Board Performance Evaluation

The Board of Directors of M/s Al Baraka Bank (Pakistan) Limited (the "Bank") is responsible for setting the Bank's overall strategic direction and ensuring that the organization remains aligned with its strategic goals and objectives while maintaining robust regulatory compliance and safeguarding stakeholders' interests. Comprising highly competent and experienced professionals with diverse educational and professional backgrounds, the Board and its subcommittees provide effective leadership, guidance, and oversight, enabling informed decision-making and contributing significantly to the Bank's sustainable growth, sound governance, and long-term success.

The Board has established a formal and robust framework for evaluating the performance of the Board as a whole, its Committees, the Chairman, individual Directors, and the Chief Executive Officer (CEO). In accordance with the State Bank of Pakistan's Guidelines on Performance Evaluation of the Board of Directors and the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board undertakes an annual performance assessment based on comprehensive and well-defined evaluation criteria. The evaluation process, conducted either internally or by an independent external evaluator, with an external evaluation required at least once every three years, assesses the effectiveness of the Board's governance framework, strategic oversight, leadership, risk management and control environment, Board processes, committee effectiveness, directors' contributions, compliance culture, and overall discharge of fiduciary responsibilities.

Board Evaluation Process

External Board Evaluation for the year 2025

The external Board Performance Evaluation of the Bank for the year 2025 was conducted by the Pakistan Institute of Corporate Governance (PICG). The evaluation assessed the effectiveness of the Board, Board Committees, and individual directors across thirteen (13) governance and performance dimensions, including Board composition, strategic planning, control environment, sustainability oversight, Board agility, Board interaction, Chairperson effectiveness, CEO performance, and committee effectiveness.

The Board Strategic Performance Index was assessed at 90%, reflecting an improvement from 86% recorded in the previous external evaluation cycle. The result compares favorably with industry peers and reflects a strong level of Board effectiveness and governance maturity.

The evaluation highlighted the following key strengths:

- Effective leadership by the Chairperson and strong support from the CEO.
- Constructive Board interactions and a high degree of cohesion among directors.
- Strong performance of independent directors.
- Effective functioning of Board Committees, with the Audit Committee receiving particularly strong evaluations.
- Positive feedback regarding the diversity of experience, leadership quality, and governance oversight of the Board.

The evaluation also identified several opportunities for further enhancement, including strengthening Board oversight and monitoring of strategic initiatives and key strategic performance indicators, enhancing Board agility in responding to emerging technologies, innovation, artificial intelligence, and evolving industry trends, further reinforcing sustainability oversight and reporting on environmental, social, and governance (ESG) matters, continuing to enhance technology governance and management information systems, and providing targeted director development and training in areas such as sustainability, artificial intelligence, cybersecurity, geopolitics, governance, compliance, and Islamic banking. Accordingly, strategic planning, control environment, sustainability oversight, and Board agility were identified as priority focus areas for continued improvement and long-term value creation.

The Board has directed that a structured action plan be developed and monitored by the 'Board Nomination & Remuneration Committee' on a quarterly basis.

Based on the evaluation results, the Board, its committees, individual Directors, Chairman and CEO continued to operate effectively and discharge their responsibilities in accordance with applicable regulatory requirements and recognized governance standards. The Board remains committed to continuous improvement and the further strengthening of governance practices across the Bank.