

CORPORATE GOVERNANCE - 2023

Al Baraka Bank (Pakistan) Limited (ABPL) is part of Al Baraka Group B.S.C ("ABG" / the "Group"), licensed as an Investment Business Firm - Category 1 (Islamic Principles) by the Central Bank of Bahrain and is listed on Bahrain Bourse. It is a leading international Islamic financial group providing financial services through its banking subsidiaries in 14 countries offering retail, corporate, treasury and investment banking services, strictly in accordance with the principles of Islamic Shari'ah.

The Group has a wide geographical presence with operations in Jordan, Egypt, Tunisia, Bahrain, Sudan, Turkey, South Africa, Algeria, Pakistan, Lebanon, Syria and Germany, in addition to two branches in Iraq and a representative office in Libya and provides its services in more than 600 branches. ABG's network serves a population totaling around one billion customers. The authorized capital of ABG is US\$ 2.5 billion.

ABPL with a vision for unrivaled services, dedication to Islamic principles of banking, increasing network points, and an innovative product line, Al Baraka Bank (Pakistan) Limited is committed to the Banking Industry in Pakistan.

Al Baraka Bank (Pakistan) Limited (ABPL) is the result of a 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.

The merger, a first in the Islamic Banking sector in Pakistan, positions ABPL to play an important role in further growing an industry that has witnessed tremendous growth over the last 15 years. This growth was further catalyzed in November 2016 when Burj Bank Limited's operations were merged into ABPL making the Bank one of the leaders in the Islamic Banking sphere of the country.

With assets of over Rs. 225 billion, a workforce of over 2300 professionals and a network of more than 170 branches in 84 cities and towns across Pakistan, Al Baraka Bank (Pakistan) Limited is devoted to providing customers with a range of Shariah-compliant products to suit their banking needs.

Faced with growing challenges in this rapidly developing market, ABPL strongly relies on its ability to be an effective and efficient market player through a renewed focus on superior customer service, the development of Islamic alternatives to conventional financing facilities, and strict adherence to Shariah rulings and principles.

Al Baraka Bank (Pakistan) Limited, offers a wide array of Islamic financing products such as Murabaha, Ijarah, Musharakah and Islamic Export Refinance, etc., catering to a diverse cross-section of the economy including the Corporate, SME and Consumer sectors.

Moreover, various Shariah-compliant deposit schemes are also available for customers to invest their funds in, along with a host of card-based and Digital Banking solutions. These include NFC Contactless debit cards (Mastercard, UnionPay International, PayPak) and Al Baraka Mobile/ Internet Banking Facility allowing customers to make instant funds transfers through 1Link & RAAST network, bill payments and Masterpass QR payments.

The VIS credit rating company has assigned long-term and short-term rating entities A+ and A1 respectively. These ratings denote a lower expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

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, making critical business decisions and building long-term shareholder value. The Board, through approving and monitoring the Bank’s risk appetite, and identifying and guarding against the long 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 elects the Board of Directors for a 3 years' term in Extra Ordinary General Meeting. 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 Nomination and Remuneration Committee (BN&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 Corporate Governance Regulatory Framework (CGRF)'s "Fit and Proper Test", Companies Act 2017 and Code of Corporate Governance 2019.

DIRECTOR'S PROFILES

1. Dr. Jihad El-Nakla - Chairman / Director Represented by Al Baraka Group

Dr. Jihad El-Nakla is currently a Senior Advisor at Acreditus Partners, which is a boutique advisory services covering risk, governance, credit ratings, and sukuk. He previously served on the Boards of Al Baraka Group (ABG) and Jordan Islamic Bank in addition to an interim role of Chairman of the Board of Directors of Al Baraka Bank Sudan. He had served as Member/Chairman in a number of the Board Committees of above institutions.

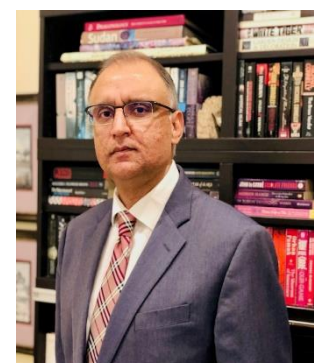


He also worked as the General Manager of Moody's Investors Service Middle East (Moody's Credit Rating Agency) in Dubai from November 2007 until March 2020. Additionally, Dr. El-Nakla sat on the Boards of three of Moody's subsidiaries in Egypt, Cyprus, and the UAE. Prior to Moody's, he was a Deputy General Manager at Arab National Bank in Riyadh.

Dr. El-Nakla has more than 35 years of experience in mixed commercial banking and credit rating agency at senior levels, as well as possessing strong credit, risk management, and financial analysis skills. Dr. El-Nakla has a PhD degree in Numerical Analysis from Loughborough University in the UK.

2. Mr. Azhar Aziz Dogar - Vice Chairman / Director Represented by Al Baraka Group

Mr. Azhar Aziz Dogar has over 30 years of international banking experience that includes ME&A/GCC and Asia regions with short assignments in U.K., Netherlands and U.S.A. His banking experience encompasses both business development and credit/risk management covering all business segments inclusive of corporate/investment banking, commercial/middle market and retail. Over the years, his work also involved corporate strategy and buy-side due diligence on financial sector acquisitions.



Mr. Dogar commenced his career with Citigroup in its investment banking division and later moved to ABN AMRO Bank taking on a variety of leadership roles including Deputy Regional Risk Manager for

MENA and Regional Head of Credit Portfolio Management. Within the credit and risk management area, he has held a number of senior positions including Chief Risk Officer for DIB Capital (wholly owned subsidiary/investment banking arm of Dubai Islamic Bank), Chief Risk Officer of SAMBA Capital in Saudi Arabia and Chief Risk Officer of National Bank of Abu Dhabi for its corporate and investment banking business.

Prior to joining ABG group, his last role with National Bank of Abu Dhabi was as the Chief Credit Officer for Wholesale & International Banking. Currently, he is serving as Director on the Board of Al Baraka Bank Turk. He has also been a Board member of Dubai Islamic Bank in Pakistan. Within banking, he has worked across 3 lines of defense - i.e., risk taking, risk oversight and risk assurance. His experience entails both working for conventional and Islamic banks. Mr. Azhar Aziz Dogar is graduate of University of Pennsylvania and Brown University, USA with a Bachelors and Masters in Economics. His Masters' thesis was in Islamic Finance.

3. Mr. Abdulmalek Mezher - Director Represented by Al Baraka Group

Mr. Abdul Malek Mezher is a Senior Vice President - Group Head of Compliance, Governance & Board Affairs and MLRO at Al Baraka Group B.S.C., and is a Board Member of Al Baraka Islamic Bank, Bahrain and Al Baraka Bank, Sudan. He joined ABG in November 2019 and has almost 20 years of experience in Compliance, AML/CTF, Operational Risk, Corporate Governance and Board Secretariat matters in Banking and Asset Management sectors. Prior to joining ABG, he worked for Alistithmar Capital, the subsidiary of the Saudi Investment Bank, as Head of Corporate Governance and Board Affairs.



Mr. Mezher holds a BA in Accounting from the University of Jordan. He has several Professional Certificates in the Compliance and AML/CTF fields. He also holds the ICGC International Corporate Governance Certificate, and a GRCP - Governance, Risk and Compliance Professional. He has as well CSAA - Certified Shari'ah Advisor & Auditor designation.

4. Mr. Mohamed Abdulla Abdulrahim - Director Represented by Al Baraka Group

Mr. Mohamed Abdulla Abdulrahim joined Al-Baraka Islamic Bank in December 2016. He has over 23 years of experience in Islamic banking and finance, with concentration on financial and management accounting and reporting, regulatory reporting, financial and strategic planning and budgeting, internal controls, corporate and retail banking, investment banking, cost optimisation and control. Prior joining Al-Baraka Islamic Bank, Mr. Abdulrahim worked for 9 years with Khaleeji Commercial Bank and 6 years with Kuwait Finance House.



Mr. Abdulrahim holds a Bachelor of Science in Accounting from University of Bahrain, and a Certified Public Accountant licensed from Colorado State Board of Accountancy. He is a regular member of the American Institute of Certified Public Accountants; a Certified Islamic Professional Accountant, licensed from Accounting and Auditing Organisation For Islamic Financial Institutions. He also attended Leadership Grooming Program organised by Ivey Business School (University of Western Ontario, Canada) and sponsored by Waqf Fund of Central Bank of Bahrain.

5. Mr. Zahid Rahim - Director Represented by Mal Al Khaleej

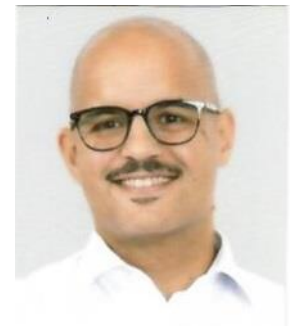
Mr. Zahid Rahim last served Arab National Bank as the General Manager /Head of Corporate Bank. He was additionally responsible for the Financial Institution Group, Islamic banking Division, Projects and structured Finance Division and strategic investments Group which primarily comprised an Insurance company, an operating lease financing company and a home financing company all in joint ventures 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.

6. Mr. Youssef Waseem Aboul-Naja - Director Represented by The Islamic Corporation for the Development of the Private Sector - ICD

Mr. Youssef Aboul-Naja is internationally recognized finance professional offering 17+ years of significant experience in diverse geographic regions; primarily the Middle East, North Africa and Central Asia. He is currently serving on the Boards of Palestine Ijara Company (Palestine) and Caspian International Investment Company (Azerbaijan) as a Director, and have Honored various Financial Institutions' Boards as Director mainly: Ansar Leasing (Azerbaijan), Kazakhstan Ijara Company (Kazakhstan) and Ijarah Management Company (Bahrain). He is a Principle, Banking Investment of The Islamic Corporation for the Development of the Private Sector - ICD as well as designated on various portfolios in the company.



He holds an MBA Degree from the University of Liverpool - UK, and a Masters in Islamic Finance Professional from INCEIF - Malaysia. His core competencies include: Private Equity Portfolio Management, Client Relationship Management, Financial Modeling, Valuations, End to End Process Improvement, Policy Drafting, Strategy Preparation, Team Leadership, Advanced Computer Skills, and Financial Analysis. He is also an Associate Certified Coach credential-holder issued from the International Coaching Federation.

7. Mr. Mohamed Tareq Sadeq - Independent Director

Mr. Mohamed Tareq Sadeq is the Managing Director of Keystone Consulting Inc. W.L.L., a boutique consulting firm based in the Kingdom of Bahrain, since 2013. He is engaged in providing specialist advisory services to niche family and corporate clients and to high-net-worth individuals.



Currently, in addition to being Chairman of the Audit and Compliance Committee and an Independent Board Member of Al Baraka Bank(Pakistan) Limited, Mr. Sadeq is a Non-Executive Director on the Board of National Bank of Bahrain B.S.C., Bahrain, an Independent Director on the Boards of Ahli United Bank K.S.C.P. Kuwait, Al Zayani Investments B.S.C (c) Bahrain, First Motors W.L.L., Bahrain, A.M. Yateem Brothers W.L.L., Bahrain and Yateem Air Conditioning W.L.L., Bahrain. Previously he served as Chairman of Ibdar Bank B.S.C. (c), Bahrain, an independent director of BMI Bank, Bahrain, Ahli United Bank Limited, Dubai, Ahli United Bank (Egypt) S.A.E. and a Non-Executive Director on the Board of Bahrain International Golf Course Company B.S.C.(c).

Mr. Sadeq served Ernst & Young (EY) Middle East and North Africa (MENA) for well over 34 years and held various leadership roles within the firm from being the Managing Partner of the Bahrain office to a Senior Member of the MENA leadership team - as Account and Business Development Leader and Head of Advisory practice of the Firm. At EY he was closely involved in developing the Firm's Assurance and Advisory practices in Bahrain and across the MENA region. During this period, he spearheaded several significant initiatives for the Firm especially for the Government and Public Sector and Financial Services Sector by providing valuable insights to the various Ministries and the Central Bank of Bahrain (CBB). These included, but were not limited to, the establishment of One Stop Shop for the investors, and assisting the regulatory bodies, including the Central Bank of Bahrain, in formulating and setting up diverse policy frameworks.

Mr. Sadeq is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales (ICAEW).

8. Mr. Azhar Hamid - Independent Director

Mr. Hamid is an international banker with a career spanning over 56 years with Grindlays Bank, ANZ Bank and latterly Standard Chartered Bank, the senior overseas assignments include the UK, Bahrain, Jordan, and Australia. He was appointed the first Pakistani Country Head of ANZ Grindlays Bank in 1994. After acquisition of the Bank in 2000 by Standard Chartered Bank, he was asked to continue managing the combined bank, retiring in 2003. After the 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.



Mr. Hamid has served on the Board of Grindlays Bahrain Bank in Bahrain. Upon retirement in 2003, he served as Director Main Board of the State Bank of Pakistan a position that 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 and Burj Bank and Chaired UBL Funds for 6 years until October 2023. He has also served on several Pakistan Government and State Bank of Pakistan committees on economic reforms and monetary policy.

9. Ms. Aminah Zahid Zaheer - Independent Director / Female Director

Ms. Aminah Zahid Zaheer is the Managing Director of Zahid Zaheer & Associates, a multidisciplinary management consultancy firm based in Karachi. Prior to relocating to Pakistan, Ms. Zaheer was employed with The Body Shop International Pte. Limited where she held the position of Regional Finance Director for Asia Pacific, based out of Singapore. Ms. Zaheer holds over 30 years of diverse working experience across the globe, with some of the world's largest FMCG firms - namely Unilever, Johnson Wax, Johnson & Johnson, L'Oreal SA and the Body Shop.

Ms. Zaheer is a specialist in the areas of Business Start Ups, Acquisitions, Mergers & Joint Ventures, Restructuring & Integration, Corporate Strategy and Brand Creation. She has had an exposure to a cross section of industries within Pakistan and Asia Pacific, including Pharmaceuticals, Home Cleaning, Health and Personal Care, Food & Beverage, Banking and Leasing. She has lived and worked in multiple geographies within Asia Pacific, including China, Australia and Singapore.

Ms. Zaheer is a passionate advocate of Corporate Governance and over the last two decades she has served on diverse Boards of both Private Limited and Listed companies in the capacity of an Executive Director as well as an Independent Director. Currently Ms. Zaheer serves on the Board of Feroze 1888 Mills Limited, Packages Convertors Limited, and Al Baraka Bank (Pakistan) Limited. Previously, she has held the position of Independent Director on the Board of Fauji Foods Pakistan Limited (from October 2018 - to October 2021) and of OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) from October 2017 - October 2023.

She is an integral member of the Board Executive Committee, Board Risk Committee, Board Audit Committee, Board ITD & IS Committee, and Chairs the Board Nomination & Remuneration Committee.

Ms. Zaheer completed the Directors Training Program on Corporate Governance from PICG as early as 2007, and followed this up with a refresher course in 2018. She is certified by PICCG on Corporate Governance Leadership Skills. Her name appears on the Database of Certified Directors that is maintained by the SECP. She has cleared the Fit and Proper Test (FPT) conducted by the State Bank of Pakistan, qualifying her to hold the position of Independent Director on the Board of Financial Institutions and Banks.

Ms. Zaheer is committed to imparting knowledge and has been a certified Trainer for over a decade. She has been conducting several training sessions on the Corporate Governance environment in Pakistan. She has also conducted various modules for the Directors Training Program at the Lahore University of Management Sciences (LUMS) as well as for The Pakistan Institute of Corporate Governance (PICG). She is a permanent faculty member at the PICG, and has rolled out the training on Workplace Harassment for the Institute in 2021. She has participated as a Panelist and an expert on various platforms on the subject of Corporate Governance Best Practices in Pakistan.

Ms. Zaheer completed Masters in Business Administration from The Institute of Business Administration (IBA) Karachi in 1990 with a major in Finance. During the course of her professional journey, she has also completed innumerable training courses namely with INSEAD in France, with the CFA Institute in Singapore and with The Johnson Learning Institute and Cornell University in USA.

10. Muhammad Atif Hanif - Chief Executive Officer / Deemed Director

Mr. Muhammad Atif Hanif is the Chief Executive officer of Al Baraka Bank (Pakistan) Limited. He is a seasoned banker with 24+ years of banking experience in leading banks, out of which 17 years has been with Islamic banks. He comes with a diverse banking experience including Retail and Corporate banking, both in Islamic and conventional banks including The Bank of Khyber, HBL (Islamic Banking), Dubai Islamic Bank and Bank Alfalah. Prior to starting his banking career, he had 4 years' experience in Capital markets.



He has served as Group Head Islamic Banking in The Bank of Khyber. Within a few years a complete turnaround of the business segment was the result of his vibrant strategy and forming high powered teams which proved to be the major driver of profitability for the bank. In HBL, the assigned retail business segment was also led to develop into a leading business segment.

Mr. Hanif has also served on various boards including Khyber Pakhtunkhwa (KP) Pension & Provident Fund and as Nominee Director for BOK on the Board of Taurus Securities (Pvt.) Ltd. He has been part of the Provincial Government Committee tasked to form Industrial policy in 2021 for the province of KP involving subsidized financing schemes. Additionally, he has also been part of the Youth Commission in KP Government tasked to launch programs for development and rejuvenation of youth in the province. He has been a Founding member of Pakistan China Institute, a non- governmental, non-political Think-Tank aimed at strengthening ties between the two countries.

As Professional & Personal Interests, Mr. Hanif has several Key Publications to his credit aimed at socio-economic development in Pakistan. These include articles on Development of Home Remittance through banking channels published in The News in 2008 and 2010, which turned to be major contributor to policy making and later on the Pakistan Remittance Initiative (PRI).

His publications include Promotion of Chinese Language in Pakistan, Socio-Economic Cooperation with China. Being a strong promoter of Olive Plantation in Pakistan, he has several publications and lectures on the subject leading major developments in this sector by both private sector and Government. He has written on the Importance of Development of Specialized Higher Education Institutions especially in under developed areas of the country. Articles were mostly published in The News and other leading newspapers. He is a keen environmentalist and has been the Chairman of Horticulture Society of Pakistan, KP Chapter.

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

Disclosure on Board of Directors

S. No.	Name Of Director	Offices			Directorship		
		Company	Position	Period	Company	Directorship Status	Period
1	Dr. Jihad El-Nakla	ACREDITUS PARTNERS	Senior Advisor	Since 1st Apr-20 till date	-	-	-
2	Mr. Azhar Aziz Dogar	Al Baraka Group (ABG) - Manama, Bahrain	Group Chief Risk Officer	Jan 2018 till Date	Al Baraka Bank Turkiye	Director	Jan 2022 till Date
3	Mr. Abdul Malek Shehadeh Ibrahim Mezher	Al Baraka Group (ABG) - Manama, Bahrain	Senior Vice President - Group Head of Compliance, Governance & Board Affairs and MLRO	Nov 2019 till Date	Al Baraka Islamic Bank, Bahrain	Director	Mar 2023 till date
		-	-	-	Al Baraka Bank Sudan	Director	October 2021 till Date
4	Mr. Mohamed Abdullah Ahmed Abdulrahim	Al Baraka Islamic Bank - Manama, Bahrain	Chief Financial & Strategy Officer	December 2016 till Date	-	-	-
5	Mr. Zahid Rahim	-	-	-	-	-	-
6	Mr. Youssef Wassim Aboul-Naja	Islamic Corporation for the Development of the Private Sector (ICD)	Principal Banking Investment Equity Department	August 2013 till Date	Palestine Ijara Company (Palestine)	Director	Jul 2018 till Date
		-	-	-	Caspian International Investment Company (Azerbaijan)	Director	Sep 2020 till Date
7	Mr. Mohamed Tareq Sadeq	Keystone Consulting Inc. WLL, Bahrain	Managing Director	Sep 2013 till Date	Ahli United Bank Kuwait K.S.C.P.	Independent Director	Mar 15 Ongoing
		-	-	-	Al Zayani Investment B.S.C (c) Bahrain	Independent Director	Jan 15 Ongoing
		-	-	-	First Motors W.L.LL	Independent Director	Sep 19 Ongoing

8	Mr. Azhar Hamid	-	-	-	-	-	-
9	Ms. Aminah Zahid Zaheer	Zahid Zaheer & Associates Business Advisory and Management Consultants - Managing Director	Business Advisory and Management Consultants -Managing Director	January 2013 - till Date	Feroze1888 Mills Limited	Director	Since October 2021
		-	-	-	Packages Converter Ltd	Director	Since 03-Apr-2023
10	Mr. Muhammad Atif Hanif	Al Baraka Bank (Pakistan) Limited	Chief Executive Officer	15-Nov-2022 till Date	-	-	-

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)	Remarks
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	Mufti Zubair Haq Nawaz	01/07/2021	Member (SB)	Shariah Board	Nil	
4	Mufti M. Khalid Hasani	17/09/2021	Member (SB)	Shariah Board	Nil	

BRIEF PROFILE OF MEMBERS OF SHARIAH BOARD

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

Mufti Abdullah Najeeb 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 (CIE). 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 is had been engaged internationally with Swiss Re Takaful and locally he has association with various Islamic Financial Institutions, Mutual Funds and Takaful Companies in different advisory roles

Mufti Muhammad Zubair Haq Nawaz - Member Shariah Board

Mufti Muhammad Zubair has joined ABPL Shariah Board in July 2021. He has completed his "Takhassus fil Ifta" from Jamia Darul Uloom Karachi, Pakistan and has obtained his graduation from Baluchistan University, Pakistan.

In view of his visionary approach, knowledge of macro environment and strong understanding of Shariah, Government of Pakistan has appointed Mufti Muhammad Zubair as a Member of "Council of Islamic Ideology Pakistan" for giving advice on Islamic issues and related matters to the government and the Parliament.

Mufti Muhammad Zubair is engaged with various academic institutions as founder and administrator, he is serving as Vice President Jamia Anwaar Al-Quran and Jamia Al-Suffa, Karachi. He is also the Vice chancellor and President of Dar-ul-Ifta Jamia Al-Suffa and Chairman Al-Suffa Trust, Karachi.

Electronic and print media has been a forte of Mufti Muhammad Zubair. He is frequently invited as analyst and religious scholar on various TV Channels and has been writing columns, on critical matters, in newspapers, magazines and social media; and has been participated in

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global conferences in Saudi Arabia, UAE, Oman, Jordan, Syria, Tanzania, Hong Kong, Malaysia, China, and Taiwan.

Mufti Muhammad Zubair is engaged with various corporate and Investment firms. He is the Shariah Advisor of Adams Sons Group of Companies Muscat, Sultanate of Oman, Shariah Advisor Alif Investment UAE, Dubai and Shariah Advisor Segal Development Limited, USA.

Mufti Khalid Hasani - Member Shariah Board

Mufti Khalid Hasani has joined ABPL as Shariah Board Member in 2021. He holds “Shahadah Aalamiya” from Jamia Darul Uloom Karachi and “Takhassus fil Fiqh” from Jamia Ihtishamia, Karachi along with graduation in Economics from AIOU, Islamabad.

Prior to joining ABPL, Mufti Khalid was associated with HBL Islamic Banking, Ikhlas Islamic Banking (Askari Bank Ltd) and Dubai Islamic Bank Pakistan where he has been engaged in developing Shariah compliance controls, executing Shariah reviews along with product structuring and Islamic banking trainings.

Mufti Khalid Hasani has also played supporting role in providing Shariah supervisory to various local and international IFIs (Deloitte Middle East, UBL Ameen Fund, Adamjee Takaful, State Life Takaful, Takaful Emarat, AAOIFI-CIPA Syllabus and Dar Al Shariah).

Moreover, he is the founding member of “Islamic Economic Forum ” an internationally renowned social media group related to Islamic Economic & Finance Industry and has also been awarded “Upcoming Sharia Scholar of Islamic Finance for the year 2017” Cambridge Islamic Finance Analytica, UK.

PROCESS OF THE APPOINTMENT OF SHARIAH BOARD

- i. The BOD of ABPL appoints the Shariah Board.
- ii. The appointment of the SB shall be subject to prior written approval of SBP.
- iii. 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.
- iv. The SB members shall be appointed for a term of 03 years and shall be eligible for reappointment.
- v. 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
- vi. 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 Board Committee

Board Committees	
Board Executive Committee (BEC)	
Dr. Jehad El-Nakla	Chairman - Non-Executive Director
Mr. Azhar Aziz Dogar	Vice Chairman - Non-Executive Director
Mr. Zahid Rahim	Member - Non-Executive Director
Mr. Youssef Wassim Aboul-Naja	Member - Non-Executive Director
Ms. Aminah Zahid Zaheer	Member - Independent Director

Board Nomination & Remuneration Committee (BN&RC)	
Ms. Aminah Zahid Zaheer	Chairman - Independent Director
Mr. Mohamed Abdullah Ahmed Abdulrahim	Member - Non-Executive Director
Mr. Abdul Malek Shehadeh Ibrahim Mezher	Member - Non-Executive Director

Board Audit Committee (BAC)	
Mr. Mohamed Tareq Sadeq	Chairman - Independent Director
Mr. Abdul Malek Shehadeh Ibrahim Mezher	Member - Non-Executive Director
Mr. Mohamed Abdullah Ahmed Abdulrahim	Member - Non-Executive Director

Board Compliance Committee (BCC)	
Mr. Mohamed Tareq Sadeq	Chairman - Independent Director
Mr. Abdul Malek Shehadeh Ibrahim Mezher	Member - Non-Executive Director
Mr. Azhar Hamid	Member - Independent Director

Board Risk Committee (BRC)	
Mr. Azhar Hamid	Chairman - Independent Director
Mr. Youssef Wassim Aboul-Naja	Member - Non-Executive Director
Mr. Mohamed Abdullah Ahmed Abdulrahim	Member - Non-Executive Director
Mr. Zahid Rahim	Member - Non-Executive Director

Board IT, Digital and Information Security Committee (BITD&ISC)	
Mr. Azhar Aziz Dogar	Chairman - Non-Executive Director
Mr. Zahid Rahim	Member - Non-Executive Director
Ms. Aminah Zahid Zaheer	Member - Independent Director

Shariah Board Committee (SBC):	
Mr. Sheikh Essam Ishaq	Chairman
Mr. Mufti Abdullah Siddiqi	Resident Shariah Board Member
Mr. Mufti Zubair Haq Nawaz	Shariah Board Member
Mr. Mufti M. Khalid Hasani	Shariah Board Member

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. Any other matter, delegated to the committee by the Board from time to time.

TORs of Board Audit Committee (BAC)

The BAC shall be governed under this Board approved Charter commonly referred to as Terms of Reference (TOR). This document will serve as a "blue print" for its operations and delineate the basic framework to perform its assigned roles and responsibilities related to the internal controls and other regulatory/statutory requirements. The BOD shall provide adequate resources and authority to enable the committee to carry out its responsibilities effectively. The Terms of Reference of BAC includes the following:

- 1) Approve the appointment/re-hiring/renewal of contract and removal of Chief Internal Auditor & Head of Internal Shari'ah Audit;
- 2) Approve their remuneration, allied benefits, promotion/demotion and other terms of employment;
- 3) Approve any exceptions relating to leaves, staff finances and claims of Chief Internal Auditor & Head of Internal Shari'ah Audit as per Bank approve policy;
- 4) In case the position of Chief Internal Auditor & Head of Internal Shari'ah Audit becomes vacant, the Committee shall be responsible for nominating a person on acting/additional charge basis provided there is no conflict of interest. Further acting/additional charge shall be for a limited period of time as approved by the Board of Directors.
- 5) Formulate and document "Key Performance Indicators" (KPI) for Chief Internal Auditor & Head of Internal Shari'ah Audit and evaluate their performance against set KPIs on annual basis. The evaluation must ascertain whether internal audit and Shari'ah audit is meeting

the requirements and/or expectations of stakeholders including the primary responsibility of provision of assurance and value addition to the Bank;

- 6) BAC shall ensure:
 - i. independence of internal audit and Shari'ah audit in the organizational structure;
 - ii. independence and objectivity of internal auditors and Shari'ah auditors;
 - iii. optimal utilization of internal audit and Shari'ah audit resources;
 - iv. effectiveness of internal audit and Shari'ah audit in Bank's overall governance and internal control framework;
 - v. constructive engagement of internal audit and Shari'ah audit with the senior management, auditees and other relevant stakeholders.
- 7) Ensure that there are no restriction on internal and Shari'ah auditor's access to people, information, process, properties, record and systems to perform their audit activities with objectivity;
- 8) Provide its fullest support to internal and Shari'ah audit department to perform their mandated activities independently and in objective manner;
- 9) Have complete authority & independence to perform its roles & responsibilities by either utilizing internal or external resources (if need be). Besides the BAC should ensure independence of any investigations/disciplinary actions against Chief Internal Auditor, internal auditors, head of internal Shari'ah audit & Shari'ah auditors;
- 10) 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;
- 11) Establish, maintain and promote regular communication with senior management regarding deficiencies in internal controls;
- 12) Review actions taken by the management to address identified deficiencies in internal control and ascertain new developments to achieve a uniform organization wide commitment/buy in for implementations of strong and effective internal controls;
- 13) Review and recommend the Internal Audit Charter, Shari'ah Audit Charter and other relevant documents (Internal Audit Manual, BRR Policy, Whistle Blow Policy, etc.) for the approval of BOD;
- 14) Review and recommend 3 years Internal Audit Strategy for the approval of BOD;
- 15) Review and approve the annual risk based audit plan (internal & Shari'ah audit), reporting framework & procedures and ensuring that the internal and Shari'ah audit function has adequate resources and is appropriately placed within the Bank;
- 16) Review and approve budget for internal and Shari'ah audit function that is sufficient to carry out the planned audit activities. In addition, the BAC shall periodically review the utilization of assigned budget and if required, provide additional resources to internal and Shari'ah audit function to perform its activities;
- 17) Ensure that internal and shariah audit function remains equipped with necessary financial, human, operational, physical and technological resources to carry out its mandated responsibilities as per their charters. Moreover the BAC shall ensure that internal and Shari'ah auditors receive necessary trainings to remain updated on auditing competences, methodologies, tools and techniques including Bank's product and services.
- 18) Receive and review summary of reported violations identified through internal and Shari'ah audit activities and follow up actions taken by the management to ensure that audit observations/recommendations receive proper and timely attention by senior management.

- 19) The BAC should also review the trends of audit observations from multiple dimensions to have deep insight into state of internal controls and must set specific, time bound action points/indicators to monitor improvements;
- 20) Determine appropriate measures to safeguard the Bank's assets;
- 21) review annual and interim financial statements of the Bank, prior to their 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
- 22) Review of preliminary announcement of results prior to external communication and publication (if applicable);
- 23) Facilitate the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- 24) Review of Management Letter issued by external auditors and management response thereto;
- 25) Ensure coordination between the internal and external auditors of the Bank;
- 26) Consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- 27) Ascertain the adequacy & effectiveness of internal control systems including financial and operational controls, accounting systems for timely recording of all transactions and reporting structure;
- 28) Review of the Bank's statement on internal control system prior to endorsement by the Board of Directors;
- 29) Review internal and Shari'ah audit reports;
- 30) Institute special projects, value for money studies or other investigations on any matter specified by the BOD, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- 31) Determine compliance with the relevant statutory requirements;
- 32) Monitor compliance with the applicable regulations and identification of significant violation thereof;
- 33) Review of arrangement for staff and management to report the Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigation measures;
- 34) Recommend to the BOD the appointment of external auditors and their removal, audit fees, the provision of any service permissible to be rendered to the Bank by the external auditors in addition to audit of financial statements, measures for redressal and rectifications of non-compliance with the Regulations. The BOD shall give due consideration to the recommendations of the BAC and where it act otherwise it shall record the reason thereof;
- 35) Annually obtain from Chief Internal Auditor an independent assessment/opinion on the state of Bank's internal controls based on the audits conducted over the period;

- 36) Report to the Board any significant matter identified by internal audit/Shari'ah audit/external auditors that warrant Board's immediate attention.
- 37) Review effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance & risk management practices, controls over financial reporting, auditing practices etc. The BAC must ensure that such concerns are treated confidentially and that the reporting employee(s) are protected and not penalized in any manner whatsoever. The BAC shall ensure that employees remain aware of:
 - i. existence of such procedures;
 - ii. the procedure to utilize it; and
 - iii. are encouraged to be a "whistleblower"
- 38) Review and approve annual assessment report on efficacy of the Internal Control Over Financial Reporting;
- 39) Ensure compliance of the corrective actions determined by Shari'ah Board on the reports of internal Shari'ah audit and external Shari'ah audit;
- 40) Shall keep record through Shari'ah audit of all unresolved issues requiring compliance and shall apprise the Shari'ah Board of their status at least on a half yearly basis;
- 41) After review of Shari'ah Board shall approve the annual audit plan of internal Shari'ah audit;
- 42) receive the enforcement/corrective actions determined by the Shari'ah Board for information and ensuring compliance with Shari'ah Board directives on the report; consideration of any other issue or matter as may be assigned by BOD/Shari'ah Board.

TORs of Board Nomination & Remuneration Committee (BN&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:

TORs of Board Risk Committee (BRC)

- 1) The Board Risk Committee (BRC) is formulated to ensure a continuous board level formal oversight of the risks embedded in the Bank's operations. The Committee shall assist the Board in following areas:
 - a) Provide risk perspective to the Board of Directors for determining the strategic direction of the Bank;
 - b) Assessing the risks embedded in the Bank's operations; and
 - c) Assessment and determination of the Bank's overall risk appetite.
- 2) The Committee shall comprise minimum three (3) Directors of the Board including Chairman of BRC.
- 3) Quorum to convene the Meeting shall be Two (2) members including the BRC Chairman. A duly convened meeting at which the quorum is present, shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Committee. In case BRC Chairman is unable to attend the meeting for any reason, any other BRC member can chair the meeting with the prior consent of the Chairman.
- 4) The Members of the committee shall appoint Chief Risk Officer as Secretary of the Committee.
- 5) The Committee is primarily responsible to assist the Board to have an oversight of the risk involved in the Bank's functions. This includes but not limited to the following activities:
 - a) 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.
 - b) 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, environmental and Shariah noncompliance risk.
 - c) 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:
 - i. 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.
 - ii. Quarterly review reports on credit risk review with respect to review of financing proposals by RMG including policy exceptions.
 - iii. Review of adequacy of appropriate procedures and controls to recognize adverse trends in the credit portfolio of the bank, and provide recommendation to the management for corrective action in case of early signs of problems/increase level of risks.
 - iv. 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.
 - v. Quarterly review reports on bank's market risk exposures including Investment portfolio, foreign exchange exposure, profit spread & margin, maturity and yield gap.
 - vi. Quarterly review of desired key Liquidity ratios for the bank, deposit mix, deposit ratios, concentration arising from depositors and maturity gaps.

- vii. 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.
- viii. 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.
- ix. 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.
- d) Annual review of ICAAP document and recommend to BOD its approval.
- e) Quarterly review of material changes to the Bank's risk profile arising from new or additional business activities, strategic plans, major projects and new ventures as submitted to the committee.
- f) Annual review of adequacy of the resources allocated for risk management given the size, nature and volume of business.
- g) Oversight on IFRS9 implementation through review of quarterly position of Expected Credit Loss (ECL) Reporting by RMG as per SBP's instructions.
- h) Monitoring that the resources allocated for risk management are adequate given the size, nature and volume of the business;
- 6) The Committee is authorized by the Board to investigate any activity within its terms of reference;
- 7) The Committee is authorized to seek any information from the Management and/or employee of the Bank. All employees are directed to co-operate with any request made by the committee; and
- 8) The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the services of third parties having relevant experience and expertise, considered necessary by the Committee.
- 9) The Committee shall meet as often as it determines, but not less frequently than 4 times a year, with at least one meeting held in each quarter.
- 10) Meetings of the Committee shall be called by the Secretary of Committee at the request of its Chairman.
- 11) Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with the agenda to be discussed, shall be forwarded to each member of the Committee and any other person as may be relevant, at least fifteen (15) working days before the Meeting along with supporting meeting papers.
- 12) Under normal circumstances, the meetings pack should be distributed to the Directors at least 10 calendar days in advance prior the meeting.
- 13) Only the members of the committee shall have right to attend the meetings. However, other individuals may attend the Meeting, if invited by the Chairman BRC.
- 14) The Secretary shall record attendance and name of the invitees and minute the proceedings and resolutions of all the meetings;
- 15) The Secretary shall ascertain, at the beginning of each Meeting, the existence of any conflicts of interest and minute them accordingly;
- 16) Minutes of the Meetings shall be circulated to all the members of the Committee for their perusal and approval; and
- 17) The approved Minutes shall be presented to the Board to note the same.

TORs of Board Compliance Committee (BCC)

The BCC shall be governed under the board approved Charter commonly referred to as Terms of Reference (TORs). This document will serve as a “blue print” for its operations and delineate the basic framework to perform its assigned roles and responsibilities related to the regulatory/statutory requirements. The BOD shall provide adequate resources and authority to enable the committee to carry out its responsibilities effectively.

The committee shall assist the BOD in fulfilling its oversight responsibility over the Bank’s Compliance Risk Management. The Terms of Reference of BCC shall include the following:

- 1) Ensure oversight of the entity-wide Compliance Risk Management & implementation of effective control measures in the areas including but not limited to Targeted Financial Sanctions, ML/TF/PF/TBML Risk, FATCA & CRS.
- 2) Ensure development and implementation of Customer Risk Profiling Framework and Transaction Monitoring System for managing ML/TF/PF/TBML risks.
- 3) Ensure implementation of adequate, reliable and efficient automated solutions and technologies in the areas including but not limited to Targeted Financial Sanctions, ML/TF/PF/TBML Risks, FATCA & CRS, CTRs, STRs proportionate to business & operational model.
- 4) CEO to coordinate with BCC regarding the CCO’s annual KPI’s and his annual performance appraisal;
- 5) Approve and oversee implementation of Compliance Risk Strategy, Compliance Policies and AML/CFT/CPF policies; and recommend approval of policies by the Board of Directors;
- 6) Review and take action (as necessary) on AML-CFT related reports submitted by the Bank’s Compliance Department / Compliance Committee.
- 7) Report to the BOD significant developments, issues / challenges and concerns with respect to AML Compliance.
- 8) Ensure establishment of a robust Compliance Function, promoting a strong compliance culture.
- 9) Approve ‘Compliance Program’ that promotes & supports Compliance Risk Management.
- 10) Review and confirm to the Board, at least annually, the adequacy of management’s resources and infrastructure to implement the Compliance related policies and procedures.
- 11) Review reports from State Bank of Pakistan and monitor management’s responses and implementation of corrective measures. Discuss Compliance issues regularly by providing adequate time & priority.
- 12) Evaluate the effectiveness of management of Compliance Risk (annually) keeping in view regulatory observations, regulatory enforcement actions, audit reports, compliance reviews and CCO feedback.
- 13) In coordination with BCC members and advice of Chief Executive Officer, approve the appointment of Chief Compliance Officer.
- 14) Approve any disciplinary action or termination of Chief Compliance Officer.
- 15) Ensure that seat of Chief Compliance Officer does not remain vacant for more than 60 days.
- 16) Ensure that Chief Compliance Officer has appropriate stature, authority, resources & support.
- 17) Ensure that Compliance Function is sufficiently independent of line departments.
- 18) Ensure that Compliance Function has capacity to offer objective opinions & advice.
- 19) Engage with Chief Compliance Officer on half yearly basis to discuss issues faced by Compliance Function.

- 20) Review the minutes of the Compliance Committee of Management (CCM)
- 21) Ensure ABPL's effective compliance with the relevant provisions of AML Act, the Anti-Money Laundering Rules, AML/CFT/CPF Regulations, directions and guidelines issued by the regulator from time to time.
- 22) Ensure that AML/CFT/CPF Units have sufficient resources and skills to provide assistance in compliance to other functions of the Bank. Review the progress of remedial actions taken.
- 23) To review and track the implementation status of Major Decisions taken in the previous meetings specifically with respect to AML/CFT/CPF.
- 24) To review the AML/CFT/CPF training Plan and ensure adequacy of the scope, coverage and frequency of trainings imparted to Bank staff.
- 25) To review and approve Internal Risk Assessment Report (IRAR) presented before it along with recommendations for the BOD along with a time bound action plan for mitigation of ML/FT/PF risks and ensuring effective AML/CFT/CPF policies / procedures / controls / obligations / preventive measures including but not limited to STR/CTR and TFS.
- 26) Any other matter of significance specifically related to ML/FT/PF risk. Satisfy itself of receiving accurate and comprehensive information.
- 27) BCC has the right to invite internal or external attendees where applicable to attend BCC's meeting/meetings.
- 28) Ensure that sufficient resources are available in order to carry out its duties;
- 29) Ensure that appropriate and timely training is provided, both in the form of an induction program for new members and on an ongoing basis for all members;
- 30) Give due consideration to relevant laws and regulations, the provision of the State Bank of Pakistan's regulations, codes, listing requirements, rules, disclosures and transparency rules etc.;
- 31) Oversee any investigation of activities which are within its charter.

TORs of Board IT, Digital and Information Security Committee (ITD&ISC)

- 1) Formation of IT and Digital strategies and relevant IT policies;
- 2) Addition, deletion and changes to the Bank's IT & Digital Strategies and IT policies;
- 3) 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;
- 4) To ensure that risk management strategies are designed and implemented to achieve resilience, such as the ability to respond effectively to wide-spread disruptions and cyber-attacks;
- 5) To receive reports from IT Steering Committee to monitor all technology related projects;
- 6) Procurement of technology and its alignment with IT Strategy;
- 7) To approve terms of reference of IT Steering Committee;
- 8) To review IT & Digital budgets & staff capacity planning with necessary recommendations to the Board.
- 9) Review and approve TORs of management Cyber Security Risk Committee (CSRC).
- 10) Receive updates from CSRC regarding the cyber & information security aspects and monitoring of Cyber Security Implementation Plan;
- 11) Any other matter, delegated to the Committee by the Board from time to time.

TORs of Sharia'h 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 Sharia'h 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.

Number of Board & Committees meetings held during the year 2023

Name of Directors	BOD	BEC	BRC	ITD&ISC	BAC	BCC	BNRC
Dr. Jehad El-Nakla Chairman / Director	6/6	5/5	-	-	-	-	-
Mr. Azhar Aziz Dogar Vice Chairman / Director	6/6	3/3	4/4	3/3	-	-	-
Mr. Abdul Malek Mezher Director	6/6	-	-	-	4/4	4/4	16/16
Mr. Mohammed Tareq Sadeq Director	6/6	-	-	-	4/4	4/4	-
Mr. Zahid Rahim Director	6/6	5/5	6/6	4/4	-	-	-
Mr. Azhar Hamid Director	6/6	-	2/2	-	2/2	4/4	-

Ms. Aminah Zahid Zaheer Director	6/6	5/5	4/4	4/4	-	-	16/16
Mr. Youssef Wassim Aboul-Naja Director *	3/4	2/3	1/2	-	-	-	-
Mr. Mohammed Abdulla Abdulrahim Director **	4/4	-	2/2	-	2/2	-	8/8
Mr. Tariq Mahmood Kazim Vice Chairman***	1/1	1/1	-	1/1	-	-	5/5
Total meetings held during the Year	6	5	6	4	4	4	16

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

*Appointment of Mr. Youssef Wassim Aboul-Naja, Director dated May 26, 2023.

** Appointment of Mr. Mohammed Abdulla Abdulrahim, Director dated May 26, 2023.

***Resignation of Mr. Tariq Mahmood Kazim, dated March 02, 2023.

Meetings attended by Shariah Board Members during 2023

Name of Shariah Board Members	Meetings held	Meetings attended
Sheikh Esam Ishaq	4	4
Mufti Abdullah Siddiqi	4	4
Mufti Muhammad Zubair Haq Nawaz	4	3
Mufti Khalid Hasani	4	4

Board Evaluation Process

As per SBP's Guidelines on Performance Evaluation of Board of Directors, Board of Directors are required to carry out its own performance evaluation, besides, the performance evaluation of different categories of Board Members and the Board Committees. The Board Members shall evaluate performance of overall Board, Board Committees and Individual Board Members as per the following categories:

- i. Chairman
- ii. Vice Chairman
- iii. Sponsor Directors
- iv. Independent Directors
- v. Other Non-Executive Directors
- vi. Chief Executive Officer
- vii. Company Secretary

- 1) The evaluation shall be conducted annually and shall be preferably completed before year end or as per ABG and regulatory guidelines. The evaluation exercise shall be undertaken by an external independent evaluator at least once in every three years.
- 2) The Company Secretary shall be the facilitator and contact person for board evaluation.
- 3) Every Director shall evaluate the Board and its Committees as a unit and also evaluate peer Board members.

- 4) The procedure for circulation and compilation of the evaluation is as follows:
- a. The Company Secretary emails the Board Evaluation Document to the Board members every year, marked strictly confidential, with a request to return the completed document through return email.
 - b. The Company Secretary will compile the individual results and prepare consolidated average results as per following categories:
 - i. Overall Board of Directors
 - ii. Chairman
 - iii. Vice Chairman
 - iv. Sponsor Directors
 - v. Independent Directors
 - vi. Other Non-Executive Directors
 - vii. Board Committees
 - viii. Chief Executive Officer
 - ix. Shariah Board
 - x. Evaluation of the CS is to be sent by the Directors directly to the Chairperson of BNRC for consolidation.
 - c. After compiling the evaluation results, the Company Secretary will share consolidated results with the BNRC through its Secretary. This will be the responsibility of the Company Secretary / Secretary BNRC to keep the confidentiality of the individual members' feedback and not to share it with anyone. The Chairman will discuss outcome of the individual directors with them.
 - d. The evaluation of the Chairman will be conducted by the Independent Directors.
 - e. The Company Secretary will prepare a consolidated Performance Report for consideration of the Board of Directors comprising of consolidated evaluation results and the Action Plan forwarded by the Chairman of the Board containing actions to strengthen weak areas, if any.
 - f. The Performance Report will be placed before the Board of Directors after recommendation from BN&RC.
 - g. The Company Secretary will ensure to incorporate required disclosures regarding Board's evaluation in the annual corporate governance disclosure as per regulatory guidelines.
 - h. The implementation status on the Action Plans (if any) presented in the meeting will be part of the next year's action plan to be put up by the Chairman for consideration of the Board.

The SBP Guidelines require that at least once in every three years, the evaluation should be conducted by an external independent evaluator. The Bank engaged Pakistan Institute of Corporate Governance (PICG) as an independent evaluator to conduct this evaluation in 2022, while for 2021 this exercise is conducted by adopting an in-house approach using quantitative techniques, as per SBP guidelines.

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 Nomination and Remuneration Committee (BN&RC) and approved by the Board of Directors thereafter.

The Board of Directors' remuneration is determined Corporate Governance Regulatory Framework (CGRF) vide Circular 05 dated November 22, 2021 (Prudential Regulation G-14,

Remuneration of Board Members and Management). The Board remuneration is subject to approval of the shareholders in the Annual General Meeting. However, the 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 rewarding mechanism 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 functions.

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 minimize 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 BN&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.

ABPL uses a formalized and transparent process to adjust the bonus pool for quality of earnings. It is the bank's objective to pay out bonuses out of realized and sustainable profits. If the quality of earnings is not strong, the profit base could be adjusted based on the recommendation of the BN&RC to BOD.

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 Framework

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

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