

OASIS CAPITAL BANK B.S.C. (c)
BOARD OF DIRECTORS CHARTER

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1. Scope

- 1.1 The Board of Directors (“the Board”) of Oasis Capital Bank (“OCB” or “the Bank”) is responsible for overseeing the management and business affairs of the Bank and making all major policy decisions of the Bank.
- 1.2 The Board has adopted this Charter. This Charter, together with the Bank’s Memorandum and Articles of Association (collectively M&A Articles), the requirements of the Central Bank of Bahrain (“CBB”) Rulebook, Volume 1, Module “High-level Controls” and the charters of certain Board Committees, provide the authority and practices for governance of the Bank.

2. The Board

- 2.1 The Board’s primary responsibility is to provide effective corporate governance over the Bank’s affairs for the benefit of its shareholders and to balance the interests of its stakeholders. In all actions taken by the Board, Directors are expected to exercise their business judgment in what they reasonably believe to be the best interest of the Bank. In discharging this obligation, the directors shall rely on the honesty and integrity of the Bank’s Chief Executive Officer (the “CEO”), Executive Directors, external advisors and auditors.

3. Board Composition

- 3.1 The function of seeking and nominating Board members will be carried out by the Nomination and Compensation Committee of the Board. The Board seeks members who combine a broad spectrum of experience and expertise, possess a reputation for integrity, have held positions with a high degree of responsibility, demonstrate leadership in the companies or institutions with which they are affiliated and be selected based on the contributions they can make to the Board and executive management, as well as their ability to represent the shareholder’s interests.
- 3.2 While reviewing potential candidates for the Board, directors shall consider the following additional factors with the exercise of judgement:
 - 3.2.1 Whether the candidate has demonstrated behaviour in accordance with the highest ethical standards and the values adhered to by the Bank;
 - 3.2.2 Whether the candidate possesses experience in business, governmental, non-profit or professional organisations that enables him/her to make a significant and immediate contribution to the Board’s complex discussions and decision-making processes;
 - 3.2.3 Whether the candidate’s special skills, expertise and background add to and complement the range of skills, expertise and background of existing directors;

- 3.2.4 Whether the candidate's professional background demonstrates the capacity to make the type of significant and sensitive judgements that rests upon the Board;
- 3.2.5 Whether the candidate will effectively, consistently and appropriately make decisions considering the legitimate interests and concerns of the Bank's shareholder and other stakeholders; and
- 3.2.6 Whether the candidate will commit adequate time and energy to fulfil his/her duties on the Board.
- 3.3 The Board shall consider the following in its periodic review of its composition and size:
- 3.3.1 The Chairman is responsible for the leadership and efficient functioning of the Board;
- 3.3.2 The Chairman is responsible for ensuring that Directors are adequately briefed in sufficient time for issues arising at Board meetings;
- 3.3.3 The Chairman and/or Deputy Chairman must not be the same person as the CEO¹; and
- 3.3.4 The Chairman should be an independent director (**CBB HC 1.4.6**) and must not be an Executive Director (**CBB HC 1.4.8**).
- 3.4 Role of the Chairman
- 3.4.1 The Chairman of the Bank will fulfil the following responsibilities:
- Ensure that the Board offers leadership and vision to the Bank
 - Ensure that the Board establishes the aims, strategies and policies of the Bank and that sufficient monitoring of those aims, strategies and policies exists
 - Ensure that Board discussions address key issues facing the Bank in a timely and efficient manner
 - Ensure that Directors are able and encouraged to participate in and play their due role in Board meetings
 - Ensure that directors are supplied with relevant and timely information
 - Ensure that meeting minutes properly reflect Board decisions

¹ CBB HC 1.4.7

- Participate in and ensure the continuous development of the Board as a whole and Directors individually; and
- Uphold the Board of Directors Charter

3.4.2 The Chairman also has a responsibility to establish a fit working relationship between the Board and the CEO by:

- Being the key contact person between the Board and the CEO;
- Being fully informed by the CEO of major issues on all matters which may relate to Directors;
- Regularly reviewing, along with the CEO and other senior management, progress on key initiatives and important issues facing the Bank;
- Providing mentoring to the CEO; and
- Participating in the CEO, Board, and Director evaluation processes.

3.5 Role of the Non-Executive Directors

3.5.1 Non-executive directors shall fulfil the following responsibilities:

- Constructively challenge and help develop proposals on strategy
- Scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance
- Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible
- Uphold the highest ethical standards of integrity and probity
- Support executives in their leadership of the business while monitoring their conduct
- Listen to the views of others, inside and outside the Board, and gain the trust and respect of other Board members

4. Size of the Board

4.1 A Board of Directors, consisting of at least five members, shall administer the Bank in accordance with the Articles of Association.

4.2 The number of directors at any time shall depend on several factors, including but not limited to:

4.2.1 Resignations, retirements and the availability of appropriate, qualified candidates;

- 4.2.2 Ensuring that the Board has a small enough number to facilitate active discussions and decision making; and
- 4.2.3 Ensuring that the Board has a sufficient number of Directors to fulfil committee assignments and to provide the appropriate mix of continuity, experience, skills and diversity for the Board and its committees to perform their responsibilities in light of regulatory requirements and current business needs.
- 4.3 The Board shall have the flexibility to increase the number of its members, however no more than 15 members, in order to accommodate the availability of outstanding candidates or the Board's changing needs and circumstances.

5. Independent and Non-Executive Directors

- 5.1 At least half of the Board should be Non-Executive directors (**CBB HC 1.4.5**) and at least one third of the Board must be independent directors (**CBB HC 1.5.2**).
- 5.2 The Bank recognises that independent and non-independent directors all have the capacity to use their experience and judgement to contribute effectively to the Board and the Bank.
- 5.3 An independent director means a director of the Bank who, or whose family shareholders either separately or together with him or each other, does not have any material pecuniary relationships or transactions with the Bank (not counting director's remuneration for this purpose) and in particular who, during the one year preceding the time in question met all the following conditions:
 - (a) was not an employee of the Bank;
 - (b) did not:
 - (i) make to, or receive from, the Bank payments of more than 31,000 BD or equivalent (not counting director's remuneration);
 - (ii) own more than a 10% share or other ownership interest, directly or indirectly, in an entity that made to or received from the Bank payments of more than such amount;
 - (iii) act as a general partner, manager, director or officer of a partnership or company that made to or received from the Bank payments of more than such amount;
 - (iii) have any significant contractual or business relationship with the Bank which could be seen to materially interfere with the person's capacity to act in an independent manner,

- (c) did not own directly or indirectly (including for this purpose ownership by any family member or related person) 5% or more of the shares of any type or class of the Bank;
- (d) was not engaged directly or indirectly as an auditor or professional advisor for the Bank, and
- (e) was not an associate of a Director or a member of senior management of the Bank.

Under CBB Rulebook Module HC an 'independent director' is a director whom the Board has specifically determined has no material relationship which could affect his independence of judgment, taking into account all known facts. The Board should consider that, although a particular director meets the formal requirements (as set out above in this paragraph), he may not be independent owing to specific circumstances of the person or the Bank, ownership structure of the Bank, or for any other reason. The Board's determination should be a good faith finding after diligent review and full discussion.

- 5.4 The Board shall regularly review (at least annually) the extent to which the Bank's directors meet the above definition of independence.

6. Selection and election of Directors

- 6.1 The Board shall identify, evaluate and recommend candidates for the Chairman's review on merit and against objective criteria.
- 6.2 The Board and its Committees shall:
 - 6.2.1 Ensure that the Board's directors meet the criteria established by regulatory entities for Board membership;
 - 6.2.2 Consider the Board's overall composition in light of current and future needs. Among other things, professional skills, background, experience, diversity and geographic background may be considered; and
 - 6.2.3 Consider past performance with regard to current directors.
- 6.3 Directors are expected to:
 - 6.3.1 Regularly attend Board and committee meetings;
 - 6.3.2 Participate in the discussion of the Board and its committees;
 - 6.3.3 Take an interest in the Bank's business;
 - 6.3.4 Provide support to the CEO in expansion and growth of the business; and

- 6.4 Comply with the Bank's policies, including the Board of Directors' Charter

7. Term of Directorship

- 7.1 Directors shall be elected for a three-year renewable term and may be re-elected upon the expiry of their term of office following a formal performance evaluation, subject to continued effective performance and demonstrated commitment to the role.

7.2 The Board should rigorously review the term of office of any director for a period beyond six years (eg two three year terms) and should take into account the need for progressive refreshing of the Board. Serving more than six years is relevant to the determination of a Non-Executive director's independence.

- 7.3 Directors shall not have more than one Directorship of a Retail Bank or a Wholesale Bank. This means an effective cap of a maximum of two Directorships of financial institutions within Bahrain. Two directorships of licensees in the same category (e.g. 'Retail Bank') would not be permitted. The Bank may approach the Central Bank for exemption from this limit where the Directorships concern banks or financial institutions within the same group.²

8. Changes in status or responsibilities

- 8.1 If a director has a substantial change in professional responsibilities, occupation or business association he/she shall notify the Board and may offer his/her resignation to the Board where such a change may adversely affect his/her ability to perform his/her duties and responsibilities as a director.

- 8.2 The Board will evaluate the facts and circumstances and make a recommendation to the Chairman on whether to accept the resignation or request the director to continue serving on the Board.

9. Director Compensation

- 9.1 The Board, based upon the recommendation of the Nomination and Compensation Committee and subject to the laws and regulations, determines the form and amount of director compensation. The Committee shall conduct an annual review of director compensation.

² CBB HC 1.3.12

- 9.2 Directors who are employees of the Bank shall not receive any compensation for their services as directors.
- 9.3 Directors who are not employees of the Bank shall not enter into paid consulting or other arrangements with the Bank without the prior written approval of the Board. However, Audit Committee members may not enter into paid consulting or other arrangements with the Bank.
- 9.4 Directors who are members of any of the sub-committees of the Board must obtain prior approval of the Board to offer or accept compensation for directly or indirectly giving accounting, consulting, legal, investment banking or financial advisory services to the Bank.

10. Functions of the Board

The Board represents the shareholders' interest in perpetuating a successful business and optimising long term financial returns. The Board is responsible for establishing the Bank's policies and strategy and for regularly monitoring the effectiveness of executive management in carrying out those policies and strategies.

10.1 Board and Committee Performance Evaluations

10.1.1 Under the auspices of the Chairman, the Board and Board Committees shall conduct, at least annually, a self-evaluation of its performance which will address its composition, responsibility, structure, processes and effectiveness.

10.1.2 This evaluation shall consist of :

- An overview of the talent base of the Board;
- An individual review of each director's performance and qualifications under corporate governance rules and all other relevant laws, rules and regulations regarding directors;
- Consideration of any changes in a director's responsibilities that may have occurred since the director was first appointed to the Board;
- An assessment of whether the corporate governance processes it has implemented have successfully achieved their objectives; and
- Any other factors deemed appropriate for review.

10.1.3 The Chairman shall act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the Board and, where appropriate, proposing new members be appointed to the Board or seeking the resignation of directors.

10.1.4 The results of the Board and committee evaluations shall be summarised and presented to the Board.

10.2 Oversight, Performance Evaluation, and Succession Planning of Executive Management

10.2.1 The Board shall also review the performance of executive management at least annually and, as appropriate, shall review the respective conclusions with regard to their compensation.

10.2.2 The Chairman shall provide counsel and oversight on the selection, evaluation, development and compensation of executive management and officers of the Bank.

10.2.3 Executive management shall evaluate, nominate and prepare a succession plan for their areas of responsibility which shall be reviewed by the Chairman of the Board. Each plan shall include policies regarding succession in the event of an emergency.

10.3 Strategic Business Plans, Budgeting, Strategic Matters and Compliance with the Statutory and Internal Policies

10.3.1 As part of its overall responsibilities to serve the long term interests of the Bank's shareholders, the Board shall:

- Review the Bank's long term strategic plans and the principal issues that the Bank may face in the future. It shall annually approve a business plan, an operating budget and a financing plan;
- Review, approve and monitor fundamental financial and business strategies and major Bank actions;
- Review and discuss reports by executive management on the performance of the Bank, its plans and products.
- Assess major risks facing the Bank by reviewing and approving strategies for addressing such risks.

10.3.2 The Board shall carry out an annual strategy review process by:

- Assessing the adequacy of capital to support the business risks of the Bank;
- Setting performance objectives;
- Reviewing the performance of executive management; and
- Overseeing major capital expenditures, divestments and acquisitions³.

10.3.3 The strategies set by the Board shall be communicated internally.

10.3.4 The Board shall ensure that processes are in place for maintaining the integrity and reputation of the Bank including:

- The integrity of the financial statements;
- Compliance with the laws, rules, regulations and internal policies governing the business of the Bank;
- The integrity of the Bank's relationship with its shareholders; and
- The integrity of relationships with shareholders of other Banks.

10.4 Risk Recognition and Assessment

10.4.1 The Board is responsible for establishing a systems and controls framework that will mitigate risks existing in the Bank's business environment. The Board must ensure that, collectively, it has sufficient expertise to identify, understand and measure the significant risks to which the Bank is exposed in its business activities⁴.

10.4.2 The Board shall develop and communicate comprehensive policies outlining all aspects of the Bank's risk management framework, with the allocation of sufficient staff resources to effectively implement the policy;

10.4.3 The Board shall ensure that the Bank has comprehensive management reporting programmes through which the Board and senior management regularly receive information on the Bank's risk exposures from business units, the Risk Management function and Internal Audit.

10.4.4 The Board shall ensure that:

³ CBB HC 1.2.5

⁴ CBB HC 1.2.10

- Compliance, risk management and financial reporting functions are adequately resourced, independent of business lines and are run by individuals not involved in the day-to-day running of the various business areas⁵;
- The Bank's operations, individually and collectively, are measured, monitored and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of the Bank's activities and are supported by an appropriate control environment⁶.

10.5 Access to Executive Management

10.5.1 Directors shall have full access to any member of executive management for the purpose of understanding issues facing the Bank.

10.5.2 Any meeting or contact that a non-executive director wishes to initiate with any member(s) of executive management shall be arranged through the CEO.

10.5.3 Members of the Audit Committee shall have unconditional access to the Bank's external and internal auditors.

10.6 Directors' Access to Independent Advisors

10.6.1 The Board and Board committees shall have the power to employ and dismiss independent legal, financial or other advisors, as they deem necessary, without first consulting or obtaining the approval of the Bank's senior management.

10.7 Corporate Governance

10.7.1 Corporate governance establishes how the shareholders, the Board and management interact in determining the direction and performance of the Bank. Good governance holds management accountable to the Board and the Board accountable to the owners and other stakeholders.

10.7.2 The Board shall provide central leadership to the Bank, establish its objectives and develop the strategies that direct the ongoing activities of the Bank to achieve these objectives. Directors shall determine the future of the Bank; protect its assets and reputation. They will consider how their decisions relate to "stakeholders" and the regulatory framework. Directors shall apply skill and care in exercising their duties to the Bank and are subject to fiduciary duties.

⁵ CBB HC 1.2.10(b)

⁶ CBB HC 1.2.10(a) & (b)

Directors shall be accountable to the shareholders of the Bank for the Bank's performance and can be removed from office by them.

10.8 Indemnification

10.8.1 The Bank shall provide reasonable directors' and officers' liability insurance for directors and shall indemnify directors to the fullest extent permitted by the law, rules, regulations and policies governing the Bank's business.

11. Board Meetings

11.1 Frequency of Meetings

11.1.1 The Board will meet at least four times each financial year. The Board shall convene at an invitation by the Chairman or at least two members.

11.1.2 Individual board members must attend at least 75% of all Board meetings in a given financial year to enable the Board to discharge its responsibilities effectively. Voting and attendance proxies for Board meetings are prohibited at all times.

11.1.3 Directors are expected to attend the Bank's AGM, Board meetings and meetings of committees and subcommittees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

11.2 Decisions

11.2.1 The resolutions of the Board shall be passed by the majority of the present members. In case of equal vote, the Chairman shall have the casting vote, and any objecting member shall put his objection on the minutes of the meeting.⁷

11.3 Decisions made by the Board, other than those made at Annual General Meetings and Extraordinary General Meetings may be made through circulation. In all such cases:

11.3.1 The Secretary of the Board shall ensure and confirm circulation of necessary information and documentation.

11.3.2 A decision through circulation will not be valid unless approved by all the responding members unanimously. In case of disagreement, even by a single member, a meeting of the Board shall be called by the Secretary. In such an instance the guidelines given in Section 11.2.1 of this charter shall be applicable.

⁷ BCCL, Article 180

11.4 Agenda, Briefing Materials and Presentations

- 11.3.1 Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting shall be distributed to the directors at least five working days prior to the meeting, in order to provide time for review.
- 11.3.2 The Chairman shall establish a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the ensuing year, and shall also establish the agenda for each Board meeting. Each Board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting.

11.5 Quorum of the Board

- 11.3.3 A meeting of the Board will not be valid unless attended by not less than half the members of the Board.

11.6 Secretary

- 11.6.1 The Board Secretary shall be accountable to the Board through the Chairman on all matters relating to his/her duties as the Board Secretary.
- 11.6.2 The Secretary shall report to the CEO on all executive or administrative matters.
- 11.6.3 The Secretary is prohibited from reporting to a director (except the Chairman) on any matter unless responsibility for that matter has been delegated to the respective director by the Board.

11.7 Conduct of Meetings

- 11.7.1 The Chairman will determine the degree of formality of each meeting. The Chairman shall ensure that all members are heard. The Chairman shall retain sufficient control to ensure that the authority of the Chair is recognised so that a degree of formality can be maintained when necessary to make progress.

11.7.2 The Chairman will ensure that Board decisions are properly understood and well recorded. The Chairman will ensure that decisions and debates are executed with a reasonably formal resolution noting the agreed-upon conclusions.

11.8 Minutes of Meetings

11.8.1 It is the Secretary's responsibility to minute the proceedings and resolutions of all Board meetings, as well as the names of all attendees.

11.8.2 Draft Board meeting minutes shall be promptly circulated to all members of the Board for approval. Once approved, the final version of the minutes of the Board meetings shall be circulated to all members of the Board.

11.8.3 Directors who object to any of the Board's resolutions shall ensure that their objections are reflected in the minutes of the meeting. Directors who sign the minutes of the meetings shall be liable for the accuracy of the information contained therein.⁸

11.8.4 Minutes of Board meetings shall be made available in English.

12. Board Committees

12.1 Number of Committees

12.1.1 The standing committees of the Board are the Executive Committee, the Audit Committee and the Nomination and Compensation Committee.

12.1.2 The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

12.2 Committee Membership

12.2.2 Appointments to the Committees shall be for a period of up to three years, which may be extended subject to renewal of the term of office of the relevant Board member.

⁸ BCCL, Article 194

12.2.3 The Board shall appoint committee members following consultation with the individual directors.

12.2.4 The Board generally favours the periodic rotation of committee assignments and committee chair positions but also recognises that, at certain times, it may not be in the best interest of the Bank to change a committee assignment or chair position where a director has special knowledge or experience.

12.3 Committee Purpose and Responsibilities

12.3.1 The purpose and responsibilities of each committee are set forth in their respective charters, which have been approved by the Board and which comply with the applicable CBB corporate governance rules and guidelines. The charters set forth the mission and responsibilities of the committee members' appointment and removal, committee structure and operations and reporting to the Board.

12.3.2 Each committee shall evaluate its performance and charter at least annually.

12.3.3 Any changes to the committees' respective charters must be approved by the Board.

12.3.4 Each committee's Chairman, Secretary or designees shall report on the committee's discussions to the Board. Minutes of the Committees' meetings shall be circulated to all members of the Board.

12.4 Committee Meetings, Schedules and Agendas

12.4.1 The Chair of each committee, along with committee members, shall set forth the frequency and length of the committee meetings in accordance with any requirements expressed in the committee's charter.

12.4.2 The Chair of each committee, together with appropriate members of the committee and senior management, shall establish the committee's agenda.

12.4.3 A schedule of key topics to be discussed during the year shall be established by each committee, to the degree that could be foreseen, at the beginning of the year.

12.4.4 All directors shall be furnished with an agenda for each committee meeting in advance of the meeting.

13. Code of Conduct for Directors

13.1 The directors have adopted and will adhere to the following code of conduct in respect to their behaviour:

13.1.1 To act with honesty, integrity and in good faith, with due diligence and care, with a view to the best interest of the Bank and its stakeholders⁹

13.1.2 To act only within the scope of their responsibilities¹⁰

13.1.3 To have a proper understanding of the affairs of the Bank and to commit to their responsibilities¹¹

13.1.4 To safeguard the confidentiality of Board discussions and deliberations

13.1.5 Not to make improper use of information gained through the position as a director or take improper advantage of the position of director

13.1.6 To ensure his/her personal financial affairs will never cast doubt on the integrity of the Bank

13.1.7 To make informed decisions with sufficient detailed knowledge of the Bank's business and performance

13.1.8 To exercise independent judgement and ensure the soundness of all Board decisions¹²

13.1.9 Not to agree to the Bank incurring an obligation unless he/she believes at the time, on reasonable grounds, that the Bank will be able to perform the obligations when it is required to do so

13.1.10 Not to agree to the business of the Bank being carried out or cause or allow the business to be carried out, in a manner likely to harm the Bank's creditors

13.1.11 To deal fairly and show respect to all of the Bank's employees and customers

13.1.12 Not enter into competition with the Bank

13.1.13 Not demand or accept substantial gifts from the Bank for himself/herself or his/her associates

⁹ CBB HC 2.2.5 – guideline

¹⁰ CBB HC 2.2.5 - guideline

¹¹ CBB HC 2.2.5 - guideline

¹² CBB HC 2.2.5 - guideline

13.1.14 Not take advantage of business opportunities to which the Bank is entitled for himself/herself or his/her associates

13.1.15 Disclose to the Board any potential conflicts of interest

13.1.16 Excuse themselves from any discussions or decision-making that involve a subject in which they are incapable of providing objective advice or which involves a real or potential conflict of interest

13.2 The directors' observance of this code of conduct will be regularly reviewed by the Audit Committee.

14. Transparency and Disclosure

14.1 The Board shall oversee the process of disclosure and communications with internal and external stakeholders. The Board shall make certain that disclosures made by the Bank are fair, transparent, comprehensive, timely and reflect the character of the Bank and the nature, complexity and risks inherent in the Bank's business activities.¹³

14.2 The Board shall ensure that the Bank's disclosure policies are reviewed for compliance with the public disclosures requirements of the CBB.

15. Conflicts of Interest

15.1 Directors and employees of the Bank shall act ethically at all times and in accordance with the Bank's applicable Code of Conduct. If an actual or potential conflict of interest arises in respect of a director, the director shall promptly disclose such conflict to the Board.

15.2 The Board will establish and disseminate to its members and management policies and procedures for the identification, reporting, disclosure, prevention or strict limitation of potential conflicts of interest. It is senior management's responsibility to implement these policies.¹⁴

15.3 Any decision to enter into transactions, under which Board members or any member of management who occupies a CBB controlled position may have a

¹³ CBB HC 8.2.3

¹⁴ CBB HC 2.3.2

conflict of interest that is material, shall be formally and unanimously approved by the full Board.¹⁵

- 15.4 Directors shall absent themselves from any discussions or decision-making that involve a subject where they are incapable of providing objective advice, or which involves a subject or (proposed) transaction where a conflict of interest exists.¹⁶
- 15.5 Directors shall disclose to the Board any potential conflict of interest in their activities with other organisations.
- 15.6 All Board members and members of executive management must declare to the Board in writing, on an annual basis, all of their other interests in other institutions, whether as a shareholder of five percent (5%) or more of the voting capital of the company, a manager or other form of significant participation.

16. Relationship between the Board of Directors and Management

- 16.1 The Board is primarily responsible for overseeing the Bank's affairs, benefiting the Bank's shareholders and balancing the interests of the Bank's diverse constituencies, including the Bank's clients, employees, suppliers and local communities.
- 16.2 The Bank's management is responsible for executing the decisions and strategies approved by the Board.
- 16.3 The Board should not be excessively involved in the day-to-day operation of the Bank, which may undermine its responsibility and management's accountability.
- 16.4 The Board will issue formal letters of appointment to senior management and Board members, outlining their specific responsibilities and accountabilities.¹⁷
- 16.5 The Board shall have the duty of selecting and working with management, amending bylaws, approving the annual budget and long-term strategic plans and ensuring its own succession. The Board may establish committees to assist management in policy formation and strategic planning. While managers may conceive, develop and implement the Bank's plans, the Board shall monitor the process and provide guidance.

¹⁵ CBB HC 2.3.2

¹⁶ CBB HC 2.3.2

¹⁷ CBB HC 1.2.9

16.6 Management shall help determine which issues the Board will address, assemble the information that shapes Board discussions and guide the Board towards its governance role through:

16.6.1 The use of Board-approved comprehensive strategic plans. Management shall draft and seek Board approval for budgets and operational plans according to strategies approved by the Board. Operational plans shall be implemented and administered by management and monitored by the Board.

16.6.2 The supply of periodic progress reports to keep the Board focused on the long-term goals and mission of the Bank. Management's reports shall keep Board members updated on progress toward organisational goals and assist the Board in evaluating management's performance. The reports shall include performance against each plan, targets and timetables to enable the Board to control and monitor organisational goals using appropriate prioritisation.

16.6.3 The supply of relevant materials before Board meetings, along with an explanation on why the supplied materials need to be addressed by the Board. Management shall communicate to the Board how particular agenda items relate to the Bank's overall mission and what action or decision is required from the Board on each item.

17. Director Orientation and Continuing Education

17.1 New directors shall participate in an orientation program, which shall include:

17.1.1 Presentations by senior management on the Bank's strategic plans

17.1.2 The Bank's significant financial, accounting and risk management issues

17.1.3 The Bank's compliance programs, operations, code of conduct, management structure, executive officers and internal and external auditors.

17.1.4 Visits to the Bank's significant branches (if any), to the extent practical.

17.2 Continuing education programs shall also be available for all members of the Board. The Bank shall extend an invitation to the orientation and continuing education programs to all directors.

18. Appointment and Remuneration of Key Executives

18.1 The Board shall review, in the absence of the CEO, his/her performance annually.

- 18.2 The Board shall review the leadership needs of the Bank at the executive level, with a view to ensuring the continued ability of the Bank to compete effectively in the marketplace. The Board shall be fully informed about strategic issues and commercial changes affecting the Bank and the market in which it operates.
- 18.3 The Board is responsible for making recommendations regarding the recruitment, retention and termination policies for senior management and the policies for the participation of the management in the Bank.
- 18.4 The Board shall recommend the total individual remuneration package of each Director, as recommended by the Nomination and Compensation Committee, at the Annual General Meeting for consideration.
- 18.5 The Board shall determine the framework or broad policy for the remuneration of executive management. The Board shall annually review employee compensation budgets and benefits programs.
- 18.6 It is the Board's responsibility to consider and approve recommendations by the Chief Executive on the remuneration of senior management and the Chairman's recommendations on the Chief Executive's remuneration, including, where appropriate, bonuses, incentive payments and other incentive options.
- 18.7 The Board shall ensure that contractual terms on termination, and any payments made, are fair to the individual and the Bank, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 18.8 The Board shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Board.

19. Amendments

- 19.1 The Board is authorised to amend this Charter and grant waivers in exceptional circumstances, provided that any such modifications or waivers may not be in violation of any applicable law, rule or regulation and that such modifications or waivers are appropriately disclosed.

