

THE HAWKAMAH - UAB 2010 BANK CORPORATE GOVERNANCE AWARD



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Call For Entry

About the Award

The Hawkamah-UAB Bank Corporate Governance Award is a regional initiative aiming at recognising, supporting and encouraging superior governance practices in the Banking sector in the Middle East and North Africa (MENA) region.

Launched in 2007 by Hawkamah, the Institute for Corporate Governance and the Union of Arab Banks (UAB), the Award showcases Banks that have gone the extra mile in improving their corporate governance practices.

Who is Eligible?

The Award is open to all Arab Banks.

What are the Criteria?

Each application will be assessed against the following criteria:

1. Commitment to Good Corporate Governance
2. Structure and Functioning of the Board of Directors
3. Control Environment and Processes
4. Disclosure and Transparency
5. Shareholders Rights



Why Apply?

Award winners receive regional recognition for superior governance leadership, which serves as a model for other Banks in the region. Hawkamah and UAB will also inform all participating Banks of their corporate governance scoring on the application form, and stand ready to work with them on improving their corporate governance practices, upon request.

What is the entry submission process?

- Visit Hawkamah's or UAB's websites (www.hawkamah.org & www.uabonline.org) to download the application form;
- Complete the Entry Form and Bank details (Form A);
- Complete the Questionnaire (Form B);
- Attach your Bank's 2009 Annual Report;
- Submit your completed forms in both soft and hard copies no later than **September 30, 2010** to the following address:

FAO: Ms. Lara Arab
Program Manager
Hawkamah, the Institute for Corporate Governance
Tel: +971 4 362 2557
Email: lara.arab@hawkamah.org
P.O.Box 506767
Dubai, United Arab Emirates

and copy to

Ms. Rania Khouri
Director
Union of Arab Banks
Tel: +962-6-5677234/5
Mob: +9627-9-5731555
Email: rania@uabonline.org
P.O.Box: 942100
Amman 11194, Jordan

(Please include Subject: Hawkamah - UAB 2010 Bank CG Award)

Hawkamah and UAB are pleased to help facilitate your application and discuss your interest or any related questions prior to submission.

What is the Judging Process?

A prominent independent Jury panel of international corporate governance Banking experts will select the Award winners. The Judges will review all applications; shortlist the top five compliant Banks; conduct one-on-one interviews with the finalists, and announce the three winners at a Gala Dinner that will be held on the first day of Hawkamah's 5th Annual Conference to be held on October 31 and November 1, 2010 in Muscat, Oman.

Non-Disclosure & Confidentiality

Names of Banks and applicants, commentary and scoring information developed during the review of applications are regarded as proprietary by Hawkamah and UAB and are kept confidential. Such information is available only to those individuals directly involved in the assessment and administrative process consistent with Dubai International Financial Centre (DIFC) Data Protection Law (www.dp.difc.ae).

Hawkamah and UAB will take all reasonable action to ensure that applications and information therein are treated in strict confidence. However, in no way can Hawkamah and UAB be held responsible for any loss of confidentiality to a third party.

Jury Panel



Alan McIntyre, Partner of PricewaterhouseCoopers (PwC)

Alan is a partner of PricewaterhouseCoopers (PwC) and leads their financial services assurance practice in the Middle East. He has considerable experience spanning 30 years (20 as a partner) providing assurance services to financial service entities in a variety of countries including New Zealand, United Kingdom, United Arab Emirates, State of Qatar and Papua New Guinea. Over the years Alan has been actively involved in corporate governance. In New Zealand he helped develop PwC's guide on roles and responsibilities of directors. In 2008 Alan was part of Hawkamah's Taskforce on Corporate Governance for the Insurance Industry and for the last two years sat on the judging panel for the annual Hawkamah - UAB Bank Corporate Governance Award.



Professor Andrew D Chambers, BA, CEng, FCCA, FCA, FBCS, CITP, FRSA, FIIA

Twice mentioned recently in House of Lords' debates as an authority on corporate governance and by The Times as 'a worldwide authority on corporate governance', he authored the Corporate Governance Handbook (4th ed., 2008, Bloomsbury, ISBN 978-1-84766-053-4). Andrew has been a non-executive director of a FTSE250 financial institution, a well known mutual, small software companies, an NHS acute hospital trust and a well known charity - usually chairing their Audit Committees. He was Dean of what is now the leading Cass Business School where he is professor emeritus. Until 2010 he chaired ACCA's Corporate Governance Committee. In 2009, Andrew sat on the judging panel for the annual Hawkamah - UAB Bank Corporate Governance Award.



Professor Chris Pierce, CEO of Global Governance Services Ltd

Professor Chris Pierce is the CEO of Global Governance Services Ltd. He is a director on a number of Boards in the UK and overseas, and is internationally renowned for his work with policy makers, directors and Boards in Europe, Asia, Africa, the US and South America. Professor Pierce has a particular interest in corporate governance development in the Middle East. His recent publications include "A Guide on Corporate Governance in the Middle East and North Africa" (August 2008) and "Corporate Governance in the European Union" (March 2010).

Form A

Entry Form and Bank Details

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Bank Name: | |
| Name of the Business Group: (if your Bank is part of a group) | |
| Year of Establishment: | |
| Country of Incorporation: | |
| Address: | |
| Name of CEO: | |
| Telephone: | |
| Fax: | |
| Email: | |
| Name of Management Representative (MR): | |
| Designation of Management Representative: | |
| Telephone: | |
| Fax: | |
| Mobile: | |
| Email: | |
| <p><i>I hereby confirm, on behalf of my organisation, that all information in this application and accompanying application documents are correct, and accept that the decisions of the Jury for the Hawkamah - UAB 2010 Bank Corporate Governance Award are final.</i></p> | |
| Date: | |
| MR's Signature: | CEO's Signature: |

Form B

Questionnaire

As part of the assessment process, kindly complete the questionnaire below and provide comments and further information, as appropriate.

| A. Commitment to/Implementation of Good Corporate Governance Practices | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| Questions | Y | N | Response/Comments |
| A1. Does your Bank have a Corporate Governance Code, or written policies, guidelines or manuals that set out the governance practices of the Bank? | | | |
| A2. Does your Bank periodically disclose the extent to which it is complying with its corporate governance policies and procedures? | | | |
| A3. Is there a specific function or dedicated official at the Bank responsible for regulatory compliance and/or governance? | | | |
| A4. Does your Bank have a chart setting out the principal organs of the Bank's governance and to whom each reports? | | | |
| A5. Does your Bank have a timeline of major transactions and material events for the past five years (in particular, corporate acquisitions, mergers, restructurings and sales or purchases of major assets)? | | | |
| A6. Does your Bank have a written policy concerning succession planning to Board and key executive positions, including the CEO? | | | |
| A7. Does your Bank have a formalized Code of Ethics? | | | |
| A8. Does your Bank have in place a formal implementation program for ensuring and systematically monitoring compliance with its code of ethics (e.g., dissemination, a regular training program, a "whistle-blower / hot line" system, etc.)? | | | |
| A9. Does your Bank have a documented Corporate Social Responsibility (CSR) Policy? | | | |
| A10. Does your Bank have a system by which it monitors the corporate governance structure and practices of its corporate borrowers? | | | |
| A11. What are your Bank's main motivations to improve its corporate governance practices? | | | |

B. Structure and Functioning of the Board of Directors or an Equivalent Supervisory Board

| Questions | Y | N | Response/Comments |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|---------------------------------|
| B1. Does your Bank have any written policies or by-laws specifically referring to the conduct of the Board of Directors? | | | |
| B2. Does the Bank have a definition of "independent" with respect to Board members? | | | |
| B3. If your answer to B2 is yes, please indicate what your Bank's definition of "independent" Board members is. | | | |
| B4. Please complete the table below (Table 1) with the number of members for each Committee, including the number of independent members and the number of meetings held for each Committee in the FY 2009: | | | |
| Table 1 | No. of Members | No. of Independent Members | Number of Meetings held FY 2009 |
| Board | | | |
| Audit Committee | | | |
| Compliance Committee | | | |
| Nomination Committee | | | |
| Governance Committee | | | |
| Compensation/ Remuneration Committee | | | |
| Risk Committee | | | |
| Shariah Compliance Committee | | | |
| Other: (Please specify) | | | |
| Other: (Please specify) | | | |
| Questions (Cnt'd) | Y | N | Response/Comments |
| B5. Does your Bank have a statement of reserved powers to the Board? | | | |
| B6. Do independent Board members meet in a period of a calendar year in the absence of the Bank management? | | | |

| Questions (Cnt'd) | Y | N | Response/Comments |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| B7. Do the Board and its Committees have budgetary authority to hire independent third-party consultants without the need to receive approval from management? | | | |
| B8. Does your Bank have any specific rules and procedures regarding Board review of transactions that involve conflicts of interest and related parties? | | | |
| B9. Does your Bank have a policy that prevents or limits internal lending (to officers, employees, Board members or controlling shareholders)? | | | |
| B10. Does your Bank provide training for the Board in corporate governance related matters? | | | |
| B11. Does your Board conduct formal and rigorous evaluations of its performance, and that of Committees of the Board? | | | |
| B12. When was the last evaluation under B11 (above) to be conducted or facilitated by an external party? | | | |
| B13. Has your Board formulated a policy on executive remuneration? | | | |
| B14. In the light of the recent global financial crisis, have the performance-related elements of executive remuneration (including that of executive directors) been reconsidered with the intention of avoiding perverse incentives to take excessive risks? | | | |
| B15. Are the roles of the Chairman and the CEO separated? | | | |
| B16. Does the majority of the members of the Board Risk Committee consist of non-executive directors? | | | |
| B17. Is the Board Risk Committee empowered to seek external input to its work as a means of taking full account of relevant experience elsewhere and in challenging its own analysis and assessment of risk? | | | |
| B18. In respect of strategic acquisitions or disposals, is the Board Risk Committee required to advise the Board that the due diligence appraisal of the proposition is undertaken? | | | |
| B19. Does your Bank have a Chief Risk Officer (CRO) with a reporting relationship to the Board or the Board Risk Committee, with direct access to the Chairman of that Committee in the event of need? | | | |
| B20. Is the tenure and independence of the CRO underpinned by a provision that removal from office would require the prior agreement of the Board? | | | |

| Questions (Cnt'd) | Y | N | Response/Comments |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| B21. Is the remuneration of the CRO subject to approval by the Chairman or Chairman of the Board Remuneration Committee? | | | |
| B22. Does your CRO participate in the risk management and oversight process at the highest level on an enterprise-wide basis and have a status of total independence from individual business units? | | | |
| B23. Does your Board have a Company/Board Secretary? | | | |
| B24. Has the Company Secretary taken specific Company Secretary training/ qualifications? | | | |
| B25. Does the Board have access to or receive reports about communications between the Bank and the regulators, including periodic reporting, requests for information, investigations and enforcement actions? | | | |
| B26. Has your Board applied the Basel II pillars? | | | |
| B27. Does your Bank oversee regular stress testing of systems? | | | |

C. Control Environment and Processes: Risk Management, Internal Controls (IC), Internal Audit (IA) and External Audit (EA)

| Questions | Y | N | Response/Comments |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| Internal Controls | | | |
| C1. Does your Bank have an Internal Control function that monitors compliance with corporate governance rules, legislation, regulations, codes and policies that the Bank is subject to? | | | |
| C2. Does your Board exercise oversight over Internal Controls, risk management and compliance functions? | | | |
| C3. Are your Bank's Internal Controls (operational, financial) documented and the documentation reviewed periodically? | | | |
| C4. Does the External Auditor report on the adequacy of the Bank's system of Internal Controls? | | | |
| C5. Does your Bank have a programme of control self assessments by management and staff? | | | |

| Questions (Cnt'd) | Y | N | Response/Comments |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| C6. Does your Board review the procedures for communicating the importance of Internal Controls and appropriate conduct to the entire staff? | | | |
| C7. Do the officers signing the annual financial statements (usually the CFO and CEO) accept in writing their corporate responsibility for establishing and maintaining the Internal Controls over financial reporting? | | | |
| C8. Have systems been put in place for the signing officers to evaluate the IC systems? | | | |
| C9. Is there a control/monitoring system of the own account trading of Bank employees? | | | |
| C10. Are your Bank employees permitted to accept commissions or gifts from customers or counterparties? | | | |
| Internal Audit | | | |
| C11. Does your Bank have a permanent Internal Audit function? | | | |
| C12. If the Internal Audit function is outsourced, then does the Bank have a policy with respect to the selection of Internal Audit service providers? | | | |
| C13. Are the outside Internal Audit service provider and its staff appropriately licensed? | | | |
| C14. Does the Internal Audit provider have any linkages with the current External Auditor? | | | |
| C15. Is the Internal Audit provider independent of organizational officers, Board members and their families? | | | |
| C16. Does the Internal Audit provider have other substantive contracts with the Bank? | | | |
| C17. Does the Internal Audit function report directly to the Audit Committee or Board? | | | |
| C18. Does the Internal Audit function conduct independent reviews of the Bank's risk management system and its Internal Controls? | | | |
| C19. Does your Bank have an Internal Audit charter outlining the objectives and scope of the Internal Audit function, its activities, as well as its responsibilities and relations with other control functions? | | | |
| C20. Do Internal Audit staff possess strong professional competencies in the financial industry's products, operations and processes? | | | |

| Questions (Cnt'd) | Y | N | Response/Comments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| C21. Are the staff assignments within the Internal Audit department rotated periodically, at least every twelve months? | | | |
| C22. Are any aspects of the Bank's activities or entities (including the activities of branches and subsidiaries as well as outsourced activities) outside the scope of Internal Audit review? | | | |
| C23. Has the Internal Audit unit undergone a Quality Assurance Review exercise within the last five years, undertaken by an independent, competent party? | | | |
| C24. Does the head of Internal Audit meet privately with the Board/Audit Committee without the presence of management? | | | |
| C25. Who is responsible for reviewing and approving the annual audit plan? | | | |
| C26. Do Internal Auditors have periodic consultations with the supervisory authority to evaluate the Internal Audit work, discuss any risk areas identified and measures taken to mitigate them? | | | |
| C27. Is there a procedure and calendar over the course of the fiscal year for interaction between the Internal and External Auditors? | | | |
| C28. Does the Audit Committee review the adequacy of training and expertise provided for the Internal Audit unit? | | | |
| C29. Does the Audit Committee review the resources available to the Internal Audit unit? | | | |
| External Audit | | | |
| C30. Does your Bank have independent External Auditor (s)? | | | |
| C31. Does your Bank have a policy with respect to the selection of External Auditors? | | | |
| C32. Does your Bank ensure that External Auditors are in compliance with applicable codes and standards of professional practice? | | | |
| C33. Does your Bank have a policy on External Audit firm/partner rotation? | | | |
| C34. Are the audits conducted in accordance with International Auditing Standards? | | | |
| C35. Does your Bank engage External Auditors in reviewing Internal Controls processes relating to disclosure of financial statements? | | | |
| C36. Who in the Bank is responsible for overseeing the work of the External Auditor? | | | |

D. Disclosure & Transparency

| Questions | Y | N | Response/Comments |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| D1. Does your Bank's website contain the 2009 Annual Report? | | | |
| D2. Does your Bank's 2009 Annual Report include material information on the following: | | | |
| • Bank's ownership structure and organizational structure | | | |
| • Bank's Board and Management Structure | | | |
| • Information about Board members with summary CVs indicating, at a minimum, their affiliations with the Bank, management and controlling shareholders, and other companies on which such persons sit as Board members? | | | |
| • Individual Board member attendance records | | | |
| • The number of Board and Committee meetings held during the past year | | | |
| • Bank's Board Remuneration Policy | | | |
| • Information on the Bank's various Committees | | | |
| • Information about Audit Committee members including relevant financial experience, if any. | | | |
| • A report of the Board Risk Committee (or of the Board on risk) | | | |
| • Bank's Risk Management Policy | | | |
| • Related Party Transactions | | | |
| • Bank's Corporate Governance Policy | | | |
| • Bank's Dividend Policy | | | |
| D3. Does your Bank provide material disclosure on policies related to conflicts of interest? | | | |
| D4. Does your Bank publish quarterly reports? | | | |
| D5. Does your Bank produce financial statements in accordance with International Financial Reporting Standards (IFRS) or US Generally Accepted Accounting Principles (GAAP)? | | | |
| D6. Does your Bank have policies with respect to preparation and dissemination of financial and non-financial information about the Bank, including a calendar of information disclosed on a regular basis to the public, financial sector regulators, the securities regulator and the exchanges on which the Bank's securities are traded? | | | |

| Questions (Cnt'd) | Y | N | Response/Comments |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| D7. Is the Audit Committee briefed on the major off-balance sheet items and their potential impact on the financial statements? | | | |
| D8. Does the Audit Committee review the major accounting adjustments made by the External Auditors? | | | |
| D9. Does the Audit Committee review the accounting adjustments requested by the External Auditors but rejected by the management? | | | |
| D10. Is the Audit Committee made aware of any changes made to accounting policies and their impact on the current financial statements? | | | |
| D11. Does the Audit Committee review major accounting estimates and major assumptions made in the financial statements with the External Auditors? | | | |
| D12. Is the Audit Committee briefed on planned changes to accounting and regulatory rules that may impact the financial statements in the next two years? | | | |
| D13. Where there are controlling shareholders, is there a shareholders' agreement in place? | | | |
| D14. If your answer to D13 is "yes", are shareholders agreements with or among the controlling shareholders disclosed to all shareholders? | | | |
| D15. Are shareholders agreements registered with the securities regulator? | | | |
| D16. Is there a procedure for drafting, reviewing and approving disclosure of major transactions and other material events? | | | |
| D17. Are there Bank's policies with respect to responding to individual requests for information from investors, market participants and journalists? | | | |
| D18. Who is responsible for carrying out the policy? | | | |
| D19. If your Bank is listed, are periodic meetings with securities analysts held? | | | |
| D20. Is there a documented complaints process whereby any staff member can alert a senior independent executive, in confidence and without fear of reprisal, of any concerns about the ethics, lack of controls or abuses by any other staff members? | | | |
| D21. In case of conflicts of interest between the management and the Board, is there a requirement or policy for these to be publicly disclosed? | | | |

E. Shareholders Rights

| Questions | Y | N | Response/Comments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|-------------------|
| E1. Can your Bank outline the principal terms of, and differences in voting rights and cash flow rights between the Bank's various classes of equity and quasi-equity securities? | | | |
| E2. Are disclosures made to the public on a periodic and exceptional basis regarding ultimate beneficial ownership of shares in the Bank by shareholders with holdings in excess of 5%? | | | |
| E3. Are shareholders furnished with sufficient and timely information concerning the date, location, and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting? | | | |
| E4. Is your Bank able to provide to the Jury Panel a summary of the attendance and results of all shareholders meetings (annual and extraordinary) for the past three years, including number of shares represented, number of shareholders represented, agenda items and record of votes? | | | |
| E5. Are shareholders permitted to place items on the agenda of general meetings? | | | |
| E6. Is your Bank able to provide to the Jury Panel a table of related party transactions and other operations of the Bank that required shareholder approval over the past three years? | | | |
| E7. In the event of a change of control of the Bank, are there tag-along rights for minority shareholders that require the new controlling shareholders to make an offer to purchase their shares at the same price and conditions? | | | |
| E8. Is there any other requirement that the new controller make a tender offer concurrent with or following the change of control of the institution? | | | |
| E9. Are there any mechanisms that allow shareholders to vote their shares by proxy (in absentia) regardless of whether they are able to attend meetings in person? | | | |
| E10. Are there any mechanisms that allow shareholders to cast confidential votes? | | | |
| E11. Are there any mechanisms that permit shareholders to participate in key corporate governance decisions (such as nomination and election of Board members)? | | | |
| E12. Are there any mechanisms that permit minority shareholders to nominate members of the Board (cumulative voting, block voting, etc.)? | | | |
| E13. Are there transactions or other events that require special voting procedures (such as super majority approval by the shareholders)? | | | |

| | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| E14. Does your Bank have a procedure of disallowing the votes of officers or Board members if a conflict of interest has been identified? | | | |
| E15. Are there mechanisms in the Bank's charter or policies that permit minority shareholders to take action against the Bank, its management or controllers to prevent actions that might be unfairly prejudicial to the minority? | | | |
| E16. Who is the largest shareholder and what proportion of the total shares does it hold? | | | |
| E17. What proportion of the totals shares does the state hold? | | | |

F. Why Do You Think Your Bank Should Win this Award?

Celebrating Excellence In Corporate Governance

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