



# CORPORATE GOVERNANCE



# BOARD OF DIRECTORS



## H.E. Khaldoon Khalifa Al Mubarak

CHAIRMAN, INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

H.E. Khaldoon Khalifa Al Mubarak is the Managing Director & Group Chief Executive Officer of Mubadala Investment Company, responsible for aligning Mubadala with Abu Dhabi's economic diversification efforts. Beginning his career at the Abu Dhabi National Oil Company, H.E. Al Mubarak held a number of positions at Tawazun Economic Council, formerly known as UAE Offsets Group, before assuming his current portfolio of responsibilities.

Degree in Economics & Finance (Tufts University, USA)

### EXTERNAL APPOINTMENTS:

- Managing Director and Group CEO – Mubadala Investment Company
- Member – Abu Dhabi Executive Council
- Chairman – Abu Dhabi Executive Affairs Authority
- Member – UAE Supreme Council for Financial and Economic Affairs
- Chairman – Emirates Nuclear Energy Corporation, Emirates Global Aluminium and City Football Group



## H.E. Hussain Jasim Naser Al Nowais

VICE CHAIRMAN, INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

Chairman of the Board Nomination, Compensation,  
HR & Governance Committee

H.E. Hussain Jasim Naser Al Nowais joined the ADCB Board in 2019. He is the Founding Member and Chairman of AlNowais Investments.

BSc Business Finance (Lewis & Clark College, USA)

### EXTERNAL APPOINTMENTS:

- Chairman – AMEA Power
- Board Member – Rotana Hotels and Real Estate Investment
- Founding Member – Sandooq Al Watan



## Aysha Al Hallami

INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

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Chairlady of the Board Audit & Compliance Committee

Aysha Al Hallami was elected by ADIC to join the ADCB Board of Directors in April 2013. She is a Research Specialist in the Strategy and Planning Department at Abu Dhabi Investment Authority.

Chartered Financial Analyst (CFA Institute, USA)

Private Equity and Venture Capital (Harvard Business School, USA)

MSc Finance & Banking (Cass Business School, City University, UK)

BSc Business Sciences, Finance (Zayed University, UAE)



## Saeed Mohamed Hamad Almazrouei

INDEPENDENT, NON-EXECUTIVE DIRECTOR

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Chairman of the Board Risk & Executive Committee

Saeed Mohamed Hamad Almazrouei was appointed to the ADCB Board of Directors in 2019. He is the Group Deputy Chief Financial Officer and Head of Mergers and Acquisitions in Mubadala Investment Company.

MSc International Securities Investment and Banking (University of Reading, UK)

MSc National Security and Strategic Studies (National Defense College, UAE)

BSc Finance (Suffolk University, USA)

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### EXTERNAL APPOINTMENTS:

- Board Member – Borealis
- Board Member – Musanada – Abu Dhabi General Services Company
- Board Member – Cleveland Clinic Abu Dhabi
- Board Member – Masdar
- Board Member – Abu Dhabi Retirement Pension & Benefits Fund
- Board Member – CEPSA - Compañía Española de Petróleos S.A.
- Board Member – Modon Properties
- Board Member – Mubadala Healthcare Company

# BOARD OF DIRECTORS

(CONTINUED)



## Carlos Obeid

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Carlos Obeid joined the ADCB Board of Directors in 2019. He is the Group Chief Financial Officer of Mubadala Investment Company.

Master's Degree in Business Administration (INSEAD)

Bachelor's Degree in Electrical Engineering (American University of Beirut, Lebanon)

### EXTERNAL APPOINTMENTS:

- Board Member – Cleveland Clinic Abu Dhabi
- Board Member – GlobalFoundries
- Board Member – Waha Capital PJSC
- Chairman – Mubadala Infrastructure Partners Limited
- Board Member – Bank AUDI Lebanon SAL



## Khalid Deemas Alsuwaidi

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Khalid Deemas Alsuwaidi was appointed by ADIC to join the ADCB Board of Directors in March 2009. In 2012, he was nominated and elected by ADCB shareholders to act as a Director and, in March 2015, he was again nominated and elected by ADIC to act as a Director. He has more than 15 years of banking experience, having held senior management positions in National Bank of Abu Dhabi and First Gulf Bank.

MSc Business Administration, minor in Management Information Systems and Strategic Planning (Widener University, USA)

BSc Computer Information Systems (Bethune Cookman College, USA)

### EXTERNAL APPOINTMENTS:

- Board Member – Manazel Real Estate Company
- Vice Chairman – Abu Dhabi National Takaful Company
- Group Chief Executive Officer – Das Holding



## Ahmed Saeed Al Calily

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Ahmed Saeed Al Calily is the Chief Strategy & Risk Officer (CSRO) at Mubadala Investment Company, responsible for the company's corporate strategy and risk framework. Ahmed's diverse professional experience includes several leadership positions as well as Board positions on various companies.

Bachelor's Degree in Economics and Political Science  
(Boston University, USA)

### EXTERNAL APPOINTMENTS:

- Board Member – Medical Holding Company
- Board Member – Cleveland Clinic Abu Dhabi
- Board Member – Masdar
- Board Member – GlobalFoundries



## Abdulla Khalil Almutawa

NON-EXECUTIVE DIRECTOR

The Bank's shareholders nominated Abdulla Khalil Almutawa to join the ADCB Board of Directors in March 1997. He is a skilled and dedicated investment professional with more than 35 years of experience and a comprehensive background in finance and administration.

BSc Business Administration (University of North  
Carolina, USA)

### EXTERNAL APPOINTMENTS:

- General Manager – the Private Office of Sheikh Suuroor bin Mohammed Al Nahyan
- Board Member – Bank Al Falah Pakistan
- Chairman – Makhazen Investment Company
- Board Member – Abu Dhabi National Hotels

# BOARD OF DIRECTORS

(CONTINUED)



## Mohamed Ali Aldhaheri

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Mohamed Ali Aldhaheri has a comprehensive background in the financial sector with more than 22 years of experience. He served in various senior roles within financial institutions, and currently holds the position of the Deputy CEO & Executive Director of the Accounting & Financial Services Department at Abu Dhabi Investment Council.

### EXTERNAL APPOINTMENTS:

— Chairman — InvestAD



## Khaled H. Alkhoori

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Khaled H. Alkhoori was elected by ADCB shareholders to join the Bank's Board of Directors in April 2012. Since January 2006, he has been the Chairman of Orient House for Development and Construction.

MSc Civil Engineering (Northeastern University, USA)

BSc Civil Engineering (Northeastern University, USA)

### EXTERNAL APPOINTMENTS:

— Chairman — Orient House for Development & Construction  
— Board Member — Abu Dhabi National Hotels

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A decade ago, we emerged from the global economic crisis fitter and stronger, and with a renewed focus on implementing best practice governance.”



# EXECUTIVE MANAGEMENT



## Ala'a Eraiqat

GROUP CHIEF EXECUTIVE OFFICER  
BOARD MEMBER

Ala'a Eraiqat joined ADCB in January 2004 and held various senior posts before taking over as Group Chief Executive Officer and becoming a member of ADCB's Board of Directors in February 2009. He has been a banker since 1991 and previously held senior positions at Citibank and Standard Chartered Bank, among others. His responsibilities extend to being the Chairman of the Board of Directors of Al Hilal Bank and chairing the following subsidiaries and committees of ADCB, among others: Abu Dhabi Commercial Properties (ADCP), Abu Dhabi Commercial Engineering Services (ADCE), the ADCB Management Executive Committee, and the ADCB Management Risk & Credit Committee.

### EXTERNAL APPOINTMENTS:

— Board Member — Abu Dhabi National Hotels PJSC (ADNH)



## Deepak Khullar

GROUP CHIEF FINANCIAL OFFICER

Deepak Khullar was appointed ADCB's Group Chief Financial Officer in 2008. In this role, Deepak oversees the Group Finance function (Financial Planning, Business Performance, Governance & Reporting), including Investor Relations, Taxation, Economics, Group Strategy, Strategic Sourcing and Procurement. He previously spent 15 years with Standard Chartered Bank in the Middle East and in Korea in a variety of senior positions. Prior to that, he worked with Ernst & Young and Price Waterhouse & Co. (now PricewaterhouseCoopers) in their assurance, advisory and technical services and training practices in the Middle East and India. He is an alumnus of the University of Delhi, an Associate of the Institute of Chartered Accountants of India, and an Associate Member of the Association of Corporate Treasurers (UK).

Deepak was appointed as a Board Director at Al Hilal Bank in 2019.



## Arup Mukhopadhyay

GROUP HEAD OF CONSUMER BANKING

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Arup Mukhopadhyay joined ADCB in 2005 and is Head of the Consumer Banking Group. He previously spent seven years with Citibank, becoming Head of Wealth Management products and Marketing Director for its UAE Consumer Business. Before that, he worked with Unilever in India in several sales and marketing roles. Arup is a mechanical engineering graduate and holds an MBA from the Indian Institute of Management, Lucknow.

Arup was appointed as a Board Director at Al Hilal Bank in 2019.



## Ludovic Nobili

GROUP HEAD OF WHOLESALE BANKING

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Ludovic Nobili was appointed as Group Head of Wholesale Banking at ADCB in March 2020. Prior to that, he managed the Investment Banking activity for the Group. Ludovic was instrumental in establishing ADCB's Investment Banking franchise in the region by leading a number of high-profile transactions. In his current role, Ludovic is responsible for the growth and performance of Cash Management, Trade Finance, SME Finance, Corporate Finance and Investment Banking across the Group. He joined ADCB in 2008 from Citigroup in London, where he focused on Corporate Securitisation. He is a senior investment banker with 20 years' experience, a French citizen and an alumnus of Université Paris-Sorbonne.

# EXECUTIVE MANAGEMENT

(CONTINUED)



**Kevin Taylor**

GROUP TREASURER

Kevin Taylor joined ADCB in 2009 as Head of the Treasury & Investments Group. He has held significant treasury and risk positions in global organisations such as ALICO, Citigroup, Westpac Bank and Merrill Lynch. At ADCB, he is responsible for FX trading and sales, derivative trading and sales, fixed income and investments personnel and the balance sheet analytics teams. Kevin has more than 30 years of global experience in banking and finance, and is a member of the UAE Banks Federation Financial Markets Committee. He holds an MBA from Macquarie University in Australia and a Master of Science in Risk Management from the Stern School of Business, New York University.

Kevin was appointed as a Board Director at Al Hilal Bank in 2019.



**Mohammed Al Jayyash**

GROUP CHIEF OPERATIONS OFFICER

Mohammed Al Jayyash was appointed as ADCB's Acting Group Chief Operations Officer in 2019 and was confirmed in 2020. He has held senior operational management positions at ADCB, including Group Chief Service Officer and Branch Operations Manager. He holds Board seats with several ADCB subsidiary companies, and is the Chairman of ITMAM Services and Vice-Chairman of Abu Dhabi Commercial Engineering Services and Abu Dhabi Commercial Properties. He is the Chairman of Emirates Digital Wallet and a Board Member of Al Hilal Bank. A leader with over 15 years' experience in improving customer experience, ensuring regulatory compliance and delivering capabilities for growth, he has deep experience in banking operations, customer journey and experience, and digital channels. Mohammed holds a Bachelor's Degree in Business Administration from Al Ghurair University in the UAE, a Post Graduate Certificate in Management at Ashridge Executive Education HULT in the UK, and a Diploma in Banking from the Emirates Institute for Banking and Financial Studies.



## Paul Keating

GROUP CHIEF RISK OFFICER

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Paul Keating was appointed as ADCB's Group Chief Risk Officer in 2018. He previously worked for the Australia and New Zealand Banking (ANZ) Group for over 30 years, where he served in various capacities across the world. Paul's previous role at ANZ was the Chief Risk Officer and Head of Credit for the Pacific Division, which included 11 countries. Paul is responsible for Compliance, Operational Risk, Market Risk, Fraud Risk, Data Management, Credit Policy, and Information Security. He sits on various Management and Board sub-committees to provide an enterprise-wide risk management perspective, and serves as a Director of two ADCB subsidiaries. Paul holds a Bachelor of Commerce and Administration from Victoria University in New Zealand and a Post Graduate Diploma in Banking Management. He has also completed the Australian Institute of Company Directors course.



## Tilak Silva

GROUP CHIEF CREDIT OFFICER

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Tilak Silva was appointed as the Group Chief Credit Officer in 2018, having been the Acting Group Chief Risk Officer since 2017. He has been with ADCB for 40 years, focusing on credit underwriting, remedial risk and restructuring. He has an in-depth understanding of the functioning of all areas of the Bank. Prior to joining ADCB, Tilak worked with Hatton National Bank in Sri Lanka, undertaking different roles within the Credit Group.

# EXECUTIVE MANAGEMENT

(CONTINUED)



## Simon Copleston

GROUP GENERAL COUNSEL AND BOARD SECRETARY

Simon Copleston has been ADCB's Group General Counsel and Board Secretary since 2008. After graduating from Durham University in the UK, he practiced corporate law in the City of London for eight years. He joined Abu Dhabi Investment Authority in 2006, acting as a lawyer to the Emerging Markets Department and the Strategic Investment and Infrastructure teams. He has more than 20 years of experience in banking, finance and corporate law. Simon is a UK-qualified solicitor and has been instrumental in helping ADCB to become an acknowledged regional leader in corporate governance.



## Ali Darwish

GROUP HEAD OF HUMAN RESOURCES

Ali Darwish joined ADCB in 2010 and leads the Human Resources Group. He has a wealth of experience in the banking industry that extends for more than 20 years working for leading financial institutions in the UAE. At ADCB, he ensures the Bank is building a competitive advantage through people by focusing on strategic talent management, Emiratisation and employee engagement. Furthermore, he is responsible for driving the Bank's high-performance and agile culture through its talent.



## Abdirizak Mohamed

GROUP CHIEF INTERNAL AUDITOR

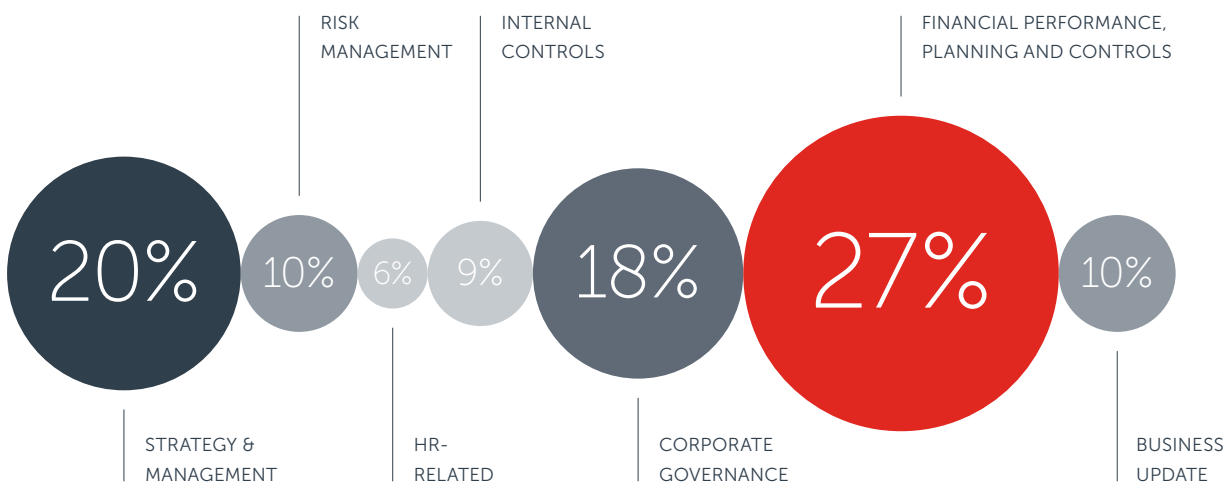
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Abdirizak Mohamed has been ADCB's Group Chief Internal Auditor since 2006, responsible for covering the Bank and all of its subsidiaries, having previously worked at the NASDAQ Stock Market, NASD (FINRA) and OFHEO (FHFA). He has more than 25 years of financial industry experience that spans capital markets management, accounting policy/applications, examinations and auditing, risk management, regulatory oversight, and corporate governance. He is the former Chairman and a current member of the UAE Banking Federation Audit Committee, and over the years he has served as an independent Audit Committee Member of various Abu Dhabi-based companies. Abdirizak is a Certified Public Accountant and holds a Master's Degree from the George Washington University in Washington, DC and a Bachelor's Degree from the University of Washington in Seattle, WA.

# CORPORATE GOVERNANCE REPORT

We maintain a world-class corporate governance framework that protects our customers, our shareholders, and the reputation of ADCB. Strong governance underpins our integrity and promotes economic growth by reinforcing the trust and confidence our investors place in us.

ADCB has a strong, well-established and world-class corporate governance framework. The framework is regularly reviewed and adjusted to reflect changes in ADCB's businesses, regulation and the external environment. Our disciplined approach to governance at every level demonstrates our integrity and promotes greater transparency. It protects our reputation and supports our long-term success by attracting investors, customers, employees and other stakeholders.



## TIME ALLOCATION FOR 2020 BOARD MEETINGS

# CORPORATE GOVERNANCE FRAMEWORK

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## THE BOARD: MEMBERSHIP, COMMITTEES AND MEETINGS

The Board, which consists of 11 members, met nine (9) times in 2020. In addition, Directors received information between meetings about the activities of Board and Management Committees and developments in the Group's business.

Members of Senior Management were invited to all these meetings to enhance the Board's engagement with management and deepen their understanding of the business.

At the start of 2020, the Board had three standing Committees: Audit & Compliance (BACC); Risk & Executive (previously Risk & Credit) (BREC); and Nomination, Compensation, HR & Governance (NCHRG).

Each member of the Board, with the exception of H.E. Khaldoon Khalifa Al Mubarak (Chairman), and Ala'a Eraiqat (CEO), serves on at least one (1) standing Committee.

The Committees met a total of 40 times in 2020. Chairmanships and memberships of the Board Committees are reviewed to ensure suitability. Membership is rotated as needed.

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## DIRECTORS' INDEPENDENCE AND MANAGEMENT REPORTING

Independence is an important factor in our ability to serve in the best interest of ADCB and all its stakeholders. Majority of ADCB's non-executive Directors are considered independent, in accordance with applicable corporate governance regulations.

On the management side, the Group Chief Internal Auditor reports to the BACC, and the Board Secretary reports to the Board. The Group Chief Risk Officer has direct access to the BREC and the Group Chief Compliance Officer has direct access to the BACC.

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## THE BOARD'S AGENDA IN 2020

The Board regularly discusses items that are fundamental to the direction of ADCB, including business performance, long-term planning, strategy, risk appetite and management, succession planning, and human resources. Details of the agenda items discussed by the Board and its Committees during 2020 are set out on pages 128–130.



## Board and Board Committee Agenda Items

AREA	Q1 2020	Q2 2020	Q3 2020	Q4 2020
<b>GOVERNANCE</b>	<ul style="list-style-type: none"> <li>– 2020 Annual General Assembly (AGA) agenda</li> <li>– Annual Shari'ah report</li> <li>– Reports from Committee Chairmen, Committee minutes and other reports</li> <li>– Board expenses summary for the year 2019</li> <li>– Board composition (review of independence and mix of skills)</li> <li>– Proposed Board trainings for year 2020</li> <li>– Board remuneration review for 2019</li> <li>– CB governance regulations – action plan</li> <li>– Annual culture and values assessment</li> <li>– Board Evaluation Results</li> <li>– ADCB Annual Report 2019</li> <li>– Conflict of interest and related parties report</li> <li>– Directors' shareholdings</li> <li>– UAE CB notice on re-dormant accounts regulation</li> </ul>	<ul style="list-style-type: none"> <li>– Reports from Committee Chairmen, Committee minutes and other reports</li> <li>– CB governance regulations – action plan</li> <li>– Conflict of interest and related parties report</li> <li>– Board Risk &amp; Executive Committee Terms of reference</li> <li>– Director Selection Policy</li> <li>– Nomination, Compensation, HR and Governance Committee Terms of Reference</li> <li>– CB UAE Notice No. 1766/2020 re Effective Date of the remaining BASEL III Capital standards</li> <li>– Corporate Information security policy</li> <li>– Duties and responsibilities of the Board Secretary</li> <li>– Performance evaluation and remuneration policy for the Group CEO</li> <li>– Directors' shareholdings</li> <li>– Asset management compliance policy</li> <li>– External Auditor Selection policy</li> <li>– Board terms of reference</li> <li>– Actions arising from Board Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>– Reports from Committee Chairmen, Committee minutes and other reports</li> <li>– Conflict of interest and related parties report</li> <li>– Audit and Compliance Committee Terms of Reference</li> <li>– UAE CB Major Acquisitions regulations</li> <li>– UAE CB transfer of significant shareholding</li> <li>– 2019 board evaluation</li> <li>– Directors code of conduct</li> <li>– Directors share dealing policy</li> <li>– Directors conflict of interest policy</li> <li>– Directors Access to independent professional advice policy</li> <li>– Directors performance evaluation policy</li> <li>– MEC Terms of Reference</li> <li>– Procurement Policy</li> </ul>	<ul style="list-style-type: none"> <li>– Reports from Committee Chairmen, Committee minutes and other reports</li> <li>– Conflict of interest and related parties report</li> <li>– UAE CB Notice No. 4240/2020 the Higher Shari'ah Authority Resolution No.69/2/2020</li> <li>– 2020 Annual Report update</li> <li>– Annual review of Asset Liability Management policy</li> <li>– 2020 Board evaluation</li> <li>– 2021 AGA agenda</li> <li>– Directors' shareholdings</li> <li>– Reports from the chairmen of each committee for 2020</li> <li>– Schedules and agendas for the Board and for each Committee for the year 2021</li> <li>– Related party transaction policy</li> <li>– SCA Corporate Governance Regulations</li> </ul>
<b>FINANCIAL PERFORMANCE, PLANNING AND CONTROLS</b>	<ul style="list-style-type: none"> <li>– Group Chief Financial Officer's update</li> <li>– 2019 financial results, including performance by business group</li> <li>– Ernst &amp; Young presentation</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Financial Officer's update</li> <li>– Q1 financial results, including performance by business group</li> <li>– Ernst &amp; Young presentation</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Financial Officer's update</li> <li>– Q2 financial results, including performance by business group</li> <li>– Revised forecast 2020</li> <li>– Ernst &amp; Young presentation</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Financial Officer's update</li> <li>– Q3 financial results, including performance by business group</li> <li>– Ernst &amp; Young presentation</li> <li>– Financial Instruments measured at fair value</li> </ul>
<b>BUSINESS UPDATES</b>	<ul style="list-style-type: none"> <li>– Group Chief Executive Officer's update</li> <li>– Itmam services update</li> <li>– Merger/integration update</li> <li>– Sale of India branches</li> <li>– Integration consultant fees</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Executive Officer's update</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Executive Officer's update</li> <li>– Consumer Banking update</li> <li>– Digitisation update</li> <li>– Transfer of Al Wifaq Finance Company PJSC finance book to ADCB</li> <li>– ADCB Egypt assets selling proposal</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Executive Officer's update</li> <li>– 2020 funding plan and Treasury update</li> <li>– Orient Takaful sale</li> </ul>

## Board and Board Committee Agenda Items (continued)

AREA	Q1 2020	Q2 2020	Q3 2020	Q4 2020
<b>NOMINATION</b>	<ul style="list-style-type: none"> <li>– Update on induction for new Directors</li> <li>– Board elections at the 2020 AGA</li> <li>– Board Committee composition review</li> <li>– Election of Chairman and Vice Chairman</li> </ul>	<ul style="list-style-type: none"> <li>– Review of the policy for selection and appointment of Directors</li> </ul>		<ul style="list-style-type: none"> <li>– Nominations at 2021 AGA</li> </ul>
<b>HR</b>	<ul style="list-style-type: none"> <li>– 2019 variable pay review</li> <li>– Group Chief Executive Officer evaluation and KPIs for 2020</li> <li>– Update on LTIP purchases and vested/unvested shares</li> <li>– Emerging UAEN Talent</li> </ul>	<ul style="list-style-type: none"> <li>– Independent review of remuneration scheme design</li> <li>– Update on LTIP Purchases and vested/unvested shares</li> </ul>	<ul style="list-style-type: none"> <li>– Incentive plans risk review</li> <li>– Compensation plans</li> <li>– Public reporting on remuneration</li> <li>– HR Key initiatives</li> <li>– Vesting of deferred variable pay</li> <li>– Long-term incentive plan (LTIP) and vested/unvested shares</li> <li>– Succession planning update</li> <li>– Evaluation of effectiveness of the variable pay structure</li> <li>– Annual Report on commission incentive schemes</li> </ul>	<ul style="list-style-type: none"> <li>– Annual HR update</li> <li>– Reward update and governance process</li> <li>– Remuneration strategy</li> <li>– Update on LTIP purchases and vested/unvested shares</li> <li>– Leave balance encashment</li> <li>– 5-year strategy linked variable pay and KPI scorecards</li> </ul>
<b>AUDIT AND INTERNAL CONTROLS</b>	<ul style="list-style-type: none"> <li>– Group Chief Internal Auditor's report</li> <li>– Internal Audit updates (including financial budget, staff strength, training plan)</li> <li>– Audit Statutory fees 2020</li> <li>– Internal Audit Annual Report</li> <li>– Financial statements for 2019</li> <li>– IFRS 9 governance process</li> <li>– 2019 Internal Audit quality assurance assessment</li> <li>– External auditor selection for year 2020</li> <li>– External Audit tender process</li> <li>– Group Head/IAD's performance review</li> <li>– ADAA 2019 examination report</li> <li>– Internal Audit Strategy 2018–2020</li> <li>– Whistle Blower Update – 2019</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Internal Auditor's report</li> <li>– Internal Audit updates</li> <li>– Audit Plan progress for year 2020</li> <li>– Financial statements for Q1 2020</li> <li>– IFRS 9 governance process</li> <li>– MLRO Report 2019</li> <li>– Approval request to engage Ernst &amp; Young for tax advisory services</li> <li>– Audit Fees Luxembourg Funds</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Internal Auditor's report</li> <li>– Internal Audit updates</li> <li>– Deloitte report</li> <li>– Internal audit semi-annual report</li> <li>– Appointment of statutory auditors – ADCB India</li> <li>– MLRO report</li> <li>– Financial statements for Q2 2020</li> <li>– IFRS 9 governance process</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Internal Auditor's report</li> <li>– Internal Audit updates</li> <li>– Ernst &amp; Young report and external audit plan</li> <li>– IFRS 9 governance process</li> <li>– Financial statements for Q3 2020</li> <li>– Internal Audit budget for 2021</li> <li>– Central Bank examination report</li> </ul>

## Board and Board Committee Agenda Items (continued)

AREA	Q1 2020	Q2 2020	Q3 2020	Q4 2020
<b>RISK AND COMPLIANCE</b>	<ul style="list-style-type: none"> <li>– Group Chief Risk Officer's report</li> <li>– Risk update (including risk appetite statement)</li> <li>– Annual review of asset and liability policy</li> <li>– Retail portfolio and policy update</li> <li>– Insurance coverage update</li> <li>– Group Compliance update</li> <li>– Chief Economist's update</li> <li>– Real estate portfolio update</li> <li>– Financial institutions portfolio and country risk update</li> <li>– Group Chief Credit Officer's update</li> <li>– Market risk update</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Risk Officer's report</li> <li>– NMC update</li> <li>– Credit Delegations</li> <li>– Liquidity trackers for ADCB's Consumer Banking, Wholesale Banking, and Treasury groups</li> <li>– Dubai &amp; Hospitality/real estate update</li> <li>– ICAAP and stress testing results</li> </ul>	<ul style="list-style-type: none"> <li>– Chief Risk Officer's report</li> <li>– Risk update (including risk appetite statement)</li> <li>– NMC update</li> <li>– Internal audit review of NMC</li> <li>– Credit portfolio review and 5-year business plan</li> <li>– New financing update</li> <li>– Non-core asset sales</li> <li>– Investigations update</li> <li>– KYC and AML CFT policy</li> <li>– Economic sector limits</li> <li>– Liquidity stress testing</li> <li>– Accounts update</li> <li>– Review of depositor concentration limit</li> <li>– Group Compliance update</li> </ul>	<ul style="list-style-type: none"> <li>– Group Chief Risk Officer's report</li> <li>– Arabtec update</li> <li>– Data management function update</li> <li>– Contracting segment review</li> <li>– Forbearance of loans for UAE Nationals</li> <li>– Sberbank roundtable discussion</li> <li>– Retail portfolio and policy update</li> <li>– Insurance coverage ratio</li> <li>– Market risk liquidity and policy update</li> <li>– NMC update</li> <li>– UAE CB Thematic review – sanction screening</li> <li>– Group Compliance policy</li> <li>– Risk appetite statement</li> <li>– Whistle-blowing policy</li> <li>– Personal trading policy</li> </ul>
<b>STRATEGIC ITEMS</b>	<ul style="list-style-type: none"> <li>– Strategy update</li> <li>– Overseas strategy (Egypt and Kazakhstan)</li> <li>– Competitor analysis – financial and strategic</li> </ul>	<ul style="list-style-type: none"> <li>– Strategy update</li> </ul>	<ul style="list-style-type: none"> <li>– Strategy &amp; Portfolio update</li> <li>– Digital Strategy</li> <li>– 2020 strategy session</li> <li>– Three-year capital plan</li> </ul>	<ul style="list-style-type: none"> <li>– Strategy update</li> <li>– 2021 budget</li> <li>– Competitor analysis – financial and strategic</li> </ul>

### PERFORMANCE EVALUATION

A performance evaluation of the Board, Board Committees and individual Directors is conducted on an annual basis, with a view to constructively identify areas of success and achievement, as well as areas, which may require improvement. In addition, an external consultant is appointed to independently evaluate the performance of the Board, Board Committees and individual Directors at least once every three (3) years.

When a Board performance evaluation exercise is conducted, the most relevant comments from the evaluation are presented to the Board, in the form of an action list, and its implementation is monitored by the NCHRG.

As per ADCB's Directors' Performance Evaluation Policy, an external consultant was supposed to be appointed to independently evaluate the performance of the Board, Board Committees and individual Directors for the year 2020. However, as decided by the NCHRG and taking into consideration that in March 2020, a number of Board membership changes took place. The Board decided that a performance evaluation of the Board, Board Committees and individual Directors would be conducted internally for the year 2020, instead of using an external consultant.

In 2020, the Board continued to ensure that its members received professional development in several areas, including credit, operational, and market risk, liquidity coverage ratio, Basel III and IFRS 9.

## BOARD REMUNERATION

Directors' remuneration is set annually by the Board following delegation from ADCB's shareholders. Any proposals for changes are considered by the NCHRG prior to obtaining Board and, if necessary, shareholders approvals.

According to applicable laws and ADCB's articles of association, Directors may not receive any remuneration in years when ADCB does not achieve net profits.

As at 31 December 2020, ADCB's Directors were not eligible for any bonus, long-term or other incentive schemes. Directors do not receive any pension benefits from ADCB. ADCB's Group Chief Executive Officer has waived his right to receive Director's fees. He receives variable pay as a member of Senior Management of ADCB, not as a Director.

## ADCB DIRECTORS' SHAREHOLDINGS

SR. NO	MEMBERS	AS AT 31 DEC 2019	AS AT 31 DEC 2020	CHANGE IN SHAREHOLDING
1	H.E. KHALDOON AL MUBARAK*	N/A	440,854	N/A
2	H.E. HUSSAIN AL NOWAIS*	0	0	0
3	ALA'A ERAIQAT	2,841,555	2,841,555	0
4	AYSHA AL HALLAMI	0	0	0
5	ABDULLA ALMUTAWA	0	0	0
6	KHALED ALKHOORI	1,360,000	1,460,000	7.35%
7	KHALID ALSUWAIDI	14,915	14,915	0
8	CARLOS OBEID	N/A	0	0
9	SAEED ALMAZROUEI	0	0	0
10	MOHAMMED AL DHAHERI	N/A	0	0
11	AHMED SAEED AL CALILY*	N/A	0	0
12	EISSA ALSUWAIDI**	0	N/A	N/A
13	MOHAMED DHAEN ALHAMLI**	0	N/A	N/A
14	MOHAMED ALMEHAIRI**	0	N/A	N/A

\* Board members appointed in 2020 AGA in 18.3.2020

\*\* Board members whose membership ended in 18.3.2020

THE FOLLOWING TABLE SHOWS THE AMOUNTS PAID TO THE DIRECTORS FOR THEIR SERVICE ON THE BOARD AND ITS COMMITTEES IN 2020

MEMBERS	STATUS	YEAR OF APPOINTMENT	EXPIRATION OF TERM OF OFFICE	BOARD MEMBER REMUNERATION (paid in 2021 for the year 2020)		
				CHAIRMAN/ MEMBER	SESSIONS ATTENDED	AMOUNT (AED MN)
H.E. KHALDOON AL MUBARAK <sup>1</sup>	Chairman	2020	2023	C	7	2.03
EISSA ALSUWAIDI <sup>2</sup>	Non-Executive Director	2008	2020	Previous C	1	0.507
MOHAMED DHAEN ALHAMLI <sup>2</sup>	Non-Executive Director	2019	2020	Previous VC	1	0.440
ALA'A ERAIQAT	Executive Director	2009	2022	M	9	NONE
AYSHA AL HALLAMI	Non-Executive Director	2013	2022	M	9	1.62
ABDULLA ALMUTAWA	Non-Executive Director	1997	2022	M	9	1.62
KHALED ALKHOORI	Non-Executive Director	2012	2022	M	9	1.62
KHALID ALSUWAIDI	Non-Executive Director	2009	2022	M	9	1.35
CARLOS OBEID	Non-Executive Director	2019	2022	M	9	1.62
H.E. HUSSAIN AL NOWAIS	Non-Executive Director	2019	2022	M	7	1.76
SAEED ALMAZROUEI	Non-Executive Director	2019	2022	M	9	1.69
MOHAMED ALMEHAIRI <sup>2</sup>	Non-Executive Director	2019	2020	M	1	0.3375
MOHAMED ALDHAHERI <sup>1</sup>	Non-Executive Director	2020	2022	M	7	1.35
AHMED AL CALILY <sup>1</sup>	Non-Executive Director	2020	2022	M	8	1.35
<b>TOTAL</b>						<b>17.2945</b>

1 Directors appointed at the AGA 2020.

2 Directors who resigned from office effective 18 March 2020.

BREC		BRCC		BACC		NCHRG		TOTAL (AED)
SESSIONS ATTENDED	AMOUNT (AED)	SESSIONS ATTENDED	AMOUNT (AED)	SESSIONS ATTENDED	AMOUNT (AED)	SESSIONS ATTENDED	AMOUNT (AED)	
		6	30,000			2	8,000	38,000
						2	10,000	10,000
18	72,000	5	20,000	10	75,000			167,000
18	72,000	1	4,000	2	12,000			88,000
18	72,000	6	24,000					96,000
				10	60,000			60,000
18	72,000	6	24,000	3	18,000	4	16,000	130,000
						3	15,000	15,000
17	85,000	3	12,000			6	24,000	121,000
		1	4,000			2	8,000	12,000
				7	42,000			42,000
3	12,000			7	42,000	3	12,000	66,000
	<b>385,000</b>		<b>118,000</b>		<b>249,000</b>		<b>93,000</b>	<b>18,139,500</b>

## APPOINTMENT, RETIREMENT AND RE-ELECTION

ADCB recognises that an effective board is crucial to the success of its business.

According to ADCB's articles of association, all Directors are required to seek re-election by shareholders every three years. In the event that a vacancy arises, Directors are permitted to elect any individual nominated to fill the vacancy, but any Director so appointed must seek election by the shareholders at the next annual general meetings. The Abu Dhabi Investment Council has the right to elect a percentage of the Board that is proportionate to its holdings of ADCB's share capital. However, the Shareholder Circular (in respect of the merger of Abu Dhabi Commercial Bank PJSC and Union National Bank PJSC by way of a merger pursuant to Article 283(1) of the UAE Federal Law No. 2 of 2015 Concerning Commercial Companies), provided for the appointment of members of the Board, upon the conclusion of the merger, for a term of three years ending in 2022.

Any candidate for appointment as a Director must be pre-approved by the UAE Central Bank.

As of year-end 2020, the Abu Dhabi Investment Council held 60.2% of ADCB's issued share capital and, consequently, had the right to elect six Directors and to vote a further 0.2% of ADCB's capital at the Board elections.

## BOARD OVERSIGHT OF RISK MANAGEMENT

Risk management is a crucial part of ADCB's corporate governance framework. Responsibility for setting ADCB's risk appetite and for the effective management of risk rests with the Board. Acting within authority delegated by the Board, the BREC has overall responsibility for oversight and review of all risk types.

The BREC also guides management on risk appetite across sectors, geographies and customer types. It periodically reviews and monitors compliance with the Group's overall risk appetite and makes recommendations thereon to the Board.

The BREC's responsibility also includes reviewing the appropriateness and effectiveness of the Group's risk management systems and controls, reviewing the outcome of stress tests and ADCB's stress-testing methodology and ensuring that ADCB's risk governance is supportive of prudent risk-taking at all levels in ADCB.

During 2020, the BREC also sought assurance from Senior Management that the UAE Central Bank's regulations had been suitably addressed and reported accordingly to the Board.

The Board and management also foster a culture of compliance. They have created an environment where employees at all levels are empowered to confront improper behaviour, raise grievances and suggest better ways to pursue the Group's strategic goals.

## BOARD OVERSIGHT OF FINANCIAL REPORTING, COMPLIANCE AND INTERNAL CONTROLS

Oversight of financial reporting and integrity of ADCB's financial disclosures are also key roles performed by your Board. In 2020, the BACC assessed the objectivity and effectiveness of ADCB's financial reporting and disclosure process. This included monitoring ADCB's choice of accounting policies, principles and judgments. The Committee also reviewed the IFRS 9 governance process and models and ensured ADCB's compliance with UAE Central Bank's regulations relating to internal controls, compliance and internal audit.

## ROLE OF BOARD AUDIT & COMPLIANCE COMMITTEE IN SELECTION, EVALUATION AND MAINTAINING INDEPENDENCE OF ERNST & YOUNG

It is the policy of ADCB and the BACC to appoint Ernst & Young who clearly demonstrate quality and independence. The selection of Ernst & Young is driven by ADCB's External Auditor Selection Policy, BACC Terms of Reference and the Abu Dhabi Accountability Authority (ADAA) Statutory Auditors Appointment Rules.

- ensure that audits are conducted in accordance with the International Standards on Auditing (ISA) and the Central Bank's instructions; and
- monitor the effectiveness and independence of Ernst & Young.

## GENERAL RESPONSIBILITIES OF BACC

### THE BACC IS RESPONSIBLE FOR THE FOLLOWING:

- approve a policy for the tendering of the audit engagement which must include requirements for knowledge and competence, objectivity, independence, professional scepticism and quality control;
- recommend to the Board the appointment, reappointment and dismissal of Ernst & Young and the appropriate compensation for their services;
- review the terms of engagement of Ernst & Young prior to signing of the written contract and ensure that it includes rights, duties and responsibilities of ADCB and Ernst & Young, outcomes, timings, payment terms and conditions, communications and dispute handling, if arises, and ensure that it is in line with the applicable rules, standards and regulations;
- review the scope of the external audit plan and any additional services and ensure that the scope includes areas such as the loan portfolio and loss provisions, non-performing assets, asset valuations, trading and other securities activities, derivatives, asset securitisations, consolidations of and other involvement with off-balance sheet vehicles, the Pillar 3 reporting and the adequacy of internal controls over financial reporting;
- ensure that the engagement audit plan is promptly updated to reflect changes in the size, business mix or complexity of ADCB or in the instructions of the Central Bank;

## SELECTION OF ERNST & YOUNG

The Board decides on the selection of a new external auditor, BACC identifies the audit firms which meets the selection criteria (including efficiency, reputation and experience) and circulates the offer request in order to determine their willingness to submit proposals for provision of external audit services. BACC and as may be deemed necessary, the Group Chief Financial Officer, the Group Chief Risk Officer and Group Chief Internal Auditor will meet with/ interview the candidates and evaluate technical and financial offers taking into consideration ADCB's budgeted fees.

BACC will ensure that the recommended audit firms are qualified and independent in form and substance (including the type of non-audit services provided and independence of individuals) and meet the following conditions:

- be licensed by the Competent Authorities to practice the profession in the UAE and to have experience in auditing public joint stock companies for at least five years;
- be approved by the Competent Authorities;
- be compliant with the International Code of Ethics for Professional Accountants;
- must not be a shareholder in the company or occupy the office of member of the Board or any technical, administrative or executive office therein; and
- must not be a partner or agent of any of the founders of ADCB or any of its Directors or a relative of any of them up to the second grade.



BACC will then recommend to the Board a firm for appointment as external auditor; the Board will meet to concur (or otherwise) with the BACC recommended audit firm. The recommendation along with the proposed fees will be submitted to ADCB's general assembly for approval. This is the only forum authorised to approve the Board's recommended audit firm and its compensation.

Further, throughout this process, ADCB's Board Secretariat or the Internal Audit Department will arrange the necessary notices, meetings, and resolutions for the resignation/removal of the existing external auditor and the appointment of the new auditor and monitor emerging best practices in audit tendering including making appropriate disclosures in ADCB's Annual Report.

The Central Bank may require ADCB to rescind the appointment of an external auditor if it determines has not adhered to established professional standards or has inadequate expertise or independence.

### **EVALUATION OF INDEPENDENCE OF ERNST & YOUNG**

In carrying out these responsibilities, the BACC reviews the performance, independence and quality of Ernst & Young annually. The performance evaluation process is carried out through an evaluation form recommended by Abu Dhabi Accountability Authority. The evaluation is carried out by three parties as below:

- A) BACC;**
- B) CHIEF INTERNAL AUDITOR; AND**
- C) CHIEF FINANCIAL OFFICER**

Additionally, Ernst & Young also confirms that it has a quality control system for monitoring compliance with independence and continuing professional education requirements.

The review questionnaire encompasses questions on quality, independence, composition, peer review, etc. Furthermore, Ernst & Young submits an undertaking to BACC on their independence in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to their audit of ADCB's consolidated financial statements in the United Arab Emirates, and they have fulfilled their other ethical responsibilities in accordance with these requirements and the IESBA Code.

### **ROTATION OF AUDIT FIRM AND RATIFICATION OF ERNST & YOUNG**

The selected external audit firm will be appointed for not more than one financial year by a resolution of ADCB's general assembly meeting. The Group's external audit firm appointment may be renewed twice, for a total of three consecutive years.

The Committee evaluates the performance and independence of Ernst & Young annually and recommends for the reappointment to the Board. The Committee considers, in particular, whether the retention of the firm is in the best interests of ADCB and its shareholders, taking into account the firm's quality of service, the firm's institutional knowledge and experience, the firm's sufficiency of resources, the quality of the communication and interaction with the firm, the firm's independence, objectivity and professional scepticism.

### **AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES**

The BACC annually approves the fee for external audit services included in the scope of External Auditors at the beginning of the year. The list of services includes audit services, audit-related services, tax services and any other service. Furthermore, the Committee can approve additional fees for the services of external auditors that have not been pre-approved at the beginning of the year or where the fee exceeds the approved amount.

## ERNST & YOUNG'S FEES

Ernst & Young's aggregate fees for professional services rendered in or provided for 2020 and 2019, as applicable, were:

	2020	2019
Audit fees	3,387	4,242
Audit-related fees	537	525
Total audit / audit-related fees	3,924	4,767
Tax fees	22	315
All other fees	310	524
Total fees	4,256	5,606

**Audit Fees** — Audit fees relate to the audit of the consolidated financial statements, and internal control over financial reporting, including disclosures presented in the footnotes to ADCB's financial statements (for example, regulatory capital, among other disclosures). Audit fees also relate to the audit of domestic and international statutory and subsidiary financial statements, the review of the interim consolidated financial statements, the issuance of comfort letters/reports to various regulatory authorities (SCA, Central Bank of UAE, International regulators such as Jersey Financial Services Commission, Reserve Bank of India, China/Kuwait/ Qatar regulators etc.), review of ECL model and their validation for carrying out substantive procedures and services provided in connection with certain agreed-upon procedures and other attestation reports. Audit fees are those billed or expected to be billed for audit services related to each fiscal year.

**Audit-Related Fees** — Audit-related fees cover other audit services and attest services and services provided in connection with certain agreed-upon procedures and other attestation reports (such as bond issuance or any other attestation that requires an auditor's review), reporting and compliance matters. Fees for audit-related services are those billed or expected to be billed for services rendered during each fiscal year.

**Tax Fees** — Tax fees cover Tax and VAT (Value Added Tax) compliance, advisory and planning services that are billed or expected to be billed for services rendered during each fiscal year.

**Other Fees** — During 2020 and 2019, all Other Fees consisted primarily of amounts billed or expected to be billed for ADCB's engagement of Ernst & Young to provide guidance in connection with matters that are not covered in the above three categories.

## CULTURE

A key responsibility of our Board is to ensure that ADCB builds and maintains a healthy culture. ADCB believes that companies that attach equal importance to performance and culture achieve exceptional results over time. During 2020, ADCB performed an assessment of ADCB's culture and values and recommended: (i) re-adjusting existing business activities to include a health/culture component, (ii) developing new initiatives focused on health and culture, and (iii) creating implementation plans and embedding health initiatives across ADCB.

The Board is committed to supporting gender diversity. As a result, as at 31 December 2020, women represented 10% of ADCB's Board membership. Going forward, in line with regulatory requirements, ADCB will ensure that at least 20% of candidates considered for Board membership are female and that at least 20% of Board members are female.

# MANAGEMENT COMMITTEES

COMMITTEE NAME	NUMBER OF MEETINGS HELD IN 2020	RESPONSIBILITIES OF THE COMMITTEE
MANAGEMENT EXECUTIVE (MEC)	47	Most Senior Management Committee; oversees all of ADCB's businesses and operations
ASSETS & LIABILITIES (ALCO)	6	Formulates ADCB's overall assets and liabilities strategy. Makes investments and executes asset/liability transactions within delegated limits; guides the MEC and the Board on investments and asset/liability transactions above those limits
MANAGEMENT RISK & CREDIT (MRCC)	49	Approves credits within delegated limits; considers risk appetite and strategy issues; sets and recommends risk policies; guides the Board Risk & Credit Committee and the Board on credits above delegated limits and on general risk and risk policy issues
CAPITAL EXPENDITURE (CEC)	3	Reviews and approves project capital expenditures within delegated limits, and makes recommendations to the MEC and the Board on project capital expenditures above those limits
FINANCIAL PERFORMANCE MANAGEMENT (FPMC)	7	Monitors financial performance of ADCB's business lines

## BOARD OVERSIGHT OF RELATED PARTY TRANSACTIONS

ADCB has in place a Related Party Transactions Policy, which details the processes in place to identify, assess, monitor and report ADCB's exposures to related parties. Upon appointment, and every quarter thereafter, all Directors are required to disclose their related parties. The Board Secretariat maintains a conflicts of interest and related parties register, which is reviewed by the NCHRG every quarter.

During 2020, all related party transactions were conducted on an arm's-length basis and approved by the Board. Directors with potential conflicts did not participate in relevant discussions or votes. The details of related party transactions are disclosed in Note 37 to the Financial Statements on page 236. These transactions were undertaken as part of ADCB's day-to-day operations.

## BOARD OVERSIGHT OF THE GROUP STRUCTURE

ADCB has robust processes for establishing and dissolving entities within the Group. The Board ensures that the Group's legal, organisational, governance and operational structure is suitable for its needs. During 2020, the Board addressed subsidiary governance, with the aim of ensuring that a framework is in place to effectively govern the enlarged Group.

The number and purpose of the Group's subsidiaries are disclosed in Note 49 to the Financial Statements on page 277.

## ADCB'S APPROACH TO DISCLOSURE

ADCB is committed to high standards of transparency and to enhancing our disclosures regularly to reflect local and international best-practice.

We are confident that ADCB is one of the most transparent institutions in the region. We publicly communicate relevant financial and non-financial information in a timely manner to all our stakeholder groups through several channels. As well as this Annual Report, we provide quarterly market updates, issue regular press releases, and ensure ADCB's website is up to date. ADCB's Investor Relations department ensures strong communication with our shareholders and potential investors.

Finally, recognising the importance of effective internal communication, we ensure all employees are kept aware of all new developments. These include ADCB's strategic direction, objectives, ethics, risk policies, general policies and procedures, new regulations, and other relevant information.

## REMUNERATION AND REWARD — GUIDING PRINCIPLES

ADCB supports levels of remuneration necessary to attract, retain and motivate employees capable of leading, managing and delivering quality service in a competitive environment.

However, our remuneration structure is conservative, and we have practices and policies that promote effective risk management. Our remuneration packages are structured to reflect duties and responsibilities that are fair and equitable, and incorporate clear and measurable rewards linked to corporate and individual performance. Rewards are based only on the results of a rigorous performance appraisal system with a robust management decision-making, review and approvals process.

Considering market trends and constraints, our remuneration programme incorporates both short- and long-term incentives that align the interests of ADCB's employees with the interests of shareholders and other stakeholders.

Performance-related elements are designed to minimise employee turnover and to inspire employees to perform at the highest levels, consistent with effective risk management.

## TOTAL REWARD — KEY COMPONENTS

As shown in the following table, employees can receive three types of reward: fixed pay, variable pay and retention scheme.

### BANK-WIDE VARIABLE PAY FRAMEWORK

The Variable Pay Framework has been designed to align employees' interests with the long-term interests of ADCB's shareholders and to incentivise higher performance while avoiding excessive risk-taking. It also distinguishes amongst different functions of ADCB, to ensure alignment to the relevant market.

## Definition and Components of Pay

### FIXED PAY

DEFINITION	COMPONENTS	2020 KEY MANAGEMENT FIXED PAY
<p>Fixed pay is based on the market rate for each role and is impacted by the employee's contributions over time. Fixed pay reviews depend on whether the employee achieved specific and measurable objectives and delivered a prescribed performance level.</p>	<p>Basic Salary Allowances</p> <ul style="list-style-type: none"> <li>– Social allowance (UAE Nationals)</li> <li>– Job-specific allowances (such as a teller allowance, remote-area allowance or shift allowance)</li> <li>– Benefits based on band, such as:               <ul style="list-style-type: none"> <li>– Leave fare</li> <li>– Private medical insurance</li> <li>– Life insurance coverage</li> <li>– Education allowance</li> <li>– Annual leave</li> </ul> </li> </ul>	<p>In 2020, Key Management (defined as the Group CEO and his direct reports) received fixed pay and cash benefits in an aggregate amount of AED 27.680 million.</p>

### VARIABLE PAY

DEFINITION	PERFORMANCE CRITERIA	2019 VARIABLE PAY AWARDS
<p>Employees may receive variable pay based on their performance over the year. Because it is performance-based, variable pay is at risk, and the amount received, if any, may change each year.</p>	<p>Individual award amounts are dependent on three criteria:</p> <ul style="list-style-type: none"> <li>– Individual performance;</li> <li>– Business function performance; and</li> <li>– Overall performance of ADCB.</li> </ul> <p>For more information, see ADCB's Variable Pay Framework &amp; Governance – Key Facts, on page 142.</p>	<p>For performance in 2019, awards to employees in 2020 consisted of cash variable pay awards of AED 181.268 million and deferred compensation plan awards of AED 53.215 million.</p> <p>Key Management received AED 24.788 million in cash and AED 21.863 million in deferred compensation from the amounts set forth above.</p>

### RETENTION SCHEME

DEFINITION	SELECTION CRITERIA	2020 RETENTION SCHEME AWARDS
<p>In 2014, ADCB introduced a share-based Retention Scheme for those in key positions and for high potential UAE Nationals.</p> <p>The Retention Scheme, which is independent of variable pay awards, is designed to ensure business continuity by mitigating turnover risk and the related operational risk. Invitations to join the Retention Scheme are at the sole discretion of the NCHRG; members of the Management Executive Committee are not eligible to participate. Retention Scheme awards vest after four years from the award date.</p>	<ul style="list-style-type: none"> <li>– Incumbents in 'mission critical' positions</li> <li>– UAE Nationals with exceptional growth potential</li> </ul>	<p>No retention award was made during 2020.</p>

The NCHRG oversees the design, operation and effectiveness of the framework and allocation of awards, including overall amounts, distribution amongst business groups and actual awards to Senior Management (including material risk takers and senior members of ADCB's control functions).

ADCB uses a balanced scorecard (BSC) approach to measuring employee performance, including the following KPI categories:

- Financial;
- Customer Service (minimum 30% weightage);
- Risk; and
- Learning and Growth.

### EFFECTIVENESS OF THE VARIABLE PAY FRAMEWORK

Effectiveness of the Variable Pay Framework is monitored on an annual basis through a set of KPIs, including:

- Correlation between total variable pay pool and ADCB's Net Profits; Correlation between individual performance and variable pay award; Attrition rate for the employees awarded deferred variable pay as compared to the overall attrition rate; and
- Leadership Stability-Attrition rate at Senior Management level (top 100 executives) as compared to the industry average for the same level.

In addition, in accordance with best practices and the requirements of the UAE Central Bank's regulations on corporate governance, the NCHRG regularly seeks independent consultants' views on (a) the quantum, (b) design, and (c) effectiveness of ADCB's variable pay awards and framework. An independent review of the design and effectiveness of ADCB's variable pay framework was conducted in 2020.

### ADCB'S VARIABLE PAY FRAMEWORK & GOVERNANCE – KEY FACTS

Reflects individual, business function and Bank-wide performance	YES
Distinguishes amongst different functions of ADCB to ensure alignment to the relevant market	YES
Defers variable pay award above specified threshold	YES
Currency of deferred compensation	CASH AND SHARES
Duration of deferral of variable pay	3 YEARS
Awards subject to thresholds, caps, clawback rules, malus clause, and deferral and retention provisions	YES
Managed by remuneration professionals experienced in the governance of all types of compensation and benefits	YES
Designed in conjunction with, and reviewed by, independent external advisers reporting directly to the NCHRG	YES
Relies on regular external benchmarking to ensure alignment with evolving global best practices	YES
Incorporates constant monitoring of developments in remuneration governance to ensure all variable pay plans evolve in line with ADCB's needs and external developments	YES
Designed to avoid excessive risk-taking	YES
Includes a minimum shareholding rule for Key Management	YES
Aligns employee interests with the long-term interests of ADCB's shareholders	YES

# ISLAMIC BANKING GOVERNANCE

ADCB Islamic Banking is the brand under which we offer retail and corporate Shari'ah-compliant financial solutions to our Consumer, Wholesale and Treasury clients.

ADCB is regulated by the Central Bank of the UAE, and its Islamic Banking activities are supervised by an independent Internal Shari'ah Supervision Committee (ISSC). The ISSC is the final authority within ADCB regarding all Shari'ah-related matters. It operates in accordance with the resolutions, standards and guidelines issued by the Higher Shari'ah Authority of the Central Bank of the UAE (HSA). HSA follows the Shari'ah Standards issued by the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) and Islamic Financial Services Board (IFSB).

ISSC functions in line with the Shari'ah governance framework provided within the terms of reference (TOR) of the ISSC that are approved by the members of the ISSC. The TOR set out the procedures for the functioning of the ISSC such as holding of meetings, issuing of Fatwas and Shari'ah review.

ADCB Islamic Banking's Shari'ah governance is implemented and overseen by the internal Shari'ah Advisor. Fatwas (pronouncements and approvals) are issued by the ISSC to certify compliance with principles of Shari'ah for all products and services as well as for bespoke structured deals. The ISSC's review covers the product structure, the underlying Shari'ah contract, legal documentation, operational process flow and all associated product literature. Fatwas issued by the ISSC are published on ADCB's website and are available at all branches.

ADCB Islamic Banking maintains a separate set of financial records to ensure that the accounts for the Islamic business are completely segregated from ADCB's conventional funds. ADCB's consolidated accounts include the results of ADCB Islamic Banking and are separately disclosed in the notes.

The respected Shari'ah scholars listed below make up the ISSC of ADCB Islamic Banking.

## **PROFESSOR DR. JASSIM AL SHAMSI, CHAIRMAN & EXECUTIVE MEMBER**

Professor Jassim is the first Emirati Shari'ah scholar to lead the ISSC of ADCB Islamic Banking. He previously served as Dean of the College of Shari'ah and Law, UAE University. In addition, he Chairs or is a member of many other ISSCs for Islamic banks/windows and financial institutions.

## **DR. SALIM AL-ALI, MEMBER**

Dr. Salim Al-Ali holds a Ph.D. in Financial Law from the University of London, in the UK. He also holds a Master's Degree in Islamic Banking and Finance from the International Islamic University of Malaysia. In 2016, he received the prestigious Rashid Award for Scientific Outstanding. Dr. Salim is the author of 'Raising Capital on Sukuk Markets — Structural, Legal and Regulatory Issues'.

## **MR. KAMRAN KHALID SHERWANI, ISSC SECRETARY**

Mr. Kamran is Head of Internal Shari'ah Control at ADCB Islamic Banking. He provides Shari'ah guidance on all day-to-day Shari'ah-related matters and obtains ISSC guidance and approvals in respect of Islamic products and services. He received a Degree in Shari'ah and Law from the International Islamic University and is an AAOIFI certified Shari'ah Advisor and Auditor. He has served as Shari'ah advisor to several major Islamic banks.



ANNUAL REPORT OF THE INTERNAL SHARI'AH SUPERVISION COMMITTEE OF ABU DHABI COMMERCIAL BANK ISLAMIC BANKING DIVISION

Issued on: 28 January 2021

To: Shareholders of Abu Dhabi Commercial Bank PJSC  
(the Institution)

After greetings,

Pursuant to the requirements stipulated in the relevant laws, regulations and standards ('Regulatory Requirements'), the Internal Shari'ah Supervision Committee of the Institution ('ISSC') presents to you the ISSC's Annual Report regarding Shari'ah compliant businesses and operations of the Institution for the financial year ending on 31 December 2020 ('Financial Year').

### 1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

- a. undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ('Institution's Activities') and issue Shari'ah resolutions in this regard, and
- b. to determine Shari'ah parameters necessary for the Institution's Activities, and the Institution's compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ('HSA') to ascertain compliance of the Institution with Islamic Shari'ah.

The Senior Management is responsible for compliance of the Institution with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ('Compliance with Islamic Shari'ah') in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

### 2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

### 3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Institution's Activities by reviewing those Activities, and monitoring them through internal Shari'ah control division or section, internal Shari'ah audit, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. ISSC's activities included the following:

- a. Convening (4) meetings during the year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.
- c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.
- d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
- e. Supervision through internal Shari'ah Control division or section, internal Shari'ah Audit, of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- f. Providing guidance to relevant parties in the Institution to rectify (where possible) incidents cited in the reports prepared by the internal Shari'ah control division or section, internal Shari'ah audit, and issuance of resolutions to set aside revenue derived from transactions in which non-compliance were identified for such revenue to be disposed towards charitable purposes.
- g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- h. Specifying the amount of Zakat due.
- i. Communicating with the Board and its subcommittees, and the Senior Management of the Institution (as needed) concerning the Institution's compliance with Islamic Shari'ah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shari'ah.

#### 4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the Senior Management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

#### 5. The ISSC's Opinion on the Shari'ah Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Shari'ah Supervision Committee of the Institution



PROFESSOR DR. JASSIM AL SHAMSI  
Chairman of the Committee



DR. SALIM AL-ALI  
Member

# AL HILAL BANK PJSC

## BOARD OF DIRECTORS (AS AT 31 DECEMBER 2020)

- Ala'a Eraiqat<sup>1</sup>
- Saoud Al Jassem
- Mohamed Al Jayyash<sup>1</sup>
- Kevin Taylor<sup>1</sup>
- Arup Mukhopadhyay<sup>1</sup>
- Deepak Khullar<sup>1</sup>

## BOARD MEMBERS

- 1 Please refer to pages 120–122 for the profiles of these Directors.

### SAOUD AL JASSEM

Saoud Al Jassem was appointed to join the Board of Al Hilal Bank in February 2019 and was elected by the shareholders as Chairman of Al Hilal Bank Kazakhstan.

Saoud has over 17 years of experience in Corporate Banking, Wealth Management, Trade Finance and Internal Audit. Saoud has been employed by ADCB since June 2013.

He currently leads the development of ADCB's relationship with the various local and federal governments in UAE for all their banking services and funding requirements as Head of Government Banking. Prior to this role, he managed government banking in Dubai & Northern Emirates as well as heading Strategic Accounts within Transaction Banking in the region. Previously, at Emirates NBD, he was part of Wealth Management and Client Relationship Management. He also held various positions at Standard Chartered Bank within the Global Internal Audit Department in MENA/ SA as well as Global Corporate where he started his career and spent over seven years in various assignments. Saoud holds a Master of Business Administration Degree from London Business School (UK) and a Bachelor's Degree in Finance from Drexel University, Philadelphia, USA.

## EXECUTIVE MANAGEMENT

### 1. ABDUL SHAKEEL AIDAROOS (CHIEF EXECUTIVE OFFICER)

As CEO, Abdul Shakeel is responsible for working closely with the Board of the Bank to set and implement the strategic direction of the organisation. Abdul Shakeel has over 25 years of banking industry experience, with deep expertise in retail banking, digital innovation and risk management. He has held senior positions at ADCB for 15 years, including the last five years as Head of Retail Banking, where he managed a team of 2,000 professionals and launched many of ADCB's award-winning consumer products and digital banking channels. Prior to joining ADCB, he spent over 10 years with Citibank in the UAE. Abdul Shakeel holds a Master of Science Degree in Risk Management from NYU Stern School of Business, New York, USA.

### 2. ROSS BARANET (CHIEF RISK OFFICER)

Ross Baranet is the Chief Risk Officer at Al Hilal Bank. He has spent 25 years in the field of risk management across nine countries and is responsible for identifying and mitigating current and emerging risks at the Bank. Before joining Al Hilal Bank and the ADCB Group, Ross held executive roles in HSBC's global operations, including Chief Risk Officer (Philippines), Director of HSBC Retail Savings Bank (Philippines), Chief Risk Operating Officer (Middle East), and Chief Risk Officer (Korea). Previous roles include operational risk, approvals, collections, policy, audit, and governance.

### 3. MARYAM YOUSUF AHLI (HEAD OF CORPORATE COMMUNICATION)

Maryam Yousuf Ahli has been the Head of Marketing and Corporate Communication at Al Hilal Bank since 2008. With over 15 years' experience in the industry, Maryam leads a team of senior managers, while working closely with internal and external stakeholders. She plans, develops and maintains a year-long marketing schedule, ensuring that all marketing priorities align to business goals. An expert in strategic brand building, and digital and social media, Maryam liaises with a network of creative and media agencies throughout the execution of all Retail and Commercial Banking advertising campaigns. Acting as Al Hilal Bank's brand guardian, she ensures all communications comply with regional and global brand guidelines and strategies. As well as leading the development and implementation of local sponsorship strategies and plans, Maryam is at the forefront of the Bank's pioneering CSR strategy, in line with Abu Dhabi's Environmental Vision.

### 4. AYMEN AL SAADI (HEAD OF DIGITAL PLATFORM)

Aymen Al Saadi was appointed Chief of Digital Platform for Al Hilal Bank in 2020. In this role he provides leadership oversight to the implementation of bank's Digital Platform as well as manages strategic functions such as Digital Platform Ecosystem, Partnerships and Customer Loyalty. A leader with over 15 years' experience in Innovation, Information Technology, Fintech and Digitisation, he has deep experience in Blockchain technology, cryptocurrency and enhanced UX/CX experience delivered through digital channels. Aymen previously spent

over a decade in leadership roles with diversified institutions such as Louvre Abu Dhabi overseeing the technology management design and build until a successful inauguration. He holds an MBA with concentration in Innovation and Entrepreneurship from Higher Colleges of Technology - Abu Dhabi and a Diploma in Global Banking Programme from Columbia Business School, USA.

#### **5. SULTAN AL MAHMOOD (CHIEF HUMAN RESOURCES OFFICER)**

Sultan Al Mahmood is Chief Human Resources Officer at Al Hilal Bank. With almost 20 years of experience in the field of Human Resources and Relationship Management, Sultan is responsible for HR development, transformation, and strategic HR activities. Before joining the Bank, Sultan served as Senior Vice President Human Resources at Etihad Airways. He also held the roles of Executive Director of Strategic Performance at Tourism Development and Investment Company (TDIC), and Executive Vice President and Head of Human Resources at Abu Dhabi Commercial Bank. In his early career, he worked as a Compensation and Employee Relations Manager at Amiri Flight (now Presidential Flight) and as a Relationship Manager at Citibank, UAE. Sultan holds a Bachelor's Degree in Business Administration and a Master's Degree in Human Resources Development from Webster University in Geneva, Switzerland. Sultan also holds a Master of Business Administration in Strategic and Security Studies from National Defense College, Abu Dhabi.

#### **6. ABDEL KARIM TAHA (CHIEF INFORMATION OFFICER)**

Abdel Karim Taha is the Chief Information Officer at Al Hilal Bank. With more than 22 years of experience in the field of Information Technology and Consulting, Abdel Karim leads the Information Technology team and is responsible for implementing future technologies and delivering the transformation initiatives in line with the Bank's objectives and strategy. Before joining the Bank, Abdel Karim served as Chief Information Officer at Union National Bank. He also held senior consulting positions at Accenture. In his early career, Abdel Karim worked as a specialist in Geographic Information Systems. Abdel Karim holds a Bachelor's Degree in Electrical Engineering from Jordan University of Science and Technology, and holds several Executive Certificates from MIT and other institutions.

#### **7. DR. MOHAMED OBADAH (HEAD OF SHARI'AH SUPERVISION)**

Dr. Mohamed Obadah Adi is Head of Shari'ah Supervision at Al Hilal Bank. With almost 23 years of experience in the field of Shari'ah and banking, Dr. Mohamed is responsible for monitoring and supervising activities to maintain Shari'ah compliance and assist in developing and creating innovative Shari'ah investment and financing products and services. Before joining the Bank, Dr. Mohamed was a Supervisor of Islamic Studies and Arabic Language at ADNOC's Technical Institute. Dr. Mohamed holds a Doctorate Degree (PhD) in Islamic Studies from the University of Wales in the UK and Master's Degree from Al Azhar University's Faculty of Islamic and Arabic Studies. He received his Bachelor's Degree in Islamic Studies from United Arab Emirates University.

#### **8. RAJESH ARORA (HEAD OF FINANCE)**

Rajesh Arora was appointed as the Head of Finance for Al Hilal Bank in November 2019, prior to which he was the Head of Finance for UNB. He has over 23 years of experience in the banking industry spread across various geographies. Before joining UNB, Rajesh was with Standard Chartered Bank for more than 18 years where he performed various roles, including Chief Financial Officer, UAE. His last role in Standard Chartered Bank was as the Global Head of Finance Transformation for financial reporting based in Singapore. Rajesh completed his ICWA in India and holds a Postgraduate Diploma in Management (Finance) from Symbiosis Centre for Management and HRD, India.

#### **9. NADA SHADID (HEAD OF TREASURY)**

Nada Mohamed Shadid is the Head of Treasury at Al Hilal Bank. She is responsible for the management of liquidity, gaps, and regulatory ratios, as well as money markets funding, foreign exchange and Sukuk investment portfolios of the Bank. Nada joined the Bank in 2019 and has 10 years of experience in Treasury and Investments. Previously, Nada held significant Treasury positions in ADCB, where she was responsible for running the short-term investments portfolio, as well as generating liabilities from strategically important clients and markets. Nada holds a Bachelor's Degree in International Management from Franklin University in Lugano, Switzerland.

#### 10. ZSOMBOR BROMMER (CHIEF COMPLIANCE OFFICER)

Zsombor Brommer is the Chief Compliance Officer at Al Hilal Bank. With more than 20 years of experience in global banking as a compliance and digital risk management professional, Zsombor is responsible for overseeing and managing regulatory compliance, money-laundering, terrorism financing, and sanctions compliance risks within the organisation. He ensures the Bank meets applicable regulations and policies, leading compliance activities in line with its strategy. Before joining the Bank, Zsombor served as Group Senior

Compliance Manager in HSBC. Previously he worked as Head of Compliance in Citibank Hungary and had compliance responsibilities as EMEA Regional Commercial Banking Compliance Officer. He was also Chairman of the Hungarian Banking Association AML Working Group. Zsombor holds Bachelor's Degrees both in Economics and Communication from Kodolanyi Janos University, Hungary.

#### 11. HUSSAM ABU AISHEH (SENIOR MANAGING DIRECTOR — INTERNAL AUDIT)

Hussam Abu Aisheh is the Senior Managing Director — Internal Audit at Al Hilal Bank.

With more than 25 years of experience in the fields of internal and statutory audit, Hussam is responsible for leading and managing internal audit activities in the Bank. Prior to joining the Bank, he headed the Internal Audit Function at Sharjah Islamic Bank for nine years. Previously, he managed a diversified portfolio of statutory audit clients and worked on forensic engagements for KPMG UAE. Hussam started his professional career with Arthur Andersen, Jordan office and holds a Bachelor's Degree in Accountancy. He is a Certified Internal Auditor and a Certified Information Systems Auditor.

NAME	CHAIRMAN/MEMBER	ATTENDANCE
ALA'A ERAIQAT	C	6
SAOUD AL JASSEM	M	6
MOHAMED AL JAYYASH	M	6
KEVIN TAYLOR	M	5
ARUP MUKHOPADHYAY	M	6
DEEPAK KHULLAR	M	6

#### BOARD COMPOSITION AND REMUNERATION

The Board were appointed in May 2019. ADCB employees who are also appointees to the Group subsidiaries' boards do not receive board remuneration for such roles. The Board of Al Hilal Bank entirely comprises senior executives of ADCB who collectively have diverse skills and experience, including in retail banking, treasury, risk, finance, operations and customer service.

In 2020, the board met six (6) times. The table above shows the Board's attendance.

#### THE BOARD'S AGENDA IN 2020

The Board regularly discusses various items that are fundamental to the direction of the Bank, including business performance, strategy, risk appetite and management, compliance, and human resources. Details of the agenda items discussed by the Board during 2020 are set out on page 149.

#### OVERVIEW OF THE GOVERNANCE FRAMEWORK

Following its acquisition by ADCB in 2019, Al Hilal Bank operates as a separate Islamic bank wholly-owned by ADCB. This unique corporate structure presents Al Hilal Bank with various opportunities to benefit from the policies and business support of its parent, ADCB Group.

Al Hilal Bank's strategy is to focus on digital retail business. To build on this strategy, its corporate book was transferred to ADCB Group, with the consent of the UAE Central Bank, in 2019. This transfer significantly reduced the complexity of the Bank's business operations, and has also provided opportunities for Al Hilal Bank to operate under a streamlined governance structure.

#### BOARD'S OVERSIGHT OF RISK AND COMPLIANCE

Al Hilal Bank's Board is responsible for setting the Bank's risk appetite and risk management framework, subject to ADCB oversight, while respecting the independent legal and

## AL HILAL BANK BOARD AGENDA ITEMS

AREA	AGENDA ITEM
GOVERNANCE / AUDIT / STRATEGY	<ul style="list-style-type: none"> <li>– 2020 rolling agenda</li> <li>– UAE CB Corporate Governance analysis</li> <li>– UAE CB major acquisitions regulations</li> <li>– Customer service metrics</li> <li>– Management committees report</li> <li>– Strategy updates</li> <li>– Internal Audit updates</li> <li>– Internal Quality Assurance review</li> <li>– Internal Audit charter</li> <li>– Internal Audit strategy (2022-2022, including 3-year audit plan)</li> <li>– Internal Audit department manual</li> <li>– Shari'ah Governance framework</li> <li>– 2021 budget</li> <li>– 2021 Board schedule and rolling agenda</li> </ul>
FINANCIAL PERFORMANCE	<ul style="list-style-type: none"> <li>– Financial results including business performance</li> <li>– Competitor analysis</li> <li>– High level 3-year capital plan</li> <li>– Periodic financial update</li> </ul>
GROUP CHIEF EXECUTIVE OFFICER / BUSINESS UPDATES	<ul style="list-style-type: none"> <li>– Chief Executive Officer's update</li> <li>– Digitalisation update</li> </ul>
HR-RELATED / REMUNERATION / NOMINATION	<ul style="list-style-type: none"> <li>– HR update</li> <li>– Emiratisation update</li> <li>– Remuneration for Al Hilal Takaful</li> <li>– Remuneration for Al Hilal Kazakhstan</li> </ul>
RISK AND COMPLIANCE	<ul style="list-style-type: none"> <li>– Risk update (including risk appetite statement)</li> <li>– Compliance updates</li> <li>– Circular resolutions</li> <li>– Risk Assessment – Digital Bank</li> <li>– Approval of ICAAP 2020</li> <li>– New Basel Standard</li> <li>– Information security policy</li> <li>– Whistle-blowing policy</li> </ul>

governance responsibility that might apply to Al Hilal Bank. The Board regularly monitors the risks inherent in Al Hilal Bank's businesses including credit, market, liquidity, regulatory, reputational, strategic and operational risks. The risk management framework is periodically reviewed and updated to reflect changes in Al Hilal Bank's strategy, economic environment and regulatory changes. During 2020, the Board reviewed and amended compliance policies and oversaw an update of the Bank's fraud risk management system to further enhance its risk management and compliance frameworks. Another important area of focus was cybersecurity.

#### 2020 SHARI'AH REPORT

The Fatwa and Shari'ah Supervisory Board (FSSB), supported by the Shari'ah Supervision Department, is responsible for ensuring that all of Al Hilal Bank's products and services comply with Shari'ah principles.

## ANNUAL REPORT OF THE INTERNAL SHARI'AH SUPERVISION COMMITTEE OF AL HILAL BANK

Issued on: Thursday, 8th Jumada Al Akhirah 1442 AH, corresponding to 21st Jan 2021

To: Shareholders of Al Hilal Bank ('the Bank')

After greetings,

Pursuant to the requirements stipulated in the relevant laws, regulations and standards ('Regulatory Requirements'), the Internal Shari'ah Supervision Committee of the Bank ('ISSC') presents to you its Annual Report for the financial year ending on 31 December 2020 ('Financial Year').

### 1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Bank; and the Bank's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ('Bank's Activities') and issue Shari'ah resolutions in this regard, and to determine Shari'ah parameters necessary for the Bank's Activities, and the Bank's compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ('HSA') to ascertain compliance of the Bank with Islamic Shari'ah.

The Senior Management is responsible for compliance of the Bank with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ('Compliance with Islamic Shari'ah') regarding the Bank's Activities, and the Board bears the ultimate responsibility in this regard.

### 2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Bank's Activities without exception.

### 3. Works Undertaken by the ISSC During the Financial Year

The ISSC undertook Shari'ah supervision of the Bank's Activities through review of those Activities, and monitoring through internal Shari'ah supervision department and internal Shari'ah audit in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard.

While taking into consideration COVID-19 pandemic's impacts, the ISSC's activities included the following:

- a. Convening six (6) meetings during the financial year.
- b. Providing fatwas, opinions and resolutions on matters presented to the ISSC in relation to the Bank's Activities.
- c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Bank and its subsidiaries to the ISSC for approval.

- d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders with parameters set by the ISSC.
- e. Supervision through internal Shari'ah supervision department and internal Shari'ah Audit of the Bank's Activities including executed transactions, adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- f. Providing direction to relevant parties of the Bank and its subsidiaries to rectify (where possible) findings cited in the reports submitted by internal Shari'ah supervision department and internal Shari'ah audit, and issuance of resolutions to set aside revenue derived from transactions in which non-compliance were identified to be disposed towards charitable purposes.
- g. Approving remedial rectification and preventive measures related to identified errors to prevent their reoccurrence in the future.
- h. Specifying the amount of Zakat due on each of the Bank's shares.
- i. Specifying the amount of Zakat due on the depositor's reserves.
- j. Monitoring charity account sources and payments.
- k. Communicating with the Board, and the Senior Management of the Bank concerning compliance of the Bank with Islamic Shari'ah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Bank is compliant with Islamic Shari'ah.

#### 4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the Senior Management and the Board of the Bank. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

#### 5. The ISSC's Opinion on the Shari'ah Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Bank's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports, including two breaches that resulted in profit forfeiture and six breaches that did not result in profit forfeiture. The ISSC also issued directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Shari'ah Supervision Committee



PROF. JASSIM ALI SHAMSI  
Chairman



DR. IBRAHIM ALI AL MANSOORI  
Deputy Chairman



DR. SALIM ALI AL ALI  
Member



# AUDIT & COMPLIANCE COMMITTEE

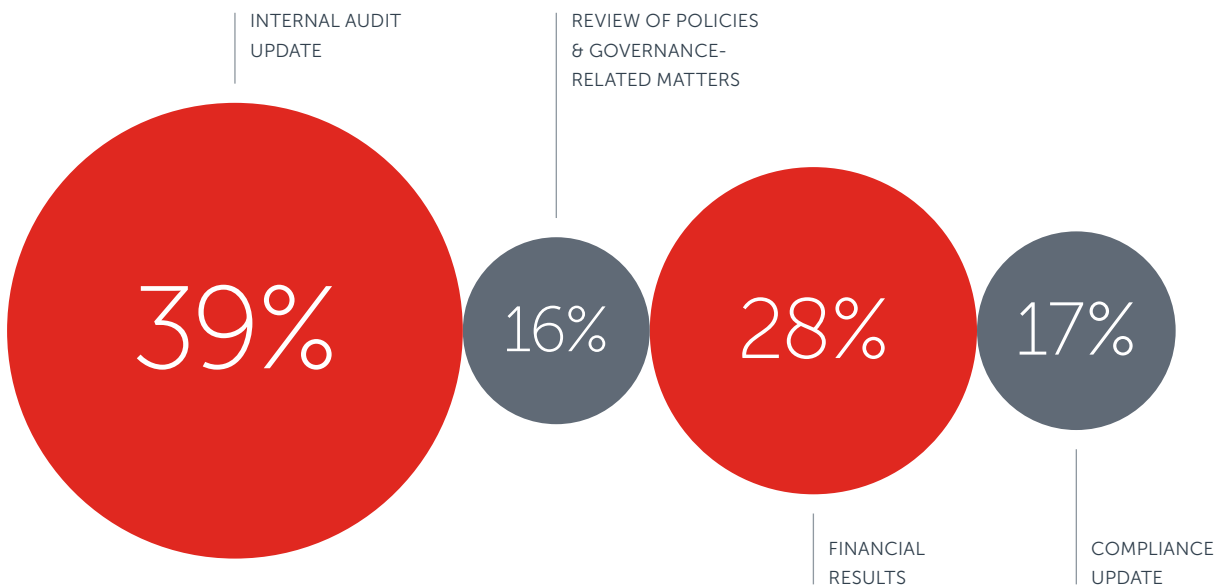
Composition as of 31 December 2020:

Aysha Al Hallami (Chairlady), Ahmed Saeed Al Calily,  
Khalid Deemas Al Suwaidi and Mohamed Al Dhahiri  
Secretary: Rami Raslan

## OUR REMIT

The primary responsibilities and functions of the BACC are to help the Board to fulfil its duties to ensure and oversee:

- The integrity of ADCB's financial statements;
- The qualifications, independence, performance and remuneration of ADCB's external auditors;
- The qualifications, independence and performance of ADCB's internal audit department;
- ADCB's compliance with legal and regulatory requirements, and ADCB's internal policies; and
- ADCB's internal controls, including controls over financial reporting and disclosure.



## TIME ALLOCATION FOR 2020 BACC MEETINGS

## Statement from the Chairlady of the Audit & Compliance Committee

Dear Shareholders,

During 2020, the BACC held nine (9) meetings, during which the Committee:

- Assessed the objectivity and effectiveness of ADCB’s financial reporting and disclosure process. This included monitoring of ADCB’s accounting policies, principles, judgments, ongoing concerns and business continuity;
- Reviewed and discussed ADCB’s IFRS 9 governance process, models and implications for ADCB’s financial statements, and ensured ADCB’s compliance with UAE Central Bank regulations relating to IFRS 9;
- Considered purchase price adjustments recommended by management following the merger;
- Considered the potential macro-economic impact of the COVID-19 pandemic on business and financial performance;
- Received special internal audit reviews as matters of concerns in light of the current market conditions and COVID-19 impact;
- Evaluated Ernst & Young’s qualifications, performance, independence and objectivity; reviewed the scope of work proposed by Ernst & Young for 2020, and exercised oversight of all non-audit work carried out by the external audit firm;
- Considered the performance, effectiveness and activities of ADCB’s Group Internal Audit function (and separately, the performance of the Head of Internal Audit), and reviewed updates to its audit plan, staffing, training, charter, manual and strategy, taking note of the UAE Central Bank’s regulations on internal control, compliance and internal audit;
- Oversaw the independent assessment of the risk governance framework by ADCB’s Group Internal Audit function, and ensured that an independent review of ADCB’s systems and processes was carried out as part of the Group Internal Auditing process;
- Oversaw the activities, and assessed the performance, of ADCB’s Group Compliance function and considered updates to relevant policies, including compliance with AML (Anti-money laundering)/CFT (Combating the Financing of Terrorism and illegal organisation) and Sanction policies to ensure the robustness of ADCB’s compliance framework, taking into account UAE Central Bank Corporate Governance Regulations;
- Received regulatory (including COVID-19 notices), compliance, fraud and operational risk management updates;
- Reviewed the effectiveness of ADCB’s internal controls framework and ensured the existence of an effective system of internal controls, taking note of the UAE Central Bank’s new regulations on internal control, compliance and internal audit;
- Reviewed ADCB’s quarterly and annual audited financial statements;
- Reviewed and ensured appropriate action regarding audit and review observations raised by the Internal Audit Function and Ernst & Young, the UAE Central Bank, and other regulators;
- Reviewed the Committee’s terms of reference and the policies sponsored by the Committee, and ensured that the new regulations were reflected, as appropriate;
- Received and considered Internal Audit’s Annual Report for 2019;
- Received detailed reports on certain non-performing loans and business segments, and recommended suitable provisioning for those loans;
- Reviewed quarterly reports on the Directors’ shareholdings in ADCB’s shares; and
- Reported regularly to ADCB’s Board.

During 2020, the Committee continued to work with ADCB's management and Ernst & Young to ensure the effectiveness of ADCB's IFRS 9 governance-related-practices, expected credit loss (ECL) models and controls. This included overseeing the staging of key accounts (and their appropriateness post-merger), as well as ensuring that this process remained prudent. The Committee also ensured that financial disclosures complied with IFRS 9 requirements and that any subjective judgments had been made appropriately.

The Committee continued to oversee the implementation of the UAE Central Bank Corporate Governance Regulations.

The Committee maintained frequent communication and coordination with ADCB's management regarding the significant implications of the COVID-19 pandemic and its impact on the businesses and financials. As a result, a range of new procedures, policies and measures were introduced, in accordance with UAE Central Bank regulations, to ensure business continuity and the health and safety of customers and employees.

ADCB's external auditor was due to be rotated in 2020, in line with local and international best practice and regulatory requirements. As such, the Committee recommended the appointment of Ernst & Young as ADCB's new external auditors for approval by the Board and shareholders.

The Committee met regularly with ADCB's external and internal auditors without the presence of ADCB's management to discuss issues that arose. In addition, Committee members attended meetings of the Risk & Executive Committee to ensure adequate flow of information between the two Committees and the effective coverage of all risks, including emerging risks. It also oversaw any adjustments to ADCB's risk governance framework in light of evolving business plans and the external environment.

The Committee received annual confirmation from ADCB's external auditors that ADCB's internal controls has been assessed for effectiveness. The Committee ensured that ADCB's Internal Audit Plan for 2020 focused on providing assurance that ADCB's internal governance and controls remained robust.

The Committee was pleased to note that it made positive progress during 2020 towards meeting its responsibilities and objectives.

## LOOKING AHEAD TO 2021

The Committee's schedule in 2021 includes nine (9) meetings focused on, amongst other things, the integrity of ADCB's financial statements, IFRS 9 governance practices, ECL models, assessment and oversight of the activities and performance of Group Internal Audit and Compliance functions, as well as the performance of ADCB's external auditors.

The Committee will continue to work closely with ADCB's management to address the long-term challenges of the COVID-19 pandemic, focusing on key areas to ensure resilience in the new environment (post-pandemic), and to keep abreast of governmental and regulatory announcements. To that end, the Committee will continue to review and monitor changes and challenges in key sectors of the economy.

The Committee will continue to coordinate its activities with those of the Board Risk & Executive Committee to ensure a free flow of information between the two Committees. The Committee will also continue to ensure that ADCB's Group Internal Audit Plan mirrors emerging risks and provides the necessary assurances in the current evolving economic and operational environment.

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Aysha Al Hallami  
Chairlady of the BACC

## BACC REPORT ON SELECTION OF AUDITOR

ADCB Board Audit & Compliance Committee is composed of four (4) Board members. The Board has determined that all Committee members are independent under the Securities & Commodities Authority corporate governance codes.

Management is responsible for preparing and the overall reporting process with respect to ADCB's consolidated financial statements, and Ernst & Young reviews and confirms the effectiveness of the internal control over financial reporting. Ernst & Young, ADCB's independent external audit firm, is responsible for planning and conducting an independent audit of ADCB's consolidated financial statements in accordance with the standards issued by the International Accounting Standard Board (IASB) and for expressing an opinion as to the conformity of Bank's financial statements with these standards and as to the effectiveness of the internal controls over financial reporting. The Committee's responsibility is to monitor and oversee these processes.

The Committee annually evaluates Ernst & Young's qualifications, performance, quality and independence. The Committee also oversees the performance of the internal audit function managed by ADCB's Chief Internal Auditor. The Committee has reviewed and discussed with management and with the external audit firm ADCB's audited financial statements for the year ended 31 December 2020, management's assessment of the effectiveness of ADCB's internal control over financial reporting, and Ernst & Young's evaluation of ADCB's internal control over financial reporting. In addition, the Committee has discussed with Ernst & Young the matters that independent registered public accounting firms must communicate to audit committees under applicable standards.

The Committee has also discussed and confirmed with the external audit firm its independence from ADCB, and received all required written disclosures and correspondence required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to their audit of ADCB's consolidated financial statements in the United Arab Emirates, and they have fulfilled their other ethical responsibilities in accordance with these requirements and the IESBA Code.

Based on the reviews and discussions referred to above, the Committee recommended to the Board that the audited financial statements for the year ended 31 December 2020 and the related footnotes be included in the Bank's Annual Report for the year ended 31 December 2020.

Submitted by the BACC

# RISK & EXECUTIVE COMMITTEE

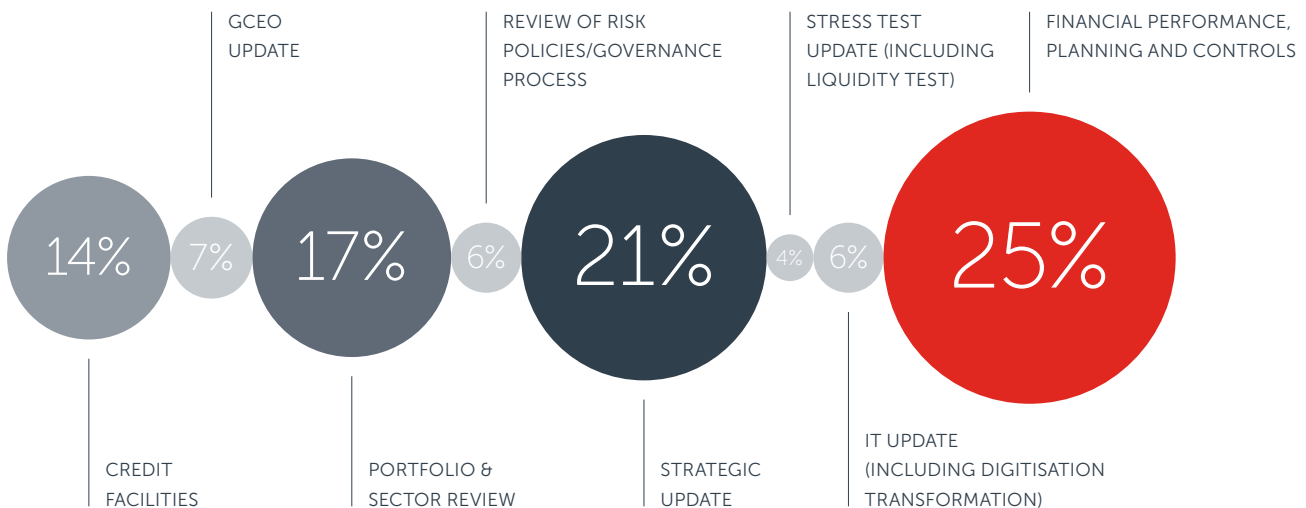
Composition as of 31 December 2020:

Saeed Almazrouei (Chairman), Khaled H Alkhoori, Aysha Al Hallami, Abdulla Al Muttawa and Carlos Antoine Obeid  
Secretary: Rami Raslan

## OUR REMIT

The primary responsibilities and functions of the BREC are to help the Board to fulfil its duties to ensure and oversee:

- ADCB’s development of strategy, and business performance against approved strategy;
- ADCB-wide risk governance framework which includes ADCB’s risk appetite;
- ADCB’s development of risk management tools and compliance with regulatory requirements relating to risk management;
- ADCB’s progress of technology transformation; and
- ADCB’s major credit commitments.



## TIME ALLOCATION FOR 2020 BREC MEETINGS

## Statement from the Chairman of the Risk & Executive Committee

Dear Shareholders,

During 2020, the BREC held 18 meetings, during which the Committee:

- Reviewed the development of ADCB’s strategy, performance and achievement of annual targets;
- Reviewed ADCB’s budget;
- Reviewed ADCB’s risk profile and ensured that it was managed within the context of the risk appetite approved by the Board;
- Reviewed ADCB-wide risk governance framework which includes ADCB’s risk culture, risk appetite and risk limits;
- Reviewed and discussed ADCB’s digitisation strategy roadmap;
- Reviewed credit exposures that are high value or sensitive credit decisions;
- Received regular updates from the Group Chief Executive Officer on the COVID-19 pandemic, the Targeted Economic Support Scheme (TESS) and related deferrals, and ADCB’s liquidity and business position;
- Received and considered updates from the Chief Credit Officer on ADCB’s credit exposures;
- Received special internal audit reviews on matters of concern in light of COVID-19 and its impact;
- Reviewed ADCB’s key risks, including liquidity, credit, market, compliance, fraud and operational risks and associated policies, and ensured that they were managed within ADCB’s risk framework and appetite, and in full compliance with UAE Central Bank regulations;
- Reviewed reports on any material breaches of risk limits and the adequacy of proposed actions;
- Reviewed ADCB’s compliance with applicable laws and regulations relating to risk management systems and procedures;
- Approved ADCB’s internal capital adequacy assessment process (ICAAP) report (submitted to the UAE Central Bank), covering assessment of material risks, capital plan and enterprise-wide stress testing results;
- Reviewed ADCB’s liquidity position;
- Reviewed ADCB’s exposure to economic sectors, including hospitality, real estate, contracting and retail;
- Reviewed ADCB’s internal rating setting guidelines for EIBOR submissions;
- Reviewed the effectiveness of ADCB’s market risk framework and relevant policies, including ADCB’s interest rate risk in banking book (IRRBB) policy, in line with UAE Central Bank regulations;
- Reviewed ADCB’s investment and liquidity portfolio;
- Reviewed ADCB’s various segments and subsidiaries including Retail, Commercial, Dubai exposure, ADCE & ADCP;
- Reviewed ADCB’s IT, physical security and cyber risks, and ensured that ADCB had implemented a proactive approach towards managing these risks;
- Considered the outcome of stress tests and reverse stress tests conducted on various key portfolios, and ensured that outcomes of these tests were reflected in ADCB’s risk appetite, capital adequacy assessments, budgets, capital and liquidity plans; and
- Reviewed ADCB’s business continuity and data management framework.

During 2020, the Committee continued to focus on ADCB's adherence to its strategy and risk appetite. In particular, the Committee reviewed initiatives to develop and implement ADCB's short- and long-term business strategy, which is focused on growing market share in the UAE, maximising efficiency and profitability, capturing integration synergies and implementing digital transformation.

The Committee coordinated closely with ADCB's Senior Management to assess all large exposures and their impact on ADCB's financial performance. The Committee reviewed current portfolios for consistency with ADCB's risk-return profile and risk appetite limits, and assessed mitigation plans to ensure they remained in line with strategy.

The Committee also reviewed ADCB's risk appetite metrics and approach to credit risk management to ensure they remained well aligned with changing market conditions, regulatory requirements, and the nature, size and complexity of ADCB.

The Committee continued to monitor progress related to ADCB's digitisation strategy and implementation roadmap as well as the achievement of related key performance indicators.

The Committee is pleased to note that it made positive progress during 2020 towards meeting its responsibilities and objectives.

## LOOKING AHEAD TO 2021

The Committee's schedule in 2021 includes twelve meetings, primarily focused on ADCB's strategy, risk framework and digitisation. The Committee will continue to oversee the execution of ADCB's strategy, including tactical and short-term efficiency measures and cost optimisation, changes to operating models, risk appetite and digitisation, as required to adapt to changing market conditions.

In addition, the Committee will continue to oversee key sensitive credit decisions, and will work closely with ADCB's management to review its portfolio prudential limits. The Committee will also continue to track ADCB's implementation of its digitisation strategy, focusing on achieving true digitisation (including the use of artificial intelligence and data science) rather than mere automation.

The Committee will ensure strong communication across the Board's committees to effectively make any necessary adjustments to ADCB's governance framework to maintain resilience and a clear strategic focus in the current operating environment.

The Committee will also continue to play its vital role in carrying on the Board's guidance and directives and working closely with the Senior Management to translate such guidance into achievable KPIs and monitoring the achievement thereof.

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Saeed Almazrouei  
Chairman of the BREC

# NOMINATION, COMPENSATION, HR AND GOVERNANCE COMMITTEE

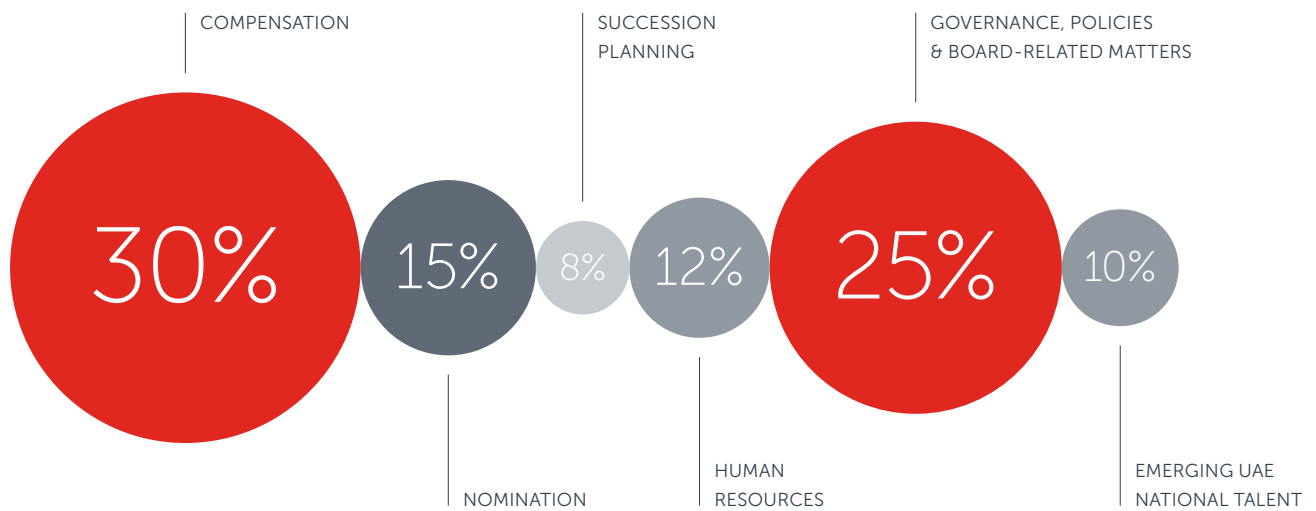
Composition as at 31 December 2020:

H.E. Hussain Al Nowais (Chairman), Saeed Almazrouei,  
 Carlos Antoine Obeid and Ahmed Al Calily  
 Secretary: Rami Raslan

## OUR REMIT

The NCHRG is responsible for:

- Ensuring the appropriate composition and skillset of the Board and the Board Committees;
- Ensuring the appropriate diversity of the Board;
- Ensuring Independent Directors remain independent on a continuous basis;
- Selecting and appointing Directors;
- Orienting and training new and existing Directors;
- Planning the succession of Board members and Senior Management;
- Selecting and appointing Senior Management;
- Assessing the performance of the Board, individual Directors and Senior Management and overseeing implementation of recommendations arising from the performance review; and
- Developing, applying and reviewing human resources and training policies.



TIME ALLOCATION FOR 2020  
 NCHRG MEETINGS



## Statement from the Chairman of the Nomination, Compensation, HR and Governance Committee

Dear Shareholders,

During 2020, the NCHRG held six (6) meetings, during which the Committee:

- Considered the internal and external assessment of ADCB's remuneration framework and oversaw the implementation of recommendations/action plans arising from this assessment;
- Reviewed and approved ADCB's remuneration framework, including its fixed and variable pay schemes, retention awards and performance recognition;
- Reviewed the Directors' remuneration and fees;
- Received updates on the decisions made at the Board level (or any of its Committees) that may create any potential conflict of interest for Board members;
- Considered the performance evaluation, key performance indicators, and remuneration of the Group Chief Executive Officer;
- Considered the action plan resulting from gap analysis of ADCB's compliance with corporate governance guidelines issued by the UAE Central Bank and Securities & Commodities Authority;
- Reviewed the Board composition, including its diversity, mix of skills, knowledge and experience, in relation to UAE Central Bank and Securities & Commodities Authority governance regulations;
- Reviewed the assessment of the Board's independence, in accordance with the guidelines set by the UAE Central Bank and Securities & Commodities Authority;
- Considered the internal assessment of ADCB's culture and values;
- Considered the results of the Board evaluation survey conducted by ADCB's management and Board;
- Reviewed the annual Corporate Governance Report, including information in ADCB's Annual Report and on ADCB's website, and ensured compliance with UAE Central Bank regulations, standards and best practices;
- Oversaw the professional development schemes and specialist training of the Board;
- Reviewed the Board Secretary's duties and responsibilities;
- Reviewed the strategy and performance of ADCB's Group Human Resources function, training policies and procedures, as well as its approach to Emiratisation;
- Reviewed local, regional and international corporate governance developments and best practice, including policies, procedures, systems, controls and codes of conduct;
- Managed ADCB's long-term succession strategy, assessed succession plans for key executives, and focused on talent management;
- Assessed the Board's selection, appointment and induction processes, and ensured a thorough and rigorous Board induction programme for new Board members;
- Oversaw the process for identifying, assessing and selecting candidates for Senior Management;
- Reviewed and assessed ADCB's Shari'ah governance framework; and
- Reviewed and considered ADCB's corporate governance documentary framework and made necessary amendments thereto, to reflect new governance guidelines and regulations issued by UAE Central Bank and Securities & Commodities Authority.

During 2020, the Committee continued to focus on ADCB's Emiratisation strategy, ensuring that its Emiratisation framework is effective in developing ADCB's UAE National talent and meeting Emiratisation targets set by the UAE Central Bank.

The Committee continued to monitor the overall development of ADCB's culture to promote a healthy environment that is conducive to organisational success.

The Committee continued to develop KPIs to assess the effectiveness of ADCB's variable remuneration schemes and to ensure that the schemes are aligned with ADCB's strategy, objectives, culture, values and risk appetite. In particular, the Committee assessed the independent review of ADCB's remuneration against market practices and UAE Central Bank Governance Regulations, with minimum identified gaps to be fully complied. The Committee noted that the remuneration schemes remain effective and continue to deliver the desired objectives with respect to ADCB's current size and status.

With regard to corporate governance, the Committee continued to monitor and benchmark ADCB against international best practice for governance. The Committee was pleased that ADCB's corporate governance framework already follows the near entirety of UAE Central Bank Governance Regulation requirements and Securities & Commodities Authority governance regulations and that ADCB should be in full compliance with such regulations in due course.

The Committee considers that it made positive progress during 2020 towards meeting its objectives and responsibilities.

## LOOKING AHEAD TO 2021

In 2021, the Committee will continue to prioritise the development of ADCB's UAE National talent, focusing on improvements in the recruitment, retention and training of Emiratis.

The Committee will also continue to monitor the bridging of gaps identified through an external review of ADCB's remuneration scheme, and will focus on bringing ADCB's scheme, governance policies and processes into full compliance with the recently issued corporate governance regulations guidelines of both the UAE Central Bank and Securities & Commodities Authority.

Furthermore, the Committee will work together with the BREC to regularly monitor and review compensation plans, outcomes and processes, and to assess whether ADCB's compensation system creates the desired incentives for effective management of risk, capital and liquidity.

The Committee will continue to monitor ADCB's compliance with the recently issued corporate governance regulations guidelines of both the UAE Central Bank and Securities & Commodities Authority and will continue to ensure that ADCB remains on track in this regard.

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H.E. Hussain Al Nowais  
Chairman of the NCHRG