

Annual Report of the Internal Shari'ah Supervisory Committee of United Arab Bank

Issued on: 30 January 2025

To: Shareholders of United Arab Bank (the Institution)

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards (the Regulatory Requirements), the Internal Shari'ah Supervisory 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 2024 (Financial Year).

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 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
- determine Shari'ah parameters necessary for the Institution's Activities, and the Institution's compliance with 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 Shari'ah.

The senior management is responsible for compliance of the Institution with 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 Shari'ah) in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

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.

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 Department and Internal Shari'ah Audit Department in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

- Convening four (4) meetings during the year.
- Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.
- 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.
- 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.

- Supervision through Internal Shari'ah Control Department and Internal Shari'ah Audit Department 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.
- Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by Internal Shari'ah Control Department and Internal Shari'ah Audit Department – and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
- Approving corrective and preventive measures related to identified incidents to preclude their re-occurrence in the future.
- Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with 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 Shari'ah.

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.

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 Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with 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. It is noteworthy to mention that no Zakat obligations on the Islamic Banking since all Islamic Assets are being financed by Islamic depositors and there is no contribution from United Arab Bank shareholders.

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

Sheikh Moosa Tariq Khoory
Chairman and Executive Member

Sheikh Dr. Aziz Farhan AlEnezi
Member