

## ARAB AFRICAN INTERNATIONAL BANK

# CORPORATE GOVERNANCE GUIDELINES

Creating sustainable value is a common goal shared by everyone at AAIB, with a structure that is geared to ensure AAIB's stability and continuity, enhance its value, and align our shareholders' interests with those of management, employees and other stakeholders. Accordingly, corporate governance has always been embedded into our business practices, through an effective framework that consists of a strong board of directors with a wide range of expertise, a professional and highly-skilled management, transparent processes and reporting, in addition to objective and unbiased control and assurance which are performed by our internal and external auditors.

We believe that good governance is a dynamic process which is continuously adjusted according to global and local developments. The Board's corporate governance committee is responsible for regularly updating our corporate governance guidelines to reflect regulatory changes and economic developments.

### Board of Directors

AAIB enjoys a unique shareholding structure dominated by two founding shareholders (the Central Bank of Egypt and the Kuwaiti Investment Authority) with equal ownership stakes of 49.37% each. According to AAIB's bylaws, each founding shareholders nominates four board members. Currently, our board of directors consists of one executive, and seven non-executive directors, who bring to the board the benefit of their vast knowledge and expertise in related fields.

The Board of Directors is responsible for setting the Bank's strategic direction and for monitoring the soundness and effectiveness of its business practices and management. The Board is also responsible for ensuring that business activities are aligned with the interests of shareholders it represents and is accountable to. In discharging its responsibilities, the Board meets a minimum of six times during the year.

### Board Committees

The Board is assisted in the discharge of its oversight responsibilities by the following Board committees:

- **The Audit Committee:**

The Committee is responsible for ensuring compliance with all internal policies and procedures, as well as prevailing legislations and regulatory guidelines. It is also responsible for ensuring the effectiveness of the Bank's control framework, the maintenance of high standards of transparency, and making sure that best practices of reporting are applied.

- **The Executive Committee:**

The Committee is primarily responsible for credit and investments decisions that are within its vested powers.

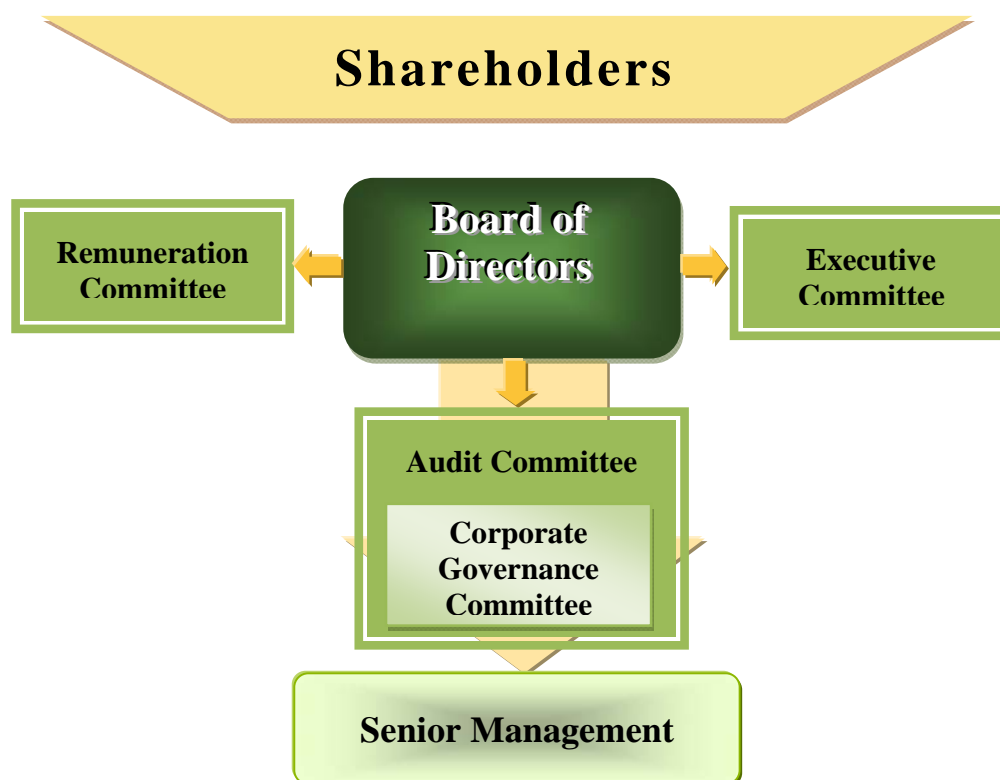
- **The Corporate Governance Committee** (*currently operating under the umbrella of the Audit Committee*):

The committee's main responsibility is to formalize AAIB's corporate governance standards, and regularly revise them to reflect regulatory and economic changes in the markets where we operate.

- **The Remuneration Committee:**

The committee's key role is to determine the appropriate compensation level for the Bank's senior management. It is also responsible for assessing the Bank's reward plans and ensuring that performance-based rewards are consistent with the Bank's strategy and are sufficient to incentivize management and employees.

Membership in Board committees is based on Board nomination. The Board also designates a chairperson for each committee. With the exception of the Executive Committee, current members in the other Board Committees are all non-executive directors.



## Board Members

**Mr. Mahmoud A. Al Nouri**

Chairman of the Board

**Mr. Hassan E. Abdalla**

Vice Chairman & Managing Director

<b>Mr. Gamal H. Mubarak</b>	Representative, Central Bank of Egypt, Head of the Remuneration Committee
<b>Mr. Mahmoud Abdel Aziz Mahmoud</b>	Representative, Central Bank of Egypt,
<b>Dr. Hala Helmy El Said</b>	Representative, Central Bank of Egypt, Member of the Audit Committee, Member of the Corporate Governance Committee Member of the Remuneration Committee
<b>Mr. Ali A. Khajah</b>	Representative, Kuwait Investment Authority Head of the Audit Committee Head of the Corporate Governance Committee
<b>Mr. Abdullah R. Bou-Qammaz</b>	Representative, Kuwait Investment Authority Member of the Audit Committee Member of the Corporate Governance Committee Member of the Remuneration Committee
<b>Mr. Saad M. Al Henaidi</b>	Representative, Kuwait Investment Authority
<b>Mr. Salah El-Din El Baroudi</b>	General Secretary to the Board

## **Control Framework**

AAIB has in place an appropriate system of internal controls that properly monitors compliance matters, ensures transparent reporting of financial results, as well as the management of various risks.

The control framework includes the following:

- Policies and procedures to guide the various business units and management in the conduct of business.
- Centralized control over all computer system developments and operations.
- Asset & Liability Management Committee which is responsible for setting liquidity and market risk policies and standards.
- A centralized risk management function, responsible for monitoring credit, market, and operational risks.
- Delegated authorities for credit and investment decisions are granted / and regularly revised by the Board.
- A dedicated anti-money-laundry unit which ensures adherence to international standards, as well as a whistle blowing policy which ensures that employees will not be penalized for reporting concerns.

- A centralized inspection function responsible for monitoring the effectiveness of internal controls which is shifting to the adoption of a risk-based approach, and which reports to the Board's Audit Committee.
- Ongoing risk reporting of regulatory capital, portfolio quality and performance, anti-money laundering and all other matters of regulatory compliance, in addition to regular management reporting to the Board.