

CORPORATE GOVERNANCE - 2022

Al Baraka Bank (Pakistan) Ltd (ABPL) is part of Al Baraka Group B.S.C. ("ABG"). Al Baraka Group is licensed as an Investment Business Firm - Category 1 (Islamic Principles) by the Central Bank of Bahrain and is listed on Bahrain Bourse. ABG is a leading international Islamic financial group providing its financial services through its banking subsidiaries. ABG's network serves a population totaling around one billion customers.

The Group has a wide geographical presence in the form of subsidiary banking Units and representative offices in 15 countries, which in turn provide their services through over 600 branches. Al Baraka Group has operations in Jordan, Egypt, Tunis, Bahrain, Sudan, Turkey, South Africa, Algeria, Pakistan, Lebanon, Syria, Morocco and Germany, in addition to two branches in Iraq and one representative office in Libya.

ABG and its Units offer retail, corporate, treasury and investment banking services, strictly in accordance with the principles of the Islamic Shariah. The authorized capital of ABG is US\$ 2.5 billion.

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, 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. Jehad El-Nakla - Chairman (Director nominated by Al Baraka Islamic Bank)

Dr. Jehad El-Nakla is currently an Independent Board Member of Al Baraka Banking Group (ABG) and a non-executive Board Member of Jordan Islamic Bank. He previously served as the Chairman of the Board of Directors of Al Baraka Bank Sudan.



He is also a Senior Advisor at Acreditus Partners , which is a boutique advisory services covering risk, governance, credit ratings and Sukuk. Prior to this, he served as the General Manager of Moody’s Investors Service Middle East (Moody’s Credit Rating Agency) in Dubai from November 2007 until March 2020. Dr. El-Nakla also served 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 over thirty 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-Naka has a PhD degree in Numerical Analysis from Loughborough University in the UK.

2. Mr. Tariq Mahmood Kazim - Vice Chairman (Director nominated by Al Baraka Islamic Bank): (Resigned on March 02, 2023) **(Mr. Tariq Mahmood Kazim resigned on March 02, 2023)*

Mr. Tariq Kazim has over 37 years of experience in Banking & General Management, 26 of which have been in Senior Management Positions. He is currently serving as General Manager Business Group and in charge of Corporate, Commercial, SME, Retail, FI and Treasury units 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 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.



3. Mr. Azhar Aziz Dogar - (Director nominated by Al Baraka Islamic Bank)

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. He 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. 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.



4. Mr. Abdulmalek Mezher - (Director nominated by Al Baraka Islamic Bank)

Mr. Abdulmalek Mezher is Senior Vice President - Group Head of Compliance, Governance & Board Affairs and MLRO in Al Baraka Group B.S.C., and is the Board Member of Al Baraka Islamic Bank, Bahrain and Al Baraka Bank, Sudan. He joined ABG in November 2019 and has over 19 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 besides handling matters related to Board Affairs.



Mr. Abdulmalek 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 is a GRCP - Governance, Risk and Compliance Professional. He recently obtained the CSAA - Certified Shari'a Advisor & Auditor designation.

5. 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).

6. Mr. Azhar Hamid - (Independent Director)

Mr. Azhar Hamid is an international banker with a career spanning over 56 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, 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. He is currently serving as Chairman of UBL Fund Managers since July 2017. He has also served on several Pakistan Government and State Bank of Pakistan committees on economic reforms and monetary policy.



7. Ms. Aminah Zahid Zaheer - (Independent Director)

Aminah Zaheer is the Managing Director of Zahid Zaheer & Associates, a multi-disciplinary, reputable 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 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, Cosmetics and Beauty. 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 OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited), Feroze 1888 Mills Limited, 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). She is an integral member of the Board Executive Committee, Board Audit Committee, Board IT & IS

Committee, Board Capital Increase Committee and chairs the Board Human Resource & Remuneration and Board Risk committees.

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 also a permanent faculty member at the PICG, and has architected and rolled out the training on Workplace Harassment for the Institute in 2021. She has participated as a Panelist and an expert on various platforms including the recent Survey held on Corporate Governance Practices in Pakistan by the Pakistan Institute of Corporate Governance.

Ms. Aminah 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 with INSEAD in France, with the CFA Institute in Singapore and with The Johnson Learning Institute and Cornell University in USA.

8. Mr. Zahid Rahim - (Director nominated by Mal Al Khaleej, UAE)

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.



9. Muhammad Atif Hanif - (Chief Executive Officer): (Joined on November 15, 2023)

Having working experience of twenty-three years' of banking in leading banks including sixteen years with Islamic Banking.

In his executive roles, he is leading Islamic banker with strong interface with regulators, Government, auditors, Shariah fraternity, rating agencies and banking industry. He has strong track record in management, vibrant leadership and administrative skills, and also has high performance team building, business planning and strategy development aimed at sustainable business growth with focus on optimum efficiency, innovation and profitability.

In his key fortes are sustainable business growth, shareholders value maximization, strong brand positioning, leading distinctive teams with innovative business approach. Customer Focus through upgrading services, engagement channels, continuous innovation, product development, diverse marketing and expanding physical and digital distribution channels.

His diverse banking experience including retail and corporate banking both in Islamic and conventional banking including The Bank of Khyber, leading banks like HBL Islamic, Dubai Islamic Bank and Bank Alfalah, including 4 years of experience in Capital markets prior to starting banking career, associated with KASB Securities.

| Details of Membership on the Board(s) and Shariah Boards of other companies (Table-1) | | | | |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disclosure on Board of Directors | | | | |
| S #. | Full Name | Date of Joining the Board of ABPL | Status of Director (Independent, Non-Executive, Executive)* in ABPL | Number of other Board Memberships along with name of company(ies) |
| 1 | Dr. Jehad El-Nakla | 14-Jun-21 | Sponsor Director | Albaraka Banking Group, Manama Independent Member of the Board Jordan Islamic Bank Non-executive Board Member |
| 2 | Mr. Tariq Mahmood Kazim (Resigned on March 02, 2023) | 29-Oct-10 | Sponsor Director | Nil |
| 3 | Mr. Azhar Aziz Dogar | 14-Jun-21 | Sponsor Director | Al Baraka Bank Turkey Member of the Board |
| 4 | Mr. Abdul Malek Shehadeh Ibrahim Mezher | 14-Jun-21 | Sponsor Director | Al Baraka Bank Sudan Member of the Board |
| 5 | Mr. Zahid Rahim | 30-Oct-17 | Sponsor Director | Nil |
| 6 | Mr. Azhar Hamid | 01-02-2017 | Independent Director | UBL Fund Mangers Chairman/Ind. Director |
| 7 | Ms. Aminah Zahid Zaheer | 14-Jun-2021 | Independent Director | ORIX Leasing Pakistan Ltd Independent Director Feroze1888 Mills Limited Director Zahid Zaheer & Associates Business Advisory & Management Consultants Managing Director |
| 8 | Mr. Mohamed Tareq Mohamed Sadeq | 28-Nov-18 | Independent Director | Ahli United Bank Kuwait K.S.C.P. Independent Director |

| | | | | |
|---|-------------------------|-------------|-------------------------|-------------------------------------------------------------------------------------------------|
| | | | | <p>Ahli United Bank Egypt S.A.E., Cairo, Egypt Independent Director</p> |
| | | | | <p>National Bank of Bahrain B.S.C, Bahrain Non-Executive Director</p> |
| | | | | <p>Bahrain International Golf Course Co. B.S.C (c) Bahrain Independent Director</p> |
| | | | | <p>Al Zayani Investment B.S.C (c) Bahrain Independent Director</p> |
| | | | | <p>First Motors W.L.L Independent Director</p> |
| | | | | <p>AM Yateem Brothers W.L.L., Bahrain Independent Director</p> |
| | | | | <p>Yateem Air Conditioning Company W.L.L., Bahrain Independent Director</p> |
| 9 | Mr. Muhammad Atif Hanif | 15-Nov 2022 | Chief Executive Officer | - |

| 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 | |

* Contract renewed on July 01, 2021

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 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

- 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) | |
| Dr. Jehad El-Nakla | Chairman - Non-Executive Director |
| Mr. Tariq Mahmood Kazim* | Vice Chairman - Non-Executive Director |
| Mr. Zahid Rahim | Member - Non-Executive Director |
| Ms. Aminah Zahid Zaheer | Member - Independent Director |

*(Mr. Tariq Mahmood Kazim resigned on March 02, 2023)

| Board Nomination & Remuneration Committee (NRC) | |
|------------------------------------------------------------|---------------------------------|
| Ms. Aminah Zahid Zaheer | Chairman - Independent Director |
| Mr. Tariq Mahmood Kazim* | Member - Non-Executive Director |
| Mr. Abdul Malek Shehadeh Ibrahim Mezher | Member - Non-Executive Director |

*(Mr. Tariq Mahmood Kazim resigned on March 02, 2023)

| Board Audit Committee (BAC) | |
|-----------------------------------------|---------------------------------|
| Mr. Mohamed Tareq Sadeq | Chairman - Independent Director |
| Mr. Abdul Malek Shehadeh Ibrahim Mezher | Member - Non-Executive Director |
| Mr. Azhar Hamid | Member - Independent 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 Aziz Dogar | Chairman - Non-Executive Director |
| Mr. Zahid Rahim | Member - Non-Executive Director |
| Ms. Aminah Zahid Zaheer | Member - Independent Director |

| Board IT, Digital and Information Security Committee (BITD&IS) | |
|---------------------------------------------------------------------------|-----------------------------------|
| Mr. Tariq Mahmood Kazim* | Chairman - Non-Executive Director |
| Mr. Zahid Rahim | Member - Non-Executive Director |
| Ms. Aminah Zahid Zaheer | Member - Independent Director |

*(Mr. Tariq Mahmood Kazim resigned on March 02, 2023)

| Board - Pakistan Capital Increase Committee (PCIC) Suspended | |
|---------------------------------------------------------------------|-----------------------------------|
| Mr. Tariq Mahmood Kazim* | Chairman - Non-Executive Director |
| Mr. Zahid Rahim | Member - Non-Executive Director |
| Ms. Aminah Zahid Zaheer | Member - Independent Director |

*(Mr. Tariq Mahmood Kazim resigned on March 02, 2023)

**The Committee suspended by the Board in its 61st meeting held on October 20, 2022

| 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.

Achievements of BEC:

1. Ensured that the Bank remains well capitalized
2. Approved Budget of the Bank
3. Appraised credit facilities of large amount.

4. Reviewed and recommended Management related Policies/Manuals and processes to BOD for approval.
5. Establish, maintain and promote regular communication with senior management regarding their key areas and responsibilities.
6. Reviewed and provided guidance for the root cause analysis of management issues.
7. Reviewed and discussed IPO Strategy of the Bank.
8. Reviewed and discussed Business Strategy.
9. Determine appropriate measures to safeguard the Bank's assets;
10. Reviewed SOP for prior self-assessment of Shareholders/Beneficial Owners, Directors, CEO and Key Executives.
11. In general, performed all the roles & responsibilities as envisaged in the BEC's TOR.

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;
- 43) Consideration of any other issue or matter as may be assigned by BOD/Shari'ah Board.

Achievements of BAC 2022:

1. Reviewed and approved annual Risk-based Audit Plan (Internal & Shariah Audit) reporting procedures, training & budget for the year 2022 and supported Internal Audit Function and Shariah Audit to ensure that teams are adequately resourced and are appropriately placed within the Bank. Annual Internal Audit and Shariah Audit plan has successfully been completed.
2. Reviewed & recommended the internal Audit strategy 2023-2025.
3. Reviewed annual and interim financial statements of the Bank, prior to approval by the BOD, focusing on:
 - major judgmental areas;
 - significant adjustments resulting for the audit;
 - going concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with statutory and regulatory requirements; and
 - all related party transactions
4. Reviewed and recommended to BOD for approval of BAC Charter, Internal Audit Charter, Internal Audit Manual, BRR Policy and Whistle blow Policy program.
5. Reviewed and approved the BRR Manual, IT & Management Audit Rating Model and Shari'ah Audit Manual.
6. Reviewed the significant internal audit observations on quarterly basis identified during various audit engagements.
7. Discussed with external auditors on major observations arising from interim and annual audits and any matter that the auditors may wish to highlight.
8. Reviewed management letter issued by external auditors and management response thereto.
9. Reviewed External Shariah Audit Report FY 2021.
10. Reviewed major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
11. Annually obtained and reviewed independent assessment/opinion from Chief Internal Auditor on the state of Bank's internal controls based on the audit conducted over the period.
12. Reviewed Annual Assessment Report on Internal Control over Financial Reporting (ICFR).
13. Reviewed open fraud cases, Non-Performing Assets, Capital Adequacy Ratio, IFRS-9 and remedial measures of SAM Function.

14. Discussed the enforcement/corrective actions determined by the Shari'ah Board and ensured compliance with Shari'ah Board directives.
15. In general, performed all the roles & responsibilities as envisaged in the BAC Charter.

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)

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:

- Provide risk perspective to the Board of Directors for determining the strategic direction of the Bank;
- Assessing the risks embedded in the Bank's operations; and
- Assessment and determination of the Bank's overall risk appetite.

The Committee shall be comprising of minimum three (3) Directors of the Board. The Members of Committee shall elect an Independent Directors as a Chairperson of the Committee. The Committee shall have a combination of directors, having diversified experience.

Eligibility criteria for the Members of BRC is stated hereunder:

- Minimum fifteen (15) years of experience on senior positions in reputable organizations/institutions; and
- Diversified experience enabling them to assess risk factors in activities of the Bank's business.

The Members of the committee shall appoint Chief Risk Officer as Secretary of the Committee, preferably; however, the members of the committee may also appoint any other Executive of the Bank as the Secretary of the Board Risk Committee.

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:

- 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.
- 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.
- 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:
 - Review reports on credit portfolio risk analysis with respect to productwise, segment wise, portfolio concentration, industry concentration, overdue position, non-performing portfolio, risk ratings & its migration analysis.
 - Quarterly review reports on credit risk review with respect to review of financing proposals by RMG including policy exceptions.
 - 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 take corrective action.
 - 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.
 - Quarterly review reports on bank's market risk exposures including Investment portfolio, foreign exchange exposure, profit spread & margin, maturity and yield gap.
 - Quarterly review of desired key Liquidity ratios for the bank, deposit mix, deposit ratios, concentration arising from depositors and maturity gaps.
 - 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.
 - 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.
 - 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.

- Annual review of ICAAP document and recommend to BOD its approval.
- 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.
- Annual review of adequacy of the resources allocated for risk management given the size, nature and volume of business.
- Review of bank’s transition plan for IFRS 9 implementation from Management’s Project Steering Committee and recommend to BOD its approval.
- Quarterly review of transition plan and apprise the BOD about the progress of the implementation of IFRS 9 to ensure smooth implementation of IFRS 9 within the timelines stipulated by SBP.
- Review of IFRS 9 Compatible Pro-Forma Financial Statements and Directors Review Report during Parallel Run period as per the timelines given by SBP.
- Monitoring that the resources allocated for risk management are adequate given the size, nature and volume of the business;

Achievements of BRC:

1. Implementation of LOS for Corporate, Commercial, SME & Agri financing (end-to-end workflow based credit application, due diligence, approval, collateral management & MIS)
2. Implementation of LOS for Consumer Financing including collection and recovery module.
3. Under BRC guidance bank successfully commenced external validation of Internal Risk Rating Models for all non-retail clients for further improve effectiveness of the same.
4. Reviewed and updated Country Risk Policy, Outsourcing Policy, Reputational Risk Policy, Stress Testing Framework, Risk Appetite Statement, Operational Risk Policy, IT Security Policy, Market Risk Policy, Liquidity Risk Policy, BCP Policy, Green Banking Policy and SAM Policy
5. Effective Credit Monitoring with daily follow ups with business units even for 1 day overdue.
6. Enhanced the monitoring of the customers falling in the 6-9 rating grade as the same can become NPL in the future without proper monitoring. BRC also suggested to accept customers with a rating of 7 or worse only if there are strong valid reasons to accept them in the bank’s portfolio.
7. Prepare a comprehensive plan to improve the effectiveness of the risk department/risk function within ABPL with valuable inputs from senior management.
8. Led with front in the most crucial times of changes on the top (new BOD/BOD Committees and sudden management change).
9. Effectively implemented BRC directives through gradual reduction of high risk weighted assets while improving Risk Adjusted Return which is evident from improved financial performance of the bank.
10. BRC ensured modification in the business model involving local Branch Managers to provide dual ownership of the SME accounts together with RMs so as to improve the

performance of the SME portfolio. The Committee also strengthened the controls for clear segregation of roles and responsibilities and ownership of the accounts.

11. BRC ensured that Business units are also held accountable for risk by incorporating the downgrade factor in Risk based Performance Scorecard of concerned Relationship Manager(s)
12. The Committee advised Management to discuss SBP penalties especially with recurring ones in the Compliance Committee of Management (CCM) along with root cause analysis and action plans to strengthen internal controls and to bring proactive compliance culture in the bank.
13. The Committee increased the minimum RAROC benchmark for SME portfolio as the segment is more vulnerable to economic and business conditions.
14. BRC ensured that training of RMs regarding the lesson learned from previous cases in credit risk is conducted in order to strengthen the 1st line of defense and to ensure that the Business Unit is aware of its roles and responsibilities related to identifying, managing and monitoring the credit risk.
15. In order to stop the theft/loss of pledged goods, BRC Members advised that Muccadums should provide a security deposit (percentage to be decided by the RMG/Business) so as to ensure its commitment against any possible lapse/fraud in pledge protection.
16. In order to ensure recovery especially from legacy/NPA cases, the Committee Members ensured that CAD, Business and Legal department review all documentation related to such portfolio especially mortgage documentation in terms of validity and enforceability.
17. BRC is conducting an exercise to identify clients with nil chances of recovery especially the legacy clients since 2012 or before to be either recovered to the extent possible or written off.

TORs of Board Compliance Committee (BCC)

Terms of Reference

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:

- i) 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.
- ii) Ensure development and implementation of Customer Risk Profiling Framework and Transaction Monitoring System for managing ML/TF/PF/TBML risks.
- iii) 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.
- iv) CEO to coordinate with BCC regarding the CCO’s annual KPI’s and his annual performance appraisal;

- v) 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;
- vi) Review and take action (as necessary) on AML-CFT related reports submitted by the Bank's Compliance Department / Compliance Committee.
- vii) Report to the BOD significant developments, issues / challenges and concerns with respect to AML Compliance.
- viii) Ensure establishment of a robust Compliance Function, promoting a strong compliance culture.
- ix) Approve 'Compliance Program' that promotes & supports Compliance Risk Management.
- x) 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.
- xi) 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.
- xii) Evaluate the effectiveness of management of Compliance Risk (annually) keeping in view regulatory observations, regulatory enforcement actions, audit reports, compliance reviews and CCO feedback.
- xiii) In coordination with BCC members and advice of Chief Executive Officer, approve the appointment of Chief Compliance Officer.
- xiv) Approve any disciplinary action or termination of Chief Compliance Officer.
- xv) Ensure that seat of Chief Compliance Officer does not remain vacant for more than 60 days.
- xvi) Ensure that Chief Compliance Officer has appropriate stature, authority, resources & support.
- xvii) Ensure that Compliance Function is sufficiently independent of line departments.
- xviii) Ensure that Compliance Function has capacity to offer objective opinions & advice.
- xix) Engage with Chief Compliance Officer on half yearly basis to discuss issues faced by Compliance Function.
- xx) Review the minutes of the Compliance Committee of Management (CCM)
- xxi) 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.
- xxii) 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.
- xxiii) To review and track the implementation status of Major Decisions taken in the previous meetings specifically with respect to AML/CFT/CPF.
- xxiv) To review the AML/CFT/CPF training Plan and ensure adequacy of the scope, coverage and frequency of trainings imparted to Bank staff.
- xxv) 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.
- xxvi) Any other matter of significance specifically related to ML/FT/PF risk. Satisfy itself of receiving accurate and comprehensive information.
- xxvii) BCC has the right to invite internal or external attendees where applicable to attend BCC's meeting/meetings.
- xxviii) Ensure that sufficient resources are available in order to carry out its duties;

- xxix) 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;
- xxx) 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.;
- xxxii) Oversee any investigation of activities which are within its charter.

Achievements of BCC:

The Board Compliance Committee (BCC) was established to assist the Board of Directors (BOD) in fulfilling its oversight responsibility over the Bank's Compliance Risk Management. The Committee operates under the Charter by the BOD, which serves as a blueprint for its operations and delineates the basic framework for performing its assigned roles and responsibilities related to regulatory/statutory requirements.

The BCC has effectively fulfilled its responsibilities by ensuring the implementation of the following:

1. Formulation of BCC Terms of Reference / Charter for approval of the Board of Directors (BoD);
2. Reviewed and recommended in 2022 the following policies for approval by the Board of Directors:
 - a) Compliance Risk Management Policy
 - b) Compliance Program
 - c) AML/CFT/CPF Policy
 - d) FATCA/CRS Policy
 - e) Sanctions Policy

Monitored the implementation of above policies and provided guidance, wherever necessary;

3. Reviewed and monitored the workings of the Compliance Committee of the Management (CCM);
4. Reviewed the progress on implementation of regulatory circulars / instructions and provided guidance for completion of required activities as per given timelines;
5. Reviewed and recommended entity level Internal Risk Assessment Report (IRAR) for approval by the Board of Directors;
6. Reviewed outstanding observations of State Bank of Pakistan (SBP) Inspection Reports, ABG Internal Audit Reports & External Auditor Management Letters for implementation of corrective measures and provided guidance for closure;
7. Reviewed and approved Compliance Off-Site Monitoring and Review Plan for the year 2022. Monitored the status of outstanding observations and provided guidance on implementation of the remedial measures to avoid recurrence;
8. Reviewed and provided guidance for the root cause analysis of issues raised by SBP including penalties to avoid recurrence of the same;
9. Reviewed the status of AML/CFT/CPF trainings on quarterly basis for inculcating a strong 'compliance culture' across the Bank;
10. Monitored the implementation of new RegTechs (AML Transaction Monitoring System and Sanctions Screening System) for managing ML/TF/PF/TBML risks;

11. Ensured the timely submission of FATCA/CRS Reporting and monitored the progress on the automation of FATCA/CRS fields in Core Banking System, with recommendation for early implementation of the said project;
12. Reviewed the progress made on the Data Cleansing of Account Holders Information/Capturing of Mandate Holders & Directors etc. information and provided guidance for enhancing the efforts to meet the given timelines;
13. Reviewed the status of ICFR Outstanding Gaps on quarterly basis and provided guidance on implementation of the remedial measures to avoid recurrence; and
14. Reviewed the adequacy of management's resources and infrastructure to implement the Compliance related policies and procedures and provided recommendations to BoD where necessary.

In general, performed all the roles & responsibilities as envisaged in the BCC Charter.

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

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.

Achievements of BITD&ISC:

1. Reviewed and approved the revised IT Policy version 5.0
2. Reviewed the IT Staff Capacity Planning and approved optimal headcounts including QA (Quality Assurance) resource
3. Approved the bank-wide acquisition & replacement of branches' network infrastructure.
4. Reviewed & approved the bank-wide replacement of obsolete ATMs to improve ATM security and customer experience
5. Reviewed and guided the Bank's management for entering a contractual agreement with provider of core-banking systems after acquisition of Autosoft Dynamics (Pvt.) Ltd by Contour (Pakistan)
6. Reviewed and guided the Bank's management on implementation of major IT & Digital Projects to ensure its alignment with bank's business strategy.
7. Reviewed and agreed on action plans for resolution of compliance matters within the function including major IT & IS audit observations

8. Approved and supervised the implementation of SIEM (Security Information & Event Management), SOC (Security Operation Control) & PAM (Privileged Access Management) to improve overall security stature of the Bank
9. Reviewed and provided insight on McKinsey Digital Transformation Strategy and ABPL's own Digital Transformation Strategy
10. Reviewed and approved the IT & Digital Strategy for year 2022-26 which has been aligned at group level with ABG

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. Development and timely issuance of Shariah guidelines for each product under various SBP schemes.
2. Reviewed and approved various cases of Charity distributions.
3. Review and approval of various structures related to Sukuks and Syndication.
4. Reviewed and provided opinions on various reports from Internal Shariah Audit, External Shariah Audit, ABG Shariah Audit, SBP Inspection team and Shariah Compliance Department. Areas covered were Branches, Commercial, Corporate and Consumer financing, Staff financing, Trade and RSD.
5. Review and approved various policies and SOPs related to various functions of the bank.
6. Conducted various training sessions online and physical across different segments.
7. Attended two meeting with Board of Directors during the year
8. Conducted four Shariah Board meeting during the year which were attended by all the members.

9. Conducted various meetings with CEO/D.CEO on various matter of Banks.

Number of Board & Committees meetings held during the year 2022

| Name of Directors | Board | BEC | BAC | BRC | BCC | BNRC | BITD & ISC | BPCIC |
|------------------------------------------------------|-------|-----|-----|-----|-----|-------|------------|-------|
| Dr. Jehad El-Nakla Chairman | 7/7 | 5/5 | - | - | - | - | - | - |
| Mr. Tareq Mahmood Kazim, Deputy Chairman | 7/7 | 5/5 | - | - | - | 23/24 | 5/5 | 15/15 |
| Mr. Azhar Aziz Dogar Director | 7/7 | - | - | 5/5 | - | - | - | - |
| Mr. Abdul Malek Shehadeh Ibrahim Mezher, Director | 7/7 | - | 4/4 | - | 3/4 | 24/24 | - | - |
| Mr. Mohammed Tareq Sadeq, Director | 7/7 | - | 4/4 | - | 4/4 | - | - | - |
| Mr. Zahid Rahim, Director | 7/7 | 5/5 | - | 5/5 | - | - | 5/5 | 14/15 |
| Mr. Azhar Hamid Director | 7/7 | - | 4/4 | - | 4/4 | - | - | - |
| Ms. Aminah Zahid Zaheer, Director | 7/7 | 5/5 | - | 5/5 | - | 24/24 | 5/5 | 14/15 |

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

Meetings attended by Shariah Board Members during 2022

| 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 | 4 |
| 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:

- Chairman
 - Vice Chairman
 - Sponsor Directors
 - Independent Directors
 - Other Non-Executive Directors
 - Chief Executive Officer
 - Company Secretary
- i. 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.
 - ii. The Company Secretary shall be the facilitator and contact person for board evaluation.
 - iii. Every Director shall evaluate the Board and its Committees as a unit and also evaluate peer Board members.
 - iv. 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 by November 1st of each 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:
 - Overall Board of Directors
 - Chairman
 - Sponsor Directors
 - Independent Directors
 - Other Non-Executive Directors
 - Board Committees
 - Shariah Board
 - Evaluation of the CEO and the CS is to 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 conduct 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
 - 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.

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.

Board Remuneration.

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 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 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 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 formalized 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.