



CORPORATE GOVERNANCE REPORT 2021

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INTRODUCTION

National Bank of Umm Al Qaiwain (the 'Bank' or 'NBQ' or "Group") is a Public Shareholding Company incorporated in Umm Al Qaiwain by Amiri Decree Number (1) on 5 January 1982 issued by His Highness, the Ruler of Umm Al Qaiwain and commenced its operations with effect from 1 August 1982. The local government of Umm Al Qaiwain is the largest shareholder and promoter of the Bank. The Bank is engaged in providing Retail and Corporate banking services through a network of 12 branches in the United Arab Emirates (UAE). The Bank carries out Islamic banking operations through its Islamic Banking window established in 2005 across its branch network. The Bank maintains consistently high capital adequacy and liquidity ratios which demonstrates the financial resilience developed through robust Corporate Governance and financial disciplines.



Our vision

To be a bank of first choice, offering innovative financial services, built on trust, integrity and driven by a passion for excellence.

Our mission

To maximise value and growth for all our stakeholders by delivering premium banking services and attracting and retaining our target customer groups.

Our core values

"People orientation, customer orientation, performance"



People

- ✓ Personal integrity
- ✓ Open communications
- ✓ Value and recognise team work

Customer

- ✓ Service excellence
- ✓ Customer confidentiality
- ✓ Meet and exceed customer expectations

Performance

- ✓ Recognise and reward outstanding performance
- ✓ Ensure continuous productivity
- ✓ Focused on efficiency
- ✓ Delegate authority, responsibility and empowerment
- ✓ Committed to learning and development



CORPORATE GOVERNANCE SYSTEM PROCEDURES AND IMPLEMENTATION METHODS

The Bank has robust corporate governance policies and highly effective risk management functions, which contribute to the success of the organisational goals and this augments its culture. It has the highest standards of corporate governance, which provides confidence and trust to our stakeholders. The Bank has a Board consisting of seven members – they all have the requisite industry knowledge and have Board committees with specific functional responsibilities. The Bank has framed policies to ensure that the Directors are involved in the Bank and work in its best interests. The Board also provides strategic direction to the senior management. The majority of the Directors are independent and the Bank complies with the requirements of Securities and Commodities Authority, ADX and Central Bank.

THE FIRST LINE OF DEFENCE: BUSINESS UNITS

THE SECOND LINE OF DEFENCE: SUPPORT UNITS AND CONTROL FUNCTIONS

THE THIRD LINE OF DEFENCE: ASSURANCE AND AUDITING

Note: Please also refer to the Corporate Governance Section contained in the Annual Report. We have committees as explained below and they are governed by properly mandated Charters that are approved by the Board of Directors. Charters are reviewed periodically and suitable changes are made based on the industry changes and changes in the internal controls environment



BOARD OF DIRECTORS AND THEIR DETAILS

Ser.	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	Membership and positions at any other joint-stock companies	Positions in any other important regulatory, government or commercial positions
1	H.H. Sheikh Rashid Bin Saud Al Mualla	Non-executive Non-independent	Approx. 11 years. February 2011, was elected as Chairman of National Bank of Umm Al Qaiwain	Chairman of the Board of Directors of National Bank of Umm Al Qaiwain	HH Sh Rashid is the Crown Prince of Umm Al Quwain Emirate and the Chairman of Executive Council of Umm Al Quwain
2	Shk. Nasser Rashid AbdulAziz Al Moalla.	Non-executive Non-independent	Since 1982 (39 years)	1)National Bank of Umm Al Quwain: Vice-Chairman of the Board of Directors of NBQ and Chairman of the Executive Committee and the Credit Committee and member of Nominations and Remuneration Committee 2)Ras Al Khaimah White Cement and Structural Materials Company: Member of the Board of Directors 3)Union Insurance company PSC: Chairman of the Board of Directors	NA
3	Mr Marwan Abdulla Hassan Al Rostamani	Non-executive Non-independent	Since 2006	Al Rostamani Group Chairman of the Board of Directors Dubai Insurance Company Vice-Chairman of the Board of Directors	

BOARD OF DIRECTORS AND THEIR DETAILS

Ser.	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	Membership and positions at any other joint-stock companies	Positions in any other important regulatory, government or commercial positions
				National Bank of Umm Al Qaiwain Member of the Board of Directors of National Bank of UAQ and Chairman of Nominations and Remuneration Committee and member of REAL ESTATE EVALUATION REVIEW COMMITTEE	
4	Shaikh Sager Saud Rashed Ahmed Al Mualla.	Non-executive Non-independent	15 March 2020 till date	National Bank of Umm Al Qaiwain Member of the Board of Directors of National Bank of UAQ and Chairman of REAL ESTATE EVALUATION REVIEW COMMITTEE and member of Executive Committee and the Credit committee	NA
5	Abdulla Mohamed Salih Al Zarooni	Non-executive Independent	Started as a board member with NBQ from 2017	National Bank of Umm Al Qaiwain Member of the Board of Directors of National Bank of UAQ and Chairman of Audit Committee and member of Risk Committee and member of Executive Committee and the credit committee	Mersa UAQ
6	Ali Rashed Sultan AlKaitoob	Non-executive Independent	15 March 2020 till date	1)National Bank of Umm Al Qaiwain Member of the Board of Directors of National Bank of UAQ and Chair	Registered Accounting and Banking Expert in Dubai Court (Government.)

BOARD OF DIRECTORS AND THEIR DETAILS

Ser.	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	Membership and positions at any other joint-stock companies	Positions in any other important regulatory, government or commercial positions
				the Risk Committee, and member of Audit Committee and member of REAL ESTATE EVALUATION REVIEW COMMITTEE and member of Nominations and Remuneration Committee 15 March 2020 till date 2) Union Insurance: Vice-Chairman of the Board of Directors and Chairman of Audit Committee 10-JUNE-2021 till date	
7	Ahmed Mohamed Dhaen Al Nuaimi.	Non-executive Independent	15 March 2020 till date	National Bank of Umm Al Qaiwain Member of the Board of Directors of National Bank of UAQ and member of Audit Committee and member of Risk Committee	Nil

FEMALE REPRESENTATION IN THE BOARD - 2021

The election of the Board of Directors for the three years was made on 15 March 2020. Due to the non-availability of any other candidates during the AGM meeting, there was no female representation for 2020. The Bank agreed to comply with the requirement of the Corporate Governance guidelines regarding female representation and will continue with the same. . NBQ did not receive any nominations from any female candidates for the year 2021.



BOARD OF DIRECTORS REMUNERATION

Statement of the following:

Total remunerations paid to the Board members for 2020:

The shareholders approved the remuneration of the Board of Directors of AED 3,000,000/- (in addition to the value-added tax of 5%) for the fiscal year 2020, through the Annual General Assembly meeting of the National Bank of Umm Al Qaiwain held on 28 March 2021.

Proposal concerning the remuneration of the members of the Board of Directors for the year 2021 will be presented at the Annual General Meeting to be held on 14 March 2022. Proposed remuneration is AED 2,800,000 (additional 5% VAT). The decision to adopt the proposed remuneration proposal will be considered at the General Assembly. There were no allowances, salaries or additional fees received by a member of the Board of Directors in 2021, other than allowances for attending committees.

BOARD MEETINGS

The number of the Board meetings held during the 2021 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy:

During the year 2021, Six Board meetings of the National Bank of Umm Al Quwain were held:

Name of Director	Meeting 1 21/02/2021	Meeting 2 24/02/2021	Meeting 3 08/04/2021	Meeting 4 13/06/2021	Meeting 5 21/09/2021	Meeting 6 05/10/2021	Number of attendees by proxy
H.H. Shk Rashid Al Mualla	YES	YES	NO	YES	YES	YES	Nil
Shk. Nasser Al Moalla	YES	YES	YES	YES	YES	YES	Nil
Shk.Sager Al Mualla	YES	YES	YES	YES	YES	YES	Nil
Mr Marwan Al Rostamani	NO	YES	YES	YES	YES	YES	Nil
Mr Abdulla Al Zarooni	YES	YES	YES	YES	YES	YES	Nil
Mr Ahmed Al Nuaimi	YES	YES	YES	YES	YES	YES	Nil
Dr Ali Al Kaitoob	YES	YES	YES	YES	YES	YES	Nil

BOARD RESOLUTIONS DURING 2021

The number of the Board resolutions passed during the 2021 fiscal year, along with its meeting convention dates:

- 1) Passing decision on 10/3/2021 ratified by the Board via board meeting conducted on 8 April 2021.
- 2) Passing decision on 07/4/2021 ratified by the Board via board meeting conducted on 8 April 2021.
- 3) Passing decision on 10/05/2021 ratified by the Board via board meeting conducted on 13 June 2021.
- 4) Passing decision on 09/03/2021 ratified by the Board via board meeting conducted on 16 June 2021.
- 5) Passing decision ratified by the Board via board meeting conducted on 21 September 2021.
- 6) Passing decision on 29/06/2021 ratified by the Board via board meeting conducted on 21 September 2021.
- 7) Passing decision on 08/07/2021 ratified by the Board via board meeting conducted on 21 September 2021.

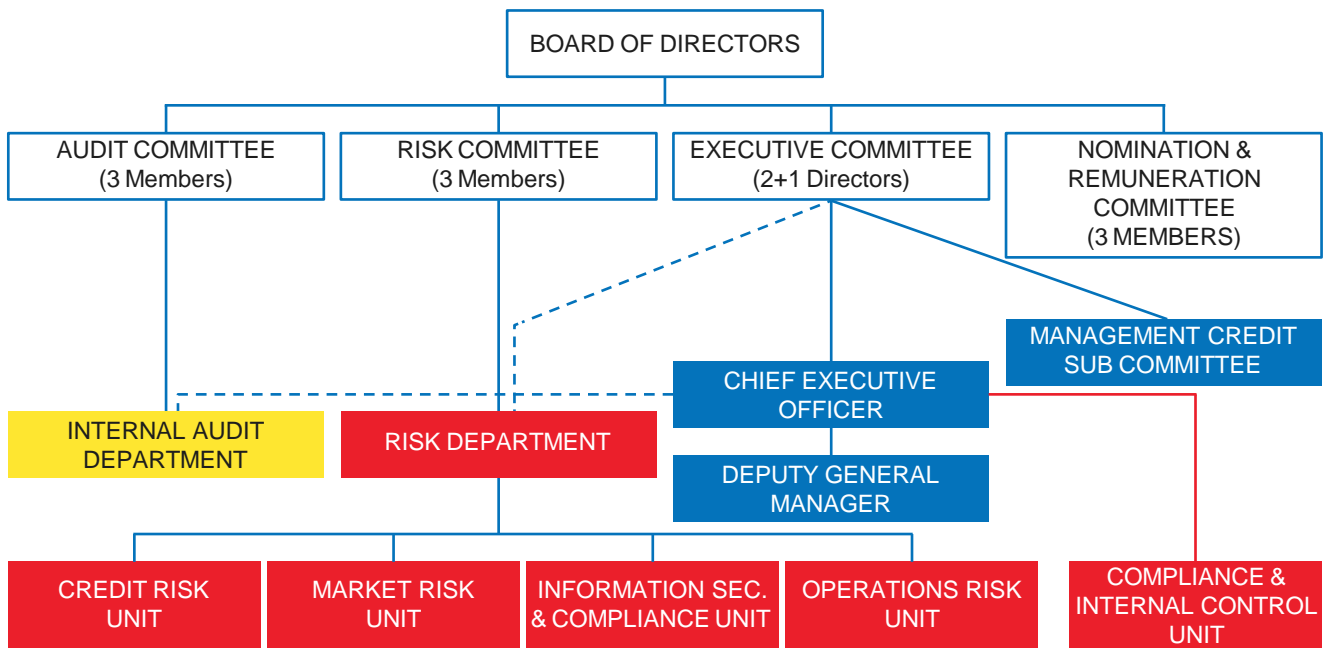
POWERS DELEGATED TO THE EXECUTIVE MANAGEMENT MEMBERS

Statement of Board duties and powers exercised by Board members or the executive management members during 2021 based on an authorisation from the Board, specifying the duration and validity of the authorisation according to the following schedule:

SL NO.	Name of the authorised person	Power of authorisation	Duration of authorisation
1	Mr Adnan Edris Mohammed Sharif Al Al Awadhi	<p>Board of Directors have decided to grant power of Attorney to Mr Adnan Edris Mohammed Sharif Al Al Awadhi in the capacity as Chief Executive Officer valid until further notice for:</p> <ul style="list-style-type: none"> •Representing the company and signing and acting on its behalf of ministries and departments in all matters related to its business. •Opening and managing bank account in the name of NBQ. Other administrative delegations. 	The authorisation remains valid and related to the period of his work in the Bank

ORGANISATION STRUCTURE

NBQ ORGANISATION CHART 2021



In addition to the above mentioned permanent board committees other committees may be formed from time to time

- : risk units
- : administrative and business units/ adherence to laid down policies and procedures
- : bank wide audit
- : Direct reporting line authority
- : Administrative and rectification

SENIOR EXECUTIVE MANAGEMENT

A detailed statement of the senior executives in the first and second grade according to the company organisational structure, their jobs and dates of their appointment:

SL NO.	Name	Position	Appointment date
1	Adnan Al Awadhi	Chief Executive Officer	03/01/2021
2	K.G. Pradeep	Deputy General Manager/CFO	27/06/1992
3	Mike Tufail	AGM- Head of Retail Banking Group	29/06/2008

EXTERNAL AUDITOR

Overview of the company auditor to shareholders:

External auditor

Ernst & Young (EY) was appointed as external auditors of the Bank and the Group for the year 2021. EY conducts the quarterly audit and the year-end Financial Statements. It is one of the leading auditing firms worldwide.

Statement of fees and costs for the audit or services provided by the external auditor

Name of the audit office and partner auditor	Ernst & Young
Number of years he served as the company external auditor	Two
The number of years that the partner auditor spent auditing the company's accounts	N/A
Total audit fees for 2021 in (AED)	Fees were set at 475,000 dirhams (in addition to a value-added tax of 5%).
Fees and costs of other private services other than auditing the financial statements for 2021 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	No other services provided by EY
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly.	No other services provided by EY
Statement of other services that an external auditor other than the company accounts auditor provided during 2021 (if any). In the absence of another external auditor, this matter is explicitly stated.	Auditor: PwC Assessment of UAE Information Assurances Services conducted

Statement clarifying the reservations that the Company auditor included in the interim and annual financial statements for 2021:

No qualified opinions were made by the Bank's external auditor in the quarterly and annual financial statements for the year 2021.

AUDIT COMMITTEE

A.

INTRODUCTION

1. Objectives

The Audit Committee (hereinafter to be referred as “Committee”) is a Board level Committee of Directors that ensures the independence of external and internal auditors, the effectiveness of internal control systems, a controlled environment, oversees the integrity of the financial reporting process, and reviews the adequacy of compliance relating to local laws, Stock Exchange, Central Bank and other statutory regulations.

The Audit Committee assists the Board of Directors in fulfilling its responsibilities in respect of the following:

1. External audit of Financial Statements.
2. Financial reporting processes.
3. Internal Audit Function.
4. Internal control systems.



B.

STRUCTURE OF COMMITTEE

2. Composition

a)The Audit Committee is established through a formal resolution of the Board of Directors.

b)The Chair of Audit Committee (AC) must be an independent member of the Board, who is distinct from the chair of the Board and the chairs of other committees.

c)The Audit Committee must be made up of independent or non-executive members of the Board and include members who collectively have experience in audit practices, financial reporting and accounting.

d)The Audit Committee must be made up of a majority of independent members of the Board and include members who collectively have experience in audit management issues and practices.

e)The Chairman of the Board of Directors will not be a member of the Committee. Each member will be financially literate.

3. Appointment and removal

The members of the Committee are appointed by the Board and serve until such member's successor is duly designated, or unless the member resigns, deceases, removed, or cease to be Director of the Board. Any member of the Committee can be removed, with or without cause, by a majority vote of the Board. The Board will designate one of the independent non-executive directors as Chairman of the Committee.



AUDIT COMMITTEE

C.

FUNCTIONS OF COMMITTEE

4. Powers of the Committee

The Audit Committee is empowered to:

- have unrestricted access to the Bank's books and records
- appoint, compensate and oversee the work of any registered public accounting firm employed by the Bank as auditor
- institute or authorise investigations into any matter
- pre-approve all auditing and non-audit services
- resolve any disagreements between management and auditor regarding financial reporting
- seek any information it requires from any employee of the Bank including management
- meet with company officers, external auditors, or outside counsel as necessary
- invite any member of the executive management in the meeting or any private session as required
- appoint/retain external independent professionals for advising/assisting the Committee on legal, accounting and other matters, to the extent it deems necessary or appropriate

5. Duties and responsibilities

5.1 EXTERNAL AUDITORS

- a) Review qualifications of the potential independent external auditor; recommend its appointment and related fees to the Board. The Committee can recommend their rotation or termination as deemed appropriate and review the performance of the external auditors.
- b) Review engagement letter with focus on audit scope, approach, procedures, and time of the audit effort including coordination of audit effort with internal audit.
- c) Review audit plan before commencement of audit and suggest alignment in the light of changed/new requirements of the Bank
- d) Review and confirm the independence of the external auditors. The external audit firm engaged by the Bank, including its affiliates or subsidiaries, must not provide any non-audit services to the Bank during the financial years of its external audit mandate, which could impair its objectivity and independence.

- e) Resolve any possible dispute or difficulties faced by the external auditor with the management in the course of audits such as restrictions on its audit activities or non-access to requested information or lack of management response.
- f) Conduct post-audit discussions to ascertain areas of concern, review management letters and ensure corrective actions by management.
- g) Review the state and effectiveness of the financial reporting and internal control systems used throughout the Bank and management procedures relating to their implementation.
- h) On regular basis, meet separately with external auditors to discuss any matter that the Committee or auditors believe should be discussed privately.

5.2 FINANCIAL REPORTING

- a) Review interim and annual audited financials with management, external auditor and Head of Internal Audit before presenting them to Board, focusing on:
 - i. Any changes in accounting policies and practices and their impact on the financial statements.
 - ii. Major accounting entries are based on the exercise of judgment by management including provision requirements.
 - iii. Management overview of financial results for the quarter/year and executive session with senior financial management.
 - iv. Significant and unusual and complex transactions and accounting estimates are adopted in preparing financial statements.
 - v. Current developments in auditing, accounting, reporting and disclosure requirements.
 - vi. Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- b) Discuss generally the financial information and earnings guidance provided to the external analysts and rating agencies.



AUDIT COMMITTEE

5.3 INTERNAL AUDIT FUNCTION

- a) Establish a permanent, independent, and effective Internal Audit Department.
- b) Ensure independence of Internal Audit Department. The Head of Internal Audit cannot be appointed or removed without the knowledge and approval of the Audit Committee. The Audit Committee also has ultimate responsibility for the appraisal and remuneration of the Head of Internal Audit.
- c) Consider and approve the mission and objectives of the Internal Audit Department. Ensure there are no unjustified restrictions or limitations placed on the Head of Internal Audit and Internal Audit Department.
- d) Approve Audit Charter incorporating purpose, authority, structure, responsibilities and organisational standing of Internal Audit Department within the Bank. The Committee will also approve the budget and staffing requirements for the Department.
- e) Approve Audit Policy manual, the credit review process, and annual audit/review plan for financial reviews, operational audit, credit reviews, systems audit; and review of periodic progress and follow up made therein.
- f) Approve internal audit overall operational plan.
- g) Review the performance, degree of independence and objectivity of the internal audit function, adequacy of the internal audit processes, adequacy and degree of compliance with the Bank's systems, and the difficulties, if any, encountered by the internal audit function.
- h) Review investigation reports and special project reports carried out by the Internal Audit Department.
- i) Review effectiveness of internal audit function, including compliance with Institute of Internal Auditors' Standards for Professional Practice of Internal Auditing.
- j) Ensure that activities carried out by the Internal Auditors, external auditors and regulatory inspectors are well coordinated.
- k) Meet separately with the Head of the Internal Audit Department as part of an executive session to discuss any matter which the Committee or Head of Internal Audit believes should be discussed privately.

5.4 INTERNAL CONTROL FUNCTION

- a) Ensure that the Bank has a comprehensive policy on internal control and is well communicated.
- b) Approve the appropriate systems for internal control, including internal controls over financial reporting and for the detection and prevention of frauds and errors.
- c) Consider the effectiveness of the Bank's internal control system, including information system/ technology security and control.
- d) Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations together with management's responses.
- e) Understand the scope of internal auditor's review of internal control over all other processes, and obtain reports on significant findings and recommendations, together with management's responses.
- f) Review investigation and special assignment reports relating to any misconduct, conflict of interest and fraud and actions initiated to mitigate recurrences.

5.5 OTHER RESPONSIBILITIES

- a) Review the Committee Charter annually and suggest appropriate changes to Board for approval.
- b) Review audit reports issued by regulatory authorities like Central Bank, and other regulatory authorities – and consider the Bank's responses to ensure corrective actions by management.
- c) Review in association with the executive management of the Bank – (i) disclosure controls and procedures, (ii) frauds, material or otherwise, that involves management or employees who have a significant role in Bank's internal control system, (iii) any significant deficiencies in the design and/or operation of the internal control system of the Bank.
- d) Confirm annually that all responsibilities listed in the Charter have been carried out.
- e) Regularly report to the Board of Directors about committee activities, issues and related recommendations.
- f) Provide an open avenue of communication between the Internal Audit Department, external auditors and Board of Directors.



ADMINISTRATIVE ISSUES

6. MEETINGS

- The Committee will meet at least four times a year, with the authority to convene additional meetings, as circumstances require. The Secretary to the Committee will convene the meeting as and when required or at the request of its two members.
- The quorum will be two members, of which one shall be the Chairman or their nominee.
- The Committee may invite members of executive management to attend meetings and provide pertinent information, as necessary.
- The Committee will hold private meetings with external/internal auditors and executive sessions if it is felt necessary.
- Meeting agendas will be prepared by Committee's Secretary and provided in advance to members, along with appropriate briefing materials.

7. SECRETARY TO THE COMMITTEE

The Committee will appoint the Secretary to the Committee who will provide an independent secretariat service for the Committee and act as a key interface for Committee members on governance and control matters.

8. MINUTES AND REPORTING

- 8.1) Draft minutes of each committee meeting will be prepared by the Secretary to the Committee promptly following the meeting for review by the Chairman. Thereafter, the draft minutes will be tabled at the next Committee meeting for final review and approval.
- 8.2) The Committee will place summaries of its recommendations and, or actions are taken to the Board of Directors in the subsequent meeting. The summary will include minutes of the Committee's proceedings related updates, reports on audit issues, and all other relevant information. The Committee will also report such actions to the Board of Directors for approval or ratification of the actions already taken by the Committee otherwise fall under the powers of the Board of Directors.

9. SELF-EVALUATION

- 9.1) A self-evaluation will be carried out by the Committee and will be forwarded to Board on annual basis in the light of reviewing various activities and duties as per the Charter and individual member's performance.
- 9.2) The Committee will annually review and assess the adequacy of its mandate given by the Board by way of this Charter and evaluate its effectiveness in fulfilling the mandate given by the Board of Directors to the Committee.



NAMES OF AUDIT COMMITTEE MEMBERS, THEIR COMPETENCIES AND TASKS

Committee members	Membership status on the Board	Position on the Committee
Abdulla Mohamed Salih Al Zarooni	Independent	Chairman
Ali Rashed Sultan AlKaitoob	Independent	Member
Ahmed Mohamed Dhaen Al Nuaimi.	Independent	Member

NUMBER OF MEETINGS HELD DURING 2021

The number of meetings held by the Audit Committee and their dates to discuss the matters related to financial statements and any other business:

Sr No	Meeting No	Date
1	(01/2021)	20/01/2021
2	(02/2021)	21/01/2021
3	(03/2021)	31/01/2021
4	(04/2021)	18/02/2021
5	(05/2021)	21/04/2021
6	(06/2021)	25/05/2021
7	(07/2021)	22/06/2021
8	(08/2021)	15/07/2021
9	(09/2021)	07/09/2021
10	(10/2021)	27/10/2021



NOMINATIONS AND REMUNERATIONS COMMITTEE

A. INTRODUCTION

The Nomination and Remunerations Committee (hereinafter referred to as “HR Committee”) is a permanent committee comprising of Directors to address strategic human resource issues. It provides assistance and support to the Board of Directors in fulfilling the responsibilities to the shareholders in respect of the composition of the Board, independence of the Directors, avoidance of conflict of interest, determination of core executive management, assessment of skills of human resources and remuneration matters and its strategic alignments with business objectives and value creation of the Bank. The main objective of this Charter is to build a performance-driven culture in the organisation.

Appointment and removal of Committee members.

The HR Committee is established through formal approval by the Board of Directors. The Committee consists of three directors. Any member of the Committee can be removed with or without cause, by a majority vote of the Board.

B. QUORUM

The quorum of the meeting is at least two directors and any decision made must be unanimous.

C. OBJECTIVES

- ▣ objectives of the Committee are to provide support to the Board of Directors to discharge its responsibilities in respect of the following strategic matters:
 - ▣ Regulating and following up the procedures of nomination for Board complying with the application of laws and regulations prescribed
 - ▣ Overseeing and constantly verifying the independence of Directors and alerting the Board if there are breaches
 - ▣ Review and assess the compliance with Charters and policies and recommend changes as and when needed
 - ▣ Bonus, increments and incentives to GM are to be approved by the HR Committee

- The Committee will be empowered to approve additional remuneration to the Board members if they
- ▣ undertake additional responsibilities which do not fall in their scope of duties/responsibilities as a Board member
 - ▣ Guarding against conflict of interest between Directors and the Bank
 - ▣ Setting the policy for granting bonuses, incentives and remuneration to the Board members and staff and reviewing the policy at regular intervals
 - ▣ Approving remuneration, benefits, bonus and salary policy of the Bank and incentives strategy and plans recommended by the Executive Committee
 - ▣ To create, observe and maintain robust remuneration policies and practices that would facilitate retention of employees, recruit employees, executives who can create values for the Bank and its shareholders
 - ▣ To review the policies and practices annually relating to remunerations, benefits, incentives and bonuses to employees and the executive management
 - ▣ To determine and assess the core competencies of the senior management and executive management in their selection, performance in relation to the value creation to the Bank and its shareholders

To maintain human resources and Emiratisation policies of the Bank to meet its defined objectives and regulatory requirements and any change in the policy to be submitted to the HR Committee www.nbq.ae

D. AUTHORITY

The Committee is empowered to have the following authorities:

- a) Assume the duties and responsibilities prescribed in this Charter and take necessary decisions.
- b) Obtain all the required information from the executive management and HR Department to each other departments/sections to discharge its responsibilities.
- c) Obtain additional details and information from relevant external sources for taking decisions as per the charter as needed.
- d) Refer significant and strategic matters as needed to the Board for securing guidance and direction.

E. FUNCTIONS AND RESPONSIBILITIES

Nominations/selection/career development/succession plans

- a) Review the succession plans for the Chairman, General Manager (GM), Chief Executive Officer (CEO), other key Board positions and senior executive management.
- b) To review talent pool and provide proper career development and succession plan.
- c) To oversee the Emiratisation plan of the organisation, especially for key positions.
- d) To review the organisational chart and recommend changes if needed.

Independence and conflict of interest

- a) Review and recommend Directors' Independence Policy to the Board for approval in accordance with the prescribed regulations.
- b) Ascertain their independence annually by assessing the credentials in compliance with the above policy.

Conflict of interest

- a) Establish the criteria for the identification of potential conflict of interest situations and monitor the procedures to resolve such conflicts.
- b) Review and Code of Conduct and Ethics for Directors, senior management and employees – and to ensure its adherence through the processes laid down by the Bank.
- c) Review established limits to ensure that transactions with related parties are identified and closely monitored and steps are taken to prevent breaches of prescribed limits set by the Bank and the regulators.



Human resources, remunerations and incentives

To achieve the main objectives defined in the charter the following functions and responsibilities are to be handled by the committee:

- a) Establish, recommend and review the overall compensation policy of the Bank including those in respect of Chairman and Board members, which shall consist of the incentive plans, fees and travel expenses.
- b) Establish and recommend to the Board in respect of the remuneration arrangements for senior management.
- c) Review and approve core competencies required for executive management, executive compensation plan, contract terms, incentives and any changes to or modification of the above.
- d) Evaluate the performance of senior management in light of established goals and objectives.
- e) Based on the evaluation, review and approval of annual salary, bonus, incentives, and other benefits of senior and executive management.
- f) Review and set policy for staff salaries, bonuses and other benefits including superannuation benefits.
- g) Review and approve the Human Resources and Emiratisation (HRE) Manual.
- h) Fix and review incentive plans for wholesale and retail business units considering their performance levels concerning the targets set against them.
- i) Review at regular intervals the management succession plans for the executive officers of the Bank and heads of departments and senior officials.
- j) Review the Bank's recruitment, retention, termination policies and procedures for senior management and executive management officials.
- k) Review and approve the code of ethics for the senior management and executive management and monitor the Bank's adherence to professional conduct rules.
- l) Review and approve HRE policies that have strategic relevance on an annual basis considering staff retention, motivation, commitment and empowerment.
- m) Establish Emiratisation as an integral part of the HRE policy of the Bank and policies and strategies.
- n) Review and approve the Training Policy of the Bank and related budgets.
- o) Regularly assess that the Bank has a robust mechanism to evaluate adherence to these policies.



F. FREQUENCY OF THE MEETINGS

The Committee must meet periodically and when there are circumstances or matters that require the Committee's decision.

G. MEETINGS

The Company Secretary will be serving as Secretary to the Committee. It will convene the meeting as and when required or at the request of two members of the Committee. The Committee may invite members of executive management/Head of Human Resources to attend meetings to provide pertinent information, as necessary for taking decisions. The Committee may also hold executive sessions if necessary.

Decisions and resolutions will be adopted by a majority. The Chairman's vote will be the casting vote in the event of a tie.

The meeting agenda will be prepared by Committee's Secretary and provided in advance to members, along with appropriate briefing materials.

H. REPORTING POLICY AND PROCEDURES

Minutes are prepared by the Secretary to the Committee and are circularised email for review and approval. The Committee submits reports to the Board at periodic intervals on the actions, recommendations and decisions taken at its meetings for the information of the Board. The Secretary of the Committee prepares the report and submits it to the Board under the signature of the Chairman of the Remunerations Committee.

I. Names of the Nomination and Remuneration Committee members, their competencies and tasks assigned to them.

Committee members	Membership status on the Board	Position on the Committee
Mr Marwan Abdulla Hassan Al Rostamani	Non-independent	Chairman
Shk. Nasser Rashid AbdulAziz Al Moalla	Non-independent	Member
Ali Rashed Sultan AlKaitoob	Independent	Member

J. NUMBER OF MEETINGS HELD DURING 2021

Statement of the number of meetings held by the Committee and their dates, and statement of all Committee members' attendance of times.

Sr No	Meeting No	Date
1	(01/2021)	10/03/2021
2	(02/2021)	13/06/2021

8. Any other committee (s) approved by the Board.

RISK COMMITTEE MEETING

A. INTRODUCTION

1. Objectives

The Risk Committee (hereinafter to be referred to as “Committee”) is a Board level Committee of Directors, which ensures the effectiveness of risk management process and assists the Board of Directors in fulfilling its responsibilities in respect of the Risk Management Function.

B. STRUCTURE OF COMMITTEE

2. Composition

- a) The Risk Committee is established through a formal resolution of the Board of Directors.
- b) The Chairman of the Risk Committee must be an independent member of the Board, who is distinct from the Chairman of the Board and the chairs of other committees.
- c) Risk Committee must be made up of a majority of independent members of the Board and include members who collectively have experience in Risk Management issues and practices.
- d) Quorum is two, of which one will be the Chairman.

3. Appointment and Removal

The members of the Committee are appointed by the Board and serve until such member's successor is duly designated, or unless the member resigns, deceases, removed, or cease to be Director of the Board. Any member of the Committee can be removed, with or without cause, by a majority vote of the Board. The Board will designate one of the independent Directors as Chairman of the Committee.

C. FUNCTIONS OF COMMITTEE

4. Powers of the Committee

The Risk Committee is empowered to:

1. Has unrestricted access to the Bank's books and records.
2. Seek any information it requires from any employee of the Bank including management.
3. Meet with company officers, or outside counsel as necessary.
4. Invite any member of the executive management in the meeting or any private session as required.
5. Appoint and, or retain external independent professionals for advising and assisting the Committee on any matter to the extent it deems necessary or appropriate.



5. Duties and responsibilities

5.1 Risk Management Function

- a) To approve the Risk Management Charter of the Bank, the Risk Management Policy, the Credit Risk Management Policy, the Operational Risk Management Policy, the ALM Policy and Investment Policy every year. Ensure that all the risk management policies are communicated.
- b) To approve the Liquidity and Funding Management Policy including Contingency Plan as well as Capital Management Plan every year.
- c) To approve Disclosure Policy and Internal Capital Adequacy Assessment Process (ICAAP) Policy every year.
- d) To approve a framework for managing credit risk, market risk, operational risk, information security and compliance, and any residual risk.
- e) To determine, approve and review the limits and conditions that apply to the risk-taking functions and risk control functions including the authority delegated by the Board to the CEO, GM, DGM, CFO and the Head of Risk.
- f) To monitor the risk profile, performance, capital levels, exposures against limits, and management and control of risks.
- g) To discuss with the Head of Risk to review regularly the adequacy and effectiveness of the Risk Management System in the Bank and evaluate the status of compliance of various risk management policies and procedures.
- h) To monitor the changes anticipated for the economic and business environment and other factors considered relevant for the Bank's risk profile.
- i) Periodically review liquidity, funding, and capital management positions.
- j) Periodically review of non-performing assets (NPA) and settlement recommendations for settlement plans to the appropriate delegated authority, where necessary.
- k) Periodically review the progress made by the Bank towards compliance of Basel-II and III guidelines for adopting advanced approaches for all three risks: credit risk, market risk and operational risk.
- l) Periodically review the adequacy of policies, procedures and systems relating to the management of various risks (credit, market, country, operations, liquidity, interest rate, legal, and reputation) and its adherence at different levels of the Bank.
- m) To provide oversight of the internal and external auditors' review observations of risk management and asset quality.
- n) To ensure that the Risk Management function is independent of the management and decision-making of the Bank's risk-taking functions.

5.2. Other responsibilities

- a) To review the Committee Charter on an annual basis and suggest appropriate changes to Board for approval.
- b) To confirm annually that all responsibilities listed in the charter have been carried out.
- c) To regularly report to the Board of Directors about Committee activities, issues and related recommendations.

ADMINISTRATIVE ISSUES

6. Meetings

- The Committee will meet at least four times a year, with the authority to convene additional meetings, as circumstances require. The Secretary to the Committee will convene the meeting as and when required or at the request of any members of the Committee.
- The CFO, DGM and CEO and Head of Risk are permanent invitees. The Committee may invite any staff to attend meetings and provide pertinent information, as necessary.
- Meeting agendas will be prepared by Committee's Secretary and provided one week in advance to members, along with appropriate briefing materials.

7. Secretary to the Committee

The Committee will appoint the Secretary to the Committee who will provide an independent secretariat service for the Committee and act as a key interface for members on governance and control matters.

8. Minutes and reporting

- 8.1) Minutes of each committee meeting will be prepared by the Secretary and placed to the relevant committee in the next meeting.
- 8.2) Summary of Risk Committee meetings will be placed to Board at the next meeting.

9. Self-evaluation

- 9.1) A self-evaluation will be carried out by the Committee and will be forwarded to Board on annual basis in the light of reviewing various activities and duties as per the Charter and individual member's performance.
- 9.2) The Committee will annually review and assess the adequacy of its mandate given by the Board by way of this Charter and evaluate its effectiveness in fulfilling the mandate given by the Board of Directors to the Committee.

NAMES OF COMMITTEE MEMBERS, THEIR COMPETENCIES AND TASKS ASSIGNED

Names of each committee member, clarifying its competencies and tasks assigned.

Committee members	Membership status on the Board	Position on the Committee
Ali Rashed Sultan AlKaitoob	Independent	Chairman
Abdulla Mohamed Salih Al Zarooni	Independent	Member
Ahmed Mohamed Dhaen Al Nuaimi.	Independent	Member

NUMBER OF MEETINGS HELD IN 2021

C. Statement of the number of meetings held by the Committee, their dates and all Committee members' attendance times.

Sr No	Meeting No	Date
1	(01/2021)	17/03/2021
2	(02/2021)	21/04/2021
3	(03/2021)	24/06/2021
4	(04/2021)	07/07/2021
5	(05/2021)	09/09/2021
6	(06/2021)	30/11/2021

REAL ESTATE EVALUATION REVIEW COMMITTEE

A. INTRODUCTION

1. Objectives

The Real Estate Evaluation Review Committee (hereinafter to be referred as "Committee") is a Board level Committee of Directors, which:

- Ensures optimisation on an acquisition of real estate securities belonging to distressed borrowers of the Bank.
- Ensures that real estate portfolio is on optimum credit terms.

B. STRUCTURE OF COMMITTEE

2. Composition

- The Committee is established through a formal resolution of the Board of Directors.
- Quorum is two, of which one will be the Chair.

3. Appointment and Removal

Committee members are appointed by the Board and serve until such member's successor is duly designated, or unless the member resigns, deceases, removed, or cease to be Director of the Board. Any member of the Committee can be removed, with or without cause, by a majority vote of the Board. The Board will designate one of the Directors as Chairman of the Committee.



FUNCTION OF COMMITTEE

4. Powers of the Committee

The Committee is empowered to:

- a) The buying and selling of real estate:
To decide the price at which the Bank may buy real estate securities or sell the same.
- b) General powers
 - i. To appoint a real estate broker to find out the buyer and agree on commercial terms.
 - ii. To appoint real estate management companies to manage real estate assets of the Bank.
 - iii. To approve empanelment of valuation firms to provide valuations for Bank's real estate properties.
 - iv. Invite any member of the executive management in the meeting or any private session as required.
 - v. Appoint and, or retain external independent professionals for advising and assisting the Committee on any matter to the extent it deems necessary or appropriate.
 - vi. Review and, or approve a list of approved developers.
- c) Pre-loan approval stage
To approve credit policy parameters for finance against real estate.

5. Duties and responsibilities

- a) Periodic review of yields on the Bank's acquired properties.
- b) Review of real estate securities that are in pipeline to be sold.
- c) Periodical review of real estate market situation in UAE.
- d) To review the loan-to-value (LTV) at a portfolio level
- e) To review a non-performing real estate lending portfolio.
- f) Suggest actions to maintain, improve the quality of loan portfolio finance against real estate.
- g) To review and make recommendations on large credit proposals before final approval decision, if referred by the Credit Sub Committee.



ADMINISTRATIVE ISSUES

6. Meetings

- a) Meetings may be held virtually or physically, whenever necessary and twice a year for review of the portfolio. Decisions may also be concluded by circulation for urgent matters.
- b) CEO (DGM in his absence) and the Head of Risk are permanent invitees. The Committee may invite any staff member to attend meetings to provide pertinent information, as necessary.
- c) Meeting agendas will be prepared by the Committee's Secretary and provided one week in advance to members, along with appropriate briefing materials.

7. Secretary to the Committee

The Committee will appoint the Secretary to the Committee who will provide an independent secretariat service and act as a key interface for members on governance and control matters.

8. Duties of Secretary

- a) Minutes of each Committee meeting will be prepared by the Secretary and will be placed to the Committee in the next meeting.
- b) Secretary shall place a summary of committee meetings to Board half-yearly for review.

NAMES OF THE COMMITTEE MEMBERS

B. Names of each committee member, clarifying its competencies and tasks assigned.

Committee members	Membership status on the Board	Position on the Committee
Shaikh Sager Saud Rashed Al Mualla	Non-independent	Chairman
Mr Marwan Al Rostamani	Non-independent	Member
Dr Ali Rashed Sultan AlKaitoob Al Nuaimi	Independent	Member



NUMBER OF MEETINGS HELD IN 2021

C. Statement of the number of meetings held by the Committee, their dates and Committee members' attendance.

Sr No	Meeting No	Date
1	(01/2021)	08/04/2021
2	(02/2021)	15/07/2021

EXECUTIVE COMMITTEE

The Executive Committee reconstituted as follows:-

Committee members:

1. Sheikh / Nasser bin Rashid bin Abdulaziz Al Mualla (Chairman) and/or Mr Abdullah Mohammed Saleh Al-Zarouni (Member)
2. Chief executive officer (Member)
3. Deputy General Manager/Chief Financial Officer (Member)

It is attended by:

1. Head of Risk
2. Secretary of Board of Directors

- ▣ The decisions of the committee are not effective without the approval of the Committee Chairman
- ▣ In the event of the absence of any of the above-mentioned members, any of the members of the Board of Directors shall replace the Chairman, considering the requirements of governance
- ▣ The Committee met weekly on each Monday in 2021



CREDIT COMMITTEE

Committee members:

1. Sheikh Nasser bin Rashid bin Abdulaziz Al Mualla (Chairman)
2. Sheikh / Saqr bin Saud bin Rashid bin Ahmed Al Mualla (Member)
3. Mr Abdullah Mohammed Saleh Al-Zarouni (Member)

It is attended by:

1. Chief executive officer
2. Acting Head of Corporate Banking Services.
3. Head of Risk
4. Head of Credit Approvals
5. Secretary of Board of Directors

Notes:

The powers of the Committee remain as previously, which are facilities that exceed 75 million dirhams and a maximum of 200 million dirhams, and more than that requires the approval of the Board of Directors. In the event of the absence of any of the above-mentioned members, any of the members of the Board of Directors shall replace the Chairman.

INTERNAL CONTROL FRAMEWORK

The Internal Audit Department (IAD) is the fourth line of defence after the Front Office, Risk Management and Operational Risk Management/Compliance functions.

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and corporate governance.

The IAD assesses and makes appropriate recommendations to improve the Bank's governing process for making strategic and operational decisions. It oversees risk management and control, promoting appropriate ethics and values, ensuring effective organisational performance management and accountability, communicating risk and control information to appropriate areas of the Bank. It also coordinates the activities of and communicating information among, the Board, external and internal auditors, other assurance providers and management.

In addition to the above, the IAD assesses the design, implementation, and effectiveness of the Bank's ethics-related objectives, and if there is proper documentation. It adopted the following steps while performing all types of audits /checks: risk identification, risk assessment, risk prioritisation, response planning and risk monitoring. Two factors were used to assess the risk exposure: loss frequency or probability and loss severity.



BASEL IMPLEMENTATION

The Bank adheres to the UAE Central Bank guidelines required for Basel compliance Implementation including submission of ICAAP report annually to Central Bank of the UAE. It is also in compliance with Central Bank of UAE norms for a standardised approach for the computation of capital adequacy ratios. During the year, CBUAE has adopted Basel III and published enhanced regulatory capital requirements rules vide notification 4980 and 5416 in December 2020. CBUAE issued Basel III capital regulations and introduced minimum capital requirements at three levels, namely common equity Tier 1 (CET1), Additional Tier 1 (AT1) and Total Capital.

Additional capital buffers Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) maximum up to 2.5% for each were introduced over and above the minimum CET1 requirement of 7%.

Stress tests are regularly carried out to assess credit risk, liquidity risk and interest rate risk in the banking book and equity price risk. Results reveal that NBQ is comfortably placed in line with the risk profile and there is a substantial buffer between available capital and regulatory capital to cover any unexpected losses from other risks as well.

SENIOR MANAGEMENT

Senior management staff as per the regulatory definition includes Chief Executive Officer, Chief Financial Officer, Head of Risk, Head of Internal Audit and Head of Compliance. The Bank maintains a fit and proper guide for the recruitment of the senior management officials and obtains the approval of Central Bank after the candidate is identified by the Bank and approved at the Nominations and Remunerations Committee. The remuneration structure is also fixed and assessed at the Board Committee level and revised as per its decisions.

The Bank has an efficient team of senior management officials who are experienced and qualified in discharging key management functions. They are delegated with the responsibility of managing the affairs of the Bank professionally while managing the internal control, compliance, governance with a risk management focus. The Board of Directors through their Committees directs senior management to apply due diligence and caution to protect the interests of the Bank and its shareholders.



INTERNAL CONTROL SYSTEM

A) THE FUNCTION OF INTERNAL CONTROL

- To ensure that Bank has a comprehensive policy on internal control and is well communicated (all Bank policies are approved by Board)
- To ensure that all highlighted critical observations to the business are escalated to management and Board Audit Committee to set a further course of action

Board Audit Committee responsibilities are as follows:

- Review interim and annual audited financial with management, external auditor and the Head of Internal Audit before presenting them to Board. It focuses on any changes in accounting policies and practices and their impact on the financial statements, major accounting entries based on the exercise of judgment by management including provision requirements, management overview of financial results for the quarter/year and executive session with senior financial management, significant and unusual and complex transactions and accounting estimates adopted in preparing financial statements, current developments in auditing, accounting, reporting and disclosure requirements.
- Review the annual financial plan and budget – and monitor its performance quarterly against the actual performance.
- Discuss the financial information and earnings guidance provided to the external analysts and rating agencies.
- Approve the appropriate systems for internal control, including internal controls over financial reporting and for the detection and prevention of frauds and errors.
- Consider the effectiveness of the Bank's internal control system, including information system/ technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations together with management's responses.
- Understand the scope of internal auditor's review of internal control over all other processes, and obtain reports on significant findings and recommendations, together with management's responses.
- Review investigation and special assignment reports relating to any misconduct, conflict of interest and fraud and actions initiated to mitigate recurrences.
- Ensure remedial actions are in place and implemented as per deadlines set for the same.

B) Name of the department director, his qualifications and date of appointment.

Mourad Ben Ali Saidani

Qualifications: Master's degree in psychology and 2 parts of CIA.

Date of Appointment: 13 January 1996



C) Name of the compliance officer, his qualifications and date of appointment.

Adnan Sajwani
Qualification: Bachelors, Business Administration
Date of Appointment: 2 November 2019

D) How the Internal Control Department dealt with any major problems at the Company or those that were disclosed in the annual reports and accounts

The IAD conducts a review and assesses the effectiveness of management of risk and internal controls in all areas covered by the audits by:

1. Evaluating the Bank's internal controls.
2. Evaluating process performance.
3. Identifying deviations from management KPIs.
4. Recommendations for process and control improvements to achieve organisational goals.
5. Assessing business requirements and objectives.
6. Evaluating evidence in connection with any business issues.

•The Internal Audit Department is a continuous operation covering also the five components of internal controls system: a) control environment, b) risk assessment, c) control activities, d) information and e) communication and monitoring

All highlighted critical observations to the business are escalated to management and the Board Audit Committee to set a further course of action.

E) Number of reports issued by the Internal Control Department to the Bank's Board of Directors.

Eight reports have been shared with the Board Audit Committee.



CONTRIBUTIONS MADE IN 2021

Statement of the cash and in-kind contributions made by the Bank in developing the local community and preserving the environment.

The Bank has a corporate social responsibility strategy that focuses on several aspects such as empowering women, supporting people with special abilities, and promoting Emiratisation. It is also keen on initiatives in the community. Below are examples of some of these initiatives and contributions made during 2020 and 2021:

2020 Financial Contribution

Sponsor Al Arabi sport and cultural clap for sport different activity during 2020

Sponsorship UAQ football championship 2020

Sponsorship request form UAQ EMIRI COURT to sponsor Army Demonstration union fortress 7 event on 21/2/2020

Sponsorship request from Indian Association UAQ for Free Medical Camp

Saoud bin Rashid Al Mualla Charitable and Humanitarian activity

Sponsorship - UAQ cooperative society for fishermen - Environmental campaign

2021 Financial Contribution

Sponsor Al Arabi sport and cultural clap for sport different activity during 2021

Saoud bin Rashid Al Mualla Charitable and Humanitarian activity

Sponsorship - UAQ cooperative society for fishermen - Environmental campaign



GENERAL INFORMATION

Statement of the Bank share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2021.

Month	Highest	Lowest	Closing
January	1.950	1.950	1.950
February	1.950	1.950	1.950
March	2.240	2.240	2.240
April	2.240	2.240	2.240
May	2.020	2.020	2.020
June	1.920	1.750	1.800
July	1.800	1.600	1.750
August	1.600	1.350	1.600
September	1.600	1.500	1.550
October	1.720	1.600	1.720
November	1.800	1.620	1.780
December	1.850	1.650	1.850

Statement of the Company comparative performance with the general market index and sector index to which the Company belongs during 2021.

NBQ's share price registered a fall of 7.50% during the year. The ADX General Index registered growth of 67.12% y-o-y while at the same time ADX financial index (Sector Index) rose by 40.10% y-o-y.



Statement of the shareholders' ownership distribution as of 31/12/2021 (individuals, companies, governments) classified as follows: local, Gulf, Arab and foreign.

Ser.	Shareholders classification	Percentage of owned shares			
		Individuals	Companies	Government	Total
1	Local	38.036%	30.942%	29.99%	98.968%
2	Arab	1.020%	0.00011%	Nil	1.020%
3	Foreign	0.00024%	Nil	Nil	0.00024%
	Total				100%

Statement of shareholders owning 5% or more of the Company's capital as of 31/12/2021 according to the following schedule:

SL NO.	Name	Number of owned shares	Percentage of owned shares of the Company's capital
1	Umm al-Quwain government	554,400,004	29.999%
2	Mr Salem Abdullah Salem Al Hosani	219,612,158	11.883%
3	M/s Abdul Wahed Al Rostamani Group LLC	186,871,104	10.112%
4	M/s.Barah Investment LLC	184,763,040	9.997%



DISTRIBUTION OF SHAREHOLDINGS

Statement of how shareholders are distributed according to the volume as on 31/12/2021

SL NO	Share (s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the capital
1	Less than 50,000	110	1,053,609	0.0570%
2	From 50,000 to less than 500,000	48	9,928,213.00	0.537%
3	From 500,000 to less than 5,000,000	66	115,937,014.00	6.273%
4	More than 5,000,000	33	1,721,081,179	93.132%

INVESTOR RELATIONSHIP OFFICER AND COMMUNICATION

Statement of measures taken regarding the controls of investor relationships and an indication of the following:-

Name of the investor relationships officer and Data of communication with the investor relationships (e-mail- phone- mobile- fax).

Name	Alaa Khairy	Dalia Saeed
Direct No	06- 7066748	06-7066858
Email	Investor.relations@nbq.ae	Investor.relations@nbq.ae



SPECIAL RESOLUTIONS PASSED IN THE GENERAL ASSEMBLY

Statement of the special decisions presented in the General assembly held during 2021 and the procedures taken in their regard.

There were no special decisions presented in the General assembly held on 28 March 2021.

INSIDER TRADING

Board members comply with the provisions of SCA regulations regarding trading, clearing, settlement, transfer of ownership and custody of securities issued by the Securities and Commodities Authority (SCA).

The Chairman and Board of Directors and the senior management and employees, who know the fundamental information of the Bank, shall not deal by themselves or through others of the Bank during the following periods:

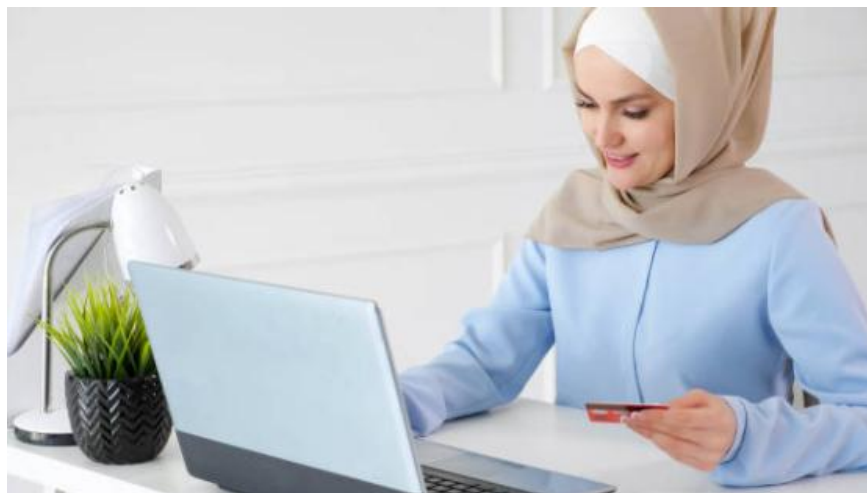
- **Ten (10) business days** before the announcement of any significant information would result in the share price increasing or decreasing unless the information was a result of sudden unforeseen circumstances.
- **Fifteen (15) days** days before the end of each financial quarter, the semi-annual or annual financial period until the publication of the Bank's financial statement which comprises of the statement of financial position, statement of income, statement of cash flows, statement of changes in the equity, and the clarifications on the financial statements in accordance with the IFRS/IAS, which are issued after the external auditor's report is drafted and is signed by the Board or the authorised signatories or are approved at the Annual General Meeting along with the Auditor's report and Board of Director's Annual Financial Report.

As per the provisions of the SCA regulations, any transactions done by the above-mentioned persons either personally or through a third party in contravention to the provisions shall be null and void.

The Board of Directors acknowledges disclosing any such stock trading transactions as described above. During the year 2020, the Bank declares that there are no such transactions by the Board members and their spouses and children in the Banks's shares.

RELATED PARTY TRANSACTIONS

The Bank consistently discloses the related party transactions in their financial statements which are audited by external auditors. Management reviews the movements of related party transactions and when the deals are conducted. The Bank discloses the transactions and dealings with the related parties and the disclosures are maintained as per the relevant accounting standards and are verified by the external auditors through their quarterly review and yearly audits. Related party disclosure for the year 2020 is disclosed in the financial statements under note number :



DATA SECURITY AND PRIVACY

A data security and privacy framework is an essential component to protect and build reliable and long-standing relationships with customers and stakeholders. Data security systems and data privacy measures protect customer data held at the Bank and meet compliance and regulatory requirements.

The Bank's Information Security & Compliance Department is mandated to ensure data security and privacy. Periodic reviews and audits are conducted by internal and external parties which evaluate the adequacy of the controls and reports to the Risk Department. The control environment is also reviewed by third-party vendors who identify gaps, which are then addressed by the Bank's management team. The Bank is in the process of implementing NESA and Payment Card Industry Data Security Standard (PCI DSS) and all gaps will be identified with suitable change management processes. Board-level committees are being appraised of these initiatives and regulatory reporting will be pursued.

The Bank has engaged one of the big four external auditors for UAE Information Assurance (NESA) gap assessments as per the UAE Central Bank requirements. It has also engaged a Qualified Security Assessor (QSA) listed by the Payment Card Industry (PCI) Council for the audit and certification of PCI DSS. The Bank is currently working with the QSA to fix the gaps identified in the gap report and conclude the certification process.

The Bank demonstrates major importance in maintaining and safeguarding the data security and privacy of its customers. It has achieved the following:

- Appointed one of the big four external auditors for UAE IA (NESA) gap assessments as per the UAE CB requirements which have provided the gap report – the Bank is addressing the identified gaps with specific targets set against each one of them
- Engaging a qualified security assessor (QSA) listed by the Payment Card Industry Council for the audit and certification of PCI DSS. The Bank is working with the QSA to fix the identified gaps to conclude the certification process.
- Completed the IT General Control audit by the external auditor successfully
- The Bank also achieved full compliance to SWIFT CSP controls in 2020
- Initiated the evaluation of various security solutions to improve the overall information security posture of the Bank

Regular staff security awareness sessions and vulnerability assessment and penetration testing exercises are carried out, as well as updated and improved the ISMS policies to align with the current risks and controls requirement. Continuous training is provided periodically through the Training Department. The Bank has adequate coverage on cyber-crime through Bankers Blanket Policy with reputed insurance companies.



2021 Projects:

The Bank has completed the IT General Control audit by the external auditor successfully and achieved full compliance to SWIFT CSP controls in 2020. It initiated the evaluation of various security solutions to improve the overall information security posture. It has also conducted regular staff security awareness sessions and vulnerability assessment and penetration testing exercises – as well as updated and improved the ISMS Policies to align with the current risks and controls requirement.

The ISC Department will be participating in the implementation of the below projects during 2021:

- ▣ Data classification and data loss prevention (DLP) solution – ongoing
- ▣ Internal and external vulnerability and penetration testing – ongoing
- ▣ Application security assessment and penetration testing - ongoing
- ▣ Enterprise fraud management solution – vendor evaluation stage
- ▣ Risk-based authentication – planning stage
- ▣ Engagement of various consultants to address NESA controls – concluded
- ▣ Implementation of 24x7 security operations centre – planning stage

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Bank and its subsidiaries and affiliates strive to conduct all its business-related activities with responsibility, efficiency, integrity and in a transparent manner towards all its stakeholders. It specifies minimum standards and all current laws of UAE and regulations of the Central Bank of the UAE. Corruption and bribery are criminal offences in UAE and expose the Bank and its employees to prosecution, fines, imprisonment and loss of reputation. This policy charter is approved by the Nominations and Remunerations Committee and approved by the Board and is applicable across the Bank, subsidiaries and its affiliates.

CODE OF CONDUCT

As per the Central Bank of the UAE's guidelines, all employees and Directors of the Bank must comply with the professional code of conduct of the Bank. The policy provides insight into the relevant facts required for its compliance which includes, purpose, its applicability, reporting responsibilities, confidentiality and disclosures, the importance of honesty and integrity and a list of violations. Procedures of reporting are also mentioned in detail for compliance. The Charter is approved by the Nominations and Remunerations Committee and approved by the Board.



INSIDER TRADING

The Bank has defined insider trading policy to exercise control on share movements through deals by the insiders who have possession of unpublished price sensitive information about the Bank. Restrictions are mentioned in the policy and are made applicable for the Bank and its group. All insiders are informed about the policy requirements and the instances of price-sensitive information. No trade period is enforced by ADX based and no insiders are allowed to trade on the Bank shares during this period. Regulations of Securities and Commodities Authority are being complied by the Company Secretary. The Charter is approved by the Nominations and Remunerations Committee and by Board and applies to the Bank and its group.

WHISTLE BLOWER POLICY

The Whistle Blower Policy applies to the Bank and its group and it explains the purpose, scope and reportable offences. The Bank maintains anonymity and all false allegations are considered a punishable offence. The Bank maintains utmost confidentiality on the reported incidents unless required through legal procedures or lawful disclosures. Procedures are laid down in the policy and a Charter approved by the Nominations and Remunerations Committee and the Board.

SUCCESSION PLANNING

The Bank has framed a proper succession planning strategy for the positions of higher responsibilities and head of sections, units and departments. Management discussions are held on the subject and suitable divisions of responsibilities are aligned to meet the requirements. The Nominations and Remunerations Committee addresses the succession planning requirements for senior management and head of Departments. Managers and heads of departments that are reaching the age of superannuation are particularly deemed candidates.

RAPPORTEUR OF THE BOARD MEETINGS

Name of the rapporteur of the Board meetings: Dalia Saeed Noori

Date of appointment: 30 October 2018

MAJOR EVENTS AND IMPORTANT DISCLOSURES DURING 2021

MAJOR EVENTS

A detailed statement of major events and important disclosures that the Bank encountered during 2021.

Appointment of new Chief Executive Officer Mr Adnan Edris Mohammed Sharif Al Al Awadhi

RELATED PARTIES TRANSACTIONS

A statement of the deals that the company has carried out with related parties during the year 2021, which are equal to 5% or more of the company's capital

Related party transactions are reported in the Financial Statements for the year as per the normal disclosure requirements of the Bank.

EMIRATISATION




Statement of Emiratisation percentage in the Company at the end of 2019, 2020, 2021 (workers are excluded from companies working in the field of contracting).

	2019	2020	2021
Emiratisation %	43%	42%	43.3%. (Excluding outsourced staff)

INNOVATIVE PROJECTS AND INITIATIVES

Statement of innovative projects and initiatives carried out by the company or being developed during 2021.

In line with the Bank's strategy, it continued with the investment in technology. Its entire ATM fleet was replaced with the latest machines with enhanced functions and faster processing. It launched the option of updating Emirates ID details through the ATM and also ID authentication. As part of this refresh process, the Bank offered faster direct cheque clearing through its cheque deposit machines. It further enhanced its e-banking and mobile banking functions and completed a significant upgrade of its security infrastructure. It achieved the PCI DSS certification, completed the SWIFT CSP certification and achieved good compliance levels with the NESAs. It also initiated Apple and Samsung pay projects expected to complete in early 2022.

Mr. Ali Rashed Sultan Al Kaitoob Chairman of the Board Risk Committee	Mr. Abdulla Mohamed Al Zarooni Chairman of the Board Audit Committee	Mr. Mourad Ben Ali Saidani Head of Internal Audit Department
		
Date: 09/03/2022	Date: 09/03/2022	Date: 09/03/2022