

CORPORATE GOVERNANCE

Al Baraka Bank (Pakistan) Limited (ABPL) was incorporated as a result of merger between Al Baraka Islamic Bank Pakistan (AIBP), the branch operations of Al Baraka Islamic Bank (AIB) Bahrain and Emirates Global Islamic Bank (Pakistan). The merged entity commenced operations on October 30th 2010. ABPL is a subsidiary of Al Baraka Banking Group (ABG), a Bahrain Joint Stock Company, listed on Bahrain and NASDAQ Dubai stock exchanges. It is a leading International Islamic bank with Standard & Poor's ratings at BB (long term) / B (short term) and offers Retail, Corporate, Investment Banking and Treasury Services strictly in accordance with the principles of Islamic Shariah. The authorized capital of ABG is US\$ 2.5 billion; asset base exceeding US\$ 26 billion and total equity of US\$ 2.3 billion. The group has Banking units and representative offices in 17 countries spanning from Europe to MENA and Asia, with a network exceeding 700 Branches in Bahrain, Turkey, Jordan, Pakistan, Egypt, Algeria, Syria, Tunisia, South Africa, Lebanon, Sudan, Morocco, Saudi Arabia, Indonesia, Libya, Iraq & Germany.

ABPL promotes a disciplined corporate governance and risk management culture as a fundamental prerequisite to effective management of the Bank. The adoption and maintenance, through continual and vigilant review, of the high standards of corporate governance and risk management have thus been key to building a strong, ethical and responsible organization. This has been essential for establishing an overarching governing structure under which the functions, roles and responsibilities are clearly divided between the Board of Directors, Board Committees and Executive Management, officers and staff of the organization.

THE BOARD OF DIRECTORS

The Board of Directors (the "Board") is responsible for the establishment and oversight of the Bank's business strategy and priorities, for setting its high-level policies and for overall management; and is accountable to the shareholders for the financial and operational performance of the Bank. It is responsible for ensuring capital compliance, monitoring of the Executive Management and its conduct of the Bank's operations, for making critical business decisions and for building long-term shareholder value. The Board, through approving and monitoring the Bank's risk appetite, and identifying and guarding against the longer term strategic threats to the business, ensures that the Bank manages risk effectively. The Board discharges its responsibilities in line with the regulatory requirements.

The Board reviews Bank's business plans and the inherent level of risk in those plans. It also assesses the adequacy of capital to support the business risks of the Bank; sets performance objectives; and oversees major capital expenditures, divestitures and acquisitions. The Board of Directors has overall responsibility for the Group's system of internal control and its effectiveness and for defining and enforcing standards of accountability that enable the Executive Management to achieve the Bank's corporate objectives. The Board ensures that the systems and controls framework, the Board structure and the organizational structure of the Bank are appropriate for the Bank's business and associated risks, and regularly assesses the systems and controls framework to that end. There are established and ongoing procedures in place for identifying, evaluating and managing significant risks faced by the Bank. These are regularly reviewed by the Board. The Bank's system of internal controls provides for a documented and auditable trail of accountability and applies across its operations. This system is designed to ensure effective and efficient operation and compliance with all applicable laws and regulations, and seeks to manage risk with a view to avoiding material errors, losses and fraud.

The Board has established a written compliance policy governing the Bank's compliance with all laws and regulations; in particular those enunciated by the State Bank of Pakistan (SBP). The Board has delegated responsibility for monitoring compliance to the Chief Executive Officer of the Bank. This responsibility is carried out through a dedicated Compliance Department and Compliance Committee of Management with a mandate to cover all aspects of compliance including: formulation of effective policies and processes for the management of the Bank's compliance risk; assisting Executive Management and staff in managing risk; advising on laws and regulations and applicable compliance standards; disseminating compliance policies and providing guidelines to staff members; ensuring an effective compliance methodology; providing periodical reports to the Board in connection with compliance controls; and establishing operational controls and a robust Know Your Customer (KYC) and Anti-Money Laundering (AML) framework.

The shareholder elect the Board of Directors for a 3 years term in EOGM. The nominations for the Board Members from the sponsors shareholders are sought when the three years tenor is about to expire. The Fit and proper tests of the consenting Directors are then submitted to SBP for their clearance. Whereas the nominations for casual vacancy are submitted to the Chairman of the Board, within the time frame provided in the announcement, then to the Board Human Resources and Remuneration Committee (BHR&RC) for it to make its recommendations to the Board. As part of the nomination process, every nomination must comply with the rules and regulations as described in SBP's Prudential Regulation's "Fit and Proper Test", Companies Act 2017 and Code of Corporate Governance 2019.

DIRECTOR'S PROFILES

- **Mr. Adnan Ahmed Yousif - Chairman (Sponsor Director):** Mr. Yousif is an International Banker and holds a Master of Business Administration degree from University of Hull, UK. Mr. Yousif has been a Director of Al Baraka Banking Group since its inception and President & Chief Executive since August 2004. He is also Chairman of Banque Al Baraka D'Algerie, Al Baraka Turk Participation Bank, Al Baraka Bank Ltd., South Africa, Al Baraka Bank Syria, Al Baraka Bank Sudan and Al Baraka Bank (Pakistan) Ltd., Vice Chairman of Al Baraka Islamic Bank, Bahrain, Director of Al Baraka Bank Tunisia, Chairman of Bank al Tamweel waal Inma, Morocco and Director of Itqan Capital. He has over 38 years' of experience in international banking, including involvement with numerous financial institutions and social organizations and has twice been the recipient of the "Islamic Banker of the Year" Award at the World Islamic Banking Conference, in December 2004 and December 2009. He was appointed Chairman of the Union of Arab Banks in April 2007 and re-elected for a further three-year term in April 2010. He was honored with the Tatweej Award for excellence in leadership and institutional performance in the category "Wise Leadership in the field of Arab banking for 2012" granted by the Arab Administrative Development Organization (ARADO) - an organization affiliated to the Arab League - in cooperation with the Tatweej Academy. In addition, he was awarded by LARIBA American Finance House the 2012 "LARIBA Award for Excellence in Achievement", in recognition of his leadership role in consolidating and operating the largest diversified Islamic Banking Group in the world.



- **Mr. Tareq Mahmood Kazim - Deputy Chairman (Sponsor Director):**

Mr. Tareq Kazim has over 35 years of experience in Banking & General Management with special emphasis on International Operations, Marketing, Information Technology, and Human Resource. Currently, he is General Manager, Business Group of Al Baraka Islamic Bank B.S.C. He has also served as Deputy General Manager-Support Services and Overseas Branches at Al Baraka Islamic Bank B.S.C. Amongst his main responsibilities included Pakistan operations, Bahrain Information Technology Operations, Human Resources-Bahrain, Administration, PR and Security & Safety Departments. He also headed Group Business Process Re-Engineering, Project Management Office at BIB and the ABG. He has also served as a board member of Al Baraka Bank Syria. Prior to becoming an integral part of ABG, Mr. Tareq was General Manager of Arabian Network Information Services W.L.L.



- **Mr. Abdulrahman Shehab - (Sponsor Director):**

Mr. Abdulrahman Shehab is a Master in Business Administration from University of Hull UK. He has been with Al Baraka Banking Group since 2006 and presently serving as Executive Vice President, heading Operations and Administration at ABG. Mr. Shehab is also the Board Member of Al Baraka Bank Algeria besides Director, Al Baraka Bank Pakistan and Member Establishment Committee, Al Baraka Bank Syria. He is also chairing certain management committees at the ABG HO and acting as a member in other management committees of ABG.



- **Mr. Salman Ahmed - (Non-Executive Director):**

Mr. Salman Ahmed is a Chartered Accountant from ICAEW and ICAP and holds a Corporate Finance Qualification of the ICAEW. Formerly he has held positions as Partner PricewaterhouseCoopers Middle East (also headed their financial services practice); Regional MD of a boutique UK bank for Dubai and Qatar offices; Founding senior partner of a US\$ 460MM Private Equity Fund; Worked in the UK, Channel Islands, Bahrain, Saudi Arabia and the UAE; Served on a number of Boards and Committees, in addition to Board positions, currently also advisor to some financial institutions in the UAE and Saudi Arabia.

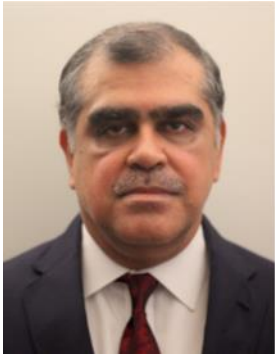


- **Mr. Mohamed Tareq Sadeq - (Independent Director):**


Mr. Tareq is the Managing Director of Keystone Consulting Inc. WLL, a boutique consulting firm based in the Kingdom of Bahrain providing specialist advisory services to niche family and corporate clients in the financial services sector as well as to high net worth individuals. Previously he was the advisory leader for the Middle East and North Africa (MENA) of Ernst & Young (EY). He Served in EY MENA for well over 34 years and held leadership roles at various levels ranging from Office Managing Partner of the Bahrain office to being a senior member of the MENA leadership team as Account and Business Development Leader and Head of Advisory. He was involved not only in developing EY's practice across the region but also involved in several signification initiatives of the Government and financial services sector by providing valuable insights to various Ministries and the Central Bank of Bahrain (CBB) be it establishment of the one stop shop for investors or regulatory limits to CBB. He is a Chartered Accountant from England & Wales.



- Ahmed Rehman - (Independent Director):** Mr. Ahmed Rehman has over 37 years of experience with multinational banks in senior management roles, such as Chief Executive as well as direct responsibility for wholesale bank and Risk. He was also involved in the Corporate banking integration of Standard Chartered Bank Pakistan with Grindlays Bank Pakistan. His experience covers different geographies in Asia, Middle East and Africa, with American Express Bank, Standard Chartered Bank and Al Rajhi Bank. In his last role as CEO at Al Rajhi Bank Malaysia, (subsidiary of one of the largest Islamic Banking Groups in the world) he set up a Greenfield project in Malaysia with complete embedded Wholesale, Retail and Investment Banking strategies. Within Five (5) years in operation the bank established 24 branches spread across the country, an enviable customer base of 200,000 and an approximate balance sheet size of \$ 2 billion. The bank was profitable for the last three (3) consecutive years of his tenure. The bank also won several awards in this short period since inception. In his current position Mr. Ahmed Rehman is an independent Board Director of CIMB Islamic Bank Malaysia. At this institution he is also the Chairman of the Board Risk and Compliance committee and a member of the Board Shariah Committee. In addition to that role he is a World Bank/IFC Nominee Director of Asean Financial Innovation Network (AFIN) based in Singapore. AFIN is an innovative technology platform bringing Financial Institutions and FinTechs together sponsored by Monetary Authority of Singapore, IFC/WorldBank and the Asean Banking Association.


- Mr. Azhar Hamid - (Independent Director):** Mr. Azhar Hamid is an international banker with a career spanning over 57 years with Grindlays Bank, ANZ Bank and latterly Standard Chartered Bank. He was appointed as the first Pakistani Country Head of ANZ Grindlays Bank in Pakistan in 1994. After acquisition of the Bank in 2000 by Standard Chartered Bank, he was asked to continue as the Country Head of the combined bank, retiring in 2003. After introduction of a Riba free financial system in Pakistan in 1985, he led the team that established the First Grindlays Modaraba which became the most successful and dominant modaraba company in the Country. Senior overseas assignments with ANZ Bank include UK, Bahrain, Jordan, and Australia. He has served on the board of Grindlays Bahrain Bank in Bahrain. Upon retirement in 2003 served as Director Main Board of the State Bank of Pakistan which position he relinquished when asked by the Government to establish a Banking Mohtasib (Ombudsman) function in the Country. He was thus the first Banking Mohtasib (Ombudsman) in Pakistan and completed his 3 years term in May 2008. He has served as Director on the Board of the Bank of Punjab the position which was the position that he relinquished in September 2009 and served on the Board of Burj Bank for 3 years up to end 2015. He has also served on several Pakistan Government and State Bank of Pakistan committees on economic reforms and monetary policy.


- Mr. Zahid Rahim - (Sponsor Director):** Mr. Zahid Rahim last served Arab National Bank as the General Manager / Head of Corporate Bank. He was additionally responsible for the Financial Institution Group, Islamic banking Division, Projects and structured Finance Division and strategic investments Group which primarily comprised an Insurance company, an operating lease financing company and a home financing company all in joint venture with strategic partners. He has previous long experience of working with a major international bank Standard Chartered Bank - over



a period of 35 years, spanning nine countries over UK, Europe, Middle East, Africa and South Asia. He has held several prominent roles at Standard Chartered Bank. Whilst serving at SCB, as Chief Executive Officer for Levant, the geographic responsibility covered "Jordan, Lebanon, Israel, Palestine, Syria and Egypt". He has also served as the Regional Head of Corporate and Institutional Banking for South Asia, based in Dubai and Jordan. In previous roles, Mr. Rahim served as the Chief Executive Officer for Pakistan (1996-2000) with overall responsibility of Sri Lanka and as Executive Director for Corporate and Institutional Banking in East Africa. He is a graduate in Arts and an Associate Member and Fellow of the London Institute of Bankers. He also holds an Honorary Fellowship from the Institute of Bankers in Pakistan.

- **Mr. Shafqaat Ahmed - (Non-Executive Director):** Mr. Shafqaat Ahmed possesses over 50 years of rich banking experience both within Pakistan and in the International Markets Mr. Shafqaat Ahmed was instrumental in overseeing the merger of Al Baraka Islamic Bank and Emirates Global Islamic Bank Operations in Pakistan to form Al Baraka Bank (Pakistan) Limited. Mr. Ahmed is a graduate of Foreman Christian College, Lahore with Majors in Economics. He has served as the Vice Chairman of the Pakistan Banks Association and is a fellow of the Institute of Bankers in Pakistan. His expertise in Corporate Finance, Capital Markets and Portfolio Management has taken the bank to the next level.



- **Mohammad Asheque Moyeed - (Sponsor Director):** Mr. Asheque has more than twenty years of working experience in infrastructure project finance, corporate finance, PPP, debt syndications etc. Asheque has been working for the Islamic Development Bank (IsDB) Group since 2010 and has been focused on infrastructure, energy, power generation, Public-Private Partnerships (PPP) as well as corporate finance business. During this period, he has played a leading role in closing many important projects and has worked closely with major international, regional and local investors, project developers, financial institutions, government agencies etc. Mr. Asheque has also been leading the infrastructure and corporate finance operation of ICD, the private sector arm of the IsDB Group since August 2018. Mr. Asheque has been involved with projects in Saudi Arabia, Pakistan, Bangladesh, Egypt, Turkey, Mozambique, Nigeria etc.



Prior to joining the IsDB Group, Mr. Asheque worked at IFC, World Bank Group and also at the Standard Chartered Bank. At Standard Chartered Bank, he led the debt syndications and debt capital markets teams in Bangladesh and his team led many landmark transactions in the country. Mr. Asheque has an MBA degree from the Institute of Business Administration, University of Dhaka.

- **Ahmed Shuja Kidwai - (Chief Executive Officer):** Mr. Ahmed Shuja Kidwai is the Chief Executive Officer of Al Baraka Bank (Pakistan) Ltd and has been associated with it since 1996 in different capacities including Chief Operating Officer and Regional Manager (South). He is an international banker with extensive experience of 42 years in banking and finance especially Islamic banking, Credits, Lending, Risk Management, Corporate, Commercial Relationship Management and Back Office management. Prior to joining ABPL he has worked with Bank Al Habib, Emirates Bank International and BCCI at Karachi,



Swaziland, Zambia, Kenya, UK and Italy. He holds a BS degree from Gordon College, Rawalpindi and has attended number of international training programs and seminars. He is also a Director of Takaful Pakistan Ltd.

Details of Membership on the Board(s) and Sharia Boards of other companies (Table-1)

Disclosure on Board of Directors

Sr. No.	Name of Directors	Date of Joining the Board	Status of Director (Independent, Non-Executive, Executive)*	Member of Board Committees	Number of other Board Memberships along with name of company(ies)
1	Mr. Adnan Ahmed Yousif	29-10-2010	Sponsor Director	Nil	Al Baraka Banking Group- President & Chief Executive, Banque Al Baraka D' Algerie, Algeria- Chairman, Al Baraka Turk Participation Bank- Chairman, Albaraka Bank Limited, South Africa- Chairman, Al Baraka Bank, Syria- Chairman, Al Baraka Bank, Sudan- Chairman, Bank al Tamweel waal Inma, Morocco- Chairman, Al Baraka Islamic Bank, Bahrain- Vice Chairman, Al Baraka Bank, Tunis- Director, Itqan Capital- Director.
2	Mr. Tareq Mahmood Kazim	29-10-2010	Sponsor Director	BEC, BHR&RC and BS&SRC	Nil
3	Mr. Abdulrahman Shehab	31-12-2010	Sponsor Director	BHR&RC and BA&CC	Al Baraka Bank Algeria, and Islamic International Rating Agency
4	Mr. Salman Ahmed	22-01-2011	Non-Executive Director	BEC and BRC	Saudi Orix Leasing Company, Saudi Arabia, Director Tullet Prebon (Bahrain) BSC, Director SABB Takaful Co. Saudi Arabia, Director

5	Mr. Mohamed Tareq Sadeq	28-11-2018	Independent Director	BA&CC	Ahli United Bank Kuwait K.S.C.P., Director, Ahli United Bank Egypt S.A.E Cairo Egypt, Director, National Bank of Bahrain B.S.C, Director, Al Zayani Investment B.S.C (c) Bahrain, Director, Bahrain International Golf Course Co. B.S.C (c) Bahrain, Director, Keystone Consulting Inc. WLL Bahrain, Partner.
6	Mr. Ahmed Rehman	26-04-2017	Independent Director	BHR&RC and BRC	CIMB Islamic Bank, Malaysia.
7	Mr. Azhar Hamid	1-2-2017	Independent Director	BA&CC and BS&SRC	UBL Fund Managers
8	Mr. Zahid Rahim	30-10-2017	Sponsor Director	BEC and BRC	Nil
9	Mr. Shafqaat Ahmed	29-10-2010	Sponsor Director	BRC and BS&SRC	National Insurance Co Ltd
10	Mr. Mohammed Asheque Moyeed	5-12-2019	Sponsor Director	BEC and BHR&RC	Nil
10	Mr. Ahmed Shuja Kidwai	1-3-2018	Chief Executive Officer & Executive Director	Nil	Takaful Pakistan Limited

Disclosure on Shariah Board

Sr. No.	Name of Shariah Board Member	Date of Joining the Board	Status of Shariah Board Member	Member of	Number of other Shariah Board Members along with name of company(ies)
1	Sheikh Esam Ishaq	2/8/2018	Chairman (SB)	Shariah Board	Meezan Bank Limited, AlBaraka Islamic Bank, Bahrain and Various International Organizations
2	Abdullah Siddiqi	2/8/2018	Resident Shariah Board Member	Shariah Board	Nil
3	Bilal Ahmed Qazi	2/8/2018	Member (SB)	Shariah Board	Summit Bank, Soneri Bank and Shaheen Takaful

BRIEF PROFILE OF MEMBERS OF SHARIAH BOARD

Shaikh Esam Mohammad Ishaq Abdul Rahman Ishaq - Chairman Shariah Board

Sheikh Esam Ishaq is amongst the most renowned and respected Shariah scholar in the Islamic finance industry and has an international repute. Sheikh has studied in a number of Islamic study circles with various Sheikhs and students of Shariah. Presently he is an instructor of Fiqh, Aqeeda and Tafseer courses in English and Arabic, in various centers in Bahrain. He is also a graduate from McGill University.

Sheikh Esam Ishaq is the Chairman of the Shariah Board of ABPL and Member of Shariah Supervisory Board in Al Baraka Islamic Bank Bahrain. He is also member of Shariah Supervisory Board in ArCapita, Meezan Islamic Bank Pakistan. Shariah Advisor to Bahrain Development Bank and a senior member of AAOIFI Bahrain.

Mufti Bilal Ahmed Qazi - Member Shariah Board

Mufti Bilal Ahmed Qazi is the Member of Shariah Board of ABPL. Mufti Bilal has done his Al-Aalamiyyah from Jamiah-tul-Uloom Ul-Islamiyah Banori Town, Karachi and then completed specialization in Islamic Jurisprudence from Jamia Darul-Uloom and has also obtained an MBA from Institute of Business Administration.

Mufti Bilal is associated with with Darul Ifta Jamia Darul-Uloom, Karachi and has written over two thousand Fatwas on various issues of high importance. He is in the teaching faculty of Centre for Islamic Economics. He has been associated with Meezan Bank Ltd as Shariah Scholar. He has also been the Shariah Advisor of NAFA Islamic Mutual Funds and is currently a Shariah Board Member of Summit Bank and Soneri Bank Limited Pakistan.

Mufti Abdullah Najeeb Ul Haq Siddiqi - Resident Shariah Board Member

Mufti Abdullah Najeeb-ul-Haq Siddiqi's association with ABPL is more than a decade old, currently he is serving at ABPL as the Resident Shariah Board Member and is the focal point in advising on routine Shariah matters of the Bank. Mufti Abdullah possess insight of the key developments in the local Islamic Banking industry and related challenges and has played an instrumental role in the Shariah structuring of Tier II Modaraba Sukuk of ABPL.

He has graduated from Jamia Darul-Uloom Karachi as Aalim-e-Deen, thereafter specialized in Islamic Fiqh and Fatawa and obtained certification in Islamic Banking, Finance and Economics from the Centre for Islamic Economics. Mufti Abdullah Najeeb has also completed his LL.B and is engaged as a faculty member of Jamia Darul-Uloom, CIE and visiting faculty of Institute of Business Administration, Karachi. Mufti Abdullah Siddiqi is also a member of the AAOIFI regional committee and had been engaged internationally with Swiss Re Takaful. Locally he had associations with various Islamic Financial Institutions, Mutual Funds and Takaful Companies in different advisory roles.

PROCESS OF THE APPOINTMENT OF SHARIAH BOARD

- The BOD of ABPL appoints the Shariah Board.
- The appointment of the SB shall be subject to prior written approval of SBP.
- ABPL may, in consultation with the SB, also engage professionals like lawyers, accountants and economists to assist and advise the SB on banking, legal, financial and economic matters. The nature of engagement of such members shall however be advisory for the SB and they shall not have voting rights in the SB meetings.
- The SB members shall be appointed for a term of 03 years and shall be eligible for reappointment.
- Up-till the time permitted by the SBP Shariah Governance Framework, The SB members except the Resident Shariah Board Member (RSBM) can serve at the SB of up to three IBIs in Pakistan
- For inclusion of a new member, the Chairman of SB may recommend his name to the BOD for appointment in SB.

COMPOSITION AND MEMBERSHIP OF EACH BOARD COMMITTEE

Board Committees

Board Executive Committee (BEC):	
Mr. Tariq Mahmood Kazim	Chairman - Non-Executive Director
Mr. Salman Ahmed	Member - Non-Executive Director
Mr. Zahid Rahim	Member - Non-Executive Director
Mr. Mohammad Asheque Moyeed*	Member - Non-Executive Director
Board Human Resources & Remuneration Committee (BHR&RC)	
Mr. Ahmed Rehman	Chairman - Independent Director
Mr. Abdulrahman Shehab	Member - Non-Executive Director
Mr. Tariq Mahmood Kazim	Member - Non-Executive Director
Mr. Mohammad Asheque Moyeed*	Member - Non-Executive Director
Board Audit & Compliance Committee (BA&CC):	
Mr. Mohamed Tareq Sadeq	Chairman - Independent Director
Mr. Abdulrahman Shehab	Member - Non-Executive Director
Mr. Azhar Hamid	Member - Independent Director
Board Risk Committee (BRC):	
Mr. Salman Ahmed	Chairman - Non-Executive Director
Mr. Ahmed Rehman	Member - Independent Director
Mr. Zahid Rahim	Member - Non-Executive Director
Mr. Shafqaat Ahmed	Member - Non-Executive Director
Board Sustainability & Social Responsibility Committee (BS&SRC):	
Mr. Tariq Mahmood Kazim	Chairman - Non-Executive Director
Mr. Azhar Hamid	Member - Independent Director
Mr. Shafqaat Ahmed	Member - Non-Executive Director
Shariah Board Committee (SBC):	
Mr. Sheikh Essam Ishaq	Chairman

Mr. Mufti Bilal Ahmed Qazi	Member
Mr. Mufti Abdullah Siddiqi	Resident Shariah Board Member

*Mr. Mohammad Asheque Moyeed was appointed on Dec 5, 2019.

TORs of Board Executive Committee (BEC)

1. The Bank's participation in any joint venture or partnership.
2. Annual Budget of the Bank.
3. Merger, acquisition or reconstruction of the Bank.
4. Strategic Investment in any undertaking, assets or shares.
5. An increase or decrease in authorized or issued share capital of the Bank.
6. Creation of any charge or encumbrances on the Bank's assets.
7. Declaration or payment of any dividends or other distribution of the Bank's profits
8. Recommendations of the Bank's Employees' Share Option, in the Scheme of Compensation.
9. Addition, deletion, variation or amendments to the Bank's Memorandum & Articles of Association in any manner.
10. Significant change in Bank's strategy with regard to the Marketing; Business Plan and Budget.
11. Significant changes and decisions with regard to the Bank's operational side.
12. Formation of IT and Digital strategies and relevant IT policies.
13. Addition, deletion and changes to the Bank's IT & Digital Strategies and IT policies.
14. Reporting to the Board on the status of technology activities and digital initiatives in the Bank enabling Board to make decisions without involvement in routine activities.
15. To ensure that risk management strategies are designed and implemented to achieve resilience, such as the ability to respond effectively to disruptions caused due to cyber and other critical infrastructure attacks.
16. To receive reports from IT Steering Committee to monitor all technology related projects.
17. Procurement of technology and its alignment with IT Strategy
18. To approve terms of reference of IT Steering Committee.
19. Any other matter, delegated to the committee by the Board from time to time.

Achievements of BEC:

1. Ensured that the Bank remains well capitalized
2. Approved Budget of the Bank
3. Formulated IT and Digital strategy of the bank
4. Monitored and reported to the Board on the status of Bank's IT, Digital and Information Security initiatives.
5. Ensured up-gradation of the IT equipment and various software of the Bank

TORs of Board Audit & Compliance Committee (BACC)

The charter of BACC includes the following:

1. Facilitate board in establishing an unambiguous & observable "tone at the top" for strong and effective system of internal control based on & supported by strong

- ethical practices, culture, comprehensive policies, procedures, processes and technological systems
2. Formulate and document “Key Performance Indicators” (KPI) for Chief Internal Auditor and evaluate his/her performance against set KPIs on an annual basis.
 3. Review and recommend the Internal Audit Charter and Procedural Manual for the approval of BOD.
 4. Review and recommend 3 years internal audit strategy for the approval of BOD.
 5. Review and approve the annual risk based audit plan, reporting framework & procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the bank
 6. Review and approve budget for internal audit function.
 7. Ensure that internal audit function remains equipped with necessary financial, human, operational, physical and technological resources to carry out its mandated responsibilities as per internal audit charter.
 8. Review annual and interim financial statements of the bank, prior to approval by the BOD, focusing on:
 - i. major judgmental areas;
 - ii. significant adjustments resulting for the audit;
 - iii. going concern assumption;
 - iv. any changes in accounting policies and practices;
 - v. compliance with applicable accounting standards;
 - vi. compliance with statutory and regulatory requirements; and
 - vii. all related party transactions
 9. Discussion with external auditors on major observations arising from interim and annual audits and any matter that the auditors may wish to highlight
 10. Review management letter issued by external auditors and management response thereto.
 11. Consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management’s response thereto.
 12. Annually obtain from Chief Internal Auditor an independent assessment/opinion on the state of bank’s internal controls based on the audit conducted over the period.
 13. Exercise oversight on AML policy & procedures development & execution.
 14. Oversee and ensure the effective performance of the AML-CFT function.
 15. Receive the enforcement/corrective actions determined by the Shari’ah Board and ensuring compliance with Shari’ah Board directives.

Achievements of BACC:

1. Annual Internal Audit plan for the year 2019 approved by Board Audit Committee has been 100% completed successfully and all reports have been issued. Moreover, 40% outstanding observations of Audit plan of 2018 were also completed in 2019.
2. Validation exercise of unverified active and dormant account relationship and submitted both reports to SBP in timely manner. Similarly, validation of the compliance status of SBP inspection reports before submission to SBP was done.
3. Validation exercise for checking the level of compliance of ABPL against the action points for FATF suggested by SBP through various compliance forum meetings.

4. Reviewed and approved internal audit charter, internal audit manual, three-year audit strategy, audit universe based on risk assessment, and BACC TORs in the light of aforementioned documents and IIA standards.
5. Various audit processes and all audit programs have been revised in the light of regulatory requirements.
6. Automation of field work to be performed by the auditors is done. The automation will facilitate data acquisition, audit sampling and standardization of field work to be conducted by the auditors.
7. A standardized risk rating model for branch audit has been developed by incorporating multiple factors which may affect the overall performance of the branch.
8. Observation rating model has also been developed to assess the inherited risks of the observations based on both qualitative as well as quantitative factors to eliminate the subjectivity while rating the observations.

TORs of Board Human Resource & Remuneration Committee (BHR&RC)

- 1 The Committee shall assist the Board to take any strategic decisions regarding the bank's Human Resource;
- 2 The Committee is responsible to ensure essence of the information that should be provided to the Board to determine the bank's Remuneration Policy and/or any change therein;
- 3 The Committee shall determine the bank's Remuneration Structure;
- 4 The Committee shall review the agreements of Key/Senior Executives and Consultants, particularly considerations of their services;
- 5 The Committee is responsible to review and execute agreements with Members of Shariah Board;
- 6 The Committee shall periodically review the Board structure, taking into consideration the bank's needs of sub-committees and present recommendations to the Board with respect to any required revisions in its composition;
- 7 The Committee shall review trainings, skills, experience and other characteristics of the Board Members to run the Board's business in an effective manner;
- 8 The Committee shall review the process and forms of Annual Performance Evaluation of the Board, its Subcommittees, Members and Board Secretary;

Achievements of BHR&RC:

1. Provided strategic guidance to the management and monitored various HR activities including hiring of Key Executives, their remuneration, Training and succession planning etc.
2. Introduction and Implementation of Risk Adjusted Balanced Scorecards of all MRTs and MRCs in 2019
3. Reviewed Remuneration Policy of the bank

TORs of Board Risk Committee (BRC)

BRC is primarily responsible to assist the Board to have an oversight of the risk involved in the Bank's functions. This includes but is not limited to the following activities:

- 1) Review and recommend to the Board of Directors for approval, Bank's overall risk appetite statement taking account of various business activities, current and prospective macroeconomic and financial environment.

- 2) Review and recommend to the Board of Directors for approval, policies and guidelines and amendments therein, for identification, measurement, monitoring and control of all major risk categories including but not limited to credit, market, liquidity, operational and Shariah risk.
- 3) Review and Consider key risks affecting the bank and its impact on the bank's performance through quarterly risk review report presented by RMG and recommend to the Board of Directors for taking corrective actions to address early warning signals of potential risks emerging from bank's activities. These include but not limited to the following:
 - 3.1) Review reports on credit portfolio risk analysis with respect to product wise, segment wise, portfolio concentration, industry concentration, overdue position, non-performing portfolio, risk ratings & its migration analysis.
 - 3.2) Quarterly review reports on credit risk review with respect to review of financing proposals by RMG including policy exceptions.
 - 3.3) Review of adequacy of appropriate procedures and controls to recognize adverse trends in the credit portfolio of the bank, early identification of problems in financing portfolio and taking corrective action.
 - 3.4) Quarterly review of any material breaches of risk limits and deviations from the risk management policies and the adequacy of proposed action by the management.
 - 3.5) Quarterly review reports on bank's market risk exposures including Investment portfolio, foreign exchange exposure, profit spread & margin, maturity and yield gap.
 - 3.6) Quarterly review of desired key Liquidity ratios for the bank, deposit mix, deposit ratios, concentration arising from depositors and maturity gaps.
 - 3.7) Quarterly review of key operational risk events with respect to the operational risk loss data summary, incidents summary for fraud and forgeries, technology & regulatory penalties and key indicators for operational risk of each risk type.
 - 3.8) Quarterly review of bank's capital adequacy ratio and stress testing results and implementation of directives issued by State Bank of Pakistan (SBP) from time to time under Basel accord for management of capital adequacy by the bank.
 - 3.9) Quarterly review that the bank's Capital Adequacy Ratio is maintained as per the limits prescribed by SBP with its optimum allocation to various business activities with a risk weighted perspective.

Achievements of BRC:

- During 2019 Risk Management framework, Corporate, SME, Consumer, Internal Risk Rating, Write off, Rescheduling and Restructuring Policies have been reviewed
- Risk Appetite Framework have been revised and Threshold levels for different indicators have been redefined in line with BRC guidelines
- Effectively managed Capital Adequacy Ratio of the bank mainly be reduction in large exposure particularly 125% RWAs for effective utilization of capital.
- Improvement in credit risk processes by enhancing Credit monitoring function
- Policy direction on market and liquidity risk management
- Root cause analysis for major Fraud related operational risk incidents
- Guided credit risk management function to devise strategy in the light of review / portfolio analysis.
- In light of BRC directives Risk Management conducted trainings to develop understanding of business teams about IFRS 9 and its impact which held in implementation of the same
- Under BRC guidance bank successfully completed internal and external validation of Internal Risk Rating Models and International Financial Reporting Standard - (IFRS 9) risk parameters and Expected Credit Loss (ECL).
- Reviewed Industry Analysis to provide guidance to Business Units for realignment of business strategy in view of economic & business environment and opportunities in near future.
- Took over BCP Function from Operations to enabled bank to have better resilience capability & successfully conducted SWIFT, Treasury & ADC Channels including 1link was also performed. Drills of other functions have been planned in phase wise manner.
- Digital Archiving project initiated for CAD (Corporate / SME/ Commercial) along with Auto finance Collateral to Facilitate bank to have digital copies and automate record keeping.

TORs of Board Sustainability & Social Responsibility Committee

The major responsibilities of the Committee shall be to:

1. Managing and supervise the Bank-wide implementation of the Al Baraka Social Responsibility Program.
2. Require update on the progress made on the Al Baraka Social Responsibility Program.
3. Facilitate and enhance the communication with the Board of Directors and the Management.
4. Protecting environment by adopting various conservation strategies (such as paper usage reduction, energy and water conservation etc.).
5. Provide an overall supervision of the Al Baraka Social Responsibility Program.

Achievements of BS&SRC:

1. Al Baraka Pakistan and UNDP Collaboration Committee formed in Pakistan to foresee the possible projects including clean affordable energy, fostering innovation, improved health and wellbeing, youth empowerment, and poverty alleviation.

2. Several initiatives taken under Social Responsibility Program such as: Free eye camp for poor people, Iftaar Drives in 5 cities of Pakistan, Grooming Session for girls in an underprivileged school, Blanket Distribution Drive, supported Green Bag Stalls and Blood Donation Camps etc.

TORs of Shariah Board (SB)

The SB shall carry out the following tasks:

1. The SB shall advise the BOD and the executive management of the bank on all Shariah related matters and all SB decisions / rulings/ Fatawa are binding on the bank.
2. SB shall review and approve all products and services and related agreements / contracts, structure, process flows, product manuals, marketing advertisements, sales illustrations and brochures etc, to ensure that they are in conformity with the rules and principles of Shariah.
3. SB shall extend enlightenment and guidance to the employee and assist in training programs for them related to the Islamic Financial transactions to assist them in achieving the consistency with Shariah rules.
4. It will review and approve the scope, methodology, Shariah audit manual, Internal Shariah audit unit plan and format of the internal Shariah audit report.
5. All the reports of internal Shariah audit and Shariah compliance reviews shall be submitted to the SB for prescribing appropriate enforcement action.
6. The SB, based on the work of internal / external Shariah audit, Shariah compliance review, prepare a report on Bank's Shariah compliance environment and conditions.
7. SB takes up the unresolved issues with the management and if warranted shall include the outstanding issues in its annual Shariah compliance report.
8. The report will be placed before the BOD meeting for discussion and shall be published in English with Urdu translation in the bank's annual report.
9. SB shall ensure that earnings realized from sources or by means prohibited by Shari'ah have been credited to charity account and the charity account is being properly utilized.
10. The BOD will meet the SB at least on half yearly basis.
11. SB will have meetings at least on quarterly basis.
12. The approved / confirmed minutes of meetings of the SB are submitted to IBD-SBP within 15 days of its approval / confirmation for information and record.

Achievements of Shariah Board (SB):

1. Revision of incentives mechanism in Salam, Istisna and Tijarah products on daily basis method so as to make the bank's product offerings market competitive.
2. Proposed product wise solutions to the bank for managing the delay in payments from the customers
3. Revised Rental charging mechanism to allow the bank to charge rent on unpurchased units in Diminishing Musharaka.
4. Approval, with certain conditions, of Secured Bai Muajjal of Sukuks for liquidity management due to which the bank will be able to effectively manage its Capital Adequacy Ratio.
5. Review and approval of various structures related to Trustee ship, Sukuks and Syndication.

6. Revision and update of product documentation for Murabaha, Salam, Istisna, Tijarah, Running Musharaka and Diminishing Musharaka.
7. Reviewed and provided opinions on various reports from Internal Shariah Audit, External Shariah Audit, ABG Shariah Audit, SBP Inspection team and Shariah Compliance Department.
8. Review and approved around Twenty-Three policies and SOPs related to various functions of the bank.
9. Conducted Thirty-two training sessions in main regions of the bank covering around six hundred employees.
10. Conducted Executive management training in south regions and knowledge sharing session with BOD.

Number of Board Committees meetings held during the year 2019

Number of Meetings Held	BOD	BEC	BA&CC	BRC	BHR&RC	BS&SRC
Name of Directors						
1) Mr. Adnan Ahmed Yousif, Chairman	4/4	-	-	-	-	-
2) Mr. Tareq Mahmood Kazim, Deputy Chairman	4/4	5/5	-	-	4/4	4/4
3) Mr. Abdulrahman Shehab, Director	4/4	-	4/4	-	4/4	-
4) Mr. Salman Ahmed, Director	4/4	5/5	-	4/4	-	-
5) Mr. Mohammed Tareq Sadeq, Director	4/4	-	4/4	-	-	-
6) Mr. Ahmed Rehman, Director	4/4	-	-	4/4	3/3	-
7) Mr. Azhar Hamid, Director	4/4	-	4/4	-	-	4/4
8) Mr. Zahid Rahim, Director	4/4	5/5	-	4/4	-	-
9) Mr. Shafqaat Ahmed, Director	4/4	-	-	3/3	-	4/4
10) Mr. Najmul Hassan, Director*	3/3	3/3	-	-	3/3	-
11) Mr. Mohammed Asheque Moyeed*	-	-	-	-	-	-

Note: Denominator shows total number of meetings entitled to attend.

*Mr. Najmul Hassan resigned on 27-09-2019. Subsequent to the resignation of Mr. Najmul Hassan from the Board of ABPL, ICD has nominated Mr. Mohammed Asheque Moyeed as a Director.

Meetings attended by Shariah Board Members during 2019			
S.No	Name of Shariah Board Members	No. of Meetings held	No. of Meetings attended
1	Sheikh Esam Ishaq	5	5
2	Mufti Abdullah Siddiqi	5	5
3	Mufti Bilal Ahmed Qazi	5	5

SBP requires the banks to perform external independent evaluation of the Board, sub-committees, Directors, CEO and the Company Secretary every third year. The bank engaged KPMG Taseer Hadi & Co to conduct this Board evaluation exercise for 2019.

Corporate Governance and Remuneration

The Bank's remuneration framework aims to comply with the Revised Guidelines on Remuneration Practices issued by State Bank of Pakistan. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Board Human Resource & Remuneration Committee (BHR&RC) and approved by the Board of Directors thereafter.

Board Remuneration

The Board of Directors' remuneration is determined in line with the Para 2 of Section 'C' of Prudential Regulation G-1, which inter-alia deals with the remuneration of Board members of banks/DFIs, subsequently amended vide BPRD Circular No. 03 of 2019. Board remuneration is subject to approval of the shareholders in the Annual General Meeting. Remuneration of non-executive Directors does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses or pension benefits.

Staff Remuneration Strategy

The Bank's variable remuneration policy is driven primarily by a performance-based culture that aligns employee interests with those of the Bank's shareholders. These elements support the achievement of the Bank's objectives, through balancing rewards for both short-term results and long-term sustainable performance. The Bank's reward package solely on cash awards is comprised of the following key elements:

1. Fixed pay;
2. Benefits; and
3. Annual performance bonus/awards etc (variable remuneration).

The Bank's remuneration policy, in particular, considers the role of each employee and sets guidance on whether an employee is a "Material Risk Taker (MRT)" and/or a "Material Risk Controller (MRC)" in a business line, control or support function.

An employee is considered as Material Risk Taker if he/she has authority and is a decision maker having appropriate level of power and control related to the products, portfolios, transactions and processes, which may pose serious risks to the Bank. Whereas, an employee is considered Material Risk Controller (MRC) who is primarily tasked with reviewing and assessing the idiosyncratic and systemic risks, and controls pertaining to functions and processes, to determine and recommend the ways to mitigate those risks, and to minimise the probability of occurrence of loss to the Bank. These employees are not directly involved in business or risk taking activities of the Bank.

The Bank uses Risk Adjusted Balanced Scorecard to measure the performance of MRTs and MRCs.

Variable Remuneration

Variable remuneration is completely performance related and consists of annual performance bonus award which is connected to achievement of operational and financial

targets set out at beginning of the year and employees contribution to delivering the Bank's strategic objectives.

In the framework adopted for determining the variable remuneration pool, the BHR&RC aims to balance the distribution of the Bank's profits between shareholders and employees.

Key performance metrics in Risk adjusted Balanced Scorecard at the Bank level include a combination of short-term and long-term measures, and include profitability, solvency, liquidity and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

The Bank uses a formalised and transparent process to adjust the bonus pool for quality of earnings. It is the Bank's objective to pay bonuses out of realized and sustainable profits. If the quality of earnings is not strong, the profit base may be adjusted at the discretion of the BHR&RC.

Remuneration for MRTs

The compensation mix for MRTs shall be appropriately balanced and the amount of fixed remuneration must be sufficiently high in order to ensure that the reduction of the variable remuneration down to zero would be possible.

Further, the variable remuneration of MRTs will be compensated on achieving the pre-determined qualitative and quantitative objectives considering the risk-adjusted performance and long-term health of the bank. The qualitative factors may override the achievements of quantitative factors in order to discourage undue/ excessive risk taking.

Remuneration for MRCs

The remuneration level of staff in the control and support functions/ MRCs shall allow the bank to employ qualified and experienced personnel in these functions. The Bank ensures that the mix of fixed and variable remuneration for control and support function personnel should be weighted in favor of fixed remuneration. The variable remuneration of control functions is to be based on function-specific objectives and is not determined by the financial performance of the business areas they monitor. This compensation structure is designed to ensure that objectivity and independence of these functions is not compromised.

Deferral of variable remuneration

The variable compensation of all MRTs and MRCs shall be subject to mandatory deferrals between 20-30% of their variable remuneration, while the deferral period shall be 3 years.

Malus and Clawback Framework

The Bank has devised malus and clawback provisions in the policy that allows forfeiture / adjustment of paid variable remuneration in certain adverse business situations. Any decision to hold or clawback individual's award can only be made by the BHR&RC of the Bank as per events set out in detail in the Bank's remuneration framework