

Continued

3.1 Executive Committee

Executive Committee meetings are held as far as possible at least four times a year. The Committee is primarily responsible for evaluating the appropriateness, adequacy and efficiency of credit policies and procedures as well as approving credit applications and monitoring credit risk and other risks which are material.

3.2 Assets and Liability Committee (ALCO)

This Committee, comprising solely of top management is chaired by the Chief Executive Officer. This Committee is responsible for monitoring liquidity risk, solvency risk, operational risk, technological risk and other risks which are regarded as material by the Bank.

3.3 Audit Committee

This Committee, comprising solely of non-executive Directors, is chaired by a non-executive Director. In attendance at meetings of the Committees are the non-executive Directors, executive management and both internal and external auditors of Albaraka Bank.

An Audit Committee charter provides clear terms of reference for the Audit Committee, which is assisted in its tasks by regular reports from other Committees of the Bank and its auditors.

3.4 Remuneration Committee

This Committee is chaired by the Chairman of the Board and consists of two non-executive Directors and the Chief Executive Officer. Remuneration Committee meetings are held annually. The Committee's primary objective is to ensure that the right calibre of personnel is recruited and retained. The Chief Executive is not involved in the determination of his own remuneration.

4. INTERNAL AUDIT AND CONTROL

The Board of Albaraka Bank acknowledges that it is responsible for internal financial control. For this purpose an established Internal Audit Committee performs an independent appraisal of the Bank's systems of internal control and operation.

This is conducted with the full cooperation of the Board and Management.

With the increasing convergence of internal audit functions with those of other risk-related and compliance functions, internal audit operates closely in a coordinated way with the other functions in the Bank responsible for risk management.

By virtue of its mandate any material or significant control weaknesses that are identified are brought to the attention of management and the Audit Committee for consideration and the necessary remedial action.

5. COMPLIANCE FUNCTION

Albaraka Bank has an independent Compliance Department, which reports to the Chief Executive Officer and the Board. This department has been enhanced to meet the requirements of the Banks Act and has adopted a risk-based approach to compliance monitoring. The focus has been placed on identifying both regulatory and reputational risks as well as facilitating, monitoring, training and servicing the Bank as a whole.

6. CODE OF CONDUCT

The Bank's policy commits management and employees to high standards of ethical behaviour. It provides a clear guide as to the expected behaviour of management and employees in their dealings with each other and the Bank's stakeholders, and failure to maintain ethical standards may result in disciplinary action.

