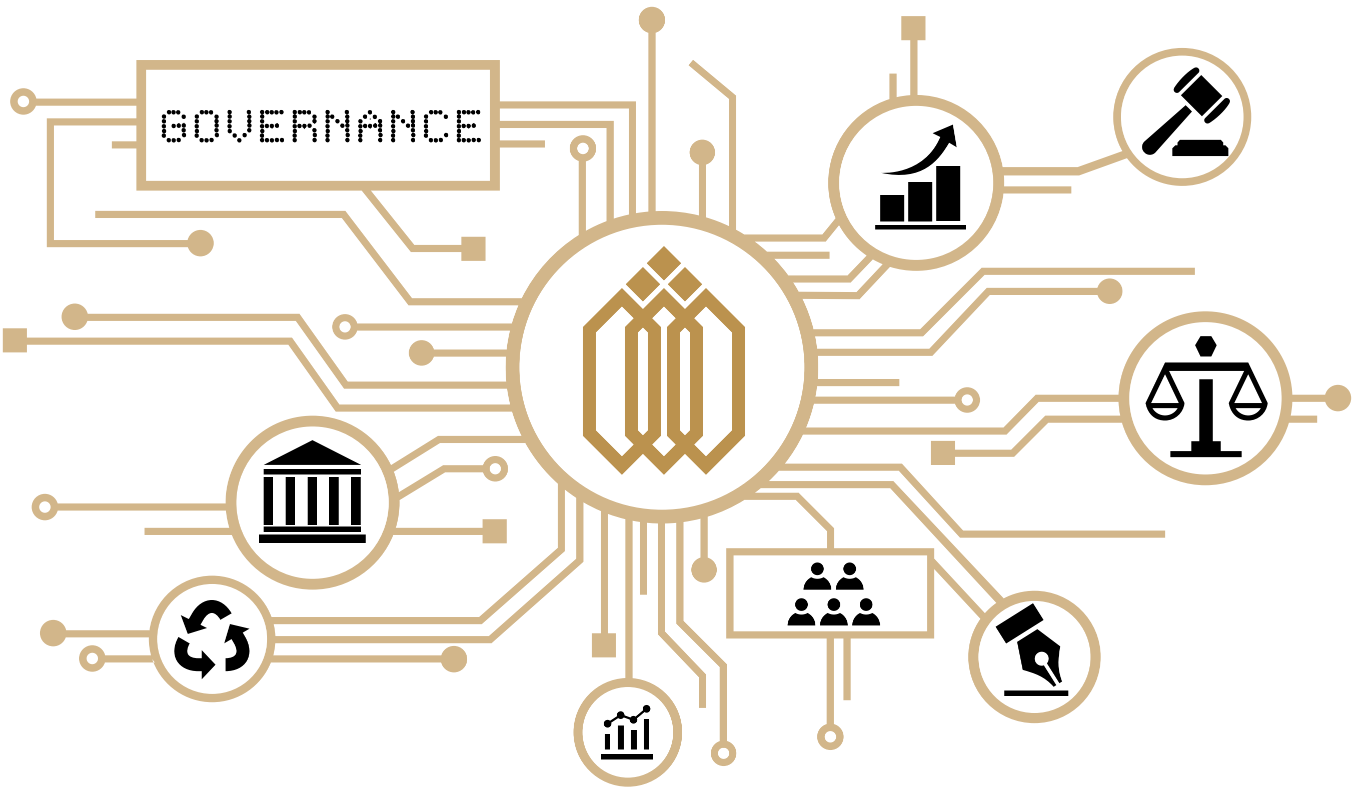
المصرف العربي الدولي
AIB
ARAB INTERNATIONAL BANK



The Arab International Bank Governance Policy

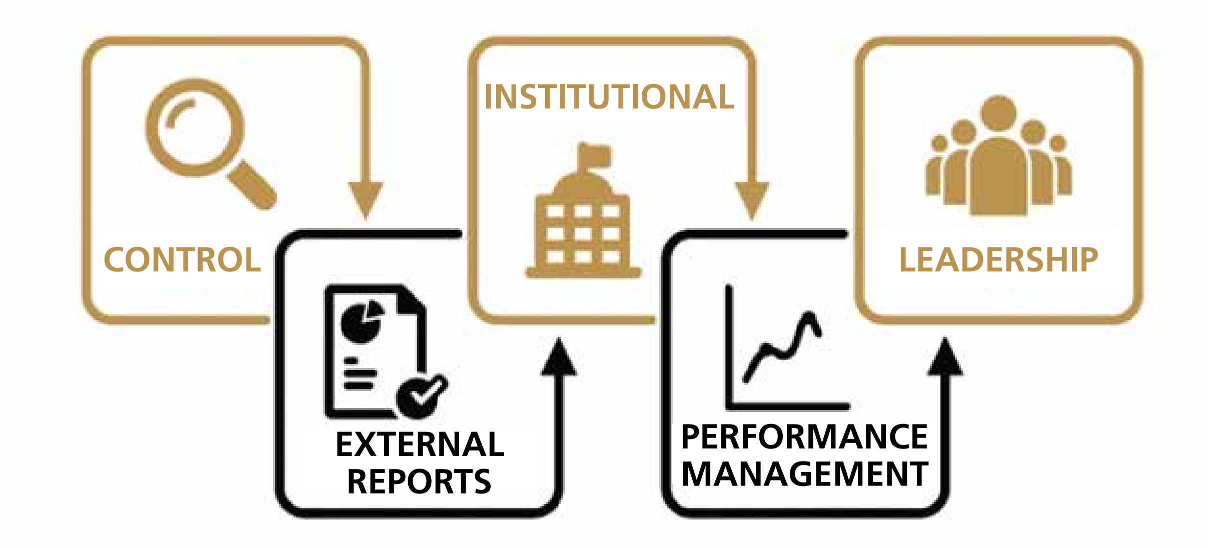
2025

INDEX

Introduction

The banking sector is widely regarded as the backbone of economic life in any country. Its soundness is closely tied to the overall health of the economy, as banks play a central role in financing economic activity and attracting both domestic and foreign capital.

In recent decades, the concept of governance has gained increasing prominence across both advanced and emerging economies. This growing interest was largely driven by the economic collapses and financial crises that struck several East Asian and Latin American countries during the 1990s, as well as the turmoil experienced by the American economy following the collapse of several major U.S. corporations and key financial institutions during the global financial crisis of 2008–2009.



Experts have attributed the primary causes of these financial crises to the increasing banking risks faced by the banks on one hand, and the failure to properly assess and manage those risks, on the other. There is no doubt that, in light of the globalization of financial flows, technological advancement, and the increasing openness of financial and banking markets at the global level -which has led to the introduction of new financial instruments and the expansion of their use, thereby increasing the volume and complexity of banking risks - all of this necessitates progress in risk management systems and controls in parallel, as well as the implementation of procedures capable of mitigating such risks. It also requires the enhancement of supervisory frameworks to safeguard the integrity of the banking system. This, in turn, has led to increased focus and attention on applying governance principles in banks, with the aim of strengthening the role of risk management and internal control systems to preserve the stability of the banking sector and ultimately the overall economic stability.

It is worth noting that there is no single, uniform model for governance in market economies. Rather, there are regionally distinct forms of its application. This diversity stems from the transitional nature of economies shifting from centrally planned systems to market-based ones. The core differences among market economies lie in the structure of capital markets, the forms and methods through which sound management authority is exercised, and the cultural and historical factors whose influence is often difficult to overcome. These differences impact organizational forms, industry structures, and the nature of relationships between workers and employers.

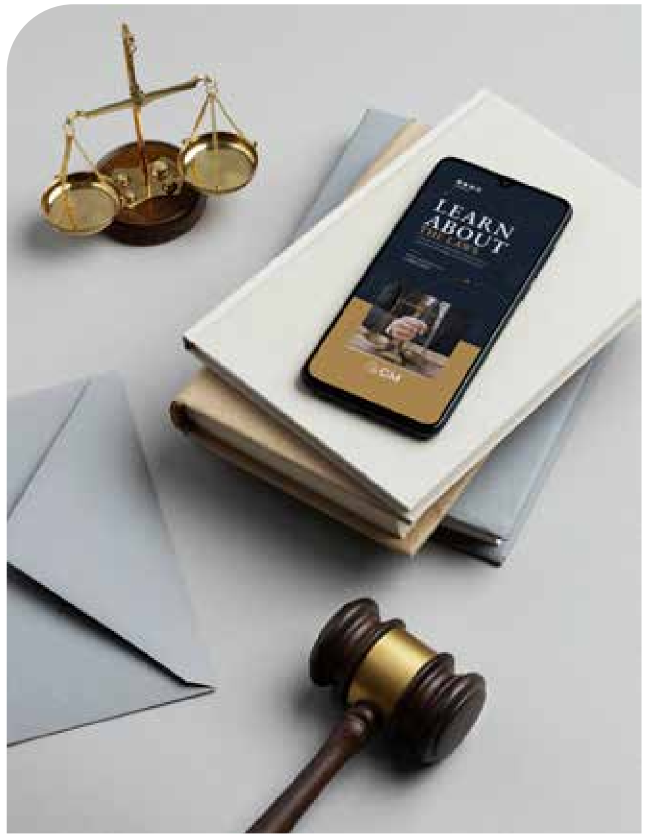
The Arab International Bank adopts governance guidelines alongside the bank's laws, internal regulations, board committee charters, and supplementary policies (such as those addressing conflicts of interest, disclosure, whistleblowing, and the code of professional conduct). These rules are defined within the bank's governance framework in an effort to promote long-term value for shareholders, employees, other stakeholders, and society at large.

The governance policy of the Arab International Bank has been developed in accordance with the directives of the Central Bank of Egypt and international best practices on governance principles. The objective is to ensure that the bank's governance policy is documented, transparent, and well understood, with the aim of fostering greater trust in the bank's management and oversight among investors, clients, employees, and the general public. This policy is approved by the board of directors, and in line with ongoing developments, it is reviewed every three years by the bank's governance officer and the board's governance committee, or as needed from time to time to address the evolving needs of the bank and regulatory requirements. An up-to-date version is available on the bank's official website.

Chapter One: Definitions

1. Governance

This refers to the set of relationships that foster trust among the bank's management, board of directors, shareholders, employees, and other stakeholders, with clearly defined authorities and responsibilities for each party. Governance addresses the manner in which the board and senior management direct and oversee the bank's affairs and day-to-day operations, which has an impact on the following:



a. Setting strategies and defining objectives.
b. Determining the bank's acceptable level of risk.
c. Managing the bank's day-to-day operations and activities.
d. Striking a balance between fulfilling responsibilities toward shareholders, protecting the interests of depositors, and taking into account the interests of other stakeholders.
e. Ensuring that the bank's activities are carried out in a sound and prudent manner and in full compliance with applicable laws and regulations.
f. Establishing effective internal policies related to governance principles and ensuring their implementation.
g. Adopting effective disclosure and transparency policies.

2. Core Principles of Governance

- Protecting the rights of shareholders and ensuring equitable treatment.
- Respecting and protecting the rights and interests of other relevant stakeholders.
- Clearly defining the duties and responsibilities of the board of directors, its committees, and executive management levels.
- Emphasizing the importance of internal and external audit functions, along with the roles of the risk management and compliance departments.
- Adhering to standards of disclosure and transparency, as well as to sound professional practices.

3. General Assembly

The meeting of all shareholders of the bank.

4. Principal Shareholder

Any natural or legal person who, individually and/or together with related parties, owns 10% or more of the issued capital.

5. Minority and Small Shareholders

Shareholders who own a non-controlling stake in the bank's capital (i.e., less than 5%).

6. Board of Directors

The authority responsible for setting the bank's objectives and strategies and for overseeing the performance of management in accordance with the bank's articles of association.

7. Non-Executive Chairman of the Board

A member of the board elected by fellow board members to chair its meetings.

8. Non-Executive Board Member

A board member who does not hold an executive position, perform any executive duties within the bank, or receive any salary from the bank (other than board and committee remuneration), and does not provide any paid consultancy services.

9. Chief Executive Officer / Managing Director

The individual appointed or delegated by the board of directors to carry out all of the bank's day-to-day operations. The managing director holds the highest executive authority within the bank. The board of directors determines their duties, powers, signing authority on behalf of the bank, as well as their monthly or annual remuneration.

10. Related Parties

Any group under the effective control of natural or legal persons who are shareholders of the bank, or any parties bound by an agreement to coordinate voting at general assembly meetings or within the board of directors.

11. Senior Management

The senior executives responsible for the daily oversight of the bank's operations. This includes, but is not limited to: Executive Board Members, General Manager of the Finance Department, Head of the Compliance Department, General Manager of credit, Chief Risk Officer, General Manager of Treasury, General Manager of Legal Affairs, General Manager of Human Resources, General Manager of Administrative Affairs, General Manager of Internal Audit, General Manager of Central Operations, and other General Managers of the bank.

12. Control Functions:

These are functions responsible for the continuous monitoring and review of all the bank's activities and operations (internal audit, risk management, and compliance). These functions operate independently from other departments of the bank and maintain direct communication with the board of directors and its committees.

13. Stakeholders

All parties who have an interest in the bank in various forms, including shareholders, depositors, employees, investors, parties dealing with the bank, and other relevant entities.

Chapter Two: Core Principles of Governance

The bank is committed to implementing governance principles in accordance with the rules and standards issued by the Central Bank of Egypt, which apply to all banks operating in Egypt, and in a manner that does not conflict with the bank's founding agreement and articles of association.

The bank is further committed to ensuring that its internal administrative structure is aligned with sound principles of corporate governance applicable to banks and financial institutions. This commitment includes establishing mechanisms and systems that safeguard the rights of shareholders and stakeholders, while also supporting the achievement of the bank's strategic objectives, through the structured work of the board of directors and its delegated committees, which enable the board to exercise comprehensive oversight over the activities of the executive management.

First: Protection of Shareholders' Rights

The bank's management is committed to safeguarding the rights and interests of shareholders and treating them equitably, through the following:

01. Protecting shareholders' fundamental rights related to the registration, transfer, and disposal of ownership in accordance with the bank's articles of association.

02. Ensuring the right of all shareholders to participate and vote in general assembly meetings in accordance with the "one share, one vote" principle, and enabling their effective participation by notifying them of the meeting date and agenda in accordance with the bank's articles of association.

03. Ensuring that all shareholders receive adequate, accurate, and regular information regarding the bank's operations by establishing and activating a verified and approved administrative information system, including the designation of a dedicated shareholder relations unit responsible for providing such information at fixed intervals (at least every three months).

04. Ensuring shareholders' right to participate in decisions related to amendments to the bank's articles of association, particularly those concerning capital increases or reductions, as well as any extraordinary transactions that may materially affect the bank's operations or assets. Such participation is guaranteed and governed by the provisions of the bank's articles of association.

Second: Protection of other Stakeholders

The bank's management is committed to protecting the interests of other relevant stakeholders, meaning all individuals, institutions, and entities that maintain a business relationship with the bank, such as account holders, depositors, borrowers, creditors, investors, and employees. This commitment also extends to society at large through the bank's prudent exercise of its social responsibility.

Third: Board of Directors

1. Board Composition

The composition of the board of directors shall be in accordance with the bank's articles of association. The board shall comprise an appropriate number of qualified members, with a suitable diversity of capacities, skills, experience, and knowledge. All members must have a clear understanding of the board's responsibilities and of the committees on which they serve.

2. Mandates of the Board of Directors and Obligations of its Members

The bank is committed to ensuring sound management practices by maintaining effective oversight by the Board of Directors over the executive management. Accordingly, strengthening the governance framework and ensuring its effectiveness requires the Board to fulfill its duties, including but not limited to the following responsibilities:

01. Convening on a regular basis, in accordance with the relevant directives issued by the Central Bank and the bank's articles of association. Meetings shall be held upon the invitation of the Chairman or the majority of board members. The Chief Executive Officer/Managing Director may request that the Chairman convene a meeting, provided that such request is accompanied by the proposed agenda.

02. No board member may be absent from more than one-third of the board meetings in a given year. In such a case, the chairman shall notify the general assembly of the bank to take appropriate action. Members may participate in board meetings via telephone or video conferencing, subject to the applicable regulations of the Central Bank.

03. Board members shall carry out their duties collectively and independently, refraining from engaging in executive functions, which fall under the responsibility of the executive management. They must allocate sufficient time to fulfill their responsibilities, whether through board meetings or its subcommittees, and act in good faith, with impartiality and full diligence, in the best interest of the institution and its shareholders.

04. Any resolutions issued by the board of directors concerning shareholder matters must be fair and equitable, ensuring that no shareholder or group of shareholders receives privileges or benefits not provided to others, particularly in regard to voting rights or pre-emptive rights in capital increases.

05. The Board of Directors shall be responsible for selecting the executive management team and individuals holding leadership positions (general managers and equivalents), taking into account the academic qualifications and relevant banking experience required for such roles. This shall be achieved by developing and approving job descriptions, qualification requirements, and criteria for filling leadership positions, as well as by establishing a structured nomination and selection framework. The Board may delegate this responsibility to the Chief Executive Officer/Managing Director.

06. Overseeing senior management, monitoring their performance, and holding them accountable by obtaining clear explanations and justifications for the matters under review. The Board must ensure that its decisions are based on accurate, reliable, and timely information, which should be made available through the effective operation of internal control systems and the oversight of external auditors over the bank's management information systems.

07. An effective information system must be established to guarantee the efficiency of reporting and the timely availability of critical information across all management levels.

08. The board shall approve a business strategy for the bank covering a period of three to five years, which shall serve as the overarching framework within which the bank operates to achieve its objectives. This includes approving annual operational plans, interim objectives, and policies related to management and the oversight of various risks. Strategic and operational plans shall be prepared by senior management in collaboration with various executive levels, and external experts or consultants may be engaged, if needed.

09. The board of directors shall review and guide the bank's strategy, its business plan, and the approved annual work plans. It shall monitor the implementation and execution of these plans, compare actual performance against targets through periodic monitoring reports, and take corrective action where necessary.

10. The board shall approve an organizational structure for the bank that aligns with the nature of its activities and operations and ensures the organizational controls necessary to implement the strategy approved by the Board. This shall include:

    - Defining the specific objectives of each administrative unit and identifying its duties and responsibilities.
    - Determining the authorities and reporting lines for executive levels in a manner that upholds the principles of dual control and segregation of duties, to avoid conflicts of interest and operational risk.
    - Establishing and approving policies, procedures, and operational manuals to govern and monitor business activities.
    - Ensuring that job descriptions are in place for various roles, and clearly specifying the qualifications and experience required for each position.

11. The board of directors shall regularly ensure the adequacy and effectiveness of the bank's internal control systems necessary to safeguard its assets and property. This shall be achieved through the set of systems and policies approved by the board, in addition to periodic reports issued by various departments and external auditors, as well as the activities and reports of the internal audit committee established by the board.

12. The board of directors shall ensure that the activities of the bank's internal control and audit functions - namely risk management, internal audit, and compliance - are both competent and independent. Competence means that the officials responsible for these functions possess the appropriate level of expertise and experience, in line with the qualifications defined for their respective roles. Independence requires that these individuals have direct technical reporting lines to committees established by the board. The Board shall also ensure that the scope, procedures, and frequency of audit activities are proportionate to the bank's exposure to various types of risk.

13. The board of directors shall periodically assess the performance of executive levels to determine their ability to implement the approved policies and established procedures. This is done by monitoring actual performance against planned targets (budgeted projections), and making any necessary adjustments in light of the evaluation results.

14. The board shall monitor major capital expenditures, defined as all transactions involving the acquisition or disposal of the bank's fixed assets.

15. The board shall review the benefits granted to key executive positions and board members, ensuring the transparency of such benefits and their alignment with the bank's strategies and policies.

16. The board shall approve the bank's financial statements following their review and recommendation by the Audit Committee.

17. The board shall ensure that mechanisms are in place to manage potential conflicts of interest between the bank and members of the Board and/or shareholders. This includes instances where one or more board members - or any of their related parties (as defined on page 8), including second-degree relatives - represent entities that conduct financial transactions with the bank or engage in personal financial dealings with it. Such cases must be properly disclosed.

18. The board shall ensure that there are clearly defined operating procedures in place that provide for the segregation of duties in financial transactions carried out by executive levels. Such transactions must be based on decisions involving the participation of more than one executive officer. The Board shall also ensure that financial authority levels, as well as credit and investment approval limits, are defined within the relevant policies and are subject to periodic review by the Board.

19. The board shall ensure that executive management and bank employees perform their duties in accordance with recognized professional and ethical standards. This shall be achieved through the adoption of a code of conduct, applicable either at the bank-wide level or within specific specialized units (such as trading, credit, and control functions), supported by appropriate implementation guidelines. The board shall periodically verify that all bank units comply with these standards and regulations.

20. The board shall adopt an internal employment policy that includes criteria and controls to ensure that employees' qualifications and experience align with their job requirements. The policy shall also include a mechanism for the nomination, appointment, supervision, performance monitoring, and accountability of senior management, as well as the approval of a succession plan.

21. The board shall ensure that the bank reviews its internal policies at least once every three years and updates them as necessary. Policy reviews or updates must be approved by the board. The Board shall also ensure that, where necessary, operating procedures are updated to reflect any changes made to the relevant policies.

22. The Board shall ensure that the bank reviews its internal policies at least once every three years and updates them as necessary. Policy reviews or updates must be approved by the Board, and, where necessary, the board shall ensure that operating procedures are revised to reflect any changes made to the relevant policies.

3. Board Secretariat

The board shall appoint a qualified and experienced individual with sufficient knowledge of banking operations to serve as Secretary to the Board. A dedicated board secretariat department may also be established. The role of the Secretariat shall not be limited to recording minutes of board meetings, but extends to include, without limitation, the following:

01. Preparing for board meetings, including setting the agenda and compiling the relevant information and materials related to the agenda items, and distributing them to board members sufficiently in advance of the meeting.

02. Recording attendance at meetings and noting whether members are present in person, represented by proxy, or participating via telephone or video conferencing, in accordance with the relevant guidelines issued by the Central Bank.

03. Drafting the minutes of meetings, arranging for their signature, and circulating them to all board members, whether present in person or participating remotely. If any member provides comments or requests amendments, the Secretary shall revise the minutes accordingly and present the updated version at the next meeting for formal approval by the board.

04. Maintaining records of board meetings and documenting all matters related to Board resolutions and agenda items, while ensuring that the Board receives critical information in a timely manner.

05. Submitting the minutes of board and committee meetings for approval at their subsequent sessions, and providing the Central Bank with a copy of the minutes, in Arabic, within one month of the meeting date.

06. Ensuring that all documents and the meeting agenda are received by members participating via telephone or video conferencing.

07. Following up on the implementation of board resolutions in accordance with the established mechanism, with this item to be presented at the beginning of every board meeting.

08. Coordinating with all board committees to ensure effective communication between the committees and the board of directors.

09. Ensuring appropriate channels are in place for effective communication and the timely, complete, and accurate exchange of information between the board of directors and senior management.

10. Keeping board members informed of any emerging supervisory or legal responsibilities that may arise from developments in the bank's operations / activities or regulatory framework, within the scope of their responsibilities and without conflicting with the role of the departments concerned.

11. Providing new members with the necessary information about the bank and introducing them to the rest of the board.

12. Documenting in detail the discussions and recommendations made by each member during board and committee meetings, and recording the names of all attendees – whether board members or others - in the official minutes.

4. Board Performance Evaluation

The board of directors shall establish a system for conducting an annual self-assessment, both at the level of the board and its committees as a collective body, as well as for each individual member. The objective of this evaluation is to identify and address any obstacles perceived by board members that may hinder the board's ability to effectively perform its oversight role over executive management, the bank's operations, and its risk management and internal control systems. The results of this evaluation shall be submitted to the Central Bank.

Procedures followed in this regard are as follows:

- Designing a self-assessment template appropriate to the size and nature of the bank's operations, in line with the standards and criteria issued by the Central Bank of Egypt. The template shall be approved by the board of directors.
- The evaluation shall cover each member's performance and participation in board and committee meetings.
- A consolidated report summarizing the key findings of all evaluations, along with relevant suggestions and recommendations, shall be submitted to the governance committee, which in turn shall present it to the board for approval.
- The Chairman of the Board shall be responsible for taking any measures deemed appropriate based on the results of the aforementioned evaluations, to ensure the board's effective performance.
- The board shall take appropriate action in the event that any member fails to meet the minimum acceptable level of performance.

5. Board Committees

The board of directors shall establish the rules and procedures necessary for the formation of its committees and the definition of their competencies, powers, duration of operation, legal quorum, and the frequency of their meetings, in addition to the decision-making mechanism, while ensuring disclosure of those rules and procedures in a clear manner. It shall also ensure that the committees have easy access to sufficient information from management, and that they may seek internal resources and external consultations as needed to facilitate the full execution of their duties. Each committee shall prepare a periodic report on its activities and recommendations for submission to the Board of Directors.

When forming committees, the selection of members shall take into account the relevance of their expertise to the responsibilities assigned, particularly in financial, banking, economic, and legal matters. It is also required that the chair of the audit committee not serve as the chair of any other committee. Below is an outline of the composition and responsibilities of the Board committees:

01. Audit Committee

First: Formation and Meeting Frequency

- The board of directors shall issue a resolution to establish the audit committee and designate its chairperson.
- The audit committee is composed of three non-executive members of the bank's board of directors, selected by the board. The chair of the committee may not serve as chair of any other committee. Members must possess appropriate expertise, and a proper balance must be maintained in terms of skills, knowledge, and sufficient familiarity with financial matters, auditing, and accounting.
- The board may add an external member with relevant expertise to the committee, subject to the approval of the Governor of the Central Bank[1].
- The quorum for a committee meeting is the attendance of the majority of its members, and decisions are made by simple majority.
- The audit committee must convene at least once every three months, with the meeting attended by the bank's external auditors, either upon invitation from the committee chair or at the request of any of the auditors. The committee may also seek assistance from any person it deems appropriate in the course of its work. The chair of the committee shall present the minutes of its meetings and its recommendations to the bank's board of directors for appropriate action.

(I) An external expert may not be appointed as a member of the audit committee, as this would be contrary to the law establishing the bank.

- Meetings of the committee are attended by the general manager of internal audit and the head of compliance, in addition to any other individuals the committee may choose to invite, without voting rights.
- Attendance at committee meetings is limited to its members, except by invitation from the committee chair.
- Either of the external auditors and/or the General Manager of Internal Audit may request that a meeting be convened if deemed necessary.
- The external auditors and/or the general manager of internal audit may request that the committee be convened if they deem it necessary.
- The board of directors shall designate the committee's secretary, who may appoint a deputy to act on their behalf in case of absence.
- Physical attendance by members shall be the norm. However, if that is not possible, participation via video or phone is permitted, provided that the committee chair is notified and the secretary is informed, and that technical requirements are duly met.
- As a general rule, members are expected to attend meetings in person. In cases where this is not possible, participation via video or telephone may be allowed, provided that the committee chair is notified and the secretary is informed in advance, and that all technical requirements are met.
- A member's participation via video or telephone shall be deemed actual attendance. The member shall have the right to vote and shall be counted toward the quorum for convening the meeting and the validity of its decisions.

Second: Mandate of the Committee

- To submit proposals regarding the nomination and appointment of the external auditors, determine their fees, or consider replacing either of them, in a manner that does not conflict with the provisions of the Central Bank Law and the relevant instructions issued in this regard.
- To express views regarding the authorization to assign the external auditors to perform services for the benefit of the bank other than auditing the financial statements, including the estimated fees for such services, and to ensure that the performance of these services do not conflict with the audit or compromise the auditors' independence.
- To discuss matters the committee deems necessary with the head of internal audit, the head of compliance at the bank, the external auditors, and relevant officials, as well as any matters these individuals may wish to raise with the committee.
- Examining the periodic financial statements (quarterly and annual) for approval, in the presence of the General Manager of the Finance Department, prior to their submission to the board of directors for endorsement.
- Reviewing the financial statements prepared for publication and ensuring their compliance with the financial reporting and presentation standards for banks issued by the Central Bank.
- Coordinating between the internal and external audit functions and ensuring effective communication channels are maintained between the General Manager of Internal Audit, the External Auditors, the Board of Directors, and the Audit Committee.
- Reviewing and approving the annual plans of both the Internal Audit and Compliance Departments, and ensuring regular periodic monitoring of their implementation.
- Reviewing the reports prepared by the Internal Audit Department, including those related to the adequacy of the Bank's internal control systems.
- Reviewing the reports prepared by the bank's Head of Compliance, particularly those concerning violations of laws and regulations issued by the Central Bank, the bank's internal policies, and anti-money laundering and counter-terrorism financing procedures.
- Presenting a quarterly report that includes the results of the Internal Audit and Compliance Departments' activities; discussing it with the Board of Directors and determining the corrective actions to be taken in a timely manner.
- Identifying obstacles facing the internal audit process or the compliance function and proposing appropriate solutions to address them.
- Reviewing reports on the experience, training, and qualifications of staff working in the internal audit and compliance departments.
- Reviewing the measures taken by the Bank to comply with regulatory requirements issued by the Central Bank, and verifying that appropriate corrective actions are implemented in the event of any violations.
- Reviewing the Central Bank's observations as set out in its supervisory and oversight reports, including those related to the financial statements, and submitting them to the Board of Directors along with the Committee's recommendations, while ensuring proper follow-up and rectification.
- Examining the observations of the external auditors as included in their reports on the bank's financial statements, as well as in any other reports sent to the bank during the year, and presenting them to the board of directors along with the committee's recommendations; and ensuring that the bank takes timely corrective actions, including addressing deficiencies and weaknesses in the internal control system and any non-compliance with applicable policies and laws.
- Approving the nomination of the officers responsible for the internal audit and compliance departments prior to obtaining the Central Bank's approval, in addition to monitoring the activities of both departments, particularly in relation to the integrity of the internal control systems. The General Manager of Internal Audit and the Head of compliance shall report directly to the audit committee, which in turn presents the reports to the board of directors.
- Reviewing the internal audit and compliance policies and regulations and submitting them to the board for approval.
- Conducting an annual evaluation of both the Head of Internal Audit and the Head of Compliance, in addition to the core annual performance appraisal conducted by the CEO and Managing Director, in accordance with the Bank's standard evaluation process. The evaluation results shall be submitted to the Board of Directors and shall be linked to remuneration, bonuses, and annual raises. The Committee shall also submit its recommendations to the Board of Directors regarding the appointment, dismissal, or acceptance of resignation of either individual.
- Presenting the organizational structure of the Internal Audit and Compliance Departments, including their roles and responsibilities, for approval by the board of directors.

- Reviewing any legal proceedings that may affect the bank's financial position.
- Reviewing reports submitted by the Customer Protection Unit, considering the proposed actions, and overseeing their implementation upon approval.
- Reviewing periodic reports on whistleblowing cases and unlawful practices, evaluating the effectiveness of the bank's whistleblowing system, and ensuring adequate protection for whistleblowers.
- Approving and agreeing on the scope of the external audit with the external auditors, and overseeing the accounting policies applied by the bank.
- Verifying that the bank has established an effective control system and implemented operational procedures to combat money laundering and terrorist financing.

Third: Statement of the key periodic reports submitted to the committee

- Quarterly and Annual Financial Statements.
- Inspection Reports of the Central Bank of Egypt and follow-up on the rectification of observations contained therein.
- Reports of the External Auditors.
- Internal Audit Department Reports:
  - Audit plan.
  - Audit Findings and Observations Reports.
  - Follow-up Reports and Rectification of Observations.
- Compliance Department Reports:
  - Quarterly Compliance Report.
  - Annual Compliance Report, including Whistleblowing disclosures.

02. Risk Committee

First: Formation and Meeting Frequency

- The risk committee shall be formed by a resolution of the board of directors, comprising an odd number of at least three non-executive board members.
- The committee shall hold at least four meetings annually, convened by its chairperson, and at a minimum of once every three months. The meeting shall be deemed valid with the presence of the majority of its members, and decisions shall be taken by a simple majority. In the event of a tie, the chairperson shall have the casting vote.
- The board of directors shall appoint the Secretary of the Committee, and the Chairperson may designate an alternate in the Secretary's absence.
- The Chief Risk Officer shall attend committee meetings without voting rights. Other members of the bank's executive management may also attend the meetings at the chairperson's invitation to present or discuss agenda items, also without voting rights.
- The chairperson may designate an alternate to act on their behalf in case of absence, taking into account the quorum requirements.
- As a general rule, members are expected to attend meetings in person. In cases where this is not possible, participation via video or telephone may be allowed, provided that the committee chair is notified and the secretary is informed in advance, and that all technical requirements are met.
- Remote participation shall be considered valid physical attendance, and members participating remotely shall have the right to vote, and be counted towards the quorum and the validity of resolutions passed at the meeting.

Second: Mandate of the Committee

- Monitoring the functions of the bank's risk management department and submitting periodic reports to the board of directors regarding the level of compliance with approved strategies and policies.
- Reviewing and discussing the bank's comprehensive risk management strategies and policies and presenting them to the board of directors for approval, including:

01. The AIB overall risk appetite framework.
02. The bank's risk management systems, structures, administrative reporting lines, and their independence from business units.
03. Policies, procedures, and systems related to capital adequacy ratios.
04. Control systems for limits established at the level of countries, financial institutions, corporations, and individuals, as well as limits set for trading and investment activities.
05. Risks related to the credit portfolio, Obligor Risk Rating systems, and concentration risks.
06. Risks related to Non-Performing Loan (NPL) portfolios and efforts for their recovery.
07. Risks related to financial markets, including the impact of fluctuations in interest rates, currencies, stocks, and bonds on internally or externally managed trading portfolios.
08. Risks arising from interest rate fluctuations affecting the financing of activities and asset/liability mismatches in terms of maturities.
09. Risks related to liquidity management systems and procedures, and concentration risks on the liabilities side.
10. Operational risk management systems, contingency plans, and risks related to information security.
11. Stress testing frameworks and their impact on the financial statements, liquidity ratios, and capital adequacy ratios.

12. Monitoring the Internal Capital Adequacy Assessment Process (ICAAP) report.

- Ensuring that the Bank's executive management conducts periodic reviews of the value of collateral provided by clients in support of financing and credit facilities granted to them, identifying the necessary actions to address any decline in such values, and reporting them to the Board of Directors for a decision.
- Ensuring that senior management conducts quarterly assessments, at a minimum, of all types of risks faced by the Bank, particularly investment risks and credit portfolio risks, and the actions taken in response. Appropriate measures shall be taken to address any emerging risks. This assessment shall be presented to the Risk Committee and approved by the Board of Directors at its first meeting following the assessment.
- Conducting an annual evaluation of the Chief Risk Officer, and submitting the evaluation results to the Board of Directors, in addition to the primary annual evaluation prepared by the CEO and Managing Director, as is the case with all other departments of the Bank. The results shall be linked to salaries, bonuses, and annual increases, and recommendations shall be submitted for approval regarding the appointment, renewal of appointment, dismissal, or acceptance of resignation.
- Approving the nomination of the Chief Risk Officer prior to obtaining the Central Bank's approval.
- Approving the Risk Department's operating procedures.

Third: Statement of key periodic reports submitted to the committee:

- Capital Adequacy Ratio and Stress Testing Reports.
- Risk Department Reports:
  - Credit Portfolio Analysis (corporate & institutional, financial institutions, SMEs, Retail Lending).
  - Market Risks (Interest Rate Risk, Foreign Exchange Risk, Trading Portfolios).
  - Operational Risks.
  - Non-performing Loans Follow-up Reports.
- Annual ICAAP (Internal Capital Adequacy Assessment Process) Report.

03. Governance Committee

First: Formation and Meeting Frequency

- The governance committee shall be formed by a resolution of the board of directors, consisting of an odd number of members, not fewer than three, all of whom must be non-executive directors.
- The committee shall convene at the invitation of its chairperson once every six months or whenever needed. A meeting shall be valid with the attendance of the majority of its members, and resolutions shall be adopted by simple majority. In the event of a tie, the chairperson shall have the casting vote.
- The Board of Directors shall appoint the Secretary of the Committee. In the Secretary's absence, the Chairperson may appoint an alternate. Executive members of the Bank's management, particularly the Governance Officer, may attend the Committee's meetings upon the Chairperson's invitation to present and discuss relevant matters, but shall have no voting rights.
- The chairperson may appoint a substitute in case of absence, provided that the legal quorum is met.
- As a general rule, members shall attend meetings in person. However, if this is not possible, participation may be allowed via video or telephone, provided the Chairperson is notified and the Secretary is informed, and that technical requirements are met.
- Participation via video or telephone shall be considered equivalent to physical attendance, and the member shall have the right to vote. Such participation shall be counted toward the legal quorum for convening the meeting and the validity of its resolutions.

Second: Mandate of the Committee

- Conducting periodic evaluations of the bank's governance framework.
- Reviewing the bank's approved organizational structure for informational purposes, particularly with regard to lines of administrative and functional reporting and the independence of control functions.
- Recommending appropriate amendments to the governance policies approved by the bank's board of directors.
- Preparing the bank's governance report and submitting it to the board of directors for approval at least once a year, and providing a copy to the Central Bank.
- Reviewing the bank's annual report, with particular focus on the sections related to governance.
- Reviewing the Central Bank's inspection findings related to the bank's governance framework, taking them into consideration, following up on the implementation of corrective actions, and submitting relevant recommendations to the board of directors.
- Maintaining, documenting, and following up on the reports related to the performance evaluation of the board of directors.
- Reviewing reports on the frequency of board committee meetings.
- Briefing the committee on the procedures undertaken by the board secretariat for onboarding new members, as well as the training programs proposed by board members in various relevant areas.
- Briefing the committee on the bank's succession plan as approved by the board of directors.

Third: Statement of periodic reports submitted to the committee

- The bank's governance report.
- The annual self-assessment report on the performance of the board of directors.
- Follow-up Reports on the Central Bank's governance-related observations.

04. Remuneration Committee

First: Formation and Meeting Frequency

- The remuneration committee shall be formed by a resolution of the board of directors and shall consist of no fewer than three non-executive board members.
- The committee shall convene upon the invitation of its chair at least once a year or whenever deemed necessary. A quorum is established by the presence of a majority of its members, and decisions shall be adopted by simple majority vote. In the event of a tie, the chair shall have the casting vote.
- The board of directors shall appoint the committee secretary, and the chair shall designate an alternate in the secretary's absence.
- Any member of the bank's executive management, particularly the head of human resources, may attend committee meetings by invitation of the chair to present and discuss agenda items; however, they shall not have voting rights.
- The chair of the committee may appoint an alternate in case of absence, provided the legal quorum is maintained.
- As a general rule, members shall attend meetings in person. However, if this is not possible, participation may be allowed via video or telephone, provided the chairperson is notified and the Secretary is informed, and that technical requirements are met.
- Participation via video or telephone shall be considered equivalent to physical attendance, and the member shall have the right to vote. Such participation shall be counted toward the legal quorum for convening the meeting and the validity of its resolutions.

Second: Mandate of the Committee

- Study the proposals submitted regarding the remuneration of the bank's senior executives and members of the board of directors, including all financial transactions such as salaries, allowances, in-kind benefits, incentive shares, and any other financial elements, in light of the targeted objectives, and submit its recommendations to the board of directors accordingly.
- The committee is responsible for overseeing the bank's internal control functions, namely the risk, compliance, and internal audit departments, with a focus on financial transactions in general, rather than on reviewing specific figures presented to the committee. This oversight also covers the reward rate, which is determined based on performance evaluations conducted by the executive management and aligned with the objectives achieved by those functions, provided that such oversight does not compromise their independence.
- Analyze the results of compensation and benefits benchmarking studies conducted at the bank, and compare them with those of other institutions to ensure the bank's ability to attract and retain top talent.
- Review the bank's remuneration policies and systems, regularly reassess them in line with the level of risk the bank is exposed to, and present them to the board of directors for approval.
- Ensure and follow up on the implementation of the salary policy and all matters related to staff, including training, healthcare, and other relevant aspects.

05. Investment Committee

First: Formation and Meeting Frequency

- The Investment Committee is formed by a decision of the board of directors and is composed of both executive and non-executive members, with a majority of experienced non-executive members.
- The committee shall convene upon the invitation of its chair at least once a year or whenever deemed necessary. A quorum is established by the presence of a majority of its members, and decisions shall be adopted by simple majority vote. In the event of a tie, the chair shall have the casting vote.
- The board of directors shall appoint the committee secretary, and the chair shall designate an alternate in the secretary's absence.
- Any member of the bank's executive management may attend committee meetings by invitation of the chair to present and discuss agenda items; however, they shall not have voting rights.
- The chair of the committee may appoint an alternate in case of absence, provided the legal quorum is maintained.
- As a general rule, members shall attend meetings in person. However, if this is not possible, participation may be allowed via video or telephone, provided the chairperson is notified and the Secretary is informed, and that technical requirements are met.
- Participation via video or telephone shall be considered equivalent to physical attendance, and the member shall have the right to vote. Such participation shall be counted toward the legal quorum for convening the meeting and the validity of its resolutions.

Second: Mandate of the Committee

01. Review the bank's policies related to direct investments prior to their submission to the board of directors for approval.
02. Discuss studies related to the exit from current direct investments and submit recommendations to the board in line with the bank's current divestment policy, whenever applicable.
03. Review and discuss the bank's annual financial valuation of its various investments, as well as the annual valuation of assets acquired through debt settlements.
04. Review mandates issued by the executive committee to conduct studies related to the valuation of investments and assets acquired through debt settlements.
05. Recommend to the board of directors the approval of the accounting treatment of various investments, as proposed by the finance and investment departments.
06. Keep the board of directors informed of the committee's reports, recommendations, and any actions taken for review and guidance.
07. Submit the minutes of the investment committee meetings to the board for review and approval of the recommendations.
08. Recommend to the board the engagement of external expertise, such as investment banks or consulting firms, when liquidating an investment, while referring to the competent authority for approval of the related fees.

Third: Statement of key periodic report submitted to the committee

- Reports on the valuation of direct investments.
- Reports from the Investment Sector on portfolio performance.

06. Effective Relationship between the Board of Directors and Senior Management of the Bank

One of the key pillars to ensure effective governance at the bank is the collaboration between the board of directors and the bank's senior management. This is reflected in the clear delineation of authorities and responsibilities between them. The board plays a vital role in providing guidance and leadership, while the role of senior management focuses on developing and implementing the strategies and policies established and approved by the board. It is essential to maintain the independence of the board from senior management and to avoid any relationships that could compromise the objectivity of board members in decision-making.

The Board ensures that senior management enforces policies aimed at preventing or limiting activities, relationships, or circumstances that could undermine the integrity of the bank's governance framework. Examples include conflicts of interest, insider lending, or preferential treatment granted to related parties or specific institutions (such as offering credit facilities on favorable terms not extended to the bank's other clients). Additionally, both the board and senior management must have a sound understanding of the bank's overall structure and the scale of its operations.

The bank maintains an organizational structure and an operational manual that clearly outlines authorities and responsibilities at the institutional level. This manual includes key procedures and defines the duties of both the Board and senior management. The Board and senior management share the responsibility of establishing and reinforcing professional and ethical standards, as well as promoting a culture of internal control within the bank. Specific policies are developed regarding practices aligned with these standards, with a strong emphasis on monitoring their implementation by the bank's staff.

Senior management refers to the bank's top executives responsible for the day-to-day oversight of its operations. This includes executive board members, group heads, and department heads, including but not limited to: the Senior General Manager overseeing Branches and Central Operations; the General Manager of Financial Control; the Head of Internal Audit; the Head of Compliance; the Chief Risk Officer; and the Head of Legal Affairs.

Members of the senior management must possess the necessary experience, knowledge, and skills to lead and manage staff effectively. They are also expected to continuously develop these competencies and receive appropriate training in line with the growth of the bank's business volume. A key responsibility of senior management is to delegate certain tasks to staff and to establish an organizational structure that promotes accountability. Senior management is also responsible for overseeing the proper execution of delegated responsibilities, as it is ultimately accountable to the board for the bank's overall performance.

Senior management is responsible for monitoring the performance of heads of departments and divisions in respect of the bank's activities and operations, and for ensuring their alignment with the bank's internal procedures, policies established by the board, as well as applicable laws and regulatory requirements. Senior management is also accountable, under the board's oversight, for establishing an effective internal control system across the bank.

Additionally, senior management shall undertake the following responsibilities:

- Oversee and manage the bank's daily activities and operations.
- Implement the strategies and policies approved by the board of directors, ensure their effectiveness, and propose modifications or enhancements as needed.
- Take the necessary steps and measures to identify, assess, monitor, control, and mitigate risks, and implement approved risk mitigation approaches following the board's approval.
- Ensure that the internal control system includes clearly defined procedures that enable ongoing oversight of all banking operations.
- Ensure the availability of qualified staff with the necessary experience and technical skills across all areas and departments of the bank, while promoting continuous and effective training to enhance their capabilities.
- Verify that all employees comply with the bank's internal control procedures, as well as the instructions issued by the Central Bank of Egypt and other regulatory authorities.
- Submit recommendations to the Board of Directors regarding required changes to the organizational structure or policies in order to streamline the Bank's operations in line with governance principles, as well as in relation to material changes in the size and direction of risks and their potential impact on revenues and the institution's financial soundness.

The bank's board of directors applies the dual control principle, whereby more than one individual must be involved in making significant decisions to ensure objectivity and avoid conflicts of interest. In addition, management is responsible for ensuring that policies and strategies are disseminated across the Bank.

The board of directors also supervises the performance of senior management to ensure alignment with the board's policies, as part of the system of checks and balances that must exist in an effective governance framework. Furthermore, the board determines appropriate supervisory levels within the bank's organizational structure that are capable of bearing responsibility, in order to ensure effective oversight and control across all functional levels, with clear definitions of the powers and responsibilities assigned to each:

- Members of the board of directors, through their membership in the board and its subcommittees.
- Executive board members (holding senior management positions).
- Group heads, responsible for directly supervising the bank's various sectors.
- Heads of the bank's departments.
- Independent control functions, such as risk management, compliance, and internal audit.
- It is also essential to ensure that each employee is suitable for their role and performs their duties to the highest standard.

Fourth: Internal Control at the Bank

To ensure the establishment of an effective governance system, the board of directors must rely on the cooperation and support of both external auditors and the bank's internal control functions, namely the internal audit, compliance, and risk management departments. Both the board and senior management are responsible for making optimal use of the recommendations, observations, and findings of these departments, as well as the reports and comments provided by external auditors. This contributes to the management's ability to verify the accuracy of the information it reports regarding the bank's operations and performance.

A clear segregation of duties must be maintained among the bank's internal control functions, namely internal audit, compliance, and risk management to ensure that each operates independently. These functions should also maintain direct lines of communication with both the board of directors and senior management.

The board and senior management are responsible for ensuring that these departments are adequately resourced, including the provision of staff with the necessary qualifications and expertise to meet their operational needs.

Internal Control Departments

The bank's internal control is represented by the internal audit, risk management, and compliance departments. These departments operate independently from one another, as well as from the bank's other departments. They maintain direct communication with the board of directors and its committees. Through the relevant board committees, the heads of these departments notify the board of any violations identified during their work. Below is an overview of the responsibilities of the internal control departments at the Arab International Bank:

1. Internal Audit Department

The bank's internal audit department operates under a robust charter aimed at ensuring the adequacy and effectiveness of internal control procedures. Its objective is to safeguard operational integrity and support sound risk management. The General Manager of Internal Audit reports directly to the board through the audit committee and to senior management when necessary, particularly in the case of observations or recommendations intended to enhance the efficiency of the bank's internal control systems. The roles, authorities, and responsibilities of the Internal Audit Department must be clearly defined and documented in writing. Key responsibilities of the Internal Audit Department include:

a. Assessing the adequacy of the bank's internal control systems (including the functions of compliance and risk management), and submitting reports on any identified findings.

b. Evaluating the level of compliance across the bank's various departments with the bank's internal policies and procedures.

c. Reviewing the effectiveness of existing procedures and policies to ensure they remain appropriate in light of operational changes and evolving market conditions.

d. The implementation of corrective actions in response to findings raised by the Internal Audit and Inspection Group shall be monitored by the Head of the Audit and Inspection Follow-Up Department.

e. Developing an annual internal audit plan that defines, at a minimum, the scope and frequency of audits, subject to approval by the Audit Committee. The plan shall also cover the requirements issued by the Central Bank of Egypt.

f. It is essential to continuously emphasize the importance of internal audit functions and to promote this awareness across the Bank, in order to ensure that all employees understand the value and effectiveness of these functions. This shall be achieved by encouraging and supporting the independence of the Bank's internal auditors and by ensuring their unhindered access to key reports and information related to the Bank's various departments.

g. Emphasizing the need for direct communication between the internal audit department and each of the board of directors, senior management, and the audit committee. Such communication shall take place through reports prepared by the department, particularly when observations or recommendations are made to improve the effectiveness of the bank's internal control systems. These observations and recommendations are to be reviewed by the relevant management level to verify their validity and to prepare periodic reports for follow-up and implementation.

2. Compliance Department

The compliance function aims to establish, embed, and maintain effective, advanced, and robust compliance policies, systems, and control tools within the bank to ensure adherence to operating rules based on applicable local and international laws and regulatory requirements. Its ultimate goal is to mitigate risks that may adversely affect the bank's reputation, particularly the risks of financial crimes, including money laundering and terrorist financing. This requires the bank to maintain sufficient awareness of compliance risks, which include the potential for financial losses, legal or regulatory penalties, or reputational damage arising from failure to comply with applicable laws, as well as internal and external regulatory rules and requirements. Accordingly, safeguarding the bank's reputation is not solely the responsibility of the compliance department, but a shared responsibility of all bank staff.

The bank must maintain a permanent and effective compliance function. The head of compliance department shall operate with full independence and report directly to the chairman of the board, as well as to the board of directors through the audit committee. The key responsibilities of the head of compliance include:

a. Ongoing monitoring of the bank's adherence to applicable laws, regulations, and supervisory requirements, including anti-money laundering, counter-terrorism financing, and governance policies. Any identified issues must be promptly reported to the relevant level of management and the audit committee.

b. Receiving and investigating employee reports of unlawful or unethical practices in the workplace (whistleblower policy), and referring them to the audit committee.

c. Assessing the potential impact of any changes in the legal or regulatory framework to which the bank is subject.

d. Ensuring that any new products or procedures introduced by the bank comply with applicable laws and regulatory requirements.

e. Ensuring full disclosure in all advertising materials, whether published in newspapers, distributed to clients, displayed in customer reception areas at bank branches, or through any other channel, of all key features and terms of the bank's products and services.

3. Risk Management Department

The bank maintains a clear organizational structure that includes an independent risk management unit, with clearly defined roles and responsibilities for individuals tasked with managing risk, particularly the duties and authorities of the Chief Risk Officer (CRO). This structure is aligned with the principle of segregation of duties to avoid any conflict of interest. The CRO operates independently and maintains direct communication with the board of directors and the bank's risk committee, to whom periodic reports are submitted based on the significance of the information being reported. The key responsibilities of the risk management function include:

a. Analyzing the risks to which the bank may be exposed, most notably credit, market, and operational risks, while ensuring that such analysis is conducted accurately and in a timely and appropriate manner.

b. Defining specific procedures for measuring, monitoring, and controlling risks, and ensuring that approved contingency plans are in place (e.g. business continuity, liquidity plans, etc.)

c. Continuously assessing the adequacy and effectiveness of the procedures used to measure, monitor, and control risks, and making any necessary adjustments in light of market developments and the bank's operating environment.

d. The policies established by the bank's board of directors must include acceptable risk limits to which the bank may be exposed. These limits should be reviewed and assessed regularly by the risk committee and the board, ensuring they align with the bank's risk appetite and are appropriate in relation to the size of its capital. This should be done with due consideration to the bank's risk measurement and overall risk management processes, and with necessary action taken in the event of any breaches of these policies.

e. The bank maintains an appropriate and effective information and communication system, particularly with respect to risk monitoring and oversight. It is essential that the board of directors, senior management, and the risk committee receive accurate and timely information, including periodic reports, at least on a quarterly basis, reflecting the bank's adherence to acceptable risk limits. These reports should also highlight any breaches of such limits, explain the reasons for non-compliance, and outline the corrective action plans to restore compliance.

f. An effective risk monitoring and analysis system must be in place, taking into account the nature and scale of the bank's operations, with the aim of assessing various types of risk. This system should include the following:

- Identification of all types of risk, whether measurable or non-measurable in quantitative terms, along with the identification of internal and external risk factors.
- A comprehensive risk management framework, which includes risk assessment models, approved risk limits, and the principles for monitoring them, with regular review and refinement of these models over time.
- Regular review of the bank's overall risk matrix, particularly credit risk (corporate and retail), market risk, liquidity risk, and operational risk.
- Periodic monitoring and evaluation of the system to ensure alignment between the bank's internal risk management procedures and the prevailing market conditions, while setting appropriate prudential banking standards.

g. The bank's risk management policies include a defined stress testing mechanism, which serves as one of the key tools employed by the risk management department. This mechanism outlines clear and specific procedures, particularly in relation to the frequency and conditions under which tests are conducted, the methodologies used, appropriate risk assumptions and factors, time horizons, and various scenarios covering all types of risks, including worst-case scenarios. The scope of these tests is clearly defined, along with documentation procedures and the preparation of quarterly reports submitted to senior management, the risk committee, and the board of directors. These parties are responsible for evaluating the reported results and taking any necessary precautionary measures or decisions accordingly.

h. Providing early warning indicators to support the identification and management of key risk-related factors.

i. Management reports must be presented in a clear and comprehensible manner that enables board members to effectively assess the risks presented and make informed decisions, particularly with regard to the results of stress testing.

4. External Auditors

The external auditor must be independent from the bank and its board members and must not be a shareholder or an expert board member. The auditor shall be appointed by a resolution of the General Assembly, which also determines the annual audit fees. The auditor may not be contracted to perform any additional work for the bank without the approval of the audit committee, provided that such work is not subject to review, evaluation, or opinion by the auditor as part of the bank's financial audit.

The board of directors plays an important role in ensuring direct communication between the external auditors and the bank's audit committee, including the direct submission of audit reports to the committee.

5. Role of the Legal Department within the Internal Control Framework

- The legal department plays a key role in ensuring that the bank's operations are conducted in compliance with the state laws and regulations. This role entails safeguarding the rights and obligations of both clients and employees, with the ultimate goal of upholding justice and applying legal provisions. The department also contributes to mitigating legal risks that may result in financial losses or reduced profitability for the bank. It is essential to maintain the department's independence, and its performance should be assessed based on the effective fulfillment of its assigned responsibilities.
- The Head of the Legal Department is responsible for overseeing the overall work of the legal department and managing its relationships with relevant external parties. They are also tasked with developing the legal department's strategy in alignment with the bank's overall strategic direction. This strategy should include approaches for attracting qualified legal talent, both academically and professionally, as well as promoting legal awareness and culture among all bank staff. To maximize the department's role in supporting a sound internal control environment, it must, at a minimum, carry out the following responsibilities:

a. Providing legal opinions on all matters referred by the relevant departments, ensuring that the bank's policies, procedures, decisions, activities, and products are fully compliant with applicable laws, banking norms, the regulations of the Central Bank of Egypt and other regulatory authorities, as well as the bank's internal directives.

b. Undertaking all necessary litigation procedures and related legal actions, including filing and pursuing lawsuits, to safeguard the bank's funds and rights with third parties, as well as representing the bank before courts and relevant authorities, or delegating such responsibilities to others upon approval by the appropriate authorities.

c. Preparing, reviewing, and legally drafting all relevant documents, including but not limited to account opening forms, contracts, and agreements entered into by the bank with third parties, particularly credit-related transactions, and providing legal follow-up on any issues that may arise in their execution.

d. Taking all necessary legal measures, especially those related to various types of mortgages, monitoring their status, and enforcing the corresponding collateral.

e. Investigating incidents and violations attributed to bank employees as referred by the competent authority, and taking the necessary actions in this regard.

f. Coordinating with the risk management, finance, and compliance departments to assess potential legal risks the bank may face, determine the necessary provisions to cover any resulting liabilities or losses, and provide interpretations of relevant laws and regulations.

g. Any other duties related to the nature of the department's work as assigned by the competent authority, such as participation in committees that require legal expertise.

- In case of engaging external law firms or individuals with practical expertise in various fields, such as arbitration, licensing, notarization, drafting multi-party contracts, or representing the bank before the courts, the following considerations must be observed:

a. The external law firm or expert must have a solid reputation and proven expertise in the relevant field.

b. They must have a track record of demonstrated competence in similar matters.

c. The engagement must be conducted through the Legal Department / the Legal Advisor, under a clearly defined contract for services or targeted legal consultation.

d. Due consideration must be given to legal obligations such as banking secrecy laws or any other applicable regulations.

Fifth: Disclosure and Confidentiality

The bank is committed to applying recognized disclosure and transparency standards and systems, in accordance with the regulatory requirements issued by the supervisory authority and in line with professional standards. The bank's disclosure list must include key and essential information and data related to its operations and internal governance systems. These disclosures are published in the bank's annual report and on its official website. At a minimum, the bank's disclosure list should include the following:

- Operating results and financial statements, including the balance sheet, income statement, cash flow statement, notes to the financial statements, and the reports of the board of directors and external auditors.
- Basic ownership structure of the bank's capital.
- Members of the board of directors and senior executive management personnel.
- The total remuneration received by the top twenty earners in the bank, including salaries, allowances, in-kind benefits, and any other forms of financial compensation.
- The bank's organizational structure, its policies for implementing management decisions and strategies, and the procedures established to ensure a clear separation of powers between shareholders and management.
- Systems and mechanisms implemented by the bank for managing and monitoring various banking and financial risks.
- Systems and mechanisms applied by the bank to ensure effective oversight of its operations and activities.
- The bank's framework for practicing social responsibility.
- The governance systems adopted by the bank.
- The bank's conflict of interest avoidance policy.
- The code of professional conduct.

Chapter Three: Code of Professional Conduct

The code of professional conduct for the bank's employees and senior management serves as a general declaration outlining the professional and ethical standards applied within our bank. All employees are required to comply fully with the provisions of the code. Each employee shall bear full responsibility for adhering to its contents and must sign a declaration of commitment prior to commencing employment. The code is subject to periodic review, and in the event of any amendments, the updated version shall be circulated and all employees shall be duly informed.

Failure to follow the instructions set out in this code constitutes a serious violation and may result in disciplinary action, up to and including termination of employment. Therefore, all employees are required to fully adhere to the provisions of the code. If any conduct or practices are believed to be improper, inappropriate, or unethical, it is the responsibility of all employees, regardless of their position or role, to report such violations immediately to the head of compliance, in accordance with the reporting procedures outlined in the bank's whistleblowing and whistleblower protection Policy. All reports, whether concerning actual violations or suspicions of potential misconduct, will be taken seriously and shall not be ignored. In cases where the reporting employee has been involved in the misconduct, the act of reporting will be taken into consideration during any subsequent investigation. The head of compliance shall coordinate with the legal affairs and human resources departments to take the necessary corrective measures, based on the severity and impact of the violation.

The Head of Compliance at the bank is responsible for verifying the bank's adherence to all regulatory requirements, in addition to internal policies and procedures. The head of compliance is also tasked with the periodic review and update of the employee code of conduct to ensure its alignment with the bank's updated policies and procedures, as well as with any applicable regulatory and legal developments.

Fourth Chapter:
Role of the bank in serving social objectives

The bank is committed to pursuing policies related to corporate social responsibility in a manner that does not compromise its competitive position in the market. This commitment is built on four pillars: customers, employees, business, and community. The bank supports the community through impactful initiatives and strives to promote social sustainability through all possible means. Among the social objectives supported by the bank are the following:

- Refraining from financing projects that could adversely affect the environment, and prioritizing the financing of environmentally sustainable projects.
- Developing a comprehensive strategy to support the national economy by injecting credit into key economic sectors.
- Upholding the bank's social responsibility toward its employees by providing healthcare and various support services aimed at motivating and encouraging staff.
- Actively participating in social initiatives and state-sponsored projects, such as slum redevelopment, support for basic education, etc..

Chapter Five:
Governance Report

The board of directors shall approve an annual governance report, signed by the Chairman of the Board, based on a recommendation from the governance committee. The report shall be reviewed by one of the bank's external auditors and shall include the board's assessment of the bank's compliance with governance principles. The report shall be submitted to the general assembly at its annual meeting.

The governance report may be issued as a standalone document or as a dedicated section within the bank's annual report, accompanied by the auditor's opinion regarding the bank's adherence to governance principles.

The main objective of the report is to present the effectiveness of the bank's governance framework, highlight challenges and obstacles encountered, and outline how these issues may be addressed in the future to enhance the overall effectiveness of the bank's governance system.