

**1. INTRODUCTION**

Albaraka Bank is committed to the highest standards of corporate governance, seeking to reinforce these through the establishment of strong ethical values with integrity and professionalism in all of its activities. Corporate governance in Albaraka Bank is accorded significant priority and is the responsibility of Albaraka Bank Limited's Board of Directors.

**2. BOARD OF DIRECTORS**

Albaraka Bank has a unitary Board, comprising of non-executive and executive Directors. The composition of the Board, with a strong independent element, ensures that no one individual has unfettered powers of decision and authority. The executive Directors bring to the Board a wide range of skills and experience and, in the case of the non-executive Directors, independent and objective judgement.

The function of the Board is to consider in depth issues of fundamental strategic importance to the Bank.

New Directors may hold office only until the next Annual General Meeting at which they retire and become available for re-election, while all Directors are subject to retirement by rotation and re-election by shareholders at least once every three years.

Albaraka Bank's Board is responsible to the shareholders for setting the direction of the Bank through the establishment of strategic objectives and key policies. The Board is accountable to shareholders for exercising leadership, enterprise, integrity and judgement in directing the organisation so as to achieve continuing prosperity for the Bank.

The Board meets regularly, at least four times a year, and retains full and effective control of the Bank. As part of this process the Board operates a comprehensive system of financial monitoring, involving detailed quarterly reporting, to ensure that performance is continually assessed and there is regular reporting on relevant non-financial matters.

Control is also exercised through the executive Directors who, together with management are responsible for taking and implementing operational decisions in managing the Bank's business. They are also required to provide the Board with appropriate and timely information necessary for it to fulfill its responsibilities, which is provided for through a framework of open communication and integrated financial reporting systems.

All Directors have access to management, and to such information as is needed to carry out their duties and responsibilities fully and effectively. Furthermore, the Board has agreed in furtherance of its duties to take independent professional advice, if necessary, at the company's expense.

**3. BOARD COMMITTEES**

To assist the Board in the discharge of its duties and responsibilities a number of Board Committees have been established.

There are four principal Committees, namely Executive Committee, ALCO Committee, Audit Committee and Remuneration Committee, with other Committees that are important to the effective operation of the Bank reporting through the Audit Committee.

These Committees have formal written terms of reference that are reviewed regularly, and updated, as necessary, to take account of developments and any specific requirements of Albaraka Bank.

