

# Corporate Governance Report

2021

## 1. A statement of the procedures that have been taken to complete the corporate governance system during the year 2021, and how to implement them

National Bank of Fujairah PJSC (“NBF” or “The Bank”) is committed to upholding the highest ethical and corporate governance standards. We believe high standards of corporate governance are key contributors to the long-term success of any business, creating trust and engagement between the company and its stakeholders. This belief underpins our business model.

Delivering exceptional business outcomes based on strong risk management and governance is a core aspect of the Bank’s strategic intent and we have clear and comprehensive governance policies, procedures and practices throughout the Bank.

The Board of Directors’ primary responsibility is to provide effective governance and oversight over the Bank’s affairs for the benefit of shareholders, and to balance the interests of diverse stakeholders, including investors, customers, employees, suppliers, regulators, government and local communities. The Board has also established board committees in line with the best practices to fulfill its responsibilities effectively.

Our corporate governance ensures the highest levels of transparency and accountability.

At executive level, the Management Committee and Management Risk Committee oversee and provide strategic direction to various other committees in the Bank.

The Bank’s corporate governance system operated effectively during 2021. The Board, Board committees and management committees were convened to perform their obligations in line with the charters and provided the required oversight.

As part of ongoing development, there was also education session arranged for all the Directors and senior management on the new corporate governance requirements and digitalization.

During 2021, NBF continued to review its corporate governance practices in light of changes to the strategy and the external business environment and evolving stakeholder expectations.

## 2. A statement of the transactions of the members of the Board of Directors and their spouses and sons in the securities of the Bank during the year 2021 according to the following table:

Name	Position / relationship	The shares owned as on 31/12/2021	Total sale	Total purchase
<b>Sheikh Saleh Bin Mohamed Bin Hamad Al Sharqi</b>	Chairman	-	-	-
<b>Dr. Raja Easa Saleh Al Gurg</b>	Deputy Chairperson	50,031	Nil	Nil
<b>Sheikh Hamad Bin Saleh Bin Mohamed Al Sharqi</b>	Member	-	-	-
<b>Hussain Mirza Al Sayegh</b>	Member	-	-	-
<b>Saif Sultan Al Salami</b>	Member	-	-	-
<b>Dr. Sulaiman Mousa Al Jassim</b>	Member	1,706,872	Nil	Nil
<b>Mohamed Obaid Bin Majed Al Aleeli</b>	Member	435,032	Nil	Nil
<b>Abdulla Fareed Al Gurg</b>	Member	-	-	-
<b>Ahmed Saeed Al Raqbani</b>	Member	-	-	-

The above mentioned Board members did not purchase or sell any shares during the year 2021, however 4.45% of bonus shares were added to the holdings of all shareholders including Dr. Raja Essa Saleh Al Gurg, Dr. Sulaiman Mousa Al Jassim and Mohamed Obaid Bin Majed Al Aleeli on account of increase in the Bank’s paid up capital to AED 2,000,000,000 (AED 2 billion) in line with the new minimum capital requirements of the Central Bank of the UAE.

### 3. Formation of the Board of Directors

A. A statement of the formation of the current Board of Directors (with the addition of the names of the resigned and appointed members of the Board of Directors) according to the following table:

	Name	Category (executive, non-executive and independent)	Experiences and Qualifications	The period he spent as a member of the company's board of directors from the date of his first election	Their memberships and positions in any other joint stock companies	Their positions in any other regulatory, government or commercial positions
1.	Sheikh Saleh Bin Mohamed Bin Hamad Al Sharqi - Chairman	Non-executive Non independent member	<ul style="list-style-type: none"> <li>Completed standard military course from Royal Military Academy Sandhurst;</li> <li>Served in UAE Armed Forces as a Colonel.</li> </ul>	Since 1984 38 years	-	<ul style="list-style-type: none"> <li>Chairman of Department of Industry and Economy, Govt. of Fujairah, which controls port of Fujairah, Fujairah Customs, Fujairah International Airport, Fujairah Free Zone Authority and Government Companies. Department of Industry supervises all investments and industrial projects in the Emirate of Fujairah;</li> <li>Chairman of Fujairah National Group.</li> </ul>
2.	Dr. Raja Easa Saleh Al Gurg – Deputy Chairperson	Non-executive Non independent member	<ul style="list-style-type: none"> <li>Holds an Honorary Doctorate in Literature from Amity University, India.</li> <li>Holds an Honorary Doctorate at Queen's University Belfast for economics.</li> <li>Graduated from the University of Kuwait in English Literature.</li> </ul>	Since 2020 2 years		<ul style="list-style-type: none"> <li>Vice Chairperson, Managing Director and Member of Board of Directors of the Easa Saleh Al Gurg Group LLC;</li> <li>On the Board of Trustees for the Mohammed Bin Rashid Al Maktoum Global Initiatives' - one of the largest development and community foundations in the Middle East;</li> <li>President - Dubai Business Women Council;</li> <li>Board Member of the newly constituted Dubai Chambers;</li> <li>Board Member of Dubai Women Association;</li> </ul>

						<ul style="list-style-type: none"> <li>• Board Member of Dubai Academic Health Corporation;</li> <li>• Member of the Board of Trustees - Hamdan Bin Mohammed Smart University;</li> <li>• Member of the Board of Trustees - Ajman University;</li> <li>• Chairperson of the Board of Directors of Al Jalila Foundation;</li> <li>• Board Member of the Emirates Schools Establishment;</li> <li>• Advisory board of Coutts Bank, the wealth division of the Royal Bank of Scotland Group.</li> </ul>
3.	Sheikh Hamad Bin Saleh Bin Mohamed Al Sharqi - Board Member	Non-executive Independent member	<ul style="list-style-type: none"> <li>• Graduated from Higher Colleges of Technology (Business Administration &amp; HR).</li> </ul>	Since 2014 8 years	-	<ul style="list-style-type: none"> <li>• Chairman of Al Sharq Health care (The Health care group of Fujairah National Group);</li> <li>• Chairman of Fujairah National Industries (the industries Group of Fujairah National Group);</li> <li>• Vice-Chairman of Fujairah National Group.</li> </ul>
4.	Hussain Mirza Al Sayegh - Board Member	Non-executive Non independent member	<ul style="list-style-type: none"> <li>• Master Degree in International Relations - University of Southern California (UK Programme) London;</li> <li>• BA Degree in Business Administration - University of Jordan.</li> </ul>	Since 1992 30 years	<ul style="list-style-type: none"> <li>• Director, Emirates NBD (PJSC), Dubai</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman, Jotun UAE Ltd (LLC), Dubai;</li> <li>• Chairman, Jotun Powder Coatings UAE (LLC), Dubai;</li> <li>• Director, Marsh Emirates Insurance Brokerage LLC, Dubai;</li> <li>• Board Member, Dubai Developments;</li> <li>• Deputy Chairman, Al Nasr Leisureland, Dubai;</li> <li>• Chairman, Union Cement Co., Ras Al Khaimah.</li> </ul>

5.	Saif Sultan Al Salami - Board Member	Non-executive Non independent member	<ul style="list-style-type: none"> <li>• Master in Computer Engineering - Florida University, USA.</li> </ul>	Since 1999 23 years	-	<ul style="list-style-type: none"> <li>• Managing Director of Fujairah National Group;</li> <li>• Director of GPS Chemoil LLC FZC.</li> </ul>
6.	Dr. Sulaiman Mousa Al Jassim - Board Member	Non-executive Non independent member	<ul style="list-style-type: none"> <li>• PhD in Manpower development from Exeter University, UK;</li> <li>• Master in philosophy from Exeter University, UK;</li> <li>• Bachelor's degree in public administration sciences at UAE University;</li> <li>• Diplomatic Certificate from Oxford University, UK.</li> </ul>	Since 1984 38 years	-	<ul style="list-style-type: none"> <li>• Chairman of Al Jassim Trading Group;</li> <li>• Board Member of Abu Dhabi University;</li> <li>• Board Member of Abu Dhabi School of Management;</li> <li>• Vice Chairman of Sultan Bin Ali Al Owais Cultural Foundation;</li> <li>• Chairman of Al Khaleej Investment Education Services;</li> <li>• Board Member of University of Fujairah.</li> </ul>
7.	Mohamed Obaid Bin Majed Al Aleeli - Board Member	Non-executive Non independent member	<ul style="list-style-type: none"> <li>• Bachelor of Science Industrial Technology, University of Wisconsin, USA;</li> <li>• Master of Science Management Technology, University of Wisconsin, USA.</li> </ul>	Since 1993 29 years	-	<ul style="list-style-type: none"> <li>• General Director – Department of Industry &amp; Economy, Government of Fujairah;</li> <li>• Member of the Industrial Coordination Council in the United Arab Emirates;</li> <li>• Member of the Economic Integration Committee at the Ministry of Economy, UAE;</li> <li>• Board member of Arab Company for Poultry Production in Fujairah.</li> </ul>
8.	Abdulla Fareed Al Gurg - Board Member	Non-executive Non independent member	<ul style="list-style-type: none"> <li>• Master's certificate in Management Concepts from Regis University, Denver, Colorado;</li> <li>• Bachelor degree in Marketing and Management from the American University of Sharjah.</li> </ul>	Since 2014 8 years	-	<ul style="list-style-type: none"> <li>• Abdulla Al Gurg Global Investments OPC LLC – Chairman;</li> <li>• VITA Investment in Healthcare Enterprises &amp; Development LLC – Chairman;</li> <li>• Esports Management Group LLC - Chairman;</li> <li>• Easa Saleh Al Gurg Group – Board Member &amp; Director on Board of Advisors;</li> </ul>

						<ul style="list-style-type: none"> <li>• Al Gurg Fosroc LLC – Director;</li> <li>• Al Gurg Unilever LLC – Director;</li> <li>• Al Gurg Smollan – Director;</li> <li>• AkzoNobel Decorative Paints LLC – Director;</li> <li>• Siemens Energy LLC – Director;</li> <li>• Siemens Industrial LLC - Director;</li> <li>• Siemens Mobility LLC – Director;</li> <li>• Siemens Healthineers LLC – Director.</li> </ul>
9.	Ahmed Saeed Al Raqbani - Board Member	Non-executive  Non independent member	<ul style="list-style-type: none"> <li>• MBA from London Business School (LBS);</li> <li>• B.ENG in Civil Engineering from University College London (UCL).</li> </ul>	Since 2016 6 years	<ul style="list-style-type: none"> <li>• Chairman of Fujairah Building Industries PJSC.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Fujairah Rock and Aggregate Co;</li> <li>• Board member of Al Taif Investment;</li> <li>• Member of the Board of Trustees of University of Fujairah;</li> <li>• Managing Director of East Coast Group.</li> </ul>

#### B. A statement of the percentage of female representation in the board of directors for the year 2021

NBF promotes female representation in line with the government strategy. Female participation at NBF Board of Directors is 11%. NBF is proud to have Dr. Raja Easa Al Gurg as its Deputy Chairperson.

In 2021, the Board appointed Ms Raheema Ahmed Al Rayssi as the Board Secretary to further strengthen diversity.

#### C. Statement of the following:

1. Total remuneration of the members of the Board of Directors paid for the year 2020

There was no Board remuneration for the year 2020.

Board Committees attendance allowance details are as follows:

Board member attendance allowances paid during 2021 for year 2020	Directors' fees (AED per annum)
Chairman	400,000
Deputy Chairperson	400,000
Director	200,000 (Per Person)

2. Total remuneration for the members of the Board of Directors proposed for the year 2021, which will be presented at the Annual General Meeting for approval

There was no Board remuneration for the year 2020.

Board Committees attendance allowance details are as follows:

Board member attendance allowances to be paid during 2022 for year 2021	Directors' fees (AED per annum)
Chairman	800,000
Deputy Chairperson	800,000
Director	400,000 (Per Person)

3. Statement of the details of the allowances for attending the sessions of the committees emanating from the board which were paid by the members of the board of directors for the fiscal year 2021

Please refer to the above table.

4. Details of allowances, Salaries or additional fees received by a member of the Board of Directors, other than the allowances for attending committees and the reasons for the same

NIL.

**D. The number of board meetings held during the fiscal year 2021 with an indication of their dates, the number of personal attendance for all members, and an indication of the members present by proxy (the names of the members of the board of directors must match what is mentioned in Clause (3A) above**

During 2021 there were 8 meetings held as follows:

Date of the meeting	Number of attendees	Attending through proxy	Names of the absent members
28 January 2021	8	-	Sheikh Saleh Bin Mohamed Bin
18 March 2021	9	-	-
28 April 2021	6	-	Sheikh Saleh Bin Mohamed Bin Hamad Al Sharqi Mohammed Obaid Bin Majid Al Aleeli Dr. Sulaiman Mousa Al Jassim
23 June 2021	6	-	Sheikh Saleh Bin Mohamed Bin Hamad Al Sharqi Dr. Sulaiman Mousa Al Jassim Abdulla Fareed Al Gurg
18 July 2021	8	-	Abdulla Fareed Al Gurg
27 September 2021	9	-	-
25 October 2021	8	-	Dr. Sulaiman Mousa Al Jassim
24 November 2021	9	-	-

- On 28 January 2021: H.H Sheikh Saleh Bin Mohamed Bin Hamad Al Sharqi apologized for not attending the meeting and his absence was accepted by the Board.
- On 28 April 2021: H.H Sheikh Saleh Bin Mohamed Bin Hamad Al Sharqi, Mohammed Obaid Bin Majid and Dr. Sulaiman Mousa Al Jassim were apologized for not attending the meeting and their apologies were accepted by the Board.
- On 23 June 2021: H.H Sheikh Saleh Bin Mohamed Bin Hamad Al Sharqi, Dr. Sulaiman Mousa Al Jassim and Abdulla Fareed Al Gurg apologized for not attending the meeting and their absences were accepted by the Board.
- On 18 July 2021: Abdulla Fareed Al Gurg apologized for not attending the meeting and his absence was accepted by the Board.
- On 25 October 2021: Dr. Sulaiman Mousa Al Jassim apologized for not attending the meeting and his absence was accepted by the Board.

#### **E. Number of Board resolutions issued by circulation during fiscal year 2021 with the dates**

The Board resolved on the following matters by way of circulation which were also ratified at the subsequent board meetings:

1. Annual Review of Risk Governance - Governance Charter Review, Annual Review of Key Risk Frameworks and Policies, Sharia Governance Framework and Whistle Blowing Policy – on 28 Feb 2021.
2. Write off NPL Accounts – on 15 March 2021
3. ICAAP Report for FYE 2020 – 30 March 2021
4. Regulatory Implementation Plan for the Consumer Protection Regulations and Standards and ISSC Charter Amendment – 19 May 2021.
5. Write off NPL Accounts as at 30 April 2021 – on 27 May 2021
6. CBUAE Stress Test Report 2021 – on 14 Sep 2021.

#### **F. A statement of the duties and functions of the board of directors carried out by a member of the board or the executive management during the year 2021 based on a mandate from the board, with a determination of the duration and validity of the delegation according to the following table:**

The Bank has established delegation of authorities' framework for defining mandate and approval thresholds for the Board and Executive Management. This principally includes credit approval delegations and financial expenditure delegations which are reviewed and approved by the Board annually. The Board provides delegations for financial expenditure to the CEO who further delegates to relevant staff within the Bank. The principal delegated person's name are provided below:

Delegated person's name	Delegation validity	Period of Delegation
<b>Vince Cook</b> Chief Executive Officer (CEO)	Till Next Review / Board Approval	Annual (12months)
<b>Adnan Anwar</b> Deputy Chief Executive Officer	Till Next Review / Board Approval	Annual (12months)
<b>Ivor John Dorkin</b> Head of Credit (HoC)	Till Next Review / Board Approval	Annual from October 2021
<b>Sumit Malik</b> Head – Credit Risk Governance & Assurance	Upto October 2021	January – October 2021



**G. A statement of the details of the transactions that took place with the related parties (stakeholders) during the year 2021, provided that it includes a statement of the related party, nature of the relationship, type of transaction and volume of transaction**

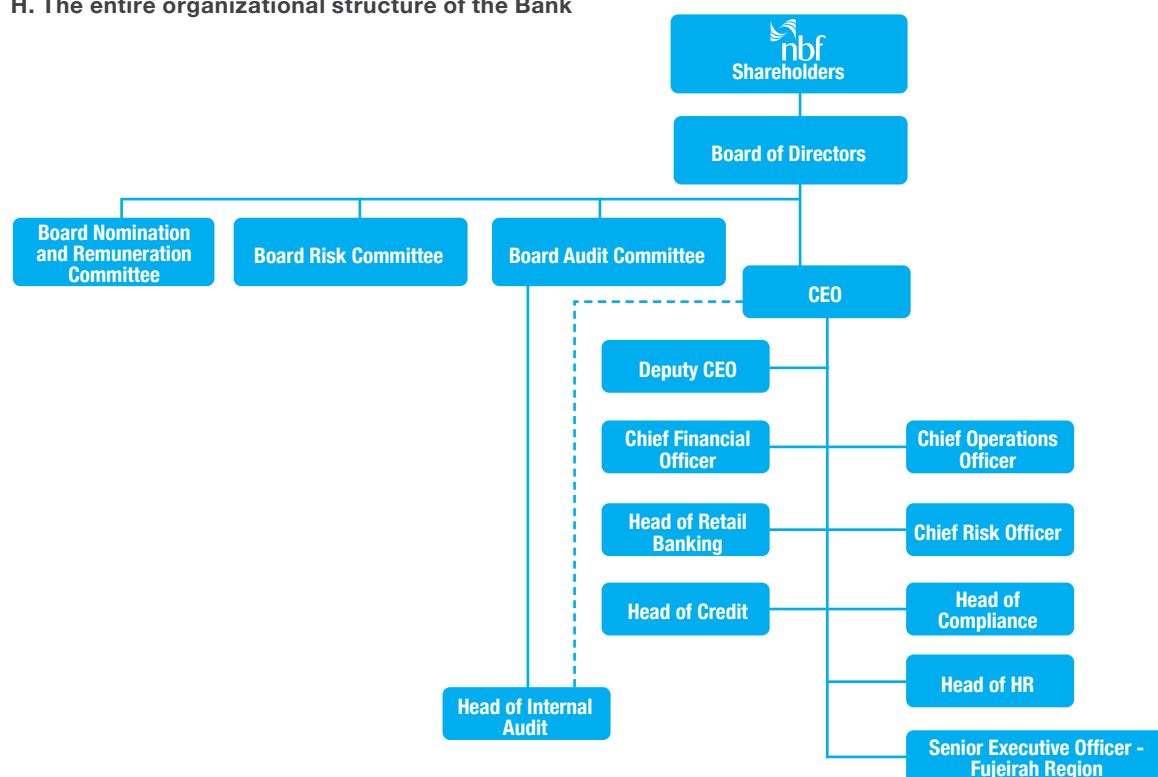
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Group, related parties, as defined in the International Accounting Standard No. 24, include major shareholders of the Group, directors and officers of the Group and companies of which they are principal owners and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions approved by the Board of Directors. The significant transactions and balances included in the consolidated financial statements, which predominantly relate to directors and shareholders of the Group, are as follows:

	2021 AED'000	2020 AED'000
<b>Statement of financial position items:</b>		
Loans and advances and Islamic financing receivables	3,534,719	2,871,674
Customer deposits and Islamic customer deposits	7,998,573	7,186,566
Investments and Islamic instruments	75,449	165,876
Acceptances	33,988	22,504
Tier 1 capital securities	293,840	293,840
<b>Statement of changes in equity items:</b>		
Tier 1 capital securities coupon paid	17,264	17,264
<b>Contingent liabilities</b>		
Letters of credit	65,669	68,547
Financial guarantees and other direct credit substitutes	59,572	89,238
Transaction related contingencies	276,729	282,634
<b>Statement of income items:</b>		
Interest income and income from Islamic financing and investment activities	74,373	75,192
Interest expense and distribution to Islamic depositors	128,041	166,315
Other income	11,449	15,966
Operating expenses	17,687	26,776
<b>Key management compensation:</b>		
Salaries and other short-term benefits	21,566	16,029
Employee end of service benefits	769	572
Board Committees attendance allowances	4,400	2,400

No stage 3 provisions for impairment have been recognized in respect of loans and advances and Islamic financing receivables given to related parties (2020: nil).

The loans and advances and Islamic financing receivables given to related parties amounting to AED 3,534.7 million (2020: AED 2,871.7 million) have been secured against collateral amounting to AED 1,862.5 million (2020: AED 1,704.6 million).

## H. The entire organizational structure of the Bank



## I. A detailed statement of the senior executives in the first and second levels according to the organizational structure of the Bank (as per 3F), with their designations, date of appointment with a statement of the total salaries and bonuses paid to them, according to the following table:

	The Designation	Date of Joining	Total salaries and allowances paid for the year 2021 (AED)	Total Bonuses Paid for 2021 (AED)	Any other cash / in-kind bonuses for the year 2021 or future entitlements
1	Chief Executive Officer	6 Dec 2009	25.071 M	-	-
2	Deputy Chief Executive Officer	17 Dec 2005			
3	Chief Operations Officer	12 Aug 2012			
4	Chief Risk Officer	5 Sep 2017			
5	Senior Executive Officer, Fujairah Region	15 May 1994			
6	Head of Human Resources	10 Oct 2010			
7	Head of Retail Banking	9 Feb 2014			
8	Head of Compliance	27 Sep 2020			
9	Head of Credit	21 May 2014			

## 4. External Auditor

### A. Presenting an overview of the Bank's auditor to the shareholders.

Ernst & Young Global Limited, commonly known as Ernst & Young or simply EY, is a multinational professional services network with headquarters in London, England. EY is one of the largest professional services networks in the world.

Ernst & Young Middle East (EY) was appointed as external auditors for the Bank and its subsidiaries by the shareholders at the Annual General Assembly Meeting (AGAM) held on 29 March 2021.

**B. A statement of the fees and costs of the audit or the services provided by the external auditor, according to the following table:**

Name of the audit office and name of the partner auditor / Partner – Thodla Hari Gopal	Audit office - Ernst & Young Middle East
Number of years spent as Bank's External Auditors'	Three years
Number of years the partner auditor spent in auditing the Bank's accounts	Three years
Total auditing fees for the year 2021 (AED)	AED 580,000
Fees and costs for special services other than auditing the financial statements for the year 2021 (AED) if any, and in the absence of any other fees, this is expressly stated.	AED 44,070
Details and nature of other services provided (if any), and in the absence of other services, this is explicitly stated	Dividends distribution review
A statement of the other services that an another external auditor rather than the Bank's accounts auditor provided during 2021 (if any), and in the absence of another external auditor, this is explicitly stated	Auditor's Name: Crowe MAK Consulting Details of the services provided: VAT consultation

**C. A statement clarifying the reservations that the Bank's auditor has included in the interim and annual financial statements for the year 2021, and in the absence of any reservations, this must be explicitly stated**

Auditors has provided unmodified conclusions on all interim and annual financial statements. Excerpt of audit opinion from Annual Accounts 2021 is provided below.

"In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs")."

**5. The Audit Committee****A. Acknowledgment by the Chairman of the Audit Committee of his responsibility for the committee system in the Bank and for his review of his work mechanism and to ensure its effectiveness**

The Committee fulfilled its obligations and responsibilities in line with the mandate set out by the Board.

The Committee received and considered reports and recommendations from the internal audit and the external auditors. Further, it received and considered any reports issued by the regulatory authorities and made recommendations to the Board in respect of financial reporting, systems of internal control and both internal and external audit processes.

**B. Names of the members of the Audit Committee, and a statement of its functions and tasks assigned to it**

The Audit Committee of the Board consists of four Board members and an independent professional as follows:

Ahmed Saeed Al Raqbani	Chairman
Sheikh Hamad Bin Saleh Bin Mohammed Al Sharqi	Member
Saif Sultan Al Salami	Member
Abdulla Fareed Al Gurg	Member
T N Sekhar	Independent Professional Member

The responsibilities of the Committee include, but are not restricted to the following:

- Confirming and assuring the independence of internal auditors;
- Reviewing with the Head of Internal Audit and the external auditors the scope, plan, coordination and effectiveness of internal and external audit work;

- Overseeing the preparation of financial statements, including a review of the interim and annual financial statements, to monitor that such financial statements have been prepared in accordance with proper accounting rules and practices;
- Reviewing the group's internal control systems for effectiveness; and
- Reviewing all internal audit reports concerning any investigation or significant fraud that occurs within the group.

**C. The number and dates of the meetings held by the Audit Committee during the year 2021 to discuss related issues to the financial statements and any other matters, and a statement of the number of personal attendance of members at the meetings held**

Date of the Meeting	Board of Directors in Attendance	Management Team Attendance	Total attendance
21 January 2021	1. Ahmed Saeed Al Raqbani 2. Shaikh Hamad Bin Saleh Bin Mohammed Al Sharqi 3. Saif Sultan Al Salami 4. Abdulla Fareed Al Gurg 5. T. N. Sekhar - Independent Professional Member	Management: 1. Vince Cook 2. Adnan Anwar 3. Balaji Krishnamurthy Internal Audit: 4. Kevin Taylor External Audit - Ernst & Young: 1. Ben Wareing 2. Tanay Rai	<ul style="list-style-type: none"> <li>• Board of Directors: 4 (count).</li> <li>• Independent Professional Member: 1 (count).</li> <li>• Management: 3 (count).</li> <li>• Internal Audit: 1 (count).</li> <li>• External Auditors': 2 (count).</li> </ul>
21 April 2021	1. Ahmed Saeed Al Raqbani 2. Sheikh Hamad Bin Saleh Bin Mohammed Al Sharqi 3. Saif Sultan Al Salami 4. Abdulla Fareed Al Gurg T. N. Sekhar - Independent Professional Member	Management: 1. Vince Cook 2. Adnan Anwar 3. Balaji Krishnamurthy Internal Audit: 1. Kevin Taylor External Audit - Ernst & Young: 1. Ben Wareing 2. Tanay Rai	<ul style="list-style-type: none"> <li>• Board of Directors: 4 (count).</li> <li>• Independent Professional Member: 1 (count).</li> <li>• Management: 3 (count).</li> <li>• Internal Audit: 1 (count).</li> <li>• External Auditors': 2 (count).</li> </ul>
18 July 2021	1. Ahmed Saeed Al Raqbani 2. Sheikh Hamad Bin Saleh Bin Mohammed Al Sharqi 3. Saif Sultan Al Salami 4. Abdulla Fareed Al Gurg T. N. Sekhar - Independent Professional Member	Management: 1. Vince Cook 2. Adnan Anwar 3. Balaji Krishnamurthy Internal Audit: 1. Temi Labor 2. Mohammed Shaju	<ul style="list-style-type: none"> <li>• Board of Directors: 4 (count).</li> <li>• Independent Professional Member: 1 (count).</li> <li>• Management: 3 (count).</li> <li>• Internal Audit: 2 (count)</li> </ul>
13 September 2021	1. Ahmed Saeed Al Raqbani 2. Sheikh Hamad Bin Saleh Bin Mohammed Al Sharqi 3. Saif Sultan Al Salami 4. Abdulla Fareed Al Gurg T. N. Sekhar - Independent Professional Member	Management: 1. Vince Cook 2. Adnan Anwar 3. Balaji Krishnamurthy Internal Audit: 1. Temi Labor 2. Mohammed Shaju	<ul style="list-style-type: none"> <li>• Board of Directors: 4 (count).</li> <li>• Independent Professional Member: 1 (count).</li> <li>• Management: 3 (count).</li> <li>• Internal Audit: 2 (count)</li> </ul>
20 October 2021	1. Ahmed Saeed Al Raqbani 2. Sheikh Hamad Bin Saleh Bin Mohammed Al Sharqi 3. Saif Sultan Al Salami 4. Abdulla Fareed Al Gurg T. N. Sekhar - Independent Professional Member	Management: 1. Vince Cook 2. Adnan Anwar 3. Balaji Krishnamurthy Internal Audit: 1. Temi Labor 2. Mohammed Shaju External Audit - Ernst & Young: 1. Tanai Rai 2. Ben Wareing 3. Sahana Banu	<ul style="list-style-type: none"> <li>• Board of Directors: 4 (count).</li> <li>• Independent Professional Member: 1 (count).</li> <li>• Management: 3 (count).</li> <li>• Internal Audit: 2 (count)</li> <li>• External Auditors': 3 (count).</li> </ul>

## 6. Nomination and Remuneration Committee

### A. A declaration from the Chairman of the Nominations and Remuneration Committee of his responsibility for the committee's system in the Bank and for his review of his work mechanism and to ensure its effectiveness

The Committee fulfilled its obligations and responsibilities in line with the mandate set out by the Board.

The Committee principally focused on the Bank's succession planning of senior management, appointment of Internal Sharia Supervision Committee, adoption of the new corporate governance regulations of the UAE Central Bank, staff rewards, performance of the Board and ongoing education and development for the Board members.

### B. Names of the members of the Nomination and Remuneration Committee, and a statement of its functions and tasks assigned to it

The Nomination and Remuneration Committee of the Board comprises three board members as follows:

H.H. Sheikh Saleh Bin Mohammed Al Sharqi	Chairman
Dr. Raja Easa Saleh Al Gurg	Member
Saif Sultan Al Salami	Member

The responsibilities of the Committee include, but are not restricted to the following:

- Making recommendations to the Board relating to the appointment, reappointment and succession planning of the Directors, except for the position of Chairman;
- Considering appointment, termination and succession planning for the CEO and other senior management positions;
- Reviewing the remuneration policy for the Board, the CEO, senior management and employees of the Bank;
- Reviewing the structure, size and composition of the Board;
- Evaluating the balance of skills, knowledge and experience on the Board; and
- Reviewing the performance of the Board.

### C. A statement of the number of meetings held by the committee during the year 2021 and their dates, with an indication of the number of personal attendance times for all committee members

Date of the Meeting	Board of Directors in Attendance	Management Team Attendance
20 January 2021	1. H.H. Sheikh Saleh Bin Mohammed Al Sharqi 2. Dr. Raja Easa Saleh Al Gurg 3. Mr. Saif Sultan Al Salami	• Vince Cook • Adnan Anwar
28 April 2021	1. H.H. Sheikh Saleh Bin Mohammed Al Sharqi 2. Dr. Raja Easa Saleh Al Gurg 3. Mr. Saif Sultan Al Salami	• Vince Cook • Adnan Anwar
18 July 2021	1. H.H. Sheikh Saleh Bin Mohammed Al Sharqi 2. Dr. Raja Easa Saleh Al Gurg 3. Mr. Saif Sultan Al Salami	• Vince Cook • Adnan Anwar
24 November 2021	1. H.H. Sheikh Saleh Bin Mohammed Al Sharqi 2. Dr. Raja Easa Saleh Al Gurg 3. Mr. Saif Sultan Al Salami	• Vince Cook • Adnan Anwar

## 7. A committee to follow up and supervise the transactions of Insiders

### A. Acknowledgment by the committee chairman of his responsibility for the committee system in the Bank and for his review of his work mechanism and to ensure its effectiveness

The principal stakeholders include Board of Directors, key management, personnel and related staff member of the Bank. Process for insider transactions is in place for regular reviews and changes from enhance monitoring and control prospective which operated effectively during 2021. The process is administered by the Bank's Investor Relations Officer in line with the Insider policy approved by the Board.

**B. Names of the members of the committee to follow up and supervise the transactions of the insiders, and a statement of its functions and tasks assigned to it**

Not applicable, please refer to comments in section 7A, 7C.

**C. A summary of the committee's work report during the year 2021 (in the event that the committee is not formed, the reasons for this will be explained)**

The dedicated Committee has not been formed for administering insider trading and requirements are adhered through the Bank's established governance framework and process. The Board are responsible for establishing and communicating corporate culture and values through measures including, but not limited to, a written code of conduct, a conflicts of interest policy, a whistleblowing policy mechanism, an insider trading policy, and a strong internal control environment. The Bank limits and manages access to price sensitive information and has also established the process to report all relevant stakeholders to Insider trading list. In addition to regular monitoring, the Bank has also embedded insider trading as part of the periodic compliance declaration programme.

**8. Any other committee or committees approved by the Board of Directors**

**A. Acknowledgment by the committee chairman of his responsibility for the committee system in the Bank and for his review of his work mechanism and to ensure its effectiveness**

The Board has established Board Risk Committee to enhance oversight with formal Charter in place.

**B. Name of the committee or committees**

Board Risk Committee

**C. Names of the members of each committee, and a statement of its functions and tasks assigned to it**

The Board Risk Committee consists of four Board members and an independent professional as follows:

Sheikh Hamad Bin Saleh Bin Mohd Al Sharqi	Chairman
Saif Sultan Al Salami	Member
Mohamed Obaid Bin Majed Al Aleeli	Member
Abdulla Fareed Al Gurg	Member
T N Sekhar	Independent Professional Member

It oversees the risks inherent to group business, control processes, risk management and compliance. The CEO, Deputy CEO (DCEO), Chief Risk Officer (CRO) and Head of Internal Audit (HOIA) are invitees. The responsibilities of the Committee include, but are not limited to the following:

- Review of the group's Enterprise Risk Management and Internal Control Framework;
- Review of group risk appetite and risk policies;
- Review of the credit risk rating system;
- Review of policies for asset and liability management;
- Review of financial and other risk exposures and the steps management has taken to identify and measure risk;
- Review of appropriate transaction or trading limits;
- Review of reports and significant findings from the Risk Management Division, Management Risk Committee and from the regulatory agencies relating to risk;
- Review of Internal Capital Adequacy Assessment Process (ICAAP) submission to the Central Bank of the UAE;
- Review of the quality, structure and adequacy of capital and economic capital allocation;
- Review of the Basel III, liquidity and leverage review methodologies;
- Monitoring of group compliance with legal and regulatory obligations, including customer complaints; and
- Review of major disclosure documentation prior to issue to the market.

**D. A statement of the number of meetings held by the committee during the year 2021 and their dates, with an indication of the number of personal attendance times for all committee members**

Date of the Board Meeting / Excom	Board of Directors in Attendance	Management Team
24 February 2021	1. Sheikh Hamad Bin Saleh Bin Mohammed Al Sharqi 2. Saif Sultan Al Salami 3. Mohammed Obaid Bin Majed Al Aleeli 4. Abdulla Fareed Al Gurg  T N Sekhar - Independent Professional Member	<ul style="list-style-type: none"> <li>• Vince Cook</li> <li>• Adnan Anwar</li> <li>• Justin Morgan-Cooper</li> <li>• Jonathan Falconer</li> <li>• Kevin Taylor</li> </ul>
10 May 2021	1. Saif Sultan Al Salami 2. Mohammed Obaid Bin Majed Al Aleeli 3. Abdulla Fareed Al Gurg  T N Sekhar - Independent Professional Member	<ul style="list-style-type: none"> <li>• Vince Cook</li> <li>• Adnan Anwar</li> <li>• Stuart Wright</li> <li>• Jonathan Falconer</li> </ul>
13 September 2021	1. Sheikh Hamad Bin Saleh Bin Mohammed Al Sharqi 2. Saif Sultan Al Salami 3. Mohammed Obaid Bin Majed Al Aleeli 4. Abdulla Fareed Al Gurg  T N Sekhar - Independent Professional Member	<ul style="list-style-type: none"> <li>• Vince Cook</li> <li>• Adnan Anwar</li> <li>• Stuart Wright</li> <li>• Jonathan Falconer</li> </ul>
8 December 2021	1. Sheikh Hamad Bin Saleh Bin Mohammed Al Sharqi 2. Saif Sultan Al Salami 3. Mohammed Obaid Bin Majed Al Aleeli 4. Abdulla Fareed Al Gurg  T N Sekhar - Independent Professional Member	<ul style="list-style-type: none"> <li>• Vince Cook</li> <li>• Adnan Anwar</li> <li>• Stuart Wright</li> <li>• Jonathan Falconer</li> </ul>

## 9. The internal control system

**A. Acknowledgment by the Board of its responsibility for the Bank's internal control system and for its review of its work mechanism and to ensure its effectiveness**

The NBF Board sets the risk appetite, policies and has approved the Enterprise-wide Risk Management and Internal Control Framework. The Bank follows a three lines of defense structure with management control being the first, independent risk management oversight being the second and an independent audit assurance being the third. The principal responsibility for the execution and implementation of policies and procedures and internal controls rests with respective functions and departments in accordance with the approved framework. An independent Risk Management function carries out the oversight through independent review and approval of procedures, spot checks to assess adequacy of internal controls and meeting of compliance requirements, operational risk management, credit portfolio risk review and middle office activities for market and liquidity risks. An independent internal and external audit process provides an independent assurance to the Board.

The Bank continued to invest in various regulatory compliance activities. The NBF Group undertook improvements to its Anti-Money Laundering (AML) / Combating the Financing of Terrorism (CFT) / sanctions control environment and also enhanced its operational risk profile and testing to ensure effectiveness of controls. NBF is committed to industry best practice compliance and AML standards, and to the protection of the UAE's financial system. We have in place a dedicated compliance function in addition to the operational risk management function to further enhance our control mechanism. To identify areas for ongoing improvement and supervision, dedicated Compliance and Operational Risk Committees are in place, which have senior management representatives from all departments.

The NBF Group has a system of internal controls adequate to enable the preparation of accurate consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), the applicable provisions of the Articles and Memorandum of Association and the UAE Federal Law No. (2) of 2015. NBF acknowledges the responsibility for the design, implementation and maintenance of internal controls.

The Board receives regular reporting on the Bank's risk profile and is able to engage management directly or through the independent control functions regarding any issue of concern.

Further, the role of the Internal Audit Function within the NBF Group is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by the Group is appropriate and effectively applied. In addition, it also provides an independent check on the compliance with laws and regulations and measuring

compliance with the Group's policies and procedures. Additionally, Internal Audit provides consulting services which are advisory in nature, and are generally performed at the specific request of the Senior Management. It is led by the Head of Internal Audit who reports to the Audit Committee of the Board, with administrative reporting line to the Chief Executive Officer. To perform its role effectively, Internal Audit has organizational independence from management, to enable unrestricted evaluation of management activities and personnel.

**B. The name of the department manager, his qualifications, and the date of appointment**

Stuart Wright - Acting CRO

Qualifications: Bachelors in Law

Date of Joining: 5-Sep-2017

**C. Compliance Officer Name, qualifications and date of appointment**

Jonathan James Falconer - Head of Compliance

Qualifications: Masters in Law

Date of Joining: 27-Sep-2020

**D. How the Internal Control Department deals with any major problems in the Bank or those that were disclosed in the annual reports and accounts (in the absence of major problems, it must be mentioned that the company did not face any problems)**

As mentioned in part A, in addition that the Bank did not face any major problems.

**E. Number of Report issued by the Internal Control Department of the Board**

In addition to various presentations and reporting to the Board by Risk Management and Compliance functions, Internal Audit issued forty reports to the Board and Board Audit Committee in 2021.

## **10. Details of the violations committed during the year 2021, their reasons, and how to deal with them and avoid their recurrence in the future**

There were no material violations observed in 2021. For all non-lending losses the Bank follows the process approved by the Board in its Operational Risk Policy. Investigations are carried out by Risk Management to identify the root cause of the incident and where it is appropriate, changes to standard processes and control processes are made to prevent re-occurrence.

## **11. A statement of the cash and in-kind contributions made by the BANK during the year 2021 in developing the local community and preserving the environment**

The social contributions made during the year to various beneficiaries amounted to AED 4.2 million (2020: AED 0.3 million). During the year NBF launched numerous projects following its ongoing commitment of supporting and nurturing communities while reaffirming our long term vision working together towards making UAE a greener and socially responsible country. Some of these projects included: an Art project commemorating 50th year of the UAE, where we invited established and emerging artists across the country, ongoing COVID and Information and Cyber Security campaigns. Other initiatives covered two virtual runs, a social media based Ramadan charity campaign where the proceeds were forwarded to 'Fujairah Charity Association'. As part of the bank's knowledge sharing efforts, numerous virtual and in-persons events were conducted, it also included a newly launched 'NBF Technology Academy – an initiative to nurture and empower young Emiratis in the digital space.



## 12. General information

**A. A statement of the Bank's share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2021**

Month	Closing price	Highest price	Lowest price
Jan-21	4.98	4.98	4.98
Feb-21	4.98	4.98	4.98
Mar-21	4.98	4.98	4.98
Apr-21	4.98	4.98	4.98
May-21	4.98	4.98	4.98
Jun-21	4.98	4.98	4.98
Jul-21	4.98	4.98	4.98
Aug-21	4.98	4.98	4.98
Sep-21	4.98	4.98	4.98
Oct-21	5.00	5.00	5.00
Nov-21	5.00	5.00	5.00
Dec-21	5.00	5.00	5.00

**B. A statement of the comparative performance of the Bank's share with the general market index and the sector index to which the company belongs during the year 2021**

Bank sector	Price to book ratio	Price to earnings ratio
NBF (Dec 2021)	2.38	251.76
Industry (Sep 2021)	1.85	19.75

**C. A statement of the distribution of shareholders' ownership as at 31 December 2021 (individuals, companies, governments) classified as follows: local, Gulf, Arab, and foreign**

Shareholder rating	Percentage of shares owned			
	Individuals	Companies	Governments	Total
Local	6.48%	38.03%	55.49%	100%
Gulf	-	-	-	-
Arab	-	-	-	-
Foreign	-	-	-	-
<b>Total</b>	<b>6.48%</b>	<b>38.03%</b>	<b>55.49%</b>	<b>100%</b>

**D. A statement of the shareholders who own 5% or more of the Bank's capital as on December 31, 2021 according to the following table:**

Name	Number of shares owned	The percentage of shares owned from the Bank's capital
Department of Industry & Economy-Government of Fujairah	817,254,658	40.86%
Easa Saleh Al Gurg LLC	429,723,768	21.49%
Investment Corporation of Dubai	174,749,424	8.74%
Fujairah Investment Company	101,967,111	5.10%

**E. A statement of the method of distributing the shareholders according to the size of ownership as at 31 December 2021 according to the following table:**

Shares ownership (share)	Number of shareholders	Number of shares owned	The percentage of shares owned in the capital
Less than 50,000	51	962,603	0.05%
50,000 to less than 500,000	46	8,769,693	0.44%
From 500,000 to less than 5,000,000	29	53,100,659	2.66%
More than 5,000,000	26	1,937,167,045	96.86%

**F. A statement of the procedures that have been taken regarding investor relations controls, with a statement of the following:**

Name of the Investor Relations Officer:	<b>Shahrazad Hamroun</b> Sr. Manager – Financial Control & Investor Relations
Contact information with Investor Relations:	Tel: +971 9 202 9210, +971 9 202 9208 Fax: +971 9 202 9403 e-mail: NBF-investorrelations@nbf.ae, s.hamroun@nbf.ae
The electronic link for the investor relations page on the Bank’s website	<a href="https://nbf.ae/en/about-us/investor-relations">https://nbf.ae/en/about-us/investor-relations</a>

**G. The procedures that have been taken regarding investor relations controls:**

- Appointment of an official officer responsible for all tasks related to the Investor Relations Management;
- Investor Relations page on the Bank’s website, which includes: Contact information with Investor Relations (email - phone - mobile - fax);
- Hosting of quarterly and annual consolidated financial statements on the ADX and the Group’s website and sharing these with SCA;
- Establishing a disclosure policy to ensure compliance with all applicable laws and regulations concerning disclosure of material non-public information, including International Financial Reporting Standards (IFRS), the rules of the UAE Central Bank and its Basel II Pillar 3 guidelines and the listing requirements of the Securities and Commodities Authority (SCA) and ADX;
- Availability of uncollected dividends information and the mechanism of collecting it by the shareholders;
- Publication of the annual report; and
- Investor presentations.

**H. A statement of the special decisions that were presented at the General Assembly held during the year 2021 and the measures taken in their regard**

- In the General Assembly Meeting held on 27 September 2021 the following agenda were approved:
  - Increasing the Bank’s paid up capital by way of issuing 85,238,116 bonus shares from retained earnings to reach AED 2 billion in line with the UAE Central Bank new minimum paid-up capital requirement.
  - Amending the Bank’s Articles of Association (Article 5 and Article 31).
- Both articles were amended through Ministerial resolution and documented with the Ministry of Justice.

**I. The name of the reporter for board meetings and the date of his appointment**

Ms Raheema Ahmed Al Rayssi

Date of appointment: 20 Dec 2006

**J. A detailed statement of the material events and important disclosures that the Bank encountered during the year 2021**

The bank’s material events and important disclosures related to its quarterly and annual earnings and the increase in the Paid-up Capital which were announced in the market in accordance with the requirements of SCA and ADX

**K. A statement of the transactions carried out by the Bank during the year 2021 that are equal to 5% or more of the company's capital**

Principal transactions which exceeded 5% of NBF's capital base in accordance with CBUAE Basel III guidelines as at 31 December 2021 were pertinent to loans and advances, Islamic financing receivables, cash and balances with the UAE Central Bank and due from banks and financial institutions and customer deposits and Islamic customer deposits.

These have been detailed in the table as follows:

Statement of Financial position line item	AED (million)	Number of transactions
Loans and advances and Islamic financing receivables	1,808.47	5
Due from banks and financial institutions	26,139.29	43
Customer deposits and Islamic customer deposits	4,816.62	12
Cash and balances with the UAE Central Bank	-	-

Note:

Derivative transactions have not been considered as the notional amount does not represent expected cash-flows. Notional amount is the basis upon which changes in the value of derivatives are measured. It indicates the volume of transactions and are not indicators of either the market risk or the credit risk.

**L. Statement of the percentage of Emiratization in the Bank by the end of 2019,2020 and 2021 (workers are excluded for companies operating in the field of contracting)**

The Bank is fully committed towards the development and promotion of Emiratisation. The Bank's Emiratisation percentage for year ended 31 December 2019 was 42.32%, on for year ended 31 December 2020 was 45.14% and for year ended 31 December 2021 was 46.52%.

**M. A statement of the innovative projects and initiatives undertaken by the Bank or under development during the year 2021**

The Bank as part of its digitalization strategy has been implementing a number of innovative projects and initiatives to service the needs of the customers.



**Sheikh Saleh Bin Mohamed Bin  
Hamad Al Sharqi**

Chairman of the Board of Directors  
and Chairman of the Nomination  
and Remuneration Committee

25 January 2022



**Ahmed Saeed Al Raqbani**

Chairman of the  
Board Audit Committee

25 January 2022



**Stuart Wright**  
Acting Chief Risk Officer

25 January 2022