their responsibilities, have a proper understanding and competence to deal with the affairs and products of Alubaf and devote sufficient time to their responsibilities; and assess and question the policies, processes and procedures of Alubaf,

with the intent to identify and initiate action on issues requiring improvement. (i.e. to act as checks and balances on management).

Disclosure of Conflicts of Interest

- 3.4 Each Director and officer shall inform the entire Board of conflicts of interest as they arise and abstain from voting on the matter in accordance with the relevant provisions of the Company Law. This disclosure shall include all material facts in the case of a contract or transaction involving the Director or officer. The Directors and officers will understand that any approval of a conflict transaction is effective only if all material facts are known to the authorizing persons and the conflicted person did not participate in the decision.
- 3.5 Each Director and CBB approved person shall declare in writing all of their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a manager, or other form of significant participation) to the Board (or the Nomination, Remuneration and Corporate Governance Committee) on an annual basis.

Disclosure of Conflicts of Interest to Shareholders

- 3.6 Alubaf shall disclose to its shareholders in the Annual Report any abstention from voting motivated by a conflict of interest and shall disclose to its shareholders any authorization of a conflict of interest contract or transaction in accordance with the Company Law.

4. Rigorous controls for financial audit and reporting, internal control and compliance with law.

Committees of the Board

4.1 Acting in accordance with the CBB rules and Alubaf's Articles of Association, the Board has appointed the following Committees:

- The Audit, Risk and Compliance Committee assists the board in discharging the Board's responsibilities relating to the bank's accounting policies, risk framework and internal audit and controls, compliance procedures, risk management system, financial reporting functions besides developing and reviewing effectiveness of the corporate governance framework and liaison with the bank's external auditors and regulators. The committee does not oversee the day to day work of management and has no executive powers.
- The Nomination, Remuneration and Corporate Governance Committee has been established to develop:
 - the Corporate governance framework of the Bank and align it with the regulations of the Central Bank;
 - a robust nomination and evaluation of Director's process and
 - efficient mechanism for reviewing the bank's compensation arrangements for its management, staff and Directors and making recommendations for the Board's approval on these matters.

4.2 No Director shall be a member of more than 3 Board committees at any one time.

4.3 The Board or a committee may invite non-Directors to participate in a committee's meetings so that the committee may gain the benefit of their advice and expertise in financial or other areas.

4.4 The Committees must act only within their formal written charters (as approved by the Board) and, therefore, the Board may not allow any committee to dominate or effectively replace the whole Board in its decision-making responsibility.

4.5 In compliance with the requirements of HC module, the Board has adopted a whistleblower policy (the Whistleblower Policy") to encourage the disclosure of complaints and concerns regarding Alubaf's financial statements and accounting, auditing, internal control and reporting practices and to ensure that any potential issues are immediately and properly investigated and addressed. This must be facilitated through a well communicated and Board approved whistleblowing policy and adequate procedures and processes, consistent with applicable laws. This includes the escalation of material concerns to the CBB. The Whistleblower Policy included as a part of the Code of Conduct is available to all employees on the Alubaf intranet. The Chief Executive Officer and the Head of Financial Control

will state in writing to the Audit Committee and to the Board as a whole that Alubaf's annual and interim financial statements present a true and fair view, in all material respects, of Alubaf's financial condition and results of operations in accordance with International Financial Reporting Standards.

5. Appointment, training, and evaluation of the Board

Board Nominations to Shareholders

- 5.1 Directors will be separately elected by the shareholders at the Ordinary General Assembly by a majority of the votes cast by secret ballot.
- 5.2 Experienced persons who are not shareholders of Alubaf may also be elected as a Director, subject to fulfillment of any applicable conditions required by the Ministry of Industry, Commerce and Tourism.
- 5.3 Each proposal by the Board to the shareholders for election or reelection of a Director shall be accompanied by a recommendation from the Board, a summary of the advice of the Nomination, Remuneration and Corporate Governance Committee (NRCGC), and the following specific information:
- The term to be served, which may not exceed three years;
 - Biographical details and professional qualifications;
 - In the case of an independent Director, a statement that the Board has determined that the criteria of independent Director have been met;
 - Any other directorships held;
 - Particulars of other positions which involve significant time commitments; and
 - Details of any material relationships between:
 - ✓ The candidate and Alubaf
 - ✓ The candidate and other ~~Directors~~ Approved persons of Alubaf
- 5.4 The Chairman should confirm to shareholders when proposing re-election of a Director that, following a formal performance evaluation, the person's performance continues to be effective and continues to demonstrate commitment to the role.
- 5.5 No person shall be appointed a member of the Board without prior approval of the CBB.
- 5.6 There are no limits on the number of terms that can be served by a Director.

- 5.7 Directors are not required to own any shares in the Bank.
- 5.8 The Chairman shall confirm to shareholders when proposing re-election of a Director that, following a formal performance evaluation, the person's performance continues to be effective and continues to demonstrate commitment to the role. Any term beyond six years (e.g. two three-year terms) for a Director shall be subject to particularly rigorous review, and shall take into account the need for progressive refreshing of the Board.

Filling of vacancies on the Board

- 5.9 Pursuant to Article 33 of the Articles of Association, the provisions of Article 179 of the Law shall be applicable with respect to filling the vacancies on the Board. In general, the Board shall elect a member to fill a vacancy from among candidates nominated by the NRCGC, to serve at least until the next general assembly of the shareholders. Any new member shall be appointed to complete the unexpired term of his predecessor.

Termination of Board Membership

- 5.10 Director's membership on the Board shall be terminated:
- According to the provisions of Article 31 & 32 of the Articles of Association of the Bank.
 - If a member is in breach of any of the conditions set forth in Article 173 of the Commercial Companies Law.
 - If he is appointed or elected in a manner contrary to the provisions of the Law.
 - If he abuses his membership to carry on competitive business to Alubaf or causes actual damages thereto.
- 5.11 The above shall be without conflict with the special provisions set forth in the Law in this respect.
- 5.12 If a Director has a substantial change in professional responsibilities, occupation or business association he/she shall notify the Board and may offer his/her resignation to the Board where such a change may adversely affect his/her ability to perform his/her duties and responsibilities as a Director. The Board will evaluate the facts and circumstances and make a recommendation to the Chairman on whether to accept the resignation or request the Director to continue serving on the Board.

Director Orientation and Continuing Education

- 5.13 The Chairman shall ensure that each new Director receives a formal and tailored induction and has access to ongoing training on relevant issues which way involve internal or external resources to ensure his contribution to the Board from the beginning of his term.
- 5.14 New directors shall participate in an orientation program, which shall include:
- Presentations by senior management on the Bank's strategic plans;

- The Bank's significant financial, accounting and risk management issues;
- The Bank's compliance programs, operations, code of conduct, management structure and internal and external auditors; and
- Visits to the Bank's significant branches/offices, to the extent practical.

5.15 Continuing education programs shall also be available for all members of the Board. The Bank shall extend an invitation to the orientation and continuing education programs to all directors.

6. Fair Remuneration Policy

Remuneration Committee

6.1 The Board has delegated to the NRCGC the authority to with the assistance and advise of the Remuneration Committee

- make recommendations regarding remuneration policies and amounts for Approved Persons to the Board;
- recommend Director remuneration based upon attendance and performance as required by HC-5: "Remuneration of Approved Persons and Material Risk-Takers", the details regarding NRCGC's responsibilities are set forth in the NRCGC Charter.

Standard for all remuneration

6.2 The remuneration of both Directors and employees of the Bank shall be sufficient enough to attract, retain and motivate persons of the quality needed to run the Bank successfully, but the Bank shall avoid paying more than is necessary for that purpose. In particular, Approved Persons and Material Risk Takers must be remunerated fairly and responsibly (HC-5.1.1)

Non-Executive Director's remuneration

6.3 Remuneration of Non-executive Directors shall not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits.

Compliance with CBB Remuneration rules

6.4 The remuneration of Directors and employees of the Bank shall be in accordance with the requirements of the HC Module, the Code, the Company Law, the articles of association of the Bank and such other legal and/or regulatory requirements which may from time to time be applicable to the Bank.

7. Lean mean and efficient management

- 7.1 The Bank's management are responsible for the implementation of appropriate procedures and processes in place to ensure adherence to the Board approved policies, laws, regulations and other guidelines to ensure appropriate Corporate Governance standards throughout the Bank.
- 7.2 Management shall be appointed under employment contract specifying the terms of the appointment. Management shall be accountable to the Board and the Committees of the Board.
- 7.3 The Board shall adopt by-laws prescribing each senior officer's title, authorities, duties and internal reporting responsibilities. This shall be done with the advice of the NRCGC and in consultation with the CEO, to whom the other officers shall normally report. These provisions shall include but shall not be limited to the following:
- the CEO shall have authority to act generally in the Bank's name, representing the Bank's interests in concluding transactions on the Bank's behalf and giving instructions to other officers and Bank employees;
 - the Head of Financial Control shall be responsible and accountable;
 - for the complete, timely, reliable and accurate preparation of the Bank's financial statements, in accordance with the accounting standards and policies of the Bank;
 - for presenting the Board with a balanced and understandable assessment of the Bank's financial situation, and
 - the Secretary of the Board's duties shall include arranging, recording and following up on the actions, decisions and meetings of the Board and of the shareholders (both at annual and extraordinary meetings) in books to be kept for that purpose;
 - The internal auditor's duties shall include providing an independent and objective review of the efficiency of the Bank's operations including a review of the accuracy and reliability of the Bank's accounting records and financial reports as well as a review of the adequacy and effectiveness of the Bank's risk management, control, and governance processes;
 - The CRO is responsible for implementing a Bank-wide risk governance framework that includes appropriate risk policies and limits as approved by the Board. Reporting directly to the Board Risk Committee (with administrative report to the CEO), he/she actively monitors the Bank's performance relative to risk-taking and risk limit adherence, and participates in key decision-making processes, together with the Bank's management. He/She effectively communicates risk issues, engages with senior management and the Board risk committee, and meets regularly with non-executive directors, the Board or Risk Committee without the presence of the CEO or

Executive Directors. The CRO keeps the risk committee and senior management informed about risk models and limitations, reminds staff of risk management requirements, and ensures accurate risk reporting.

- the head of compliance is responsible for establishing the compliance procedures and processes for identifying, assessing, monitoring, and advising on compliance risk. He/she establishes compliance procedures, provide guidance to staff on appropriate implementation of laws and regulations, conduct awareness sessions. He/she reports on compliance risk management to the Audit Committee on a quarterly basis and also report any material compliance failures immediately.

7.4 The Bank's management monitors the performance of the bank on an ongoing basis and advises the Board. The monitoring of performance is carried out through a regular assessment of performance trends against budget, and prior periods and peer banks in each of the markets and collectively through Committees. The minutes of all management committees are sent to the Audit, Risk and Compliance Committee who assess the effectiveness of the committees.

7.5 The Bank has seven (7) main Management Committees to assist management in the discharge of its duties and obligations. These Committees each have their own charters to which they adhere to. These Committees are established via Management Resolutions in accordance with the authorities delegated by the Board of Directors. The Board of Directors may recommend the establishment of certain types of Management Committees, as the case may be from time to time. The Board of Directors and/or Management may also establish temporary Committees to deal with specific objectives and dissolve these upon the full discharge of their respective tasks.

7.6 The Management Committees are:

- Asset and Liability Committee
- Management Risk Committee
- Credit and Investment Committee
- Human Resources Committee
- Tariff and Commission Committee and
- Insurance Coverage Committee
- Special Assets Management Committee

7.7 The Board shall also specify any limits which it wishes to set on the authority of the CEO or other officers, such as monetary maximums for transactions which they may authorize without separate Board approval.

- 7.8 Succession planning – At least annually the Board shall review and concur in a succession plan addressing the policies and principles for selecting a successor to the CEO, both in emergencies and in the normal course of business. The succession plan shall include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.

8. Communication with Shareholders

8.1 Alubaf follows both the letter and the intent of the Company Law's requirements for shareholder's meetings by observing and complying with the following rules pursuant to HC 7.2 - Conduct of Shareholders' Meetings including:

- Notices of meetings will be honest, accurate and not misleading. They will clearly state and, where necessary, explain the nature of the business of the meeting.
- Meetings will be held during normal business hours and at a place convenient for the greatest number of shareholders to attend.
- Notices of meetings will encourage shareholders to attend shareholder meetings and, if not possible, to participate by proxy and will refer to procedures for appointing a proxy and for directing the proxy how to vote on a particular resolution. The proxy will list the agenda items and will specify the vote (such as "yes," "no" or "abstain").
- Notices will ensure that all material information and documentation is provided to shareholders on each agenda item for any shareholder meeting, including but not limited to any recommendations or dissents of Directors.
- The Board will propose a separate resolution at any meeting on each substantially separate issue, so that unrelated issues are not "bundled" together.
- In meetings where Directors are to be elected or removed the Board will ensure that each person is voted on separately, so that the shareholders can evaluate each person individually.
- The Chairman of the meeting will encourage questions from shareholders, including questions regarding the Alubaf's corporate governance guidelines.
- The minutes of the meeting will be made available to shareholders upon their request as soon as possible but not later than 30 days after the meeting.
- Disclosure of all material facts will be made to the shareholders by the Chairman prior to any vote by the shareholders.
- The Chairman (and other Directors as appropriate) will maintain continuing personal contact with controllers to solicit their views and understand their concerns. The Chairman will discuss governance and strategy with controllers. The Chairman and other Directors will actively encourage the controllers to make a considered use of their position and to fully respect the rights of minority shareholders.

8.2 Director attendance at shareholder meetings – The Bank shall require all Directors to attend and be available to answer questions from shareholders at any shareholder meeting and, in

particular, ensure that the respective chairmen of the Committees are ready to answer appropriate questions regarding matters within their committee's responsibility (it being understood that confidential and proprietary business information may be kept confidential).

- 8.3 Attendance of external auditor at shareholder meetings – The Bank shall require its external auditor to attend the annual shareholders' meeting and be available to answer shareholders' questions concerning the conduct and conclusions of the audit.
- 8.4 Website – The Bank shall maintain the Bank website. The Bank shall dedicate a specific section of its website to describing shareholders' rights to participate and vote at each shareholders' meeting.
- 8.5 Notices of shareholder meetings – In notices of meetings at which Directors are to be elected or removed the Bank shall ensure that:
- where the number of candidates exceeds the number of available seats, the notice of the meeting shall explain the voting method by which the successful candidates will be selected and the method to be used for counting of votes, and
 - the notice of the meeting shall present a factual and objective view of the candidates so that shareholders may make an informed decision on any appointment to the Board.

Direct Shareholder Communication

- 8.6 The Chairman (and other Directors as appropriate) shall maintain continuing personal contact with controlling shareholders to solicit their views and understand their concerns. The Chairman shall ensure that the views of shareholders are communicated to the Board as a whole. The Chairman shall discuss governance and strategy with controlling shareholders. The Board shall encourage investors, particularly institutional investors, to help in evaluating the Bank's corporate governance.

9. Disclosure under the Company Law and CBB Requirements

- 9.1 In compliance with the CBB requirements, this guideline will be published on the Alubaf website. At each AGA, the Board will report to the shareholders on Alubaf's compliance with these Charter and the Governance Code, and explain the extent, if any, to which the Board has varied from the Charter or believes that variance or non-compliance was justified. The Board will also report at each AGA on the corporate governance matters required under the CBB rules and such information will be held at Alubaf's premises.

Board's Responsibility for Disclosure

- 9.2 The Board is responsible for overseeing the process of disclosure and communication with Alubaf's internal and external stakeholders. The Board is responsible to ensure that the disclosures made by Alubaf are fair, transparent, comprehensive and timely and reflect the character of Alubaf and the nature, complexity and risks inherent in Alubaf's business activities. The NRCGC shall be responsible for developing and recommending changes from time to time in the Bank's corporate governance framework..
- 9.3 Information maintenance – Any information requiring to be disclosed pursuant to Compliance and reporting shall be maintained on the Bank's website or held at the Bank's premises on behalf of the shareholders.