



CENTRAL BANK OF EGYPT
EGYPTIAN BANKING INSTITUTE

Survey Results: Corporate Governance Survey of the Egyptian Banking

Sector

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Summary:

This report provides an overview of the results pertinent to the Corporate Governance Survey of the Egyptian Banking Sector conducted during April through May 2006.

A total of 25 banks participated in the survey. Among the majority of responding banks, the questionnaires were completed by representatives of the banks' top management, (e.g. Assistant General Managers) as well as heads of business divisions (e.g. Head of Compliance, Chief of Internal Audit).

The conclusions drawn from the survey results were grouped into the following areas:

- General framework for Good Corporate Governance
- Rights of Shareholders
- Equitable Treatment of all Shareholders
- The Role of Stakeholders in Corporate Governance
- Transparency
- Structure, Functioning and Responsibility of the Board of Directors
- External Monitoring Role

The survey revealed the following key findings:

- Respondent have in place a good general framework for corporate governance more emphasis is needed in the area of conducting structured reporting on compliance with good governance practices.
- Respondent banks ensure to a large extent equitable treatment of shareholders, and they protect to a considerable extent the rights of their stakeholders. More policies are needed to address minority rights
- More efforts need to be geared toward designing and implementing special training programs on corporate governance and internal control practices for employees
- Independent directors do not have a majority presence in the board room
- Banks, in general, do not take into consideration the evaluation of client's corporate governance practices in their credit risk assessment.
- Banks have special committees for supervising and monitoring major business functions.

Corporate Governance as perceived by the Egyptian Banking Law No. 88 of 2003:

The Egyptian Banking law No 88 of 2003 has indicated some elements to address governance issues in banks as follows:

Rules of Owning Shares in Banks' Capital

- Egyptians and others may own the capital of banks, without being restricted by a maximum limit prescribed in any other law, and without prejudice to the provisions of the following Articles.
- Every natural or legal person who owns more than (5%) of the issued capital of any bank, and not exceeding (10%) of it, shall notify the Central Bank thereof, within fifteen days at most from the date of finalizing this ownership, according to the form prepared by the Central Bank for that purpose. If this ownership has taken place before enforcing this Law, the period shall be calculated as of the date of its enforcement.



- No natural or legal person is allowed to own more than (10%) of the issued capital of any bank, or any percentage leading to actual control over the bank, except after the approval of the Board of Directors of the Central Bank, according to the regulations prescribed in the Executive Regulations of this Law. Any act contrary to the foregoing shall be null and void.
- In applying the provisions of this Article, the term ‘actual control by the natural or legal person’ shall mean: the ownership of any percentage that would enable him to appoint the majority of the members of the bank’s board of directors or influence, in any manner, the decisions to be issued by it, or the resolutions to be issued by the bank’s general assembly.
- The ownership of the natural person shall comprise the percentage (s)he possesses, in addition to the percentage owned by any of his/her relatives up to the fourth degree; that of the legal person shall comprise the percentage it owns, in addition to the percentage owned by any members of its board of directors, or by any of its shareholders, whether they are natural or legal persons, or by any other legal person if it is under actual control by the same natural or legal persons. The ownership shall also include the total ownership by more than one natural or legal person, having among them an agreement on exercising their rights in the general assembly or the board of directors of the bank, in a manner leading to actual control over any of them.
- If a person owns, by inheritance or a legacy, more than (10%) of the issued capital of any bank, or a percentage leading to actual control by him/her over the bank, and (s)he does not ask for continuing this ownership, according to the provision of Article (53) of this Law, (s)he is to adjust his/her status according to the rules to be determined by the Board of Directors of the Central Bank, within a period not exceeding two years from the date this increase has been transferred to him/her. Should this person fail to adjust his/her status during that period, (s)he shall have no voting rights in the general assembly or the Board of Directors, relevant to the percentage exceeding the said limit.
- The party concerned shall be notified of the decision, approving or rejecting the application referred to in Article (53) of this Law by a registered letter with acknowledgement of receipt, within sixty days from the date of its submission. The rejection decision shall be substantiated. In case a decision is issued rejecting the applicant’s continued ownership of the percentage transferred to him/her through inheritance, or a legacy, or as a result of allocating shares offered for public subscription, the Central Bank shall issue a decision demanding him/her to dispose of that percentage within one year from the date (s)he is notified of the rejection decision if the ownership was obtained through inheritance or a legacy; and within three months if the ownership was obtained through public subscription. The Central Bank may extend that period for no more than the same period. Upon failure to dispose of that percentage within that period, the owner shall have no voting rights in the general assembly, or the board of directors, relative to the percentage exceeding the limits prescribed in Article (52) of this Law.

Supervision over Banks and Guaranteeing Deposits

- Each bank shall maintain a register of the in-kind collateral submitted by customers for the finance and credit facilities offered to them, and shall ascertain the validity of this collateral, its title deeds, and its value upon providing the credit. The audit committee prescribed in Article (82) of this Law shall ensure that the executive management at the bank verifies the values of this collateral periodically, and shall determine the measures to be taken for facing any drop in these values. These registers shall be subject to inspection by the Central Bank that may ask for a confirmation of this collateral whenever necessary.
- Whenever one of the banks is exposed to financial problems affecting its financial position, the Board of Directors of the Central Bank may ask the management of the problem bank to provide the necessary additional financial resources in the form of paid-up capital increase or support funds to be placed with the bank according to the conditions and rules set by the Board of Directors of the Central Bank and within the period to be determined thereby. Otherwise, the Board of Directors of the Central Bank may either specify the increase it considers necessary in the capital and offer it for subscription, with the procedures and conditions to be determined thereby, or issue a decision for merging the bank with another, conditional upon the approval of the bank with which it is merging,



or delist the registration of the problem bank, according to the rules prescribed in this respect. The bank shall be considered exposed to financial problems upon occurrence of any of the following cases:

- The inadequacy of the bank's assets to cover its liabilities in a way prejudicing the funds of depositors
- A tangible drop in the bank's assets or revenues, due to a violation of the laws or the rules enforcing them, or as a result of engaging in any risky practices not in accordance with the bases of banking business
- The pursuance of improper methods in managing the banks' activity, which result in a tangible reduction of the shareholders' equities, or affect the rights of depositors and other creditors
- The existence of strong evidences establishing that the bank will not be able to meet the depositors' demands or fulfil its obligation in normal conditions
- (E) A decline in the value of the equities of the shareholders at the bank below the provisions required to be formed
- In each bank, an internal committee for auditing shall be formed of three non-executive members of the board of directors. This committee is to be selected by the board. An executive committee shall be established, formed by the bank's board of directors from among its executive members and the bank's staff. The Executive Regulations of this Law shall specify the powers and the system of work in the said two committees. The audit committee shall hold a meeting every three months at most, to be attended by the two auditors of the bank. The committee, in performing its activity, may seek the assistance of whomever it chooses, and shall submit its recommendations to the bank's board of directors. Each one of the two auditors may ask for a meeting of the committee if necessary.
- Without prejudice to the provisions of the Central Audit Agency Law, the bank's accounts shall be audited by two auditors to be chosen by the bank from among those recorded in a register provided for that purpose, and upon consultation between the Central Bank and the Central Audit Agency. Each auditor shall not have the right to audit the accounts of more than two banks at the same time. The Central bank, following consultation with the Central Audit Agency, may delist the name of the auditor from the register. The bank shall notify the Central Bank of the appointment of its two auditors, within thirty days from the date of their appointment. The Governor of the Central Bank may, for reasons (s)he considers appropriate, assign to a third auditor the performance of a defined task, in return for remuneration payable by the Central Bank.
- The two auditors shall prepare their report on auditing the bank's financial statements, according to the Law and the Egyptian Auditing Standards, provided that their report shall elucidate whether the transactions audited thereby violate any of the provisions of this Law, its Executive Regulations, or the decrees issued for its enforcement. At least twenty one days before the convening of the general assembly, they shall send to the Central Bank a copy of their report, coupled with a copy of the financial statements, and a detailed report comprising the following:

(A) The method of evaluating the bank's assets and estimating its commitments and obligations

(B) The extent of adequacy of the internal control system in the bank

(C) The extent of adequacy of the provisions formed against any decrease in the value of assets, and also any obligations incurred by the bank, along with determining the amount of shortfall in the provisions, if any.

(D) Any regulatory or supervisory standards that the Board of Directors of the Central Bank requires the auditors to verify bank's compliance with the general assembly of the bank shall not be called to convene before receiving the Central Bank's comments on the financial statements report submitted thereto. The Governor of the Central Bank may issue a decision disapproving the distribution of profits to the shareholders



Survey Results: Corporate Governance Survey of the Egyptian Banking Sector

and to those entitled to a share in the profits, within fifteen days from the date of receiving the report and the said attachments. This decision is issued if it is found that there is a decrease in the provisions, or a reduction in the ratio of capital adequacy below the established minimum requirement, or any reservation mentioned in the auditor's report, that has a significant effect on the distributable profits.



Table of Contents

1. Introduction.....	1
Survey Objectives	1
2. Survey Scope and Methodology	3
I. Scope & Sample Profile.....	3
II. Methodology	3
3. Survey Findings and Analysis.....	4
? It is important to note that percentages for yes/no answer where calculated from the total number who answered the questions as opposed to the total number of surveys distributed, this was done to prevent any distortion in the survey findings.	5
? Percentage of N/A answer was calculated from the total number of surveys distributed	5
I. General Framework for Good Corporate Governance	5
a- Shareholders Structure Chart and Shares Listing.....	5
b- Governance Structure, Policies and Compliance.....	6
c- Corporate Events.....	6
II Rights of Shareholders	6
a- Elements of Shareholders' Rights	7
b- Participation in Corporate Decisions	7
c- Publication of Voting Procedures	7
d- Controlling Rights and Disclosure of Changes of Controlling Structures.....	8
e- Additional Shareholders Rights	8
f- Shareholders Meetings	9
III Equitable Treatment of All Shareholders.....	9
a- Rights and Violation	10
b- Shareholders General Meetings, Attendance and Related Party Transactions Records	10
c- Insider Trading.....	11
d- Material Interests in Transactions.....	11
e- Minority & Controlling Shareholders	11
f- Voting Rights	12
IV The Role of Stakeholders in Corporate Governance	12
a- Protection of Stakeholders Rights.....	12
b- Violations of Rights and Remedy	13
c- Profit Sharing.....	13
d- Publishing Regular Reports	13
V Transparency	13
a- Disclosure of Information and Compliance with International Standards.....	14
b- External Audit.....	14
c- Preparation and Dissemination of Information	15



Survey Results: Corporate Governance Survey of the Egyptian Banking Sector

d- Internal Audit Functions	15
e- Regulation and Rotation of Auditors	15
f- Board's Accessibility to External Auditors' Reports	15
g- Training Programs	16
h- Shareholders Agreements Concerning Their Rights.....	16
I-Transactions Disclosure.....	16
j- Meetings with Analysts	17
k- Employees' Remuneration Schemes	17
l- Credit Risk Assessment System and Implications of Corporate Governance Practices	17
VI Structure, Functioning and Responsibilities of the Board of Directors	17
a- Board Meetings	18
b- Board Members Conduct	18
c- Board Structure, Appointment, Committees and Membership	19
d- Board Functions and Responsibilities.....	20
e- Board's Approval on Financial Functions	21
f- Conflict of Interest.....	21
g- Board Self Evaluation.....	21
h- External Assistance.....	22
I- Board Accessibility to Information and Knowledge about Communication between Banks and Regulators.....	22
j- Board Independence and Separation between Executive Management and Board	22
VI External Monitoring Role	23
a- Banks Access to Clients Corporate Governance Information.....	23
b- Channels of Monitoring Borrowers	23
The minority of the responding banks (43%) indicated that the main channels they use to monitor borrowers is through acting as a director in the Board or by giving advice on Board's independent Directors (23%).	23
Further, (75%) of the responding banks indicated that they use loan loss provision as a channel for monitoring borrowers, while (91%) use other covenants (legal agreements)	24
c- Financial Transparency by Corporate Clients.....	24
d- Clients External Auditors.....	24
4. Conclusion	24
Appendices.....	27
Appendix A: Glossary.....	27
Appendix B	38



List of Tables

Table 1 – Shareholders Structure and Shares Listing	5
Table 2 – Governance Structure, Policies and Compliance	6
Table 3 – Annual Corporate Calendar	6
Table 4 – Elements of Shareholders' Rights	7
Table 5 – Participation in Corporate Decisions	7
Table 6 – Publication of Voting Procedures	7
Table 7 – Controlling Rights & Disclosure of Controlling rights changes	8
Table 8 – Additional Shareholders Rights	8
Table 9 – Shareholders Meetings	9
Table 10 – Shareholders Rights and Rights Violations	10
Table 11 – General Meetings, Attendance & Related Party Transaction	10
Table 12 – Insider Trading	11
Table 13 – Material Interests in Transactions	11
Table 14 – Minority and Controlling Shareholders	11
Table 15 – Voting Rights	12
Table 16 – Protection of Stakeholders Rights	12
Table 17 – Violations of Rights and Remedy	13
Table 18 – Profit Sharing	13
Table 19 – Publishing Regular Reports	13
Table 20 – Disclosure of Information & Compliance with International Standards	14
Table 21 – External Audit	14
Table 22 – Preparation and Dissemination of Information	15
Table 23 – Internal Audit Functions	15
Table 24 – Regulation and Rotation of Auditors	15
Table 25 – Regulation and Rotation of Auditors	15
Table 26 – Training Programs	16
Table 27 – Shareholders Agreements Concerning their Rights	16
Table 28 – Transactions Disclosure	16
Table 29 – Meetings with Analysts	17
Table 30 – Employees Remuneration	17
Table 31 – Credit Risk Assessment System and Implications of Clients Corporate Governance Practices	17
Table 32 – Board of Directors Meetings	18
Table 33 – Board Members Conduct	18
Table 34 – Board Structure, Appointment, Committees and Membership	19
Table 35 – Board Functions and Responsibilities	20
Table 36 – Board's Approval on Financial Functions	21
Table 37 – Conflict of Interest	21
Table 38 – Board Self Evaluation	21
Table 39 – External Assistance	22
Table 40 – Board Accessibility to Information and Communications between Banks and Regulators	22
Table 41 – Board Independence and Separation between Executive Management and the Board ...	22
Table 42 – Banks Access to Clients Corporate Governance Information	23
Table 43 – Channels of Monitoring Borrowers	23
Table 44 – Financial Transparency by Corporate Clients	24
Table 45 – Clients External Auditors	24



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Survey Results: Corporate Governance Survey of the Egyptian Banking Sector



1. INTRODUCTION

"Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance",

There is no single model of good corporate governance. However, work carried out in both OECD and non-OECD countries and within the Organisation has identified some common elements that underlie good corporate governance. The Principles build on these common elements and are formulated to embrace the different models that exist.

From a banking industry perspective, corporate governance involves the manner in which the business and affairs of individual institutions are governed by the supervisory boards and senior managements, affecting how banks¹:

- i) Set corporate objectives to generate sustainable banking returns to owners;
- ii) Run the day-to-day operations of the business;
- iii) Consider the interests of recognized stakeholders;
- iv) Align corporate activities and behaviours with the expectation that banks will operate in a sound manner and in compliance with applicable laws and regulations; and
- v) Protect the interests of depositors and other stakeholders.

We should have higher expectations for the governance of banks than we have for other firms, because fundamentally, banks must act in a way that promotes "confidence" to the public and the markets in general and, more specifically, to their primary stakeholders. Banks play a crucial role in the flow of capital within an economy and are charged with a special public trust to safeguard customers' wealth. A stable and healthy banking system is critical to the long-term growth of an economy.

This report provides an overview of the perception of key senior bank personnel in a number of Banks in Egypt pertaining to the banks' level of compliance with international best practice in corporate governance. Report findings serve as an indication of the status of good corporate governance practices among the banking sector in Egypt from which general conclusions can be drawn.

Survey Objectives

The main objectives of this survey were to determine and understand:

- i) The extent to which internationally recognized and applicable corporate governance best practices are implemented in the day-to-day activities of banks in Egypt; and

¹ Basel Committee on Banking Supervision, enhancing Corporate Governance in banking Organizations – February 2006



Survey Results: Corporate Governance Survey of the Egyptian Banking Sector

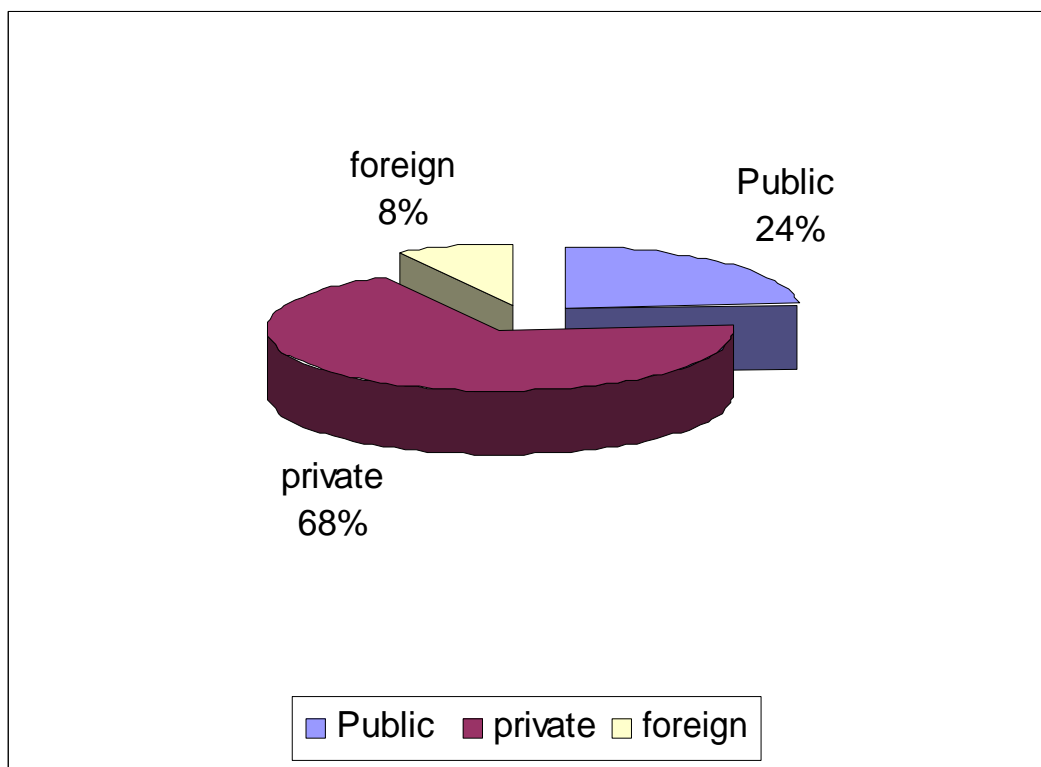
- ii) Whether banks have and use evaluation methods for clients' corporate governance practices while providing financial services;
- iii) Identify the major areas requiring further enhancement in the banking sector operating in key Arab countries.

2. SURVEY SCOPE AND METHODOLOGY

I. Scope & Sample Profile

A total of 25 banks responded to the survey. The following chart shows the sample distribution according to number of responses received.

Sample Distribution of surveyed Bank



The sample distribution of respondent banks, are as follows: the survey covered the following categories: Private Banks (68%), Public (24%) and foreign branches (8%) as indicated in the chart above.

II. Methodology

1- A questionnaire was developed by Union of Arab banks with the assistance of the Financial Services Volunteer Corps (FSVC) and the input of the Egyptian Banking institute, and was based on the key principals proclaimed by institution active in the field of banks supervision and corporate governance (specifically as related to the banking sector) mainly Basel Committee on Banking Supervision, Organization for Economic Cooperation and Development (OECD), the International Finance Corporation (IFC) and World Banks' ROSC assessment template.



The questionnaire was sent to the central bank for testing and feedback, after which the final draft was developed incorporating the comments received.

2- An awareness workshop on Corporate Governance was held on March 7, 2006 in conjunction with the Union of Arab Banks, the FSVIC and the IFC to enhance banker's knowledge on Corporate Governance and orient them on how to fill the questionnaire and respond promptly to the survey.

3- A glossary of terms for the questionnaire was developed and distributed during the workshop.

4- Some questionnaires were disseminated during the workshop among specific banking professionals, the rest were sent to banks' compliance officers and deputy chairmen and chairmen attached with the glossary and all presentations and documents that were presented during the workshop.

5- All questionnaires information were mandated and verified by Banks Chairmen.

3. SURVEY FINDINGS AND ANALYSIS

The following section provides a summary of the key findings across the seven key categories covered by the survey. The results give an indication that:

The survey revealed the following key findings:

- Banks have in place a good general framework for good corporate governance. More emphasis is needed in communicating the shareholders structure, and conducting structured reporting on compliance with good governance practices.
- Banks have in place written policies regarding corporate governance and codes of ethics.
- Banks ensure to a large extent equitable treatment of shareholders, and they protect to a considerable extent the rights of their stakeholders. More policies need to be in place in terms of protecting minority rights.
- Banks enjoy a high level of disclosure of material information and financial transparency in line with international standards.
- More effort needs to be geared towards designing and implementing special training programs on corporate governance and internal control practise for employees.
- Banks have specialized committees for supervising and monitoring major business functions. Limited responses indicated the presence of specialized committees concerned with good governance and risk management.
- Banks have internal and independent persons in their Board; however independent directors do not have a majority presence in these Boards.

Banks, in general, do not take into consideration the evaluation of clients' corporate governance practices in their credit risk assessment systems.



- It is important to note that percentages for yes/no answer were calculated from the total number who answered the questions as opposed to the total number of surveys distributed, this was done to prevent any distortion in the survey findings.
- Percentage of N/A answer was calculated from the total number of surveys distributed

I. General Framework for Good Corporate Governance

Under the general framework for good governance section, banks were asked to give information on the existence of an internal corporate governance framework and internal code of ethics as well as corporate governance policies. Following are the major findings in this regard.

a- Shareholders Structure Chart and Shares Listing

Table 1 – Shareholders Structure and Shares Listing

In terms of publishing detailed charts that illustrate the banks' shareholders structure (including beneficial ownership, relevant holding companies, subsidiaries and affiliates),

Question	Yes	No	NA
Does the bank publish a shareholders structure chart(s)	68	32	0
Is there an English version of the bank's charter and other legal documents?	78	22	8
Are the bank's shares listed on any stock market other than that of its home country?	13	88	4

a majority of (68%) indicated that such charts are published and disseminated to shareholders, board of directors board committees, senior management, credit committees, internal and external auditors and management units.

(78%) of the responding Banks indicated that the banks charter and other legal documents are prepared in both English and Arabic.

The highest majority of banks seem to either focus on attracting domestic investors, indicated by the low percent of banks (13%) that list their shares on international stock markets.



b- Governance Structure, Policies and Compliance

Table 2 – Governance Structure, Policies and Compliance

A little less than half of the responding banks (32%) publish a chart outlining the bank's governance structure, principal organs and relevant reporting relationships. A higher percent (72%) indicated that written policies, codes or manuals are issued by the bank which

<i>Question</i>	<i>Yes</i>	<i>No</i>	<i>NA</i>
Does the bank publish a current chart which describes the governance structure	32	68	0
Does the bank have written policies, codes or manuals, approved by BOD setting out bank's approach to governance	72	28	0
Does the bank have a "Code of Ethics," approved by BOD	78	22	8
Does the bank disclose to shareholders extent to which it complies with its Corporate Governance policies	58	42	4

set out the bank's approach to governance. However, when it relates to reporting on bank's compliance with its established corporate governance policies, only 58% reported that such reports are prepared and shared with the shareholders.

c- Corporate Events

Table 3 – Annual Corporate Calendar

The executive management of (96%) of the responding banks approve an annual calendar of corporate events including both shareholders and boards meetings.

<i>Question</i>	<i>Yes</i>	<i>No</i>	<i>NA</i>
Does Executive Management approve an annual calendar of corporate events, including shareholders' and BOD meetings	96	4	0

II Rights of Shareholders

Surveyed banks were asked to express their attitude towards the rights of shareholders across all levels and especially as regards to share ownership, voting in general meetings, access to relevant information on a timely basis, access to corporate decisions, obtain information about new shareholders and others. Following are the major findings in this regard.



a- Elements of Shareholders' Rights

Generally speaking, and across all surveyed banks, shareholders enjoy considerable rights in terms of access to secure methods of ownership registration (100%), ability to transfer shares (95%), obtain relevant information on timely basis (100%), participate and vote in general shareholders meetings (95%), sole authority to elect/dismiss BOD members (95%), and profit sharing (100%).

Table 4 – Elements of Shareholders' Rights

Question	Yes	No	NA
Do shareholders at your bank have the following rights			
Access to secure methods of ownership registration	100	0	16
Ability to convey or transfer shares	95	5	16
Ability to obtain relevant information on a timely basis	100	0	12
Right to participate and vote in general shareholder meetings	95	5	12
Sole authority to elect/dismiss members of the board	95	5	12
Right to share in profits of the bank	100	0	16

b- Participation in Corporate Decisions

The majority of responding banks (around 100%) responses revealed that shareholders possess high level of authority to participate and be sufficiently informed of decisions concerning fundamental changes to the bank pertinent to amendments in articles of incorporation, authorization of additional shares and extraordinary transactions that effectively result in sale of the bank.

Table 5 – Participation in Corporate Decisions

Question	Yes	No	NA
Do shareholders have the right to participate and be informed of decisions and changes such as:			
Amendments to the statutes, articles of incorporation or similar governing documents	100	0	12
Authorization of additional shares	100	0	12
Extraordinary transactions that effectively result in sale of the bank	100	0	12

c- Publication of Voting Procedures

(95%) of responding banks indicated that the procedures by which shareholders may vote at general shareholder meetings are published?

Table 6 – Publication of Voting Procedures

Question	Yes	No	NA
Are the procedures by which shareholders may vote at general shareholder meetings published	95	5	16



d- Controlling Rights and Disclosure of Changes of Controlling Structures

Table 7 – Controlling Rights & Disclosure of Controlling rights changes

The capital structures of the responding banks (67%) do not grant differential rights to certain shareholders. However, a minority of banks (33%) do have capital structures that allow differing controlling rights. (77%) of those who answered yes publicly disclose such capital structures.²

Question	Yes	No	NA
Are there capital structures which give different controlling rights to certain shareholders	33	67	16
If "yes" are such capital structures publicly disclosed?	71	29	72
If the controlling shareholders of a bank change, is the bank required to disclose who the new shareholders are	95	5	12

Furthermore, should the controlling shareholders of a bank change, the majority (95%) indicate that they are required to disclose the new shareholder structure?

e- Additional Shareholders Rights

Table 8 – Additional Shareholders Rights

Shareholders enjoy considerably high level of authority to participate in appointing auditors (95%), approve dividends (100%), wind-up/liquidate the bank (100%). shareholders flexibility was apparent in terms of approving charter amendments (100%) and adding to

Question	Yes	No	NA
Do shareholders have the right to:			
Force the board to take binding action, including revocation of previous board decisions	86	14	12
Appoint auditors	95	5	12
Approve dividends	100	0	8
Approve charter amendments without restrictions	100	0	12
Wind-up/liquidate the bank	100	0	8
Add to general meeting agendas, submit advance questions	87	13	8

general meeting agendas (87%) (Submitting advance questions). But generally speaking, shareholders have high leverage in participating in decision related to the aforementioned items.

However, shareholders seem to have a slightly lower leeway in forcing the BOD to take binding actions (including the revocation of pervious BOD decisions)³ indicated by the (86%) response rate.

² The term capital structure was vague for respondents, needed more details

³ Respondents wondered “what kind of decisions”?



f- Shareholders Meetings

Table 9 – Shareholders Meetings

The previous section revealed that 87% of responding banks allow shareholders to add to general meeting agendas and submit advance questions. To elaborate more on the legal provisions that guide the shareholders meetings, responding banks were asked about the shareholders rights in terms of both decision making and procedures.

Question	Yes	No	NA
Does the law applicable to the bank deal with/allow:			
Pre-emptive rights/restrictions on pre-emptive rights	77	23	12
Calling extra-ordinary meetings	96	4	8
Allow super majority and simple majority voting on specific issues	100	0	8
Participation in shareholder meetings by writing or other means	96	4	8
Required quorum rules and procedures	100	0	8
Communications about shareholders' meetings, agendas for meetings; penalties for failure to communicate	91	9	8
Restrictions on cross-shareholding	76	24	16
Conflict of interest, related transactions	81	19	16

In terms of procedures, most of the banks laws allow for participation in shareholders meetings by writing or other means (96%) require quorum (100%) and communicating to shareholders information about shareholders meetings agenda (91%).

Furthermore, shareholders have fairly high level of authority in terms of calling for extra-ordinary meetings (96%) and allowing super and simple majority voting⁴ on specific issues (100%).

However, there seemed to be lower level of legal requirements pertaining to shareholders pre-emptive rights/restrictions on pre-emptive rights (77%), restrictions on cross shareholding (76%) and conflict of interest (81%).

III Equitable Treatment of All Shareholders

The surveyed banks were asked several questions regarding the policies and procedures of treating various shareholders, especially their rights, general meetings, insider trading, voting rights and others. Following are the major findings in this regard:

⁴ Refer to attached glossary for more clarification



a- Rights and Violation

Table 10 – Shareholders Rights and Rights Violations

The majority of responding banks (86%) have documents and necessary mechanisms by which shareholders can find out their rights vis-à-vis the bank. Also, (65%) of responding banks allow shareholders to have the opportunity to obtain redress for violation of their rights. In addition, shareholders in all (100%) of responding banks have the same voting rights within each class.

Question	Yes	No	NA
Does the bank have public documents or any other mechanism by which shareholders can find out the rights they have vis-à-vis the bank	86	14	12
Do all shareholders have the opportunity to obtain redress for violations of their rights	65	35	20
Do all shareholders			
Have the same voting rights within each class	100	0	16
Have access to information about all voting rights arrangements prior to purchasing shares	90	10	16

Moreover, the majority of responding banks (90%) allow shareholders to have access to information about all voting rights arrangements prior to purchasing shares.

b- Shareholders General Meetings, Attendance and Related Party Transactions Records

Table 11 – General Meetings, Attendance & Related Party Transaction

(95%) of responding banks follow processes and practices that treat all shareholders fairly as far as general shareholders' meetings are concerned.

Question	Yes	No	NA
Do general shareholder meetings follow processes and practices that treat all shareholders fairly	95	5	16
Does the bank keep a record of attendance at Shareholder Meetings (annual and extraordinary) including the number of shares represented and a record of the votes	100	0	16
Does the bank keep a record of related party transactions which require shareholder approval	67	33	28

Also, (100%) of responding banks keep a record of attendance at shareholders meetings, be it annual or extraordinary, including the number of shares represented and a record of the votes. As for party transactions, (67%) of responding banks stated that they keep a record of related party transactions that require shareholder approval.



c- Insider Trading

In terms of unfair share trading, the majority of responding banks (95%) stated that the country has laws or regulations that prohibit insider trading or abusive self-dealing. Also, (86%) of

Table 12 – Insider Trading

Question	Yes	No	NA
Does your country have laws/regulations prohibiting insider trading/abusive self-dealing	95	5	12
Are allowable transactions by insiders/related parties disclosed	86	14	12
If yes, do the bank's policies define what such allowable transactions are?	74	26	24

responses stated that banks disclose information on allowable transactions by insiders or related parties and that (74%) of these banks have policies, which define such allowable transactions.

d- Material Interests in Transactions

Most responding banks (87%) oblige the Board of Directors and executive management to disclose material interest⁵ in transactions or matters affecting the bank.

Table 13 – Material Interests in Transactions

Question	Yes	No	NA
Are the board/managers required to disclose material interests in transactions or matters affecting the bank	87	13	8

e- Minority & Controlling Shareholders

(100%) of responding banks ensure an equitable treatment of minority shareholders when there is a change of control in the bank. Also, (20%) of banks have in place mechanisms, such as cumulative or block voting, which enable these minority shareholders to nominate members of the Board

Table 14 – Minority and Controlling Shareholders

Question	Yes	No	NA
Are minority shareholders treated equitably if there is a change of control	100	0	16
Are there any mechanisms, such as cumulative or block voting, which enable minority shareholders to nominate members of the board	20	80	20
Are there any special provisions in the bank's bi-laws which permit minority shareholders to take action against the bank, its managers or controllers, to prevent actions which might be unfairly prejudicial to the minority	53	47	24
Are there any restrictions on what types of legal persons or individuals may be shareholders or controlling shareholders	70	30	20

⁵ Refer to glossary for more clarification



while (80%) of the responding banks did not specify the existence of such mechanism. However, only (53%) of responding banks have provisions in their by-laws which permit minority shareholders to take action against the bank, its managers or controllers to prevent actions which might be unfairly prejudicial to them. As for restrictions pertaining to legal persons becoming shareholders, (70%) of responding banks stated that there are restrictions on the types of legal persons who may be shareholders or controlling shareholders.

f- Voting Rights

Table 15 – Voting Rights

All of the responding banks (100%) do not issue different classes of equity which have different voting rights.

Question	Yes	No	NA
Has the bank issued different classes of equity, which have different voting rights	0	100	16
Does the financial sector legislation or regulation in your country restrict the amount of ownership of voting shares which may be held by a single owner or group	58	42	24

Only (58%) indicated that domestic regulations restrict the amount of ownership of voting shares which maybe held by a single owner or group.

IV The Role of Stakeholders in Corporate Governance

Surveyed banks were asked about the impact of the banks' corporate governance policies on the different stakeholders categories. Following are the key findings.

a- Protection of Stakeholders Rights

Table 16 – Protection of Stakeholders Rights

From the survey results, it is clear that the exiting regulations provide priority protection for the banks customers and employees (92%), creditors (83%), suppliers (76%), the environment (73%)

Question	Yes	No	NA
Does the law explicitly refer to and protect the rights of stakeholders, other than shareholders, i.e.:			
Employees	92	8	4
Customers	92	8	0
Suppliers	76	24	0
Competitors	71	29	4
Creditors	83	17	8
Communities	71	29	16
The Environment	73	27	12

Stakeholders enjoying the least level of protection are the communities (71%) and competitors (71%).



b- Violations of Rights and Remedy

Around (91%) of responding banks indicated that existing laws and vehicles allow stakeholders whose rights have been violated to obtain redress or remedy.

Table 17 – Violations of Rights and Remedy

Question	Yes	No	NA
Does the law or other vehicles allow stakeholders whose rights have been violated to obtain redress/remedy	91	9	8

c- Profit Sharing

A majority of responding banks (88%) indicate that there are internal mechanisms to allow employees to participate in profits such as, share ownership, options, or profit sharing schemes.

Table 18 – Profit Sharing

Question	Yes	No	NA
Are there mechanisms to allow for employees to participate in profits such as, share ownership, options, or profit sharing schemes	88	12	0

d- Publishing Regular Reports

(76%) of responding banks publish regular ⁶Reports specifically for stakeholders.

Table 19 – Publishing Regular Reports

Question	Yes	No	NA
Does the bank publish regular reports specifically for stakeholders	76	24	0

V Transparency

The responding banks were asked several questions regarding the bank’s disclosures, compliance by international standards, internal and external audit, financial and non-financial information, training programs, credit risk assessment and corporate governance environment. Following are the major findings in this regard.

⁶ Respondents wondered about the kinds of reports meant in the question



a- Disclosure of Information and Compliance with International Standards

Table 20 – Disclosure of Information & Compliance with International Standards

Regarding information disclosure, responding banks (100%) indicated that they disclose material information pertinent to: financial and operating results (100%), bank's objective (84%), major share ownership and voting rights (88%), remuneration of Board members and senior key executives (92%), and material issues regarding employees and other stakeholders (60%).

Question	Yes	No	NA
Does the bank's disclosure include material information on:			
Financial and operating results	100	0	0
Bank objectives	84	16	0
Major share ownership and voting rights	88	12	0
Remuneration of board members	92	8	0
Remuneration of senior key executives	40	60	0
Material issues regarding employees and other stakeholders	60	40	0
Is information prepared, audited, and disclosed in accordance with International Financial Reporting Standards (IFRS)	70	30	8
If answer to the above is "No": Is it prepared, audited and disclosed by local Financial Reporting Standards	100	0	56

In terms of compliance with international standards, (70%) of responding banks indicated that the information is prepared, audited, and disclosed in accordance with International Financial Reporting Standards (IFRS). Of the (30%) whose reporting do not comply with IFRS, (100%) indicated that such reports are disclosed in accordance to local Financial Reporting Standards (FRS).

b- External Audit

(100%) of the responding banks have an annual external audit that is conducted by an independent auditor who gives an opinion on the integrity of the bank's financial statements

Table 21 – External Audit

Question	Yes	No	NA
Is an annual external audit conducted by an independent auditor who gives an opinion on the integrity of the bank's financial statements and the adequacy of the bank's internal controls	100	0	0
Does the external auditor provide a written comment on the adequacy of the bank's internal controls	92	8	0

and the adequacy of the bank's internal controls. Furthermore, (92%) of responses indicated that the external auditors reports provide a written comment on the adequacy of the bank's internal controls.



c- Preparation and Dissemination of Information

Table 22 – Preparation and Dissemination of Information

A small majority of the responding banks (54%) have a written policy with respect to the preparation and dissemination of financial and non-financial information, particularly those that go beyond what the bank is required to disseminate either by its regulator or by the terms of any stock exchange on which it is listed

Question	Yes	No	NA
Does the bank have a written policy regarding the preparation and dissemination of financial and non-financial information which goes beyond what the bank is required to disseminate either by its regulator or by the terms of any stock exchange on which it is listed	54	46	4
Does the bank disseminate information through a website	88	12	0

In terms of dissemination of such information, (88%) of responding banks indicated that they do disseminate such information publicly on their websites.

d- Internal Audit Functions

Table 23 – Internal Audit Functions

(100%) of responding banks cited that the functions of the internal audit process include testing the bank's compliance with laws, regulations and its policies and procedures.

Question	Yes	No	NA
Do the functions of the internal audit process include testing the bank's compliance with laws, regulations and bank policy/procedures	100	0	0

e- Regulation and Rotation of Auditors

Table 24 – Regulation and Rotation of Auditors

Around (75%) of responding banks indicated that their internal policies include the rotation of external auditors according to specific terms. Also, most responding banks (88%) indicate that their external auditors are internationally recognized firms.

Question	Yes	No	NA
Is the bank's policy to rotate its auditors	75	25	4
Is the bank's auditor an internationally recognized firm	88	13	4

f- Board's Accessibility to External Auditors' Reports

Table 25 – Regulation and Rotation of Auditors

With regard to board's accessibility to external auditors reports, (96%) of responding banks

Question	Yes	No	NA
Does the Board of Directors have access to "deficiency letters" or "letters of recommendations" prepared by external auditors	96	4	8



Indicated that their Board of Directors do have access to “deficiency letters”⁷ or “letters of recommendations” prepared by external auditors.

g- Training Programs

Table 26 – Training Programs

Around (68%) of responding banks have formal programs for training employees on issues of governance, compliance and internal

Question	Yes	No	NA
Does the bank have a formal training program for training employees on issues of governance and compliance	68	32	0
Do the personnel at the bank receive an adequate training to understand their role in the internal control process	83	17	8

control processes. However, a higher percent of responses (83%) indicated that their bank personnel receive adequate training to enhance their understanding of the role they have in the internal control process.

h- Shareholders Agreements Concerning Their Rights

Table 27 – Shareholders Agreements Concerning their Rights

Only (47%) of the responding banks show that their major shareholders have reached an agreement on how to exercise their rights (for example, agreements on how they will vote in meetings, or agreements only to sell shares to

Question	Yes	No	NA
Have the major shareholders of the bank come to any agreements on how they will exercise their rights (for example, agreements on how they will vote in meetings, or agreements only to sell shares to each other)	47	53	32
If yes, is the existence of any such agreements among controlling shareholders publicly disclosed	60	40	60

each other), while a greater portion (53%) indicated the absence of such agreements. (60%) of those banks who have such agreements among controlling shareholders do disclose them to the public, while (40%) of responses indicated that said reports are not disclosed to the public.

I-Transactions Disclosure

Table 28 – Transactions Disclosure

Approximately (67%) of responding banks has a written policy for disclosing major transactions and other material events.

Question	Yes	No	NA
Does your bank have a written policy for disclosing major transactions and other material events	67	33	4

⁷ Refer to glossary for more clarification (p.14)



j- Meetings with Analysts

Table 29 – Meetings with Analysts

The majority of the responding banks (71%) hold periodic meetings with ratings analysts or securities analysts, while (29%) do not hold such meetings on regular basis.

Question	Yes	No	NA
Does the bank hold periodic meetings with ratings analysts or securities analysts	71	29	4

k- Employees' Remuneration Schemes

Table 30 – Employees Remuneration

An overwhelming minority of the responding banks (27%) do not have employee stock ownership or employee stock option schemes.

Question	Yes	No	NA
Does the bank have an employee stock ownership scheme or an employee stock option scheme	27	73	12

l- Credit Risk Assessment System and Implications of Corporate Governance Practices

Table 31 – Credit Risk Assessment System and Implications of Clients Corporate Governance Practices

Only (52%) of the surveyed banks indicated that their systems of credit risk assessment include an evaluation of the clients' corporate governance practices.

Question	Yes	No	NA
Does the banks system of credit risk assessment include an evaluation of the clients Corporate Governance practices	52	48	8
Does adherence to sound CG practices have positive implications on credit decision making process (in addition to an adequate pledge, cash flows, financial soundness, etc...?)	76	24	16

Also, (76%) of the responding banks pointed out that adherence to sound corporate governance practices have positive implications on the credit decision making process (in addition to an adequate pledge, cash flows, financial soundness, etc..).

VI Structure, Functioning and Responsibilities of the Board of Directors

The surveyed banks were asked several questions regarding the bank's structure, functions and responsibilities of the Board of Directories. Following are the major findings in this regard:



a- Board Meetings

All responding banks (100%) indicate that they have a formal board that meets regularly. Only (24%) conduct formal training of elected board, (76%) do not and (16%) did not provide any response.

In terms of meetings organization, (71%) indicated the presence of a Corporate

Secretary tasked with organizing board meetings. However, (92%) indicated that meeting agendas are prepared in advance and (96%) cited that the minute of meetings are documented and circulated and approved by the BOD.

(54%) of the responding banks indicate that their board of directors can and do meet without the presence of management, thus enforcing the independency of the work of the board of directors from that of the top executive management, allowing board members to communicate and discuss freely various issues, including that of top executive management performance.

b- Board Members Conduct

(71%) of the surveyed banks have written policies and bi-laws that refer to the conduct of the Board of Directors.

Table 32 – Board of Directors Meetings

Question	Yes	No	NA
Does the bank organize an induction training for its newly elected Board members	24	76	16
Does the bank have a formal board that meets regularly	100	0	4
Does the bank have a Corporate Secretary whose responsibilities include the organization of board meetings	71	29	4
Is an agenda prepared and distributed, at least two weeks in advance of board meetings.	92	8	4
Are minutes of Board meetings prepared and approved at Board meetings	96	4	0
Does the board of directors ever meet without the presence of management	54	46	4

Table 33 – Board Members Conduct

Question	Yes	No	NA
Does the bank have any written policies or bi-laws specifically referring to the conduct of the Board of Directors	71	29	4



c- Board Structure, Appointment, Committees and Membership

Table 34 – Board Structure, Appointment, Committees and Membership

On average, (96%) of the surveyed banks indicated that their Board of Directors is comprised of both internal and independent persons.

However, when banks were asked whether certain seats are actually "reserved" for independent directors, (63%) responded that certain seats are in fact reserved for independent directors. Of the (63%), around (0%) indicated that their Boards are comprised of (50%+1) - majority - of independent persons.

Question	Yes	No	NA
Does the Board of Directors contain both internal and independent persons	96	4	4
Are some of the seats of the Board reserved for "Independent" Directors (independent of both the shareholders and management)	63	37	24
If answer to the above is "Yes" is the Board comprised of (50%+1) - majority - of independent persons	0	100	48
Are there any formal provisions in the bank's charter or bi-laws which specify that certain shareholders may appoint certain directors	52	48	16
Does the Board of Directors have specialized committees	96	4	4
Does the Board have an audit committee with a charter defined by international best practices	96	4	0
Does the Board have an appointment and remuneration committee	54	46	4
Does the Board have a committee responsible for CG practices	44	56	0
Does the Board have a credit committee	92	8	0
Does the Board have a risk management committee	68	32	0

This indicates that while banks do focus on attracting independent directors to their boards, the vast majority of these banks do not do it in a structured and formal manner (i.e. by reserving certain seats for independent members). Further, of the few banks who do reserve seats for independent members, they usually constitute the minority of the board membership.

Only (52%) of the responding banks have formal provisions in their charters and bi-laws which allow certain shareholders to appoint certain directors.

This implies that shareholders, in general, do not have internal powers and authorities to appoint certain directors, something which further enhances independence and lack of influence that may impact the performance of the bank.

In terms of the board committees, most of the responding banks form specialized committees (96%) to look into the different aspects pertaining to the banks operations. The most common committees that the majority of banks have are the credit and audit committees (92% and 96% respectively). The less common form of



committees was found to be the remuneration (54%), risk management (68%) and good governance practice committees (44%).

d- Board Functions and Responsibilities

Table 35 – Board Functions and Responsibilities

As indicated in table 35, the board functions seem to focus on approving the following (items that scored above a high percentage): budgets and business plans, performance objectives, capital expenditure, acquisitions and divestitures, salaries and benefits, , quality of accounting framework/financial reporting systems, internal and external audits, and control systems, conflict of interest.

To a lesser extent, functions related to key executive and board nomination/remuneration (88%) good governance practices and disclosure and Relation with stakeholders (87%)

Question	Yes	No	NA
Do the functions of the board include oversight approval of:			
Business strategy	96	4	4
Budgets and business plans	96	4	4
Performance/Performance Objectives	100	0	4
Capital expenditures, acquisitions, divestitures	100	0	4
Salaries and benefits	96	4	4
Key executive and board nomination/remuneration	88	13	4
Succession planning	74	26	8
Conflict of interest	96	4	4
Quality of accounting framework, financial reporting systems	92	8	4
Internal and external audit	96	4	8
Control systems	92	8	4
Governance practices	86	14	12
Disclosure and communications	86	14	12
Does the board accept responsibility for			
Being fully informed of conducting due diligence where needed	95	5	12
Compliance with laws / regulations	91	9	8
Relations with stakeholders	87	13	8

Items that scored lower in terms of board functions were found to be in the following areas: communications scored around (86%). Succession planning (74%).

In terms of responsibility acceptance by the board, the majority of responding banks expressed their boards accepts the responsibility for: being fully informed of conducting due diligence where needed (95%), compliance with laws and regulations (91%), and relations with stakeholders (87%).



e- Board's Approval on Financial Functions

Table 36 – Board's Approval on Financial Functions

Findings revealed that Board members play a key role in supervising and approving special financial functions. Specifically, the findings revealed that boards oversee and approve special financial functions related to: Credit policy, operations (92%); credit, market, operational risk management (88%); large exposures (100%); loan and credit classifications (88%); loss reserves and provisions (100%); code of ethics/stakeholder relations (75%); legal and regulatory compliance (100%); money laundering and terrorism finance (91%); and finally internal controls as well as external audit financial statements (100%).

Question	Yes	No	NA
Does the board oversee/approve special financial functions related to:			
Credit policy, operations	92	8	0
Credit, market, operational risk management	88	12	0
Large exposures	100	0	0
Loan/credit classifications	88	12	0
Loss reserves/provisions	100	0	0
Code of ethics/stakeholder relations	75	25	4
Legal/regulatory compliance	100	0	8
Money laundering/terrorism finance	91	9	8
Internal controls, external audit preparation	100	0	8

f- Conflict of Interest

Table 37 – Conflict of Interest

The sample showed that (61%) responding banks have written policies and rules on how to review transactions which involve conflicts of interest and related parties existed. The conclusions drawn do not elude that unethical behavior or conflict of interest instances are handled with the highest level of integrity.

Question	Yes	No	NA
Does the board have written policies or rules on how to review transactions which involve conflicts of interest and related parties	61	39	8

g- Board Self Evaluation

Table 38 – Board Self Evaluation

Another area where the sample was found to have a majority relate to board self evaluation, (62%) of the responding banks indicated that their boards do conduct self-evaluations and reviews for their effectiveness.

Question	Yes	No	NA
Does the board conduct self-evaluations or reviews of its effectiveness	62	38	16



h- External Assistance

Table 39 – External Assistance

(96%) of the responding banks indicated that their boards have the ability – and the funding – to commission independent analysts or hire

Question	Yes	No	NA
Does the board have the ability – and the funding – to commission independent analysts or hire external consultants if it believes such outside help is necessary to enable it to perform its oversight function	96	4	8

external consultants if they believe such outside help is necessary to enable them to perform their oversight function. Accordingly, board members can have access to such advisors on needs basis.

I- Board Accessibility to Information and Knowledge about Communication between Banks and Regulators

Table 40 – Board Accessibility to Information and Communications between Banks and Regulators

All of the responding banks (100%) indicate that their boards have access to accurate and relevant information in a timely on all issues related to the bank's activities, thus supporting

Question	Yes	No	NA
Does the board have access to accurate, relevant, timely information	100	0	4
Does the Board receive copies of communications between the bank and regulators, including periodic reports, requests from regulators for information and investigation	87	13	8

the BOD and in ensuring a successful and effective decision-making process by the board of directors. Board members appear to always be aware of the communications between their banks and the regulatory as well as supervisory authorities as (87%) of responding banks indicated that their boards receive copies of communications between the bank and its regulators, including periodic reports, requests from regulators for information and investigation and enforcement actions.

j- Board Independence and Separation between Executive Management and Board

Table 41 – Board Independence and Separation between Executive Management and the Board

The majority of responding banks (75%) designate that their boards are independent of management. This helps reduce the existence

Question	Yes	No	NA
Is the board independent of management	75	25	4
Is there separation between:			
Executive management and board	88	12	0
CEO and chairmanship position	71	29	16

of mutual material benefits between board members and members of the top executive management.

Several questions were asked to determine the extent of separation between executive management and board membership. Survey findings revealed that the majority of banks (88%) indicated that there is a separation



between executive management and the Board. Furthermore, (71%) stated the existence of separation between the CEO and chairmanship position.

VI External Monitoring Role

The responding banks were asked several questions regarding their information and constraints about the CG practices of their corporate clients; the channels that they use to monitor borrowers, and requirements imposed by banks on their corporate clients.

a- Banks Access to Clients Corporate Governance Information

Table 42 – Banks Access to Clients Corporate Governance Information

Only (61%) of the responding banks indicated that they are well informed about the CG practices of their corporate clients (*It is worthy to note that the percent of non responses to this question was (8%).*

Furthermore, (81%) of those banks that have access to clients' CG information, get these

information from documentation provided by clients. (76%) of these banks consider that it is important for them that their corporate clients apply the principles of good Corporate Governance, while (50%) of those banks monitor the CG practices of corporate clients. In addition, the majority of the responding banks (43%) indicate that there are constraints to monitoring CG practices of corporate clients, such as: the extent of involvement of in the company's actual activities, and (33) % render these constraints to lack of competencies within their organizations.

Question	Yes	No	NA
Is the bank well informed about CG practices of its corporate clients	61	39	8
If answer to the above is "Yes":			
For information about corporate clients, does the bank use documentation provided by clients	81	19	16
In general, is it important to your bank that corporate clients apply principles of good CG	76	24	16
Does the bank monitor the CG practices of corporate clients	50	50	20
Are there constraints to monitoring CG practices of corporate clients, such as:			
The cost of an active bank involvement	43	57	16
Lack of competencies	33	67	16

b- Channels of Monitoring Borrowers

The minority of the responding banks (43%) indicated that the main channels they use to monitor borrowers is through acting as a

Table 43 – Channels of Monitoring Borrowers

Question	Yes	No	NA
What are the main channels your bank use to monitor borrowers:			
To act as a director in the Board	43	57	8
To advise on Board's independent Directors	23	77	12
To use loan loss provision	75	25	4
To use other covenants	91	9	8



director in the Board or by giving advice on Board's independent Directors (23%).

Further, (75%) of the responding banks indicated that they use loan loss provision as a channel for monitoring borrowers, while (91%) use other covenants (legal agreements)

c- Financial Transparency by Corporate Clients

Table 44 – Financial Transparency by Corporate Clients

(96%) of the responding banks indicated that they require corporate clients to submit audited financial statements on periodic basis

Question	Yes	No	NA
Does the bank require corporate clients to submit audited financial statements periodically	96	4	4

d- Clients External Auditors

Table 45 – Clients External Auditors

(92%) of responding banks stated that they require their corporate clients to periodically submit audited financial statements. Of the (92%), (52%) require clients to deal with local auditors, (60%) require that their clients auditors be an international audit firm, while (75%) require that the clients' auditor be a local company with international affiliation.

Question	Yes	No	NA
Does the bank require corporate clients to submit audited financial statements periodically	92	8	0
If yes, is there a specific type of auditor required by the bank	95	5	16
Local	52	48	8
International	60	40	60
Local- International associate	75	25	52
Individual	80	20	60
Any of the above	93	7	44
Has the bank instructed corporate clients to change an auditor in the past four years	71	29	16

Only (71%) of the responding banks have instructed their corporate clients to change their auditors in the past four years. This indicates that little emphasis is placed on rotation of external auditors by their corporate clients for a specific term.

4. CONCLUSION

A- General Framework for Good Corporate Governance

A need to further enhance this aspect of good corporate governance practice (an aspect crucial to maintaining high confidence level by shareholders and a mechanism that helps curtail abusive dealings).



In terms of governance structure, policies and compliance, the survey results show the presence of a good level of understanding among the surveyed banks about the key principles of good corporate governance. However, in terms of institutionalization, more emphasis is needed in documenting and publishing such policies and issuing regular reporting on compliance level with set policies

B. Rights of Shareholders

Generally speaking, and across all surveyed Banks, shareholders enjoy considerable rights in terms of access to secure methods of ownership registration, ability to transfer shares, obtain relevant information on timely basis, participate and vote in general shareholders meetings, sole authority to elect/dismiss BOD members and profit sharing.

They also seem to have high level of rights in actively participating in shareholders meetings and corporate decisions, appointing auditors, approving dividends and winding-up/liquidating the bank, and to high extent approving charter amendments. Also, the capital structures of the surveyed banks do not grant differential rights to shareholders.

C. Equitable Treatment of All Shareholders

Shareholders were found to have equitable rights in terms of voting, access to information and participation in general meetings. There was found to be adequate level of transparency in terms of communicating shareholders rights, including rights of redress should their rights be violated. However, while banks generally indicated that they do treat their shareholders equitably.

D. The Role of Shareholders in Corporate Governance

Surveyed banks were found to abide by the banking regulations regarding the social and corporate responsibility towards their stakeholders by protecting the rights of their various stakeholders groups (though communities and competitors to a lesser extent). In addition banks communicate and disclose information on their activities and performance to their different stakeholders' categories

E. Transparency

Surveyed banks exhibited high disclosure level in terms of material information and financial transparency. Such financial transparency is supported by annual independent and rotated external audit, besides strong internal audit. Said level of transparency is expected given that the banking sector is highly regulated in the Arab region.

An area requiring further enhancement relate to training employees on issues relevant to corporate governance, compliance and internal control processes

Also, to enhance the banks compliance with BIS and OECD's Good Corporate Governance principles among others, more effort need to be dedicated toward full disclosure of information pertaining remuneration of senior key executives, structure of board and material issues regarding stakeholders.

F. Structure, Functioning and Responsibilities of the Board of Directors

The majority of banks were found to enjoy high level of independence between their Boards and senior management, complying with BIS and OECD good corporate governance principles.

To further compliance of banks with OECD & BIS principles, more banks need to conduct formal training of board members to educate them in their role and responsibilities, and have boards with mixed membership of both internal and independent persons.

One other area that requires furthering to ensure more compliance with BIS principles pertain to board self evaluation.

G. External Monitoring Role

In general terms, survey findings revealed that the role banks play in external monitoring of clients is quite limited. Little monitoring and emphasis is placed on clients' adherence to good corporate governance practices, specifically as related to monitoring borrowers.

APPENDICES**Appendix A: Glossary**

Glossary of Terms	BANKS
General Definitions	تعريفات عامة
Adequate Pledge	Collateral given or held as security to guarantee payment of a debt or fulfillment of an obligation.
الالتزام المناسب	هو نوع من التأمين الذي يضمن دفع الدين وانجاز الالتزام تجاه المؤسسة.
Anti-take over measures	Measures taken by firms when faced by big corporations that try to control over it by buying large number of its shares. In some instances, take-over defenses can simply be devices to shield the management or the board from shareholder monitoring. In implementing any anti-takeover devices and in dealing with take-over proposals, the fiduciary duty of the board to shareholders and the company must remain paramount.
إجراءات للحد من الاستحواذ والسيطرة على المصرف	هي إجراءات تتخذها المؤسسة عندما تواجه شركات كبرى تحاول السيطرة عليها من خلال شراء عدد كبير من أسهمها وفي بعض الأحيان فإن إجراءات مواجهة الاستحواذ تكون وسيلة من جانب الإدارة أو مجالس الإدارة للحد من تداخلات المساهمين. وفي حالة تطبيق أساليب مواجهة الاستحواذ تبقى المسؤولية الأدبية لمجلس الإدارة قبل المساهمين أساسية.
Bank, Banking Organization or Group	The terms "bank" and "banking organization" as used in this document generally refer to banks, holding companies or other companies considered by banking supervisors to be the parent of a banking group according to accredited national law. This paper makes no distinction in the application to the terms "banks" or "banking organizations".
المصرف، أو المنظمة المصرفية أو مجموعة من المصارف	يشير مصطلح "المصرف" أو "المنظمة المصرفية" كما هو مستخدم في هذه الدراسة بشكل عام إلى المصارف أو الشركات القابضة أو الشركات التي تعتبرها الجهات الإشرافية على المصارف الشركة الأم لأحد المصارف طبقاً للقوانين المعتمدة محلياً. ولا تفرق هذه الدراسة بين المصارف والمنظمات المصرفية.
Block Trading	A large number of shares of stocks or other securities. Usually 10,000 shares or more of stock is considered a block.
التداول بكميات كبيرة من الأسهم	هو تداول عدد كبير من الأسهم أو السندات المالية التي في العادة تكون 10,000 ورقة مالية أو أكثر
Convertible Bonds	A bond that can be converted into a pre-determined amount of the company's equity. Issuing convertible bonds is one way for a company to minimize negative investor interpretation of its corporate actions. For example, if an already public company chooses to issue stock, the market usually interprets this as a sign that the company's share price is somewhat overvalued. To avoid this negative impression, the company may choose to issue convertible bonds, which shareholders will likely convert to equity anyway should the company continue to do well.
سندات قابلة للتحويل	هو سند لعدد محدد مسبقاً من أسهم الشركة. ويعتبر إصدار مثل هذا النوع من السندات هو أسلوب تلجأ إليه الشركة للتقليل من التحليلات السلبية للمستثمرين تجاه تحركاتها. مثال على ذلك، إذا قررت شركة ما استصدار أسهم جديدة لها في البورصة فقد يفسر ذلك على أن أسهم هذه الشركة يتم تقييمها بأعلى من قيمتها ولتجنب مثل هذا الانطباع السلبي، قد تلجأ الشركة إلى إصدار سندات قابلة للتحويل تمكن المساهمين من تحويلها إلى أسهم إذا ثبت لهم استمرار تحسن أداء الشركة.



Charter of the Corporation/Articles of incorporation	A document incorporating an institution and specifying its rights. Articles of incorporation are documents filed with a state by the founders of the corporation describing the purpose, place of business and other details of the corporation.
النظام الأساسي للشركة	هي وثيقة تتضمن تعريف بالمؤسسة وتحديد الصلاحيات، وتحتفظ الدولة بهذه الوثيقة/الوثائق التي يحدد فيها المؤسسون أهداف الشركة و مكان العمل و تفاصيل أخرى عن الشركة.
Charts	Governance structure (chart) of the institution, indicating the principle organs of the institution's governance and to whom reports are presented (including the Shareholders Meeting, the Board of Directors, any Board committees, senior management, credit committees, internal audit, external audit and principal management units).
الهيكل التنظيمي	يحدد الرسم البياني للحوكمة بنية الحوكمة داخل المؤسسة والأعضاء الأساسية المعنيين بحوكمة المؤسسة و هيكل تقديم التقارير) بما في ذلك اجتماعات المساهمين، مجلس الإدارة، لجان المجلس، الإدارة العليا، لجان الائتمان، المراجعة الداخلة والخارجية ووحدات الإدارة الأساسية).
Code of Ethics	Define acceptable behaviors, promote high standards of practice, provide a benchmark for members to use for self-evaluation and establish a framework for professional behaviors and responsibilities.
ميثاق أخلاقيات المهنة	يشمل ميثاق أخلاقيات المهنة التصرفات المقبولة داخل المؤسسة، ويروج لمعايير تطبيق أفضل الممارسات بين للأفراد داخل المؤسسة، ويمنح المعايير المثلى التي تمكن الأعضاء من محاسبة أنفسهم كما يؤسس إطار للسلوكيات والمسؤوليات المهنية.
Conflict of interest	Refers to a situation where an officer in the bank has a clash between his/her related parties and his/her professional duty to act in the best interest of the bank.
تضارب المصالح	هو تضارب بين المصلحة الشخصية ومصصلحة العمل
Cross-shareholding	Cross-shareholdings are said to exist when 2 companies mutually hold each others' shares.
المساهمة المتداخلة	المساهمة المتداخلة تنتج عندما تتبادل شركتان ملكية الأسهم.
Pre-emptive rights	Rights given to shareholders who entitle them to buy additional shares in a new issue before it are offered to the general public.
حقوق وقائية	هو مستند رسمي موقع عليه من جانب المساهمين لتخول مساهم آخر - وإدارة الشركة بالتصويت بالمحافظة على نسبة حصصهم في ملكية الشركة عن طريق إعطائهم الفرصة في شراء أسهم إضافية بالنسبة والتناسب مع أسهمهم، وقبل طرح هذه الأسهم على الجمهور .
Proxies	A formal document signed by a shareholder to authorize another shareholder, or commonly the company's management, to vote the holder's shares at the annual meeting.
تفويضات	هو قيام المساهمين بمنح السلطة لآخرين، وفي معظم الأحيان إلى إدارات الشركات، للتصويت بموجب أسهمهم في الاجتماعات السنوية أو الاجتماعات الخاصة للمساهمين.

<i>Institutional Investor</i>	A non-bank person or organization that trades securities in large enough share quantities or dollar amounts that they qualify for preferential treatment and lower commissions. Institutional investors face less protective regulations because it is assumed that they are more knowledgeable and better able to protect themselves.
<i>المستثمر المؤسسي</i>	نعني به شخص أو مؤسسة غير بنكية مثل صناديق المعاشات و شركات التأمين و صناديق الاستثمار و بنوك الاستثمار.. الخ غرضها الأساسي استثمار أموالها أو أموال الغير التي في حوزتها في الاستثمارات المختلفة .
<i>Insider trading</i>	The buying or selling of a security by someone who has access to material, non-public information about the security.
<i>المتداول الداخلي</i>	بيع وشراء أوراق مالية من قبل شخص داخلي لديه معلومات خاصة غير معلنة عن الورقة المالية.
<i>Stakeholders</i>	People who are affected by any action taken by the corporation. An individual or group with an interest in the success of a company in delivering intended results and maintaining the viability of the company's product and/or service.
<i>أصحاب المصالح</i>	هم الأشخاص الذين يتأثرون بنشاطات الشركة ويهتمون بنجاحها بخلاف مجموعة المساهمين مثل المجتمعات المحلية، والعاملين، والموردين، و الدائنين وغيرهم.
<i>Merger</i>	The combining of two or more companies, generally by offering the stockholders of one company securities in the acquiring company in exchange for the surrender of their stock.
<i>الدمج</i>	هو اتفاق بين شركتين أو أكثر للاندماج وتكوين كيان اقتصادي جديد
<i>Shares held in custody</i>	A system in which shares must be registered to the holder by name and can only be traded in physical form.
<i>الأسهم المحفوظة بالأمانة</i>	هو نظام يسجل الأسهم باسم المالك ولا يمكن التداول بها إلا بشكل مادي (لموس). أسهم منقولة لحامله)
<i>Stock Options</i>	A privilege, sold by one party to another, that gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed-upon price during a certain period of time or on a specific date.
<i>خيارات الأسهم</i>	هي ميزة يمنحها أحد الأطراف للأخر مما يعطي المشتري الحق و ليس الالتزام بشراء و بيع الأسهم بسعر متفق عليه مسبقا في فترة محددة أو يوم محدد.
<i>Subpoena Power</i>	The power to command an individual to appear at a particular time and place to testify on a specific matter.
<i>سلطة الاستدعاء</i>	هو سلطة استدعاء شخص معين في وقت ومكان محددين للشهادة حول مسألة معينة.
<i>Voting Caps</i>	Limit the votes a single shareholder can cast no matter how many shares he owns.
<i>حدود التصويت</i>	هو تحديد تصويت المساهم الواحد بغض النظر عن عدد الأسهم التي يمتلكها.
I- General Frame Work of Good Governance	الإطار العام لحوكمة المصارف



Policies clarifying approach to governance	<p>The board should establish the strategic objectives and ethical standards that will direct the ongoing activities of the bank, taking into account the interests of stakeholders. As important as, if not more important than, any written set of values and high ethical standards is a corporate culture that mandates and provides incentives for ethical behavior. In this regard, the board should take the lead in establishing the “tone at the top” and approving ethical standards and corporate values for itself, senior management and other employees. The consistent practice of high ethical standards is in the bank’s best interests and will enhance its credibility and trustworthiness in its day-to-day and long-term operations. It is especially important that the standards address corruption (including bribery), self-dealing and other unethical or illegal behavior in banks’ internal and external activities.</p>
سياسات توضح الهدف من الحوكمة	<p>يجب على مجلس الإدارة أن يضع أهداف إستراتيجية ومعايير أخلاقية لتوجيه النشاطات الدائمة للبنك مع الأخذ في الاعتبار اهتمامات المساهمين. فمن الضروري في أي مكان وجود ثقافة أخلاقية مكتوبة، تمثل مجموعة من القيم والمعايير الأخلاقية، وتعطي حوافز للسلوك الأخلاقي. وفي هذا المجال، يجب على مجلس الإدارة أخذ المبادرة لتأسيس قيم أخلاقية يسير على أساسها هو والإدارة العليا ومن ثم الموظفين. إن تطبيق معايير أخلاقية عالية يخدم اهتمامات البنك ويحسن مصداقيته في أعماله اليومية وعملياته البعيدة الأمد. ومن الضروري أن تخاطب هذه المعايير الفساد) بما في ذلك الرشوة(، و التداول للمصلحة الشخصية وما شابه ذلك من سلوك غير أخلاقي في نشاطات البنك الداخلية والخارجية.</p>
Governance Structure	<p>Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.</p>
هيكل الحوكمة	<p>يحدد هيكل حوكمة الشركة كيفية توزيع الحقوق والواجبات على المشاركين في الشركة مثل مجلس الإدارة والمديرين والمساهمين وغيرهم من أصحاب المصالح. كما يحدد القواعد والإجراءات التي يجب إتباعها في اتخاذ القرارات المتعلقة بشؤون الحوكمة. وهو بالتالي يحدد الهيكل الأهم لأهداف الشركة، وطرق تحقيق هذه الأهداف ومراقبة الأداء.</p>
Corporate Secretary	<p>He/she is a bank's official, who is responsible for ensuring compliance with the corporate governance code and policies of the bank he/she also coordinates the interaction between the bank's shareholders, Board of Directors and senior management.</p>
سكرتير حوكمة	<p>هو موظف في البنك توكل إليه مسئولية التأكد من الالتزام بميثاق الحوكمة وسياسات البنك، كما يقوم بتنسيق العلاقات بين المساهمين وأعضاء مجلس الإدارة والإدارة العليا.</p>
II- Rights of Shareholders	
Secure methods of ownership registration	<p>secure methods to obtain and register shares in stock markets.</p>
أساليب ضمان تسجيل الملكية	<p>هي أساليب تضمن تسجيل ملكية الأسهم في البورصة.</p>
Extraordinary transactions that effectively result in the sale of the bank	<p>the rules and procedures governing the acquisition of corporate control in capital markets, and extraordinary transactions such as mergers, and sale of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.</p>

<p>صفقات غير اعتيادية تؤدي إلى بيع البنك</p>	<p>إن القواعد والإجراءات التي تحكم عمليات شراء الشركات في الأسواق المالية، والصفقات الغير اعتيادية كالمجموع وبيع أجزاء من الشركة يجب الإفصاح عنها بشكل واضح حتى يتمكن المستثمرين من فهم حقوقهم ومعرفة تعويضاتهم. و يجب أن تتم هذه الصفقات وفق ظروف عادلة وبأسعار شفافة مما يحمي حقوق كل المساهمين طبقاً لقدر مساهماتهم.</p>
<p>Participation in shareholder meetings by writing or other means</p>	<p>shareholders should be able to vote in person or in absentia, and equal effort should be given to votes whether cast in person or in absentia</p>
<p>المشاركة في اجتماعات المساهمين عن طريق الكتابة أو طرق أخرى</p>	<p>يستطيع المساهمون التصويت سواء كانوا حاضرين أو غائبين دون أن يؤثر ذلك على فعالية تصويتهم.</p>
<p>Ability to obtain relevant information on a timely basis.</p>	<p>shareholders should be 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 decide at the general meeting.</p>
<p>القدرة للحصول على معلومات هامة في الوقت المناسب</p>	<p>يجب تزويد المساهمين بشكل دوري بقدر كاف من المعلومات عن تاريخ، و مكان و برنامج عمل اجتماعات الجمعية العمومية و كذلك المسائل التي يجب اتخاذ القرارات فيها خلال الاجتماعات.</p>
<p>Super majority</p>	<p>A proposal requiring more than a simple majority of the votes eligible to be cast at an annual or special meeting. A super majority is often a 2/3 (66.66%) vote, but it can be as high as 3/4 (75%) or 4/5 (80%).</p>
<p>الأغلبية الساحقة</p>	<p>و هي المقترحات التي تتطلب الموافقة عليها من قبل عدد أكثر من الأغلبية أو الأغلبية العظمى و تبلغ نسبة الأغلبية العظمى 3/2 أي 66.66% و قد تصل إلى 4/3 أي 75% أو 5/4 أي 80%.</p>
<p>III- Equitable Treatment of All Shareholders</p>	<p>المعاملة المتساوية لكل المساهمين</p>
<p>Violation of rights of shareholders</p>	<p>within any series of class, all shares should carry the same rights. All investors should be able to obtain information about the rights attached to and classes of shares before they purchase. Any changes in voting rights should be subject to approval by those classes of shares could be negatively affected.</p>
<p>اختراق حقوق المساهمين</p>	<p>يجب أن يتمتع كل المساهمين بنفس الحقوق مهما اختلفت أنواعهم. كما يحق للمستثمرين الاطلاع على حقوق كل أنواع الأسهم قبل شرائها. ويجب أن تخضع كل التعديلات الطارئة على حقوق التصويت لموافقة أصحاب الأسهم قد تتأثر سلبيا.</p>
<p>Violation of stakeholders' rights</p>	<p>rights & interests of shareholders that are established by law should be respected</p>
<p>احترام حقوق أصحاب المصالح</p>	<p>هو احترام حقوق واهتمامات أصحاب المصالح طبقاً للقانون.</p>
<p>Material interests (issues)</p>	<p>major transactions and material events over the past five years (in particular, corporate acquisitions, mergers, restructurings and sales or purchases of major assets, etc.). What material events disclosures were made to the markets in each case?</p>
<p>اهتمامات قضايا مادية</p>	<p>نعني بها الصفقات الأساسية والأحداث الجوهرية التي حدثت خلال الخمس سنوات الماضية) بالتحديد شراء الشركات و الدمج و إعادة الهيكلة وبيع وشراء أصول أساسية، الخ...ما هو نوع الإفصاح عن هذه الأحداث المادية التي يتم نشرها في كل حالة على حد؟</p>
<p>Abusive self-dealing</p>	<p>Abusive self-dealing occurs when persons having close relationships to the company, including controlling shareholders, exploit those relationships to the detriment of the company and investors.</p>



التربح للمصلحة الشخصية	عندما يقوم أشخاص داخل المؤسسة باستخدام معلومات خاصة بها لخدمة مصالحهم الشخصية دون مصلحة الشركة والمستثمرين فيها.
<i>Cumulative or block voting</i>	is a system of shareholder voting which multiples one's voting shares by the number of candidates and votes them all for one person (director). This system was designed to provide minority shareholders with the opportunity to elect on director whom they favor.
التصويت التراكمي	عادة ما يقوم كل مساهم بإعطاء صوت واحد عن كل سهم يملكه لمصلحة عضو أو أعضاء مجلس الإدارة. أما نظام التصويت التراكمي فيسمح للمساهمين بتجزئة إجمالي الأصوات المتاحة لهم بأي طريقة يرونها بين المرشحين لمجلس الإدارة، وعندما يستخدم التصويت التراكمي فقد تتمكن الأقلية المالكة للأسهم من انتخاب عضو أو عضوين في مجلس الإدارة عن طريق إعطاء جميع الأصوات لمرشح واحد في مجلس الإدارة.
<i>Minority Shareholders</i>	own a stake in the bank's shares, but does not affect decisions of general shareholders meeting and is not affiliated with the bank's large shareholders and management.
المساهمين ذوي الأقلية	هم الذين يملكون حصة من أسهم البنك دون أن يكون لهم أي تأثير على التصويت داخل اجتماعات الجمعية العمومية و هم غير تابعين للمساهمين الكبار أو الإدارة.
<i>Redress on violations</i>	A legal system that provides for legal remedies at a reasonable cost and without excessive delay for violations of the rights of non-controlling shareholders is key in enhancing overall investor confidence. Its perceived effectiveness is much more important than the actual amount of litigation that is being processed through it, as it builds confidence into the corporate governance system.
التعويض عن اختراق الحقوق	يعتبر وجود نظام قانوني يعطي تعويضات قانونية وبتكلفة مقبولة و دون تأخير عند حدوث اختراق لحقوق المساهمين الغير مسيطرين ، أمر ضروري لكسب ثقة المستثمرين .وتعتبر فعالية هذا النظام أهم من العمليات القانونية التي تمر بها إجراءات التعويضات لأنه يؤكد الثقة في نظام الحوكمة داخل المؤسسة.
<i>Risk management committee</i>	providing oversight of senior management's activities in managing credit, market, liquidity, operational, legal, compliance, reputation and other risks of the bank. (This role should include receiving from senior management periodic information on risk exposures and risk management activities).
لجنة إدارة المخاطر	هي لجنة تقوم بمراقبة نشاطات الإدارة العليا في إدارة الائتمان و السوق و السيولة و التشغيل و القانون و الالتزام و السمعة وغيرها من المخاطر التي قد يتعرض لها البنك . ويجب أن يتضمن هذا الدور معلومات دورية من الإدارة العليا عن التعرض للمخاطر ونشاطات إدارة المخاطر .
<i>Party is related to an entity if:</i>	(a) directly, or indirectly through one or more intermediaries, the party: (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); (ii) has an interest in the entity that gives it significant influence over the entity; or (iii) has joint control over the entity; (b) the party is an associate of the entity; (c) the party is a joint venture in which the entity is a venture ; (d) the party is a member of the key management personnel of

	<p>the entity or its parent;</p> <p>(e) the party is a close member of the family of any individual referred to in (a) or (d);</p> <p>(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or</p> <p>(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.</p>
<p>أ (ينتمي فريق ما إلى مؤسسة إذا قام الفريق بشكل مباشر أو غير مباشر عن طريق وسطاء بالمهام التالية:</p>	<p>أ (ينتمي فريق ما إلى مؤسسة إذا قام الفريق بشكل مباشر أو غير مباشر عن طريق وسطاء بالمهام التالية:</p>
	<p>- السيطرة على المؤسسة) بما يتضمن الشركة الأم والشركات التابعة وشركاء الشركات التابعة</p>
	<p>- الاهتمام بالمؤسسة بطريقة تمنحه التأثير الفعال عليها، أو</p>
	<p>- أن يشترك مع شركة أخرى في مراقبة المؤسسة</p>
	<p>ب (أن يكون الفريق شريك في المؤسسة</p>
	<p>ج (أن يكون الفريق شريك ممول ومخاطر في المؤسسة</p>
	<p>د (أن يكون لفريق عضو في الإدارة الأساسية للمؤسسة أو الشركة الأم لها</p>
	<p>هـ (أن يكون الفريق عنصر مقرب من عائلة أي شخص تم الإشارة إليه في) أ (و) ب)</p>
	<p>و (أن يكون الفريق كيان مسيطر أو متأثر بسلطة التصويت داخل هذا الكيان بشكل مباشر أو غير مباشر أو بأي شخص تم الإشارة إليه في) د (و) هـ)</p>
	<p>ز (أن يكون الفريق له علاقة بوضع خطة تحديد منافع ومكافآت الموظفين بعد انتهاء الخدمة داخل هذا الكيان أو أي كيان آخر له علاقة بهذا الكيان</p>
<p>Nominations/corporate governance committee</p>	<p>providing assessment of board effectiveness and directing the process of renewing and replacing board members.</p>
<p>لجنة الترشيحات أو لجنة الحوكمة</p>	<p>هي لجنة تعطي تقييم لفعالية مجلس الإدارة وتوجه عملية التجديد واستبدال أعضاء مجلس الإدارة.</p>
<p>Is management prevented from using proxies?</p>	<p>The corporate governance framework should ensure that proxies are voted in accordance with the direction of the proxy holder and that disclosure is provided in relation to how undirected proxies will be voted. In those jurisdictions where companies are allowed to obtain proxies, it is important to disclose how the Chairperson of the meeting (as the usual recipient of shareholder proxies obtained by the company) will exercise the voting rights attaching to undirected proxies. Where proxies are held by the board or management for company pension funds and for employee stock ownership plans, the directions for voting should be disclosed.</p>
<p>هل الإدارة ممنوعة من الحصول على تفويضات؟</p>	<p>يجب أن يؤكد إطار الحوكمة على أن التصويت عن طريق التفويض يتم وفق إرادة المفوض وأن الإفصاح يتم في حالة التصويت بالتفويضات الغير مباشرة. وفي الأحكام التي تسمح بالتفويضات، من الضروري الإفصاح عن كيفية استخدام رئيس الاجتماع) المستقبلي المعتاد لتفويضات المساهمين (لحقوق التصويت المتعلقة بالتفويضات الغير مباشرة. كما يجب الإفصاح عن توجهات التصويت عندما يتعرض الأمر بالتفويضات التي يحملها المجلس أو الإدارة فيما يخص خطط التفويضات وملكية الأسهم من قبل الموظفين.</p>



Are institutional investors required to disclose their voting policy?	Institutional investors acting in a fiduciary capacity should disclose how they manage material conflicts of interest that may affect the exercise of key ownership rights regarding their investments.
هل هناك قوانين أو تعليمات) قواعد (تشجع المستثمرين المؤسسيين على استخدام حقهم في التصويت؟	يجب على المستثمرين المؤسسيين الذين يتصرفون بالوكالة الإفصاح عن طرق إدارتهم لمسائل تضارب المصالح المادية والتي قد تؤثر على استخدام حقوق الملكية الأساسية فيما خص استثماراتهم. وتؤهل مبالغ هذه الإستثمارات للحصول على معلومات متميزة وعمولات خاصة. ولا تتمتع هذه الجهات بنفس درجة الحماية القانونية نظرا لكونها مؤسسات على درجة عالية من المعرفة وتستطيع حماية نفسها.
Is there a provision to allow shareholders to vote on compensation packages for executives?	Disclosure should include, but not be limited to, material information on: Remuneration policy for members of the board and key executives, and information about board members, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board.
هل هناك نص يسمح للمساهمين بالتصويت على حزم المكافآت التي تخصص للإدارة التنفيذية؟	يجب أن يتضمن الإفصاح) دون الحصر (معلومات جوهرية عن: سياسيات المكافآت لأعضاء مجلس الإدارة والتنفيذيين الأساسيين، ومعلومات عن أعضاء مجلس الإدارة بما في ذلك مؤهلاتهم وعملية اختيارهم، وإدارات الشركة الأخرى وما إذا كان المجلس يعتبرها مستقلة أم لا.
Deficiency letters	Letters indicating the deficiencies to either violations of laws or rules, or internal control weaknesses
تقارير القصور	تقارير تشير إلى خرق القوانين والقواعد أو إلى ضعف المراقبة الداخلية
Internal Control	consists of the policies, procedures, practices and organizational structures, designed to provide reasonable assurance that business objectives will be achieved and the undesired event will be prevented or detected or corrected.
المراقبة الداخلية	تحتوي على السياسات والإجراءات والتطبيقات والهياكل التنظيمية التي تؤكد أن أهداف العمل سوف يتم تحقيقها وأن الأهداف الغير مرغوبة سوف يتم كشفها وتصحيحها أو تجنبها.
International Financial Reporting Standards	A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board.
المعايير العالمية للتقارير المالية	هي مجموعة من المعايير المحاسبية العالمية توضح كيفية نشر بعض أنواع من الصفقات في التقارير المالية.
VI- Structure, functioning and Responsibilities of Board of Directors	بنية ووظائف ومسئوليات مجلس الإدارة
Independent Director	A person whose directorship constitutes his or her only connection to the corporation. The purpose of identifying and appointing independent directors is to ensure that the board includes directors who can effectively exercise their best judgment for the exclusive benefit of the Company, judgment that is not clouded by real or perceived conflicts of interest.
المدير المستقل	ربما كانت أكثر توصيات الحوكمة تكرارا هي زيادة استقلال مجلس الإدارة عن كل من الإدارة والمساهمين ذوي النسب الحاكمة. وغالبا ما يستخدم هذا التعريف النموذجي لعضو مجلس الإدارة المستقل أثناء تبادل المناقشات والبحث مع العميل لتوضيح تقييم الاحتياجات الحالية والمستقبلية لمجلس الإدارة. ومن الأهمية وجود مجلس إدارة مستقل لضمان حيادية القرارات.

<i>Conduct of the board of directors</i>	Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders
سلوك مجلس الإدارة	يجب على أعضاء مجلس الإدارة التصرف بشكل معلوم وواضح وبنية صادقة، واهتمام بما يتوافق مع مصلحة الشركة والمساهمين.
<i>Ability of the board to obtain funds to commission independent analysts</i>	The corporate governance framework should be complemented by an effective approach that addresses and promotes the provision of analysis or advice by analysts, brokers, rating agencies and others, that is relevant to decisions by investors, free from material conflicts of interest that might compromise the integrity of their analysis or advice.
قدرة مجلس الإدارة في الحصول على المحللين المستقلين	ينكامل إطار الحوكمة من خلال إيجاد أسلوب فعال يدعو إلى أهمية التحليل واستشارة المحللين، والوسطاء، وشركات التصنيف وغيرهم من الجهات المماثلة التي تشارك في اتخاذ القرارات المتعلقة بالمستثمرين دون وجود أدنى تضارب مادي في المصالح كي لا يؤثر ذلك على نزاهة تحليلاتهم واستشاراتهم.
<i>Members of the board and managers should be required to disclose any material interests in transactions or matters affecting the corporation.</i>	This is obviously a key obligation if any of the self-dealing abuses are to be effectively addressed. Directors and managers should have a responsibility to make periodic disclosures on their business interests, their stakes in the company or their positions in other companies as directors or managers. The key element for making such requirements effective is a clear civil and criminal liability regime for a company's directors and managers.
يجب على أعضاء مجلس الإدارة والمدراء الإفصاح عن اهتماماتهم المادية في الصفقات التي قد تؤثر على الشركة.	إن هذا الالتزام أساسي لمنع أي انتهاك من قبل الأشخاص الداخليين. يتعين على المدراء وأعضاء مجلس الإدارة مسؤولية الإفصاح الدوري عن اهتماماتهم العملية داخل المؤسسة أو عن أي منصب مماثل في شركات أخرى. ويعد العنصر الأساسي لتفعيل هذه المتطلبات هو نظام يوضح المسؤولية المدنية والجنائية للمدراء وأعضاء مجلس الإدارة.
<i>Credit classifications</i>	A published ranking, based on detailed financial analysis by a credit bureau, of a corporation's financial history, specifically as it relates to one's ability to meet debt obligations. The highest rating is usually AAA and the lowest is D. Lenders use this information to decide whether to approve a loan or not.
تصنيفات الائتمان	إنه تصنيف معلن، مبني على تحليلات مالية دقيقة تنشر من قبل مكاتب الاستعلام الائتماني يتحتوى على تاريخ الشركة المالي ويكون التركيز فيه على قدرة الشركة على سداد ديونها ويشير التصنيف الأعلى إلى AAA والتصنيف الأدنى إلى D. ويستعين المقرضون بهذه التصنيفات لدراسة ما إذا كانوا سيمنحون شركة ما قرضاً أم لا.
<i>Compensation committee</i>	Monitoring of remuneration of senior management and other key personnel and ensuring that compensation is consistent with the bank's culture, objectives, strategy and control environment, as reflected in the formulation of compensation policy.
لجنة التعويضات	تهتم بمراقبة مكافآت الإدارة العليا وغيرها من الموظفين الأساسيين وتؤكد من أن التعويضات متوافقة مع ثقافة وأهداف وإستراتيجية وبيئة المراقبة للمصرف، كما هو مبين في صياغة السياسة العامة للتعويضات.
<i>Are there laws or regulations that call for non-automatic re-appointment of board members?</i>	Laws or regulations should be in effect to enhance the effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The Fairness component of compensation schemes for board members and employees should be subject to shareholder approval.



هل هناك قوانين أو (تعليمات) قواعد (تقضي بعدم إعادة التجديد التلقائي لأعضاء مجلس الإدارة؟	يجب أن تهدف القوانين والتعليمات إلى تحسين فعالية مشاركة المساهمين في قرارات الحوكمة الأساسية للشركة، كتنهيل عملية ترشيح وانتخاب أعضاء مجلس الإدارة. كما يجب على المساهمين إيضاح آرائهم فيما يخص سياسة مكافآت أعضاء مجلس الإدارة والتنفيذين الأساسيين. كما يجب أن يخضع مبدأ المساواة في جداول التعويضات لأعضاء مجلس الإدارة والموظفين لموافقة المساهمين.
Are there laws or regulations that call for the board to ensure that an ethical culture pervades the bank?	There should be a call for the Board members to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders. The effectiveness of internal controls cannot rise above the integrity and ethical values of the people who create, administer and monitor them. Senior management should communicate the entity's values and behavioral standards to employees.
هل هناك قوانين أو تعليمات تدعو مجلس الإدارة إلى ضمان سيادة ثقافة أخلاقية في المصرف؟	يجب أن يكون هناك دعوة لأعضاء مجالس الإدارات للتصرف بناء على معلومات كافية وبنقة وشفافية فيما يضمن مصالح الشركة والمساهمين. إن فعالية المراقبة الداخلية يجب أن لا تعلق فوق القيم الأخلاقية ونزاهة الأشخاص الذين يقومون بمراقبتهم. كما يتحتم على الإدارة العليا شرح المعايير السلوكية والأخلاقية الخاصة بالشركة للموظفين.
V Transparency	الشفافية
Deficiency letters	Letters indicating the deficiencies to either violations of laws or rules, or internal control weaknesses
تقارير القصور	تقارير تشير إلى خرق القوانين والقواعد أو إلى ضعف المراقبة الداخلية
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International Financial Reporting Standards	A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board.
المعايير العالمية للتقارير المالية	هي مجموعة من المعايير المحاسبية العالمية توضح كيفية نشر بعض أنواع من الصفقات في التقارير المالية.
VI- External Monitoring Role	دور الرقابة الخارجية
Constraints to monitoring CG practices of corporate clients:	Relates to the monitoring of the performance of the entire CG process of corporate clients in the bank, and advising modifications as warranted by changing conditions.
قيود مراقبة ممارسات الحوكمة الخاصة بالعملاء من الشركات	يتعلق هذا الأمر بمراقبة ممارسات الحوكمة لعملاء البنك من الشركات والإشارة إلى التعديلات اللازمة التي تقتضيها التغييرات الجديدة.
Are there laws or regulations that call for providers of corporate information to disclose any material conflict of interest?	Members of the board and key executives have an obligation to inform the board whether they have a business, family or other special relationship outside of the company that could affect their judgment with respect to a particular transaction or matter affecting the company. Such special relationships include situations where executives and board members have a relationship with the company via their association with a shareholder who is in a position to exercise control. Where a material interest has been declared, it is good practice for that person not to be involved in any decision involving the transaction or matter.

<p>هل هناك قوانين أو تعليمات) قواعد (تلتزم مزودي المعلومات في المصرف الإفصاح عن أي تضارب جوهري في المصالح؟</p>	<p>يتحتم على أعضاء الإدارة والتنفيذيين الأساسيين إعلام المجلس بأى أنشطة خاصة أو عائلية أو أى علاقات أخرى خارج الشركة خاصة بهم قد تؤثر في حكمهم على صفقات معينة قد تؤثر على الشركة. إن مثل هذه العلاقات قد تتضمن حالات يكون لأعضاء مجلس الإدارة أو المدراء التنفيذيين علاقة مع الشركة من خلال شراكتهم مع مساهم لديه سلطة داخل الشركة. وعند إتخاذ القرار في شأن ذو أهمية، فإن الإجراء الرشيد هو ألا يشترك الشخص ذو العلاقة في اتخاذ قرار يتعلق بتلك الصفقة أو المسألة</p>
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Appendix B

List of Responding Banks

Public Sector Banks:

1. Banque Misr
2. Bank of Alexandria
3. Banque Du Caire
4. National Bank of Egypt
5. Egyptian Arab Land Bank
6. Industrial Development Bank of Egypt

Private Banks:

7. Commercial International Bank
8. Bloom Bank
9. Suez Canal Bank
10. Piraeus Bank
11. Delta Bank
12. Export Development Bank
13. Calyon Bank
14. Arab African International Bank
15. Arab Banking Corporation
16. El-Watany Bank
17. United Bank of Egypt
18. Misr Iran Development Bank
19. Mibank
20. Egyptian American Bank
21. Barclay's Bank
22. HSBC
23. Faisal Islamic Bank

Foreign Banks:

24. Arab Bank PLC
25. National Bank of Abu Dhabi

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