



# **COPORATE GOVERNANCE CODE**

**Second Edition**

**2015**



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**Introduction**

Oman Arab Bank attaches considerable importance to the good corporate governance practices and the Board of Directors is committed to applying the highest standards of professional competence in all its activities. The Bank follows the guidelines of Central Bank of Oman, Basel Committee recommendations, Accounting and Auditing Standards. It also applies the Capital Market Authority practices that match with the Bank’s legal form.

The OECD defined the Corporate Governance as collection systems and organizational structures which describe the responsibilities and duties of the various administrative levels in the bank and its Board of Directors and shareholders, in addition to the relevant authorities concerned with the bank whole in order to ensure the bank was able to achieve its objectives in the presence of an effective supervisory process and thus help to exploit the bank's resources efficiently.

The Corporate Governance is considered as one of the most modern and most important management concepts as it reduces the likelihood of errors in management decisions and reduces the likelihood of the presence of observations of the internal and external audit, anti-money laundering and financing terrorism, eliminates forms of corruption such as bribery, embezzlement and abuse of the secretariat and the influence peddling and other crimes, in addition to keeping pace governance and economic development as well as to attract foreign direct investment.

The Bank does not face illegal acts laws and regulations, but faces a clear challenge to the development of a general culture based on transparency, fairness and equality, accountability and the application of good governance standards and good service and the adoption of the most important of professionalism in dealing and honesty, accuracy, responsibility and good faith in hiring and in sound and ethical principles of trade deal resolve disputes and complaints and the application of international standards in corporate governance.

This guide has been prepared based on what was issued by the Central Bank of Oman, Ministry of Commerce and Industry, and the Capital Market Authority, as well as to Basel recommendations. We have harmonized the guideline with the provisions of the Companies Law, provisions of the Memorandum, and Articles of Association of the Bank.

The Bank will review this guideline, develop it, and amend it from time to time, and whenever necessary, in order to keep pace with changes in the needs and expectations as well as the developments and changes in the banking business.





**The Bank message in connection with the Corporate Governance: -**

Oman Arab Bank aims to reach the best standards relating to business ethics in all aspects through the disclosure of the Bank's results with accuracy and transparency as well as to maintain full compliance with the various laws and regulations that govern the work of the Bank.

**Sound Corporate Governance practices: -**

The organization of Corporate Governance process in addition to the legal and regulatory frameworks differ widely between countries, however, the Corporate Governance of sound can be achieved regardless of the model adopted by the Bank as long as there are basic functions work as planned. There are four axes of control, namely: -

- 1. Oversight by the Board of Directors.
- 2. Oversight by the business units themselves.
- 3. Oversight by persons who are not assigned to conduct daily business.
- 4. Oversight by departments such as Risk Management and Compliance (subject to Internal Audit procedures).


**Pillars of the Code:**

**1) Commitment to Corporate Governance**

The Bank has a well-established framework for a good Corporate Governance that provides solid basis for an effective relationship between the Bank, its Board of Directors, its shareholders and other interest groups. The general framework for Corporate Governance ensures equitable treatment for all shareholders, and recognizes the established legal rights of both minority and foreign shareholders. It also guarantees the availability of timely and precise information in all material matters concerning the Bank along with the accountability of the Board to the Bank and the shareholders.

The Bank has prepared this Code in compliance with the requirements of the Code of Corporate Governance for Banks in Oman issued by the Central Bank of Oman. This Code also reflects the needs and policies of the Bank. This Code has been approved by the Board in its meeting on June 15<sup>th</sup>, 2015 and an up-to-date version of the Code is available to the public on request and on the Bank's website.





The Bank on an annual basis publicly reports its compliance with the Code, where necessary detailing how each provision of the Code has been implemented and, where relevant, where and why the Bank's executive management has adopted procedures that are different from those recommended by the Code.

## **2) The Board of Directors**

### **a) General principles**

- i) The prime responsibility of the Board is to protect and maximize the interests of the shareholders on the long term. For this purpose the Board bears the full responsibility of Corporate Governance, including setting up of the strategy of the Bank, setting up the goals of the executive management and overseeing the implementation to achieve such goals,
- ii) The Board of Directors has overall responsibility for the operations and the financial soundness of the Bank and ensures that the interests of shareholders, depositors, creditors, employees, and other stakeholders, including the Central Bank of Oman, are met. The Board ensures that the Bank is managed prudently and within the framework of laws and regulations and the Bank's own policies.
- iii) The Bank affirms that the obligations of each Director are owed to the Bank as a whole, and not to any particular shareholder.
- iv) The Board sets the Bank's strategic goals, as well as overseeing the executive management of the Bank. The day-to-day operation of the Bank is the responsibility of the executive management, but the Board as a whole ensures and certifies that internal control systems are effective and that the Bank's activities comply with the strategy, policies and procedures approved by the Board or as required by law or regulation, As a critical part of these internal controls, the Board ensures that all dimensions of the Bank's risk are managed properly.
- v) The members of the Board of Directors must inform the Annual General Meeting (AGM) for any related transactions and contracts intended to be made to the Bank which require approval of the General Assembly's interest and should this notice codifies the minutes of the General Assembly, the AGM is not permitted by the interested member to participate in the vote on the decision to be made on the deal or the proposed contract.
- vi) The members of the Board of Directors are responsible to the Bank and shareholders and third parties for damages resulting from actions committed in violation of the law and their actions that go beyond the limits of their powers and any fraud or negligence they commit in the performance of their duties, as well as the disposal of non-disposal insightful person in certain circumstances.



**b) The Chairman/ Chief Executive Officer**

- i) The position of Chairman of the Board is separated from that of Chief Executive Officer. In addition, there is no family relationship up to the third degree between the Chairman and the Chief Executive Officer. The division of responsibilities is to be set in writing and to be approved by the Board and is subject to review from time to time as necessary.
- ii) According to the regulations of the Central Bank of Oman the CEO shall not take over the Chairman of the board or vice versa.

**c) The role of the Chairman of the Board**

- i) Promotes a constructive relationship between the Board and the Bank's executive management, and between the executive Directors and the non-executive Directors.
- ii) Promotes a culture in the boardroom that encourages constructive criticism and alternative views on certain issues under consideration, and encourages discussion and voting on these issues.
- iii) Ensures that both Directors and the Bank's shareholders receive adequate and timely information.
- iv) Ensures high standards of Corporate Governance by the Bank.
- v) Ensures the availability of high standards of corporate governance at the bank.
- vi) Emphasizes that all members of the Board when appointed are aware of all conditions of their appointment, duties and responsibilities.
- vii) Provides effective leadership in the formulation of the Council's strategy.
- viii) Emphasizes on meetings of the Board at regular intervals during the year which include minutes of meetings decisions that are made accurately, as well as the views of individual members.

**d) Composition of the Board**

- i) The Board shall consist of nine members. The Board shall be elected by the Annual General Assembly for a term of three years, The Chairman shall be elected by the members of the Board.
- ii) The Bank intends that the composition of the Board is determined in order to obtain the optimal mix of skills and experience that enable each of them to participate in the Board discussions in full independency. The Board shall have the General Manager and non-executive members (members who do not occupy operational position in the Bank).





- iii) Take into account that members of the Board from non-executive members and do not occupy or any of their first degree relatives senior position (as the Chief Executive Officer or General Manager or report to them according to the organizational structure) in the Bank for the last two years.
- iv) A 'Non-Executive' Director (whether natural person or representing legal entity) is one whose directorship constitutes his only connection to the Bank, and whose judgement is therefore unlikely to be influenced by external considerations. Minimum standards for a 'Non-Executive' include:
  - 1. One who has not been employed by the Bank for the preceding two years;
  - 2. Is not a relative (up to the first degree) of an administrator of the bank;
  - 3. Is not receiving payment or compensation from the Bank (other than as a Director);
  - 4. Does not receive any salary from the bank or a sum of money except what is received by a meeting of its membership in the Board.
  - 5. Is not a director or owner of a company with which the Bank does business (other than business relationships made in the ordinary course of business of the Bank and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties);
  - 6. Has not in the past three years been affiliated with, or employed by a present or former external auditor of the Bank; and
  - 7. Is neither a shareholder with effective interest in the capital of the Bank nor affiliated with one.
- v) A candidate for membership of the Board must:
  - Be of good conduct and reputation;
  - Be at least 25 years old;
  - Able to settle his indebtedness to the Bank (if any) when he submits his application for nomination;
  - Has not been adjudged insolvent or bankrupt unless the situation of insolvency or bankruptcy has been abated over by a court of law;
  - has not been convicted in Oman or abroad of a felony or a dishonorable crime unless he has been rehabilitated;
  - Has not become, due to his gaining membership, a member of the Board or representative of a juristic person in more than 4 (four) joint stock companies whose principal places of business are in Oman; and not Chairman for more than two companies that operate in Sultanate of Oman.
  - Be authorized to stand for membership of the Board by the juristic person which he represents;





- If he/she is a Shareholder, they shall present a declaration stating the number of Shares he holds in the Bank and that he will not deal in those Shares in such a way that may require him to stand down as a Shareholder of the Bank throughout his term of office;
- Not be a director of a public joint stock company or closed joint stock company, which is engaged in any business or businesses similar to those of the Bank and whose principal place of business is in Oman.

**e) Board practices**

- A. In order to ensure that a full range of topics is considered, the Bank's Board meetings take place at least four times a year.
- B. The executive management is to schedule a specific topic(s) to be highlighted at each meeting.
- C. The topics discussed in the meetings shall be discussed comprehensively.
- D. The Bank's policy is that the Board should include Non-executive members in order that it can exercise objective judgment and to maintain a level of checks and balances to balance the influence of all parties, including executive management and significant shareholders, and ensures that decisions are taken in the Bank's best interest.
- E. The Bank provides adequate information to Directors sufficiently in advance of meetings to enable them to reach informed decisions,
- F. The Board Secretary records the discussions during any Board meeting
- G. The responsibilities of the Board is clearly identified in accordance with relevant legislation. Each Director of the Bank is provided with a formal appointment letter upon his election, in which he is advised about his rights, responsibilities and duties.
- H. All banking transactions that require Board approval are clearly defined in writing, including:
  - I. The authority of the Board to approve loans larger than a set of amount.
  - II. The authority of the Board to deal with related parties.
- I. Directors will keep themselves informed of developments within the Bank, and in the banking industry as a whole, both local and international. The Bank shall provide the Directors with appropriate briefings regarding its activities.







- J. Communication between Directors and committees of the Board with executive management is facilitated.
- K. The Bank has drawn up an organizational, chart showing lines of reporting and authority including Board committees and executive management. The portion of the chart showing the more senior levels is made public.
- L. In addition to the arrangement of Board meetings and the taking of meeting minutes, the Board Secretary shall ensure that Board procedures are followed, and that information is conveyed between the members of the Board, the members of the Board Committees, and the executive management. The function and duties of the Board Secretary are formally defined in writing and, in accordance with this level of responsibility, any decision on the Board Secretary's removal, as well as his appointment, is taken by the unanimous decision of the Board.

**f) Board activities:**

**Appointments, Succession and Development**

- i) The Board's policy is to appoint a Chief Executive Officer with integrity, technical competence, and experience in banking,
- ii) The Board is required to approve the appointment and dismissal of the Legal Counsel, Chief Compliance Officer, and the Audit Committee will approve the Head of Audit, and the Compliance and Risk Committee will approve the Chief Risk Officer, after ensuring that they have the requisite skills.
- iii) The Board shall, with respect to appointment, succession and development ensures that:
  - The existence of a regulation for occupational levels and grading and another for salary and benefit based on classification and evaluation methodology.
  - The existence of career path plans, succession plan, performance management plan, and succession plans for executive managers that contain the requirements and competences of those executive managers
  - The Bank regularly reviews the regulations and instruction of Human Resources and Benefits to ensure maximizing the competitiveness of the Bank in response to the latest global trends in Human Resource for the purpose of attracting and retaining high effective personnel.





- The Bank focuses on providing high-professional qualification programs needed by the Bank especially in the fields of compliance, risk management, information security systems and bank secrecy, and to offer the employees an opportunity to gain those qualifications.

### **Self-assessment and the Chief Executive Officer Performance Appraisal**

- i) The Board, at least annually, assesses its own performance as a Board using specific and approved evaluation methods. The evaluation method shall be objective, shall contain comparison with other similar banks and financial institutions in addition to the standards of accuracy and fairness of the financial statements of the Bank and the extent of compliance with the regulations.
- ii) There is a formal annual evaluation of the Chief Executive Officer by the Board.

### **Planning, Controls, Code of Conduct, Conflict of Interest Policy**

- i) The Board establishes the Bank's business objectives, and draws up and approves the business strategy for achieving those objectives, through a planning process, involving input from the Bank's various departments. The Executive Management also draws up business plans that are consistent with these strategies. The Board is required to approve the strategy, and the business plans, and the Board ensures that performance against plan is reviewed and that corrective action is taken as needed. The Bank's budgeting process is part of the short-term planning and performance measurement.
- ii) The Board ensures that the Bank maintains a high degree of integrity in its operations. Formal policies, including a Code of Conduct, and definitions and controls on conflicts of interest and insider dealing, have been established and are required to be assented to by all employees and Directors, and published in the website. All related parties transactions will be presented to the AGM for approval.
- iii) The Bank has written policies covering all significant bank activities. Such policies are regularly reviewed to ensure that they conform to any changes in laws and regulations, the economic environment and other circumstances affecting the Bank.
- iv) The Bank as part of its lending and credit approval process assesses the quality of corporate governance in its corporate borrowers, especially public shareholding companies, and includes the strength or weakness of their corporate governance practice in the borrower's risk assessment.
- v) The Board of Directors works to ensure the existence of an effective internal control system and verification of a job well done, the Board decided the risk management policies in general, and defines the framework.





### **3) Board Committees**

#### **a) General principles**

- i) The Board is ultimately responsible for the conduct of the Bank's affairs, but for greater efficiency Board Committees have been set up with formally delegated objectives, authorities, responsibilities and tenure, The Board Committees regularly report to the full Board and do not substitute for the Board and its responsibilities.
- ii) There is a formal and transparent process for appointments to the Board Committees. The membership of Board Committees, together with summaries of their responsibilities and duties, are disclosed in the Bank's Annual Report.
- iii) The Board may decide to combine the functions of several Committees if appropriate or if administratively more convenient.

#### **b) The Credit Committee**

- i) The Committee comprising from five non-executive Directors, headed by Chairman.
- ii) The Committee shall prepare a charter that defines its objectives, authorities, main duties, and number of meetings. The charter is subject to annually review and approved by the Board of Directors.
- iii) The Committee shall have the following main duties:-
  1. Review the credit policy of the Bank and to recommend any amendments thereto approved by the Board of Directors.
  2. Review of Bank's credit and credit portfolio risk in coordination with the commitment and risk.
  3. Review the requests for direct and indirect credit facilities to take the appropriate decision within the powers of the Committee.
  4. Study the execution of orders or debts write off provided by the executive management of the bank to take the appropriate decision within the powers of the Committee.
  5. Review credit authority of the Management Credit Committee of the credit and the Committee on a regular basis or whenever the need arises, and raise the appropriate recommendations to the Board of Directors to approve any modifications.





**c) The Audit Committee**

- i) The Bank has an Audit Committee comprising from at least three non-executive Directors.
- ii) The Committee shall prepare a charter that defines its objectives, authorities, main duties, and number of meetings. The charter is subject to annually review and approved by the Board of Directors.
- iii) The Committee shall have the following main duties:-
  - Review and approval of the scope and results and the extent of internal and external audit efficiency of the Bank.
  - Review any significant impact on the financial statements of the accounting issues.
  - Review the internal control systems in the Bank.
  - Review of accounting policies and ensure compliance with laws related to, legislation, accounting standards and recommend any changes or modifications to the Board of Directors for approval.
  - Ensure the independence of the internal audit and the existence of appropriate resources and skills within the organizational structure to carry out the functions of internal audit independence, objectivity and efficiency, effectiveness and universality.
  - Recommendation to the Board of Directors appointed / re external auditor and determine the fees and review of appointment contracts
  - Ensure the independence and objectivity of the external audit in carrying out its activities effectively and efficiently and comprehensively.
  - Meeting separately with the external auditor and the Head of Internal Audit visits at least once a year, and without the presence of members of the executive management.
  - Investigate any new excesses of the system of internal control, and any instances of conflict of interest, or lack of commitment to the Charter of Professional Conduct, or the manipulation or fraud.



**d) The Selection and Remuneration Committee**

- i) The Selection and Remuneration Committee comprises a minimum of three non-executive Directors.
- ii) The Committee shall prepare a charter that defines its objectives, authorities, main duties, and number of meetings. The charter is subject to annually review and approved by the Board of Directors.
- iii) The Committee shall have the following main duties:-
  - Recommendations to the Board of the appointment of Chief Executive Officer and a review of salaries, bonuses and benefits.
  - Approve the appointment of the members of the executive management on the recommendation of the Chief Executive Officer, with the exception of Head of Internal Audit, Chief Compliance Officer, Chief Risk Officer, and legal adviser which come under other Board committees' responsibility or the Board of Directors.
  - Approve the annual remuneration (including salaries and other features) for members of the executive management.
  - Review the remuneration policy,, and suggest recommendations about them to the Board, taking into account that the bonuses and salaries are sufficient to attract qualified candidates to work in the Bank and maintain them, benchmarking with the bonuses and salaries granted by similar banks in the market, as well as use the standards to measure the performance and evaluation for the executive management.
  - Review and monitor human resources plan and make sure that these plans have taken into consideration the needs of the Bank's human resources to achieve the strategic objectives of the Bank.
  - Conduct interviews with members of the executive management who have completed their service in the bank due to resignation, retirement, or any other reasons.
  - Ensure disclosure in the annual report about each Board members remunerations, and the total salaries and benefits were paid during the year to the executive management.
  - Review and monitor the plans and employment policies followed in the Human Resources Department.
  - Ensure that plans and policies, training and development and career at the bank as well as on the Bank's succession plan level.
  - Review and monitor Omanization plans to determine the jobs that need to be filled by Omani staff specific to the time period.
  - Review Exchange bonuses and compensation practices and related policy one a year.



- Ensure Supreme instill ethical standards at all levels in the bank
- Approve the appointment of external consultancy firms regarding the provision of services on human resources in the bank (the study of salaries, hierarchy, human resources systems, and other topics related to human resources).
- Ensure the application of the bank to the Omani Labor Law and relevant laws as well as instructions and decisions of the Central Bank of Oman.

Executive Management includes everyone with Assistant General Manager and above, or report directly to the CEO, regardless of his grade, also the one who report directly to the Board Committees.

**e) The Compliance and Risk Committee**

- i) The Compliance and Risk Committee is comprised of three Directors and the Chairman/General Manager. It also includes three of the executive management.
- ii) The Committee shall prepare a charter that define its objectives, authorities, main duties, and number of meetings. The charter is subject to annually review and approved by the Board of Directors.
- iii) The Committee shall have the following main duties:-
  - Review the effectiveness of monitoring compliance with all laws and regulations.
  - Review any changes or proposed changes in the legislative and regulatory environment and the effects that can afford such changes on the Bank's internal policies and controls that must be adopted to deal with these changes and abide by.
  - Assist the Board of Directors in the formulation and determine the extent and the limits of acceptable risk level of the bank.
  - Adoption and review the general framework for risk management on a permanent basis and to include the entire activity of the bank covers all risks including strategic risk, market risk, liquidity, credit, operational and reputational risks and recommend to the Board of Directors for approval.





#### **4) Control Environment**

##### **1. Internal controls**

- i) The Bank's structure of internal controls is reviewed at least once a year by internal and external auditors.
- ii) The Board provides a statement in each Annual Report on the adequacy of the Bank's internal controls over its financial reporting. This statement contains:
  - A statement of executive management's responsibility for establishing and maintaining adequate internal control over financial reporting for the Bank;
  - A statement identifying the framework used by executive management to evaluate the effectiveness of internal control;
  - Executive management's assessment of the effectiveness of internal control as of the date of the financial statements included in the Annual Report;
  - Disclosure of any material weaknesses in the internal controls (a material weakness is a significant deficiency or combination of significant deficiencies that result in the possibility that a material misstatement will not be prevented or detected); and
  - A statement that the Bank's external auditor has issued an attestation report on executive management's assessment of the effectiveness of internal controls.
- iii) The Bank has set up arrangements whereby staff can confidentially raise concerns about possible irregularities, and that allow for such concerns to be independently investigated and followed up. Such arrangements are overseen and monitored by the Audit Committee.

##### **2. Internal audit**

- i) The Bank's policy is that the Internal Audit function of the Bank should be adequately resourced, trained, remunerated, and be provided full access to Bank records and staff members, and given sufficient standing and authority within the Bank to adequately carry out its task. The functions, powers and responsibilities of Internal Audit are documented within the Internal Audit Charter which is approved by the Board and published within the Bank.
- ii) The Internal Audit function reports primarily to the Chairman of the Audit Committee.
- iii) To promote independence, internal audit staff do not also have operational responsibilities. Internal audit is responsible for proposing the structure and scope of the audit schedule, and any potential conflicts of interest are to be reported to the Audit Committee.





- iv) The Internal Audit reports may be discussed with the departments and operational units being reviewed, but the Internal Audit function is allowed to operate and make a full and honest report without outside influence or interference.
- v) The primary responsibility of the Internal Audit function, conducting risk focused audits, is at least the review of:
  - 1) the Bank's financial reporting (ensuring that significant financial, managerial, and operating information are accurate, reliable, and timely)
  - 2) compliance with internal policies, international standards, procedures, and applicable laws and regulations;

**3. External audit**

- i) The Bank requires the regular rotation of the external audit between auditing firms. Should this no longer be practical, then the Bank will at a minimum require the regular rotation of the principal partner in charge of the external audit.
- ii) The external auditors' report is submitted to the Audit Committee as well as the Annual General Assembly. The external auditors meet the Audit Committee, without executive management present, at least once per year.

**4. Risk Management**

- i) The risk management department within the Bank reports to the Risk Management Committee of the Board, and on a day-to-day operational basis it reports to the Chief Executive Office.
- ii) The responsibilities of the Bank's risk management department include:
  - The analysis of all risks including credit risk, market risk, liquidity risk and operational risk;
  - The development of methodologies for the measurement and control of each risk;
  - Recommending limits to Compliance and Risk management committee, and the approval, reporting and recording of exceptions to policy;
  - The provision of information on risk metrics and on the Bank's risk profile to Senior management and to the Board (the Board reviews the risk statistics of the Bank, both qualitative and quantitative, at each regular Board meeting); and
  - The provision of risk information for use in the Bank's public statements and reporting.
- iii) The functions of the risk management department are assisted by a network of properly constituted, authorized, and documented committees such as Credit Committees, Assets and Liabilities Committee, and Operational Risk Committee.







- iv) The structure, operation, and ongoing development of the Bank's risk management department and functions are discussed and explained in the Bank's public documents, primarily in the Annual Report.

## **5. Compliance**

- i) The Bank will provide the Compliance Department with well trained and professional staff.
- ii) The compliance function establishes effective mechanisms to ensure that the Bank complies with all applicable laws and regulations, and any non-statutory guidelines and codes. The functions, powers and responsibilities of the compliance function are documented and published within the Bank.
- iii) The Compliance Department is responsible for developing the compliance policy of the Bank and ensuring its implementation throughout the Bank. The Board is responsible for approving the compliance policy and overseeing its implementation.
- iv) The compliance function reports on operational compliance within the Bank to the Compliance and Risk Committee of the Board, copying the Chief Executive Officer on each report.
- v) The Compliance Department will monitor the Anti-money laundering activities and any related activities including communication with the Central Bank of Oman and the Royal Oman Police. The department will prepare all necessary reports, as well as train the Bank's staff in this context.
- vi) Evaluate the internal operations of the bank from appropriateness and adequacy point of views to ensure compliance with laws, regulations, and any guidance and evidence related.

## **6. Legal Advisor**

- i) Ensure that the Bank complies with laws and regulations in coordination with the Internal Audit Department, Compliance Department, and Risk Management Department.
- ii) Review the Article of Associations and the bylaw as well as any subsequent amendments thereto in a manner consistent with the laws and regulations in force.
- iii) Review and approval of the prospectuses confirming they meet all legal requirements and that the non-financial information contained therein, in line with the provisions of the laws and regulations in force in the Sultanate of Oman, and the Statute of the Bank of bylaws, and that the members of the Board of Directors according to the information available to them and brief them on the minutes of meetings of the Board of Directors and General Assembly meetings in a manner that does not omit or present any misleading statements.
- iv) Preparation revision, and approval of contracts and agreements in which the Bank is a party with other agencies to make sure they meet all legal requirements.





- v) Review and approve the nomination forms related to membership of the Board of Directors and make sure they meet all of the information and data required, and the election process conducted in accordance with the laws and regulations in force.
- vi) Review and study of cases of fraud, embezzlement, theft, damage, which is located in the Bank and to provide appropriate legal advice on them.
- vii) A review of all means to protect the bank's assets and the rights of the Bank in these assets.
- viii) Express an opinion on the legal cases and other issues referred to it by the Bank's management.
- ix) Speak and represent the Bank in front of the courts and tribunals and bodies of Investigation and Prosecution and the Royal Oman Police, judicial jurisdiction and administrative committees and other points of the official investigation.
- x) Assume plead, defense and management of all cases against or in Bank favor in various courts and degrees and Prosecution and the Royal Oman Police and the bodies and committees with jurisdiction or power of attorney to see it from the lawyers or law firms and legal consultants.
- xi) Conducting studies and legal research that aims to develop the legal action and protect the interests of the bank in accordance with the directives issued from time to time.

## **5) Treatment of Shareholders**

- i) The Bank takes active steps to encourage shareholders, in particular minority shareholders, to participate in the Annual General Assembly, and also to vote either in person or in their absence by proxy.
- ii) Representatives from the external auditors are present at the Annual General Assembly to answer questions about the audit and their auditors' report.
- iii) The Bank policy is that there will be voting on each separate issue that is raised at the Annual General Assembly.
- iv) As required by the Companies Law, Directors submit themselves for election or re-election at the Annual General Assembly as provided by the Memorandum of Association of the Bank, and the appointment of the Bank's external auditors is elected at the Annual General Assembly.
- v) Notes, minutes, and a report of the proceedings of the Annual General Assembly, including the results of voting, and the questions from shareholders and executive management's responses, are prepared and made available to shareholders after the Annual General Assembly.





## 6) Transparency and Disclosure

- i) The Bank is required to disclose in accordance with the International Financial Reporting Standards (IFRS), the Banking Law and instructions issued pursuant thereto, and other relevant legislation. Furthermore, the Bank acknowledges that financial reporting practices and the level of transparency required of financial institutions is changing rapidly. The Bank's executive management reports on these developments to the Board, and makes recommendations for the regular enhancement of the Bank's own disclosure practices, beyond those required by the Central Bank of Oman and Capital Market Authority.
- ii) The Bank recognizes its obligation to provide meaningful information on its activities to shareholders, depositors, financial market counterparts, regulators and the public in general. The Bank also has a duty to address shareholder concerns. The Bank discloses such information on a timely basis, and makes it available to all.
- iii) The Board accepts responsibility for the Bank's financial statements and the contents of the Annual Report, for their accuracy, and for their completeness.
- iv) The Bank commits to maintaining the following information channels with its shareholders, depositors, financial market counterparts, regulators and financial analyst.
- v) In its Annual Reports and quarterly reports, the Bank's executive management includes 'Management Discussion and Analysis' (MD&A) disclosure that allows investors to understand current and future operating results and the financial condition of the Bank, including the possible impacts of known trends and events and uncertainties. The Bank commits to ensuring that such commentary is reliable, complete, fair and balanced, and understandable, and is grounded in the Bank's financial statements as reported.
- vi) As part of its commitment to transparency and full disclosure, the Bank in its Annual Report includes the following information.
  - 1) Its Corporate Governance Code, and annual details of its compliance;
  - 2) Information on each individual Director: qualifications and experience; shareholding in the Bank; the membership of Board Committees; dates of appointment to the Board; remunerations received.
  - 3) Summary organization chart;
  - 4) Summaries of the terms of reference of Board Committees, and any authorities delegated by the Board to Board Committees;
  - 5) The frequency of Board and Board Committee meetings;



- 6) Summary of the remuneration policy; remuneration of highest-paid executive management;
- 7) Statement by the Board of the adequacy of internal controls;
- 8) A description of the structure and activities of the risk management department; and
- 9) The significant shareholders of the Bank (for example, individual or related parties holding or controlling more than 10%), with identification of the ultimate beneficial owners of such interests if this is needed for explanation.

### **7)Related Parties**

The general context in this case is different and affects mainly in the terms and conditions under which the work is underway. The danger in that situation in giving preferential treatment to improperly could lead to a weakening of the natural controls on such things as the granting of such facilities, facilitate some conditions, and subsequent monitoring of accounts.

To be considered as related parties one of below should meet:

1. Members of the Board of Directors during the last (12) months in the company or part company, or subsidiaries or affiliates.
2. Chief Executive Officer / General Manager or any employee report to the Board and send his reports directly to them.
3. Each person owns or controls 10% or more of the voting rights in the parent company or subsidiaries or affiliates.
4. Every person belonging to any of the natural persons mentioned in items (1, 2 and 3) includes the father, mother, sons, daughters, husband, and wife, also includes businesses that own them jointly or severally at least 25% of the voting power.
5. Every person belonging to any of the legal persons mentioned in items (1, 2 and 3), which includes the parent company, subsidiaries companies, and affiliated companies, and companies in which it holds a solo at least 25 percent of the vote, also includes a business that is acting members of the Board of Directors in accordance with will contribute to the company concerned.

