



البنك العربي المتحد
UNITED ARAB BANK

CORPORATE GOVERNANCE REPORT
2021

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1. Introduction

Sound Corporate Governance plays a fundamental role in the culture and business practices of UAB. The Bank's Corporate Governance framework relates to the way the business and activities of the Bank are directed and managed taking into account all stakeholders and the role of the Bank in the community.

2. UAB's Corporate Governance Framework

The Governance framework ensures adequate Board oversight over the risks inherent to our business. It focuses on the separation of the Board of Directors, the Executive Management's duties and responsibilities, the effectiveness of the Board and Management Committees, role of the external and internal auditors and the transparency accuracy and timely disclosure of information. In addition it aids cooperation with supervisory and regulatory authorities to ensure full compliance with applicable regulations and best practices.

UAB complies with each of the Central Bank, Securities and Commodities Authority and Abu Dhabi Securities Exchange regulatory requirements continuously looking to adopt industry best practices.

3. Transparency and Disclosure

As part of our efforts to continuously enhance disclosures and transparency, the delivery of accurate and timely information to our stakeholders represents a key priority of the Bank. Information is distributed through a number of channels including media, press releases and other various avenues.

In addition, a dedicated Investor Relations section is available on the Bank's website (www.uab.ae) through which financial and non-financial reports are cascaded.

Financial reports include published annual reports and financial results in both English and Arabic. Other important documents to shareholders such as the Memorandum and Articles of Association, shareholder structure, share price performance and analysts' reports are also available on the website.

4. UAB's Board of Directors



H.E. Sheikh Faisal Bin Sultan Bin Salem Al Qassimi
 Chairman Non-executive

First elected to the Board: 1975

Re-elected to the Board: in 2021 for a term of 3 years

External Board Appointments

- Chairman – GIBCA Group of Companies
- Chairman – Faisal Holding LLC
- Chairman – Grand Stores
- Chairman – Hospitality Management Holdings LLC

Founder of United Arab Bank, H.E. Sheikh Faisal Bin Sultan Bin Salem Al Qassimi has served as the Chairman of the Board of Directors since the Bank's inception in 1975 and has since then remained the largest single individual shareholder of the Bank.

Beyond his instrumental role at UAB, H.E. Sheikh Faisal is currently the Chairman of the Board of Directors of a number of private companies. He also formerly served as the Chairman of the Board of Arab Organization of Industries and Establishment.

H.E. Served in the UAE Armed Forces in different capacities prior to retiring at the rank of Major General including Under Secretary of the Ministry of Defense, Chief of Staff, and Chairman of the Court of Crown Prince at the time – H.H. Sheikh Khalifa bin Zayed Al Nahyan.

H.E. Sheikh Faisal Bin Sultan Bin Salem Al Qassimi graduated from the Jordanian Officer Cadet School and Mons Officer Cadet School in UK.

External Board Appointments

- Chairman of the Board of Directors at Alternatif Bank in Turkey
- Managing Director – The Commercial Bank (P.S.Q.C.)
- President and CEO – Alfardan Group and its subsidiaries (Automotive, Properties & Hospitality),
- Board Member of Alfardan Subsidiaries including
- Jewellery, Investment and Marine Services
- Board Member – Qatar Red Crescent
- Advisory Board Member - Qatar Financial Centre Authority
- Member of the Board of Governors at Sidra Medicine



Mr. Omar Hussain Alfardan

Vice Chairman, Non-executive

First elected to the Board: 2007

Re-elected to the Board: in 2021 for a term of 3 years

Mr. Alfardan is serving as Vice Chairman of the Board of Directors and represents The Commercial Bank (P.S.Q.C.), the largest corporate shareholder of United Arab Bank. Mr. Alfardan holds a Bachelor's Degree in Business Administration and a Master's Degree in Finance from Webster University in Geneva, Switzerland.

External Board Appointments

- Chairman – The Commercial Bank (P.S.Q.C.)
- Deputy Chairman – National Bank of Oman

Other External Appointments:

- Owner – Vista Trading Company, Qatar
- Partner – Integrated Intelligence Services, Qatar
- Owner – Abdulla bin Ali & Partners for Real Estate and Commerce
- Owner – Shaza Hotel, Doha



H.E. Sheikh Abdullah Bin Ali Bin Jabor Al Thani

Director, Non-executive

First elected to the Board: 2008

Re-elected to the Board: in 2021 for a term of 3 years

Sheikh Abdullah has served on the Board of Directors of United Arab Bank since February 2008 as a representative of The Commercial Bank (P.S.Q.C.), the largest corporate shareholder of UAB. He was re-appointed in 2011, 2015 and 2021 by the Annual General Assembly. He holds a BA in Social Science from Qatar University.



H.E. Sheikh Mohammed Bin Faisal Al Qassimi
 Director, Non-executive

First elected to the Board: 2011

Re-elected to the Board: in 2021 for a term of 3 years

External Board Appointments

- Faisal Holding LLC & a number of its Board Committees.
- Grand Stores LLC.
- Italian Chamber of Commerce in the UAE & the GCC.
- Member of Certified Management Accountant - CMA.
- Member of Society of Technical Analysts of the United Kingdom.

H.E. Sheikh Mohammed Bin Faisal Al Qassimi is the founder of MANAFA LLC, a holding company with diversified activities in the fields of hospitality, real estate, private equity and Equity investment.

H.E. Sheikh Mohammed Bin Faisal Al Qassimi holds key directorships and senior positions at various business groups and associations including the Italian Chamber of Commerce in the UAE and the GCC and Faisal Holding Co LLC. H.E. Sheikh Mohammed is a member of CMA and the Society of Technical Analysts of UK.

H.E. Sheikh Mohammed Bin Faisal Al Qassimi graduated from Webster University in Business Administration and Accounting.



Ms. Najla Al Midfa
 Director, Independent

First elected to the Board: 2012

Re-elected to the Board: in 2021 for a term of 3 years

External Board Appointments

- Board member of the United Arab Bank (part of the Board Audit Committee).
- Vice Chairman of Young Arab Leaders.
- Board member of Endeavor UAE.

Ms. Najla Ahmed Al-Midfa is Chief Executive Officer of the Sharjah Entrepreneurship Center (Sheraa), a government-supported entity with a mandate to build the entrepreneurial ecosystem in Sharjah, by supporting entrepreneurs as they build and grow innovative startups that contribute positively to socio-economic growth.

Najla is also the founder of Khayarat, a platform that empowers young, high-potential Emiratis to make informed career choices, and enables them to succeed in the private sector.

Najla has an MBA from Stanford University, and is a fellow of the Aspen Institute’s Middle East Leadership Initiative. In 2019, she was selected to be an Eisenhower Global Fellow.



Mr. Ahmed Mohamad Bakheet Khalfan

Director, Non-executive

First elected to the Board: 1995

Re-elected to the Board: in 2021 for a term of 3 years

Mr. Khalfan previously served as the Deputy General Manager of Emirates Industrial Bank and was Chairman of the Board of Directors of Emirates Modern Poultry Company and Vice Chairman of Emirates Rawabi. He also served as Board Member for various companies in the UAE including ALICO, Gulf Glass, and Takaful Re.

Mr. Khalfan graduated with a Bachelor of Science in Economics with honor from the North Eastern University, Boston.



Mr. Joseph Abraham

Director, Non-executive

First elected to the Board: 2017

Re-elected to the Board: in 2021 for a term of 3 years

External Board Appointments

- Group Chief Executive Officer of The Commercial Bank (P.S.Q.C)
- Vice Chairman of the Board of Alternatif Bank, Turkey
- Director, National Bank of Oman

Mr. Abraham has extensive banking experience across both developed and emerging markets. Before joining Commercial Bank in June 2016, he was CEO of ANZ Indonesia (Australia and New Zealand Banking Group) based in Jakarta, a position he served in from 2008 to 2016.

Mr. Abraham has an MBA from the Graduate School of Business, Stanford University, California and has worked in Indonesia, Singapore, Hong Kong, Ghana, UK and India in various country and regional banking roles with a successful track record covering general management, corporate banking, strategy, product management as well as acquisitions and integrations.



Mr. Fahad Abdulrahman Badar
 Director, Non-executive

First elected to the Board: 2016
 Re-elected to the Board: in 2021 for a term of 3 years

External Board Appointments

- Executive General Manager, International Banking - The Commercial Bank (P.S.Q.C.)
- Board Member – National Bank of Oman (NBO), Oman

Mr. Fahad Badar is a member of the Bank’s Board of Directors and recently joined in July 2016. Mr. Badar’s career at The Commercial Bank (P.S.Q.C.) spans over 18 years. Prior to his current role as Executive General Manager, International Banking, Mr. Badar held a number of key roles in the International Banking, the Government and Public Sector Relations and the Wholesale Banking Divisions.

Mr. Badar holds an MBA from Durham University, United Kingdom and a Bachelors of Arts degree in Banking & Finance from the University of Wales.



Mr. Abdul Wahab Al-Halabi
 Director, Independent

First elected to the Board: 2021

External Board Appointments

- Chairman and Independent Director – DXB Entertainment
- Board Member - Global SWF
- Senior Advisor & Member of the Board, Middle East - Houlihan Lokey
- Board Member - Union Properties
- Director – AbFab Limited
- Director – TPL Properties Limited

Mr Abdul Wahab Al-Halabi is a Board Member at Global SWF, Union Properties and a Senior Advisor and Member of the Board, Middle East at Houlihan Lokey as well as a Partner at Decker & Halabi. He is a Chairman and Independent Director at DXB Entertainments and Chief Investment Officer of Equitativa Group, a diversified financial services group that is involved in asset management, wealth management and private equity.

Mr Al-Halabi has more than 20 years' experience in the real estate sector, with expertise in financial restructuring, crisis and debt management, credit enhancements and joint ventures. Previously he was the Group Chief Investment Officer of Meraas Holding, a partner at KPMG and has acted as Chief Executive Officer of Dubai Properties, a member of Dubai Holding.

Mr. Al-Halabi holds a Bachelor of Science in Economics from London School of Economics and an Executive MBA from École des Ponts ParisTech. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of Chartered Institute for Securities & Investments (CISI) and Entrepreneurs Organization UAE.

5. Role of the Board of Directors

The Board of Directors is empowered, under the Bank's Articles of Association, with the widest powers necessary to carry out the activities and functions required to fulfill the objectives of the Bank.

The Board responsibilities include establishing the Bank's strategy and ensuring that the Bank manages risk effectively through approving and monitoring the Bank's risk appetite.

Adopting the Bank's Corporate Governance framework falls within the responsibilities of the Board to help ensure the implementation of solid internal controls and disclosures, the establishment of adequate policies and procedures necessary for the Bank's sound operations and compliance with applicable regulatory and statutory requirements at all times in addition, the Board has agreed on the Terms of Reference of the Board of Directors and all Board Committees, which set out their respective process, duties and responsibilities.

6. Directors Obligations and Duties

Board Members commit to the following obligations in carrying out their duties as Directors of the Board, in accordance with the highest Corporate Governance standards:

- Having the necessary skills, qualifications and knowledge of the Bank's affairs and business;
- Act honestly and in good faith with a view to protecting the best commercial interests of the Bank;
- Observe confidentiality, conflict of interest and transparency requirements when assuming their responsibilities as Directors;
- Act in accordance with the obligations stipulated under the Articles of Association and all applicable laws and regulations;
- Not being convicted of any crime or felony or a crime involving moral turpitude;
- Disclose any direct or indirect interests that they may have in connection with the Bank and which could conflict with the proper performance of their duties; and
- Attend regularly and participating effectively in Board meetings and general meetings of the shareholders.

7. Board Composition and Nomination

The Board is composed of 9 non-executive board members. The members were re-elected at the Annual General Assembly in April 2021. Members are eligible for re-election.

4 members represent The Commercial Bank, being the major shareholder, 1 member represent the founders of the Bank with the remaining representing the private sector and minority shareholders.

The Board collectively possesses professional knowledge, business expertise, industry knowledge, diversity and financial awareness to carry out its oversight responsibilities. All Board members are in regular attendance of the meetings.

Board of Directors' Transactions in the bank's Securities

The following table shows the shares of the Company held by the members of the Board, their spouses or children in the Company's shares during 2021:

Director name	Shares held As at Dec 31 2021	Total sale transactions	Total purchase transactions
HE Sheikh Faisal Bin Sultan Bin Salem Al Qassimi	229,515,634	-	-
Mr. Omar Hussain Alfardan	-	-	-
HE Sheikh Abdullah Bin Ali Bin Jabor Al Thani	-	-	-
HE Sheikh Mohammed Bin Faisal Al Qassimi	1,621,533	-	-
Mr. Ahmed Mohamad Bakheet Khalfan	-	-	-
Ms. Najla Al Midfa	4,543,059	-	-
Mr. Fahad Badar	-	-	-
Mr. AbdulWahab ALHalabi	-	-	-
Mr. Joseph Abraham	-	-	-

8. Board of Directors' Remuneration

- The Board of Directors were paid AED 0 in 2020 remunerations
- The proposed total remuneration for the Directors for 2021 is set to be AED 0 subject to the shareholders' approval in the coming AGM.
- The Board of Directors will be paid a total of AED 1,010,000 as an allowance for attending the Board committees in 2021 subject to AGM approval and as per the following details:

Board member	Committee	Amount (AED)	Attendance
HE Sheikh Faisal Bin Sultan Bin Salem Al Qassimi	BOD	0	100%
Mr. Omar Hussain Alfardan	GRC	70,000	100%
HE Sheikh Abdullah Bin Ali Bin Jabor Al Thani	BRC	50,000	100%
HE Sheikh Mohammed Bin Faisal Al Qassimi	GRC -BCC	180,000	100%
Mr. Ahmed Mohamad Bakheet Khalfan	GRC-BCC-BRC	190,000	100%
Ms. Najla Al Midfa	BAC-GRC	130,000	100%
Mr. Fahad Badar	BCC-BRC	140,000	100%
Mr. AbdulWahab ALHalabi	BAC-BRC	60,000	100%
Mr. Joseph Abraham	GRC-BAC-BCC	190,000	100%

9. Board activities in 2021

The Board of Directors met 6 times in 2021 and received information in between meetings on regular basis from the Board and Management Committees in relation to the Bank's business developments.

2021 Board Meetings Calendar

February 8 th , 2021	Board of Directors meeting to approve Q4 2020 financial results conducted and to agree on General Assembly agenda on 29th April 2021, in addition to other items on the agenda
April 29 th , 2021	Board meeting to discuss and approve other items on the agenda.
June 16 th , 2021	Board meeting to discuss and approve other items on the agenda.
August 10 th , 2021	Board meeting to approve Q2 2021 financial results in addition to other items on the agenda.
November 8 th , 2021	Board meeting to approve Q3 2021 financial results in addition to other items on the agenda.
December 12 th , 2020	Board of Directors meeting to discuss and approve other items on the agenda, along with Board Training

Board member	BOD	GRC	BAC	BCC	BRC
HE Sheikh Faisal Bin Sultan Bin Salem Al Qassimi	C				
Mr. Omar Hussain Alfardan	VC	C			
HE Sheikh Abdullah Bin Ali Bin Jabor Al Thani	M				C
HE Sheikh Mohammed Bin Faisal Al Qassimi	M	M		C	
Mr. Ahmed Mohamad Bakheet Khalfan	M	M		M	M
Ms. Najla Al Midfa	M	M	C		
Mr. Fahad Badar	M			M	M
Mr. AbdulWahab ALHalabi	M		M		M
Mr. Joseph Abraham	M	M	M		
Number of Meetings in 2021	6	7	7	9	5

C: Chairman, M: Member, BOD: Board of Directors, GRC: Board Governance & Remuneration Committee, BAC: Board Audit Committee, BCC: Board Credit Committee, BRC: Board Risk Committee

10. Summary of Board Resolutions by circulation in 2021

Board meeting date	Resolution
March 21 st , 2021	Approved the Consolidated Financial Statements for the period ended 31 st of December 2020
May 5 th , 2021	Approved the Interim Condensed Consolidated Financial Statements for the period ended 31 st of March 2021

11. Board committees

The Board of Directors established Board Committees to assist the Board in carrying out its duties and obligations and offer a more detailed review of important areas of business and control.

Board Governance & Remuneration Committee (“GRC”)

The GRC acts on behalf of the Board on all matters related to governance, remuneration, nomination and strategic plans, except for those powers and actions that are restricted to the Board on the basis of legal provisions or the Articles.

The GRC is responsible for supporting the Board in overseeing the remuneration scheme, in order to ensure that the subject remuneration is appropriate and consistent with the Bank’s culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements.

GRC shall provide recommendations to the Board for new Board and Senior Management members. GRC will also provide support and directions to the Board in terms of strategic and budgetary initiatives, plans and decisions. GRC meets at least Four times a year. The committee held Seven meetings in 2021.

Committee members

- Mr. Omar Al Fardan - Chairman
- Sh. Mohammed Bin Faisal Al Qassimi - Member
- Mr. Ahmed Khalfan - Member
- Mr. Joseph Abraham - Member
- Miss Najla Al Midfa - Member

Board Credit Committee (“BCC”)

The BCC provides leadership for the Bank within a framework of prudent and effective controls which enables robust credit control.

The BCC is responsible for evaluating and granting counterparty credit facilities and approving the Bank’s investment activities within authorized limits and, in doing so, exercise all the powers delegated by the Board, subject to any relevant laws and regulations. BCC meets on an ad-hoc basis. The committee held Nine meetings in 2021.

Committee members

- Sh. Mohammed Bin Faisal Al Qassimi - Chairman
- Mr. Ahmed Khalfan - Member
- Mr. Fahad Abdulrahman Badar - Member
- Mr. Joseph Abraham – Member-until April 2021

Board Audit Committee (“BAC”)

BAC is responsible for managing the financial reporting, compliance and internal audit reviews of the Bank and, in doing so, may exercise all the powers delegated by the Board, subject to any relevant laws and regulations.

The internal audit function has a direct reporting line to the BAC.

BAC meets at least Four times a year, the committee held Seven meetings in 2021.

Committee members

- Miss Najla Al Midfa - Chairman
- Mr. Joseph Abraham - Member
- Mr. AbdulWahab ALHalabi - Member

Board Risk Committee (“BRC”)

The BRC monitors and manages all aspects of enterprise risk management including, but not restricted to, credit risk; market risk; operational risk; legal risk; regulatory risk; liquidity risk; financial risk.

Moreover, the BRC reviews and approves the policies on all risk issues and maintains oversight of all Bank risks through reports received from the General Management Risk Committee. BRC meets at least Four times a year. The committee held Five meetings in 2021.

Committee members

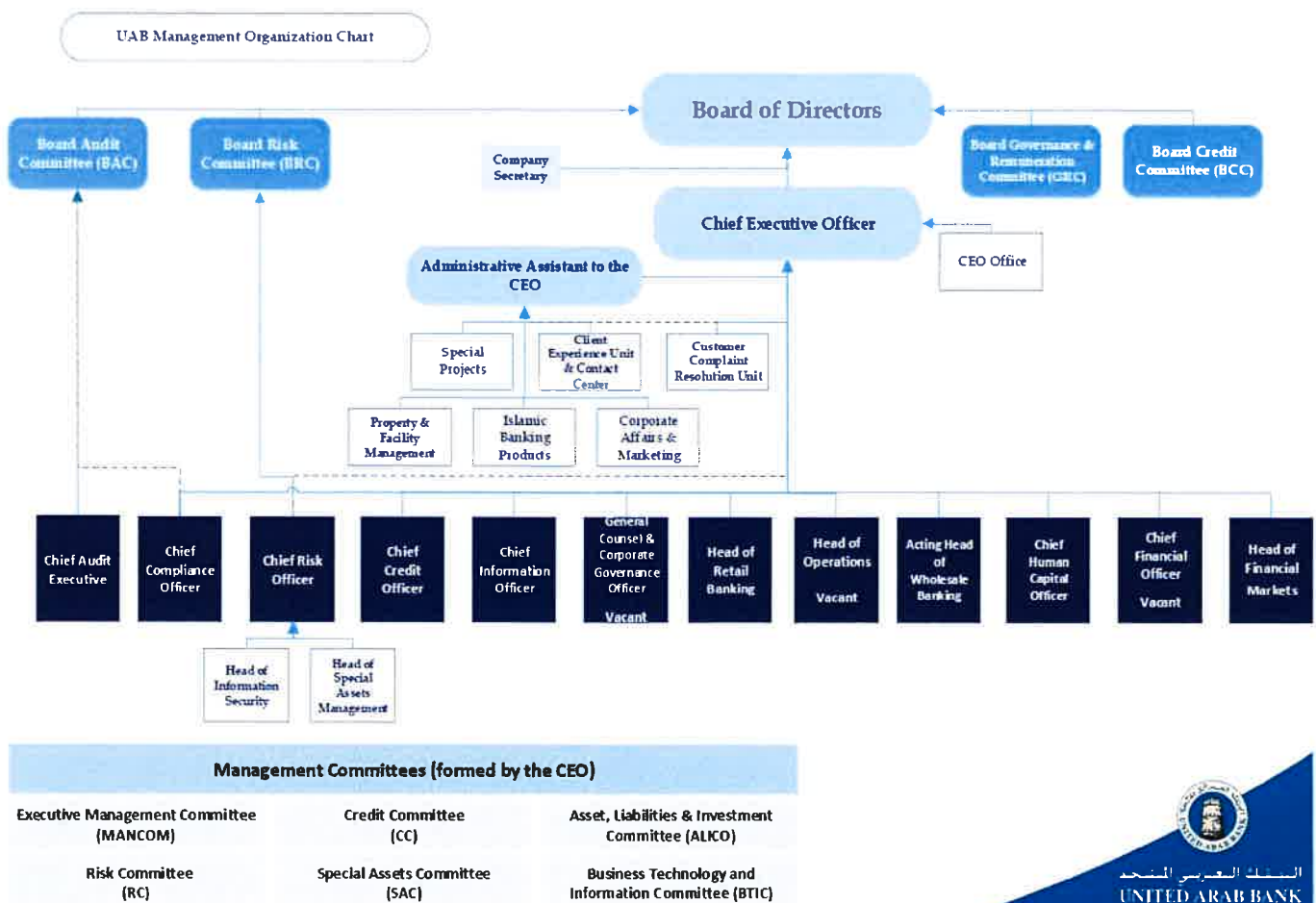
- Sh. Abdullah Bin Jabor Al Thani - Chairman
- Mr. Fahad Abdulrahman Badar - Member
- Mr. Ahmad Khalfan - Member
- Mr. AbdulWahab Al Halabi – Member

12. Related party transactions during 2021

UAB consistently disclose the related party transactions in the financial statements and are audited by external auditors. The management reviews the related party transactions and when the deals are conducted.

The Bank discloses the transactions and dealings with the related parties according to the relevant accounting standards and are verified by our external auditors through their quarterly reviews and audits. Related party disclosures for the year 2021 are available in the financial statements under note number 24 (please click [here](#) to access the 2021 full year Financial Statements).

13. UAB's organization structure



December 2021

14. Senior Management, and their Compensation

UAB’s senior management team brings decades of collective expertise in the Banking industry, they work closely with our board of directors to define and deliver the bank’s strategy.

Details of the total salaries and benefits paid to the executive management in 2021 are provided in the table below:

Title	Joining date	Total compensations paid
Acting Head of Wholesale Banking	17/04/2016	AED 15.51m
Head of Financial Markets	30/08/2020	
Head of Retail Banking	01/11/2021	
Chief Credit Officer	04/06/2017	
Chief Risk Officer	03/02/2020	
Head of Finance	06/05/2012	
Chief Compliance Officer	03/02/2019	
Chief Information Officer	09/05/2018	
Head of Trade and Payment Operations	02/02/2006	
Chief Human Capital Officer	01/09/2019	
Chief Audit Executive	01/08/2019	
Head of Legal	18/05/2014	
Administrative Assistant to the CEO	10/07/1982	
Chief Executive Officer	10/03/2019	

15. Management committees

The Board has approved the Terms of Reference of all Management Committees. The Bank has 6 Management Committees that report regularly to the Board, or the relevant Board committee as follows:

Management Committee (“MANCOM”)

The Executive Management Committee is responsible for recommending the Bank’s strategy and monitoring its performance. It will exercise general control over UAB and manage the Bank’s business to ensure compliance with regulatory and legal requirements, and internal policies - MANCOM meets on a weekly basis.

Risk Committee (“RC”)

The General Management Risk Committee is the highest approving authority at the management level on all

Asset and Liability Committee (“ALCO”)

ALICO is the decision-making body related to balance sheet structure, funding, pricing, hedging, investment, and setting limits related to the overall ALM function of the Bank; and the has the mandate for recommending for approval or itself approving various functions/transactions mention under the responsibilities - ALCO meets at least six times a year.

Credit Committee (“CC”)

CC is the highest management level authority on all counterparty risk exposures, credit product

aspects of enterprise risk management including, but not restricted to: credit risk; market risk; operational risk; legal risk; regulatory risk; liquidity risk; financial risks; corporate governance; and audit matters of the Bank (and any subsidiaries and affiliates in which it has strategic investments).

The RC provides recommendations on all risks and investment policies and portfolio issues to the BRC, and to other Board Committees as appropriate – RC meets on a monthly basis.

Operations and Technology Committee (“OTC”)

Provide an outline for role performed by Information Technology and Operation Units regarding Banks’ projects, IT related initiatives, plans, related Budgets and Expenditures and Service Operation status. The OTC will provide assistance to the Senior Management in fulfilling its responsibility to the shareholders, and provide timely updates about the respective related activities - OTC meets up to 6 times a year.

Wholesale Banking Top Team (“WBT”)

The WBT is the top management team of Corporate and Institutional banking (to be re-defined as wholesale banking) making key decisions on the day-to-day working of the wholesale banking team, under the leadership of the CEO and Head of wholesale banking – WBT meets on a weekly basis.

Legal Meetings

The objective of this Terms of Reference is to provide an outline updates/status of the legal cases against the bank and the provisions required for the same - Legal Meetings take place every quarter.

Performance Evaluation of Management Committees: The Corporate Governance reviews on an annual basis the performance of all Management Committees against their terms of reference and reports accordingly to the Board.

programmes and underwriting exposures on syndications and securities transactions – CC meets on a weekly basis.

Special Assets Committee (“SAC”)

The Special Assets Committee is the highest management level authority on Corporate and SME provisions. The authority of the SAC is derived from the Board - SAC meets on a monthly basis.

Retail Banking Top Team (“RBT”)

Concerned with making key decisions on the day-to-day working of the Retail Banking team, under the leadership of the CEO - RBT meets on a weekly basis.

Client Experience Forum (“CEF”)

The purpose of the Terms of Reference of the Client Experience Forum is to provide an outline of the role performed by the Client Experience Forum (CEF) of United Arab Bank (UAB). The CEF will provide assistance to the Senior Management in fulfilling its responsibility to the shareholders, and others relating to the Bank’s compliance with legal and regulatory requirements and the achievement of the Bank’s desired customer experience levels – CEF meets on a Monthly basis.

16. External Auditors

External Auditors details	
Name of audit firm for the period (January 1, 2021 – December 31, 2021)	Earnest & Young
Audit Partner	Thomas Abraham
Number of years served as an external auditor for the bank	3
Total fees for auditing the financial statements of 2021	AED 890,400 consist of: <ul style="list-style-type: none"> ▪ Q1 2021 - 140,595/- ▪ Q2 2021 - 140,595/- ▪ Q3 2021 - 140,595/- ▪ YE 2021 - 248,115/-
Fees and costs of services other than auditing and reviewing the financial statements for 2021	AED 69,195 for: <ul style="list-style-type: none"> ▪ Arabic translation of YE Financial statements - 32,445/- ▪ Annual BRF review as per UAE Central Bank regulations - 36,750/-
Any other audit services	AED 131,342 for: <ul style="list-style-type: none"> ▪ AUP - SCA Unclaimed dividend - 57,842/- ▪ AUP - review Pillar 3 disclosure as per UAE Central Bank guidelines - 73,500/-

* All fees are inclusive of VAT and OPE

We confirm that any qualified opinions were issued by the auditors in 2021.

17. Internal control Structure

Effective internal controls are the foundation for a safe and sound banking practices, UAB believes that a properly designed and applied system of operational and internal control can help the bank's Board of Directors and its Management to:

- Safeguard the bank resources
- Produce reliable financial reports
- Comply with the laws and regulations
- Timely detect significant errors and irregularities, while reduce their occurrence

The Board is responsible for maintaining and reviewing the effectiveness of internal system and environment and for determining the individual and aggregate level and type of risks the UAB is willing to take in achieving its strategic objectives.

In order strength the internal control environment within the bank, UAB has implemented three line of defense mechanism. This is further augmented by effective communication and information flow between UAB and external stakeholders such as CBUAE, Rating agencies and external Audit.

The overall model is impeded in the following functions for the bank:

Risk Management

UAB regards effective risk management as a key element to its sustainable performance; success, transformation strategy and value creation.

The role of risk management is to ensure that the Bank's risk-related decisions are consistent with the Bank's strategy, and are in line with its Risk Appetite framework, Best Practice and International standards set by regulators.

Effective risk management is fundamental to the success of the Bank and is recognized as a key element in UAB's overall approach to achieving its strategic goals. The risk management framework is predicated on the Three Lines of Defense model. Within this model, Business units (first line) originate and manage risks, while the risk management and other control functions (second line) provide independent oversight and objective challenges to the first line of defense, as well as monitoring and controlling of risk. The Internal audit department (the third line) provides assurance that policies, procedures and controls are achieved by the other defenses.

The Bank has an established Risk governance framework with an active and engaged Board of Directors, supported by an experienced senior management team and risk management that is independent of the business lines. Decision-making is exercised through a number of Board and Executive Management Committees as per approved delegation of authority (DOA) matrix.

The Board of Directors approves key risk policies, limits and risk appetite statement, and ensures, either directly or through the committees, that decision-making is aligned with the Bank's strategic goals. Moreover, detailed reports are submitted to the Board periodically on the Bank's risk profile and emerging risk along with current state of the risk culture, utilisation against the established risk appetite, and limits, limit breaches (if any) and mitigation plans.

The Chief Risk Officer (CRO) is responsible for risk management under the oversight of the Board Risk Committee. The CRO heads the risk management function and also has direct access to the Board. The risk management consists of specialized teams for managing credit portfolio, market/liquidity and operational risks. Risk management also includes the control and reporting functions of risk analytics, portfolio management, and information security, internal control monitoring unit and credit administration.

The Bank continuously strengthens its risk management practices, policies and procedures and other tools to upgrade its overall capabilities, which are fundamental to achieving its business strategy. In order to achieve the aforesaid mission, UAB embark upon development of Comprehensive Risk Road Initiatives. Multi-year program using which we intend to transform and uplift risk setup within UAB, expecting significant value creation and cost optimization

Risk management also includes the control and reporting functions of risk analytics, credit administration and monitoring. The Bank continuously strengthens its risk management practices, policies and procedures and other tools to upgrade its overall capabilities, which are fundamental to achieving its business strategy.

UAB has a well-defined and independent Credit Administration Department (“CAD”) that manages credit risk arising from its existing and future corporate credit exposures through obtaining Legal documentation & Limit management functions reporting to the Chief Risk Officer.

CAD functions are broadly managed by two units, namely Credit Documentation and Credit Control Units to attend to core responsibilities of borrowing documentation, Custody of borrowing & related security documents and limit management in adherence to UABs Credit policy. Highlighting exceptions and tracking them until resolution is also part of the daily activities.

Operational Risk

- Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.
- The Bank makes use of six operational risk management processes, which consist of key risk indicators, change risk assessment, risk self-assessment, scenario analysis, issue & action management and risk event management.
- Furthermore, several types of risk mitigation measures are used and comprise control enhancement, model risk management, business continuity management and other mitigation measures (risk avoidance, risk reduction and risk transfer).
- To pro-actively address risks related to potential business disruptions, business impact analyses, crisis management teams and business continuity plans have been established for the Bank as well as for all branches.

Enterprise Risk Management Department

United Arab Bank continued its drive to focus on strengthening the risk management culture and ensuring the same is institutionalized at an enterprise wide basis. With this objective set forth, the management decided to set up enterprise risk management department to ensure that the bank adopt best in class risk management practices supported by necessary risk infrastructures.

Enterprise risk department housed under risk management is an independent Risk function and report directly to Chief risk officer (CRO). This department is responsible for managing:

- Market,
- Liquidity Risk,
- Risk Analytics and
- Risk Reporting

The priority has been to strengthen the Enterprise Risk Management function with core emphasis on the following:

- Implementation of sound risk framework including policies and procedures.
- Ensure continuous compliance with Regulatory standards and best practices.
- Develop, institutionalized, assessed and monitor Risk Appetite framework
- The bank measures and manages Market & liquidity Risk by using different risk parameters with combinations of various limits.
- Refining and strengthening the Stress Testing framework in line with Central Bank of UAE and Basel guidelines
- Ensuring that the Bank remains complaint with IFRS9 Credit related guidelines including continuous and rigorous validation of bank internal models

- Setting up of information security function in line with the bank mission and strategy and continued the efforts to strengthen and protect information, process and systems
- Setting up of internal control unit responsible for implementing the internal control frame work in line with CBUAE guidelines.

Risk Management Group

The Risk Management is responsible for implementing and maintaining risk related procedures to ensure an independent control process. It works closely with the commercial organization to support their activities, while safe-guarding the risk profile of the Bank. It institutes prudent risk monitoring and control mechanisms (processes and systems) to ensure compliance of individual risk assets and portfolios to agreed terms and policy parameters.

UAB use a top and emerging risks process to provide the forwarding looking view of issues with the potential to threaten the execution of our strategy or operations over short to long term horizon.

UAB proactively assesses the internal and external risk environment and identify the set of risks along with remediation steps and impact severity.

It reviews and presents risk policy and portfolio management reports to the BCC, BRC and Board.

Compliance

Banks are at the front-line of the economic disruption brought about by the COVID-19 pandemic. Central banks, large universal banks & small to medium-sized regional banks, are all facing unprecedented challenges and risks. They are also taking multiple measures to support their employees and customers, and help bolster the financial system.

Compliance function of a bank, must extend its focus beyond the bank, its policies and its employees. This function also bears the responsibility, for ensuring that the bank’s clients act within the law and don’t use the bank for illegal & illicit activities, such as money laundering, evading taxes or funding terrorism.

We, at the United Arab Bank are fully cognizant of the regulatory risk implications associated with non-adherence to the local & global laws & regulations, which may result in sanctions, fines/censures and losses associated with damage to the Bank’s reputation as a result of its failure to comply with the applicable laws & regulations or prescribed practices.

The Compliance function at United Arab Bank provides assurance to the Executive Team and the Board that the expectations of the regulator, i.e. the Central Bank of the UAE, are fully met (along with relevant international regulations) and that the risk of the Bank being used to facilitate financial crime is effectively mitigated.

Compliance, as an independent and second line of defense function, helps protect the bank by establishing a control environment that mitigates key risks. Specifically, Compliance provides regulatory guidance and operates a risk-based program designed to prevent, detect, and address violations of applicable laws, rules, regulations, policies, and procedures. One of the key responsibilities of the Compliance function is to provide consultative support and oversight to the Senior Management towards effectively mitigating and managing the compliance risks faced by the Bank.

Administrative independence of the Compliance function is ensured at all times, along with unrestricted access to all necessary data, information and systems across the Bank. Compliance also maintains an efficient reporting structure that enables prompt escalation and resolution of issues.

With significant continuing regulatory changes, the criticality of the Compliance function and the need for an effective Compliance framework within a financial institution is unprecedented. The vulnerability of financial institutions has increased manifold with extra-territorial enforcement of overseas regulatory agencies creating a more complex arena. Consequently, the need for senior management of banks to fully understand and effectively mitigate evolving Compliance risks is of paramount importance. United Arab Bank (UAB) remains fully cognizant as well as vigilant towards such local and international risks vis-à-vis our banking activities/services. Furthermore, the Bank fully acknowledges the importance of adherence to all CBUAE regulations without exception.

The Board and the Senior Management continuously promote and uphold a strong Compliance culture across the Bank while setting the desired “Tone from the Top”. As a result, we continue to undertake required endeavors to maintain an environment that is conducive towards employee empowerment and transparency in relation to effective risk management across the estate.

In the last two years, United Arab Bank (UAB), has undertaken, initiatives towards overall improvement in the Regulatory & Financial Crime function, which include (but not limited) to (i) updating its policies and procedures in line with the Central Bank of the UAE Notice 74/2019 “Procedures for Anti Money Laundering & Combatting the Financing of Terrorism & Illegal Organizations for Financial Institutions” and the Central Bank of the UAE Notice 79/2019 “Guidelines on Anti Money Laundering & Combatting the Financing of Terrorism & Illegal Organizations”, (ii) Revision/Enhancement of the Transaction Monitoring thresholds & scenarios, (iii) Enhanced Governance & Controls around the client onboarding and Sanction Screening processes.

At an industry level, United Arab Bank continues to play an active role with regards to collaboration with the UAE Banks Federation (UBF) as a member bank and membership of important advisory committees of the UBF, working on important initiatives, proposals and priorities across the banking fraternity.

Legal

The Legal team provides legal support to the Bank’s departments and senior management, with its key objective is to give advice and guidance on various legal issues. The Legal team acts as the Bank’s legal counsel and has the following priorities:

- Advise the Bank’s stakeholders on effective solutions for current and anticipated material concerning legal and regulatory issues.
- Ensure major corporate actions, transactions and projects are managed in an efficient manner and are in line with applicable laws and regulations, in order to minimize the Bank’s legal and regulatory risks.
- Draft, review and update the standard documentation, templates and relevant general terms and conditions of Bank’s products.
- Initiate new legal cases and follow up on the cases filed by or against the bank before competent courts.
- Review all contracts and agreements in which the Bank is or will become party to.

Internal Audit

Internal Audit Department (IAD) in an independent function in the Bank and represents Third Line of Defense whose primary objective is to assist the Board of Directors and Executive Management to protect the assets, reputation and sustainability of the Bank.

To ensure independence, the Chief Audit Executive reports to the Chairman of the Board Audit Committee and is accountable for setting and reinforcing IAD's strategic direction, while ensuring that IAD has the necessary independence and authority, to exercise judgement, express opinions and make recommendations.

Therefore IAD continues to be free from interference by any element in the Bank, including in matters of audit selection, scope, procedures, frequency, timing or report content. Similarly, IAD maintains its independence by not taking part or getting involved in the strategic and operational decisions taken by the Bank's management.

Internal Audit activities are governed by Board approved Internal Audit Charter that sets out the mandate, approach, authority and responsibility of IAD within the Bank. The Charter is compiled by taking into consideration the Internal Audit Guidelines and Standards issued by the Institute of Internal Auditors ("IIA"), the Information, Systems Audit and Control Association ("ISACA"), and the Central Bank of the United Arab Emirates ("CB-UAE").

The scope of IAD activities covers, but is not restricted to, inspections of evidence to provide independent assessments on the adequacy and effectiveness of risk management, control and governance processes within the Bank. In order to achieve this, a risk assessment of the Bank and its activities (including outsourced activities) is conducted at least once every year and reviewed on a periodic basis to formulate an agile Audit Plan. Audits are executed in accordance with the Plan to form an opinion on the overall control environment.

18. Details of violations in 2021

There were no material violations observed in 2021. UAB follows a process in the Operational Risk Policy that is approved by the Board Risk Committee (BRC). All investigations are carried out by the Risk Management team to identify the root-cause of the issue and where appropriate, proposed changes to standard and control processes are made to prevent any future occurrences.

19. Details of the contributions for the community in 2021

UAB has invested a total of AED 104,337 and \$4,685 in projects directed to foster culture, arts, youth empowerment, and for people with disabilities.

20. Share price information & Shareholding details

UAB's share price in the Market at the end of each month during the year 2021

Date	UAB Mid	UAB Delta	ADX	ADX Delta
01/31/2022	0.673	0.00%	8,704	2.54%
12/31/2021	0.673	0.00%	8,488	-0.68%
11/30/2021	0.673	0.00%	8,547	8.66%
10/31/2021	0.673	-9.91%	7,865	2.16%

09/30/2021	0.747	0.00%	7,699	0.18%
08/31/2021	0.747	0.00%	7,685	5.01%
07/31/2021	0.747	0.00%	7,318	7.06%
06/30/2021	0.747	0.00%	6,835	4.22%
05/31/2021	0.747	-10.00%	6,559	8.47%
04/30/2021	0.83	-6.21%	6,047	2.27%
03/31/2021	0.885	21.73%	5,913	4.40%
02/28/2021	0.727	-9.91%	5,664	1.25%
01/31/2021	0.807	-	5,593	-

UAB's shareholding distribution as at 31 December 2021

Shares category	Company	Individual	Grand Total
Arabic	904,753,747	4,653,612	909,407,359
Foreign	6,256,271	7,259,346	13,515,617
UAE	365,434,001	774,193,672	1,139,627,673
Grand Total	1,276,444,019	786,106,630	2,062,550,649

Shareholders who hold 5% or more of the UAB's shares as at December 31st, 2021

Shareholder	Quantity	%
البنك التجاري ش.م.ع.ق	825,020,255	40.00%
الشيخ فيصل سلطان سالم القاسمي	229,515,634	11.13%
شركة الماجد للاستثمارات (د.م.م)	112,907,477	5.47%
جمعه الماجد عبدالله مهيري	109,546,618	5.31%
الشيخ سلطان صقر سلطان سالم القاسمي	107,192,034	5.20%

Shareholders distribution by the size of equity as at December 31st, 2021

Shares owned	Count	Quantity	%
Less than 50,000	96	1,473,498	0.07%
50,000 to 500,000	48	9,422,683	0.46%
500,000 to 5,000,000	43	73,961,125	3.59%
5,000,000 & More	37	1,977,693,343	95.89%
Grand Total	224	2,062,550,649.00	

UAB has a dedicated Investor Relations section on its corporate website which makes available the following information for all existing and potential investors:

- Material disclosures
- Interim and annual financial reports
- Presentations, management discussion and analysis reports

- Updated Credit ratings
- Sustainability reports

Contact details

Mr. Wael Alashqar
 Head of Investor Relations
 Direct telephone: +971-6-5075238
 Mobile number: +971-54- 9943959
 Email: ir@uab.ae
 Website: <https://www.uab.ae/Investor-Relations/>

21. Statement of special resolutions presented in 2021 AGM and the related action points

To consider and approve the establishment a debt programme for the issuance of bonds: medium term notes (Medium term debt instrument offered in the international markets), which the only security is the Bank's reputation and financial strength) up to a maximum amount of US\$1,000,000,000/- or the equivalent in other currencies as private placement or public issuance listed on international stock exchange, provided that the amount of any issuance thereunder complies with all applicable laws and requirements of the Securities and Commodities Authority and the Central Bank of the UAE.

22. Company secretariat details

Name: Ms. Sereen Makahleh
 Date of joining: 03 Jan 2016

23. Details of major events and disclosures in 2021

- United Arab Bank Conclusion of the Nomination to Membership of the Board of Directors Period
- Unclaimed Dividends by Shareholders from Previous Years
- Resignation of the Chief Executive Officer

24. Details of transactions conducted with related parties in 2021 of 5% or more of the bank capital

No transactions have been conducted in 2021.

25. Emiratization

Year	Ratio
2019	17.14%
2020	20.17%
2021	18.73%

26. Details of projects and initiatives in 2021

Providing a superior Customer Experience by adopting to latest trends in Banking, Optimizing IT Infrastructure, enhancing the Application stack, strengthening data Security, embracing technological change to comply with Regulatory controls and becoming Digitally Enabled, 2021 THEME WAS AROUND:

- Complimenting Digital Strategy
- Automation and improving efficiency
- Improved Customer Experience.
- Strengthening and upgrading the Technology landscape

TECHNOLOGY CONTINUES TO BE THE KEY ENABLER, improving digital experience for customers remains a strategic priority for UAB. Major customer facing initiatives such as the Emirates Digital Wallet and UAE payment gateway system were launched successfully.

UAB became one of the first banks in UAE to onboard customers through the Digital Onboarding Platform using UAEPASS. Improved focus was on strengthening controls around data security and access controls, in line with regulatory mandates and to comply with PCI regulations.

Project name	Description
Emirates Digital Wallet	UAB Successfully launched Emirates Digital Wallet which will allow customers to spend (at merchant outlets), receive hold or send money (between Klip Wallets) without worrying about using physical cash. Klip contributes to the UAE's digital transformation strategy and aims to be become a critical benchmark in the UAE's quest to become an advanced economy and society.
UAE Payment Gateway System	UAB is now part of UAEPGS. The UAE Payment Gateway System (UAEPGS) is a payment gateway introduced by the Central Bank to allow the customers of merchants connected to the service to purchase and pay their bills online either by direct debit (through their bank account via the internet banking).
Digital Onboarding (Pilot Launch)	Digital on boarding enables non UAB customers to open UAB account instantly through the existing mobile application either through UAEPASS authentication or by uploading their KYC documents through the mobile app. A tablet application for branch staff who can instantly onboard customers by completing the online form and uploading the KYC documents.
SharePoint Launch	A central repository based on SharePoint platform with an officially internal Intranet UAB Portal has been successfully completed and planned to go live for Q1 2022.
Credit Lens	UAB Successfully implemented the Credit Lens solution. Credit Lens software simplifies and standardizes the way UAB collect, analyse, and store credit data, laying the groundwork for a robust credit origination and decisioning framework.
File Integrity Monitoring	With a view to further strengthen the controls and to comply with regulatory mandates, UAB IT successfully implemented the File integrity monitoring solution. FIM is an internal control or process that performs the act of validating the integrity of operating system and application software files using a verification method between the current file state and a known, good baseline.
Technology Stack Refresh	In continuation to 2020's efforts to strengthen the technology landscape, major network upgrades were completed such as the upgrade of MPLS routers from CISCO to Arista, VPN and firewalls migration from CISCO to Fortinet and FortiGate respectively.
MasterCard Migration	In progress towards migration of all its credit and debit cards to MasterCard platform. A revenue stream for the bank and provides the bank's customers with major privileges and benefits.
Swift Upgrade	Successfully completed the Swift Mandatory upgrade from version 7.4 to 7.6.



Application Upgrades

Applications such as Core Banking, DDS, BPM, IVR were upgraded to the latest technology stack improving resilience and stability and resulting in better user experience.

PCI Compliance

The Payment Card Industry Data Security Standard is an information security standard for organizations that handle branded credit cards from the major card schemes. The PCI Standard is mandated by the card brands but administered by the Payment Card Industry Security Standards Council. UAB in the final stages of getting PCI certified. Numerous security and infrastructure changes and internal controls were implemented in a short period enabling the bank to be compliant with PCI regulations.

Chairman of the Board

Date: 17.03.2022

**Audit Committee
Chairman**

Date: 17.03.2022

**Board Governance &
Remuneration
Committee Chairman**

Date:

Bank's official stamp

