



COPORATE GOVERNANCE REPORT 2022

Corporate Governance

ABG views a disciplined corporate governance and risk management culture as a fundamental prerequisite to effective management of the Group to achieve strong yet sustainable financial returns and build consistent shareholder value. The adoption and maintenance, through continual and vigilant review, of the highest standards of corporate governance and risk management have thus been key to building a strong, ethical, responsible organization. This has been essential for establishing a strong governance structure under which the functions, roles and responsibilities are clearly delineated 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 Group'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 Group. It is responsible for raising and allocating of capital, monitoring of the Executive Management and its conduct of the Group's operations, making critical business decisions and building long-term shareholder value. The Board, through approving and monitoring the Group's risk appetite, and identifying and guarding against the longer term strategic threats to the business, ensures that the Group manages risk effectively.

The Board is also responsible, inter alia, for:

- setting and reassessing periodically the Group's corporate goals and objectives;
- establishing policies to further the achievement of the Group's corporate goals and objectives;
- establishing and regularly reviewing the management structure and responsibilities, and monitoring the effectiveness of the Executive Management, including its ability to plan and execute strategies;
- holding the Executive Management accountable for results;
- putting in place adequate policies and processes for approving budgets, and reviewing performance against those budgets and against key performance indicators;
- ensuring that an adequate, effective, comprehensive and transparent corporate governance framework is in place;
- establishing and approving policies and procedures designed to ensure ethical behavior and compliance with laws and regulations, auditing and accounting standards and the Group's own corporate governance policy;
- ensuring that ABG and its subsidiaries' operations are supported by an appropriate control environment, i.e. that internal audit, compliance, risk management and finance and reporting functions, are well resourced and structured;
- ensuring that the Group's operations are supported by a reliable, sufficient and well-integrated information system;
- recognizing and communicating to the Executive Management the importance of the internal audit function at ABG and its

- subsidaries, periodically reviewing internal control procedures, and taking measures to enhance the function of internal audit and to act in a timely and effective manner on its findings;
- approving the writing off of credit facilities and investments where appropriate, in accordance with the Group's policies and procedures;
- ensuring that an Anti-Money Laundering framework is in place to manage money laundering risk throughout the Group;
- ensuring that the Anti-bribery and Corruption program is implemented throughout the Group;
- approving strategic investments by ABG and its subsidiaries;
- monitoring potential conflicts of interest and preventing abusive related party transactions;
- approving material transactions outside the normal course of business or in excess of the limits of approval authority delegated to the Executive Management;
- ensuring the preparation of financial statements which accurately disclose the Group's financial position, on a regular and consistent basis, and for reviewing and approving for dissemination its periodic financial statements and annual reports;
- approving all significant changes in the Group's accounting and reporting policies;
- ensuring compliance at all times with all relevant requirements of Shari'a ("Sharia" or "Shari'a") and Islamic Accounting Standards, issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI);
- ensuring that the Group establishes and maintains an approved employee Code of Conduct and is in compliance with it;
- ensuring that the control environment maintains necessary client confidentiality, and that clients' rights and assets are properly safeguarded;
- ensuring that the Group's Social and Sustainable Finance objectives are attained;
- convening and preparing the agenda for shareholder meetings;
- ensuring equitable treatment of all shareholders including minority shareholders;
- ensuring that there is representation of women on the Group's Board of Directors in accordance with the directives of the Ministry of Industry & Commerce and disclosure in the Corporate Governance report for each fiscal year the percentage component of the Board membership duly classified according to gender (and the lack of or under-representation of any single gender), and non-compliance of the directives in any manner whatsoever; and
- performing any other functions required from the Board of Directors under applicable laws and regulations.

In its regular review of the Group's strategy, the Board reviews the Group'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 Group; 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 Group's corporate objectives. The Board ensures that the systems and controls framework, the Board structure and the organizational structure of the Group are appropriate for the Group'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 Group. These are regularly reviewed by the Board. The Group's system of internal control 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.

In meeting its responsibility to ensure efficient governance in all matters related to ABG, the Board has established a written compliance policy governing the Group's compliance with all laws and regulations; in particular those enunciated by the Central Bank of Bahrain (CBB) and other local regulators. The Board is also responsible for upholding the highest ethical standards in the conduct of business activities and expects all employees, directors and associated persons of the Group to abide by the policies and laws including those stipulated by the Bahrain Penal Code. The Board has delegated responsibility for monitoring compliance to the Group Chief Executive Officer in coordination with the Board Compliance & Governance Committee. This responsibility is carried out through a dedicated Compliance Department, with a mandate to cover all aspects of compliance including: formulation of effective policies and processes for the management of the Group'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 ABG 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), Anti-Money Laundering (AML) and Anti-bribery and Corruption program ("ABC program") frameworks. ABG is continuously enhancing its compliance framework and that of each of its subsidiaries.

The CBB has issued requirements of Module HC of its Rulebook under Volume 4 which are met by ABG with respect to corporate governance principles. These requirements are in line with the

principles relating to the Corporate Governance Code issued by the Ministry of Industry & Commerce of the Kingdom of Bahrain, international best practice corporate governance standards set by bodies such as the Basel Committee for Banking Supervision and related high-level controls and policies. In 2014, the CBB introduced further requirements addressing the matter of remuneration of Approved Persons and Material Risk Takers (see below), which requirements were duly adopted by ABG. ABG conducts annually detailed internal assessments to ensure compliance with these requirements and, in the event that any shortfall is identified, sets specific milestones for implementation of measures to address the shortfall. The CBB, ABG's shareholders, the Board of Directors and the Executive Management are all kept fully aware of such shortfalls, if any, and the measures taken.

ABG continuously ensures that the Group's minority shareholders are well represented on the Board of Directors through the independent directors (who constitute the majority of the Board of Directors), who have additional responsibility to protect the rights of minority shareholders.

The Board of Directors meets regularly (at least four times a year) and has a formal schedule of matters reserved for it, considering key aspects of the Group's affairs referred to it for decision. The Board reviews the Group's strategy and financial plans, all proposed material changes to the Group's policies, structure and organization, reports provided to it on the operations of the Group (with emphasis on organizational, risk management and information technology development) and the performance of the Executive Management.

All Directors attend all Board meetings whenever possible and in any event not less than 75% of meetings in any year, and they maintain informal contact among themselves between meetings. The Chairman is responsible for leadership of the Board and for its efficient functioning. He ensures that all members receive an agenda, minutes of prior meetings and background information in writing before each Board meeting and between meetings when necessary. The Board and its Committees are supplied with full and timely information to enable them to discharge their responsibilities. In this respect, the Board, its Committees and all Directors individually have access to the Executive Management, external legal or other professional consultants and advisors at the Group's expense, and to the Board Secretary, who is responsible for ensuring that the Board procedures and applicable rules and regulations are observed. The Board encourages participation by members of the Executive Management at Board meetings, if appropriate, regarding matters, which the Board is considering and where the Group Chief Executive Officer believes management should have exposure to the Board.

Corporate Governance (continued)

Under ABG's Articles of Association, the Board of Directors shall consist of no fewer than five and no more than 15 members. Members of the Board of Directors hold office for a three-year renewable term, although the term of office may be extended at the request of the Board for a period not exceeding six months with the approval of the Ministry of Industry & Commerce of Bahrain.

There is no maximum age limit at which a Director must retire from the Board of Directors. Each Director's membership of the Board shall terminate upon the expiry of his/her term, or upon the resolution of the shareholders in General Meeting, or as a result of one of a number of specified events or circumstances, including:

- the original appointment being found to be contrary to the provisions of the Commercial Companies Law (CCL) or ABG's Articles of Association;
- If the member is in breach of any of the qualifying conditions referred to in Article 173 of the CCL;
- If the member misuses his position in carrying on a business that is in competition with ABG or if he causes actual damage to it;
- If the member fails to attend three consecutive Board meetings without presenting a lawfully excused notification in writing to the Board;
- If the member resigns or withdraws from his/her office, provided the foregoing shall be done in an opportune time, otherwise he shall be liable to pay damages to ABG;
- Death of the member; and
- If the member occupies any other office at ABG for which he/she would receive remuneration other than that which the Board of Directors may decide from time to time because of the executive nature of his/her duties.

When an announcement is made requesting nominations for the position of membership of the Board of Directors to replace those members whose three-year term is due to expire, such nominations must be submitted to the Chairman of the Board, within the time frame provided in the announcement, then to the Board Nomination and Remuneration Committee for it to make its recommendations to the Board. As part of the nomination process, each nomination must comply with local rules and regulations, and must be submitted for approval to the CBB in order to ensure compliance with the CBB's "Fit and Proper" criteria. The names of all nominated individuals approved by the CBB are then submitted to the shareholders at the next AGM for consideration and election. Election of ABG Directors takes place in accordance with the rules and procedures set out in the CCL and ABG's Articles of Association.

In line with corporate governance best practice, there is a succession plan for the Executive Management. This is reviewed annually and submitted to the CBB.

Each new Director elected to the Board receives a written appointment letter, detailing the powers, duties, responsibilities and obligations of that Director, and other relevant terms and conditions of his appointment.

As of December 31st 2022, there were 13 Directors on the Board. They have varied backgrounds and experiences and are, individually and collectively, responsible for performing the responsibilities of the Board, and for exercising independent and objective judgement. No individual Director or group of Directors has unfettered powers of decision making or dominates the Board's decision making. The majority of the Directors are non-executive and fully independent of management, and are individually responsible for scrutinizing and challenging management decisions and performance. The posts of Chairman, Vice Chairman and Group Chief Executive Officer are held by different Directors, and the Group Chief Executive Officer has separate, clearly defined responsibilities. The size and composition of the Board and its Committees are regularly assessed, while the effectiveness, contribution and independence of individual Directors are assessed annually in light of interests disclosed and conduct. The independence or non-independence of Directors is, likewise, reviewed annually.

All Directors are remunerated solely by means of an annual retainer fee and sitting fees paid for each meeting attended. Their travel expenses are also reimbursed as appropriate.

The Board of Directors has adopted a formal Code of Business Conduct and Ethics applicable to Directors and Executive Management, officers, employees and agents, consultants and others representing or acting for the Group. Details of the Code are provided in the Additional Public Disclosures section of this report. In line with international best practice and the CBB Rulebook, the Board has instituted corporate governance measures to ensure that the interests of the shareholders are protected, including the appointment to the Board of more than one third of Directors as independent Directors, as defined in the CBB Rulebook.

As of December 31st, 2022, ABG had the following Board Composition, including classification for gender in accordance with the directives of the Ministry of Commerce & Industry (*for more details regarding the Board Composition please refer to page No 31 of this report*):

Non-Executive Directors

1. Shaikh Abdullah Saleh Kamel – *Chairman*
2. Mr. Tawfig Shaker Mufti
3. Mr. Fahad Abdulla Al Rajhi

Independent Directors

1. Mr. Mohamed Ebrahim Alshroogi – *Vice Chairman*
2. Dr. Jehad El-Nakla
3. Dr. Khaled Abdulla Ateeq

4. Mrs. Dalia Hazem Khorshid
5. Dr. Ziad Ahmed Bahaa-Eldin
6. Mr. Saud Saleh Al Saleh
7. Dr. Mohamed Moncef Chiekh-Rouhou
8. Mr. Naser Mohamed Al Nuwais

Executive Directors

1. Mr. Housseem Ben Haj Amor - *Group Chief Executive Officer*
2. Mr. Abdul Elah Abdul Rahim Sabbahi

Total representation of both sexes in the Board of Directors

December 31, 2022: M 92.3% / F 7.7%

December 31, 2021: M 92.3% / F 7.7%

BOARD COMMITTEES

The Board has put in place a number of Board committees, membership of which is drawn from the Board membership and to which it has delegated specific responsibilities. The principal Board committees are: (as of December 31st 2022)

Board Executive Committee

The Board Executive Committee is chaired by Shaikh Abdullah Saleh Kamel (Non-Executive Director), and the other members are Mr. Mohamed Ebrahim Alshroogi (Vice Chairman, Independent Director), Mr. Abdul Elah Abdul Rahim Sabbahi (Executive Director), Mrs. Dalia Hazem Khorshid (Independent Director), Dr. Ziad Ahmed Bahaa-Eldin (Independent Director) and Mr. Housseem Ben Haj Amor - Group Chief Executive Officer (Executive Director). The Board Executive Committee comprises of a minimum of four Directors and meets at least four times a year. The Board has delegated to the Board Executive Committee, under a formal written charter adopted by it, the responsibility to make recommendations to the Board, for the Board's approval, concerning the Group's overall strategies and business plan, or any significant change to them, or any major change to its capital or organization structure, assets or investments.

Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee is chaired by Mr. Saud Saleh Al Saleh (Independent Director), and its other members are Mr. Fahad Abdulla Al Rajhi (Non-Executive Director) and Dr. Mohamed Moncef Chiekh-Rouhou (Independent Director). The Committee operates in accordance with a formal written charter adopted by it and meets at least twice a year and considers all material elements relating to remuneration policy, including, inter alia, the approval of the remuneration of the Directors, based on their attendance at Board and Committee meetings. It also recommends to the Board the level of remuneration of the Executive Management members and other ABG employees under an approved performance-linked incentive structure.

The Committee conducts an annual evaluation of the performance of the Board, Board Committees and the Group Chief Executive Officer. When an issue relating to the personal interest of a Director is discussed in the Committee, the interested Director withdraws from the meeting and abstains from voting. The Committee is responsible for identifying persons qualified to become members of the Board or the Group Chief Executive Officer, the Chief Financial Officer, the Board Secretary and other executive officers considered appropriate (except for the Head of the Internal Audit Department), and for making recommendations accordingly. It is also responsible for inducting, educating and orientating new Directors, and for conducting seminars and other training programs from time to time for members of the Board.

Board Audit Committee

The Board Audit Committee is chaired by Dr. Khaled Abdulla Ateeq (Independent Director). Other members are Mr. Fahad Abdulla Al Rajhi (Non-Executive Director), Dr. Jehad El-Nakla (Independent Director), Mr. Naser Mohamed Al Nuwais (Independent Director) and Mr. Tawfig Shaker Mufti (Non-Executive Director). The Committee is governed by a formal written Charter, adopted by it and approved by the Board. The Committee meets formally at least four times a year. External auditors attend at least one meeting annually; moreover, external auditors have unrestricted access to the Committee and its Chairman throughout the year.

The Board of Directors has delegated to the Board Audit Committee the responsibility for ensuring that an effective internal auditing and continuous internal controls monitoring environment, and a sound system of accounting and financial control are in place. The Committee achieves this through regular review of internal audit reporting, external auditors' management letters, central banks' inspection reports, and the Group's accounting and financial policies and practices, financial reporting and disclosure controls and procedures, and the adequacy and effectiveness of the internal control procedures at the Head Office and at ABG's subsidiaries. The Committee considers all matters relating to financial control and reporting, internal and external audits and their scope and results, risk management and compliance with regulatory and legal requirements and accounting standards. It also considers and approves the annual audit plans, ensures coordination between the internal and external auditors, monitors the independence, qualifications, effectiveness and performance of the external auditors, and makes recommendations to the Board regarding the appointment, retirement and remuneration of the external auditors and the appointment of the Head of the Group's Internal Audit Department.

The Committee reviews the Group's annual and interim financial statements to recommend their approval to the Board of Directors, the adequacy of provisions and any reports by external consultants on specific investigative or advisory engagements.

Corporate Governance (continued)

The Committee ensures that there are control systems in place which are appropriate to the business of the Group and the information needs of the Board. These include systems and functions for identifying and monitoring risk, the financial position of the Group and compliance with applicable laws and regulations and best banking practice. The Committee ensures that all such information is produced on a timely basis. The various internal controls and processes are subject to independent review by the Group's Internal Audit Department, which reports directly to the Committee, as stated above, and external auditors and regulators as appropriate. Management letters and other issues of importance raised by external auditors, and inspection reports issued by the CBB's inspectors, or inspectors of any other applicable authorities where ABG or its subsidiaries operate, are reviewed by the Committee once issued. Acting on behalf of the Board, the Committee ensures that appropriate corrective action is taken.

The Board has adopted a 'whistleblower' program, allowing employees to confidentially raise concerns about possible improprieties in financial or legal matters. Under the program, concerns may be communicated directly to any member of the Board Audit Committee or, alternatively, to an identified officer or employee who, in turn, reports the matter to the Committee.

Board Risk Committee

The Board Risk Committee is chaired by Dr. Jehad El-Nakla (Independent Director), with its other members being Dr. Khaled Abdulla Ateeq (Independent Director) and Mr. Saud Saleh Al Saleh (Independent Director). The Board Risk Committee meets formally at least twice a year but may meet more frequently at the request of the Chairman of the Committee. It can call for the attendance of the Group Chief Executive Officer, Head of Credit and Risk Management and other senior executives of the Group at any of its meetings.

The Group's risk appetite is determined by the Board, based on the recommendations of the Board Risk Committee. The Board Risk Committee is responsible for setting acceptable levels of risks to which the Group may be exposed, for approving management's strategy for the managing of risk and for ensuring that all necessary steps are taken by management to identify, measure, monitor and control risk. The Committee's objective is to oversee the Group's risk management systems, practices and procedures, as well as to ensure effective risk identification, management and compliance with internal guidelines and external requirements. The Committee reviews issues identified by the Internal Audit and Compliance departments of ABG and/or any of its subsidiaries, such as weaknesses or breakdowns in controls.

Board Compliance & Governance Committee

The Board Compliance & Governance Committee is chaired by Dr. Khaled Abdulla Ateeq (Independent Director) and its other members are Dr. Jehad El-Nakla (Independent Director) and Dr. Ziad Ahmed Bahaa-Eldin (Independent Director) in addition to Mr. Yousif Hassan Khalawi, who represents the Unified Shari'a Supervisory Board. The Committee meets at least 4 times a year but may meet more frequently at the request of the Chairman.

The Committee's role is to ensure a robust compliance, AML and corporate governance framework and a strong compliance culture across the Group including ensuring efficient procedures, processes and controls for Anti- money Laundering, Countering Financing of Terrorism, International Sanctions and Foreign Account Tax Compliance Act and Common Reporting Standards. It periodically reviews the governance controls and systems to uncover any weakness, if any, which can be addressed. As the Group is present in many countries, the Committee ensures that the respective local legal legislation and regulatory norms are well-abided with so that compliance standards are maintained at a high level and are compatible with those enunciated by international standards.

Board Social & Sustainable Finance Committee

The Board Social & Sustainable Finance Committee is chaired by Mr. Naser Mohamed Al Nuwais (Independent Director) and the other members are Mr. Abdul Elah Abdul Rahim Sabbahi (Executive Director) and Dr. Mohamed Moncef Chiekh-Rouhou (Independent Director).

The Committee leads the Al Baraka Social & Sustainable Finance Program. It oversees the formulation of policies and strategies by the Executive Management, intended to make ABG and its subsidiaries a model international Islamic financial group offering banking and financial services in a sustainable and socially responsible manner and in conformity with the objectives of Shari'a.

The Committee aims to adhere to the spirit of Islamic finance that identifies Social & Sustainable Finance as a principal feature of Islamic banking and finance. The Committee demonstrates its commitment to the spirit of Social & Sustainable Finance inherent in Islamic finance by setting various quarterly and annual targets for the Executive Management.

All minutes and reports of meetings of the Committee are disseminated to all members of the Board of Directors.

Directors' Attendance at Meetings of the Board of Directors and its Committees In 2022

Name of the Board/ Committees	No. of meetings in 2022	Dates of the meetings	Member's name	No. of meetings attended
Board of Directors	9	23 February 2022 10 March 2022 30 March 2022 11 May 2022 15 June 2022 24 September 2022 09 November 2022 27 November 2022 22 December 2022	Shaikh Abdullah Saleh Kamel - Chairman	9
			Mr. Mohamed Ebrahim Alshroogi	8
			Mr. Tawfig Shaker Mufti	9
			Dr. Jehad El-Nakla	8
			Mr. Housseem Ben Haj Amor *	3
			Dr. Khalid Abdulla Ateeq	9
			Mrs. Dalia Hazem Khorshid	9
			Dr. Ziad Ahmed Bahaa-Eldin	7
			Mr. Saud Saleh Al Saleh	8
			Mr. Abdul Elah Abdul Rahim Sabbahi	9
			Mr. Mazin Khairy Manna **	4
			Mr. Fahad Abdullah Al Rajhi	8
			Dr. Mohamed Chiekh-Rouhou	8
			Mr. Naser Mohamed Al Nuwais	8
Board Executive Committee	4	09 February 2022 14 June 2022 24 September 2022 08 December 2022	Mr. Abdullah Saleh Kamel - Chairman	4
			Mr. Mohamed Ebrahim Alshroogi	4
			Mr. Housseem Ben Haj Amor	2
			Mrs. Dalia Hazem Khorshid	4
			Dr. Ziad Ahmed Bahaa-Eldin	4
			Mr. Abdul Elah Abdul Rahim Sabbahi	4
			Mr. Mazin Khairy Manna	2
Board Nomination & Remuneration Committee	4	02 February 2022 13 March 2022 28 March 2022 05 July 2022	Mr. Saud Saleh Al Saleh - Chairman	4
			Mr. Fahad Abdullah Al Rajhi	4
			Dr. Mohamed Chiekh-Rouhou	4
			Dr. Khalid Abdulla Ateeq - Chairman	4
Board Audit Committee	4	13 February 2022 09 May 2022 10 August 2022 07 November 2022	Mr. Tawfig Shaker Mufti	4
			Dr. Jehad El-Nakla	4
			Mr. Fahad Abdullah Al Rajhi	3
			Mr. Naser Mohamed Al Nuwais	3
			Dr. Jehad El-Nakla - Chairman	4
			Dr. Khalid Abdulla Ateeq	4
Board Risk Committee	4	16 February 2022 06 June 2022 22 August 2022 16 November 2022	Mr. Saud Saleh Al Saleh	4
			Dr. Khalid Abdulla Ateeq	4
			Dr. Jehad El-Nakla - Chairman	4
			Dr. Khalid Abdulla Ateeq - Chairman	4
Board Compliance and Governance Committee	4	02 February 2022 25 May 2022 31 August 2022 02 November 2022	Dr. Jehad El-Nakla	4
			Dr. Ziad Ahmed Bahaa-Eldin	2
			Mr. Yousif Hassan Khalawi	4
			Mr. Naser Mohamed Al Nuwais - Chairman	1
Board Social & Sustainable Finance Committee	1	15 June 2022	Mr. Abdul Elah Abdul Rahim Sabbahi	1
			Dr. Mohamed Chiekh-Rouhou	0
			Dr. Mohamed Chiekh-Rouhou	0

*Mr. Housseem Ben Haj Amor was appointed as a Group Chief Executive Officer and as a Board Member effective 24th October 2022

**Mr. Mazin Khairy Manna left the services of ABG on 30th June 2022

Corporate Governance (continued)

BOARD OF DIRECTORS' PROFILES

Shaikh Abdullah Saleh Kamel

Chairman

Shaikh Abdullah Saleh Kamel is the Chairman of Dallah Al Baraka Holding Company, and the Chairman of the Board of Trustees of Saleh Abdullah Kamel Humanitarian Foundation. He is also the Chairman of Dallah Al Baraka Investment Holding Company, Dallah Real Estate, Umm Alqura for Development & Constructions Company, Okaz Press and Publishing Corporation, The General Council for Islamic Banks and Financial Institutions, The Islamic Chamber of Commerce, Industry and Agriculture and Makkah Chamber of Commerce and Industry. Previously, Shaikh Abdullah Saleh Kamel was Chairman of Aseer company and held various executive positions at Dallah Al Baraka Holding Co, leading to the position of President and Chief Executive Officer.

Shaikh Abdullah Saleh Kamel has over 30 years' experience in key business positions. He is active in public and charitable activities through his membership in many organizations and associations such as the Jeddah Chamber of Commerce (he has been a Board Member for two terms), and the Friends of Saudi Arabia Association. Shaikh Abdullah Saleh Kamel is a Saudi national.

Mr. Mohamed Ebrahim AlShroogi

Vice Chairman

Mr. Mohamed Ebrahim AlShroogi is a Board Member of Wisaya Investment Company, Aramco Pension Funds, Investcorp Financial Services, and APM Terminals, which operates one of the world's most comprehensive ports. He is also a Board Member of Bahraini Health Insurance Fund, Chairman of Saudi joint stock company L'azurde, Chairman of the GCC Board of Directors Institute (BDI), and the National US-Arab Chamber of Commerce located in Washington, DC.

During his tenure as Investcorp's Co-Chief Executive Officer, the company transformed into the largest private equity investor in the Gulf, with assets under management increasing from US\$ 10.5 billion in 2009 to US\$ 25 billion in 2018.

Prior to joining Investcorp, he was the Division Executive for Citigroup's Middle Eastern, North African, and Pakistani region as well as the CEO for Citi in the UAE. While serving as Division Executive, spanning 33 years, Citigroup succeeded in strengthening its business in the Middle East region in Corporate, Investment, Commercial, Private and Consumer Banking.

Mr. AlShroogi has over 40 years of experience in Banking, Investment, and Economics in a number of different sectors and also served as a member of the Bahrain Shura Council among other Board positions. He attended the Kuwait University and several different programs, including Harvard Executive Management Program.

Mr. Tawfig Shaker Mufti

Board Member

Mr. Tawfig Shaker Mufti has served as the Group Treasurer of a multinational Middle Eastern conglomerate and held CEO positions and Board memberships in several group / non-group companies. Previously, he served as a Financial Institutions Executive in the

Corporate & Investment Banking and Private Banking groups. In the past, Mr. Mufti held several positions, including that of Group Compliance Officer, Corporate Clients Relationship Officer and Listed Equity/Relationship Officer. He has also worked in the big five accounting firms in the areas of Corporate Finance and Financial Planning.

Mr. Mufti has over 25 years' experience in business dynamics, overcoming significant professional challenges in several changing business environments. He holds a Bachelor of Science degree in International Business from the University of Bridgeport, Connecticut, USA.

Dr. Jehad El-Nakla

Board Member

Dr. Jehad El-Nakla is currently the Chairman of the Board of Directors of Al Baraka Bank Pakistan and a non-executive Board Member of Jordan Islamic Bank. He previously served as the Chairman of Al Baraka Bank Sudan.

He is also a Senior Advisor at Acreditus Partners, a boutique advisory 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 Moody's subsidiaries in Egypt, Cyprus and the UAE. Prior to Moody's, Dr. El-Nakla 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-Nakla has a PhD degree in Numerical Analysis from Loughborough University in the UK.

Mr. Houssem Ben Haj Amor

Group Chief Executive Officer

Mr. Houssem Ben Haj Amor has over 23 years of experience in the Finance industry across the Middle East, Europe and North Africa. He previously served as Chief Financial Officer at Amlak Finance, UAE. Earlier, he was the General Manager of SHUAA Capital, a leading Investment bank in the GCC. He commenced his career with Andersen and later with Societe Generale Banking Group. He has held board positions in several banks and financial institutions and has valuable experience from working at the board level of listed entities across the GCC, North Africa and Turkey.

Dr. Khaled Abdulla Ateeq

Board Member

Dr. Khaled Abdulla Ateeq is currently the Chief Executive Officer and a Board Member of Family Microfinance House in Bahrain. He earlier served as the Executive Director of Banking Supervision at the Central Bank of Bahrain (CBB) where he was responsible for the licensing, inspection and supervision of financial institutions, and ensuring that all banks and financial institutions, either operating in Bahrain or incorporated in Bahrain, complied with laws and regulations issued by the CBB. In addition, he is the Chairman of Al Baraka Bank Sudan and a Board Member at Al Baraka Islamic Bank (Bahrain). He has held senior posts with a number of financial institutions, including Deputy CEO at Venture Capital Bank.

He has over 40 years of experience in Banking, Finance, Auditing, and Accounting. Before joining the CBB, Dr. Ateeq was an Assistant Professor at the University of Bahrain. He holds a PhD in Philosophy in Accounting from Hull University, U.K.

Mrs. Dalia Hazem Khorshid

Board Member

Mrs. Dalia Hazem Khorshid is currently the Group CEO and Managing Director at Beltone Financial Holding. She previously served as Founder, Chairwoman and CEO at EAGLE Capital for Financial Investment from 2017 until 2018 and the Chairwoman, CEO, and Founder of MASAR Financial Advisory from 2018 to 2022. She was the first and the youngest female minister in the Cabinet of Ministers of the Government of Egypt from 2016 to 2017. She oversaw and managed more than 10,000 employees and also served as a public servant during the transformational year in Egypt with the launch of the Economic Reform Program.

She has over 25 years of global experience in various management capacities and in working within the Investment Banking and Corporate Finance sectors. She possesses a Bachelor of Arts degree in Business Administration and Economics.

Dr. Ziad Ahmed Bahaa-Eldin

Board Member

Dr. Ziad Ahmed Bahaa-Eldin is an Egyptian lawyer and an expert on Financial law, Investment and Company Laws, Governance, Compliance, and Economic Legislation. He is currently the Managing Partner of Thebes Consultancy and Bahaa-Eldin Law Office in Cooperation with BonelliErede, the Non-Executive Chairman of Bank of Alexandria, and a non-executive member on several company boards including of the National Bank of Egypt UK, Arabian Cement Company, AXA Egypt, Allam Holding, MTI, Samcrete for Industrial Development, Saray Capital (Dubai International Financial Centre).

He previously held several public positions including the Deputy Prime Minister for Economic Development and Minister of International Cooperation (2013-2014), Member of Parliament representing South Assiut (2012), Chairman of the Financial Regulatory Authority "FRA" (2009-2011), and Chairman of the General Authority for Investment and Free Zones "GAFI" (2004-2007). He is also a former non-executive member of the Board of Directors of the Central Bank of Egypt (2004-2011), the National Bank of Egypt (2005-2010), and a former Senior Legal Advisor to the Central Bank of Egypt (2011). Dr. Bahaa-Eldin was a practicing lawyer in Egypt from 2000 until 2004, and the senior legal advisor to the Minister of Economy from 1997 to 2000. Prior to this, he was in a private practice in Cairo and Washington, DC. Dr. Bahaa-Eldin was an adjunct lecturer at the Faculty of Law at the Cairo University (1998-2004).

Dr. Bahaa-Eldin is the Founder and member of the Board of Directors of the Ahmed Bahaa-Eldin Cultural Foundation and a member of the Board of Trustees of the American University in Cairo and of the Board of Trustees of the Cairo Regional Centre for International Commercial Arbitration.

Dr. Bahaa-Eldin received his Ph.D. in Financial Law from the London School of Economics and Political Sciences (1997), an LL.M. in International Business Law from King's College London (1989), a BA in Economics from the American University in Cairo (1987), and a Bachelor of Law from Cairo University (1986). He is a graduate of the Jesuites High School in Cairo (1982).

Mr. Saud Saleh Al Saleh

Board Member

Mr. Saud Saleh Al Saleh is a Board Member of Emaar the Economic City. Previously, he held several positions including: Head of the Board of Trustees of the Riyadh Economic Forum, Chairman of SAIB-BNP Paribas Assets Management Company, Vice Chairman of American Express (Kingdom of Saudi Arabia) Limited (ASAL). Mr. Al Saleh was also a Board Member in: Saudi Arabian General Investment Authority (SAGIA), General Organization for Social Insurance (GOSI), Higher Education Fund and Saline Water Conversion Corporation (SWCC), Saudi Orix Leasing Company (SOLC), Boeing Industrial Technology Group L.P. (BITG), AMLAK International for Real Estate Development and Mortgage Finance and The Mediterranean & Gulf Cooperative Insurance & Reinsurance Co. (MEDGULF).

Mr. Al Saleh has more than 33 years of experience in Banking at The Arab National Bank in Riyadh followed by managerial positions at Saudi Investment Bank in Riyadh and he gradually advanced to become General Manager of Saudi Investment Bank. Following this, he was appointed at a Minister rank to the position of General Secretary of the Supreme Economic Council of the Kingdom of Saudi Arabia. Mr. Al Saleh, a Saudi national, holds a Bachelor of Science degree in Business Administration from Portland State University, Oregon, USA and an M.A. in Economics from The University of Rhode Island, USA. He has also completed many advanced courses in the Finance and Legal fields.

Mr. Abdul Elah Abdul Rahim Sabbahi

Board Member

Mr. Abdul Elah Abdul Rahim Sabbahi is currently the Chief Executive Officer of Dar Saleh, Kingdom of Saudi Arabia. He is also Chairman of Al Baraka Bank Tunisia and Chairman of Société Al Buhaira de Developpement et d'Investissement, Tunisia. He is also on the Boards of a number of other international companies.

He has over 40 years' experience in International Banking and Business, the last three decades of which were with the Dallah Al Baraka Group in the Kingdom of Saudi Arabia, where he was the Chief Financial Officer. Mr. Sabbahi, a Saudi national, holds a Bachelor of Science Degree in Accounting from King Abdulaziz University, Saudi Arabia.

Mr. Mazin Khairy Manna

Former Board Member and Group Chief Executive Officer

Mr. Mazin Khairy Manna had taken charge as Board Member and Group Chief Executive Officer of Al Baraka Banking Group on January 1, 2021. He was also the Chairman of Al Baraka Algeria and Al Baraka Turkey and a Board Member of Jordan Islamic Bank, Al Baraka Egypt and Al Baraka South Africa. Mr. Manna is also a Board Member in INJAZ Bahrain, a non-profit organization with the aim of empowering young people towards economic success

Corporate Governance (continued)

and prepare them for the current day business challenges. Most recently, he served as CEO of Abu Dhabi Islamic Bank. Prior to that, he was the CEO for MENA at Credit Agricole CIB and Group Senior Country officer for the UAE and was a member of the Extended Executive Committee of Credit Agricole CIB.

Mr. Manna started his career with Citi in 1991 where he worked for 24 years holding various positions. He served as CEO for Bahrain from 2010-2015, during which time he was responsible for Citibank's corporate, investment and consumer banking businesses as well as key relationships in Saudi Arabia. He also co-headed Citi's corporate and investment banking business in the Middle East and held senior positions in corporate and investment banking in the Gulf region, which included serving as Managing Director of Citi Islamic Investment Bank.

Mr. Manna is a graduate of the London School of Economics and Political Science.

Mr. Manna left the services of ABG on June 30th 2022.

Mr. Fahad Abdullah Al Rajhi

Board Member

Mr. Fahad Abdullah Al Rajhi is currently the Chairman of Fahad Abdullah Al Rajhi Holding LLC and the Chairman of Abdullah Abdul Aziz Al Rajhi and Sons Holding LLC in addition to his board memberships in Deutsche Gulf Finance, Raysut Cement Company, and Najran Cement Company as Vice Chairman of the Board. Previously, he served as the General Manager of the Treasury and Financial Institutions Group at Al Rajhi Banking Corporation where he was responsible for Investment Operations, Treasury and Financial Institutions.

Mr. Al Rajhi has over 34 years of experience in Banking, Finance, Investment and Treasury, and holds a Bachelors' Science degree in Industrial Management from King Fahd University of Petroleum and Minerals.

Dr. Mohamed Moncef Chiekh-Rouhou

Board Member

Dr. Mohamed Moncef Chiekh-Rouhou is a professor in the Business School of Ecole Des Hautes Etudes Commerciales located in Paris, France, a position he has held since 1975. He was the Founder of International Maghreb Merchant Bank and served as Founder and Director of Best Bank in 1995 and Mediterranean Investment Bank in 1983. The banks he founded attracted investments and organized large national development projects in Tunisia.

He has over 45 years of professional experience in Education Banking and held several executive positions. Dr. Chiekh-Rouhou has studied alongside decorated and prolific professors such as Noble Prize winner in Economics, Prof. George Akerlof. He obtained a PhD degree in Applied Economics in 1974 from the University of California in Berkley, United States. In 1981, Tunisia's President Habib Bourguiba requested him to establish new Financial Institutions and lead development projects for Tunisia.

Mr. Naser Mohamed Ali Al Nuwais

Board Member

Mr. Naser Mohamed Ali Al Nuwais holds a variety of positions in several different corporations - Director General of Abu Dhabi Fund for Development, Chairman of Rotana Hotel Management Corp. Ltd and Aswaq Management & Services, located in Abu Dhabi, UAE. He also held other positions including Chairman of Arab Insurance Group in Bahrain and Board Member in Dana Gas Board of Directors in Sharjah, UAE from 2009 until 2019.

He has more than 40 years of experience in Business, Insurance and Real Estate Development. His outstanding work as a businessperson earned him a Lifetime Achievement Award at the Arabian Hotel Investment Conference in 2011 as well as Pioneer in the Tourism Industry in the Arab World Award in 2003. Mr. Al Nuwais acquired his BA degree in Business & Public Administration from New York University in 1974.

UNIFIED SHARI'A SUPERVISORY BOARD

The Unified Shari'a Supervisory Board of Al Baraka Group ("Shari'a Board" or "USSB") is elected for a three year term by the shareholders based on recommendations from the Board of Directors. The USSB has a central authority for issuing fatwas and Sharia decisions and monitoring fatwas issued by local Sharia boards. The Shari'a Board has the following responsibilities:

- Overseeing the operations and activities of the Group to ensure compliance with Islamic Shari'a principles
- Monitoring and reviewing transactions to ensure full compliance with the Board's decisions
- Reviewing files, records, and group documents at any time. The Shari'a Board can also request any information deemed necessary and approves all relevant documents relating to new products and services including contracts, agreements, marketing and promotional material, or other legal documents used in the Group's operations.

The Shari'a Board operates in accordance with its internal regulations, which clarify its policies, procedures and responsibilities. In carrying out its duties, the Shari'a Board has the right to communicate with the Board of Directors, the Executive Management, and the management and staff of the subsidiary Units in addition to reviewing and advising on Shari'a compliance in all products and services.

SHARI'A COMPLIANCE

ABG places great importance on Shari'a compliance, whether in the transactions of the ABG head office or of its subsidiaries. The compliance policy is in accordance with the Shari'a rules and principles stipulated in the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the decisions of the Centralized Shari'a Supervisory Board. All Units of ABG are committed to comply with Shari'a standards issued by the AAOIFI, and fatwas and decisions circulated by the Shari'a Board to the extent that they do not conflict with local laws.

SHARI'A BOARD'S MEETINGS

The Shari'a Board meets at least 6 times a year. An annual retainer fee is paid to the members of the Board, in addition to a sitting fee for the members of the Board for each meeting attended, with compensation for travel expenses as required. No remuneration associated with the performance of the Group shall be paid to members of the USSB.

THE UNIFIED SHARI'A SUPERVISORY BOARD'S PROFILES

Shaikh Abdulla Bin Sulaiman Al Mannea

Chairman

Shaikh Abdulla Bin Sulaiman Al Mannea holds a Master's of Arts degree in Jurisprudence and Economics from the College of Finance in the Kingdom of Saudi Arabia. He is a member of the Permanent Committee for Scholarly Research and Ifta in the Kingdom of Saudi Arabia, a committee that includes prominent scholars in the Kingdom. He is also a member of a number of prestigious Islamic Jurisprudential Councils, including the International Islamic Fiqh Academy in Jeddah and the Muslim World League Islamic Fiqh Academy in Makkah, Kingdom of Saudi Arabia. He previously held the position of Chief Justice of the Supreme Court of Makkah, and is a member of the Shari'a Council of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in the Kingdom of Bahrain. He also holds memberships in several Shari'a Councils at Islamic financial institutions in the Kingdom of Saudi Arabia and the GCC.

Shaikh Dr. Abdullatif Mahmood Al Mahmood

Vice Chairman

Shaikh Dr. Abdullatif Mahmood Al Mahmood has a PhD in Islamic Jurisprudence and Shari'a from Zaytoonah University in Tunisia, an MA in Comparative Jurisprudence from Al-Azhar University, and a Diploma in Education from Ain Shams University, Cairo. Since 2001, he has served as President of the Department of Islamic Studies and Arabic Language at the University of Bahrain (UoB), and has been a teacher of Islamic studies at UoB since 1985. He also holds memberships in several Shari'a Supervisory bodies in Islamic financial institutions including Bahrain Islamic Bank, Takaful, and the Arab Islamic Banking Association in Bahrain and London.

Shaikh Dr. Al Ayachi Al Saddig Fiddad

Member

Shaikh Dr. Al Ayachi Al Saddig Fiddad holds a PhD in Islamic Economics with excellent grades from Umm Al-Qura University in Makkah Al-Mukarramah, a Master's degree in the same specialty from the same university, and a Bachelor's degree in Islamic law - majoring in Jurisprudence and fundamentals from the College of Shari'a - Umm Al-Qura University - Makkah Al-Mukarramah. He has had a total of 26 years' experience in the Islamic Development Bank Group in Jeddah and held a number of positions in the Islamic Institute for Research and Training - the Islamic Development Bank, most recently as Acting Director of the Consulting Services Division. He was a Member of the Shari'a Council of the Accounting and Auditing Organization for Islamic Financial Institutions in Bahrain, Member of the Shari'a Council

of the International Islamic Rating Agency, Member of the Shari'a Committee of the Themar Fund of United Gulf Company, and expert in the International Islamic Fiqh Academy in Jeddah. He is currently a member of the Shari'a Standards Committee of the Accounting and Auditing Organization for Islamic Financial Institutions.

Shaikh Dr. Saad bin Nasser Al Shithry

Member

Shaikh Dr. Saad bin Nasser Al Shithry holds a PhD. from the College of Shari'a at Imam Muhammad bin Saud Islamic University in Riyadh. He is currently a Member of the Council of Senior Scholars in the Kingdom of Saudi Arabia and advisor to the Royal Court. He held a number of different positions at the College of Shari'a at Imam Muhammad bin Saud Islamic University where he commenced as a teaching assistant and then rose to the positions of Lecturer, Assistant Professor and Associate Professor. He has written as much as 65 books on comparative jurisprudence and principles of jurisprudence, in addition to many scientific research papers.

Mr. Yousif Hassan Khalawi

Member

Mr. Yousif Hassan Khalawi is a specialized practitioner of Shari'a, its principles and international law. He graduated from the College of Shari'a at Imam Muhammad bin Saud Islamic University with excellent grades. He holds a Master's degree in the principles of jurisprudence involving specialized emphasis on comparative law, international investment, arbitration and conflict resolution. He also received legal training in more than one global legal firm in Frankfurt, Geneva and London and later established a specialized legal group in London with branches in a number of countries in the world. He has held a teaching position at the College of Shari'a at Imam Muhammad bin Saud Islamic University in Riyadh. He has established a number of Islamic portfolios and investment funds since 2000, as well as a large number of companies owned by investors in more than 70 countries around the world. He is on the boards of several companies around the world, including the Saudi Center for Commercial Arbitration, Riyadh. He is also a member of the Board of Trustees of the Accounting and Auditing Organization for Islamic Financial Institutions.

Dr. Eltigani El Tayeb Mohammed

Secretary of Unified Shari'a Supervisory Board

Dr. El Tigani El Tayeb Mohammed has over 14 years' extensive experience in Islamic banking and finance, with specialization in Islamic Banking law. He joined Al Baraka Group in November 2007.

Dr. ElTayeb Mohammed is a Certified Shari'a Advisor and Auditor (CSAA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and received his Doctorate degree in the principles of Islamic jurisprudence from University of Khartoum – Sudan. He also has an MBA in principles of Islamic Jurisprudence from Omdurman Islamic University - Sudan. Dr. El Tayeb Mohammed was also a professor at Sultan Zainal Abidin Religious College (KUSZA) and the International Islamic University (HUM) in Malaysia.

Corporate Governance (continued)

Attendance at the meetings of the Unified Shari'a Supervisory Board

The Shari'a Board held 6 meetings in 2022. Below are the details of membership and the number of meetings attended:

Name	Position	Number of meetings attended
Shaikh Abdulla Bin Sulieman Al Mannea	Chairman	6
Shaikh Dr. Abdullatif Mahmood Al Mahmood	Vice Chairman	6
Shaikh Dr. Saad bin Nasser Al Shithry	Member	6
Shaikh Dr. Al Ayachi Al Saddig Fiddad	Member	6
Mr. Yousif Hassan Khalawi	Member	6

EXECUTIVE MANAGEMENT

The Board of Directors has delegated to the Group's Executive Management team the primary responsibility for implementing the strategy of the Group, identifying and evaluating significant risks to the business of the Group and for the design and operation of appropriate internal controls. Its other responsibilities include: ensuring that resolutions of the Board of Directors are carried out; ensuring that the Group operates at all times in accordance with the principles of Shari'a and that the decisions and recommendations of the Unified Shari'a Supervisory Board are carried out; providing the Board of Directors with analysis, assessments and recommendations regarding the Group's activities and supplying the CBB with all information required under the CBB Law and relevant regulations. The Executive Management disseminates to the Group Units strategic and other central decisions taken at the parent level, and ensures the implementation of Group wide policies and common operational processes and procedures.

As at the end of 2022, the Executive Management Team consisted of the Group Chief Executive Officer, and the Heads of Credit & Risk Management, Internal Audit, Treasury, Corporate Communications & Branding, Strategy, Investments and Investor Relations, Sharia Internal Audit, Group Compliance, Governance & Board Affairs, Finance, Operations, HR and Administration and Sharia Officer and Chief Digital Officer. The Executive Management exercises control via a number of committees with specific responsibilities, among which are:

Executive Management Committee

The Executive Management Committee's role is to secure the performance and execution of the strategic objectives of the Group, implementing the operational and other decisions of the Board of Directors in addition to any other matters that are delegated to the Group management by the Board of Directors or by the Group Chief Executive Officer. The Committee is chaired by the Group Chief Executive Officer with the remaining membership comprising of the Heads of Credit & Risk Management, Treasury, Finance, Compliance, Governance & Board Affairs, Strategy, Investments and Investor Relations, Information Technology, Operations, HR and Administration, Corporate Communications & Branding, Sharia Officer and Chief Digital Officer; with Head of Internal Audit and Head of Shari'a Internal Audit as Observers.

Asset and Liability Committee

The committee's mandate is to monitor the structure of the Group's Head Office assets, liabilities and off-balance sheet exposures in order to maximize shareholder value, improve profitability, enhance capital and protect against adverse financial conditions. Liquidity risk, profit rate risk, market risk and capital adequacy is monitored through the committee and decisions to mitigate such risks are executed by the Treasury Department.

The committee also ensures that the Group Head Office maintains adequate liquidity and appropriate funding arrangements to meet business needs, expansion plans and regulatory requirements.

The committee is chaired by the Group Chief Executive Officer and its members are the Head of Credit & Risk Management, Head of Treasury, Head of Strategy, Investments & Investor Relations and Head of Finance.

Head Office Credit Committee

The Head Office Credit Committee "HOCC" is the authority that approves credits and considers issues of Group credit policy and Group credit exposures, problem credits and provisioning levels. The Committee is chaired by the Group Chief Executive Officer with the remaining membership being drawn from among the Executive Management which include the Head of Credit and Risk Management.

Risk, Compliance & Audit Committee

The Risk, Compliance & Audit Committee's mandate is to ensure appropriate oversight is provided and that proper actions are taken in the areas of risk, compliance and audit in line with the Central Bank of Bahrain (the "CBB") and local regulators (where applicable), Board of Directors/Board Committees requirements and best practices.

The Committee is chaired by the Group Chief Executive Officer ("GCEO") and composed of several members of ABG's executive management which includes the Heads of Credit & Risk Management, Internal Audit, and Shari'a Audit and Compliance, Governance & Board Affairs.

Human Resources & Compensation Committee

The role of the Human Resources & Compensation Committee is to review the Human Resources policies, management and planning at the Group's Head Office. The Committee is chaired by the GCEO and the other members are the Head of Operations, HR and Administration and the Head of Finance.

Head Office Insiders Committee

The Head Office Insiders Committee was set up in accordance with the guidelines issued by the CBB and the Bahrain Bourse (BHB), for the purpose of ensuring the maintenance of a fair, orderly and transparent securities market, and enhancing and developing the practices relating to the risk management systems and internal controls within listed companies and similar institutions. The Committee is responsible for monitoring and supervising issues related to insiders in order to regulate their dealings in the Group's securities, and to ensure that Group insiders are acquainted with and aware of the legal and administrative requirements regarding their holdings and dealings in the Group's securities. Furthermore, it is responsible for preventing the abuse of inside information by such insiders. The Committee is chaired by the GCEO and the other members are from among the executive management team.

Other Committees

The Executive Management also forms ad hoc committees, as and when required, to address specific initiatives in which the Group may be engaged from time to time.

EXECUTIVE MANagements' PROFILES

Mr. Housseem Ben Haj Amor

Group Chief Executive Officer

Mr. Housseem Ben Haj Amor has over 23 years of experience in the Finance industry across the Middle East, Europe and North Africa. He previously served as Chief Financial Officer at Amlak Finance, UAE. Earlier, he was the General Manager of SHUAA Capital, a leading Investment bank in the GCC. He commenced his career with Andersen and later with Societe Generale Banking Group. He has held board positions in several banks and financial institutions and has valuable experience from working at the board level of listed entities across the GCC, North Africa and Turkey.

Mr. Mazin Khairy Manna

Former Group Chief Executive Officer

Mr. Mazin Khairy Manna had taken charge as Board Member and Group Chief Executive Officer of Al Baraka Banking Group on January 1, 2021. He was also the Chairman of Al Baraka Algeria and Al Baraka Turkey and a Board Member of Jordan Islamic Bank, Al Baraka Egypt and Al Baraka South Africa. Mr. Manna is also a Board Member in INJAZ Bahrain, a non-profit organization with the aim of empowering young people towards economic success and prepare them for the current day business challenges. Most recently, he served as CEO of Abu Dhabi Islamic Bank. Prior to that, he was the CEO for MENA at Credit Agricole CIB and Group Senior Country officer for the UAE and was a member of the Extended Executive Committee of Credit Agricole CIB.

Mr. Manna started his career with Citi in 1991 where he worked for 24 years holding various positions. He served as CEO for Bahrain from 2010-2015, during which time he was responsible for Citibank's corporate, investment and consumer banking businesses as well as key relationships in Saudi Arabia. He also co-headed Citi's corporate and investment banking business in the Middle East and held senior positions in corporate and investment banking in the Gulf region, which included serving as Managing Director of Citi Islamic Investment Bank.

Mr. Manna is a graduate of the London School of Economics and Political Science.

Mr. Manna left the services of ABG in June 2022.

Mr. Mohammed A. El Qaq

Senior Vice President - Head of Commercial Banking

Mr. Mohammed A. El Qaq has over 30 years of experience in commercial banking. Before joining ABG in August 2014, he was General Manager, International Banking & Syndications at Commercial Bank of Kuwait, prior to which he was a First Vice President at Arab Banking Corporation (B.S.C.), Bahrain, and Deputy Chief Executive & Head of Corporate Banking Group at Arab Banking Corporation (Jordan). He also served as a Member of the Board of Directors of ABC Islamic Bank from 2009-2012. Having commenced his career with the Housing Bank for Trade and Finance, Jordan, in 1990, he worked with Arab Bank in Jordan and Qatar National Bank in Qatar. Mr. El Qaq holds a Master's of Business Administration degree from Howard University, U.S.A.

Mr. El Qaq left the services of ABG on the 30th of August 2022.

Mr. Azhar Aziz Dogar

Senior Vice President - Head of Credit and Risk Management

Mr. Azhar Aziz Dogar has 30 years of international banking experience that includes ME&A/GCC and Asia regions with short assignments in the U.K., Netherlands and the U.S.A. His banking experience encompasses Corporate/Investment Banking as well as Credit and Risk Management, covering all business segments inclusive of Wholesale, Commercial and Retail Banking.

Over the years, Mr. Dogar's 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 where he took on a variety of leadership roles including Deputy Regional Risk Manager for the MENA region and Head of Credit Portfolio Management. Within the Credit and Risk Management area, Mr. Dogar held a number of senior positions including Chief Risk Officer of 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 at National Bank of Abu Dhabi for its Corporate and Investment Banking business. Prior to joining the Al Baraka Group, he was the Chief Credit Officer for Wholesale & International Banking at the National Bank of Abu Dhabi. Mr. Dogar was also a Board Member of Dubai Islamic Bank in Pakistan. Within banking, he has worked across all 3 lines of defense - i.e., Risk Taking, Risk Oversight and Risk Assurance in both conventional and Islamic banks. Mr. Dogar is a graduate of the University of Pennsylvania and Brown University, USA with a Bachelors and Masters in Economics. His Masters' thesis was in Islamic Finance.

Mr. Mohammed Al-Alawi

Senior Vice President - Head of Internal Audit

Mr. Mohammed Alawi Al-Alawi has over 25 years of external and internal audit experience, mainly in Islamic banks. He reports directly to the Audit Committee of the Board of Directors of ABG and acts as Secretary of the Committee in addition to participating

Corporate Governance (continued)

as an observer member in Audit Committee meetings of ABG's subsidiaries. Previously, Mr. Al-Alawi worked as an Internal Audit Manager at Ithmaar Bank. Prior to this, Mr. Al-Alawi worked in leading audit firms including PricewaterhouseCoopers and Ernst & Young. Mr. Al-Alawi is an FCCA - Fellow of the Association of Chartered Certified Accountants, U.K. and ICAEW - Member of the Institute of Chartered Accountants in England & Wales.

Mr. Suhail Tohami

Senior Vice President - Head of Treasury

Mr. Suhail Tohami has more than 25 years of experience in the Banking industry, both in conventional and Islamic banking and other diversified businesses. His last position was SVP - Head of Treasury & Placement at Seera Investments, Bahrain for more than 11 years during which he established, developed and managed the Treasury department since inception and also managed the Shareholder and Investor relations. Prior to Seera, his banking experience included more than 7 years at BBK, Bahrain with exposure to all Treasury functions including Fixed Income Portfolio Management, FX and interest-rate trading, and heading the Money Market and Liquidity Management functions. Mr. Tohami is a member of the CFA Institute and a holder of the Chartered Financial Analyst (CFA) designation. He also holds a Certified Public Accountant (CPA) designation from the University of Illinois and is a member of the American Institute of Certified Public Accountants. Mr. Tohami holds an Executive MBA Degree with distinction and first-class honors and a Bachelor's Degree in Accounting with distinction from the University of Bahrain.

Dr. Adel Basha

Senior Vice President – Head of Legal Affairs

Dr. Adel Basha has over 20 years of working experience in the Islamic Banking industry. He is also Secretary of the Board of Directors at Al Baraka Islamic Bank Bahrain. He previously served as Head of Al Baraka Bank Sudan's Legal Department during which he was responsible for directing and managing the department. Prior to this he worked as a lecturer and assistant professor in the Faculty of Law (University of Khartoum) and many other universities in Sudan for over 15 years.

He was also a part time lecturer in different universities in Sudan including National Ribat University, Sudan University for Science and Technology and Sudan University College for Girls. Dr. Adel Basha delivered lectures on "The Criminal Liability of Corporate Entities" at the Faculty of Law, University of Shendi in June 2005 and wrote a book "The Law of Insurance in Sudan" which was published by the Open University of Sudan. Dr. Basha has a PhD from the University of Khartoum, Sudan in 2004, with his thesis – "Automobile Accident Compensation System in Sudan".

Dr. Basha was transferred to Al Baraka Islamic Bank on November 30, 2022.

Dr. Mohammed Mustapha Khemira

Senior Vice President – Head of Strategy, Investments and Investor Relations

Dr. Mohamed Mustapha Khemira has over 26 years of experience in Islamic finance and banking services, management consulting and education. He joined the Strategic Planning Department at

ABG in 2017, and was appointed as Head of Strategic Planning in November 2019. Prior to joining ABG, Dr. Khemira worked in different managerial positions with prominent global and GCC-based institutions. He served as the Head of Sharia Structuring and Coordination as well as Head of the Sharia Department at Emirates Islamic Bank for more than eight years. Before that, he was Chief Operating Officer and Co-Founder of Beacon Education LLC and Taaleem PJSC in Dubai for a year. Earlier, he worked with McKinsey & Company for 3 years at the firm's Dubai office. Dr. Khemira started his career in Islamic banking with Faysal Islamic Bank of Bahrain in the mid-nineties, where he served in various capacities, the last being Vice President - Corporate & Investment Banking. He commenced his career with Netbroker Inc. (Waltham, MA, USA) as a Financial Software Developer in 1996.

Dr. Khemira holds a Ph.D. and a M.Sc. in Mechanical Engineering from the Massachusetts Institute of Technology (MIT) in Cambridge, MA, USA with a minor in Management. He completed his B.Sc. in Mechanical Engineering from University of Minnesota, Minneapolis, USA in 1986. In 2019, he completed a Professional Certificate program from MIT in "Digital Transformation from AI and IoT to Cloud, Blockchain and Cybersecurity".

Mr. Abdulmalek Mezher

Senior Vice President - Group Head of Compliance, Governance & Board Affairs

Mr. Abdulmalek Mezher joined ABG in November 2019 as Head of Corporate Governance & Board Affairs. He has over 18 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 in addition to handling Board Affairs matters.

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, GRCP – Governance, Risk and Compliance Professional, in addition to CSAA – Certified Shari'a Advisor & Auditor designation.

Mr. Ali Asgar Mandasorwala

First Vice President – Head of Finance

Mr. Ali Asgar Mandasorwala possesses a rich experience of over 28 years in the Finance and Accounting discipline, of which over two decades were in the financial services sector in the UAE and the Kingdom of Bahrain. He joined Al Baraka Group in the year 2008.

As a key member of the Executive Management at the Group's Headquarters, Mr. Mandasorwala is responsible for reporting to the ABG Board and Executive Management on budgetary control and performance. He is also responsible for regulatory matters, including reporting to the Central Bank of Bahrain. His other responsibilities include the financial statements of the Group as well as oversight of the financial performance of all subsidiaries. Mr. Mandasorwala has played a crucial role in several due diligence projects in the acquisition of group

subsidiaries, apart from several capital raising plans at the Group and subsidiary levels. His additional responsibilities included the implementation of appropriate controls and processes in the Finance department.

Prior to joining Al Baraka Group, Mr. Mandasorwala was Management Accountant (Derivatives & Hedge Funds) at Abu Dhabi Investment Authority, UAE. He is a Chartered Financial Analyst - Charter Holder from CFA Institute, Charlottesville, Virginia, USA and a Chartered Accountant - Member of Institute of Chartered Accountants of India.

Mr. Mohammed Abdullatif Al Mahmood

First Vice President - Head of Internal Shari'a Audit

Mr. Mohammed Abdullatif Al Mahmood has fifteen years' experience in Internal Shari'a Audit. He joined ABG in August 2007 to establish the Internal Shari'a Audit function and audit its subsidiaries. Earlier, he worked as a Research and Teaching Assistant at the University of Bahrain. Mr. Al Mahmood was also a lawyer in a local firm and after he became certified lawyer, he practiced law in Bahrain's courts for over four years. Mr. Al Mahmood is a Certified Shari'a Advisor and Auditor (CSAA) and holds a Master's degree in Islamic Jurisprudence and its Foundations from the University of Jordan in addition to a Bachelor of Arts degree in Shari'a and Law from Azhar University in Egypt.

Mr. Fouad Janahi

First Vice President - Head of Operations, HR and Administration

Mr. Fouad Janahi has a diverse and rich banking experience spanning 34 years in the areas of Internal Audit, Compliance, Operations, Financial Control and Financial Institutions. Mr. Janahi joined Al Baraka Group in October 2004 in the Internal Audit department, where his responsibilities included the Internal Audit of the Group and its Units. He also handled special tasks related to Compliance in his capacity as Deputy MLRO of the Group, then he transferred to the Treasury Department to supervise all tasks related to the development of the Group's relationships with Financial Institutions.

Prior to joining ABG, Mr. Janahi worked in several Arab and International banks in the Internal Audit and Financial Control and Operations functions. Notable amongst these are his engagement with Al-Amin Bank (a subsidiary of ABG) and Abu Dhabi Islamic Bank in the Internal Audit Department. Earlier on in his career, Mr. Janahi worked for Shamil Bank, Faysal Islamic Bank, Arab Banking Corporation and ABC Investment and Services Co. (E.C.), in the Internal Audit, Financial Control and Operations.

Mr. Janahi holds an MBA in Banking and Finance from the University of Hull, UK..

Dr. Eltigani El Tayeb Mohammed

Shari'a Officer and Secretary of the Unified Shari'a Supervisory Board

Dr. El Tigani El Tayeb Mohammed has over 14 years' extensive experience in Islamic banking and finance, with specialization in Islamic Banking law. He joined Al Baraka Group in November 2007.

Dr. El Tigani is a Certified Shari'a Advisor and Auditor (CSAA) from

the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and received his Doctorate degree in the principles of Islamic jurisprudence from University of Khartoum – Sudan. He also has an MBA in principles of Islamic jurisprudence from Omdurman Islamic University - Sudan. Dr. El Tigani was also a professor at the Sultan Zainal Abidin Religious College (KUSZA) and the International Islamic University (HUM) in Malaysia.

COMPLIANCE, POLICIES AND PROCEDURES

Group Compliance

The ABG Group is committed to complying with the ever-increasing international regulatory requirements. Group Compliance supports the Group Units, updating and reviewing compliance related policies on an annual basis and formulating framework. There is a continual drive to enhance the compliance culture through investment in advanced systems, controls, developing staff skill sets and awareness. The Group has never hesitated to decline business that might risk breaching applicable laws, rules and regulatory standards.

The Group Compliance ("GC") department has formulated a Group compliance strategy and compliance management framework for implementation throughout the ABG Group. They reflect the following core principles and practices which are firmly embedded in ABG and all its subsidiaries:

- comply with both the text and the spirit of all applicable laws, rules and regulatory standards;
- conduct business strictly in accordance with all regulatory and ethical standards;
- encourage a strong compliance culture, with every individual held personally responsible for compliance;

ABG and its subsidiaries continue to enhance the compliance related policies, procedures and framework. Staff skills are upgraded by providing current and targeted training in all areas of financial crime compliance requirements. Systems and automated tools are being introduced, as required, to improve compliance standards throughout the Group.

An Independent Function

Group Compliance in ABG is an independent function responsible for:

- proactively identifying and evaluating compliance risks;
- developing and implementing compliance policies, programs and plans;
- monitoring, managing, mitigating and reporting compliance risks;
- monitoring, investigating and reporting compliance breaches, incidents and risks; and
- advising management and staff on compliance and regulatory matters.

The GC reports to the Board Compliance & Governance Committee and provides independent oversight on behalf of the Board of Directors. It has access to the Board of Directors whenever deemed necessary. In addition, the GC has the right and the authority to contact the Central Bank of Bahrain (CBB), as and when considered necessary.

The GC is supported by dedicated compliance teams in all ABG subsidiaries. At the Group level, the GC is responsible for

Corporate Governance (continued)

coordinating the identification and management of the ABG Group's financial crime compliance risks, in collaboration with local Heads of Compliance in each of the subsidiaries.

Throughout its network of offices, ABG has issued written guidelines for staff, which describe the appropriate implementation of laws, regulations, rules and standards through policies and procedures, including the overarching Group Compliance Policy. This policy requires officers and staff from all subsidiaries to comply with relevant laws, rules, regulations and standards of best market practices.

In ABG, compliance risks fall broadly into the following categories:

- Regulatory Compliance;
- Anti-Money Laundering and Countering Financing of Terrorism;
- International Sanctions; and
- Foreign Account Tax Compliance Act and Common Reporting Standard (FATCA/CRS).

Regulatory Compliance and Corporate Governance

At the Group level, policies are continuously developed for managing compliance risks in all the above categories. These policies are systematically cascaded down to the Units, which adapt and implement them in accordance with local regulatory requirements. ABG has a strict Code of Conduct in place that all employees must adhere to at all times. The Code sets out to deter wrongdoing and to promote ethical conduct and fair treatment of customers. It outlines the responsibilities of all members of ABG, its officers and staff, who are expected to read, understand and uphold these standards and principles at all times.

ABG also has a Whistleblowing policy in place, which provides a formal channel for staff to report any unethical conduct, gross mismanagement or corporate wrongdoing. Staff members are encouraged to report their concerns through specified secure communication channels which protect their identities, without fear of reprisal or victimization.

Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)

Risks relating to financial crime are proactively managed at the Group and unit levels. ABG is committed to complying with AML/CFT laws and regulations, as well as the recommendations of the Basel Committee and Financial Action Task Force (FATF). These laws, regulations and recommendations are reflected in the AML/CFT policies of ABG and each of its Units. The Group has strict Know Your Customer (KYC) policies, which include detailed requirements for identifying and verifying customers. These policies preclude the operating units from establishing new business relationships until all relevant parties to the relationship have been identified and verified, and the nature of the business they expect to conduct has been clearly established.

In line with the requirements of the CBB and the Group AML Policy, suitably qualified Money Laundering Reporting Officers (MLROs) are appointed in all Units. The MLROs are responsible for ensuring compliance with all relevant laws, regulations and policies in respect of AML/CFT. They also have the responsibility

of reviewing and monitoring customers and transactions, and reporting to their respective host regulators any suspicions concerning them.

At the Group level, ABG has appointed a Group MLRO, who is responsible for formulating and implementing ABG's AML strategies and policies on an ongoing basis. The Group MLRO coordinates the activities of each subsidiary's MLRO, overseeing appropriate AML training for all relevant staff, and reporting to the Board Compliance and Governance Committee and the Board of Directors on all critical money laundering issues.

International Sanctions

Owing to the raft of sanctions imposed by local and international regulatory bodies, sanctions compliance is one of the primary challenges faced by banks today, particularly those operating across multiple geographies. Breaches of sanctions expose banks to significant regulatory, reputational and commercial risks, including potential financial losses. As evidenced by the large number of cases reported and the very sizeable fines imposed, sanctions risk has become one of the most serious risks faced by banks worldwide.

Being mindful of such risks, ABG has formulated a strategy and policy for managing sanctions risk at the Group level and implemented it across all Units. The Group is increasing staff awareness of sanctions compliance and investing in appropriate screening systems to manage and minimize sanctions risk. A Group Sanctions Policy is implemented throughout its network in order to ensure uniform standards of adherence to all relevant sanctions orders. This policy sets out various restrictions and prohibitions relating to customers and transactions subject to sanctions. These restrictions sometimes extend beyond the strict requirements of applicable laws in order to safeguard ABG's reputation and standing.

Foreign Account Tax Compliance Act and Common Reporting Standard (FATCA/CRS)

ABG has in place a Group FATCA/CRS Policy for application throughout the Group. ABG Units have implemented their own procedures, processes and systems for FATCA in each location, subject to local regulatory requirements. ABG has made substantial investments in enhancing systems and training employees in order to ensure that a proper framework is in place. ABG has also in place a Group CRS Policy. Reporting on relevant persons is done in accordance with the established deadlines.

Group Disclosure Policy

The Group communication strategy aims to keep the market informed of material information in a timely, accurate and balanced manner. The Group's communications with the market ensures compliance with the CBB's rules as detailed in the CBB Disclosure Standards as specified under the CBB Capital Markets Regulations.

Material information is any information, financial or non-financial, relating to the business and affairs of ABG, or any of ABG's subsidiaries that results in, or would reasonably be

expected to result in, a significant change in the market price of the ABC's shares or in the decision of a prudent investor to sell, buy or hold the ABC's shares or cause to change a prudent investor's decision to transact or refrain from transacting with the ABC or its subsidiaries. Material information consists of, but is not limited to, both material facts and material changes relating to the business and affairs of the Group and ABC's subsidiaries.

In order for the Group to comply fully with the CBB disclosure requirements as specified in the CBB Rulebook, the Group will disclose all the required information in its published quarterly reviewed financial statements, and its annual audited financial statements, and any applicable ad hoc information requirement of the CBB from time to time.

Further, as a listed company on the Bahrain Bourse (BHB), ABC is committed to adhering on a timely basis to all periodic information dissemination requirements of the BHB, as stipulated in its respective regulations and directives.

Additionally, the Group will publicly disclose and broadly disseminate material information immediately upon becoming aware of circumstances or events that underlie such material information, or when a decision to implement a material change is made by the Board of Directors or the Executive Management. As a listed company, ABC adheres to a strict policy, which delegates to certain specific individuals the authority to issue press releases or make announcements to the public, financial or non-financial, about the Group.

In the event that any of the authorized individuals is requested to make statements relating to the financial statements, financial indicators or general financial performance of the Group, that person will consult and/or confirm with the Head of Finance with regard to the accuracy, timeliness and reliability of the information prior to making any public announcements.

The Group distributes its Financial Statements and Prudential Returns to the CBB and BHB on a quarterly and an annual basis. Then the Group makes this information available on its website.

Press releases are posted on ABC's website and published in Arabic and English. Persons authorized by the Group to make public disclosures will not make any announcement on a one-to-one basis before disseminating the information on the Group's website or in local newspapers as appropriate.

ABC has in place an effective framework for dealing with complaints received from its shareholders and other stakeholders. Different channels have been established to enable communication with investors, including through the offices of the Registrar, an online enquiry centre on ABC website and dedicated telephone and facsimile lines. All complaints received are transmitted to the concerned department, the Executive Management and the Board. In accordance with the CBB's disclosure requirements, the Group maintains at least the previous three years' financial performance information on its website.

Regulations

ABC complies with all the regulatory requirements governing Investment Firms issued by the CBB, which include, inter alia, regulations governing ABC's capital adequacy, asset quality and risk management, liquidity and fund management and corporate governance.

The CBB, sets and monitors ABC's capital requirements at Head Office level, while ABC's banking subsidiaries are directly regulated by their local banking supervisors, which set and monitor their capital adequacy requirements.

The CBB requires each Bahrain-based Investment company under Category 1 to maintain a minimum capital of BHD 1.0 million and minimum capital adequacy ratio not lower than 110%.

The Regulatory capital must be calculated for all Bahrain based Investment firm based on the shareholders' Equity, the investment firm also must maintain adequate human, financial and other resources sufficient to run the business in ordinary manner.

Related Party Transactions

Dealings with persons or entities connected with the Group (including directors and shareholders) are called "related party transactions". The Group treats all such transactions at arm's length and requires that they have the specific approval of the Board. If a director is an interested party, he is required to abstain from voting on the respective matter. The Related Party Transactions pertaining to 2022 are reflected in Note 26 to the Consolidated Financial Statements.

Code of Business Conduct and Ethics

ABC maintains a board-approved policy on the employment of immediate family members or other relatives of employees. The policy prohibits the employment and internal transfers where applicable, of first and second-degree relatives. However, the policy permits third- and fourth-degree relatives to be employed in positions other than where there is an actual, potential or perceived conflict of interest, or an opportunity for collusion. The Human Resources and Internal Audit departments are responsible for examining potential applications for employment to check whether there is likely to be an actual or potential conflict of interest as defined by the Group's policies, with particular reference to the code of conduct and conflict of interest policies.

The Group has a special policy regarding the appointment of accredited employees who are related to the members of the Shari'a Board. The policy states that the appointment of any individual who is related to an accredited employee or to a member of the Shari'a Board must take place after it is declared to the Board of Directors or to the Shari'a Board, depending on the circumstances. The Shari'a Board member must refrain from participating or voting on any decision related to the accountability, judgement of behavior, appointment, or specification of the dues of an accredited employee if he is related to one of them in the first or second degree.

Corporate Governance (continued)

Anti-bribery & Corruption ("ABC") Policy

The Group values its reputation and has a commitment to upholding the highest ethical standards in the conduct of business activities. The Group views bribery as prohibited and expects all staff, Directors and associated persons to adopt high standards of conduct and ensure compliance with this policy and the Bahrain Penal Code. These standards are the minimum requirements based on legal and regulatory rules applicable to the Group.

All employees of the Group are expected to have complete familiarity with the contents of the ABC Policy, be fully aware of their roles and responsibilities and should always act in the spirit rather than just the letter of the Policy. Any non-compliance shall trigger personal liability such as fines and imprisonment, or disciplinary action.

Units are required to develop their own ABC policies, which must incorporate the requirements of the Group ABC Policy as a minimum, adding additional requirements in accordance with local laws, regulations and practices. Wherever local regulations are higher than the requirements set in this Policy, the higher standards must be applied. If any applicable laws conflict with this Policy, the relevant unit must consult their local legal department and the Head of Group Compliance to resolve the conflict and as applicable, report the same to the ABG Compliance & Governance Committee.

The Group's ABC Policy does not tolerate breaches of any of the following:

- applicable laws, rules & regulations;
- generally accepted practices and standards in relation to anti-corruption;
- fines or other enforcement actions in regard to anti-corruption.

The Group views combating bribery and corruption as an integral part of its risk management strategy, and not merely a stand-alone requirement imposed by the regulatory authorities.

Any material or systemic breaches shall be reported to the Board's Compliance & Governance Committee. The Group ABC Policy aims to set out the basic framework to detect, prevent and suppress acts of bribery and corruption at the Group. The Board of Directors has adopted this policy which demonstrates the Group's adherence to applicable ABC legal and regulatory requirements and the highest of professional standards.

REMUNERATION POLICY AND RELATED DISCLOSURES

The Group's total compensation approach, which includes the variable remuneration policy, sets out the Group's policy on remuneration for Directors and senior management and the key factors that are taken into account in setting the policy.

Through the remuneration framework summarized below, the Group aims to comply with the CBB's regulations concerning Sound Remuneration Practices and Article 188 of the Bahrain Commercial Companies law, 2001.

Remuneration Strategy

It is the Group's basic compensation philosophy to provide a competitive level of total compensation to attract and retain qualified and competent employees. The Group's variable remuneration policy is driven primarily by a performance-based culture that aligns employee interests with those of the Group's shareholders. These elements support the achievement of the Group's objectives, through balancing rewards for both short-term results and long-term sustainable performance. The Group's strategy is designed to share its success, and to align employees' incentives with its risk framework and risk outcomes.

The quality and long-term commitment of all of the Group's employees is fundamental to its success. The Group therefore aims to attract, retain and motivate the very best people, who are committed to maintaining a career with the Group, and who will perform their role in the long-term interests of its shareholders. The Group's reward package is comprised of the following key elements:

1. Fixed pay;
2. Benefits;
3. Annual performance bonus; and
4. The Long-Term Performance Incentive Plan.

A robust and effective governance framework ensures that the Group operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Board Nomination & Remuneration Committee (BNRC) and approved by the Board of Directors thereafter.

The Group's remuneration policy, in particular, considers the role of each employee and sets guidance on whether an employee is a "Material Risk Taker" and/or an "Approved Person" in a business line, control or support function. An Approved Person is an employee whose appointment requires prior regulatory approval because of the significance of the role within the Group, while an employee is considered a Material Risk Taker if either he/she is the head of a significant business line, or any individuals within their control have a material impact on the Group's risk profile. In order to ensure alignment between what the Group pays its people and its business strategy, the Group assesses individual performance against annual and long-term financial and nonfinancial objectives, summarized in its performance management system. This assessment also takes into account adherence to the Group's values, risks and compliance measures and, above all, acting with integrity. Altogether, performance is therefore judged not only on what is achieved over the short and the long-term but also importantly on how it is achieved, as the BNRC believes the latter contributes to the long-term sustainability of the business.

Board Nomination and Remuneration Committee ("BNRC") Role and Focus

The BNRC has oversight of all reward policies for the Group's employees. The BNRC is the supervisory and governing body for compensation policy, practices and plans. It is responsible

for setting the principles and governance framework for all compensation decisions. The BNRC ensures that all persons must be remunerated fairly and responsibly. The remuneration policy is reviewed on a periodic basis to reflect changes in market practices, the business plan and risk profile of the Group.

The responsibilities of the BNRC with regard to the Group's variable remuneration policy, as stated in its mandate, include, but are not limited to:

- Approving, monitoring and reviewing the remuneration system to ensure the system operates as intended;
- Approving the remuneration policy and amounts for each Approved Person and Material Risk Taker, as well as total variable remuneration to be distributed, taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits;
- Ensuring remuneration is adjusted for all types of risks and that the remuneration system takes into consideration employees who earn the same short-run profit but take different amounts of risk on behalf of the Group;
- Ensuring that, for Material Risk Takers variable remuneration forms a substantial part of their total remuneration;
- Reviewing the stress testing and back testing results before approving the total variable remuneration to be distributed, including salaries, fees, expenses, bonuses and other employee benefits;
- Carefully evaluating practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain; the BNRC will question pay-outs for income that cannot be realized or whose likelihood of realization remains uncertain at the time of payment;
- Ensuring that, for approved persons in risk management, internal audit, operations, finance and compliance functions, the mix of fixed and variable remuneration is weighted in favor of fixed remuneration;
- Recommending Board members' remuneration based on their attendance and performance, and in compliance with Article 188 of the Bahrain Commercial Companies law;
- Ensuring disclosure of all the remunerations received by the Chairman and members of the Board of Directors, each separately, during the fiscal year, including any benefits, privileges, share of profits, attendance allowance, representation allowance, expenses, etc. The disclosure should include what the members received as employees, administrators, technical works, or administrative, advisory or any other works, using the forms prepared by the Ministry of Industry & Commerce; and
- Ensuring appropriate compliance mechanisms are in place to make sure that employees commit themselves not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

The aggregate remuneration paid to BNRC members during the year in the form of sitting fees amounted to US\$ 36 thousand (2021: US\$ 15 thousand); other details concerning BNRC membership are disclosed elsewhere in this report.

This corporate governance report discloses the total amount received by members of the executive management of ABG.

As required by the Ministry of Industry & Commerce, the Board of Directors' Report is required to disclose the total amounts received by the top six managers (including the GCEO and the Senior Financial Officer) who received the highest remunerations during the fiscal year, including any salaries, benefits, shares, and a share in the profits, as applicable.

Scope of Application of the Remuneration Policy

The remuneration policy has been adopted on a Group-wide basis.

Board Remuneration

The Board of Directors' remuneration is determined in line with the provisions of Article 188 of the Bahrain Commercial Companies law, 2001. Board remuneration is subject to approval of the shareholders in the Annual General Meeting. Remuneration of non-executive Directors does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses or pension benefits.

Variable Remuneration for Staff

Variable remuneration is performance related and consists primarily of the annual performance bonus award. As a part of the staff's variable remuneration, the annual bonus rewards delivery of operational and financial targets set each year, the individual performance of the employees in achieving those targets, and their contribution to delivering the Group's strategic objectives. The Group has adopted a Board-approved framework to develop a transparent link between variable remuneration and performance. The framework is designed on the basis of both meeting satisfactory financial performance and the achievement of other non-financial factors that will, all other things being equal, deliver a target bonus pool for employees, prior to consideration of any allocation to business lines and employees individually. In the framework adopted for determining the variable remuneration pool, the BNRC aims to balance the distribution of the Group's profits between shareholders and employees.

Key performance metrics at the Group 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.

In determining the amount of variable remuneration, the Group starts from setting specific targets and other qualitative performance measures that result in a target bonus pool. The bonus pool is then adjusted to take account of risk the use of risk-adjusted measures (including forward-looking considerations).

The BNRC carefully evaluates practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. The BNRC demonstrates that its decisions are consistent with an assessment of the Group's financial condition and future prospects.

Corporate Governance (continued)

The Group uses a formalized and transparent process to adjust the bonus pool for quality of earnings. It is the Group'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 BNRC.

Funding for distribution of a bonus pool is dependent on threshold financial targets being achieved by the Group. The performance measures ensure that total variable remuneration is generally considerably contracted where subdued or negative financial performance of the Group occurs. Furthermore, the target bonus pool, as determined above, is subject to risk adjustments in line with the risk assessment and linkage framework.

Remuneration of Control Functions

The remuneration level of staff in the control and support functions is maintained at a level, which enables the Group to attract and thus employ qualified and experienced personnel in these functions. The Group ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favor of fixed remuneration. The variable remuneration of control functions is based on function-specific objectives and is not determined by the financial performance of the business areas they monitor.

The Group's performance management system plays a major role in deciding the performance of the support and control units on the basis of the objectives set for them. Such objectives are more focused on non-financial targets that include risk, control, compliance and ethical considerations as well as the market and regulatory environment, apart from value-adding tasks, which are specific to each unit.

Variable Compensation for Business Units

The variable remuneration of the Business Units is primarily determined by key performance objectives set through the performance management system of the Group. Such objectives contain financial and non-financial targets, including risk control, compliance and ethical considerations, as well as market and regulatory requirements. The consideration of risk assessments in the performance evaluation of individuals ensures that any two employees who generate the same short-run profits but take different amounts of risk on behalf of the Group are treated differently by the remuneration system.

Risk Assessment Framework

The purpose of risk linkages is to align variable remuneration to the risk profile of the Group. In its endeavor to do so, the Group considers both quantitative measures and qualitative measures in the risk assessment process. The risk assessment process encompasses the need to ensure that the remuneration policy,

by design reduces employees' incentives to take excessive and undue risks, is symmetrical with risk outcomes and delivers an appropriate mix of remuneration that is risk aligned.

The BNRC considers whether the variable remuneration policy is in line with the Group's risk profile and ensures that, through the Group's ex-ante and ex-post risk assessment framework and processes, remuneration practices where potential future revenues whose timing and likelihood remain uncertain are carefully evaluated.

Risk adjustments take into account all types of risk, including intangible and other risks such as reputation risk, liquidity risk and the cost of capital. The Group undertakes risk assessments to review financial and operational performance against business strategy and risk performance prior to distribution of the annual bonus. The Group ensures that total variable remuneration does not limit its ability to strengthen its capital base. The extent to which capital needs to be built up is a function of the Group's current capital position and its Internal Capital Adequacy Assessment Process ("ICAAP").

The bonus pool takes into account the performance of the Group, which is considered within the context of the Group's risk management framework. This ensures that the variable pay pool is shaped by risk considerations and Group-wide notable events.

The size of the variable remuneration pool and its allocation within the Group takes into account the full range of current and potential risks, including:

- a) The cost and quantity of capital required to support the risks taken;
- b) The cost and quantity of the liquidity risk assumed in the conduct of business; and
- c) Consistency with the timing and likelihood of potential future revenues incorporated into current earnings.

The BNRC keeps itself abreast of the Group's performance against the risk management framework. The BNRC will use this information when considering remuneration to ensure that returns, risks and remuneration are aligned.

Risk Adjustments

The Group has an ex-post risk assessment framework, which is a qualitative assessment to back-test actual performance against prior risk assumptions. In any year where the Group suffers material losses in its financial performance, the risk adjustment framework will work as follows:

- There will be considerable contraction of the Group's total variable remuneration;
 - At an individual level, poor performance by the Group will mean individual KPIs are not met and hence employee performance ratings will be lower;
 - Reduction in the value of deferred shares or awards;
 - Possible changes in vesting periods and additional deferral applied to unvested rewards;
 - lastly, if the qualitative and quantitative impact of a loss incident is considered significant, a malus or clawback of previous variable awards may be considered.
- The BNRC, with the Board's approval, can rationalize and make the following discretionary decisions:
- Increase/reduce the ex-post adjustment;
 - Consider additional deferrals or increase in the quantum of non-cash awards;
 - Recovery through malus and clawback arrangements.

Malus and Clawback Framework

The Group's malus and clawback provisions allow the Board of Directors to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited/adjusted or the delivered variable remuneration recovered in certain situations. The intention is to allow the Group to respond appropriately if the performance factors on which reward decisions were based turn out not to reflect the corresponding performance in the longer term. All deferred compensation awards contain provisions that enable the Group to reduce or cancel the awards of employees whose individual behavior has had a materially detrimental impact on the Group during the relevant performance year.

Any decision to take back an individual's award can only be made by the Board of Directors.

The Group's malus and clawback provisions allow the Board to determine that, if appropriate, vested/unvested elements under the deferred bonus plan can be adjusted/cancelled in certain situations. These events include the following:

- Reasonable evidence of wilful misbehavior, material error, negligence or incompetence of the employee causing the Group/employee's business unit to suffer material loss in its financial performance, material misstatement of the Group's financial statements, material risk management failure or reputational loss or risk due to such employee's actions, negligence, misbehavior or incompetence during the relevant performance year.
- The employee deliberately misleads the market and/or shareholders in relation to the financial performance of the Group during the relevant performance year.
- Clawback can be used if the malus adjustment on the unvested portion is insufficient given the nature and magnitude of the issue.

Corporate Governance (continued)

Components of Variable Remuneration

Variable remuneration has the following main components:

Upfront cash	The portion of the variable compensation that is awarded and paid out in cash on conclusion of the performance evaluation process for each year
Deferred cash	The portion of variable compensation that is awarded and paid in cash on a pro-rata basis over a period of 3 years
Upfront share awards	The portion of variable compensation that is awarded and issued in the form of shares on conclusion of the performance evaluation process for each year
Deferred shares	The portion of variable compensation that is awarded and paid in the form of shares on a pro-rata basis over a period of 3 years

All deferred awards are subject to malus provisions. All share awards are released to the benefit of the employee after a six-month retention period from the date of vesting. The number of equity share awards is linked to the Group's share price as per the rules of the Group's Share Incentive Scheme. Any dividend on these shares is released to the employee along with the shares (i.e. after the retention period).

Deferred Compensation

All employees earning over Bahraini Dinars ("BHD")100 thousand or equivalent, in total compensation shall be subject to deferral of variable remuneration as follows:

Element of variable remuneration	Deferral	Deferral period	Retention	Malus	Clawback
Upfront cash	40%	Immediate	-	-	Yes
Upfront shares	-	Immediate	6 months	Yes	Yes
Deferred cash	0%	Over 3 years	-	Yes	Yes
Deferred share awards	60%	After 3 years	6 months	Yes	Yes

The BNRC, based on its assessment of role profile and risk taken by an employee, may increase the coverage of employees that are subject to deferral arrangements.

Details of remuneration paid

a) 1. Board of Directors

	US\$ '000	
	2022*	2021
Sitting Fees	483	447
Remuneration*	1,500	1,500
Other	23	22

The category 'Other' includes the reimbursement of air fares and payment of per diem allowances for attending Board of Directors and Board Committees' meetings.

* Subject to approval by AGM in March 2023.

a) 2. Board of directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance *****
	Remunerations of the chairman and BOD*	Total allowance for attending Board and committee meetings	Salaries**	Others***	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others****	Total			
1. Mr. Abdullah Saleh Kamel	58,881.84	12,441	-	-	71,322.84	-	-	-	-	-	-	71,322.84	1,336
2. Mr. Mohamed Ebrahim AlShroogi	44,879.52	11,310	-	-	56,189.52	-	-	-	-	-	-	56,189.52	722
3. Mr. Mazin Khairy Manna	19,297.15	6,786	**	-	26,083.15	-	-	-	-	-	-	26,083.15	-
4. Mr. Abdul Elah Abdul Rahim Sabbahi	42,934.75	13,572	-	-	56,506.75	-	-	-	-	-	-	56,506.75	988
5. Mr. Saud Saleh Al Saleh	44,879.52	15,834	-	-	60,713.52	-	-	-	-	-	-	60,713.52	-
6. Mr. Fahad Abdullah Al Rajhi	40,601.03	14,703	-	-	55,304.03	-	-	-	-	-	-	55,304.03	-
7. Dr. Jihad El-Nakla	49,546.96	21,489	-	-	71,035.96	-	-	-	-	-	-	71,035.96	1,904
8. Mrs. Dalia Hazem Khorshid	41,767.89	12,441	-	-	54,208.89	-	-	-	-	-	-	54,208.89	-
9. Dr. Khaled Abdulla Ateeq	55,770.21	21,489	-	-	77,259.21	-	-	-	-	-	-	77,259.21	1,299
10. Mr. Naser Mohamed Al Nuwais	37,878.36	11,310	-	-	49,188.36	-	-	-	-	-	-	49,188.36	2,232
11. Dr. Mohamed Chiekh-Rouhou	37,100.45	11,310	-	-	48,410.45	-	-	-	-	-	-	48,410.45	-
12. Dr. Ziad Ahmed Bahaa-Eldin	37,878.36	12,441	-	-	50,319.36	-	-	-	-	-	-	50,319.36	-
13. Mr. Tawfig Shaker Mufti	40,212.08	12,441	-	-	52,653.08	-	-	-	-	-	-	52,653.08	438
14. Mr. Housseem Ben Haj Amor	13,871.88	4,524	**	-	18,395.88	-	-	-	-	-	-	18,395.88	-
Total	565,500.00	182,091	-	-	747,591.00	-	-	-	-	-	-	747,591.00	8,919

Notes:

All amounts stated in Bahraini Dinars.

Remunerations of the chairman and BOD:

* Includes fixed remunerations and remunerations calculated by points system. The remuneration is the proposed amounts and are subject to approval by the Shareholders in the AGM.

Salaries:

** Mr. Mazin Khairy Manna's salary is included in the Executive Management remuneration disclosure.

** Mr. Housseem Ben Haj Amor's salary is included in the Executive Management remuneration disclosure.

Other remunerations:

*** It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).

**** It includes the board member's share of the profits - Granted shares (if any).

Expenses Allowance:

***** It includes Per-diem, Ticket and Hotel charges.

Corporate Governance (continued)

b) Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	1,250,445.556	552,250.000	0	1,802,695.556

Note: All amounts stated in Bahraini Dinars.

* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc.

** The company's highest financial officer (CFO, Finance Director, ...etc)

c) Unified Shari'a Supervisory Board:

	in BHD
Shari'a Committee Members fee and remuneration	95,415.684

RISK MANAGEMENT

The Group is committed to complying with internationally established principles and policies in relation to risk management. Risk management is an integral part of the Group's decision-making process. The Board of Directors, acting on recommendations made by the Board Risk Committee defines and sets the Group's overall risk strategy, risk appetite, risk diversification and asset allocation strategies. This includes the policies regarding credit, market, liquidity and operational risks amongst others. It also decides on any related party transactions, their reporting and approval. Risk, Compliance and Audit Follow-Up Committee (RCA), Asset & Liability Committee (ALCO), Head Office Credit Committee (HOCC) and other executive committees guide and assist with management of the Group's balance sheet risks. The Group manages exposure by adhering to limits approved by the Board of Directors or under delegated authorities approved/extended by the Board/ Board Committees to Management Committees. Risk policies and processes to mitigate the risks are regularly reviewed on an ongoing basis.

To ensure the effectiveness of ABG's Risk Management Framework, the Board and Senior Management need to be able to rely on adequate line functions including monitoring and assurance functions within ABG. Therefore, as part of its overall governance and risk management framework, the ABG Group endorses the "Three Lines of Defense (LOD)" model as a way of explaining the relationship between these functions and as a guide to how responsibilities are assigned:

- 1- The first line of defense (Risk Taking):** Functions that own and manage risk. Under this line of defence business management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. These primarily include functions or departments engaged in the front office / client facing roles responsible for risk taking activities like financing (e.g. corporate banking).
- 2- The second line of defense (Risk Oversight):** Functions that oversee or specialize in risk management and compliance. This line of defense consists of activities covered by several components of the internal governance framework (Compliance, Risk Management, Finance, Legal, Operations, Internal Controls, Human Resources, Information Technology and other such departments). Furthermore, it monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information within ABG. The Shari'a coordination and implementation function ensures all products, transactions and activities undertaken by ABG are in line with Islamic principles.
- 3- The third line of defence (Risk Assurance):** Functions that provide independent assurance i.e. internal audit, which forms the third line of defense. An independent internal audit function, through a risk-based approach to its work, provides assurance to the bank's Board of Directors and Senior Management. This assurance covers how effectively the bank assesses and manages its risks and includes assurance on the effectiveness of the first and second lines of defense. It encompasses all elements of the bank's risk management framework (from risk identification, risk assessment and

response, to communication of risk-related information) and all categories of organizational objectives: strategic, ethical, operational, reporting and compliance. In addition, an Independent Shari'a Internal Audit Department is an important pillar of the third line of defense.

In combination, this approach permits ABG to grow its business without taking undue risks that could impact its capital adequacy, shareholder returns and ultimately its brand and reputation.

Roles and Responsibilities of ABG's Group Risk Management include the following:

- To develop and implement Group risk management framework, policies and procedures aligned with regulatory directives.
- To ensure that the risk management function is sufficiently equipped with policies, processes, systems, methodologies and expertise for identification, measurement, control, reporting and monitoring of risk adequately and efficiently at the Head Office level. Primary responsibilities however rest with the individual subsidiaries and their boards given the current governance framework.
- To develop ABG's Risk Appetite Statement as well as Risk Management Guidelines for ABG Units/Subsidiaries.
- To regularly review, monitor and report consolidated risk limits (as defined in the Group Risk Appetite Policy) as well as ensure adherence to them.
- To provide oversight on ABG Units' risk management framework and take into consideration the statutory, legal and governance requirements that apply to the Units individually.
- To monitor exposures both at the head office and consolidated Group levels in terms of risk concentrations, imbalances and vulnerabilities and recommend remedial action where appropriate.
- To review and analyze the Group's credit portfolio in terms of asset quality including concentrations to detect risk and concentrations and alert and advise ABG Executive Management and/or Board Risk Committee accordingly.
- To advise the Units (in collaboration with ABG Finance department) on the use of credit risk parameters (e.g. Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default/Credit Conversion Factor (EAD/CCF)) for credit pricing, provisioning and portfolio monitoring as necessary.
- To promote a robust risk culture (including risk training and development) within the Group's existing operating model and governance framework.

ABG Units are governed by their respective Boards of Directors. The Units follow documented credit and risk policies and procedures which reflect Group-wide policies and thereby ensure that sound risk management is in place.

Operational risk policies and procedures in each Subsidiary ensure a consistent approach to operational risk. The Group has continued to maintain momentum towards achieving optimal risk management policies, practices and procedures, pursuing five key objectives:

Corporate Governance (continued)

- Continuous improvement in credit and risk management practices and intensified efforts on collections, recoveries and settlement of outstanding debts to ensure resilient asset quality in the face of increased challenges in some of the Group's markets.
- To ensure that all unit NPA provisioning policies are in line with both Group policies and local regulatory requirements.
- To ensure that Units strive for a high degree of cooperation between their business arms and risk management departments. Hiring and training of credit and risk management staff is an ongoing priority at each unit.
- To ensure that each subsidiary has an approved Credit and Risk Management Manual covering all relevant risks which is consistent with the Group policies and procedures.
- To ensure that all subsidiaries submit timely monthly and quarterly risk management reports to the Head Office, which fully meet regulatory requirements. The contents of these reports are continuously enhanced in order to provide the Head Office with comprehensive data.

A standard risk management framework has been established across the Group, reflected in operational manuals that closely adhere to the Group policy regarding all the major categories of risk that the Group faces when carrying out its business. These are: Credit, Liquidity, Market (including Equity Price, Profit Rate and Foreign Exchange risk), Operational (including Fraud Risk and Information & Cyber Security Risk) and Shari'a Compliance risks. Each of these major risks are discussed below.

Credit Risk

Credit risk is the risk that one party to a financial contract fails to discharge an obligation and causes the other party to incur a financial loss. It applies to the Group in its management of the financing exposures arising out of receivables and leases (for example, Murabaha and Ijarah) and working capital and other financing transactions (Salam, Istisna'a, Musharaka or Mudaraba). Each Group subsidiary has in place a framework for credit risk management that includes identification, measurement, monitoring, reporting and control of credit risks. Each subsidiary controls credit risk through the process of initial approval and granting of credit, subsequent monitoring of counterparty creditworthiness and the active portfolio management of credit exposures. Authority to approve credits is delegated by the subsidiary's Board committees entrusted with the task of credit assessment and evaluation, under specific credit policies and operational procedures in place in that subsidiary. Mitigation of credit risk is primarily achieved through (a) customer's financial and credit due diligence including willingness and ability/capacity to repay, (b) appropriate structuring of credit facilities and its pricing and (c) obtaining various forms of collateral as necessary.

During the year 2017, ABG and its subsidiaries made the necessary preparations and acquired credit rating and other systems while credit policies and procedures were updated, following the introduction of FAS 30 Accounting Standard by AAOIFI in 2018.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal or stressed circumstances.

ABG and its subsidiaries each has in place a liquidity management framework, taking into account its liquidity exposures in respect of its current and savings accounts, deposits from banks and other financial institutions, and its restricted and unrestricted investment accounts. This ensures that it maintains liquid assets at prudential levels so that cash can quickly be made available to honor all its obligations. Liquidity management also recognizes the impact of potential cash outflows arising from irrevocable commitments to fund new assets, as well as the potential risk impact of withdrawals by large single depositors, ensuring that ABG does not rely excessively on one customer or small group of customers. In addition to its own internal liquidity management policies, each subsidiary is further required to maintain cash deposits with its respective central bank equal to a percentage of its deposits as directed by that central bank. Each Subsidiary is also responsible to regularly monitor its Liquidity coverage ratios (LCR) and Net Stable Funding ratios on an ongoing basis.

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

Each Group subsidiary has in place appropriate strategies, risk management and reporting processes with respect to the risk characteristics of equity investments, including Mudaraba, Musharaka and other investments. Based on the Group policies, each subsidiary ensures that its valuation methodologies are appropriate and consistent and assesses the potential impact of its methods on profit calculations and allocations mutually agreed between that subsidiary and its partners. Further, each subsidiary has defined and established appropriate exit strategies and risk management and reporting processes in respect of its equity investment activities.

Profit Rate Risk or Rate of Return Risk

Profit rate risk or rate of return risk is the risk that the Group will incur a financial loss as a result of a mismatch in the profit rate on the Group's assets and unrestricted investment accounts. The Group is not liable to pay any predetermined returns to investment account holders, although it does apply appropriate income smoothing techniques to ensure that profits are fairly distributed to the investment account holders.

Foreign Exchange Risk

Foreign exchange rate risk arises from the movement of currency exchange rates over a period of time, leading to an adverse impact on the Group's earnings or shareholders' equity. The Group is exposed to foreign exchange rate risk in that the value of a financial instrument, or its net investment in its foreign subsidiaries, may fluctuate due to changes in foreign exchange rates. The Group's significant net foreign currency exposures as at 31st December 2022 are detailed in Note 28 to the Financial Statements.

Operational Risk

Operational risk is the risk of financial loss or damage resulting from inadequate or failed internal processes, people and systems or from external events.

Management of risk associated with carrying out the Group's operations is through internal procedures and monitoring and control mechanisms, while management of legal risk is through effective consultation with internal and external legal counsel. Other kinds of operational risk are managed by ensuring that trained and competent people - and appropriate infrastructure, processes, controls and systems - are in place to ensure the identification, assessment and management of all substantial risks.

The Group is also exposed to risks relating to its fiduciary responsibilities towards fund providers. Fiduciary risk arises from the failure to perform in accordance with explicit and implicit standards applicable to an Islamic bank's fiduciary responsibilities, leading to losses in investments or failure to safeguard the interests of the investment account holders. Group subsidiaries have in place appropriate mechanisms to safeguard the interests of all fund providers. Where investment account holders' funds are commingled with an ABG subsidiary's own funds, the respective subsidiary ensures that the basis for asset, revenue, expense and profit allocations are established, applied and reported in a manner consistent with the Group's fiduciary responsibilities.

As mentioned above, Group policy dictates that the operational functions of booking, recording and monitoring transactions are carried out by staff independent of the staff initiating the transactions. Group subsidiaries have primary responsibility for identifying and managing their own operational risks. Each subsidiary is guided by policies, procedures and controls that are relevant for each function. Internal control policies and procedures dictate the segregation of duties, delegation of authorities, exceptions reporting, exposures management and reporting, and reconciliations, and are based on the submission of timely and reliable management reporting.

Separate and independent Internal Control units carry out ongoing monitoring of day-to-day procedures and ensure adherence to key control functions.

Information & Cyber Security Risk

The Group continues to enhance its management of information and Cyber Security Risk. It has assessed the risks, identified controls and is implementing solutions. The Group already has comprehensive IT security policy and procedures, which are in line with leading industry practices. The Digitalization, IT, and Information Security Committee at the Head Office meets regularly and has implemented a new Information Risk Management Framework and Group Policy.

Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material or financial loss or loss to reputation that a bank may suffer as a result of its failure to comply with laws, regulations, rules, reporting requirements, codes of conduct and standards. The landscape of compliance is evolving constantly. As a result, ABG and its subsidiaries are continuously enhancing their compliance risk management framework. Please refer to the section on Compliance, Policies and Procedures.

Shari'a Compliance Risk

Shari'a compliance risk arises from the failure to comply with the rules and principles of Shari'a and, in this respect, is akin to reputation risk. It also includes the risk of legal or regulatory sanctions that the Group or its subsidiaries may suffer as a result of failure to comply with laws and regulations. As mentioned above, the Group has in place a Compliance Policy that provides for the assessment of compliance risks, the implementation of appropriate controls, monitoring of effectiveness, and correction and eradication of exceptions. Group subsidiaries have in place systems and controls, including their respective Shari'a Supervisory Boards, to ensure compliance with all Shari'a rules and principles. In accordance with CBB regulations and AAOIFI Standards, the Group has been certified by the Unified Shari'a Supervisory Board to be in compliance with Shari'a Standards and Principles.

CAPITAL MANAGEMENT/CAPITAL ADEQUACY

The CBB requires each Bahrain-based Investment company under Category 1 to maintain a minimum capital of BHD 1.0 million and minimum capital adequacy ratio not lower than 110%.

The Regulatory capital must be calculated for all Bahrain based Investment firm based on the shareholders' Equity, the investment firm also must maintain adequate human, financial and other resources sufficient to run the business in ordinary manner.

DIGITALIZATION AND IT

The Digitalization, IT, and Information Security Committee governs and supports Digitalization, IT, and information security strategies, policies, projects and initiatives across ABG HO and subsidiaries, and ensures that they are consistent with the Group's strategic aims as well as each subsidiary's local strategy. The Group periodically monitors these strategies across all ABG subsidiaries to ensure that they enable the Group business strategy and strategic objectives.

Corporate Governance (continued)

All ABG subsidiaries have Digital Transformation strategies and already started executing these strategies. These subsidiaries are now launching new solutions and features as part of their digital transformation journey including advanced mobile banking applications, wallets, customer digital onboarding feature, back-office automation, Chatbots, different open banking initiatives, and digital branches etc.

Meanwhile, several subsidiaries have successfully replaced their legacy core banking systems with new modern core banking systems. The subsidiaries are now introducing new solutions in areas such as automation, compliance, risk management, and cyber security as well as exploring new technologies related to Artificial Intelligence and Robotic Process Automation.

Each subsidiary has a Business Continuity Plan and Disaster Recovery centers that are up to date and regular audited and testing.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS OF CBB UNDER HC MODULE

As per the independent compliance assessment undertaken to cover the year 2022, the Al Baraka Group (ABG) is in full compliance with the Corporate Governance requirements outlined under Central Bank of Bahrain's HC Module, in its Rulebook, with the exception of the following:

The Chairman of the Board should be an independent director, so that there will be an appropriate balance of power and greater capacity of the Board for independent decision making.	The appointment of Shaikh Abdullah Saleh Kamel as Chairman of the Board has been approved by the CBB and his classification as member is Non-Executive and Non-Independent Director
To facilitate free and open communication among independent directors, each Board meeting should be preceded or followed with a session at which only independent directors are present, except as may otherwise be determined by the independent directors themselves.	There were no organized sessions booked prior or post the board meetings, since all independent directors have direct communication channels with each other on regular basis or when there is a need.

Islam and Social & Sustainable Finance ("SSF")

Islam and Social & Sustainable Finance ("SSF")

Our philosophy is that Allah grants mankind the capacity to inherit the land on this earth and, therefore, mankind is not the owner of wealth but is entrusted with it. As the purpose of mankind is to construct, embellish and build on this earth, we are therefore ordained to create opportunities for others. Thus, the wealth bestowed upon us must be invested in creating the wealth and opportunities in society.

As members of a banking group founded on Islamic principles and values, we believe that we have an obligation to society, through patronage and sponsorship of a wide range of social projects, to enhance the living conditions and quality of life of needful individuals in the local communities where we operate. In making this commitment to society we strive to apply one of the important philosophical pillars of Islamic banking: the concept of E'mar Al Ardh - construction, or development, of land – which means adding tangible value to assets (whether natural or human).

This concept has a direct relevance to the development of society and its social and economic progress. The Group seeks to apply it through active investment mediation, which complements real and value-added production, and through the exchange of commodities and services, which enables us to offer practical alternatives to those financial intermediaries that provide no benefit to society at large.

SSF is fundamental to the Group's business model in all the countries where it operates. All the subsidiaries embrace Islamic ethical principles and apply them to their banking operations and services.

Guiding Principles

Our Mission is to fulfill the financial needs of communities across the globe by conducting business through an ethical customer-centric approach tailored for the digital age, based on our core beliefs and aimed at sharing the mutual rewards with our partners in business success: our customers, our employees, our shareholders, and our communities at large.

We see money as a means to capitalize on opportunities and create a better society for all of us. Money becomes the conduit by which we enter into new opportunities together and take part in common effort for mutual reward; as steward of the resources entrusted to us, our efforts contribute to building the community, at home and in the wider world.

The Al Baraka Social & Sustainable Finance Program is overseen by a Board Committee, and it is based on the following four pillars:

1. Al Baraka Philanthropic Program: covering the promotion and funding of a broad spectrum of activities including the arts, literature and culture, scholarly and literary works, and activities aimed at aiding people with special needs and facilitating them in their own efforts through vocational training.
2. Al Baraka Economic Opportunities & Social Investments Program: covering community development including financing and investments in projects supporting affordable housing and a spectrum of healthcare and related activities, micro, small and medium-sized enterprises, local and other industries.
3. Al Baraka Qard-Hassan Program: covering benevolent loans extended on a charitable basis.

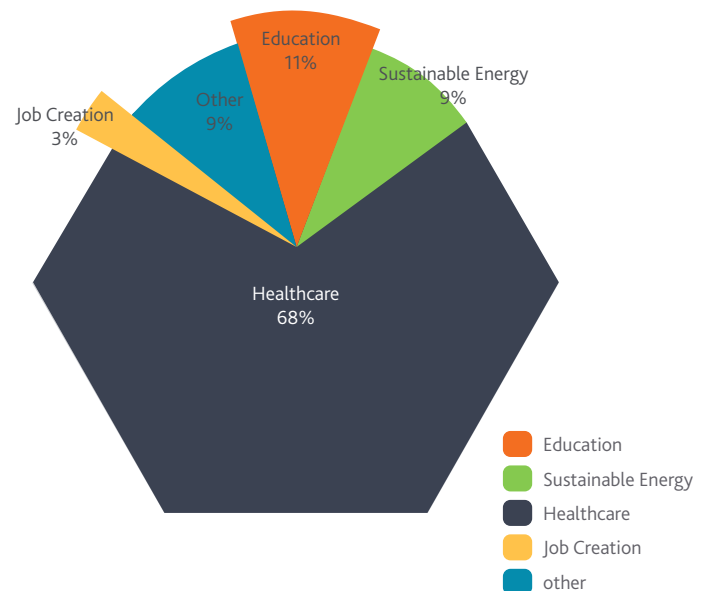
4. Al Baraka Time Commitment Program: ABG subsidiaries commit a certain number of hours of their officers' time to social and educational contributions to the local community..

While specific programs across the ABG Group have been in place for many years, the very nature of Islamic banking promotes value addition to society and its financing and other products are truly socially and sustainability compliant, for they create opportunities for employment and economic growth, and social well-being. The ideals of Social and Sustainable Finance have therefore been built into the fabric of ABG's business model as it has successfully executed many initiatives in this respect. In addition to business with its retail and corporate customers, during the year ABG engaged in a vast array of initiatives that covered Job Creation, Education, Healthcare and Sustainable Energy with a total of around \$600,000. As part of Sharia, Zakat donations are not to be published therefore they are not factored in this amount.

On the occasion of Al Baraka Group's 20-year anniversary in 2022, the Group's Head Office in Bahrain, along with all the Units shared their success with the less fortunate in the countries in which it operates by launching its first Al Baraka Day (ABD). On November 11, all the Group and its subsidiaries' employees, families and friends took part in service activities in their local communities totaling more than 200 people, touched the lives of thousands across three continents on Al Baraka Day.

Community projects in all these countries impacted more than 2,500 people. The theme for this year was under the UNSDG Good Health and Well-Being (SDG 3). The community initiatives included but were not limited to: donating clothes, boots and blankets as well as providing meals and food baskets to less privileged families and individuals. On the Health side, the teams donated insulin pumps to diabetic children and sports equipment to improve the physical activity and coordination for children with Autism and mental retardation. Our subsidiaries also donated wheelchairs for the disabled, diabetes devices and generated funds to cover the costs for treating cancer patients and providing eyeglasses to children.

"Social and Sustainable Finance initiatives"



Other Information

For the year ended 31 December 2022

External Auditors

For the year 2022, annual audit and quarterly review services amounted to US\$ 200,000, other attestation services amounted to US\$ 43,000.

Board of Directors & Unified Shari'a Supervisory Board

BOARD OF DIRECTORS

- Shaikh Abdullah Saleh Kamel** ▲
Chairman - Non-Executive Director
- Mr. Mohamed Ebrahim Alshroogi** ■●
Vice Chairman
- Mr. Tawfig Shaker Mufti** ●
Board Member - Non-Executive Director
- Dr. Jihad El-Nakla** ■▲●●
Board Member
- Mr. Housseem Ben Haj Amor** ●
Board Member and Group Chief Executive Officer
- Dr. Khaled Abdulla Ateeq** ■▲▲●
Board Member
- Mrs. Dalia Hazem Khorshid** ■●
Board Member
- Dr. Ziad Ahmed Bahaa-Eldin** ■●●
Board Member
- Mr. Saud Saleh Al Saleh** ■▲●
Board Member
- Mr. Abdul Elah Abdul Rahim Sabbahi** ●●
Board Member - Executive Director
- Mr. Fahad Abdullah Al Rajhi** ●●
Board Member - Non-Executive Director
- Dr. Mohamed Moncef Chiekh-Rouhou** ■●●
Board Member
- Mr. Naser Mohamed Al Nuwais** ■▲●
Board Member

Mr. Abdulmalek Mezher
Secretary to the Board

NOTES:

- Mr. Mazin Khairy Manna stepped down from his position as Group CEO and Executive Board Member on June 30th, 2022.
- Mr. Housseem Ben Haj Amor was appointed Board Member effective October 24th, 2022.

UNIFIED SHARI'A SUPERVISORY BOARD

- Shaikh Abdulla Bin Sulieman Al Mannea**
Chairman
- Shaikh Dr. Abdullatif Al Mahmood**
Vice Chairman
- Shaikh Dr. Al Ayachi Al Saddig Fiddad**
Member
- Shaikh Dr. Saad Bin Nasser Al Shithry**
Member
- Mr. Yousif Hassan Khalawi** ●
Member
- Dr. Eltigani El Tayeb Mohammed**
Secretary of the Unified Shari'a Board and Shari'a Officer

COMMITTEE NAME

CHAIRMAN OF THE COMMITTEE

MEMBER OF THE COMMITTEE

Board Executive Committee



Board Audit Committee



Board Nomination & Remuneration Committee



Board Risk Committee



Board Social & Sustainable Finance Committee



Board Compliance and Governance Committee



Independent Director

