

# Corporate Governance (continued)

## Annual Report of the Internal Sharia Supervisory Committee

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Sharia Supervisory Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report regarding Sharia-compliant businesses and operations of the Institution for the financial year ending on 31 December 2025 ("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 Sharia 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 Sharia resolutions in this regard, and
- b. determine Sharia parameters necessary for the Institution's Activities, and the Institution's compliance with Sharia within the framework of the rules, principles, and standards set by the Higher Sharia Authority ("HSA") to ascertain compliance of the Institution with Sharia.

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

### 2. Sharia 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 Sharia Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Sharia 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 Sharia supervision of the Institution's Activities by reviewing those Activities, and monitoring them through Internal Sharia Control Department and Internal Sharia 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:

- a. Convening four (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 Sharia Control Department and Internal Sharia 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.
- f. Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by Internal Sharia Control Department and Internal Sharia 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.
- g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- h. Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Sharia.

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 Sharia.

### 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 Sharia requirements.

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

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Sharia, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Sharia, 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.

Signatures of members of the Internal Sharia Supervisory Committee of the United Arab Bank:

**Sheikh Dr. Moosa Tariq Khoory**  
Chairman & Executive Member

**Sheikh Dr. Aziz Farhan AlEnezi**  
Member

**Sheikh Mohd Bahroddin Badri**  
Member