

ABK-Egypt Corporate Governance Code

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➤ Definitions:

- **Board of Directors:** The bank chairman and board of directors unless otherwise stated.
- **BOD:** Board of Directors.
- **Stakeholders:** Any person or entity that has a relation with the bank such as depositors, shareholders, creditors, customers, suppliers, society and other related parties.
- **Non-executive board member:** A member of the BOD, who is not involved in the day-to-day management of the bank, who is not responsible for the running of the bank's business. (i.e. he is not a bank employee), does not receive a monthly or annual salary from the bank and does not provide paid consultancies to the bank.
- **Independent non-executive board member:** A board member is considered to be independent if he/she meets the following conditions:
 - Not to be a bank employee or manager of the bank or any of its related parties throughout the previous three years.
 - Not to be a member of the board of directors of any of the related parties of the bank.
 - Not to have any family relations with any of the board members, senior management staff, Bank consultant or any of their related parties up to the fourth second degree.
 - Not to have any interests that are in conflict with his duties or any interest that might impact his neutrality in discussions or decision making.
 - Not to have any common interests with the members of the Board of Directors and Senior Management of the Bank through contributions to other companies or institutions.
 - Receives no remuneration or any amounts from the bank except for board membership or board committees allowance.
 - Is not a major shareholder¹ in the bank or a representative of the bank directly or indirectly.
 - Is not a partner of the bank's external auditor or one of his employees throughout the previous three years.
 - His membership does not exceed six consecutive or separate years.
- **Corporate Governance:** a set of systems, organizational structures and operations that attain institutional control as per global standards and principles through determining the responsibilities and duties of the BOD, senior management of the bank taking into account protection of shareholders and relevant stakeholders rights.
- **Banks' Governance:** as per CBE's Code, Governance is the framework that regulates the relationships between the bank's Board of Directors, Senior Management, shareholders and other stakeholders. Governance addresses the foundations that the bank follows to determine its objectives and the resources needed to achieve them, as well as to supervise performance. Governance also determines the responsibilities and duties of

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all parties concerned with the bank, as well as the approach followed by the board of directors and senior management to manage the bank's affairs and supervise its daily activities, which include the following:

- Development of strategies and setting of objectives.
- Bank risk appetite.
- Bank daily business activities.
- Balance between responsibilities towards shareholders and protection of the interests of depositors taking into consideration the other stakeholders' interests.
- Establish effective internal policies regarding corporate governance principles and ensure its implementation.
- Bank business activities that are conducted safely and properly within the framework of applicable laws and controls.

➤ Code Methodology

ABK-Egypt recognizes that adhering to a well-structured governance framework, based on the best practices in Corporate Governance and supported by the right culture, values and behaviors, both at the top and throughout the entire organization, is vital to ensuring the independence of the BOD and its ability to effectively supervise the management's operation of the bank, regulating key areas of risk, and, setting proper procedures for accountability; all of which will eventually lead to avoiding corporate disasters and minimizing the effects of external shocks.

The Code will be reviewed every 3 years or as needed, in the context of changing regulations, or the emergence of new Corporate Governance practices with a view to enhancing the application of governance in banks.

➤ Terms of Reference

ABK-Egypt Corporate Governance Code (the Code) is formulated in consistence with the current laws, rules and regulations, Central Bank of Egypt (CBE) Code for Banks Governance (the Code), CBE instructions dated Sept. 19,2024 regarding Corporate Governance and Internal Control, ABK- Egypt BOD Charter, ABK-Egypt Articles of Association, CBK Corporate Governance instructions d/d Sept.,2019 and ABK K.S.C.P. Corporate Governance Manual where it does not conflict with CBE regulations.

➤ Governance Framework

ABK-Egypt maintains the following comprehensive elements of Corporate Governance structure:

A. Board of Directors

▪ Chairman of the Board

The Board selects the Chairperson from among its non-executive members to fill the position.

He should enjoy the expertise, competencies and personal qualifications needed to fulfill his / her responsibilities.

The Chairperson is primarily responsible for the proper performance of the Board responsibilities and is accountable for guiding and ensuring its effective performance.

▪ Responsibilities of the Chairman of the Board:

According to CBE Code for Banks Governance and ABK- Egypt BOD Charter, the Chairman responsibilities include:

- Ensuring that the resolutions are taken on proper bases and full awareness of the topic being discussed and the existence of an appropriate mechanism to guarantee the effective implementation of those resolutions in time, and the method of their follow up.
- Encouraging the discussion and comments of all Board members especially non-executives, as well as guarantying the likelihood of expressing opposing opinions and discussing them within the process of decision-making.
- Ensuring that the board is committed to execute its tasks in the best interest of the bank and its customers, while avoiding conflict of interest.
- Providing the opportunity for non-executive members to monitor the performance of senior management.
- Strengthening the relationship of the Board as a whole with the Bank's senior management by inviting them to attend Board and committee meetings when needed.
- Ensuring the availability of sufficient and accurate information in the proper time to the board members and shareholders.
- Ensuring the effectiveness of the performance of the board and its committees in implementation of the established governance framework.
- Making sure that all board members had conducted an annual self-assessment.
- Calling the Board of Directors to convene on a regular basis, ensuring that the Board's meetings are consistent with the Bank's Articles of Association and relevant laws and instructions.

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- Coordination with senior management and the Board Secretariat regarding the Board's meeting agenda.
 - Ensuring the provision of an introductory program for new Board members to ensure that they are familiar with their duties and carry out their responsibilities effectively.
 - Ensuring the availability of an annual training plan to develop the technical skills of Board members on an ongoing basis, especially members outside the banking sector.
 - The Chairman is delegated by the Board to grant the CEO's and Managing Director's bonus being the top executive of the bank.
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- **The separation between the Chairman's and the CEO's & Managing Director's responsibilities.**

The responsibilities, functions and positions of the Chairman and the CEO (the managing director) must be completely separated. It is not permissible for the same person to serve as Chairman of the BOD and CEO. Competences and responsibilities of each of them shall be determined, documented in writing and approved by the BOD provided that the Chairman shall be a non-executive member.

- **Board Membership Criteria**

Without prejudice to the provisions of international agreements and laws related to the establishment of some banks, the Bank should be managed by a Board of Directors consisting of an appropriate number of members selected by the General Assembly for a period of three years. The board selects from among its members a non-executive chairman of the bank and also appoints a CEO and Managing Director.

-Board members must have diverse skills and experience, including banking, financial, economic, accounting, legal, information technology, and risk management, that supporting the Board's efficiency, and is reflected in its performance and decisions, also enables the performance of the bank and senior management to be evaluated in accordance with the conditions of competence and technical validity

The board of directors shall include a member representing the minority of shareholders if their aggregate contributions represent 5% or more of the total contributions.

Women's representation in the bank's board of directors should be at least two members.

In case of any evidence of unsuitability of any Board member, the bank will notify CBE in writing within three business days from the date of discovery and verification.

The bank will inform CBE in writing when accepting a resignation or terminating the service of any Board member for any reason within three business days.

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▪ Board Size

As prescribed by ABK-Egypt Articles of Association, which states that the board 's minimum members will not be less than (5) members, while its maximum size is (11) members; provided that the independent board members shall not be less than 2 members all appointed by the bank's General Assembly.

▪ Balance and Independence of the Board

The composition of the board shall include at most three executive members and the rest of the members should be non-executive, provided that at least two members shall be independent non-executive members.

The Board must disclose in its annual report and governance report all independent non-executive members, and proposals for their nomination shall be submitted through the Nomination and Corporate Governance Committee, and this shall be presented to the Board in preparation for obtaining the approval of the General Assembly and after obtaining the approval of the CBE.

▪ Term of Office of Non-Executive Board Members

The non-executive member is required to be competent and experienced, not to be an employee or manager of the bank, not to receive a monthly or annual salary from it, not to provide any paid consultations, and for the duration of his membership as a non-executive member not to exceed 6 consecutive or separate years, which may be extended for 3 years with strong justifications and with the approval of the Central Bank of Egypt

▪ The Board's duties and responsibilities

The Board undertakes the overall bank's responsibility for Compliance within the institutional framework in force, internal policies, regulations and procedures.

Based on CBE Code for Banks Governance, CBE Corporate Governance and Internal Control instructions d/d Sept.,2024, ABK- Egypt BOD Charter and CBK Corporate Governance instructions d/d Sept.,2019, the Board responsibilities are as follows:

Board of Directors is totally responsible for overseeing the management of the bank, in general, and should undertake the following major functions¹ to support the bank's governance system and ensure its effectiveness:

- The Board shall assume ultimate responsibility for fulfillment CBK requirements where it does not contradict with the Central Bank of Egypt instructions.

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- Approving the strategic trends and major goals of the bank, overseeing their execution and ensuring their dissemination to the bank's employees and develop an action plan that contains the following as a minimum:
 - The scope of the bank's business and the risks to which it is exposed.
 - The bank's current and future goals must be specific and measurable.
 - An independent estimated budget for each activity in the bank, as well as the expected financial results.
- Approval of the bank's financial statements after the approval of the Audit Committee.
- Approving the organizational structure and setting the authorities and responsibilities framework of the bank, as well as selecting senior officials from the upper management.
- Approving and following up on the bank's organizational structure update as well as its full awareness of the organizational structure of the bank's subsidiaries.
- Ensuring that senior management puts in place an adequate and effective internal control system strengthening the internal control function, following up on the corrective actions recommended by the Board Audit Committee and Senior management, concerning the external, internal and CBE auditors' findings.
- Regularly convenes with the top management and the Internal Audit Department of the bank to review and discuss the adopted policies and follow up on the progress of executing the strategic goals of the bank. The non-executive members of the Board must meet at least one time a year, in the presence of the Board's Chairman and without the attendance of the Executive board members.
- Holding a meeting between the non-executive members of the Board at least once a year with the external auditors without the executive members in the presence of the Head of the Internal Audit and Compliance Division.
- Holding a meeting between the non-executive members of the Board and the Head of the Risk Division, excluding the executive members, and in the absence of senior management at least once a year.
- Ensure that the Central Bank is provided with a copy of the minutes of the above-mentioned meetings within one month from the date of their holding.
- Controlling and overseeing the bank's operations, taking into consideration that the duties of the board must not include participating in the executive functions.
- Establishing a general framework to manage any potential conflict in the interests of the bank and the Board members, Senior Management, Bank Employees, Shareholders, advisors, and any other relevant parties.
- Avoid any conflict of interest in the duties and obligations of the Board of Directors and in case of any suspicion of a conflict of interest in the duties or obligations of one of the Board members arises, he/she must disclose this and not participate in decision-making or voting.
- Working for the interest of shareholders, employees, depositors and other related parties, with priority given to the interests of the depositors.

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- Understanding and full awareness of the supervisory and legal environment surrounding the bank, and being committed to the laws, regulations and supervisory controls.
- Dedicating adequate time and convenient efforts of all board members, so that the board could properly perform its duties.
- One of the most important responsibilities of the Board is to approve the code of corporate governance and related policies and determine the optimal method for applying governance according to the size and complexity of the bank's activities, the level of risks and its business model, as well as the continuous periodic evaluation of the efficiency and effectiveness of the bank's governance and internal control policies and practices and the Board must do the following:
 - Establishing the Whistle-blowing policy for reporting violations and illegal practices that ensures the existence of a mechanism to protect whistleblowers and ensure complete confidentiality to encourage employees to take the initiative to uncover and report violations, provided that the reporting is based on specific documents or information.
 - To ensure the adoption of an internal policy at the bank regarding the management of any potential conflict of interest, which includes the requirements as per the CBE instructions as a minimum, in order to ensure that transactions related to all parties associated with the bank are conducted independently, taking into account not harming the interests of shareholders, depositors, and the bank in general, provided that the Board makes the necessary disclosure including disclosing to the CBE any transactions that may pose a conflict of interest.
 - Establishing a Social Responsibility Policy for the bank that clarifies the bank's participation in community development through economic, social and environmental channels.
 - Approving and periodically reviewing the Disclosure Policy and oversee its execution within the framework of the provisions of the Central Bank Law and relevant instructions.
 - Approving an internal Recruitment policy that includes standards and controls to match the experience and qualifications of the bank's employees with their job requirements, provided that it includes a mechanism for nominating and appointing senior management officials in the bank, as well as supervising them, following up on their performance and holding them accountable, and adopting a job succession plan.
 - The Board of Directors shall approve all internal policies of the Bank, including, but not limited to: Risk Management Policy, Information Technology and Information Technology Governance, Information Security and Confidentiality, Anti-Money Laundering and combating the financing of terrorism, and Remunerations.

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- Ensure that the bank reviews its internal policies every 3 years at most and updates them if necessary, taking into account the approval of the review or update by the Board of Directors, as well as ensuring that procedures are updated in cases that require this to reflect any amendments made to the relevant policies.
- Approval and periodic review of the efficiency and effectiveness of internal control policies and discussing them with the bank's Internal Control function officials to ensure having an appropriate and effective internal control system.
- Ensure that the organizational structure reflects the separation of duties between Internal Control functions and Executive functions and different business sectors, as well as avoiding conflicts of interest in relation to the implementation and approval of operations, in order to achieve a good authority distribution, accountabilities and reporting.
- Ensure that the principle of dual control is applied in each activity separately.
- Follow up on the corrective measures resulting from the observations of the internal audit, external auditors and the Central Bank regarding the evaluation of the internal control system, in coordination with the Board Audit Committee and senior management.
- Approval of the selection/appointment of internal control function officials in the bank (Audit, Risk and Compliance) and supervise the efficiency of their performance through the annual evaluation conducted for the heads of those sectors by the relevant Board Committees.
- Verify that policies assure that all bank products and processes are presented to risk and compliance officers after being studied by the officials of the relevant sectors prior its presentation to the relevant committees and the Board.
- Ensuring that an effective management information system is in place, which ensures the reports' effectiveness and provides important information available to all management levels in a timely manner.
- Evaluation, Review and approval of the efficiency and effectiveness of policies and procedures for internal control and discussion with senior management
- Approving products and processes, particularly new ones, provided they have been reviewed by the heads of risk management, compliance, finance, legal and related divisions.
- Appointing the Chief Executive Officer "CEO" for the bank, who should have technical competency, banking experience as well as integrity. Approving the appointment of the Deputy CEO or certain executive managers such as Chief Financial Officer, Chief Internal Auditor, Compliance & Corporate Governance Head and Chief Risk Officer; ensuring that they possess the qualifications and experiences relevant to the nature of their functions (as per CBK's Corporate Governance Rules and Regulations and CBE instructions).

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- The Board approval must be obtained regarding the resignation decision or dismissal of the Chief Risk Officer from his position for any reason, and to disclose and discuss with the Central Bank of Egypt regarding the reasons thereof. This also applies to both the Chief of Internal Audit and the Head of Compliance & Corporate Governance.
- Periodical evaluation of the efficiency, effectiveness and practices of the bank governance policies and internal control.
- Approving, ratifying, periodically reviewing and reassessing the strategies and policies related to managing the bank's risks, as well as being fully aware of the risks the bank is exposed to; in addition to setting acceptable limits for those risks. Also, ensuring that the management has taken the appropriate steps to identify measures, follow up and monitor the risks in accordance with the strategies and policies in place.
- Ratifying the bank's risk assessment, particularly its investments and credit portfolio risks and measures taken (as per the CBE and Banking Sector Law 194/2020).
- Ratifying the bank's plan that includes a set of assumptions to manage critical events in accordance with the rules and conditions determined by the CBE Board of Directors. The plan will be reviewed and updated every two years (as per the CBE and Banking Sector Law 194/2020).
- Receiving comprehensive reports regularly on the status of the bank's credit portfolio (as per the CBE and Banking Sector Law 194/2020).
- In addition, according to article (22) of the Articles of Association, a board member must not have any interest, either directly or indirectly, in the contracts and deals that are concluded with the bank, or for its account.
- Also, a board member of ABK - Egypt is not allowed to combine his board membership with that of another bank in Egypt or a financing company or perform any management or consulting job in any of them (as per the CBE and Banking Sector Law 194/2020).
- According to the new CBE's law No. 194/2020, BOD is no longer entitled to approve any credit lines.
- As per the CBE and Banking Sector Law 194/2020, the Board of Directors determines the CEO's & Managing Director's bonus, salary, allowances and other benefits as per the rules and regulations set by the CBE Board of Directors.
- The Board of Directors assesses the performance of the CEO & Managing Director on an annual basis.
- As per the Code of Governance, the Board of Directors will have to be fully aware of its subsidiaries' structure and their relevant risks. In addition, the Board of Directors will have to receive periodic reports about them and key findings or violations of policies and procedures. (Detailed in Scrutinizing Control Over Structures and Complex Operations section.)
- Whenever necessary, the board has the authority to seek assistance of external experts and consultants to provide their views to those members with respect to duties assigned to them (as per CBK's Corporate Governance Rules and Regulations).

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- Reviewing senior management's transparent and objective financial and administrative reports presented (CBK's Corporate Governance Rules and Regulations).
- The non-executive Board members will meet at least once a year with: (a) the Chairman of the Board without the executive board members and (b) the external auditors – without senior management- in the presence of the heads of Internal Audit and Compliance.
- The non-executive Board members meet regularly with the Chief Risk Officer in the absence of senior management (as per CBK's Corporate Governance Rules and Regulations).

▪ Board Meetings

- ✓ The Board shall meet not less than six times a year as per the invitation of the Chairman or the majority of the board members. The bank's Chief Executive Officer may request from the Chairman to call for the Board to convene provided that he provides the agenda he wishes to present.
- ✓ Members may participate in banks' Board meetings through conference call or video conference, in accordance with the following conditions:
 - 1- The bank's articles of association shall allow for participation in meetings via audio or video conference in addition to clear procedures adopted by the board of directors to hold meetings via these means.
 - 2- The original is the actual attendance of members. In the event that this is not possible, participation via video or conference call is permitted after notifying the chairman of the board and informing the secretary, not to exceed twice during the year for each member, taking into account the actual attendance of the majority of the board members.
 - 3- The participation of a board member via video or conference call shall be considered actual participation in the board meeting and he/she shall have the right to vote and shall be counted in the legal quorum for the board to convene and the validity of the decisions issued by it.

Banks must adhere to the following technical controls regarding members' participation in meetings via telephone or video call:

- Ensure that an appropriate level of security is provided for applications used to participate in meetings via conference call or video call, with the Internal Audit Sector evaluating the procedures and practices that are applied to reduce the risks resulting from the use of these technologies and submitting relevant recommendations to the Audit Committee, provided that the necessary corrective measures are followed up in the event of any shortcomings, taking into account the

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following practices as a minimum and obtaining the approval of the Central Bank:

A- Implementing all procedures and controls that ensure verification of the identity of participants in meetings.

B- Ensuring that service users' devices are effectively secured, whether connected to the bank's network or from outside the bank's secure network.

C- Availability of the feature of controlling the process of managing and monitoring access to prevent unauthorized entry into meetings, whether at the level of service users or system managers.

D- Using the necessary technology to ensure the confidentiality, integrity and availability of data and information stored on devices or any other storage media when circulating them.

E- Examining files on service users' devices before saving them to ensure that there are no viruses in them.

- Protect virtual meeting rooms with a password and prevent their circulation except through secure channels.

- Provide the feature of recording meetings in the service accompanied by the approval of all participants before starting the recording, with the bank's commitment to ensure that the application used provides sufficient technologies to protect any recordings from any unauthorized hacking.

- Apply multiple authentications if possible at the level of service users and not just system administrators.

- Allow sharing files with parties authorized to view them at the level of service users.

- Conduct penetration tests to conduct a detailed assessment of the security status of the system before starting to use it and considering making any fundamental modifications to the system.

- ✓ An agenda for each meeting should be clearly prepared and circulated to the members of the board, along with the necessary materials on the issues to be discussed sufficiently in advance of the meeting date, so that board members could have adequate time to consider those issues, unless there is an overriding necessity or an urgent matter.

▪ **Assessment of the efficiency of the performance of the Bank's Board of Directors**

The Bank must follow a specific system to conduct an annual self-assessment - either alone or with the assistance of an independent body after obtaining the approval of the CBE - whereby each member assesses his performance as well as the performance of the Board as a single unit and its committees.

In addition to conducting mutual assessments between all members of the Board of Directors, including the Chairman of the Board, so that the assessment includes the

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extent of commitment to the tasks as well as determining the necessary procedures to raise the efficiency of the Board members, provided that the Central Bank is provided with the results of this evaluation and the proposed procedures in this regard, taking into account the following:

- 1- The necessity of designing a self- assessment model that is appropriate to the size and nature of its work in accordance with the standards and specifications contained in Annex No. 2, to be approved by the Board of Directors.
- 2- The assessment must include the member's performance and his effective participation in the meetings of the Board of Directors and committees.
- 3- A consolidated report containing the most important points in all evaluations, as well as the proposals and recommendations, is submitted to the Nomination and Corporate Governance Committee, which presents it to the Board of Directors for approval.
- 4- The Chairman of the Board is responsible for taking the appropriate measures according to the results of the above-mentioned assessments, which ensures the good performance of the Board.
- 5- The Board must take what it deems appropriate in the event that one of its members does not adhere to the minimum acceptable level of performance.

▪ Attendance of Directors at Board and Committee Meetings

Members of the board are expected to attend all the meetings of the Board and the Committees on which they serve and to review in advance the materials distributed before the meetings.

No Board member is allowed to miss more than one third of the board's meetings, otherwise, the Chairperson will notify the bank's General Assembly in order to take the appropriate decision toward him.

Board members may delegate each other to attend Board meetings and its committees with a maximum of two times through a year, whereas attendance through delegation is not considered actual attendance.

▪ Board Secretary

To serve good Corporate Governance purposes, the Board has to appoint a secretary from one of the bank's qualified officers who sufficiently understands bank operation to perform the Board secretarial duties specified in CBE Code. The Board secretary will also be the secretary for all board committees.

A department for the Board Secretariat may be formed and its role should not be dedicated only to record the minutes of the Board meetings but should extend to include the duties

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stated in the Code of Governance & in accordance with Article (81) of Law 159/1981 as well as those added responsibilities as per CBE instructions dated 20/9/2018.

Each bank must appoint a competent official with sufficient knowledge and understanding of banking business to be entrusted with the responsibility of the Board Secretariat.

A Secretariat Department may be formed, the most important tasks of which include, but are not limited to, the following:

- 1- Preparing for Board meetings and preparing the agenda, providing the necessary information and details and sending them to Board members in sufficient time before the meeting
- 2- Preparing, signing and sending minutes of meetings to the members of the Board of Directors for review, whether physically present or participating via means of communication, in addition to saving the meeting recordings - by using a dedicated recording device that allows recordings to be secured - within the bank's records for an appropriate period of time in accordance with the bank's policies, as well as the legal requirements and regulatory controls in force
- 3- Submitting the minutes of the meetings of the Board of Directors and its committees in their subsequent sessions for approval, provided that a copy of the minutes of the meetings is provided to the CBE within one month from the date of the meeting (in Arabic).
- 4- Ensuring that members receive all documents and the meeting agenda in the event of their participation via conference call or video.
- 5- Limiting the number of Board meetings held during the year and recording attendance at the meetings and documenting whether attendance was physical or via conference call or video call and ensuring the application of the rules in force in this regard.
- 6- Following up on the implementation of the Board's decisions within the framework of the mechanism established for this purpose, with this item being presented at the beginning of all Board meetings.
- 7- Saving and documenting the data and documents related to the Board's decisions and the topics presented to it, while ensuring that making it available to the CBE.
- 8- Coordinating with all heads of departments and divisions of the bank to present the results of their work to the board.
- 9- Coordinating with all board committees to ensure effective communication between them and the Board.
- 10- Providing appropriate channels for effective communication and exchange of information in a complete, accurate and timely manner between board members and senior management
- 11- Working to ensure that board members are aware of any new supervisory or legal responsibilities resulting from changes in the bank's operations or activities or the legal and regulatory framework regulating it.

- 12- Providing the necessary information about the bank to new members and helping to provide them with an introductory program.
- 13- Recording the discussions and recommendations of each member in the meetings of the board and its committees in detail, with the names of attendees (board members or others) recorded in the minutes of the meeting.

B. Board Committees

Board committees play an important role in supporting the bank's decision-making process and facilitating the fulfilment of certain Board functions.

Board of Directors shall establish the necessary rules and procedures for forming its committees and approving their charter, which includes their tasks, competencies, powers, duration of work, legal quorum, and frequency meetings, in addition to the decision-making mechanism and their work procedures, including how the committee presents its work to the Board. The Board shall also continuously follow up on the work of the committee to ensure the effectiveness of its roles.

It is necessary to ensure that the committees can easily obtain sufficient information from senior management, as well as the possibility of using external resources and consultations, so that they can complete the tasks assigned to them.

The committees shall also record the results of their meetings and recommendations and present risks to the Board periodically.

As prescribed by CBE Code, the bank shall have four Board Committees, namely:

The Audit Committee, the Board Risk Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee.

(The purpose, composition, responsibilities and meetings' frequencies are specified in their relevant written charters that are approved by the board).

The Board committees to be presided by non-executive Board members, preferably by independent non-executive members. An independent member may preside over more than one committee except for the Board Audit committee whereby the independent non-executive member who chairs the Board Audit committee cannot assume the chairmanship of another committee.

Committee members may attend meetings via video or conference call, provided that they adhere to the technical mentioned for Board meetings.

If a member missed more than a third of the committee's meetings during the year, the

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Chairman of the Board of Directors shall be notified to take the necessary measures to ensure regular attendance.

A periodic report shall be prepared including the results of the work of each committee and its recommendations for presentation to the Board of Directors.

Taking into account providing the necessary communication channels between the committees to enable them to perform their work.

Board Audit Committee:

The committee shall be consisting of three non-executive board members chosen by the BOD, it is preferable that its chairman to be an independent non-executive member and not chair any other committee.

With the necessity of having appropriate experience and ensuring the required balance in capabilities, knowledge and adequate awareness of financial issues and areas of auditing and accounting.

- An external member with experience may be added to the committee's formation after obtaining the approval of the Governor of the Central Bank for his/her joining.

The committee shall meet at least once every three months attended by the external auditors, upon invitation from its chairman or at the request of any of the auditors. The committee may seek assistance from whomever it deems appropriate. The chairman of the committee shall present the minutes of its meetings and its recommendations to the bank's board of directors to take whatever action it deems appropriate regarding them.

The Chief Internal Auditor and the Head of Compliance & Corporate Governance shall attend all committee meetings, in addition to anyone the Committee deems appropriate to invite, without having a counted vote.

The Audit Committee shall submit a quarterly report including the results of the work of the relevant divisions and discuss it with the Board of Directors and determine the corrective measures to be taken in a timely manner.

Board Audit Committee Responsibilities:

1. Approve the nomination of Heads of the Internal Audit and Compliance divisions before obtaining the approval of the CBE, in addition to following up on the work of the two sectors, specifically with regard to the integrity of the internal control systems. The Head of the internal audit division and the Head of Compliance division submit reports directly to the Audit Committee, which in turn presents them to the BOD.
2. Discussing the topics that the committee deems appropriate with the Head of internal Audit, the Head of the Compliance, the auditors and the relevant officials.
3. Study the periodic (quarterly) and annual financial statements for approval before

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- submitting them to the BOD for approval, in the presence of the Head of the Financial Division.
4. Review the financial statements prepared for publication and ensuring their consistency with the rules for preparing the financial statements of banks issued by the CBE.
 5. Review and approve the annual plan for both the Internal Audit and Compliance divisions, with regular periodic follow-up according to the completed of both.
 6. Review reports prepared by the Internal Audit Division, including reports related to the adequacy of the bank's internal control systems.
 7. Reviewing reports presented by the Head of Compliance, especially with regard to violations of laws and instructions issued by the CBE, the bank's internal regulations, and anti-money laundering and combating-terrorism financing procedures.
 8. Reviewing reports prepared on the experiences of employees in the Audit and Compliance divisions and their training and qualification responsibilities.
 9. Study the obstacles that are facing the Internal Audit process or the work of the compliance Heads and suggest ways to overcome / mitigate them.
 10. Review Internal Audit and Compliance policies and presenting them to the Board for approval.
 11. Review the procedures taken by the bank to comply with the regulatory controls issued by the CBE and verify that the necessary corrective measures are taken in the event of a violation.
 12. Conduct an annual assessment of both the Head of the Internal Audit and the Head of the Compliance, submitting the results of this assessment to the BOD and linking it to wages, bonuses and annual increases, as well as submitting recommendations to the BOD to approve the appointment, dismissal or acceptance of the resignation of either of them.
 13. Present the organizational structure of the Internal Audit and Compliance divisions, including their tasks, responsibilities, and their approval by the BOD.
 14. Study the CBE's observations contained in the control and supervision reports, as well as those related to the financial statements, and informing the BOD of them, accompanied by the committee's recommendations, while following up on their correction.
 15. Review any legal procedures that may affect the bank's financial position.
 16. Review reports received from the Customer Rights Protection Unit, considering proposed procedures, and supervising their implementation if approved.
 17. Review periodic reports on whistle-blowing cases, evaluating the reporting system and protection of the whistleblower in the bank.
 18. Make recommendations to the Board on the appointment of External Auditors, determining their fees, or considering changing any of them, in a manner that does not conflict with the provisions of the Central Bank Law, the Accountability State Authority Law, and the instructions issued in this regard.
 19. Coordinate between Internal and External Audit tasks and ensuring the availability of communication channels between the Head of the Internal Audit Division, the

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Auditors, the BOD and the Audit Committee.

20. Agree on the scope of the audit with the Auditors, approving it, and supervising the accounting policies applied by the bank.
21. Studying the Auditors' observations contained in their report on the bank's financial statements and their other reports sent to the bank during the year and submitting them to the BOD accompanied by the committee's recommendations and ensuring that the bank takes the necessary corrective measures in a timely manner, including shortcomings and weaknesses in the Internal Control system and non-compliance with applicable policies and laws.

Board Risk Committee:

The committee shall have a minimum of three members, with the majority of the members being non-executive board members. The chairman of the committee shall be a non-executive member, preferably an independent member, provided that the head of the Risk Management Division is invited to attend the committee meetings. Some of the committee members must have experience in risk management work.

The committee shall hold a meeting at least every three months, and the committee may seek assistance from whomever it deems necessary to carry out its work and submit its recommendations to the bank's BOD.

The organizational structure of the Risk Management Division, including its tasks and competencies, is presented to the Risk Committee and approved by the BOD.

Board Risk Committee Responsibilities:

1. Submit its recommendations regarding the policies related to the Bank's management of risks, including the acceptable limits thereof, as well as ensuring their compatibility with the limits set by the Bank's BOD, including those related to capital indicators, liquidity management, credit and market risks, operational risks, information security risks, and any other risks to which the Bank may be exposed. The Bank's BOD shall approve and ratify these policies.
2. Ensure that the Risk Management Division conducts at least a quarterly assessment of all risks at the Bank, including any measures taken in this regard. This assessment shall be presented to the Committee and approved by the BOD at the first meeting following this assessment.
3. Ensure that the Risk Management Division periodically reviews the values of the collateral provided as security for credit facilities and determines the measures that must be taken to address any decrease in these values, while submitting a report in this regard to the Committee on an annual basis.
4. Conduct an annual assessment of Risk Management Division Head, submit the evaluation results to the BOD and linking it to wages, bonuses and annual increases and submitting recommendations to the Board to approve his/her appointment, renew his/her appointment, dismiss him/her or accept his/her resignation.
5. In conjunction with the CRO, review and approve Risk Management Division's

organizational structure.

6. Review legal provision cases.

Board Remuneration Committee:

The committee shall have a minimum of three non-executive board members, The committee chairman is preferred to be independent member.

The committee holds a meeting at least once a year.

Board Remuneration Committee Responsibilities:

1. Presenting its suggestions regarding the remuneration of the Executive Board Members, provided that this includes all financial transactions, including salaries, allowances, in-kind benefits, incentive shares, retirement and end-of-service bonuses, and any other elements of a financial nature. Suggestions shall be made taking into account the Bank's objectives, strategy, and acceptable level of risk. The Committee shall present the matter to the Board of Directors for approval.
2. Taking care of the bank's Internal Control functions (Risk, Compliance and Internal Audit departments) in terms of financial transactions in general, as well as the reward rate that is determined according to the performance evaluation and the objectives that have been achieved, without prejudice to its independence.
3. Analyzing the results of studying and reviewing the level of salaries granted by the bank in comparison with other institutions, to verify the bank's ability to attract and retain the best people, with the possibility of seeking assistance from the Head of Human Resources Division and inviting him/her to attend the committee's meetings.
4. Laying down the Bank's clear and written policies regarding salaries and remunerations which should be reviewed periodically and re-evaluated in line with the level of risk to which the Bank is exposed, while clarifying the bases on which they are based.
5. The Board shall ratify these policies and disclose them, including the disclosure of total value of remunerations and salaries which the Bank's twenty highest-paid employees receive collectively, including salaries, allowances, benefits in-kind, incentive shares and any other elements of a financial nature.

The committee should take into consideration the following when performing its tasks:

1. Taking the Bank's long-term goals into consideration when setting the remuneration policies and in particular not to associate the remuneration of board committee members and the Bank's senior management with short term objectives only.
2. Suggesting remuneration and other benefits for non-executive board members, which are approved by the General Assembly, and are not rewarded by granting them a monthly or annual salary or through shares or variable wages.
3. The possibility of controlling the size of variable salaries so that it would not restrict the bank's ability to strengthen its capital base.

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4. In case of granting benefits in the form of shares or equities, they should be according to the job level, while setting the minimum limit of shares' possession and the duration of retaining such tools.
5. The variable salaries of employees, whose jobs have significant impact on the level of risks, should reflect the level of bank's performance and the risks that the bank has been exposed to, these variable salaries should be determined on a regular basis for a period of no more than one year and have to be paid according to the performance measurement criteria set by the Bank.

The bank must have a remuneration system, taking into consideration the following:

- 1- Establishing a clear remuneration policy that is consistent with the Bank's long-term strategic goals and is approved by the BOD, provided that it includes the basis for distributing annual profits to employees, taking into account that the resigning employee receives his/her share of the profits distributed for the period of work at the Bank.
- 2- The policy should include a mechanism for determining the cash and in-kind benefits and bonuses granted to members of the BOD and the CEO & Managing Director and linking them to the bank's performance during a specific period of time.
- 3- The salaries and bonuses should be linked to performance measurement elements during a specific period of time, while ensuring that bonuses are not granted in the event that the acceptable levels of risks in the bank are exceeded.
- 4- Refraining from paying bonuses to employees who have committed serious violations or intentional material errors.
- 5- Determining remunerations for both the Chairman of the Board of Directors and non-executive members of the Board independently and objectively, taking into consideration limiting the variable bonuses allocated for the financial year in the event of losses.

Board Nomination and Corporate Governance Committee:

The committee shall be comprised of at least three non-executive board members, The committee chairman is preferred to be independent member.

The committee shall hold a meeting at least every six months.

Board Nomination and Corporate Governance Committee Responsibilities:

1. Periodical review of the bank's governance culture.
2. Suggesting proper changes on governance policies that need to be approved by the board.
3. Preparing a governance report for the bank and submitting it to the board for approval at least annually, with a copy of it provided to the CBE.
4. Review the bank's annual report regarding governance items.
5. Studying CBE's inspections remarks on the governance system and taking them

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into consideration and taking them into consideration and following up on the implementation of corrective measures in this regard.

6. Review of the consolidated report on the most important items included in all Board performance evaluations as well as the suggestions and recommendations made and presenting it to the Board for approval.
7. Record, keeping, documenting and following up on the reports concerning the evaluation of the board's performance.
8. Presenting suggestions related to the nomination of independent Board members as well as the nomination, membership, renewal or exclusion of any of the Board members.
9. Reviewing the reports prepared on the regular meetings of the Board's committees.
10. Reviewing the orientation program and training programs directed to the Board members.
11. Reviewing the Bank's succession plan before presenting it to the Board of Directors for approval.

In the event that the Chairman of the Board is a member of the Committee, he must not attend the Committee meeting in which the proposed candidate is nominated to succeed him in the event that he leaves his position for any reason, in order to avoid any conflict of interest.

The Head of Compliance and Corporate Governance may be invited to attend the Committee without having a counted vote.

C. Management Committees

In view of the importance of management committees formation for the sake of facilitating and managing bank's operations and activities, and in order to ensure full control and efficiency of the running business, ABK – Egypt has formed a set of management committees, which derive their authorities from the Executive Committee and/or the CEO & Managing Director, based on the authorities delegated to him by the Board. (According to ABK Egypt's Management Committees Chart V.1, scope and reporting lines of all the Management committees are listed, approved by the CEO & MD Oct, 2022)

▪ Committees' Governance

Since good governance begins with a well-documented charter, each Board and Management committee operates according to a written charter that outlines the purpose, responsibilities, frequency and participants, which are prepared and approved in coordination with the Corporate Governance division and are subject to annual review basis or when needed.

D. Senior Management

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ABK-Egypt ensures that the senior management members enjoy the expertise, knowledge and versatile skills and capabilities required for the appropriate execution of the bank's strategy in addition it ensures the existence of qualified calibers in terms of experience and technical skills in all bank's activities and departments, and to provide continuous and effective training to refine the experience ; maintain the business risks within the acceptable exposure limits approved by the Board; enforce the proper implementation of the internal control mechanisms and procedures; and, ensure the continuous consistence of the bank's policies, procedures and regulations with the prevailing regulatory framework.

Senior management members are also accountable for ensuring that the staff members at all bank levels have full understanding and commitment to the bank's objectives, policies and internal control procedures.

Senior management is represented by the heads of the Bank's main divisions, and they are responsible for daily supervision of the bank's work and the implementation of strategies and policies.

The bank's organizational structure and work procedures must reflect the principle of transparency and disclosure to ensure the effectiveness of management at the bank. The powers and responsibilities of distributing the various tasks of senior management officials must be clearly defined, avoiding conflicts of interest, and emphasizing the independence of supervisory functions.

Senior management, each within the limits of their competence, must follow up on the performance of departments and divisions managers with regard to the bank's activities and operations, while ensuring the good performance of employees and their commitment to internal policies and work procedures, as well as instructions issued by the CBE.

Senior management are responsible for preparing job descriptions for all functions, activities and work of the bank and ensuring that more than one individual participates in making important decisions in a way that ensures objectivity in decision-making and avoids conflicts of interest.

Senior Management Responsibilities: "According to Internal Control Instructions":

- Preparing, implementing and reviewing policies and work plans for Internal Control Divisions and approving them from the BOD, especially with regard to managing the risks that the Bank may be exposed to, in accordance with laws and regulatory instructions.
- Evaluating and following up on the efficiency of the bank's Internal Control systems and ensuring their effectiveness in tightening control over all banking operations on an ongoing basis and notifying the BOD in the event of a violation of any of the Internal

Control procedures or regulatory or legal requirements.

- Submitting recommendations to the BOD regarding the required changes in the organizational structure or in the policies related to facilitating work within the bank, as well as the fundamental changes in the size and direction of risks and their impact on the revenues and the soundness of the bank's financial position

▪ Relationship between Board Members & the Bank's Senior Management

The cooperation between the Board and Senior Management is the most important pillar of effective governance, provided that the authorities and tasks of each are clearly defined. The role of the Board is important to guide and lead, whereas the role of Senior Management is to lay down and execute the strategies and policies approved by the Board.

Enhancing the relation of the board as a whole with the bank's top management by inviting them to attend board and committee meetings when necessary.

The independence of the Board members from the Senior Management should be stressed, as well as the non-existence of any relationships that might impact the objectivity of the decisions making process.

The Board should also ensure that the Senior Management would suspend or restrict activities, relations or circumstances that might weaken the quality of the bank's governance system; for example, but not limited to, incidents related to conflicts of interest, or providing special treatment for certain stakeholders.

The Board and Senior Management together hold the responsibility of setting down and supporting professional and ethical criteria, as well as enhancing the culture of corporate governance and internal control. Specific policies and regulations related to practicing such criteria should be laid down and adherence to which should be ensured.

E. Disclosure and Transparency

The Bank shall commit to timely disclosure of the items listed below in accordance with the supervisory rules and instructions issued by the Central Bank through various communication channels.

- 1- Members of the Bank's Board of Directors, their experience, qualifications, representatives, and Board committees
- 2- Responsibilities of the Board of Directors and its committees
- 3- The Bank's ownership structure
- 4- The Bank's organizational structure, including its subsidiaries and companies with common interests

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5- The Bank's Code of Conduct for Banking Business

6- A summary of the Bank's internal policies related to governance practices, including but not limited to: the social responsibility policy, the policy for reporting illegal practices, and the policy for conflict of interest

7- A summary of the Bank's policies related to salaries and bonuses, including disclosure of the total value of what the twenty largest bonuses and salaries in the Bank receive together, provided that this includes salaries, allowances, in-kind benefits, incentive shares and any other elements of a financial or in-kind nature

8- The approved financial statements and the explanations supplementing them

- The Board requires that the management has processes in place to support its policy of full, true, plain and timely disclosure of financial results, significant developments and other material information to appropriate stakeholders, such as shareholders, employees, regulators, rating agencies and suppliers.
- Main communication channels include corporate brochures and staff newsletters, announcements in the appropriate media, press releases, and the bank's website.
- In accordance with the Related Party Transactions Policy and the Board Conflict of Interest Policy, the following disclosures and forms are completed:
 - ✓ Disclosure Questionnaire for ABK-Egypt Board Members (Related Party Transactions Policy).
 - ✓ Disclosure for ABK-Egypt Board Members and External Auditors (Related Party Transactions Policy).
 - ✓ Disclosure (Board Conflict of Interest Policy).
 - ✓ Conflict of Interest Form (Board Conflict of Interest Policy).

F. Internal Control Functions

Internal Control Functions (Internal Audit, Risk Management, and Compliance and Corporate Governance Divisions) have to be in place, as the existence of which enhance the effectiveness of the bank's governance system.

Internal Control is a process by which all the activities and operations of the bank are monitored and reviewed on an ongoing basis by the Board of Directors, senior management, committees formed by the bank and its employees, as they are part of an integrated system that aims to support the level of internal control in the bank.

The Board of Directors and senior management are responsible for instilling a culture of Internal Control in a way that makes all employees at different administrative levels aware of the nature of the role and responsibility of each of them.

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Internal Control aims to verify the efficiency of managing all the bank's activities and operations in a way that achieves the optimal use of its resources and management of its assets in order to maximize profits and avoid losses by verifying the following as a minimum:

- 1- The efficiency of the compliance function as well as the extent of the bank's operations and activities' compliance with the laws and regulatory instructions and their consistency with the bank's internal policies, procedures and regulations
- 2- The efficiency of the risk management function and following appropriate procedures to reduce risks
- 3- The efficiency and effectiveness of the internal audit function, including the review of all the bank's activities
- 4- The effectiveness of information management systems and the accuracy and sufficiency of the reports prepared to support the decision-making process

The Internal Control framework consists of the following four lines of defense:

1-First line of defense:

Represented by the executive divisions, for example, but not limited to: The Corporate and Institutional Division, Retail Banking, Financing of micro, small and medium enterprises, and the Investment Division. They are responsible for adhering to the approved policies in order to reduce the risks related to their activities, while identifying and acknowledging any risks on an ongoing basis.

2- Second line of defense:

Represented by the Risk and Compliance Divisions, assisted in this regard by the Bank's supporting sectors (for example, but not limited to: Legal, Information Technology, Human Resources, Information Security, and the Financial Division, etc.)

3- Third line of defense:

Represented by the Internal Audit Division, which conducts a comprehensive independent review to ensure the availability of appropriate policies and procedures for all the bank's work, as well as adherence to them. This includes emphasizing the effectiveness of the first and second lines of defense, provided that this sector is independent of all sectors of the bank.

4- Fourth line of defense:

Represented by the External Auditors and the CBE, such that their work is considered an additional independent review of the bank to ensure its compliance with all legal and regulatory requirements.

The Internal Audit and Compliance and Corporate Governance Divisions report to the Audit Committee, while the Risk Management Division reports to the Risk Committee.

1- Internal Audit Division:

The bank is committed to establish a work charter for the Internal Audit Division, review and develop it periodically, presenting it to the Audit Committee and approving it by the BOD.

It must generally include the objectives and purpose of the division and the tasks assigned to it, as well as a clear definition of the powers and responsibilities of its employees and performance standards, provided that the scope of Internal Audit work includes all the bank's activities, including transactions with service providers and external support entities (outsourcing).

The Internal Audit function must be completely independent of the activities being audited. This is done through the bank's organizational structure and the authorities granted to this function, which supports the ability of those in charge of it to perform their duties objectively and impartially, and in a way that ensures that they can easily obtain sufficient information that enables them to perform their duties to the fullest extent.

The Internal Audit Division is subordinate to the Audit Committee and submits its reports directly to it, which in turn submits reports to the bank's Board of Directors

The bank must have an annual Internal Audit plan that specifies the scope and frequency of the audit as a minimum, and it is approved and followed up by the Audit Committee, taking into account that the work of each department in the bank is reviewed at most once every three years according to the degree of risk, and this plan and all its recommendations must be subject to periodic follow-up by the Audit Committee.

The Head of the Internal Audit Division is responsible for the performance of his/her division, evaluating the efficiency of its employees, and verifying its compliance with the prevailing standards for Internal Audit and the Bank Code of Conduct.

The Head of the Internal Audit must communicate with the CBE to notify of decisions and developments that affect the bank's financial position, discuss the measures taken, and follow up on the bank's handling of them according to the agreed time frame.

Banks are obligated to obtain the approval of the CBE to appoint the Head of the Internal Audit Division in accordance with the rules regulating this matter, as well as informing him upon leaving work or terminating service. The reasons for approving

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the resignation or dismissal decision must be disclosed after the approval of the bank's Board of Directors.

Employees of the Internal Audit Division must have the competence and practical experience and adhere to professional standards of independence and integrity, including maintaining the confidentiality of the information available to them and avoiding conflicts of interest, with the necessity of periodically evaluating this experience and providing a methodology for training employees on an ongoing basis.

Each bank must conduct external assessment for the Internal Audit at least once every five years by an independent external party after obtaining the approval of the CBE. The CBE shall also be provided with a copy of the assessment report after it has been presented to the bank's Board of Directors and the Audit Committee, along with plans for corrective actions for the recommendations included in the report.

It is necessary to ensure that the External Auditors prepare a detailed report that includes the adequacy of the Internal Control system in the bank at all its levels and provide the CBE with a copy of it in accordance with the provisions of the CBE Law and the instructions issued in this regard.

➤ **The Relationship between the Internal Audit Division and External Auditors:**

The work of external auditors supports the quality and development of the bank's Internal Control system through their recommendations and discussions with Senior Management, the Board of Directors or the Audit committee, taking into account that Internal Audit functions contribute to determining the nature, timing and scope of external audit. The external auditor remains primarily responsible for expressing an opinion on the validity of the bank's financial statements.

The External Auditors must be notified of relevant Internal Audit reports and kept informed of any important matter that draws the attention of Internal Audit. He must also be notified of material matters that are of significance to the CBE.

The External Auditors inform the Internal Audit Head of any important matters that may negatively affect the function of the Internal Audit Division.

The Internal Audit Division must coordinate with the external auditors, especially when discussing recommendations for developing the Internal Control system with Senior Management, the Board of Directors and the Audit committee.

Ensure that there is direct communication between the external auditors and the Audit

committee and send reports directly to it.

Coordination must be made between the Internal Audit Division and the external auditors and discussion activities exposed to risks and weaknesses that have been identified and the measures taken in this regard.

It is necessary to maximize the benefit from the results of the work of the external auditors and Internal Control divisions, taking into account the observations contained in the reports of the bank's external auditors, which helps to verify the accuracy of the information provided regarding the bank's operations and performance.

It is necessary to enhance the role of the external auditors to ensure that the financial statements reflect the bank's performance in all important aspects, including adherence to the principles of governance and Internal Control, and clarify its true financial position.

2- Compliance and Corporate Governance Division:

The Compliance and Corporate Governance Division is responsible for managing compliance risks at the bank level and this division is directly subordinate to the Audit Committee, provided that the Compliance Head submits his/her reports directly to the Audit Committee, which in turn submits reports to the Board of Directors.

Bank must have a Compliance Policy approved by the Board of Directors that aims to ensure compliance with laws and regulatory instructions as well as the bank's policies and procedures and to verify that they are circulated to all employees, each in his/her capacity.

The Head of the Compliance Division should not be responsible for any other supervisory or executive functions in the bank.

Banks is obligated to obtain the prior approval of the CBE for his/her appointment, as well as to inform the CBE upon leaving work or terminating service. The reasons for approving the resignation or dismissal decision must be disclosed after the approval of the bank's Board of Directors.

3- Risk Management Division:

The Risk Management Division is responsible for identifying, measuring, monitoring and controlling the risks that the bank may be exposed to, in addition to identifying their trends, development and limiting them, as well as preparing a risk policy and

preparing reports on all types of risks for all activities at the level of the bank or the group as a whole, taking into account the degree and probability of overlap between the different types of risks and in accordance with the acceptable level of risks as well as the maximum limits of risks approved by the Board of Directors.

This Division is directly subordinate to the Risk Committee and reports are submitted to it by the Risk Management Division Head, which in turn submits those reports to the Board of Directors.

G. Other Governance Concepts & Issues

The following concepts & culture are essential for supporting the sound functioning and effectiveness of the bank's governance:

▪ Related Party Transactions and Conflict of Interest policies

- ABK-Egypt has in place Related Party Transaction and Conflict of Interest Policies (including a Board Conflict of Interest Policy), in which all Board and Senior Management members provide the bank with complete information on all entities in which they have a material interest so that any conflicts they may have with these entities can be timely identified and dealt with appropriately , and to be in line with CBE, Companies laws respective Egyptian Accounting Standards and applicable regulatory requirements, for the purpose to provide a clear definition for related parties' transactions and determine the roles and responsibilities in related parties' transactions in terms of identification, approval, monitoring and reporting.

▪ Customer Confidentiality Policy

- Due to the great importance of preventing Customer Confidentiality information, ABK-Egypt has set Customer Confidentiality Policy in this regard and Supplemented by Customer Confidentiality Agreement which is signed by all Bank's employees internal regulations regarding the access and use of information in order to prevent leakage of confidential and/or non-public information of the bank, and/or its customers, as well as to prevent the use of insider information by persons having access to such information, for personal gain or benefit of others.

▪ Disclosure and Transparency Policy

- ABK-Egypt established a Disclosure and Transparency Policy, the purpose of which is to set out the guiding principles, regulatory requirements and leading

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practices when disclosing data and the bank's results to the public (as described below).

▪ Business Continuity Plan

ABK-Egypt adopts a Business Continuity Plan (BCP) that takes into account all the potentially relevant scenarios that could result in crisis events, so that the bank can minimize the financial, legal and reputational impact of those unpredicted incidents.

The bank's BCP presents different approaches designed to ensure that critical business activities can be recovered in a timely and correct manner in the event of internal or external incident(s) that might lead to failure of resources and processes.

▪ Code of Conduct

ABK-Egypt strives to establish a culture that, regardless of regulatory requirements, does not tolerate any conduct that casts doubt on the bank's commitment to the high ethical standards that place and value the bank's long-term reputation over any possible short-term benefits.

Accordingly, ABK-Egypt has in place a Code of Conduct that obligates all the Bank's employees and its subsidiaries (including full-time, part-time, temporary and contract employees over which the bank has effective control) to continuously uphold the Bank's corporate values and professional principals.

Al-Ahli Bank of Kuwait-Egypt also has in place a Code of Conduct for the Board of Directors, which reflects the business practices and principles of behavior that support this commitment. The Board of Directors is responsible for setting the standards of conduct contained in the Code and for updating these standards as and when appropriate, to reflect legal and regulatory developments.

(The Bank's ethical standards are included in "ABK-Egypt Code of Conduct "as per CBE Bank's Code of Conduct instructions 18,Mar,2025)

▪ Whistleblowing

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The Bank has a clear and practical Whistleblowing policy with related procedures, which are easily accessible by all staff members on the Bank's intranet.

The purpose of the policy is to encourage employees to report any grievances, observed behavior or acts that, they believe, may present impairment to the Bank's interests.

Such information will be kept confidential, and the Bank will investigate, find a solution (if any), and present relevant reports to the Audit Committee and the Board.

If in doubt, employees could refer to their direct managers for the best course of action that should rather be adopted in a particular situation. Meanwhile, the Bank will not allow retaliation for reports made, in good faith, by employees of any alleged misconduct carried out by others.

▪ Social Responsibility and Environment

ABK-Egypt possesses a Corporate Social Responsibility Policy that requires the bank to:

- Regularly support and participate in activities that are beneficial to its staff members and the surrounding communities.
- Abide by the safety- and environmental- management measures for the sake of preventing negative impacts on local communities; and,
- Promote employees' awareness of and concern for supporting and promoting a safe and healthy environment.

▪ STAKEHOLDERS' ENGAGEMENT

The Bank recognizes and protects the rights of the various stakeholders (internal as well as external) established under relevant laws and regulations and has put in place relevant policies, codes for their protection and also ensure the process of implementation required. Summary of the rights of the various stakeholders are given below:

Shareholders

- Access to shareholder records
- Disclosure of essential information
- Right to be treated equitably

- Priority to subscribe to new share issues.

Regulators

- Compliance with regulations
- Timely & accurate disclosure
- Appropriate reporting

Customers

- To receive high-quality services
- Confidentiality of customer information
- Redressal of complaints & concerns
- Avoidance of mis-selling
- Honest & trustworthy advertisements

Employees

- Equal employment opportunity
- Training
- Performance based remuneration
- Employee oriented HR policies
- Redressal of complaints & grievances

Community

- Corporate Social Responsibility
- Fair distribution of resources and opportunities
- Financial assistance to welfare organizations

Counterparties

- Equal and fair treatment
- Avoidance of dishonest actions against counterparties
- Avoidance of conflict of interest

▪ **Succession Planning**

The Bank has in place succession plans framework for the objective of making human resources ready in advance, both in terms of quality and number, to ensure the continuity of providing appropriate skilled and talented management, as well as selecting the suitable employees for filling the key positions in the bank, or the positions for which specific expertise is required and where replacements are difficult to find.

H. The Relation between the Bank's Board of Directors and Shareholders

To guarantee effective discussions with shareholders, the Board should oversee that:

- The shareholders' points of view are conveyed to all members of the Board, and in particular what is related to the bank's strategies, governance systems and Internal Control and protection of the rights of other non-major shareholders.
- The Board should make the most of the General Assembly meetings by supporting communication with shareholders and encouraging them to participate effectively in the meetings.
- Shareholders are timely provided with information about the date, place and agenda of the General Assembly, as well as about the topics for which resolutions have to be taken in the meeting in accordance with the provisions of the Central Bank Law 194/2020.
- The Chairman of the Board of Directors should ensure that the chairman of the Audit Committee, Risk Committee, the Remuneration Committee, and the Nomination and Corporate Governance Committee are prepared to respond to shareholders' inquiries. The Board should also render shareholders the opportunity to direct their questions, whether verbally or written.
- The General Assembly should be informed of the Bank's important transactions, such as those concluded with related parties.
- The Chairman should render the shareholders the opportunity to address questions, whether verbally or written, pursuant to the provisions of Corporate Law 159/1981.
- Establishing specific guidelines for shareholders delegation to attend general assembly meetings, provided that the delegations fulfill legal and formal necessities, which includes the vote of each shareholder/shareholders on all of the items / topics presented separately, taking into account that no delegation is issued by shareholders to any of the members of the board of directors, senior management, or employees of the bank.

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▪ Scrutinizing Control Over Structures and Complex Operations

- The Board shall understand and be fully aware of the bank's structure, its subsidiaries and the associated risks as well as any complex operations or products that are expected to be delivered and their resulting risks. The Board shall ensure developing policies and procedures in this regard that include the style of managing those risks and setting proper limits for them. This includes understanding the effects of the links between the subsidiaries and the bank's head office for all types of risks that the bank is encountering and their effect on financing sources, capital, level of risks as well as the bank's reputation and the group as a whole while it is important to comply with the following:
 - The importance of the availability of sufficient information about these structures or operations, their purpose, size and target, accompanied risks and the mechanisms of having control over them while it is necessary to properly disclose them through submitting reports to the bank's Board as well as disclosing them to CBE.
 - Regular follow up on the sound application of policies, procedures and the limits set.
 - Ensuring the consistency of the nature of these structures or operations and their conformity to the applicable laws and supervisory disciplines.
 - The importance that CROs of each subsidiary submit regular reports to the bank's Risk Committee with the aim of identifying the risks the group is encountering and in a way that support follow up and control over these structures or operations while it is necessary to submit regular reports to the bank's Board in this regard.
 - The importance that Heads of Internal Audit and Compliance divisions of each entity submit regular reports to the bank's Audit Committee in a way that support follow up and control over those structures or operations along with the necessity to submit regular reports to the bank's Board in this regard that include the most important remarks or contraventions as well as the proposed corrective actions.

Group Structure:

The Board of Directors and senior management must be fully aware of the organizational structure of the bank or group, including the various business units and subsidiaries and the risks surrounding them, and ensure that the group as a whole is in line with the risk policies and the approved business strategy.

The Board of Directors and senior management must be aware of the impact of the group's operations and structure on capital and liquidity in normal or exceptional business conditions.

Policies and procedures must be established that ensure effective communication

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and exchange of information between the group companies (the bank and its subsidiaries) in order to be aware of all the risks surrounding them and to control them. Senior management must also submit reports to the Board of Directors to ensure that the board is aware of the group's structure, including any relevant developments that may result in a change in risks or revenues.

It must be ensured that the Board of Directors are aware of all the risks associated with the products and services provided by the subsidiaries and the group as a whole.

Ensure that there is a policy for managing conflicts of interest with the aim of managing and organizing transactions between the various entities of the group.

The bank must have a clear strategy for the group structure, and senior management must ensure the following:

- 1- Establishing an effective group structure that serves the bank's objectives and does not contain complex forms that are not economically or legally justified, provided that the CBE is notified of any substantial amendments made to it during the year.
- 2- The existence of a central mechanism to review the strategy, policies and procedures, as well as the existence of a policy for approving the establishment or liquidation of affiliated entities and monitoring their work to verify their commitment to the purpose for which they were established.
- 3- The ability to provide accurate information related to the structure of the bank or the group as a whole, the ownership structure and the nature of activities for each affiliated legal entity separately.
- 4- Managing all risks arising from the organizational structure of the group, including risks resulting from financial transactions between the group's entities, and the board's non-approval of the establishment of these entities except after ensuring the possibility of identifying and managing the risks arising from that.
- 5- Ensuring the availability of the necessary expertise and sufficient resources to conduct periodic internal and external oversight of all entities by the group with the aim of providing the board of directors with periodic reports on the performance of these entities and their commitment to the requirements Legal and regulatory, as well as the extent of its commitment to the group's risk policies and limits. Policies must also be put in place to ensure that senior management, Board of Directors and the Audit committee are informed of any violations identified in order to take the necessary measures and recommendations in this regard.