

Corporate Governance Manual

Table of Contents

I.	INTRODUCTION	3
	OVERVIEW.....	3
	PURPOSE & SCOPE.....	4
	DEFINITIONS.....	6
II.	COMPLIANCE WITH INSTRUCTIONS	8
	BANK'S COMPLIANCE WITH THE INSTRUCTIONS.....	8
III.	BOARD OF DIRECTORS	9
	ROLES & RESPONSIBILITIES.....	9
	OVERSIGHT.....	11
	COMPOSITION.....	13
	ORGANISATION OF BOARD BUSINESS.....	15
	BOARD MEMBERS' QUALIFICATIONS.....	17
IV.	EXECUTIVE MANAGEMENT	18
	ROLES & RESPONSIBILITIES.....	18
V.	CORPORATE VALUES	20
	GENERAL.....	20
	CONFLICTS OF INTEREST.....	21
	RELATED PARTIES.....	22
	BANKING CONFIDENTIALITY.....	23
VI.	BOARD COMMITTEES	24
	GENERAL.....	24
	BOARD COMPLIANCE & GOVERNANCE COMMITTEE.....	25
	BOARD NOMINATION AND REMUNERATION COMMITTEE.....	27
	BOARD AUDIT COMMITTEE.....	29
	BOARD RISK COMMITTEE.....	31
VII.	INTERNAL CONTROLS	32
	GENERAL.....	32
	RISK MANAGEMENT.....	34
	INTERNAL AUDIT.....	38
	EXTERNAL AUDIT.....	39
VIII.	REMUNERATION SYSTEM AND POLICY	40
	REMUNERATION POLICY.....	40
IX.	DISCLOSURE AND TRANSPARENCY	42
	GENERAL.....	42
	CONTENT.....	44
	DISCLOSURE PROCESS.....	46
X.	BANKS WITH COMPLEX CORPORATE STRUCTURES	47
	GENERAL.....	47
XI.	PROTECTION OF SHAREHOLDERS RIGHTS	48
	PRINCIPALS.....	48
XII.	PROTECTION OF STAKEHOLDERS RIGHTS	49
	PRINCIPALS.....	49

<i>Chapter</i>	<i>Introduction</i>	<i>Chapter Number</i>	<i>I</i>
<i>Section</i>	<i>Overview</i>	<i>Section Number</i>	<i>I</i>

This Corporate Governance Manual (hereinafter called the Manual) has been created to document Gulf Bank's Governance Framework in a clear and accurate manner. This Manual has been created by the Compliance & Governance Committee and has been approved by the Board of Directors'.

In accordance with the Central Bank of Kuwait's by-laws, the Bank is required to report that it has applied the main principles of the Corporate Governance laws. The following Manual outlines the way in which the Bank has applied the main and supporting principles in the area of Corporate Governance.

The Bank's Board has consistently placed great importance on the governance of the Bank, which it believes is vital to its well-being. The Board has adopted a comprehensive framework of Corporate Governance Guidelines, designed to properly balance performance and conformance. This enables the Group to undertake, in an effective manner, the prudent risk-taking activities which are the basis of its business. This is primarily to serve the interests of shareholders and other stakeholders. Governance must improve continuously and as such, our corporate governance framework is subject to ongoing review and assessment as we go along the business of raising the bar in almost all facets of our business and governance standards.

The Manual provides a Corporate Governance view of the Bank's Policies, Processes and Standards. It should not be confused or considered as a substitute for detailed policies, practices and procedures which are covered separately in the relevant areas and departments.

We would also like to thank the Bank's Executive Management, the CEO, our Chairman and Board of Directors for their relentless support to the cause of enhancing Corporate Governance. Our Board has proactively adopted governance policies and practices designed to align the interests of all stakeholders particularly those of shareholders and endeavours to promote the highest standards of ethical behaviour at every level of the organisation.

Chapter	Introduction	Chapter Number	1
Section	Purpose & Scope	Section Number	2

1. This Corporate Governance Manual is intended for the use of Gulf Bank KSC (the Bank). The purpose of this Manual is to define clearly the key responsibilities, the roles of the Bank's Board, Committees and Executive Management, including how they:
 - Set the bank's strategy and objectives;
 - Determine the bank's risk tolerance/appetite;
 - Operate the bank's business on a day-to-day basis;
 - Protect the interests of depositors, meet shareholder obligations, and take into account the interests of other recognised stakeholders;
 - Operate in a safe and sound manner with due integrity and in compliance with applicable laws and regulations; and
 - Manage the Bank in an orderly manner so as not to cause or stir any instability in the local financial market.
2. The Manual is supplemented by the Operating Procedures of the Bank. These policies may be supplemented at the level of Business Units, Support Functions and Departments with further details, policies and procedures, if required, to ensure compliance with the Manual. If any of these supplemental policies, procedures or practices are in conflict or appear to be in conflict with the stipulations of the Manual, the matter should be escalated *in writing* to the General Manager, Corporate affairs, Board Affairs & Compliance who may either provide a clarification or escalate the matter to the Chairman who will liaise with the Board Compliance & Governance Committee and/or the Board depending on the nature and severity of the perceived conflict.
3. The Manual will be circulated electronically and will be placed on the Bank's intranet for easy access.
4. It is the responsibility of the "Board Compliance & Governance Committee" to ensure that the latest Manual along with any updates/bulletins is always readily available in the bank for study and internal/ external inspections.
5. Exceptions, amendments, deferrals or dispensations to the Manual shall only be approved by the Chairman in consultation with the "Board Compliance & Governance Committee". Minor issues including typos may be resolved by the CRO or the GM Corporate Affairs, Board Affairs & Compliance.
6. Amendments to the Manual may be recommended by any unit or any department based on a periodic review of the application of the Manual to the day-to-day business of the Bank and the changing regulatory environment. However, these amendments should be proposed in writing in a well articulated manner.
7. The Manual and any related documents are designed to ensure adherence to the Central Bank of Kuwait (CBK). In case of any conflict the CBK regulations will prevail.

8. The Bank will adhere to the five principles of good Corporate Governance which are listed as follows:

- Rights and equitable treatment of shareholders
- Interests of other stakeholders
- Role and responsibilities of the Board and Executive Management
- Integrity and ethical behaviour
- Disclosure and transparency

<i>Chapter</i>	<i>Introduction</i>	<i>Chapter Number</i>	<i>1</i>
<i>Section</i>	<i>Definitions</i>	<i>Section Number</i>	<i>3</i>

It is Gulf Bank’s policy that for the purpose of implementation of Corporate Governance, it will adopt the same definitional standards as used by the Central Bank of Kuwait in its Corporate Governance rules. These definitions are provided below:

1. **“Corporate Governance”** is a set of systems, structures and processes targeting institutional discipline in accordance with international and regulatory standards as prescribed by the respective regulatory authorities. This is achieved by assigning the duties and responsibilities of the organization’s board and executive management, and taking into consideration the protection of the rights of shareholders and all other stakeholders.
2. **“Banking Corporate Governance”** is the method by which the Bank’s processes and affairs are organised by its Board and executive management, setting out the proper approaches to prepare the objectives and strategies of the Bank, including its daily operations, and fulfil their accountability before the shareholders and consider the rights of the stakeholders in line with the rules and instructions of the regulatory authority/ies, and protection of the depositors’ interests along with relevant strong risk management systems.
3. **“Independent Director”** is a board member who is not influenced by any factor that may limit his ability to consider and discuss the bank’s affairs neutrally and objectively to the best interest of the bank, while adhering to the Rules and Regulations of Corporate Governance, and who fulfills the criteria mentioned in Pillar One/3/c.
4. **“Non-Executive Director”** is a board member with a part-time role (whereas commissioned directors are considered executive directors).

“Executive Management” is the management team appointed by the Board to carry out their respective roles in running the operations of the Bank. This includes the CEO, his deputies, assistants and any other persons who may be considered key to the successful running of the Bank.

5. **“Immediate family”** means the father, mother, spouse and children.
6. **“Related Parties”**, As defined in International Accounting Standard No. (24) and any amendments thereto.
7. **“Parent Company”** means an entity with one or more subsidiary.
8. **“Group”** means the parent company and all subsidiaries.
9. **“Subsidiary”** means the corporation controlled by another company, which is usually the parent company.
10. **“Major Shareholder”** means a person who owns directly or indirectly 5% or more of the bank’s capital.
11. **“Stakeholder”** is any person or party related to the Bank such as depositors, shareholders, employees, creditors, customers, suppliers, society, and other related parties.

12. “**Remuneration**” means, for the purpose of this Manual, salaries, fees, allowances, and the like, in addition to periodic or annual performance bonus, short or long-term incentive plans and any other in-kind benefits including share option schemes.
13. “**Bank(s)**” means the conventional and Islamic Kuwaiti banks registered in the banks register at CBK.
14. “**Board of Directors**” means the Chairman and members of the Board, unless otherwise specified.

<i>Chapter</i>	<i>Compliance with Instructions</i>	<i>Chapter Number</i>	<i>II</i>
<i>Section</i>	<i>Bank's Compliance with the Instructions</i>	<i>Section Number</i>	<i>2</i>

Among the efforts exerted by CBK to enhance CG principles and practices in the banking sector in Kuwait, and in fulfilment of the goals envisaged by Banking CG, Gulf Bank is hereby committed with the following:

1. Prepare an updated CG manual to be approved by the Board, posted on the bank's website. This manual should include, as a minimum, the rules and regulations contained herein.
2. Prepare the CG Manual by means of a committee comprising the board members titled "Compliance Governance Committee". The tasks of this committee shall include the follow up of all standards and controls contained in the Manual, and report the same to the Board. The Bank may assign these tasks to the Nomination Committee or Remuneration Committee.
3. The Bank shall, within its annual report, prepare the Governance Report on the extent of compliance by the bank with the terms of the CG Manual. It shall illustrate the manner by which these instructions have been fulfilled, and mention the reasons for any non-compliance with any term in the specific cases faced by the Bank upon the implementation of certain terms hereof, practical difficulties, as per the principle of "Comply or Justify".
4. To carry out the necessary amendments to Articles of Association to conform to the instructions. This pertains, in particular, to include independent members and to increasing the number of board members to face the requirements of having additional committees, as well as other resolutions by the general assemblies with regard to applying these instructions.
5. The independent external auditor of each bank shall include in the annual report to CBK on the assessment of internal control systems a part concerning the extent of compliance by the bank with these instructions.

Chapter	Board of Directors	Chapter Number	III
Section	Roles & Responsibilities	Section Number	1

1. The Board has overall responsibility for the Bank, including setting, overseeing and implementation of the Bank's strategic objectives, risk strategy, and corporate governance. The Board is also responsible for providing oversight of Executive Management. Within this context, the Board of Directors should carry out the responsibilities listed in the following sections.
2. Assume responsibility for the Bank's business, financial soundness, and fulfilment of CBK and all regulators bodies requirements; preserve the interests of shareholders, depositors, creditors, employees, and other stakeholders.
3. Ensure that the Bank is run prudently and within the laws and instructions in force and in line with the Bank's policies, risk appetite, delegations and by-laws.
4. Set out the Bank's strategic objectives and oversee the Executive Management which assumes responsibility for operating the Bank on a day-to-day basis.
5. Approve the internal control framework, ensure its validity and mitigate its limitations.
6. Check the extent of the Bank's compliance with the approved strategy, policies and procedures, and those required by the applicable laws and instructions, and ensure that all risks to which the Bank may be exposed are managed properly.
7. Build reliance, trust and confidence in the Bank's management and ensure that the impact of risks on the interests of the depositors and the financial soundness of the Bank are taken into account. This means that the role of the Banks' Boards is not to be restricted to the profitability of the Bank only but it also includes the impact of risks on the depositors' interests and the financial stability of the banking system.
8. Instil and embed the principle of the Board's independence and compliance of each Board member in the performance of his/her role towards the Bank and its shareholders with the applicable laws and regulations, without being influenced by any factor which may limit their ability to consider and discuss the Bank's affairs and decide on them objectively.
9. Take into account the protection of the shareholders' rights. In cases where controlling shareholders have the ability to appoint Board members, those members will exercise their responsibilities towards the Bank regardless of the party who appointed them.
10. Ensure that transactions with related parties are reviewed and check their validity and enforceability as per the applicable laws and regulations.
11. Ensure that the Bank has written policies and standards in place and that these cover all areas of the Bank's operations. These policies shall be circulated at the appropriate levels, and reviewed periodically to ensure they reflect any amendments or changes to the laws, instructions, economic conditions or any other matters related to the Bank.

12. Set out the Bank's objectives and direct the Executive Management towards setting the strategy which ensures the fulfilment of these objectives. The Executive Management should prepare business plans in line with such strategy through a comprehensive planning process involving all of the Bank's departments. The Board shall approve the strategy and business plans and ensure that the Executive Management has carried out the performance reviews in accordance with the business plans, and that rectification and modifications have been made wherever needed.

13. The Board should ensure that the Executive Management then prepare the budget as part of the planning process. However, the Board should ensure that business plans also cover periods exceeding one year to ensure the long term continuity of the bank.

<i>Chapter</i>	<i>Board of Directors</i>	<i>Chapter Number</i>	<i>III</i>
<i>Section</i>	<i>Oversight</i>	<i>Section Number</i>	<i>2</i>

1. From a governance perspective, the Board is responsible of the oversight of the Bank's Executive Management as explained in the following sections of this chapter.
2. The Board is responsible for the appointment of the Bank's Chief Executive Officer (CEO) and shall ensure that he or she possesses due integrity, appropriate qualifications, technical skills and relevant banking experience.
3. The Board shall also approve the appointment of other key executives in the bank which include positions like the deputy CEO, the Chief Financial Officer (CFO), the Chief Internal Auditor, and the Chief Risk Officer (CRO), Chief Compliance Officer (CCO) and ensures that their qualifications and experience is consistent with the nature of their functions.
4. The Board shall also provide oversight of Executive Management to ensure it is carrying out the role assigned to it towards ensuring the fulfilment of the Bank's targets and objectives as well as the implementation of the Bank's approved policies. In this context, the Board shall, in particular, carry out the following:
 - i. ensure that Executive Management's actions are consistent with the strategy and policies approved by the board, including the risk tolerance/appetite;
 - ii. meet with Executive Management as required to discuss the various operations and issues in the Bank;
 - iii. question and critically review the explanations and information provided by the Executive Management;
 - iv. set formal performance standards for Executive Management consistent with the long-term objectives, strategy and financial soundness of the Bank, and monitor Executive Management's performance against these standards;
 - v. Ensure that the members of the Executive Management have the educational qualifications and professional experience as required for the nature of the Bank's business and aspects of engendered risk.
5. The Board shall ensure that the bank's organisational structure satisfies the transparency and clarity required to facilitate effective decision making and good governance. This includes setting and enforcing lines of responsibility and accountability throughout the organisation, which clearly define the key responsibilities and authorities of the Board itself as well as those of the Executive Management and the various control functions.
6. The Board shall ensure segregation and independence of the positions of the Chairman and that of the CEO. The Board shall ensure that there is no family or any other conflicting relationship between the Chairman and the CEO which might affect the independence of the decision of each. The segregation of responsibilities shall be by means of written

instructions approved by the Board and reviewed on a need basis. In case where there is no segregation between these two posts (where the Chairman is the Managing Director), the bank shall obtain CBK's approval in order to comply with the controls set out by CBK in this regard whereby the bank discloses the Chairman's status.

7. A bank director may not be a member in any of the executive managerial committees.
8. It is the Bank's policy to ensure that there is a high level of clarity and separation between the Governance roles and Executive roles. As such, the role of the Chairman is separate from the role of the CEO/ Chief General Manager. This allows the Chairman and the Board to maintain a high level of independence and oversight of the Executive Management as there is no overlapping between the roles.
9. The Board shall regularly review with the Executive Management the policies, processes and controls and/or internal control functions (including internal audit, risk management and compliance) in order to determine areas requiring improvement, as well as to identify and address significant risks and issues. The Board shall ensure that the control functions are properly positioned, staffed and resourced and are carrying out their responsibilities independently and effectively. The Bank also has in place a set of approved Policy and Procedures standards which ensures that Policies are regularly escalated to the Board for a systematic and periodic review.
10. The Board shall set out appropriate succession plans for the replacement of members of the Executive Management in case a position becomes vacant. These succession plans shall consider the qualifications and requirements that must be met by the occupants of such positions.

<i>Chapter</i>	<i>Board of Directors</i>	<i>Chapter Number</i>	<i>III</i>
<i>Section</i>	<i>Composition</i>	<i>Section Number</i>	<i>3</i>

Composition of the Board:

- a. The Board shall consist of an appropriate number of members including independent directors allowing the formation of the required Board committees under the Corporate Governance requirements. The number of members may change from time to time depending on the need for additional members on the Board provided that such change does not constitute a violation of the Corporate Governance rules and any other applicable laws and regulations.
- b. The Board shall comprise of members who have diverse knowledge and skills and can contribute to the Board through the independence of their decisions.
- c. The Independent Director should fulfill the following criteria from the start of his nomination and throughout his tenure:
 - 1) His contribution and that of any of his first-degree relatives combined shall not exceed 1% of the bank's capital, whether directly or indirectly.
 - 2) He shall not have, upon nomination or during the two years preceding his nomination, a substantial business, managerial or consultancy relationship with any of the bank's major shareholders or any of the owner groups whose alliance constitute an interest which allows them to be considered as a major shareholder.
 - 3) He shall not, upon nomination or during the two years preceding his nomination, have held board membership in the bank or any executive position, or within the banking group. Exceptionally, and for once only, upon the start of implementation of these instructions, the current board members of the bank or within the banking group, who fulfill all other conditions of independence, may run for nomination.
 - 4) He shall not have a first-degree relation with any of the bank's board members or executive management, or the banking group.
 - 5) He shall not, upon nomination or during the two years preceding his nomination, have previously worked for the bank or the banking group, or any of the major shareholders of the bank or the group.
 - 6) He, and any of his first-degree relation, may not have any credit relationship with the bank or the banking group which exceeds the total amount determined in the Instructions of Consumer and Housing Loans. They may not have any deposits or portfolios managed by the bank or the banking group which exceeds in total KD 100,000 or equivalent in other currencies.
 - 7) He may not be an owner of a company or a major shareholder, board member, or executive board member in a company which has obtained credit, or is a guarantor for a credit with the bank or the banking group, which exceeds 5% of the bank's paid-up capital.

- 8) He may not be, upon nomination or during the two years preceding his nomination, a partner in the bank's external audit firm, or a member of the audit team on the banking group, and may not have a first-degree relation with the partner in charge of the external audit.
- 9) He may not receive any salary or financial amount from the bank except in return for his board membership, or the bank's dividends received as a shareholder, or the interests received or due on his deposits or investments from the bank's normal activities.
- 10) The membership tenure of the independent director shall not exceed two terms.

Role of the Chairman:

1. The Chairman of the Board plays a crucial role in the proper functioning of the Board and is responsible for the maintenance of mutual trust among members. He is also regarded as the ultimate owner of the Corporate Governance practices and culture in the bank including its Board and employees.
2. The Chairman is also regarded as the main arbitrator and protector of the interest of the shareholders and the financial stability of the Bank and of the banking sector as a whole and should do his best so as not to take steps which may bring instability to the Bank.
3. Ensure that the Board decisions are taken on a sound and well-informed basis. The Chairman should always encourage and promote critical discussion and ensure that dissenting views be expressed and discussed as part of the decision-making process.
4. Build a constructive relationship between the Board and the Bank's Executive Management.
5. Create a culture during Board meetings which encourages constructive criticism while dealing with controversial issues among the Board members and encourage discussion and independent voting if so required.
6. Contribute to the creation of a Corporate Governance and Risk Management supportive culture in the Bank among its staff, management and the Board.
7. Ensure that all directors, shareholders, and external stakeholders receive adequate information on a timely basis as may be required so as to meet good disclosure requirements and best practices
8. Ensure high levels of corporate governance in the Bank.

<i>Chapter</i>	<i>Board of Directors</i>	<i>Chapter Number</i>	<i>III</i>
<i>Section</i>	<i>Organisation of Board Business</i>	<i>Section Number</i>	<i>4</i>

1. The Board will hold meetings no less than six times a year with at least one meeting during the quarterly evaluation period. Minutes of the meetings are obligatory, and shall form an integral part of the Bank's records.
2. The Chairman, in consultation with the Executive Management, shall propose the key issues to be listed on the agenda for each meeting. These issues should be appropriate, comprehensive and relevant to the Bank's business. The GM Board Affairs will be responsible for coordinating the Agenda items and circulating the same to the members of the Board prior to its meeting.
3. The Board members will be provided with sufficient information and details before the Board meetings allowing them to review the issues before taking appropriate decisions at the Board meetings.
4. The Board Secretary (See Appendix) shall write down all the Board's discussions and directors' suggestions, and the results of the voting that takes place during the meetings.
5. The responsibilities of the Chairman and Board members have been clearly specified in writing in the Manual to ensure that they do not conflict with the relevant legislations and regulations. The "Board Nomination & Remuneration Committee" shall also provide each new member, once elected, with this Manual which sets out their rights, obligations, and responsibilities.
6. The Bank's policy is to set out in writing all the banking transactions which may require the approval of the Board (including for example the Board's authority to grant loans which exceed a certain amount, or its authority on transactions with related parties, or any other banking transactions that fall under the jurisdiction of the Board). For this purpose, the Bank includes and maintains several documents in the relevant policy Manuals. These documents include, but not limited to, Credit Committee Standards, Ethical Standards, Conflict of Interest Policies, by-laws of the Committees, approved Policy & Procedures Standards, approved Risk Appetite, approved delegations, the Bank's Credit Policy and Risk Management Manuals.
7. Gulf Bank's Board and Board Committees have been set-up under clear by-laws which are in conformity with the laws of Kuwait, including the rules and regulations issued by the Central Bank of Kuwait. The Board and its Committees have clear authority to recruit external experts and consultants or outsource any such matter to experts and consultants to make use of their opinion in performing the tasks that are assigned to them.
8. The Board Secretary, under the supervision of the Chairman, is responsible to ensure the execution of the actions approved by the Board in terms of follow-up, exchange of information among Board members, committees and the Executive Management.

9. The Board Secretary shall also arrange the agenda and document the minutes of Board meetings to be signed by the Board Secretary and all attending board members and circulate the same to the relevant stakeholders as appropriate.
10. The Board shall determine the Board Secretary's functions in writing and in line with the level of responsibilities referred to above. Any decision related to the appointment or discharge of the Board Secretary should be made by the Board.
11. The Board shall evaluate the CEO's performance annually in a balanced and holistic manner taking into account several factors including but not limited to profitability, quality of the portfolio, soundness of controls, stability of the bank and contributions made for enhancement of a Risk and Corporate Governance culture in the bank.
12. The Board shall carry out a periodic review of the Corporate Governance practices to ensure their effectiveness and introduce improvements thereto. This review shall be carried out on an annual basis by the "Corporate Compliance & Governance Committee" and the findings shall be presented to the Board at the next available meeting.

<i>Chapter</i>	<i>Board of Directors</i>	<i>Chapter Number</i>	<i>III</i>
<i>Section</i>	<i>Board Members' Qualifications</i>	<i>Section Number</i>	<i>5</i>

1. The Board members should be and should remain qualified through the training for their positions. They should have a clear understanding of their role in terms of Corporate Governance and be able to exercise sound and objective judgment about the affairs of the Bank.
2. The Board members should possess appropriate experience, high personal integrity and be competent in their role. They should also abide by good business practices and work on shaping their experience through proper training.
3. The Board collectively should have adequate knowledge and experience relevant to key financial activities, corporate governance and effective supervision, finance, accounting, lending, banking, payment systems, strategic planning, governance, risk management, internal control, banking regulations and instructions. The Board should further collectively have adequate knowledge on local, regional, international economic development as well as the organisational and regulatory environment.
4. These principles apply to a Board member in his/her capacity as a member of the full Board as well as a member of any Board committee.
5. The Board members should remain fully informed about the situation within the Bank as well as about local and international factors which may affect the banking sector.
6. The Bank shall also provide the Board members with an adequate briefing on the Bank's business as well as about local and international banking sectors as of appointment and during their membership term or at any request so made by the Board members.
7. The Board members shall regularly enhance their skills and experience mainly in the areas of corporate governance and risk management. This should be done in view of the emerging risks, controls and regulatory framework.
8. Board members are also encouraged to participate in structured training programs to enhance their skills in technical matters as appropriate and also on the subjects of corporate governance. This will help Board members better carry out their responsibilities. Board members should participate in conferences and seminars on relevant banking and financial issues.
9. The Board Members will attend annually at least one training program AND/OR a banking conference.

<i>Chapter</i>	<i>Executive Management</i>	<i>Chapter Number</i>	<i>III</i>
<i>Section</i>	<i>Roles & Responsibilities</i>	<i>Section Number</i>	<i>1</i>

1. The Executive Management shall be under the supervision of the Board and is responsible to ensure that the Bank's activities are in line with the approved corporate strategy, risk appetite, and policies approved by the Bank's Board.
2. The Executive Management team is appointed by the Board to carry out their respective roles in running the operations of the Bank. This includes the CEO, his deputies, assistants and any other persons who may be considered key to the successful running of the Bank.
3. The Executive Management shall have suitable academic qualifications, relevant experience and personal integrity to run the Banks' business. They should practice adequate control over key individuals in their relevant business areas so as to manage risks and safeguard the interests of the Bank, its shareholders, depositors and employees. The Executive Management is as such accountable for its oversight of the Bank's management.
4. The Executive Management shall primarily contribute to the sound corporate governance of the Bank through their personal conduct, leadership, and contribute to developing a culture which is conducive to corporate governance and risk management. This can be done through demonstrating adequate control over the activities of the Bank and ensuring that the Bank's activities are in line with the corporate strategy, risk appetite and policies approved by the Board.
5. The Executive Management is responsible for assigning tasks to the employees and promoting an organisation design and culture which encourages accountability and transparency. The Executive Management should remain aware of its oversight responsibility of such assignments and of its responsibility to the Board.
6. The Executive Management shall procure, install and implement any systems, solutions or controls in line with the Board's direction and which enhance the Bank's management of both financial and non-financial risks. Such systems or processes may also ensure that the Bank's activities are in line with its corporate strategy, risk appetite, and the policies approved by the Board.
7. The Executive Management shall be responsible for ensuring that the Bank's compliance and risk functions have adequate autonomy, and segregation of tasks is practiced without creating any conflicts.
8. The Executive Management shall provide the Board of Directors with financial and administrative reports on a regular basis to be agreed by the Board. The reports provided by the Executive Management have to comply with the principles of transparency and objectivity. The Board shall rely on the Executive Management's expertise in the execution of the Board's resolutions without any intervention from their end. In case any Board member wishes to participate in the execution of the board resolutions, such participation shall be based on an authorisation issued by the Board, and the Board shall be notified accordingly.

9. The Executive Management should exercise its activities in accordance with the Bank's code of conduct, ethical standards, staff handbooks, credit committee standards and corporate governance rules, etc.
10. The Executive Management shall prepare the financial statements in accordance with the International Financial Reporting Standards, any other approved standards and CBK instructions issued in this regard.

<i>Chapter</i>	<i>Corporate Values</i>	<i>Chapter Number</i>	<i>IV</i>
<i>Section</i>	<i>General</i>	<i>Section Number</i>	<i>1</i>

1. In line with corporate governance rules, the Board complies with specific good governance practices in several areas and policies. These include the Bank's Code of Conduct, Ethical Standards, Staff Handbook, Credit Committee Standards, Policy & Procedure Standards and Corporate Governance Standards which are included in this Manual. The Board shall ensure that enough resources are available to follow these practices and review them regularly so as to improve them on an ongoing basis.
2. The Board shall be a role model in terms of incarnating the concept of proper governance. In this regard, the Board shall take the lead in establishing the "tone at the top" and setting professional standards and corporate values that promote integrity within the Bank, the Board, the Executive Management and other employees.
3. The Board shall demonstrate a high level of integrity in the carrying out its business. Therefore, the Bank's Code of Conduct and policies should include a clear definition of conflict of interests, insider dealings, etc. These policies and Code of Conduct shall be circulated to all the Bank's employees and board members with a sign-off obtained for compliance.
4. It is the Bank's policy that in conducting third party transactions the following should apply:
 - a. The same conditions applicable to customers shall apply to the extension of credit to Board members and related parties without any preferential terms. This shall also be in accordance with any CBK instructions issued in this regard.
 - b. The Board member is not allowed to participate in the discussion of any items on the agenda pertaining to that Board member, directly or indirectly, during the meeting where such items are discussed, in addition to related transactions, dealings, or voting.
 - c. The policy and procedures of the Bank shall contain clear directives and processes which prevent Board members and/or employees from exploiting inside information for personal purposes or gains.
 - d. The Bank shall ensure the adequacy of the internal control systems in connection to related parties, and that all transactions have been processed as per the approved policy. This requires clear accountability, reporting and disclosures.
 - e. The Bank shall set out appropriate mechanisms to deal with customers' complaints based on CBK instructions in this regard.
 - f. The bank shall post these policies on its website and specify the extent of its compliance with the same under the CG report issued in the bank's annual report.
5. The Board shall disclose all transactions with related parties in accordance with the relevant international standards and any other applicable laws, rules and regulations issued by local supervisory and regulatory authorities.

<i>Chapter</i>	<i>Corporate Values</i>	<i>Chapter Number</i>	<i>IV</i>
<i>Section</i>	<i>Conflicts of Interest</i>	<i>Section Number</i>	<i>2</i>

1. The Board shall have a formal written Conflicts of Interest policy. The policy shall include a definition of the conflict of interests, independence of implementation of the policy and disclosure of such conflict, whether the conflict arises between the Board members and the Bank or between the Executive Management and the Bank.
 - a. The policy shall cover all matters related to the conflict of interests and its likelihood, including for example:
 - i. a member's duty to avoid, to the extent possible, activities that could create conflicts of interest or the appearance of conflicts of interest;
 - ii. a review and approval process for members to follow before they engage in certain activities so as to ensure that such activity will not create a conflict of interest;
 - iii. a member's duty to disclose any matter that may result, or has already resulted, in a conflict of interest;
 - iv. a member's responsibility to abstain from voting on any matter where the member may have a conflict of interest or where the member's objectivity or ability to carry out his/her duties to the Bank may be otherwise compromised;
 - v. adequate procedures for transactions with related parties to be made on an arms-length basis; and the way in which the Board will deal with any non-compliance with the policy.
 - vi. The following examples are situations where conflicts can arise during the mandate of a Board member:
 - a. Directors or their businesses have a borrowing relationship with the Bank
 - b. Directors or their businesses have a supplier arrangement with the Bank
 - c. A Director of the Bank is a Director or a senior executive of a Bank's Borrower. In such cases, the Director should ask the Board to allow him/her to leave the meeting so as to avoid a potential conflict of interests.
 - d. Substantial shareholdings in the Bank's borrowers should be duly disclosure to the Board.

<i>Chapter</i>	<i>Corporate Values</i>	<i>Chapter Number</i>	<i>IV</i>
<i>Section</i>	<i>Related Parties</i>	<i>Section Number</i>	<i>3</i>

1. The Bank has a Related Party policy which is in line with the requirements of the Central Bank of Kuwait. This policy is reviewed periodically by the Board and is contained in the Credit Policy Manual of the Bank. It is also included in the by-laws of the Credit Committees. This policy contains the rules and procedures governing transactions with those parties, whether between the Bank and its employees, or between the Bank and its Board members, subsidiaries and related parties, including transactions such as lending and mutual trading with the bank.
2. The Bank keeps records of related parties' transactions and ensures these transactions are available for auditing whenever so required.
3. The Board discloses all its related parties based on the definition of related parties as per the relevant CBK instructions in this regard. The Bank shall also keep lists and monitor all transactions with existing or new related parties.

<i>Chapter</i>	<i>Corporate Values</i>	<i>Chapter Number</i>	<i>IV</i>
<i>Section</i>	<i>Banking Confidentiality</i>	<i>Section Number</i>	<i>4</i>

1. The Bank follows a clear Banking Confidentiality policy so as to protect the interest of its stakeholders and to be aligned to global best practices in that respect. This confidentiality policy is reiterated in all key Manuals of the Bank, including the Credit Policy Manual, the Risk Management Manual, Staff Hand Book and this Manual. The policy includes the following:
 - a. The Board members are and shall remain committed to preserve the confidentiality of the data and information related to the Bank's customers, as well as data and information related other banks' customers which have come to the knowledge of the Bank's employees in the course of performing their duties.
 - b. No disclosure of any data or information pertaining to the Bank's customers shall be made unless requested by authorised parties and as permitted by the law and the Bank's internal regulations.
 - c. Information security of the Bank and its customers' data are to be preserved. Supervisory controls are set to prevent unauthorised access. The Board shall be accountable for ensuring that the Bank has proper supervisory controls in place to restrict unauthorised access to such data and information, and to ensure that the supervisory controls at the Bank precludes any leak of banking information that might compromise or prejudice banking confidentiality.
 - d. The Board and the Executive Management should be aware of their responsibilities in developing security awareness at the Bank to enhance and preserve banking secrecy.
 - e. No Board member may use the information available to him/her on the state of affairs of the Bank for the sake of achieving self-interests or interests of any other related party.
 - f. The Bank's Internal Audit function will monitor the implementation of all such policies and report exceptions through its audit reports.
 - g. The board and the executive management should ensure that the banking confidentiality is preserved by their service providers in the event where the latter obtain access to matters or information described within banking confidentiality.

<i>Chapter</i>	<i>Board Committees</i>	<i>Chapter Number</i>	<i>V</i>
<i>Section</i>	<i>General</i>	<i>Section Number</i>	<i>1</i>

1. The Bank's Board has established various Board Committees to enhance the effectiveness of the board's monitoring of the Bank's important functions. Each committee shall have in place a bylaw that is reviewed periodically setting out the committee's role, scope, and achievements expected of its members, as well as reporting to the Board. These Committees are required to submit periodic reports to the Board covering their activity and assigned responsibilities. The presence of such Committees does not exempt the Board from assuming direct responsibility for all matters related to the Bank. In this context, the Board has taken several steps.
2. The Bank has established several Board Committees further to the specific written by-laws ratified by the Board. The committees are the following:
 - Board Compliance & Governance Committee (BCGC)
 - Board Nomination & Remuneration Committee (BNRC)
 - Board Audit Committee (BAC)
 - Board Risk Committee (BRC)
 - Board Credit and Investment Committee (BCIC)
3. The Committees have been formed to comply with the principle of transparency in terms of appointing appropriate committee members with the required skills. The names of the Committee members are disclosed along with the functions and responsibilities of each Committee in the bank's annual report.
4. Appointing adequate number of non-executive and independent board members in the concerned committees in tasks that might lead to cases of conflict of interests.
5. Each of the Bank's committees has a well embedded process in place to facilitate a follow up on the action items by the Chairman of the respective committee. This is done through the minutes of each Committee and noted action item. These are reviewed at each Committee meeting to ensure that all open items are followed-up in an orderly manner.
6. All members of the Committees should have the knowledge, skills and expertise necessary to make independent and objective decisions in relation to the Committees' objectives and practices.

<i>Chapter</i>	<i>Board Committees</i>	<i>Chapter Number</i>	<i>V</i>
<i>Section</i>	<i>Board Compliance & Governance Committee</i>	<i>Section Number</i>	<i>2</i>

1. The Bank established a Board Committee to oversee the overall process of Corporate Governance in the bank. The committee titled “Compliance & Governance Committee” comprising three board members and at least one independent director. The Committees’ overall purpose and scope are defined in the following sections:
 - To operate as per the principles set out in the Central Bank of Kuwait’s rules on Corporate Governance dated June 2012 – and its amendments updated by CBK dated September 2019 and provide an oversight of the implementation process of the same in the Bank.
 - Define Corporate Governance practices and articulate key responsibilities and authorities and how the business and affairs of the Bank should be governed by its Board and Executive Management including the following:
 - a) Protect the interests of depositors, meet shareholders’ demands, and take into account the interests of other recognised stakeholders;
 - b) Operate in a safe and sound manner with due integrity and in compliance with applicable laws and regulations; and
 - c) Protect the Bank from any anticipated and unanticipated crisis.
2. The Compliance & Governance Committee shall keep this Manual up to date, approved by the Board and posted on the Bank’s website. This Manual should include, as a minimum, the rules and regulations contained in the Instructions on Rules and Regulations of Governance in banks.
3. The tasks of the Committee shall include the follow up on the implementation of all standards and controls contained in this Manual, and reporting the same to the Board.
4. Ensure that the Bank maintains the highest possible level of disclosure to its stakeholders.
5. Ensure that the Bank has appropriate systems, policies and processes for handling issues related to Corporate Governance.
6. Review and approve the Bank’s Disclosure Standards in line with the CBK regulations and best practices and send the same to the Board for its final approval.
7. Manage regulatory & compliance issues from a governance point of view as and when they arise
8. Review and approve the Corporate Governance disclosure statement in the financial accounts of the Bank

9. The Committee shall review and approve the Bank's Corporate Governance Manual or Policy and send the same to the Board for its final approval/ratification at the following meeting of the Board.
10. The Committee will review and resolve any matter which is directly or indirectly related to Corporate Governance and is not covered under the prerogatives of the other Committees.
11. The Committee shall review and approve the Bank's policies other than Risk Management and HR related policies (covered by other Board committees) and send the same to the Board for its final approval/ratification at the following meeting of the Board.

Chapter	Board Committees	Chapter Number	V
Section	Board Nomination and Remuneration Committee	Section Number	3

1. The Bank's Board resolved to establish Board Committee called Board Nomination & Remuneration Committee as per the Corporate Governance law. The Committee emanates from the Board and comprises at least three non-executive directors and chaired by an independent director. The tasks of the "Board Nomination and Remuneration Committee" shall include:
 - a. Submit recommendations to the Board on the nomination to the Board membership in accordance with the approved policies and standards, and CBK's instructions regarding the requirements set for the Board membership nomination. This shall include ensuring fulfilment of the required criteria for the independence of the independent director.
 - b. Carry out an annual review of the skills required for the membership of the Board and prepare a description of the capabilities and qualifications required for the Board's membership, with an annual review of the Board structure, as well as drawing recommendations on the changes that can be made in line with the best interest of the Bank.
 - c. Carry out an annual appraisal of the performance of the Board as a whole, and the performance of each member. Such appraisal shall cover the expertise and knowledge possessed by the members, evaluation of their authority and powers, and their leadership characteristics.
 - d. Provide information and updates on the Bank's critical issues, and submit reports and information to the Board members; ensure that the Board members are constantly updated on the latest relevant banking issues. To that end, the Board shall develop a system encouraging the directors to attend seminars and events which allow them to meet with local and international institutions with the view to develop their banking and financial skills.
 - e. The Board Nomination and Remuneration Committee shall provide each new member, once elected, with this Manual which sets out their rights, obligations, and responsibilities.
 - f. In regards to remuneration the Board Nomination and Remuneration Committee functions shall include:
 - Preparing and referring the "Remuneration Granting Policy" to the Board of Directors for approval and supervision of its application.
 - Conducting an annual review of the "Remuneration Granting Policy", or when recommended by the Board of Directors, and recommending to the Board to amend/update such policy.

- Conducting a periodic assessment of the adequacy and effectiveness of “Remuneration Granting Policy” to ensure achievement of its announced objectives.
 - Assessing the practices by which the remuneration is granted against future income with uncertain timing and potential.
 - Drawing recommendations to the Board regarding the level and components of the remuneration of the CEO and his assistants, as well as those at the level of such functions, including the Bank’s executives.
 - Ensuring that the remuneration granting system is consistent with the principles of sound practices in granting remuneration.
- g. The Board Nomination and Remuneration Committee should work closely with the Bank’s Board Risk Committee and/or the head in-charge of risk when evaluating the incentives proposed by the remuneration granting process.
- h. The Board Nomination and Remuneration Committee should review its policy and at least on an annual basis to ensure achieving its prescribed objectives. For this purpose, the Committee should request the management to provide it with the information concerning the implementation of the remuneration granting process.

<i>Chapter</i>	<i>Board Committee</i>	<i>Chapter Number</i>	<i>V</i>
<i>Section</i>	<i>Board Audit Committee</i>	<i>Section Number</i>	<i>4</i>

1. The Board Audit Committee of the Bank consists of at least three non-executive Board members, must chaired by an independent director.
2. At least two Audit Committee members shall possess academic qualifications and/or practical experience in the financial areas.
3. The Board Audit Committee shall practice the responsibilities and powers vested in it, including review of the following:
 - a. Scope, findings, and adequacy of the Bank's internal and external audit.
 - b. Accounting issues of material impact on the financial statements.
 - c. The Bank's internal control systems, and ensure adequacy of the resources provided for control functions.
 - d. Review the Bank's financial statements prior to presentation to the Board of Directors, as well as ensure adequate provisions.
 - e. Ensure the Bank's compliance with the relevant laws, policies, regulations and instructions.
4. The Board Audit Committee will annually appraise the performance of the GM of Internal Audit and recommend his/her remuneration.
5. The Board Audit Committee will draw its recommendations to the Board regarding the appointment, termination, and remuneration of the external auditors, any other contractual terms relating to the external auditors, in addition to assessing their objectivity.
6. The Board Audit Committee will have the authority to obtain any information from the Executive Management, in addition to its right to call on any executive employee or Board member to attend its meetings. This should be provided for in writing in the code which contains the roles and responsibilities of the Committee.
7. The Board Audit Committee shall meet with the external auditors, internal auditor, and compliance officers at least once a year, without the attendance of the Executive Management.
8. The Board Audit Committee shall meet at least once quarterly, and as needed or upon the request of the Committee's chairman or the two other members. The GM of Internal Audit shall participate in the periodic meetings of the Board Audit Committee.

9. The Board Secretary will act as secretariat of the Board Audit Committee. Minutes of its meetings shall be taken, and considered part of the Bank's records. Such minutes shall be made available to CBK inspectors.
10. The responsibility of the Board Audit Committee does not replace the responsibilities of the Board or the Executive Management with regard to the control over the adequacy of the Bank's internal control systems.

<i>Chapter</i>	<i>Board Committees</i>	<i>Chapter Number</i>	<i>V</i>
<i>Section</i>	<i>Board Risk Committee</i>	<i>Section Number</i>	<i>5</i>

1. A Board Risk Committee for risk management shall be formed by the Board of directors, including at least three non-executive members, must chaired by an independent director.
2. The Committee shall be responsible for providing the Board with consultancy on the bank's current and future risk strategy and appetite, as well as oversight of the Executive Management's application of such strategy.
3. The Board of Directors may also commission the hiring of external consulting firms with expertise in risk management, so as to support the efforts of the Board Risk Committee, and enhance effectiveness of the Committee's role.
4. The Board Risk Committee shall review the Bank's risk management policies and strategies prior to Board approval. The Bank's Executive Management shall be responsible for implementing such strategies, in addition to developing policies and procedures regarding the management of the various types of risks.
5. The bank's Executive Management shall propose the structure, roles, responsibilities, and development approaches of the risk department. The structure and roles of such department shall be reviewed by the Board Risk Committee, prior to submitting it for approval by the Board of Directors.
6. The Board Risk Committee shall cope with the rapid developments and increasing complexities that occur in the Bank's risk management, together with providing the Board of Directors with periodic reports on such developments.
7. The Chief Risk Officer shall submit reports directly to the Chairman of the Board Risk Committee.

<i>Chapter</i>	<i>Internal Controls</i>	<i>Chapter Number</i>	<i>VI</i>
<i>Section</i>	<i>General</i>	<i>Section Number</i>	<i>1</i>

1. The Bank shall maintain effective internal controls and systems for the Bank, its business areas, support functions as well as control functions.
2. The control functions like Risk Management and Internal Audit etc. should be autonomous including a CRO who is independent and has easy access to the Board and Chairman of the Board Risk Committee without impediments.
3. The Board shall approve an organisational structure aligned with the nature of the Bank's business and activities to ensure organisational controls needed to execute the strategy are approved by the Board by identifying objectives for each business unit, setting out tasks and responsibilities, identifying authorities and communication lines for the administrative officers at all levels to achieve dual control and segregation of responsibilities, to avoid task conflict and operational risks.
4. The Board shall ensure that the Bank has appropriate policies, procedures and standards in place which secure a regular review of such procedures including the processing and monitoring of the Bank's operations. The Board shall take the appropriate measures to ensure that up to date job descriptions for the different job titles along with required qualifications and experience are available.
5. The Board shall ensure at least once a year that the Bank's internal control systems are adequate and effective as needed to protect the bank's properties, assets, disclosure of its financial statements and efficiency of all its operations including those of the administrative, financial, and accounting levels. The Board shall similarly ensure that the Bank complies with the different regulatory controls, and ensure at the same time that such controls provide the Bank with the required protection against any unauthorised access inside or outside the organisation.
6. The Board shall ensure that the independence of the Internal Audit staff is secured and that their qualifications, the scope of audits and the frequency of audits are consistent with the different risk types to which the Bank may be exposed. The appointment of the Chief of Internal Audit shall be done by the Board on the recommendation of the Audit Committee so as to ensure the independence and competency of the audit department.
7. Effective Board performance requires the Board to make use of the observations of the internal and external audit as well as the internal control assessment reports. The Board shall also recognise the internal and external audits as crucial supervision tools and make appropriate use of the audit reports recognising them as independent reviews of the information submitted by the Executive Management to the Board.
8. The Bank shall ensure that the internal control system assessment process and other technical and consultation tasks are not assigned to the Bank's accounting or finance firm. The Bank may not also award other technical and consultation tasks of an accounting nature (assessment of accounting records, guidance on accountancy solutions and audits

etc.) to firms that are economically or legally connected to the Bank whether such connection is by way of joint ownership or joint management.

9. The Board shall include in the Bank's annual report, a statement on the adequacy of the internal control systems identifying the appropriate systems and/or the framework used by the Executive Management to report the effectiveness of the assessment as of the date of the financial statements. Disclosure of any weakness in the internal control systems shall be considered of substantial value.
10. The Bank's annual report shall also include the external auditors' report, including their opinion on the assessment of the internal control systems.
11. The Bank shall establish communication channels between the employees and the Chairman allowing them to convey any concerns about the possibility of violations, in a manner allowing independent investigation and follow up of such concerns. Such process, as documented in the "Whistle Blowing Policy," shall include providing the employees with the needed protection and allowing adequate reassurance that they will not be under any threat or penalty even if such concerns could not be confirmed. The implementation of these processes shall be monitored by the Internal Audit department of the bank.

<i>Chapter</i>	<i>Internal Controls</i>	<i>Chapter Number</i>	<i>VI</i>
<i>Section</i>	<i>Risk Management</i>	<i>Section Number</i>	<i>2</i>

1. It is the policy of the bank that risks should be identified and monitored on an ongoing organisation-wide and individual entity basis, and the sophistication of the Bank's risk management and internal control infrastructures shall keep pace with any changes in the Bank's risk profile.
2. The risk management department's primary function is to identify and measure the main risks to which the Bank is exposed, report on risk exposures, and monitor such exposure against the Bank's risk appetite, identify the capital needs on a continuous basis, and monitor and assess the decisions on accepting certain types of risks.

The risk management framework must include three lines of defence:

First Line of Defense: is the Business Line whose functions and activities underly potential risks to the bank. Hence, it is the Business line's responsibility to assess and manage such risks.

- **Second Line of Defense:** includes Risk Management and Compliance Function Teams, whereby the Risk Management function is independent in order to enhance and support the function of the first line of defense by monitoring and reporting to the management and overseeing the bank's risks by assessing them independently from the first line of defense. The Second Line of Defense also includes the Compliance Function which controls the bank's compliance with the laws, regulatory instructions and governance principles. This function is independent from that of the First line of Defense.
- **Third Line of Defense:** is the Internal Audit Function which is independent from the First and Second Lines of Defense.

In this context:

- a. The Bank shall set up, and develop, strong and comprehensive systems and procedures for risk management to be able to identify the nature of all effective risks to which the Bank is exposed, and shall spread the cultural of risk governance within the bank
- b. The Bank shall consider the risks it may face as a result of adopting new products, or as a result of changes in the size of its activity or changes in the operating environment or the type of portfolio/economic environment. These variables shall be taken into consideration when measuring risks. The Bank adopts said qualitative as well as quantitative measurements when weighing such risks.
- c. The Bank shall appoint a Chief Risk Officer (CRO), with qualifications and expertise suitable to the nature and tasks of this function. Said CRO shall be authorised to directly communicate with the Chairman and the Chairman of the Board Risk Committee, emanating from the Board, and shall report to it. In this context:
 - i. The CRO shall be independent and shall not be assigned with any financial tasks.

- ii. The CRO should hold meetings with the non-executive board members and members of the Board Risk Committee, without the attendance of the Executive Management.
 - iii. The CRO should have the ability to influence the Bank's decisions relating to exposure to risks. This requires vesting in the Chief Risk Officer the authority to discuss with the Executive Management to obtain their opinion on such decisions.
3. Dismissal or exclusion of the Chief Risk Officer, for any reason whatsoever, may not take place without obtaining the prior approval of the Board of Directors. The Bank shall discuss such reasons with the Central Bank of Kuwait prior to the dismissal.
4. Risk management is responsible for risk strategy and developing methodologies for identifying, measuring, monitoring, and mitigating the risks, as well as preparing reports on the Bank's exposures to risk. In this context, overlap between the various types of risks shall be considered, such as the overlap between market and credit risks, and between credit and operational risks.
5. The Board of Directors should make sure stress tests are carried out periodically to measure the bank's ability to absorb shocks and high risks. The board should have a key role in the adoption of theories and scenarios, discussing the results of these tests, and carrying out the actions needed based on such results.
6. The Risk Management Function should be sufficiently independent from the departments and units of which the exposures are reviewed by the Risk Management Department, taking into consideration that such independence would allow the risk managers access to the local and foreign activities that requires understanding, or request certain information regarding such activities, in order to properly assess their exposures.
7. The Risk Management Function should be given access to all lines of banking activity with probable generation of high risk to the bank, in addition to the authority to report directly to the Chairman of Risk Committee and executive management. Such reports shall include information on the Risk Profile for all the bank's activities in comparison with the Risk Appetite Document and shall remedy any negative deviation.
8. The Bank will ensure the Risk Management department is adequately resourced including providing it with suitably qualified personnel.
9. Irrespective of any liability of the Risk Management Department with regard to the performance of its roles, its final responsibility should be shouldered by the Board of Directors.
10. The Bank's annual report shall include adequate information on risk management with regard to structure, independence, nature of operations, and development during the year.

Information Security Systems (ISS) and Cybersecurity Risks

In the context of the bank's Overall Risk Governance, including ISS and related authorization for the usage of various applications, and due to the increasing importance of Information Security in the banking and financial business, as well as the challenges triggered by the risks of modern technology that are used in banking, the banks' board of directors are required to enhance awareness in the area of Information Security, and to focus efforts in employing systems that enhance information security to face ISS and Cybersecurity Risks. In this context:

- The Board shall adopt strategies, policies, and controls for ISS and Cybersecurity Risks.
- The Board shall possess adequate knowledge and experience related to ISS and Cybersecurity Risks.
- The Board shall stress to the executive management the importance of reporting on ISS and Cybersecurity Risks and to ensure that the Executive Management is aware of the latest developments related to addressing such risks.
- The Board shall discuss the Risk Appetite of the Bank's ISS and Cybersecurity Risks regularly during the board meetings and review its levels and trends on an on-going basis.
- The Bank shall establish Information Security Function, approved by the Board, to be independent from the information technology operation functions, headed by a person specialized in Information Security, and possessing the skills, knowledge, and required qualifications, in order to be responsible for formulating the policies and criteria for the execution, operation, and monitoring of the Cybersecurity controls in line with the bank's strategy and risk appetite. The Head shall make sure the required approvals for any exception from the policies are obtained, while adhering to the applicable regulatory instructions, and the bank's risk appetite. He shall report to the Board on the bank's ability to manage ISS and Cybersecurity Risks and follow up the ISS objectives through the Risk Committee.
- ISS staff shall provide the needed awareness on Cybersecurity Risks and provide effective training to all staff and Third-Party Vendors, whenever needed.
- The Bank shall outsource a specialized independent entity to assess and test the bank's ability to face and manage ISS and Cybersecurity Risks in light of the latest international practices, on annual basis and whenever needed.
- The ISS and Cybersecurity Risks shall be added to the annual Internal Control Review.

Compliance Governance

The Compliance Function is a key component of the Bank's Risk Management Framework due to the special nature of non-compliance risks which include the risk of legal or regulatory penalties, financial, reputational or other risks a bank may be exposed to as a result of its failure to comply with laws, regulations, rules, code of ethics, and proper financial practices.

In this context:

1. The Board shall approve the role and responsibilities of the department responsible for the compliance function.
2. The Board shall approve a policy to ensure the bank's compliance with all legislations related to the bank's activity, review this policy periodically, and ensure its implementation.
3. The Compliance Department shall be given adequate independence and authorities to ensure effective compliance function in the bank. The Bank's Management shall not interfere with the tasks of the Compliance Department and shall grant it access to the Board.
4. The Compliance Department shall report to the Board and the Senior Executive Management on the bank's compliance with legislations, instructions, and regulatory controls, and keep them updated on the latest developments in this regard.
5. The Compliance Department shall, at least once a year, identify and assess matters related to non-compliance risks faced by the bank, and assess the bank's plans in its efficiency to manage such risks.
6. The Compliance Department shall report to the Board or the Compliance Committee emanating from the Board, if any, about the bank's efficiency in managing such risks.
7. Despite the importance of the role of the Compliance Department in ensuring the fulfillment of all the requirements under the legislations, instructions and regulatory controls related to the bank's activities, this responsibility remains the responsibility of the Board and the Senior Executive Management at the Bank.

<i>Chapter</i>	<i>Internal Controls</i>	<i>Chapter Number</i>	<i>VI</i>
<i>Section</i>	<i>Internal Audit</i>	<i>Section Number</i>	<i>3</i>

1. The Board of Directors and Executive Management should effectively capitalise on the works of internal audit and external auditors, as well as the reports issued on the assessment of the internal control systems.
2. The Bank will endeavour to supply the Internal Audit department with adequate number of qualified human resources, who should be trained and rewarded adequately. The Internal Audit department has the right to obtain any information and contact any employee within the Bank. It has all the powers, enabling it to perform the tasks assigned to it up to the required level. The Board of Directors shall approve the Internal Audit organizational chart as well as audit charter and program and circulate it within the Bank.
3. The Board of Directors will approve all new appointments to the position of General Manager (GM) of Internal Audit. Internal auditors shall be appointed upon the approval of the GM of Internal Audit. The financial remuneration of the GM of Internal Audit and auditors shall be determined by the Board Audit Committee.
4. The Board of Directors shall regularly enhance the internal audit function in the Bank, and the Bank shall abstain from outsourcing any of the major roles of audit. In the events where the bank considers outsourcing certain activities the CBK's approval should be obtained and the approval shall be for a specific purpose and a limited timeframe.
5. The Internal Audit department shall report to the chairman of the Board Audit Committee.
6. Internal Audit employees may not be assigned any executive roles. The Internal Audit department shall be responsible for proposing the structure and scope of internal audit, and shall be responsible for notifying the Board Audit Committee of any potential conflict of interests.
7. The Internal Audit department shall perform its role and prepare its report in full, without any external interference. It shall have the right to discuss its report with the Bank's departments involved in each audit.
8. The Board of Directors and/or the Chairman of the Audit Committee shall direct the Internal Audit department to focus on audit on a risk based basis. The main responsibility of Internal Audit department shall include:
 - a. Verifying and assessing the adequacy and effectiveness of internal control systems, and verifying the comprehensiveness of the internal control systems relating to financial and administrative matters. This shall be monitored and reviewed in due course.
 - b. Verifying compliance with the Bank's internal policies, and the relevant laws, policies, regulations and instructions.
 - c. Conducting examination of the specific activities and operations relating to the Bank's financial position, internal control systems, risk management, etc.

<i>Chapter</i>	<i>Internal Controls</i>	<i>Chapter Number</i>	<i>VI</i>
<i>Section</i>	<i>External Audit</i>	<i>Section Number</i>	<i>4</i>

1. External auditors should provide the Board Audit Committee emanating from the Board of Directors, with a copy of the audit report.
2. Each independent external auditor of the Bank shall include in the annual report to CBK an assessment of the internal control systems which includes the extent of compliance by the Bank with the relevant CBK's instructions.
3. External auditors shall meet with the Board Audit Committee to discuss such reports and any other observations that may arise regarding the Bank's matters. Such meetings shall be attended by the Executive Management.
4. The Board Audit Committee shall meet with the external auditors without the attendance of the Executive Management, at least once a year.
5. The Board Audit Committee shall set up adequate standards to ensure that external auditing is carried out in the manner that achieves the dual audit principle, which rests on the independent work of each external auditor, and to achieve the purpose of appointing two external auditors. The Board Audit Committee shall provide the Board of Directors with reports that support such a purpose.
6. The Board of Directors shall set up suitable policies regarding rotation of external auditors, so as to prevent lax oversight, which may occur as a result of long years of continuous external auditors' work in covering the same areas of the audit. At present the Bank's practice is to ask the external auditors to change their engagement partner every four years. The Bank in this matter will adopt any instruction, rules or directives issued by the Central Bank.
7. When the Board assigns external auditors from other consultants (other than the Bank's external auditors) to review and assess the internal control systems in order to verify the adequacy and effectiveness of such systems, said parties should be directed towards focusing their review on the areas that contain risk, which may expose the Bank to high operating risk, and other areas where review may be important in light of CBK's reports, observations and directives.

Chapter	Remuneration System and Policy	Chapter Number	VII
Section	Remuneration Policy	Section Number	1

1. Remuneration Granting Governance – The Board of Directors will supervise the remuneration systems and operations, and control and review remuneration systems to ensure they operate in the required manner. In this context:
 - a. The Board of Directors shall be responsible for the preparation and supervision of the financial Remuneration Granting policy. Accordingly, the Board may not assign the Executive Management with such responsibility.
 - b. The Bank has a Board Nomination and Remuneration Committee to ensure specific focus is given to the remuneration systems and policies. However, the Board of Directors is ultimately responsible for enhancing the formulation of effective governance and sound practices for granting financial remuneration.
 - c. The Board of Directors will review the recommendations of the Board Nomination and Remuneration Committee regarding the consequent modification or update of the Remuneration Granting policy, and will ensure that such modifications are applied only upon approval of the Board.
 - d. The Board of Directors will review the recommendations of the Board Nomination and Remuneration Committee with regard to the level of remuneration proposed to be granted to key personnel, and shall operate such recommendations only upon approval of the Board.
 - e. The Board of Directors will ensure that the Bank's Executive Management has put in place effective systems, precise procedures and supervision mechanism to ensure compliance with the application of such rules and standards.
2. The Bank has a clearly documented Remuneration Granting policy approved by the Board, which targets as a minimum the following:
 - a. To reflect the objectives of the Bank, taking into account the Bank's sound operations and financial position.
 - b. To cover all aspects and components of granting financial remuneration, within the framework of enhancing the effectiveness and management of the Bank's risks. Such policy will be prepared to attract and maintain employees of proven experience, knowledge, skills, and expertise necessary for a sound business activity.
 - c. Consider the possibility to reduce the total financial remuneration granted in the event of poor or negative financial performance, including the controls relating to setting a clawback system. The clawback system shall be set up in light of the broad concept of financial remuneration, as stated under the “Definitions Chapter” of the CBK Instructions.
 - d. The Board of Directors, via the Board Nomination and Remuneration Committee, will ensure that an independent annual review is made to the Remuneration Granting policy. The review is conducted by the Internal Audit department of the Bank, and/or by

external consultants. Such reviews aim at evaluating the Bank's compliance with the financial remuneration granting practices.

3. The financial remuneration granting system includes adequate performance measurements which will include as a minimum the following:
 - a. A system for objectively measuring and appraising the performance of the employees at the various levels.
 - b. Written and clearly documented performance appraisal and measurement procedures and processes. Such procedures and processes should provide for avoiding the conflict of interest cases, and must be transparent and circulated to all concerned staff.
 - c. Top management members performance measurement based on the bank's long-term performance. Accordingly, the element of granting their remuneration should not be based only on the performance of the current year.
 - d. Upon appraising the performance and identifying the remuneration of employees in supervisory functions, such as risk management, internal audit department, and compliance, the Bank will ensure that such appraisal is made objectively and in light of the independence of such functions. Thus, such appraisal should not be made by persons related to the areas of business controlled by those working in such supervisory functions.
4. The Bank will link remuneration to the Bank's performance and risk time span. In this context the following will be applied:
 - a. The Remuneration Granting policy should be consistent with prudent provision.
 - b. The Bank will link the financial remuneration with the Bank's long term in addition to short term performance, and take into consideration the change in the components of granting financial remuneration in line with the long term risk (risk timeframe).
 - c. The Bank will review the financial Remuneration Granting policy to assess its consistency and effectiveness to constitute part of the work frame of the Bank's risk management.
5. The Bank will disclose, in its annual report, the main characteristics of its financial Remuneration Granting policy, as well as the formation and scope of the authority of the Board Nomination and Remuneration Committee. Such disclosure will cover information on the overall design of the Remuneration Granting policy, the relationship of Remuneration Granting with the actual performance, and the realisation of the objectives of financial Remuneration Granting policy.

Chapter	Disclosure and Transparency	Chapter Number	VIII
Section	General	Section Number	1

1. The Bank's policy is to be transparent to its shareholders, depositors, stakeholders, and market participants and fully comply with the laws of the State of Kuwait, including the rules and regulations of the CBK.
2. The Bank should have in place a policy for disclosure and transparency called the Disclosure and Notification Manual, which should be approved by the Board of Directors. The policy and its amendments are set to serve the purposes of the Bank, stakeholders, and related parties, and to upgrade the level of application of the Banks' governance, within the framework of sound banking practices.
3. The Disclosure and Notification policy includes all the required information that should be disclosed in a timely manner and in the manner set out by law, regulations, resolutions, and CBK's instructions and regulations.
4. The Board of Directors shall set up the rules and procedures to be followed for compliance with the disclosure and transparency requirements contained in the various laws and regulations and will ensure a good application and compliance with such regulations.
5. The Bank's Disclosure and Notification policy will identify the mechanisms whereby the Bank classifies the disclosed information according to their nature (such as financial and non-financial information), or according to the disclosure frequency (whether monthly, quarterly or yearly), in addition to the timely disclosure of information related to material events.
6. The Bank's Disclosure and Notification policy covers the Bank's objectives and policies regarding professional ethics and the Bank's obligations towards society.
7. The Board of Directors is responsible for ensuring the availability of systems and procedures to comply with timely disclosure, be it periodically or instantly, to avoid the Bank's violation of the regulations as a result of delay or failure to disclose.
8. The Bank discloses in accordance with International Financial Reporting Standards (IFRS) and CBK regulations, including the contents of the regulations on capital adequacy ratio, as well as the applicable laws and regulations in this respect. In addition, the bank keeps abreast of the changes that occur in international practices regarding the issue of transparency and disclosures required by financial institutions. The Bank's Board of Directors is responsible for ensuring adherence to a full application of all amendments to IFRS. The Bank's Executive Management shall report to the Board of Directors such developments, in addition to recommending on the methods of enhancing the Bank's practices in the area of disclosure, consistent with the international best practices.
9. The bank's Board of Directors is responsible for ensuring correctness, accuracy, and integrity of the disclosed information, as well as ensuring compliance with the Bank's approved policy in this respect, and providing the mechanisms that enable sound application thereof.

10. The Bank's policies should cover the principles and rules adopted by the Bank in dealing with customers, whether borrowers, depositors or customers of bank products and services at large, especially with regard to the terms of agreements, cost, and obligations related to each.
11. The Bank should endeavour to ensure that the disclosed information is of the highest quality and that appropriate due diligence is applied to the process.
12. The existence of a good disclosure and transparency policy is insufficient to prove the existence of good practices, as the sound and good application of the contents of the policy is a significant matter that should be monitored and its implementation should be ensured, including the monitoring and auditing of the practices of the respective activities. Furthermore, the development of appropriate human capital to enact and bear the burdens of such practice, as well as the identification of the functions and responsibilities, are fundamental matters and pillars for a good disclosure and transparency system to support a good implementation of the Banks' governance, hence promoting confidence in the Bank's practices.
13. The Bank shall, within its annual report, prepare the Governance Report on the extent of compliance by the Bank with the terms of the Corporate Governance Manual. It shall point out the manner in which the relevant laws and instructions have been issued, and mention the reasons for any non-compliance with any term in the specific cases faced by the Bank upon the implementation of certain terms hereof, practical difficulties, as per the principle of "Comply or Justify".
14. The Bank will not disclose any data or information that may affect their condition or financial position to certain categories (such as financial analysts, financial institutions etc.) prior to public disclosure.
15. Disclosures and information required by internal controls constitute a complementary part of those imposed by the laws and regulations applicable to Banks, in addition to other regulations issued by the CBK in this respect.

Chapter	Disclosure and Transparency	Chapter Number	VIII
Section	Content	Section Number	2

1. The Bank will announce, at least in two daily newspapers, and at least annually, the following annual financial statements (as a minimum):
 1. Balance sheet.
 2. Income statement.
 3. Statement of cash flow.
 4. Statement of changes in shareholders' equity.
 5. Board of Directors' report on the operating results for the period for which the statements are prepared.
 6. Audit report by the Bank's auditors.

2. The Bank's annual report includes a disclosure statement by the Executive Management on the bank's performance and future plans (Management Discussion and Analysis – MD&A), allowing the investors to understand the results of current operations, projections, and financial position of the bank. The Bank should confirm that the notes to such disclosure are approved by the Board of Directors, are complete and are based on the Bank's published financial statements and the management's vision.

3. The Bank will ensure accurate, timely disclosure, by any of the appropriate means of disclosure, of all matters and core information relating to the bank, including the financial status, business results, any changes in the bank's equity or management, and any other issues as required by the rules and regulations issued in this respect, while instantly advising CBK on how to disclose and the means used for disclosure.

4. The Bank's annual report, as part of compliance with transparency and disclosure, should include:
 - a. Qualifications and experience of the Bank's CEO, deputies and assistants, as well as information on each member of the Board, in terms of qualifications and experience, membership in the Board committees, date of appointment to the Board, how far each member is committed to attend the Board meetings during the year, and membership on the board of other companies.
 - b. Summary of the roles and responsibilities of the Board committees, and any authority delegated by the Board to such committees.
 - c. Number of Board and Board committee meetings.
 - d. Board certificate of adequacy of the internal control systems.
 - e. Board committees, the regularity of their members in attending their meetings, any changes in their membership during the year, and main roles they performed during the year.

- f. The Bank will disclose, in its annual financial statements, the information on financial remuneration granted to employee categories, amounts and number of staff for each category, analysis of the fixed and variable elements, and methods of payment. Employee classification shall include the CEO, his deputies and assistants, key executive managers whose appointment is subject to the approval of the regulatory and supervisory bodies (senior management), financial and risk control staff, and material risk takers.
- g. Remuneration package paid to each of the following:
 - i. Board members' remuneration package (as a group).
 - ii. Five senior executives who received highest remuneration from the Bank, in addition to the CEO, CFO, GM of Internal Audit, and CRO, if not included (as a group).
- h. Disclosure of the nature and size of the Bank's turnover with related parties, who have influence or control over the Bank, including key management members of those parties.
- i. Disclosure of the framework through which the financial statements are prepared, their consistency with IFRS, laws, resolutions and regulations issued in this respect, especially CBK regulations.
- j. Disclosure of the systems and mechanisms applied in the Bank for the good management and control of the various risks, with regard to all the Bank's activities, banking and financial business.
- k. Summary of the Remuneration Granting policy.
- l. Major shareholders of the Bank (shareholder or related party owning or controlling over 5% of the bank's capital).
- m. The Bank's Governance Manual and compliance with its clauses.

<i>Chapter</i>	<i>Disclosure and Transparency</i>	<i>Chapter Number</i>	<i>VIII</i>
<i>Section</i>	<i>Disclosure Process</i>	<i>Section Number</i>	<i>3</i>

1. The Bank will maintain a disclosure record for Board members, and Executive Management, including the information as required by the Disclosure policy and any relevant regulations, resolutions or laws. Such information should be updated instantly with the changes that may occur thereon, such as the remuneration package, salaries, financial benefits, conflict of interests, etc.
2. The Bank should have a section or unit responsible for disclosure, of which the roles and responsibilities shall be specified by the board.
3. The Bank's Finance department's responsibility for the disclosures is more towards the aggregation of data and reports pertaining to periodic financials. There are further responsibilities for disclosures which are mentioned in the Bank's Disclosure Policy.
4. The Bank will make available the information stated in the Bank's annual report, its quarterly reports, or the relevant important statements if any made by its Executive Management, on the Bank's website in an updated manner, and in both Arabic and English.
5. The Bank's Disclosure and Notification policy will specify:
 - a. The mechanisms of audit and control over the accuracy and soundness of the disclosed information prior to dissemination.
 - b. Mechanisms for addressing the internal information, to ensure non-exploitation of such information before dissemination to the public.
 - c. Mechanisms for preparation of reports on compliance with such policy, the area assigned to prepare such report, and the procedures to be followed in the event of non-compliance with the contents of such reports.
6. The Board of Directors of the Bank will conduct periodic reviews to reconsider and evaluate the Disclosure and Notification policy in light of the surrounding developments and changes.
7. The Bank will measure and assess the risks associated with disclosures based on its activities which may arise from several factors and variables including risk of inaccurate or incorrect disclosure or unlawful disclosure.
8. The Bank, when facing emerging key events which are not known and may tangibly affect the Bank's activity or financial position and thus affecting the trading of its shares, should disclose such events instantly through proper channels, and the CBK should be notified of such events upon their occurrence.

<i>Chapter</i>	<i>Banks with Complex Corporate Structures</i>	<i>Chapter Number</i>	<i>VX</i>
<i>Section</i>	<i>General</i>	<i>Section Number</i>	<i>1</i>

Currently Gulf Bank Does not have any subsidiaries.

<i>Chapter</i>	<i>Protection of Shareholders Rights</i>	<i>Chapter Number</i>	<i>IX</i>
<i>Section</i>	<i>Principals</i>	<i>Section Number</i>	<i>1</i>

The bank's working systems, policies and practices will be in conformity with the provisions of laws, regulations and instructions issued by the regulatory bodies, including controls and procedures regarding the protection and equitable treatment of shareholders rights, with a particular focus on:

1. Protect basic shareholders' rights in relation to securing methods of ownership registration and transfer of shares, participating and voting at general shareholders meetings, sharing in the profits and obtaining regular information about the Bank.
2. Ensure the shareholders are sufficiently informed of or participate in making decisions concerning amendments to the Bank's memorandum and articles of association, including the amendments to capital through additional share issues, or the launch of shares under a staff share option scheme, share re-purchase, as well as the decisions related to extraordinary transactions influencing the future of the Bank or the course of its business, such as merger or sale of a significant portion of its assets or divestiture of subsidiaries.
3. Encourage effective shareholders' participation and familiarise them with voting rules at general shareholder's meetings and the meeting agenda, well before the meeting. The venue and date of the meeting should be publicly announced in accordance with the relevant laws, rules and regulations.
4. Stress the importance of disclosure of capital structures or any arrangements that would enable certain shareholders to obtain a degree of control.
5. All shareholders should be equitably treated, including small investors and foreign investors. All shareholders should have the right to question the acts of the Board of Directors and to rectify any prejudice to their rights.
6. The Bank will make available the information to the adequate shareholders on a timely basis, allowing them to practice their rights in an adequate manner. Such information should be comprehensive and accurate, without discrimination between shareholders with regard to making such information available.
7. Shareholders will have access to the minutes of the general assembly meetings.
8. The Bank prepares a statement of the penalties (financial and non-financial) that are imposed thereon during the financial year, in accordance with the provisions of Article 85 of Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait, and the Organisation of the Banking Business, and its amendments. This statement shall be read by the Chairman of the Board during the annual general shareholder's meeting, as set out in CBK's instructions in this respect.

<i>Chapter</i>	<i>Protection of Stakeholders Rights</i>	<i>Chapter Number</i>	<i>IX</i>
<i>Section</i>	<i>Principals</i>	<i>Section Number</i>	<i>1</i>

1. The Bank's working systems, policies and practices emphasize the respect of stakeholders' rights, as set forth in the laws, regulations and instructions issued in this respect, and stress the stakeholders' rights to rectify any prejudice to their rights in accordance with the provisions of the relevant laws and regulations.
2. The Bank includes the following in its definition of stakeholders:
 - a. The customers of the Bank
 - b. The shareholders of the Bank
 - c. The regulatory authorities
 - d. Suppliers & service providers
 - e. Board of Directors
 - f. The employees of the Bank
3. The Bank considers that stakeholders' rights represent one of the significant aspects of new governance. The Bank's eventual success is the result of joint work of several parties: depositors, borrowers, employees, investors, etc., who have transactional relations with the Bank.
4. The customers of the Bank will be dealt with in a fair and transparent manner. The Bank's products and services shall be priced on a risk/reward basis and balanced with the shareholder's return. The Bank will also provide its customers with a dedicated complaint unit to ensure there is always a well-staffed unit to resolve issues pointed out by the customers.

Appendix

Board Affairs Role & Responsibilities

Introduction:

As part of enhancing the Board of Directors supervisory role and effective oversight on the Executive Management, proper channels of communication and information circulation between the Board of Directors, Board Committees, and Executive Management are set in place. While Board Committees meet to follow-up, monitor, and guide key areas of Gulf Bank, the Board Secretary/ Committee Secretary becomes the link between the Board Committee and Executive Management. Hence, the Secretary – as part of his roles and responsibilities - aims to facilitate the flow of information from Executive Management to the Board Committee, who in turn will communicate to the Board of Directors, facilitate induction and assist with professional development as required. The Board Secretary is also responsible of advising the board through the Chairman on all governance matters.

Purpose:

This document highlights the main responsibilities and procedures adopted by the Board Secretary/ Board Committee Secretary to ensure the proper flow of information between the Board of Directors, Board Committees, and Executive Management (as appropriate) and to ensure that all meetings of the shareholders, Board of Directors and various committees are being run in accordance with the law and their various charters and that the meetings are efficient and smooth effective.

The over-arching responsibility of the Board Secretary is to provide all the stakeholders with confidence and comfort that the Bank is run openly and honestly in full compliance with all prevailing laws and regulations.

These procedures are made in line with the latest Corporate Governance circular issued by the CBK on September 10th, 2019.

Roles and Responsibilities: The Board Secretary shall:

1. Report functionally and directly to Chairman of the Board of Directors, and administratively to the CEO.
2. Support the Chairman and assist the Board of Directors and Board Committees to excrete their function effectively by providing basic advice pertaining to the laws and regulations governing commercial banking business and the Bank's procedures, as well as reporting any significant changes to the Board.
3. Take record of the Board of Directors discussions, suggestions, and results of voting conducted in the Board meetings.
4. Work with the Chairman, CEO and Executive Management to ensure the presentation of timely and high-quality supporting information to the Board of Directors and to Board Committees.

5. Carry out the duties of secretary of Audit Committee, Risk Committee and Nomination & Remuneration Committee. Accordingly, taking the responsibility of planning such committees meetings, agendas and taking their meetings minutes.
6. Ensure that the Board of Directors operates in accordance with the approved Governance Framework.
7. Ensure that decisions of the Board of Directors are implemented.
8. Be responsible for arranging the Annual General Meeting (AGM) and any Extraordinary General Meetings (EGM) that will convene and ensure that an audited Annual Report agreed by the Board of Directors is presented to the shareholders at the AGM and that it conforms to all legal requirements.
9. Ensure good information flows between the Board of Directors and its Committees, and between Executive Management and the Board of Directors.
10. Provide periodic reports to the Board of Directors and Chairman as per the requirements of the law and bank's bylaws.
11. Arrange a performance assessment of the Board of Directors and report the performance assessment results to the Board (in coordination with Board Nomination and Remuneration Committee & HR)
12. Assist the Chairman in managing and implementing the Whistleblowing Policy.
13. Be responsible for maintaining the records pertaining to all shares authorised and issued by the Bank, the shareholders and their holdings and all related transfers and queries that may arise.

Appointment and Discharge of the Board Secretary:

Any decision related to the appointment or discharge of the Board Secretary shall be made by the Board of Directors.

Board / Committee Meeting:

1. The Board Secretary/ Board Committee Secretary arranges and communicates the agenda of Board of Directors/ Board Committees' meetings to each member, at least 5 days in advance.
2. The Board Secretary/ Board Committee Secretary sends out meeting invitations to all Board and Board Committees' Members.
3. The Board Secretary/ Board Committee Secretary registers the attendance of the Board Members in all Board and Board Committees' meetings.
4. The Board Secretary/ Board Committee Secretary drafts, circulates and maintains minutes of Board and Board Committee meetings.
5. The Board Secretary/ Board Committee Secretary writes down all the Board and Board Committees' discussions and suggestions, and the results of voting taking place during the meeting.
6. The Board Secretary ensures accurate minutes of meetings are taken and approved/ ratified by the Board and maintained in the bank's records.
7. The Board Secretary includes each meeting minutes in the following Board meeting agenda, and archives it in the bank's records.

Board of Directors Approval/ Review/ Ratification:

The Board Secretary is the point of contact between the Executive Management and the Board of Directors. Any approval/ review/ ratification by the Board of Directors goes through the Secretary and follows the below steps:

- The Board Secretary requests all the General Managers/ Executive Management to provide him with any documents/ plans/ suggestions/ reports that they wish to get approved/ reviewed/ ratified by the Board of Directors.
- The Board Secretary informs the concerned party when the meeting is due.
- Any document that requires a Board's review shall be submitted to the Board Secretary to be added to the Meeting Agenda (no later than 5 days).
- The Board Secretary obtains any documents from any department (such as: HR, Risk, Finance, and Audit), that the department wishes to communicate to Board of Directors. It is up to the Board Secretary and related Board Committee to submit what they see fit as per the Board of Directors request.

In the case where the Board of Directors Secretary is not also at the same the Board Committee Secretary, the Board of Directors Secretary supervises the other Board Committees Secretaries and ensures the following: (all matters involving the Board of Directors and Board Committees are maintained with the Board of Directors Secretary – Board Affairs).

- The Board Committee meeting is in time as per the law.
- The meeting Agenda is circulated to respective members.
- The meeting takes place and the meeting minutes are taken and circulated accordingly.
- A copy of the meeting minutes is given to him.

Scheduling the Board of Directors Meetings:

- Prepare the meeting agenda by first contacting/ emailing all GMs and Executive Management asking if they have any item they would like to submit to the Board of Directors.
- Receive from GMs and Executive Management all relevant items documents within two weeks.
- Add items received to the meeting agenda and include the previous meetings minutes as an item to be ratified.
- Confirm the agenda items with Chairman and identify a time for the meeting to take place.
- Communicate proposed time for the meeting to all board members.
- Schedule the time/date of the meeting and confirm board members attendance.
- Communicate all documents and the agenda to the Chairman and all Board Members at least 5 days before the meeting takes place.

Recording Meeting Minutes:

- The minutes shall include date, time, location of the meeting, list of the attendees and absentees, list of the items discussed, and list of reports presented.
- Take note of the main points/ issues discussed and proposed.
- Finalize and print the meeting minutes following adjournment of the meeting.
- Obtain attendees signatures on the meeting minutes.
- Sign the meeting minutes
- Archive original meeting minutes.
- Make a copy to be ratified in the following meeting and add it to following meeting's agenda.
- The Secretary signs a copy of the final and approved minutes and ensures that signed copy is maintained in the corporate records.

Custodian of records

The Secretary ensures that the records of the bank are maintained as required by law and made available when required by the authorized persons. These records may include founding documents, (e.g. letters, patent, articles of incorporation, lists of directors, board and committee meeting minutes, financial reports, and other official records).

Membership Records

The Secretary ensures that official records are maintained of members of the bank and Board. He/ She ensures that these records are available when required for reports, elections and other votes, etc.

Bylaws

The Secretary ensures that an up-to-date copy of the bylaws is available at all meetings (if needed).