

# CORPORATE GOVERNANCE REPORT 2021



بنك الشارقة  
Bank of Sharjah

## Table of content

<b>Introduction</b>	<b>3</b>
<b>I - Board of Directors</b>	<b>6</b>
A. Members of the Board	7
B. Board of Emirates Lebanon Bank S.A.L.	9
C. Role of the Board	10
<b>II - Board Committees</b>	<b>14</b>
A. Board Executive Committee	15
B. Board Credit Committee	17
C. Board Audit Committee	20
D. Board Risk Committee	25
E. Board Corporate Governance and Compliance, AML, CFT Committee	27
F. Board Remuneration, Nomination and Compensation Committee	31
<b>III - General Management</b>	<b>34</b>
A. Group CEO	34
B. Management Structure	34
C. Control Functions	40
D. Emiratization	40
<b>IV - Shareholders</b>	<b>42</b>
A. Shareholders Meetings	42
B. Composition	43
C. Dividends	44
<b>V - Appendix</b>	<b>46</b>
A. Code of Ethics and Conduct	46
B. Conflict of Interest Policy	48
C. Disclosure Policy	49

## INTRODUCTION

Corporate Governance is the set of relationships between the Bank's management, Board, shareholders and other stakeholders which provide the structure through which the objectives of the Bank are set, as well as the means of attaining those objectives and monitoring performance. It helps define the way authority and responsibilities are allocated and how corporate decisions are made.

The Bank's Board of Directors works with management to establish and promote business goals, organisational objectives, and a strategy that promotes businesses that are in sync with the broader environment.

Corporate Governance instils a culture where the Board of Directors and the Executive Management contemplate the impact of their decisions prior to implementation to consider the interests of all the stakeholders, first and foremost being the shareholders of the company.

### Bank of Sharjah's approach to Corporate Governance

Bank of Sharjah believes Corporate Governance to be the guiding force that determines how the organisation is directed and controlled. Effective Corporate Governance, that is appropriately aligned with relevant regulations and international best practices, is the basic tenet of Bank of Sharjah's business philosophy.

As a Bank whose fundamental value is to maintain the highest ethical standards, Bank of Sharjah strives to compete only on the basis of quality of services we provide to our customers. The success of the Bank's business is dependent on the trust and confidence it earns from our shareholders, customers and employees.

The Corporate Governance function in the Bank is mandated to stipulate, institute and monitor a group-wide corporate governance framework and to act as its guardian.

Corporate Governance has been launched to the forefront of business activity post the financial crisis of 2008-09. Regionally and internationally, recessions and downturns in many countries have been blamed on lack of corporate governance or non-compliance with corporate governance guidelines. It has therefore become imperative that companies focus on this as a matter of urgency, aiming to meet regulatory requirements and striving to meet international best practices.

Corporate Governance is the core foundation of any business activity and without it, the business would begin to suffer. Governance is a holistic approach to the management and organization within a firm which, if directed in a comprehensive manner can make a substantial difference to the business's success and its long-term sustainability; it feeds into all areas of the business.

### Corporate governance at Bank of Sharjah

- Establishes and preserves management accountability to shareholders by appropriately allocating rights and responsibilities among Board members and managers.
- Provides a structure for management and the Board to set objectives and monitor performance.
- Strengthens and safeguards the Bank's culture of business integrity and responsible business practices.
- Encourages the efficient use of resources, and establishes accountability for stewardship of those resources.

Bank of Sharjah P.J.S.C. (hereafter "the Company" or "the Bank") has always been committed to achieving a high level of corporate governance. Ethical and responsible business practices have been embedded in the Bank's culture since its inception in 1973. The Bank focuses on transparency and disclosure to ensure it is in line with best international standards and practices. The Bank continuously strives to enhance the level of trust amongst its stakeholders and to further focus on

the principle of transparency. As such, it updates the shareholders on the recent corporate governance developments by publishing the Corporate Governance and Corporate Social Responsibility (CSR) report as part of its Annual Report. The Corporate Governance framework within the Bank is governed by the model set by the UAE Central Bank and the regulations of the Securities & Commodities Authority (SCA), the Federal and local legislations such as the National Electronic Security Authority (NESA) as well as the Basel II 'Principles for enhancing Corporate Governance' and Basel III Corporate Governance updates.

Bank of Sharjah was incorporated on December 22, 1973, by Emiri Decree issued by H.H. Dr. Sheikh Sultan bin Mohamed Al Qassimi, Ruler of Sharjah, as the first Financial institution in the Emirate of Sharjah, the fifth in the Federation, and the first consortium bank established in the GCC between 3 founding members:

Government of Sharjah: 20%  
Mubarak Al Hassawi: 20%  
Banque de Paris et des Pays-Bas: 20%

The Bank was also the first financial institution in the UAE to make 40% of its capital available to public subscription.

Bank of Sharjah has remained sustainable despite the numerous financial crises over the years. This is a strong reflection of the underlying good governance by the Board of Directors and the Management.

The Bank has always been focused on maintaining strong internal controls and effective governance. Furthermore, it has shown its commitment in many ways including being a founding member of Hawkamah – The Institute for Corporate Governance.

The Bank has designated a Corporate Governance Officer whose primary role is the development and implementation of the Bank's governance framework, overseen by the Board of Directors.

The Bank has a set of 'Core Values' on which strong emphasis is placed, namely:

## PETICQ: Performance | Ethics | Transparency | Initiative | Commitment | Quality

All of which form the basis of this report.

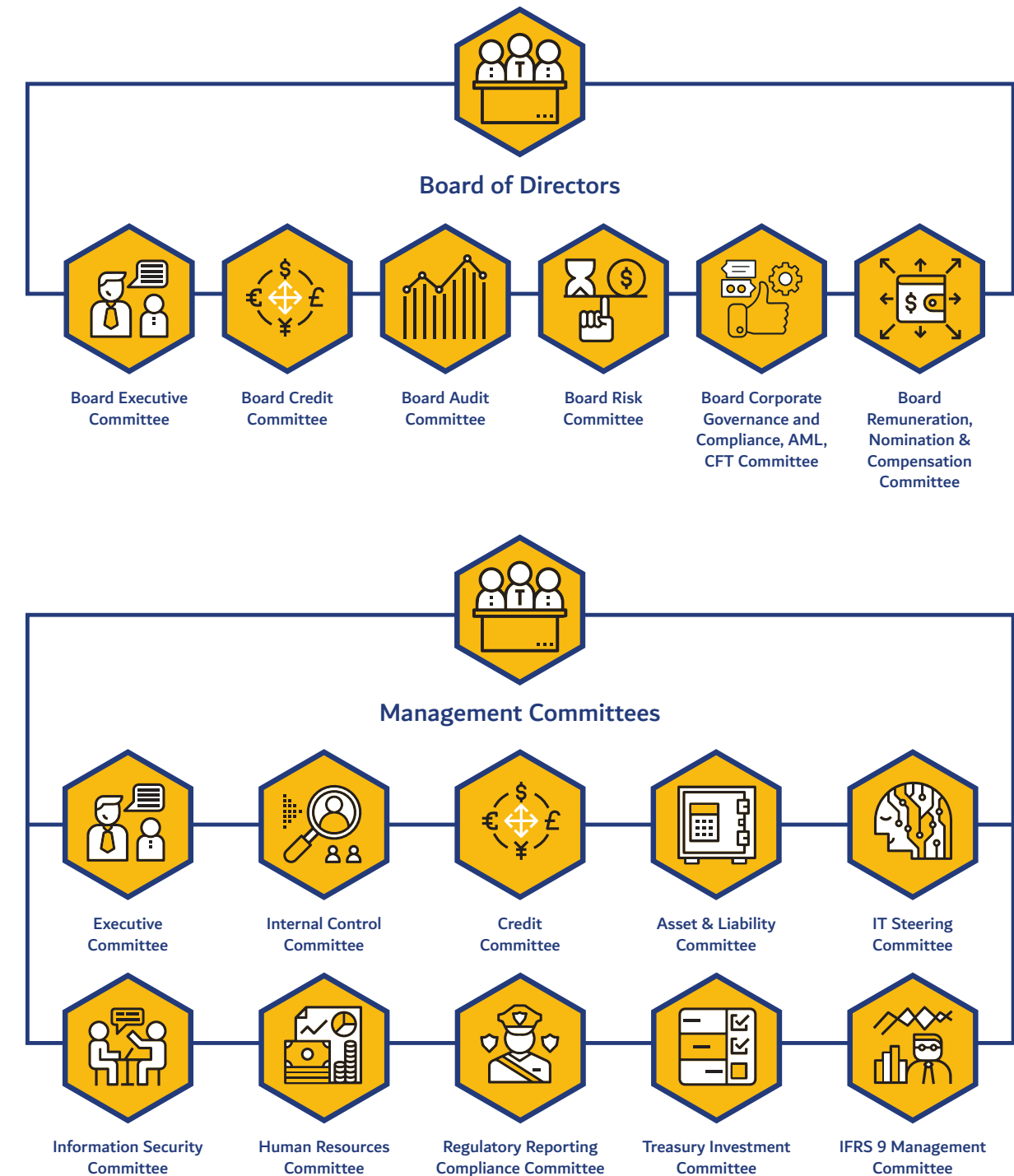
### Mission Statement Bank of Sharjah P. J.S.C

'The mission of Bank of Sharjah is to achieve strong and sustainable Performance for its shareholders, operating to the benefit of our customers and personnel with high Ethics, offering and expecting full Transparency, adopting innovative Initiatives to help customers achieve their aspirations and objectives, assuring them of our unwavering Commitment to support their businesses through the waves of economic cycles with a pristine subscription to Quality of service. The Bank is committed to its personnel and clientele to accompany them in realizing their aspirations and objectives.

**Performance, Ethics, Transparency, Initiative and Quality are imprinted in the way we do business and how we contribute to society and the environment.**



## BANK'S CORPORATE GOVERNANCE STRUCTURE



The Board of Directors heads the governance structure of the bank. The Board created six Board Committees, with specific roles and responsibilities delegated to each. In addition, in order to ensure effective achievement of the Bank's goals, the Bank's management created ten management committees, devoted to the day-to-day management of the business.



# BOARD OF DIRECTORS

Bank of Sharjah has a very experienced, highly skilled and well-respected Board of Directors from a variety of business backgrounds. The Board members are fully committed to the Bank's long-term sustainability and their confidence is evident through their shareholding in the Bank. The Directors are engaged with the Corporate Governance and business practice, they know the Bank's business structure and its operational procedures; which enables them to keep abreast of significant changes and to act promptly to protect the Bank's long-term interests, when necessary.

The Directors are committed to achieving the Bank's objectives while ensuring shareholders' interests are always considered. In line with the revised Basel Committee's Corporate Governance Principles for Banks, the Board approves and follows the implementation of the Bank's overall strategy, and periodically reviews the Bank's Corporate Governance framework to ensure its appropriateness with respect to changes in the Bank's business strategy, scope of activities and regulatory requirements. The Board is also responsible for establishing the Bank's risk appetite along with the Senior Management, taking into consideration the Bank's risk exposure and long-term objectives.

The Board meets regularly, at least six times per year. In addition to these meetings, the Board may convene whenever the need arises upon the invitation of the Chairman, by three of its Directors or by the Group CEO. A meeting can only be held if a majority of members are in attendance. If Directors are unable to attend a meeting, their votes can be assigned to another Director of their choosing provided that they do not have any conflicts of interest. A Director cannot act for more than one other Director.

The Board of Directors consists of 11 members to be elected by the General Assembly Meeting by a secret cumulative ballot.

The Board status is aligned with the Bank's definition of independence as stated in the Articles of Association as well as best practices regarding Directors interests and exposure levels. At least one-third of the Directors are independent members. It is not permitted for the Chairman of the Board to be the Group CEO of the Bank or its Managing Director.

The term of the Board is three years at the end of which a new Board is elected. Directors whose terms expire may be re-elected. The Board elects a Chairman and Deputy Chairman by a simple majority vote.

The Chairman of the Board and the majority of the Directors must be UAE citizens.

## Definition of Independence

As defined in the Bank's Articles of Association.

## Independent Member of the Board of Directors:

An Independent member of the Board is a person who was not personally, or through his spouse or any of his relatives a member of the Company's executive management during the past two years, and none of them had any substantial financial dealings with the Company, its holding company or any of its subsidiaries or affiliates during the past two years. The Member of the Board loses his independent character in any of the following instances, inter alia:

- Being employed by a party connected to the Company in the past two years.

## BOARD OF DIRECTORS



Bank of Sharjah is committed towards ESG integration.  
The Bank reinforces sustainability principles and  
implements steps for environmental conservation.

- If he has connections with a consultancy firm or a firm that offers consultancy or financial services to the Company or to a party related to the Company.
- If he had connections to a major customer or supplier of the Company or any party related to it by any kind of financial, commercial and professional services etc.
- If he had contracts for personal services with the Company, any party related to it or with its executive management staff.
- If he was connected to a non-profit organisation which receives substantial funding from the Company or a party affiliated to it.
- If he works as executive staff in another company in which the Company's executive staff occupy the office of Board of Directors members.
- If during the past two years, he had connections with or was employed by the present or past auditors of the Company or any party affiliated to it.
- If he has substantial banking facilities with the Bank (in excess of 1% of the equity of the Bank).

## A. MEMBERS OF THE BOARD

Bank of Sharjah P.J.S.C.

Sheikh Mohammed Bin Saud Al Qasimi	Chairman
Sheikh Saif Bin Mohammed Bin Butti Al Hamed	Vice Chairman
H.E. Humaid Nasser Al Owais	Member
Mr. Abdulaziz Hassan Al Midfa	Member
Mr. Abdulaziz Mubarak Al Hasawi	Member
Mr. Saud Abdul Aziz Al Besharah	Member
Mr. Francois Dauge	Member
Mr. Salem Humaid Al Ghamai	Member
Mr. Salah Ahmed Abdalla Al Noman AlShamsi	Member
Mr. Abdulla Mohammed Sharif Al Fahim	Member
Mr. Amer Abdulaziz Khansaheb	Member

### SHEIKH MOHAMMED BIN SAUD AL QASIMI | Chairman

(Non-Executive Director)

Elected Chairman of the Board of Directors with effect from 25 July 2019. Board Member since 2004 and Vice Chairman from 2008 until July 2019. He is a member of the Sharjah Ruling Family, the Chairman of the Finance Department at the Government of Sharjah and a prominent businessman.

#### Chairman's Duties:

The Chairman shall assume the following functions and responsibilities, for example, but not limited to:

- Ensuring that the Board of Directors works effectively, discharges its responsibilities and discusses all major and appropriate issues in time.
- Setting and adopting the agenda of each Board meeting, considering any issues that Members wish to be included in the agenda. The Chairman may entrust this responsibility to a specific member or to the Secretary of the Board.
- Encouraging all members to participate fully and effectively so as to ensure that the Board of Directors acts in the Company's best interests.
- Undertaking appropriate measures to ensure effective communication with the shareholders and to convey their views to the Board of Directors.
- Facilitating effective participation of Non-Executive Board Members in particular, and establishing constructive relationships between Executive Management and Non-Executive Directors.
- Representing the company before judicial and administrative courts and centres of settlement of disputes and arbitration tribunals.

### SHEIKH SAIF BIN MOHAMMED BIN BUTTI AL HAMED | Vice Chairman

(Non-Executive Director)

Board Member since 1999, member of the Abu Dhabi Ruling Family, a prominent businessman, and sits on many company Boards. He is the son of Sheikh Mohammed Bin Butti Al Hamed, former Representative for the Western Region of H.H. the Ruler of Abu Dhabi, and a major shareholder of United Al Saqer Group, Abu Dhabi.

### H.E. HUMAID NASSIR AL OWAIS

(Non-Executive Director)

Board Member since 1973 and one of the Founding members. A former Federal Minister of Electricity and Water and a prominent businessman who maintains private businesses.

### MR. ABDULAZIZ HASSAN AL MIDFA

(Independent Non-Executive Director)

Board Member since 1973. Former Director of the Finance Department in Sharjah.

### MR. ABDULAZIZ MUBARAK AL HASSAWI

(Non-Executive Director)

Member of the Board since 2005. The son of the Late Mr. Mubarak Al Hassawi, one of the three main founders of the Bank. He is a well-known Kuwaiti businessman, Chairman and a Senior Executive in several leading institutions across Kuwait. He also owns and manages companies across the region including the UAE, Saudi Arabia, Lebanon, Bahrain and Europe.

### MR. SAUD ABDUL AZIZ AL BESHARAH

(Non-Executive Director)

Board member since 1985. A prominent businessman in Kuwait and a Director in various companies.

### MR. FRANCOIS DAUGE

(Independent Non-Executive Director)

Board Member since 1995. Former Head of MENA Region at BNP Paribas.

### MR. SALEM HUMAID AL GHAMMAI

(Independent Non-Executive Director)

Board Member since 2017. Worked extensively in the Ministry of Education, having been the Under-Secretary for several years, and had a significant impact on the education system in the Emirates. He held several high positions in local and international organizations that deal with Education. Throughout his career, he was Member of the Advisory Board of Sharjah, Member of the UNESCO Executive Council and Chairman of the Executive Council of the Arab Organisation for Education, Culture and Science.

### MR. SALAH AHMED ABDALLA AL NOMAN AL SHAMSI

(Independent Non-Executive Director)

Board member since July 2019, prominent businessman in the Emirate of Sharjah and owner of a number of successful companies that contributed to the growth and development of the Emirate.

### MR. ABDULLA MOHAMMED SHARIF AL FAHIM

(Independent Non-Executive Director)

Board member since 2018, a prominent businessman in Sharjah, owns several businesses in leading sectors of the economy.

### MR. AMER ABDULAZIZ KHANSAHEB

(Independent Non-Executive Director)

Mr. Amer Abdulaziz Khansaheb is the Managing Director of Khansaheb Investment, one of Dubai's longest standing family-owned business conglomerates. He also sits on the Board of Khansaheb Civil Engineering. Mr. Amer is a Chartered Financial Analyst (CFA) charter holder since 2010. He was the president of CFA Society Emirates from 2013 to 2019. Mr. Amer also holds a degree in Civil and Environmental Engineering from American University of Beirut as well as a Master of Science degree in Project Management from British University in Dubai.

As a matter of abundant caution and to protect the interests of all stakeholders, the Bank acted proactively to review and reorganise the composition of the Board and Board Committees of Emirates Lebanon Bank, Lebanon. These forward-looking measures were from foresight and appreciation of the evolving situation in Lebanon.

## BOARD OF DIRECTORS EMIRATES LEBANON BANK S.A.L.

(Fully owned by Bank of Sharjah P.J.S.C)

Mr. Varouj Nerguizian	Chairman
Mr. Saud Abdul Aziz Al Besharah	Vice Chairman
Mr. Karim Souaid	Independent Non-Executive Director
Dr. Bassel Salloukh	Independent Non-Executive Director
Mr. Fadi Ghosn	Non-Executive Director
Mr. Mario Tohme	Non-Executive Director
Mr. Aram Nerguizian	Independent Non-Executive Director

Directors on Both Boards

Mr. Saud Abdul Aziz Al Besharah

## B. ROLE OF THE BOARD

The Board's primary function is to be in line with Principle One of Basel II 'Principles for Enhancing Corporate Governance' which states:

The Board has overall responsibility for the Bank, including approving and overseeing management's implementation of the Bank's strategic objectives, governance framework, risk strategy, corporate governance and corporate values. The Board is also responsible for providing oversight of senior management.

The Board has all the powers to manage the Bank and carry out all transactions required by its objectives. Nothing shall act to limit these powers except as provided for in the Companies' Law and the amendments thereto or in these Articles or by resolutions of the Ordinary General Assembly. The Board also ensures that Bank of Sharjah is effectively managing its role as the Parent Company of Emirates Lebanon Bank S.A.L. Emirates Lebanon Bank S.A.L has a separate Board of Directors; Bank of Sharjah holds the majority Board positions in Emirates Lebanon Bank S.A.L.

### GENERAL RESPONSIBILITIES OF THE BOARD

- To set down the Bank's general policy and supervise its implementation.
- To appoint a General Manager for the Bank and define his powers in the light of management agreements concluded between the Bank and third parties.
- To authorize borrowing by the Bank in the short, medium or long term and authorise the Managing Director or the General Manager to sign the relevant agreements.
- To draft regulations relative to loans and other matters covered under the corporate objectives.
- To issue resolutions, rules and internal regulations relative to corporate financial and administrative affairs.
- To set the controls and rules for accepting cash term deposits from shareholders, banks and financial institutions.
- To set a system for investing corporate funds.
- To prepare the annual report on corporate affairs.
- To approve participation in companies and banking and financial institutions with objects similar to those of the Bank.
- To purchase, sell and mortgage real estate as may be required for the Bank's affairs, to let the same etc.
- To recommend the dividends available for distribution and submit such recommendation to the Annual General Meeting.
- To set a specific set of regulations for the business of the Board and its meetings and the distribution of assignments and responsibilities amongst the Directors.

### DIRECTOR DUTIES

Upon assuming a position on the Board, each Director must declare to the Bank the posts he occupies in companies and public institutions as well as any other important duties that might have to be undertaken. A Director must determine a time allocated to these duties and inform the Bank of any changes when it occurs.

Director's duties include ensuring conformity with the rules of governance and the organisational discipline standards issued by Securities and Commodities Authority (SCA) and standards issued/to be issued from the Central Bank should be taken into consideration.



#### Conflict of interests:

If any Director has an interest which conflicts with those of the Company's in any transaction submitted to the Board for approval, he shall be required to make his interest known to the Board and have his declaration registered in the minutes provided he does not take part in the vote relative to such transaction.

A Director must act with honesty and integrity, taking into consideration the interests of the Bank and its shareholders and adhere to the laws, regulations and decrees in effect and the Bank's Articles, and by-laws.

A majority of the Directors may request the advice of an outside consultant on any corporate matter at the Bank's expense provided that there is no conflict of interest. It is the Board's duty to choose an appropriate consultant.

#### RESPONSIBILITIES OF NON-EXECUTIVE DIRECTOR SHALL INCLUDE:

Attending Board Meetings where he can offer independent views on strategic matters, policy, performance, accountability, resources, senior appointments and labour standards.

Giving priority to the interests of the Bank and its shareholders whenever there is a situation of conflict of interest.

- Participating in the Board Audit Committee, as well as in other Board Committees.
- Supervising the Company's performance with the view of fulfilling its agreed purposes and objects and reviewing the performance reports.
- Setting procedural rules of governance and controlling and supervising implementation in accordance with the Articles of Association.
- Enabling the Directors and the various committees to offer their capabilities, experience and varied specialties and qualifications for the Bank's well-being by attending regularly and participating proactively in General Meetings and forming a balanced comprehension of the Shareholders' views.

#### BOARD MEETING ATTENDANCE DURING THE YEAR 2021

Name	Meeting Date	TOTAL	07/02/2021	05/05/2021	03/06/2021	17/06/2021	20/10/2021	2021
	Meeting No.	2020	238	239	240	241	242	5
Sh. Mohammed Bin Saud Al Qasimi (Chairman)		5	1	1	1	1	1	5
Sh. Saif Bin Mohammed Bin Butti Al Hamed (Vice Chairman)		2	0	1	1	1	0	3
HE. Humaid Nasir Al Owais		4	1	1	0	1	1	4
Mr. Abdul Aziz Al Midfa		4	1	1	1	1	1	5
Mr. Abdul Aziz Al Hasawi		4	1	1	1	1	1	5
Mr. Saud Al Besharah		3	1	1	1	1	0	4
Mr. Salem Al Ghammai		5	1	1	1	1	1	5
Mr. Salah Ahmed Abdalla Al Noman		3	1	1	1	1	1	5
Mr. Abdulla Sherif Al Fahim		4	1	1	1	1	1	5
Mr. François Dauge		5	1	1	1	1	1	5
Mr. Amer Khansaheb		2	1	1	1	1	1	5
<b>Time of Meeting (hours/duration)</b>		<b>15.00</b>	<b>3</b>	<b>3</b>	<b>1.1</b>	<b>3</b>	<b>3.00</b>	<b>13.1</b>



## BOARD COMMITTEES

The Board of Directors shall establish specialized Committees each of which shall be composed of at least three Non-Executive Directors, two of them to be independent. The Chairman of such Committees shall be an Independent Director. The Chairman of the Company shall not be entitled to be member of any of the specialized Committees. The Board of Directors shall choose Non-Executive Directors when forming Committees specialized in subjects that could have a potential conflict of interest such as verifying financial and non-financial statements, review of deals with related parties, choosing Directors as well as remuneration related issues.

The Committees shall be formed in accordance with procedural rules set by the Board provided they define the Committee's responsibilities, its period of operation, its powers and the manner in which the Board exercises its supervision over it. The Committee shall report to the Board its proceedings, conclusions and recommendations with full transparency. The Board shall follow up on the work of the Committees to ensure their adherence to the tasks entrusted to them.

Each of the Board Committees will have an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and final approval. The Committees will not assume the functions of management, which remain the responsibility of the Executive Management, Officers and other members of Senior Management.

The Committees hold regular meetings and minutes of these meetings are kept by the Secretary of each Committee. The minutes are reviewed, approved and signed by all the Committee members.

The Bank provides the Committees with adequate resources to discharge their duties, including authorizing the Committees to seek the advice of experts, wherever necessary.

The Charters of all committees are reviewed periodically; any recommended changes are submitted to the Board for approval.

As per the Articles of Association, Management is required to provide the Board and its ensuing Committees with adequate and fully supported and documented information in a timely manner so as to enable them to reach proper resolutions and fully discharge their duties and responsibilities. However, the Board may, if necessary, conduct additional investigations that enable it to base its resolutions on valid grounds.

### BOARD COMMITTEES



## A. BOARD EXECUTIVE COMMITTEE

Bank of Sharjah P.J.S.C.

### INTRODUCTION

In accordance with the Bank’s Articles of Association, the Board of Directors appoints a Committee known as the Board Executive Committee. The Board Executive Committee performs its duties under the supervision of the Board of Directors and under its full responsibility.

### COMPOSITION

The Board appoints the members of the Committee, based on having the appropriate skills and ensuring that there is no conflict of interest.

### MEMBERSHIP

The Board Executive Committee comprises of five non-executive Directors, with the majority also being Independent.

The Board Executive Committee could invite any other Board Member or any Bank official if it deems it necessary.

The Board sets the remuneration of the Committee members as per the recommendations of the Board Remuneration, Nomination and Compensation Committee.

### COMMITTEE SECRETARY

The Group Chief Executive Officer is appointed as Secretary to the Board Executive Committee who prepares meeting agendas, conducts the meeting proceedings, records the minutes and ensures that they are approved and signed by at least 2 of the Committee Members and the Group CEO.

### ROLE

The Board Executive Committee is empowered to carry out, without referring to the Board, all or any of the acts and matters set forth below, which are hereby delegated to it by the Board from amongst the Board’s powers enumerated in the Article of Association.

- To approve the Bank’s policies regarding all areas other than credit.
- To delegate authority to various members of the Bank’s Management team, in all areas other than credit.
- To approve all proposals related to the Bank’s activities, other than credit proposals.
- To oversee senior management’s efforts in managing the Bank’s non-credit activities.

### RESPONSIBILITIES

- Reviews and assesses the Bank’s financial performance.
- To periodically review any of the Bank’s policies, other than the policies related to credit, so as to align it with regulatory and other changes, as well as with changes in the Bank’s business strategy vis-à-vis local, regional and global developments.
- To oversee the implementation of the various policies of the Bank other than the Credit Policy.
- To make recommendations regarding the development and implementation of the Bank’s strategic plan, other than in areas related to credit.
- To authorize issuing and selling notes and borrowing against such notes with or without security, to subscribe to notes issued by companies or other investment institutions, governments, or others.
- To approve the launching and marketing of investment portfolios and trade and investment in local and international shares, bonds and other financial instruments.
- To grant signing powers on behalf of the Bank, in all matters other than in activities related to credit facilities, and define the category of each signatory.
- To oversee the management of the Bank’s infrastructure, including IT infrastructure.
- To review and ratify decisions of the Management Executive Committee in all matters other than credit.
- To review the performance of the Bank’s businesses, other than the Bank’s credit activities, and investment portfolio, with regards to target markets, concentration, expected growth and risk taking;
- To monitor and discuss any significant non-credit issues arising from the meetings and reports from other Board Committees.

### AUTHORITY & ACCOUNTABILITY

Any decisions made should be taken unanimously and shall be binding upon the Board as if adopted by the Board.

The Board Executive Committee shall perform its duties under the supervision of the Board of Directors and under its full responsibility.

Each member of the Board Executive Committee shall acquire, by virtue of his membership, a category “A” signing authority on behalf of the Bank, save the Chairman, the Vice Chairman and the Group CEO who are empowered to sign solely.

The Board Executive Committee will have the authority to access any documents and request information from any department or any member of staff or management, as needed. To ensure good order any request should be issued in writing.

The Management is required to provide the Board and its Committees with adequate and fully supported information in a timely manner so as to enable them to reach proper resolutions and fully discharge their duties and responsibilities. However, the Board may, if necessary, conduct additional investigations that enable it to base its resolutions on a valid ground.

### MEETINGS

The Board Executive Committee meets four times a year at least or whenever needed.

Information regarding each meeting (date, location, agenda and supplementary documents) shall be provided to attendees well in advance of the meeting.

For a meeting to be held all members need to be present. Attendance by proxy shall not be accepted. Meetings can be held via video or telephone conferences or any other permissible means by law.

### DECISION PROCESS

- Decisions taken by the Committee are made unanimously.
- A Member of the committee is not allowed to vote in cases where he has any influence or interest; the concerned Member will be asked to be excused from the discussions and the voting. This aspect will be recorded in the minutes of the meeting.
- All members must be present at meetings of the Committee.

### OTHERS

This Charter is reviewed periodically and any recommended changes are submitted to the Board for approval.

## BOARD EXECUTIVE COMMITTEE MEMBERS

Sheikh Mohamed Bin Saud Al Qasimi
H.E Humaid Nassir Al Owais
Mr. Saud Abdul Aziz Al Besharah
Mr. Salem Humaid Salem Al Ghammai
Mr. Francois Dauge

### Board Executive Committee Members

Emirates Lebanon Bank S.A.L.
Mr. Varouj Nerguizian
Mr. Fadi Ghosn
Mr. Mario Tohme
Mr. Aram Nerguizian

# B. BOARD CREDIT COMMITTEE CHARTER

## INTRODUCTION

In accordance with the Bank’s Articles of Association, the Board of Directors appoints a Committee known as the Board Credit Committee. The Board Credit Committee shall perform its duties under the supervision of the Board of Directors and under its full responsibility.

## COMPOSITION

The Board appoints the members of the Committee, based on having the appropriate skills and ensuring that there is no conflict of interest.

## MEMBERSHIP

The Board Credit Committee comprises of five non-executive Directors, with the majority also being Independent. The Board Credit Committee can invite any other Board Member or any Bank official if it deems it necessary.

The Board sets the remuneration of the Committee members as per the recommendations of the Board Remuneration, Nomination and Compensation Committee.

## COMMITTEE SECRETARY

As per Articles of Association the Group CEO acts as Secretary to the Board Credit Committee and he prepares meeting agenda, conducts meeting proceedings, records the minutes and ensures that they are approved and signed by at least 2 Committee Members and the Group CEO.

## FREQUENCY OF MEETINGS

The Committee meets once every month.

## ROLE

The Board Credit Committee is empowered to carry out, without referring to the Board, all or any of the acts and matters set forth below, which are hereby delegated to it by the Board from amongst the Board’s powers as detailed in the Articles of Association.

- To approve the Bank’s Credit Policy.
- To delegate authority, in matters related to Credit Risk Management, to various members of the Bank’s Management team.
- To approve Credit proposals submitted.
- To oversee senior management’s efforts in directing and controlling the Credit Risk of the Bank.

## RESPONSIBILITIES

- To approve Bank’s Credit Policy. Periodically reviews the Bank’s Credit Policy to align it with regulatory and other changes, as well as with changes in the Bank’s business strategy.
- To make recommendations regarding the development and implementation of the Bank’s strategic plan.
- To oversee the implementation of the credit policy and lending strategies of the Bank.
- To review and ratify decisions of the Management Credit Committee.
- To devise the general policy for the investment of funds, acquisition of the loans and other rights and their transfer with or without security.
- To record notations of law suits in the real estate register and to delete such notations with or without consideration.
- To extend banking facilities to individuals, corporations and banks, funded or unfunded, in local currency or any foreign currency against any currency it deems appropriate, and to set their terms. Such facilities include but are not limited to:
- Loans, Overdrafts, Trust Receipts, Cheques Discount, Letters of Guarantees, Documentary Credits, Foreign Exchange Spot & Forward deals, Currency & Interest Rate Swaps, Derivatives and in general all banking and financial transactions initiated within the scope of international banking practice.
- To approve settlements and delegate the power for finalizing them to the Group CEO or the Bank’s attorneys.
- To authorize initiating legal actions, concluding settlements, making submissions for arbitration, withdrawing legal proceedings and waiving rights against or without consideration, with the right to receive and effect payments, waive rights, release and discharge.
- To review the performance of the Bank’s credit portfolio with regards to target markets, concentration, expected growth and risk taking. Review the results of portfolio stress tests and initiate appropriate action.
- To review all aspects of management of non-performing loans.
- To approve write-off of assets including non-performing loans and advances.

## AUTHORITY & ACCOUNTABILITY

Decisions taken by the Committee are made unanimously.

The Board Credit Committee will have the authority to access any documents and request information from any department or any member of staff or management, as needed. To ensure good order any such request should be issued in writing.

The Management is required to provide the Board and its Committees with adequate and fully supported information in a timely manner so as to enable them to reach proper resolutions and fully discharge their duties and responsibilities. However, the Board may, if necessary, conduct additional investigations that enable it to base its resolutions on a valid ground.

Each member of the Board Credit Committee shall acquire, by virtue of his membership, a category “A” signing authority on behalf of the Bank, save the Chairman, the Vice Chairman and the Group CEO who are empowered to sign solely.



## MEETINGS

The Board Credit Committee meets on a monthly basis.

Information regarding each meeting is provided to all members (date, venue, agenda and supplementary documents) well in advance of the meeting.

For a meeting to be held all members need to be present. Attendance by proxy shall not be accepted. Meetings can be held via video or telephone conferences or any other means permissible by law.

The Committee can invite members of Management or staff to the meetings or anyone else deemed necessary.

## RESOURCES

The Bank shall provide the Board Credit Committee with adequate resources to discharge its duties including authorising the Committee to receive the assistance of experts or consultants whenever necessary.

## DECISION PROCESS

Decisions taken by the Committee are made unanimously. Members of the committee will not vote or approve facilities where they have any influence or interest; in such cases the concerned Member will excuse himself/ herself from discussions on a specific case or regarding a specific issue. This aspect will be recorded in the minutes of the meeting.

## OTHERS

The Charter of the Committee is reviewed periodically and any recommended changes are submitted to the Board for approval.

## BOARD CREDIT COMMITTEE MEMBERS

Sheikh Mohamed Bin Saud Al Qasimi

H.E. Humaid Nassir Al Owais

Mr. Saud Abdul Aziz Al Besharah

Mr. Salem Humaid Salem Al Ghammai

Mr. Francois Dauge

Mr. Varouj Nerguizian (Secretary)

## BOARD CREDIT COMMITTEE MEMBERS

Emirates Lebanon Bank S.A.L.

Mr. Varouj Nerguizian

Mr. Fadi Ghosn

Mr. Mario Tohme

Mr. Aram Nerguizian

# C. The Charter for the Board Audit Committee

## INTRODUCTION

The Board Audit Committee is supervised by and reports to the Board of Directors.

The Committee is established as per the Bank's Articles of Association, and in accordance with the Central Bank of UAE guidelines and applicable SCA guidelines.

## COMPOSITION

### *Committee Membership & Chairperson*

The Board appoints the members of the Committee based on them having the appropriate skills and ensuring that there is no conflict of interest.

The Board sets the remuneration of the Committee members, as per the recommendations of the Board Remuneration, Nomination and Compensation Committee.

The Committee shall comprise of at least three and no more than five members of which two shall be non-executive members of the Board and one independent member.

The Chairman of the Board cannot be a member of the Board Audit Committee.

The Chairperson of the Committee is an Independent Director and is selected by the Board. In the absence of the Committee Chair, one of the Committee members nominated by the Chair or elected by the Committee shall act as Chairperson.

At least one of the members of the Committee is competent in finance, accounting or audit.

The term of the members and the Chair of the Committee shall be for a period of three years, renewable for an additional term of three years.

At least one of the Committee members should also be a member of the Board Risk and Executive Committee to ensure a good flow of information between them and effective coverage of all risks, including emerging risks, and any needed adjustments to the Bank's Risk Governance Framework.

The Audit Committee must include members who collectively have experience in audit practices, financial reporting and accounting.

### *Committee Secretary*

The members of the Committee appoint a Secretary who prepares meeting agendas, conducts the meeting proceedings, records the minutes and ensures they are approved and signed by the Committee members.

The term of the Committee shall be similar to that of the Board.

## ROLE

- Ensure appropriate oversight of and monitor the Bank's external auditors with regards to their qualifications, independence, objectivity and performance.
- Assess the integrity of the Bank's financial statements and disclosures.
- Ensure the Bank has an effective and efficient internal auditing process.
- Bank's Internal Audit function reports to the Board Audit Committee.

## RESPONSIBILITIES

### *Audit:*

- To review Bank of Sharjah's financial and accounting policies and procedures, ensuring the integrity and accuracy of the Bank's financial statements and disclosures.
- To ensure the Bank employs international accounting and reporting standards or requirements imposed by the regulatory authorities.
- To ensure that the Bank maintains appropriate records, prepares financial statements in accordance with the International Financial Reporting Standards (IFRS) and the instructions of the Central Bank, and publishes annual financial statements bearing the opinion of an external auditor approved by the Central Bank.
- To regularly meet with the Bank's Internal Auditors to discuss audit plans and resources, receive reports on any major findings that have been issued to Executive Management and to discuss any issues arising from reviews of the Internal Control environment.
- To receive and consider reports and proposals from Management and/or any other related department.
- To adopt a policy for appointing and contracting the External Auditor and to discuss with the External Auditor the nature, scope and efficiency of the audit in accordance with generally accepted auditing standards.
- To review and recommend any fees to be paid to the external auditor.

As part of its normal course of activity, to monitor, and review the integrity of the annual, semi-annual and quarterly financial statements to particularly lay an emphasis on:

- Any changes to the accounting policies and practices.
- The aspects subject to the Senior Management's judgment.
- The substantial amendments resulting from the audit.
- Compliance with the accounting standards set forth by the competent authority.
- Compliance with the Listing Rules, Disclosure Rules and any other legal requirements as relevant to the preparation of financial reports.
- To ensure the external auditor's fulfilment of the terms stipulated in the applicable laws, regulations and resolutions and the Bank's Articles of Association.
- To coordinate with the Board of Directors, the Executive Management and the CFO or the Manager performing the latter's tasks and to meet with the External Auditors at least once a year.
- To consider any significant and unusual matters or clauses contained or to be contained in financial reports as well as accounts and to give due consideration to any issues raised by the CFO or the person performing his tasks, Head of Compliance or External Auditors.
- To review and assess the Internal Controls, Risk Management, and the systems and processes created by the business units, support and control functions of the Bank.
- To consider the findings of principal investigations in internal control matters assigned to the Committee by the Board of Directors.
- To review the external auditor's assessment of internal control procedures and to ensure coordination between the Internal Auditors and the External Auditor, the availability of necessary resources required for the Internal Control Department.
- To review and monitor effectiveness of the Internal Control department.
- To review the External Auditor's letter to Management, audit plan and any significant explanations requested thereby from

the Executive Management with regards to the accounting records, the financial accounts or control systems as well as the Executive Management's reply.

- To ensure a timely reply by the Board of Directors on the explanations and matters discussed in the External Auditor's letters.
- To monitor Bank of Sharjah's adherence to professional conduct rules.
- To ensure the activity rules related to such tasks and powers as assigned thereto by the Board of Directors are properly applied.
- To submit a report to the Board of Directors on the matters contained in this clause.
- To consider other issues as determined by the Board of Directors and report to the Board any matters that, in the Committee's opinion, necessitate an action and to provide recommendations on the necessary steps.
- The Committee shall have the appropriate authority to discharge its duties and responsibilities. In addition, it is specifically empowered to:
  - institute or authorize investigations into any matter;
  - seek information from any employee; and
  - appoint or retain external independent professionals and consultants for advising or assisting the Committee on legal, accounting or other matters, to the extent it deems necessary or appropriate.
- To confirm and assure the Annual independence of the Internal Audit department. The Committee shall have responsibility and authority to appoint and where necessary, remove the Group Head of Internal Audit. Any such appointment shall be made after consultation with and, taking into consideration the Bank's Group CEO's opinions. The Committee shall also have the responsibility and authority to conduct the performance evaluation and set remuneration levels for the Head of Internal Audit. Such evaluation and remuneration shall be finalized only after consultation with and taking into consideration the Bank CEO's opinions.
- The Committee shall ensure an annual review of the performance of the Internal Audit Department is performed; it will also ensure that an external quality assurance review will be carried out once every five years.
- Review any difficulties the Internal Audit department encountered while conducting audits, including any restrictions on the scope of their work or access to required information.
- To review the annual risk assessment methodology/ and its outcome, annual audit schedule, scope and conduct of the internal audit department's audit plan for the Bank.
- Review the Internal Audit Department's budget and staffing.
- Review the Internal Audit Department's Charter.
- Review the effectiveness of the Internal Audit function including compliance with the Institute of Internal Auditors' Standards for Professional Practice of Internal Auditing and
- Results of periodic internal Quality Assurance programme of IA activities.
- The Committee shall review:
  - Internal Audit Charter;
  - Internal Audit Manual;
  - Annual Risk Assessment;
  - Internal Audit Reports;
  - Annual Audit Plan;
  - Revised Audit Plan (if any).



## DUTY TO REPORT TO THE CENTRAL BANK

The Head of the Internal Audit function should, when appropriate and after required due diligence has been performed, promptly report to the Central Bank violations of the Central Bank Law, regulations, instructions and any matters of significance. Heads of Internal Audit making such reports in good faith shall not be considered to have breached any of their obligations.

The Central Bank must be promptly notified in case of resignation of the Heads of Compliance or Internal Audit and the reasons thereof, as well as obtain the no-objection of the Central Bank before their replacement or dismissal.

## AUTHORITY & ACCOUNTABILITY

The Board Audit Committee will have the authority to access any documents and request information from any department or any member of staff or management, as needed. To ensure good order any request should come in writing.

As per Bank of Sharjah's Articles of Association, Management is required to provide the Board and its ensuing Committees with adequate and fully supported information in a timely manner so as to enable them to reach proper resolutions and fully discharge their duties and responsibilities. However, the Board may, if necessary, conduct additional investigations that enable it to base its resolutions on a valid ground.

All Committee reports are directly submitted to the Board of Directors.

## MEETINGS

The Board Audit Committee meets whenever necessary and at least four times in a year

One meeting takes place prior to the review and approval of the Annual Report and the Accounts.

Information regarding each meeting is provided to the Committee Members (date, location, agenda and supplementary documents) well in advance of the meeting.

For a meeting to be held the majority of members need to be in attendance. Attendance by proxy shall not be accepted. Attendance at meetings must be by physical presence or via audio or video-conferencing subject to appropriate safeguards to preserve confidentiality and accuracy of deliberations.

A majority of the members of the Committee must be present to ensure that a quorum exists for the meetings.

The Secretary of the Committee drafts the minutes and sends final copies to all Committee members for approval and signature.

The Chairperson of the Committee can invite to the meetings members of Management, staff or anyone else deemed necessary.

The Committee shall meet at least once a year with the External Auditors without the presence of any Executive Directors, members of Management or any other Officers, to discuss any unresolved issues or concerns.

Where appropriate and unless there are justifiable reasons for not doing so, the substance of any such matters discussed shall be conveyed to the Group CEO.

The External Auditors may request a meeting with the Committee or its Chairman if they consider it as necessary.

The Committee meets with the Group Head of Internal Audit at least once a year without the presence of any Executive Directors, members of Executive Management or any other Officers.

Staff of the Central Bank may attend meetings of Committee and have access to their minutes.

## RESOURCES

The Bank shall provide the Board Audit Committee with adequate resources to discharge its duties including authorising the Committee to receive the assistance of experts or consultants, whenever necessary.

## DECISION PROCESS

Decisions taken by the Committee are made unanimously and in the absence of a consensus by majority vote.

The Committee's resolutions must be issued by the majority of votes. In case of parity, the Chairman shall have a casting vote.

## OTHERS

This Charter is reviewed annually and any recommended changes are submitted to the Board for approval.

The Chairperson of the Committee should be present at the Annual General Assembly.

## BOARD AUDIT & COMPLIANCE COMMITTEE MEMBERS

Bank of Sharjah

Mr. Amer Abdulaziz Khansaheb (*Chairman*)

Sheikh Saif Bin Mohammed Bin Butti Al Hamed

Mr. Saud Abdul Aziz Al Besharah

Mr. Francois Dauge

Mr. Abdulla Sharif Al Fahim

## BOARD AUDIT COMMITTEE MEMBERS

Emirates Lebanon Bank S.A.L

Mr. Saud Abdul Aziz Al Besharah (*Chairperson*)

Mr. Mario Tohme

Mr. Fadi Ghosn

## BOARD COMPLIANCE AND AML/CFT COMMITTEE MEMBERS

Emirates Lebanon Bank S.A.L

Dr. Bassel Salloukh (*Chairperson*)

Mr. Mario Tohme

Mr. Aram Nerguizian



## D. THE CHARTER FOR THE BOARD RISK COMMITTEE

### INTRODUCTION

The Board Risk Committee is supervised by and reports to the Board of Directors.

The Committee is established as per Bank of Sharjah Articles of Association, in accordance with the UAE Central Bank guidelines.

### COMPOSITION

#### *Committee Membership & Chairperson*

The Board appoints the members of the Committee based on having the appropriate skills and ensuring that there is no conflict of interest.

The Board sets the remuneration of the Committee members, as per the recommendations of the Board, Remuneration, Nomination and Compensation Committee.

The Committee is composed of a minimum of three non-executive Directors with the majority also being Independent.

The Chairperson of the Committee is an Independent Director and is selected by the Board.

The Chairman of the Board cannot be a member of the Board Risk Committee.

#### *Committee Secretary*

The members of the Committee appoint a Secretary who prepares meeting agendas, conducts the meeting proceedings, records the minutes & ensures they are approved and signed by the Committee Members.

The term of the Committee shall be similar to that of the Board.

### ROLE

To assist the Board in ensuring that:

The Bank has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives The disclosures regarding risk are comprehensive, timely and relevant.

### RESPONSIBILITIES

Make recommendations to the Board concerning appropriate levels of risk tolerance and appetite as well as the Bank's overall risk strategy.

Monitor the processes in place to ensure that risks are managed within the levels of tolerance and appetite as approved by the Board.

Ensure that risk management assessments are performed on a continuous basis.

Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.

Approve the credit rating system used by the Bank and the basic policies for asset and liability management as developed by the Assets and Liabilities Committee.

Review the scope of work of the Risk Management department and their planned activities.

Ensure that Management considers and implements appropriate risk responses in a timely manner.

Liaise closely with the Audit and Compliance Committees to exchange information related to risk.

Convey to the Board the Committee's formal opinion on the effectiveness of the risk management processes.

Receive and review quarterly reports from the Chief Risk Officer detailing the Bank's current status with respect to immediate risk exposures plus a commentary on potential future risks and the Bank's strategy to respond to the changing risk landscape.

### AUTHORITY & ACCOUNTABILITY

The Board Risk Committee will have the authority to access any documents and request information from any department or any member of staff or management, as needed. To ensure good order any request should come in writing.

As per Bank of Sharjah's Articles of Association, the Management is required to provide the Board and its ensuing Committees with adequate and fully supported information in a timely manner so as to enable them to reach proper resolutions and fully discharge their duties and responsibilities. However, the Board may, if necessary, conduct additional investigations that enable it to base its resolutions on a valid ground.

All Committee reports are directly submitted to the Board of Directors.

### MEETINGS

The Board Risk Committee meets whenever necessary and at least four times in a year.

Information regarding each meeting is provided to the members (date, location, agenda and supplementary documents) well in advance of the meeting.

For a meeting to be held the majority of members need to be in attendance. Attendance by proxy shall not be accepted. Meetings can be held via video or telephone conferences or any other means permissible by law. Email correspondence shall be considered a valid medium for holding these meetings.

The Chairperson of the Committee can invite to the meetings members of Management, staff or anyone else deemed necessary.

The Secretary of the Committee drafts the minutes of the meetings that should be signed and approved by all members.

### RESOURCES

The Bank shall provide the Risk Committee with adequate resources to discharge its duties including authorising the Committee to receive the assistance of experts or consultants whenever necessary.

### OTHERS

This Charter is reviewed annually and recommended changes if any are submitted to the Board for approval.

The Chairperson of the Committee should be present at the Annual General Assembly.

### BOARD RISK COMMITTEE MEMBERS

Bank of Sharjah

Mr. Abdulla Sherif Al Fahim (*Chair*)

Sh. Said Bin Butti Al Hamed

H.E. Humaid Nasir Al Owais

Mr. Abdul Aziz Al Midfa

Mr. Amer Abdulaziz Khansaheb

### BOARD RISK COMMITTEE MEMBERS

Emirates Lebanon Bank S.A.L

Mr. Karim Souaid (*Chairperson*)

Mr. Varouj Nerguizian

Mr. Fadi Ghosn



## E. THE CHARTER FOR THE BOARD CORPORATE GOVERNANCE, COMPLIANCE AND AML, CFT COMMITTEE

### INTRODUCTION

The Board Corporate Governance, Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT) Committee is supervised by and reports to the Board of Directors.

This new Committee was formed to highlight the importance attached by the Board of Directors of Bank of Sharjah (BOS) to the Corporate Governance and Compliance functions, and their activities.

The Committee is established as per Bank of Sharjah Articles of Association, and in accordance with the Central Bank of UAE (primary regulator) and SCA guidelines.

### COMPOSITION

#### *Committee Membership & Chairperson*

The Board appoints the members of the Committee, based on them having the appropriate skills and ensuring that there is no conflict of interest.

Any member of the Committee may be removed or replaced at any time by the Board.

The Board sets the remuneration of the Committee members, as per the recommendations of the Board Remuneration, Nomination and Compensation Committee.

The Committee is composed of a minimum of three non-executive Directors with the majority also being Independent Directors.

The Chairman of the Board cannot be a member of the Remuneration, Nomination and Compensation Committee.

The Chairperson of the Committee is an Independent Director and is selected by the Board.

The term of the Committee shall be similar to that of the Board.

#### *Committee Secretary*

The members of the Committee appoint a Secretary who prepares meeting agendas, conducts the meeting proceedings, records the minutes and ensures they are approved and signed by the Committee members.

### ROLE

Overseeing the implementation of:

- a. Corporate Governance policies and procedures, and ensuring that the Bank is in compliance with all CBUAE regulatory requirements, as well as in compliance with the following BOS Policies:
  - Compliance Policy;
  - Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) Policy;
  - Sanctions Policy; Anti-Bribery and Corruption (ABC) Policy.
- b. Similarly, oversee the implementation of the Compliance aspects with regard to the Bank's subsidiaries, after taking into account relevant regulations, statutes etc.
- c. Oversee the Bank's Corporate Governance Policies and Procedures and ensure that the Bank is in compliance with CBUAE and SCA regulatory requirements. In the event of a difference or contradiction between the CBUAE and SCA regulations, on any particular aspect of governance, the CBUAE regulations will apply.

- d. Oversee the alignment of Compliance and Corporate Governance Policies and Procedures at the Group level, after taking into consideration the different regulatory and legal requirements applicable to the different Group entities.


### RESPONSIBILITIES

#### *Corporate Governance*

- To ensure that regular disclosures are made to investors and the public through monthly monitoring.
- To develop appropriate criteria, in line with relevant regulations, for verifying the independence of Directors, annually or when warranted.
- To ensure the Directors sitting on the Board and on Board Committees are suitably skilled and have a sufficient understanding of the Bank's structure and its business and operations.
- To ensure that training for Board members is organized on a regular basis in order to stay abreast of recent developments.
- To oversee the Assessment Process of the Board, its Committees and individual Directors, according to the Bank's internal procedure. The Assessment procedure was approved by the Board of Directors and will be reviewed on a regular basis.
- To review and assess the adequacy of the Bank's, and Group's, Corporate Governance policies and Board practices and make recommendations for enhancing Board's effectiveness.
- To ensure appropriate organisational and Board committee structures that support appropriate corporate governance, particularly for key control functions such as Compliance, Risk Management and Internal Audit.
- To oversee the Assessment Process of the Board, its Committees and individual Directors, according to the Bank's internal procedure in this regard.
- To review and approve the Annual Corporate Governance Report.
- To communicate to the Board any developments or policy changes concerning governance and/or control measures for Bank of Sharjah and all other Group entities.
- To ensure all Group entities are compliant with governance related regulations and laws in the countries of operation, including all regulations or guidelines referring to the 'Parent Company'.
- To review all Board Committee Charters as and when the need arises due to regulatory or other changes, and submit recommendations, if any, to the Board for approval.

#### *Responsibilities as regards Compliance*

- a. To oversee Bank of Sharjah's Compliance Policies and Procedures, such as the Compliance Policy, AML and CFT Policy, Sanctions Policy and Anti-Bribery and Corruption (ABC) Policy and related procedures; to ensure that all relevant regulations are complied with.
- b. The Committee is responsible for ensuring that the Bank, and the Group, has an independent, permanent, and effective Compliance function that monitors and reports on observance of all applicable regulations and standards as well as on adherence by staff and members of the Board to BOS' Code of Ethics and Conduct and Policy on Conflicts of Interest.
- c. The Committee will submit to the Board of Directors any observations it may have with regard to points (a) and (b) above.
- d. The Bank should have a Board-approved Compliance Policy that is communicated to all members of staff specifying the purpose, standing and authority of the Compliance function within the Bank and the Group.
- e. The Committee oversees the adequacy, competence, and availability of staff with adequate experience within the Compliance function, so as to ensure that the Compliance risk within the Bank, and the Group, is managed effectively.
- f. The Compliance function must have primary reporting obligations to the Chief Executive Officer and a right of direct access to the Board, the Board Compliance Committee and/or Board Risk Committee.
- g. The activities of the Compliance function must be subject to periodic and independent review by the Internal Audit function.
- h. The Bank should have a consistent Compliance Policy across the Group.
- i. The bank should have a process for reporting, at periodic intervals, on Compliance risk to Senior Management and the Board. The Compliance function's reports must at a minimum:
  - i. address Compliance risk assessments that have taken place during the reporting period, including any changes in the Compliance risk profile based on relevant measurements such as performance indicators;
  - ii. summarise any identified breaches and/or deficiencies and the corrective measures recommended to address them;
  - iii. report on corrective measures already taken.
- j. The Committee should assess, at least annually, the performance of the Compliance function.



Employees at Bank of Sharjah make certain to switch lights off in empty rooms and monitor their personal water consumption as far as possible. Total water & electricity consumption at Bank of Sharjah premises went down in 2021.

#### ***Duty to Report to the Central Bank***

- The Head of the Compliance function should, when appropriate and after necessary due diligence has been performed, promptly report to the Central Bank violations of the Central Bank Law, regulations, instructions and any matters of significance. Heads of Compliance making such reports in good faith shall not be considered to have breached any of their obligations.
- The bank will promptly notify the Central Bank in case of resignation of its Group Head of Compliance and the reasons thereof, as well as obtain the no-objection of the Central Bank before their replacement or dismissal.
- The bank will also promptly notify the Central Bank when it becomes aware of a significant deviation from its Board-approved Compliance Policies.

#### ***Enforcement and Sanctions***

- Violation of any provision of the CBUAE Regulations and Standards, i.e. CBUAE circular no. 161/2018 dated 29 August 2018, as well as any other relevant CBUAE circulars, may be subject to regulatory action and sanctions as deemed appropriate by the Central Bank.
- These may include withdrawing, replacing or restricting the powers of Senior Management or members of the Board, providing for the interim management of the Bank, or barring individuals from the UAE banking sector.

#### **NOMINATION**

- To consider and carefully review matters related to the structure and composition of the Board; to set appropriate criteria for nominating chairpersons and members of Board Committees.
- To review succession plans for the Chairman of the Board and Senior Management, taking into consideration the expertise needed for dealing with the various challenges that the Bank might face.
- To oversee the performance evaluation of the Board, its Committees and individual Directors.

#### **AUTHORITY & ACCOUNTABILITY**

The Board Corporate Governance, Compliance and AML, CFT Committee has the authority to access any documents and request for information from any department or any member of staff or management, as needed. To ensure good order any request should come in writing.

As per Bank of Sharjah's of Articles of Association, Management is required to provide the Board and its ensuing Committees with appropriate information in a timely manner so as to enable them to reach proper resolutions and fully discharge their duties and responsibilities. However, the Board may, if necessary, conduct additional investigations that enable it to base its resolutions on a valid ground.

All Committee reports are directly submitted to the Board of Directors.

#### **MEETINGS AND MINUTES**

The Committee meets whenever necessary and at least four times in a year.

Information regarding each Committee meeting is provided to attendees (date, location, agenda and supplementary documents) well in advance of the meeting.

For a meeting to be held the majority of members need to be in attendance. Attendance by proxy shall not be accepted. Meetings can be held via video or telephone conferences or any other means permissible by law.

- The Committee should maintain appropriate minutes, which reflect details of issues discussed, recommendations made, decisions taken and dissenting opinions.
- The minutes of the Committee's meetings and any other relevant material must be escalated to the Board of Directors soon after the Committee meetings.
- The Chairperson of the Committee can invite to the meetings members of Management, staff or anyone else deemed necessary.

The Secretary of the Committee drafts the minutes to be signed by all Committee members.

The Chairperson of the Committee should attend the Annual General Assembly Meeting of the Bank.

#### **RESOURCES**

The Bank shall provide the Committee with adequate resources to discharge its duties, including authorising the Committee to get assistance from experts or consultants whenever necessary and to have access to any of the staff members needed.

#### **BOARD CORPORATE GOVERNANCE, COMPLIANCE AND AML, CFT COMMITTEE MEMBERS**

Bank of Sharjah

Mr. Salem Al Ghammai (Chair)

Mr. Abdul Aziz Al Hasawi

Mr. Abdul Aziz Al Midfa

Mr. Saud Al Besharah

#### **BOARD CORPORATE GOVERNANCE COMMITTEE MEMBERS**

Emirates Lebanon Bank S.A.L

Dr. Bassel Salloukh (Chairperson)

Mr. Karim Souaid

Mr. Aram Nerguizian

#### **BOARD COMPENSATION, REMUNERATION & NOMINATION COMMITTEE MEMBERS**

Emirates Lebanon Bank S.A.L

Mr. Saud Abdul Aziz Al Besharah (Chairperson)

Mr. Fadi Ghosn

Mr. Mario Tohme



## F. CHARTER FOR BOARD REMUNERATION, NOMINATION AND COMPENSATION COMMITTEE

### INTRODUCTION

The Board Corporate Remuneration, Nomination and Compensation Committee is supervised by and reports to the Board of Directors.

The Committee is established as per the Bank of Sharjah Articles of Association, and in accordance with CBUAE guidelines.

### COMPOSITION

#### *Committee Membership & Chairperson*

The Board appoints the members of the Committee, based on having the appropriate skills and ensuring that there is no conflict of interest.

The Board sets the remuneration of the Committee members.

The Committee is composed of a minimum of three non-executive Directors with the majority also being Independent.

The Chairman of the Board cannot be a member of the Remuneration, Nomination and Compensation Committee.

The term of the Committee shall be similar to that of the Board.

#### *Committee Secretary*

The members of the Committee appoint a Secretary who prepares meeting agendas, conducts the meeting proceedings, records the minutes and ensures they are approved and signed by the Committee members.

### ROLE

Ensuring an independent overview  
of all elements of remuneration and the  
structure of other compensation packages  
as well as the nomination procedure for senior management and for Board members:

### RESPONSIBILITIES

#### *Compensation, Remuneration*

- To recommend Board remuneration, including fees to be paid to the Chairman and Non-Executive Directors and members of the Board Committees, within the limits set out in the Bank's Articles of Association and to review them annually.
- To make recommendations on the Annual Report concerning the disclosure of Board of Director remuneration packages and payments.
- To assess remuneration and compensation packages through benchmarking practices.
- To review Bank's policy on bonuses, privileges, incentives and salaries.
- To note the decisions made by the Group CEO regarding remuneration to be paid to members of the Senior Management Team.

#### *Nomination*

- To consider and carefully review matters related to the structure and composition of the Board; to set appropriate criteria for nominating chairpersons and members of Board Committees.
- To review succession plans for the Chairman of the Board and Senior Management, taking into consideration the expertise needed for dealing with the various challenges that the Bank might face.
- To oversee the performance evaluation of the Board, its Committees and individual Directors.

### AUTHORITY & ACCOUNTABILITY

The Board Remuneration, Nomination and Compensation Committee will have the authority to access any documents and request information from any department or any member of staff or management, as needed. To ensure good order any request should come in writing.

As per Bank of Sharjah's Article of Association, Management is required to provide the Board and its ensuing Committees with appropriate information in a timely manner so as to enable them to reach proper resolutions and fully discharge their duties and responsibilities. However, the Board may, if necessary, conduct additional investigations that enable it to base its resolutions on a valid ground.

All Committee reports are directly submitted to the Board of Directors.

### MEETINGS

The Committee meets whenever necessary and at least four times in a year.

Information regarding each meeting (date, location, agenda and supplementary documents) is provided to attendees well in advance of the meeting.

For a meeting to be held the majority of members need to be in attendance. Attendance by proxy shall not be accepted. Meetings can be held via video or telephone conferences or any other permissible means by law.

The Chairperson of the Committee can invite members of Management or staff to the meetings or anyone else deemed necessary.

The Secretary of the Committee drafts the minutes to be signed by all Committee members.

### RESOURCES

The Bank shall provide the Committee with adequate resources to discharge its duties, including authorising the Committee to get assistance from experts or consultants whenever necessary and to have access to any of the staff members needed.

### DECISIONS

Decisions taken by the Committee are made unanimously and in the absence of a consensus, by a majority vote.

### OTHERS

This Charter is reviewed annually and any recommended changes, if any, are submitted to the Board for approval.

The Chairman of the Committee should attend the Annual General Assembly Meeting.

### BOARD REMUNERATION, NOMINATION AND COMPENSATION COMMITTEE

Bank of Sharjah

Mr. Salah Al Noman (Chair)

H.E. Humaid Nasir Al Owais

Mr. Abdul Aziz Al Hasawi

Mr. Salem Al Ghammai



# GENERAL MANAGEMENT

## A. GROUP CEO

### MR. VAROUJ NERGUIZIAN

Joined Bank of Sharjah in 1977 and has, as a member of the staff of BNP Paribas, held the position of General Manager since 1992; he was an Executive Board Member in 2008 till 2016 and was designated Group CEO in 2020. He also holds the position of Chairman and General Manager of Emirates Lebanon Bank S.A.L. and a Board Member of several other entities.

#### The Role of Group CEO

- The Group CEO is appointed by the Board.
- The Group CEO is delegated and granted all necessary powers to sign, execute and validate solely, any extract of the minutes of the meetings of the Board of Directors.
- The Group CEO is appointed as secretary to the Board Executive Committee and the Board Credit Committee.
- The Group CEO is vested with signing solely authority Category “AA” on behalf of the Bank.
- The Group CEO is vested with full authority to manage the financial and administrative matters of the Bank, as he deems necessary and within the framework of the Bank’s policies as set out by the Board of Directors, the Board Executive Committee and the Board Credit Committee.
- The Group CEO fixes the terms and conditions applicable to all banking transactions, conditions applicable to lending or banking facilities as well as deposits.
- The Group CEO implements the decisions of the General Assembly, the Board of Directors and the Board Executive Committee and the Board Credit Committee within their pre-set guidelines, appoints legal counsels and empowers them with the necessary authorities to carry on their assignments.
- The Group CEO hires and terminates Bank staff, fixes their salaries, benefits and determines their authorities and revokes their vested powers.

## B. MANAGEMENT STRUCTURE

The Bank has two General Managers, both of whom have been with the Bank for many years:

### MR. MARIO TOHME

General Manager/ Chief Operating Officer, joined Bank of Sharjah in 1987.

### MR. FADI GHOSN

General Manager/Head of Business Development joined Bank of Sharjah in 1990.

(The appointment of two General Managers enables the Bank to make provisions for succession planning).

The Bank has a highly experienced and qualified Senior Management team approved by the Board of Directors. Senior Management’s role is separate from that of the Board. They are guided by the Directors as to how best to achieve the company’s aims and objectives. A key focus for Senior Management is ensuring that the Bank is conducting its business in line with the Bank’s objectives while maintaining a focus on internal controls and risk management. The Board ensures that the management acts in line with the Bank’s Mission Statement, in a fair and honest fashion and that the best interests of

## GENERAL MANAGEMENT



the Bank’s stakeholders, especially shareholders, are paramount.

Although there are clear reporting lines for each delegation within the Bank, the senior management team are available to all members of staff at any time should a need arise.

The members of management assist the general manager to achieve the goals of the bank and ensure solid governance through management committees.

To strengthen the transparency in corporate governance and enhance the efficiency of the banking processes, the bank formalized all of its management committees within a global structure.

All of the management committees provide recommendations to the general manager.

MANAGEMENT COMMITTEES

A) MANAGEMENT EXECUTIVE COMMITTEE

COMPOSITION:

- GROUP CEO (CHAIRMAN)
- GENERAL MANAGERS (2)
- GROUP CHIEF FINANCIAL OFFICER
- GROUP CHIEF RISK OFFICER
- GROUP HEAD OF INTERNAL AUDIT
- GROUP HEAD OF INFORMATION TECHNOLOGY
- SENIOR MANAGER, CENTRALISED BANKING OPERATIONS
- GROUP HEAD OF MERGERS AND ACQUISITIONS & STRUCTURED TRANSACTIONS
- HEAD OF CREDIT RISK
- GROUP HEAD OF COMPLIANCE AND CORPORATE GOVERNANCE
- SENIOR MANAGER BUSINESS DEVELOPMENT
- HEAD OF LEGAL
- SENIOR MANAGER, ACCOUNTS AND FINANCE
- HEAD OF TREASURY
- BRANCH MANAGERS (6)
- SENIOR MANAGER, TRADE FINANCE
- HEAD OF PBWM
- HEAD OF HUMAN RESOURCES DEPARTMENT
- GROUP CHIEF CREDIT OFFICER (VACANT)

RESPONSIBILITIES:

The management executive committee has the responsibility to oversee the board-approved plan for executing the bank’s strategy and discuss, assess and review significant issues across all business units of the bank, including but not limited to:

- FINANCIAL PERFORMANCE
- NEW BUSINESS
- PERFORMANCE OF LARGE CLIENTS
- INFRASTRUCTURE INCLUDING INFORMATION TECHNOLOGY
- LOCAL, REGIONAL AND GLOBAL ISSUES IMPACTING BUSINESS AND/OR CLIENTS
- IMPACTS OF NEW LAWS/REGULATIONS ON THE WAY THE BANK OPERATES
- PRIVATE BANKING & WEALTH MANAGEMENT

The management executive committee has the power to decide within the delegation of the general manager.

B) Management Internal Control Committee

The internal control system is the overall structure aimed at controlling various risks that the bank is exposed to through the performance of its activities.

The bank’s objectives cannot be achieved without risk-taking. Thus, controlling risk is essential for attaining these objectives.

Composition

- Group Chief Risk Officer (Chairman)
- Group Head of Internal Audit
- Group Chief Financial Officer
- Group Head of Compliance and Corporate Governance (Moderator)

Responsibilities

The management internal control committee ensures that:

- Rules and procedures pertaining to various functions across the bank are updated and implemented accordingly.
- Appropriate organizational measures are taken, particularly with respect to the segregation of duties, aimed at mitigation of the bank’s risk exposures.
- Effective internal controls are in place, monitoring the bank’s activities.

C) Management Credit Committee

The management credit committee establishes guidelines for executing bank’s credit policies set by the board. Further the management credit committee reviews the bank’s credit portfolio, the market and business trends impacting that portfolio; approves credit facilities as per the delegation set by the board from time to time; and reviews credit proposals to be submitted to the board credit committee for approval.

Composition

- Group CEO (Chairman)
- General Managers (Alternate Chair)
- Group Chief Risk Officer
- Group Chief Credit Officer
- Head of Credit Risk
- Senior Manager, Business Development
- Group Head of Mergers & Acquisitions & Structured Transactions
- Group Chief Financial Officer
- Head of Legal
- Manager - Credit Administration (Moderator)

Responsibilities

Some of the responsibilities of the credit management committee include:

- Ensuring implementation, effectiveness and update of credit policies, procedures and guidelines in compliance with applicable laws, regulations, accounting standards, bank’s policies and control requirements.
- Monitoring the performance and quality of the bank’s credit portfolio through the periodic review of selected measures of credit quality and trends and other relevant information.
- Approving credit facilities within the delegation set by the board from time to time and reviewing credit proposals to be submitted for the approval by the board credit committee.

D) Management Asset & Liability Committee

The asset and liability management committee is responsible for the strategic management of the balance sheet aimed at achieving a sustained growth while maintaining the quality of earnings and the solvency of the bank, all in line with the bank’s strategic goals. The committee’s primary goal is to manage the bank’s capital, liquidity and risk profile, taking into consideration market developments, by ensuring that it meets all its obligations and abides by the regulatory requirements.

### Composition

- General Manager(s) (Chair)
- Group Chief Risk Officer
- Head of Treasury (Moderator)
- Group Chief Financial Officer
- Senior Manager, Accounts and Finance
- Senior Manager, Centralised Banking Operations
- Group Head of Internal Audit (Observation role)

### Responsibilities

The responsibilities of the Asset and Liability Committee include:

- Monitoring and discussing the status and results of implemented asset and liability management strategies and tactics.
- Developing parameters for the pricing and maturity distributions of deposits, loans and investments.
- Keeping abreast of significant changes/trends in the Bank's financial results.

### E) Management Information Technology Steering Committee

The Management IT Steering Committee oversees the bank's technology system developments and ensures that IT projects and initiatives are prioritized, well-defined and executed in a manner that is aligned to business requirements.

### Composition

- General Manager (Chair)
- Senior Manager, Centralised Banking Operations
- Group Head of Internal Audit (Observation role)
- Group Head of Information Technology (Moderator)
- Information Technology Manager
- Group Head of Compliance and Corporate Governance
- Senior Manager, Accounts and Finance
- Head of Credit Risk.
- Group Head of Mergers and Acquisitions and Structured Transactions

### Responsibilities

The IT steering committee is involved with tasks such as the following:

- Reviewing and recommending changes for IT Strategy, Budget and Policy documents.
- Overseeing the execution of the Bank's IT strategy.
- Ensuring that IT governance is aligned with the Bank's overall corporate governance framework.
- Reviewing and prioritizing IT initiatives and modification requests.
- Monitoring the return on investments and IT projects, in comparison to the targeted levels and budget.
- Reviewing the potential IT risks, the risk mitigation controls in place and updating the Senior Management on the current status of IT risks on a periodic basis.

### F) Management Information Security Committee

The purpose of the Information Security Committee (ISC) is to direct, approve, monitor, and evaluate information security tasks conducted by Bank of Sharjah.

### Composition

- Group Head of Information Technology
- Information Technology Manager
- Head of Information Security (Moderator)
- Group Chief Risk Officer
- Group Head of Compliance and Corporate Governance
- Group Head of Internal Audit
- Group Chief Financial Officer
- Head of Credit Risk
- Senior Manager, Banking Operations

### Responsibilities

The responsibilities of the ISC include but are not limited to:

- Ensuring the information security policy and the information security objectives are established and are compatible with the strategic direction of the Organization.
- Ensuring that regulatory information security standards, such as the UAE Information Assurance Standards, are implemented and monitored.
- Ensuring the integration of the information security requirements into the Organization's processes.
- Communicating the importance of the effectiveness of information security management to all stakeholders and system owners.

### G) Management Human Resources Committee

The Human Resources (HR) Committee has been established to strategically manage the HR processes of the Bank and ensure their consistency with the business objectives. Moreover, it oversees and reviews the appropriateness of staff related matters and compensation packages needed for achieving the bank's objectives.

### Composition

- Group CEO (Chair)
- Head, Human Resources Department (Moderator)
- Senior Manager, Accounts and Finance
- Senior Manager, Centralised Banking Operations

### Responsibilities

The Committee is responsible for all matters related to the HR function, including:

- Promotions with a direct financial bearing: salary, allowance, compensation, grade scaling, and salary reviews among others.
- Promoting the employment of UAE Nationals through the Bank's Emiratization Program.
- Reviewing and approving updates to HR-related policies and procedures.
- Making recommendations and reporting on various Human Resources management and operational issues such as:
  - o Recruitment
  - o Performance measurement
  - o Career development and promotions
  - o Staff training programs

### H) Management Regulatory Reporting Compliance Committee

The Management Regulatory Reporting Compliance Committee (RRCC) is responsible for maintaining sustained regulatory reporting framework across the Bank. Its goal is to achieve the completeness, accuracy, timeliness and consistency expected by regulators.

### Composition

- Group Chief Financial Officer (Moderator)
- Senior Manager, Accounts and Finance
- Group Chief Risk Officer
- Group Head of Compliance and Corporate Governance
- Group Head of Internal Audit
- Group Head of Information Technology



**Responsibilities**

- To ensure that all relevant financial reports and returns are accurately prepared and distributed to external bodies in accordance with the prevailing legislation, regulation and contractual obligations.
- To ensure that internal financial information requirements are regularly reviewed and updated.
- To ensure that information flows are relevant, current and adequately address the needs of internal and external stakeholders.
- To ensure that redundant and out-of-date information flows are identified and terminated.
- To ensure that information is only being accessed by authorized and relevant employees.
- To ensure that those managers responsible for maintaining the corporate financial records are kept aware of all current and forthcoming requirements, accounting regulations, etc. in order to ensure ongoing compliance.

**i) Management Treasury Investment Committee**

The Management Treasury Investment Committee has been established to monitor the management of the Liquid Asset Investment Policy of the bank and to ensure consistency with business objectives.

**Composition**

- General Manager (Chair)
- Head of Treasury
- Group Head of Mergers and Acquisitions & Structured Transactions

**Responsibilities**

- Reviewing, testing and challenging the investment recommendations of the Treasurer.
- Reviewing current conditions in the markets for the Bank's liquid assets, the outlook for credit spreads evolution of interest rates, liquidity levels within the market generally, and international monetary conditions and policies.
- Finalizing and recommending investment strategies for the approval of the General Manager.
- Monitoring, in conjunction with the Bank's ALCO, the investment performance of the portfolio, recommending changes to the duration, the interest rate risk profile and the composition of the portfolio as appropriate on an ongoing basis.

**J) IFRS 9 Management Committee**

The IFRS 9 Management Committee is responsible for ensuring that Bank of Sharjah complies with requirements under Basel III and IFRS 9. The committee's primary goal is to achieve the completeness, accuracy, timeliness and consistency expected by the regulators.

**Composition**

- Group Chief Risk Officer
- Group Head of Credit Risk
- Group Chief Financial Officer (Moderator)

**Responsibilities**

- To develop and implement new processes and procedures in order to comply with the requirements of IFRS 9 and Basel III within all relevant areas of the Bank including credit, risk and finance.
- To ensure that all relevant financial reports and returns are accurately prepared and in adherence with IFRS 9 and Basel III requirements.
- To ensure that internal financial information requirements are regularly reviewed and updated.

**C. CONTROL FUNCTIONS**

A robust control environment exists within the Bank where individual business functions are responsible for the controls within their activities. This is further enhanced through an oversight by the Risk Management function which monitors the processes in place and an independent Internal Audit function that reports to the Board Audit Committee. The Internal Audit Department's responsibilities are defined by the Board Audit Committee as part of their oversight role. The Internal Audit function represents the third line of defence at the Bank, ensuring the effectiveness of the Bank's internal control system and providing assurance to the Board of Directors and Senior Management in protecting the overall reputation of the Bank, bringing a systematic and disciplined approach to evaluate the effectiveness of the organisation's governance, risk management and internal controls. Its responsibilities include reviews of Processes, Systems, Controls and Procedures. The Bank's Compliance Policy emphasises the fact that Compliance is an essential part of every employee's work ethics.

**D. EMIRATIZATION**

Bank of Sharjah is fully committed to support the Emiratization strategy despite various challenges and is always highlighting Emiratization as a high priority item on its strategic agenda.

The Bank has a clear plan to support local talents and to create a stable platform for Emiratis to grow for prolonged time with the Bank. Main pillars of the plan include creating attractive career opportunities, designing focused training & development programmes, supporting a culture of continuous learning & education, increasing level of engagement and introducing various initiatives to help Emiratis with special needs succeed in the office environment.



# SHAREHOLDERS

## A. SHAREHOLDER MEETINGS

The General Assembly usually meets once a year in Sharjah, Shareholders attending should represent not less than half of the capital.

The Bank ensures all shareholder rights, as per the UAE law, the guidelines of the UAE Central Bank and the Securities and Commodities Authority are upheld.

A notice to shareholders to attend a General Assembly Meeting shall be published in two local daily newspapers one of which should at least be in Arabic and addressed by registered letters not less than twenty-one days before the date set for the meeting. The notice shall include the agenda of the meeting, subject to the approval of the relevant authorities and filing the Annual Balance Sheet and the Company's accounts. Copies of the notice shall be sent to the competent authority.

The business of the General Assembly Meeting shall include: hearing and approving the Board's report on the Company's activities and financial position during the year, the auditor's report, the balance sheet for the financial year and the profit and loss account; approving the Board's proposals concerning the distribution of profits; electing directors whenever required; appointing External Auditors and fixing their fees and resolving to release the Directors and the auditors of any liability.

A shareholder may appoint another person, who is not a board member, to represent him, provided the number of shares held by the representative does not exceed 5% of the Bank's capital.

The owner of shares registered at ADX one working day preceding the General Assembly Meeting shall be deemed as a holder of the Right to Vote.

The owner of shares registered at ADX 10 days after the General Assembly Meeting is entitled to Cash Dividends & Bonus Issues.

The owner of shares registered at ADX 10 days preceding the subscription date has the right to the Increase of the Capital.

The Shareholders may review the financial statements on the ADX website or the Bank's website.

The Bank must deposit cash dividends to the registered shareholders on the tenth day starting from the day following the date of the meeting of the general assembly in which it was decided to distribute those profits, so that the process of paying the cash dividends to the shareholders does not exceed thirty days from the date of the issuance of a decision approving such distributions. The company must deposit cash dividends in the bank account of the market, during the period and by the method specified by the market.

A General Assembly can be called at any time to discuss certain issues related to the increase/decrease of the capital, amendments to the Articles of Association, Merging, winding up or selling the company.

The General Assembly appointed MS/ Deloitte as the external auditors for the financial year 2021, and fixed their remuneration at AED 1,150,000.

Auditors report to Senior Management and to the Audit and Compliance Committee or directly to the Board ensuring effective transfer of information.

The Board may, at any time, request an audit to be conducted on any area within the Bank. They may also choose to use another company or consultants separate from those already used by the Bank.

SHAREHOLDERS



## B. COMPOSITION OF SHAREHOLDERS

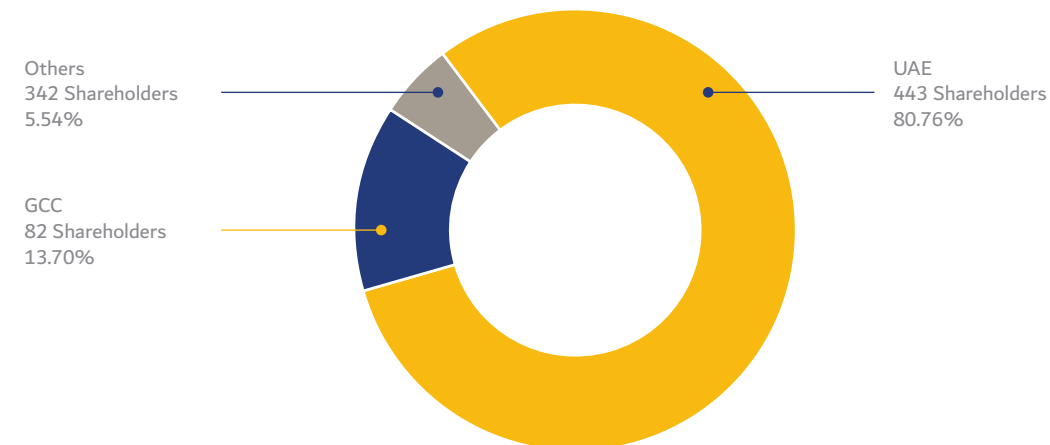
(as at 31/12/2021)

Of the 867 shareholders, 17 shareholders own 77.17 %, the remaining 850 shareholders own 22.83%.

443 shareholders holding 80.76 % are of United Arab Emirates Nationality, 82 shareholders holding 13.70 % are GCC Nationals, the remaining 342 shareholders holding 5.54 % are of other nationalities.

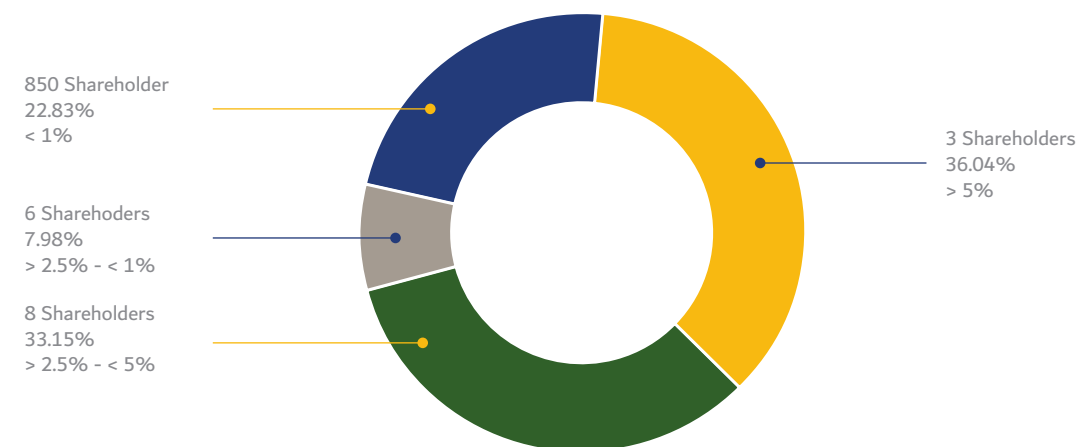
### SHAREHOLDERS BY NATIONALITY & % OF HOLDING

As at 31 December 2021



### OWNERSHIP BY PERCENTAGE

As at 31 December 2021



### SHAREHOLDERS OWNING OVER 5%

Name of Shareholder	%	No. of Shares
Sharjah Asset Management	17.16%	377,479,9471
United AlSaqer Group LLC	12.65%	278,231,909
Ahmed Abdalla Al Noman	6.23%	137,085,425
<b>Total</b>	<b>36.04</b>	<b>792,797,281</b>

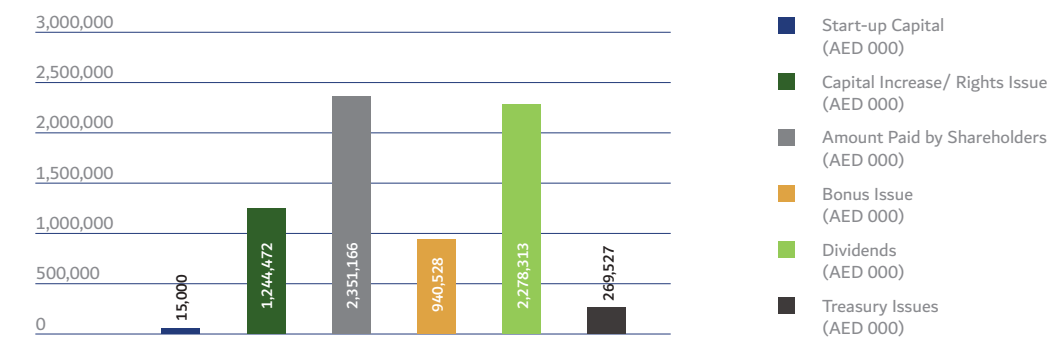
## C. DIVIDENDS

Bank of Sharjah has increased its capital since inception from AED. 15 Million to AED. 2.2 Billion.

Shareholders were paid cash dividends for a total amount of AED. 2.4 billion, and bonus issue shares of 940.5 Million Shares, Treasury shares distributed as bonus of 269.5 million shares.

### EVOLUTION OF CAPITAL VIS A VIS RIGHTS ISSUE, BONUS ISSUE & DIVIDENDS

Paid upto 2021



### Shares:

Bank of Sharjah shares are listed on the Abu Dhabi Securities Exchange (ADX).

### Partnership with K2-Integrity

As one of the premier financial institutions in the UAE, Bank of Sharjah has consistently maintained the highest standards of financial integrity and compliance, while keeping abreast of continuous evolvments in the regulatory requirements. In order to further raise the bar, the Bank has entered into a partnership with the global expert K2-Integrity (earlier known as Financial Integrity Network (FIN)), for advisory services.

K2-Integrity is a premier strategic advisory firm dedicated to helping its clients strengthen the financial integrity needed to succeed in today's global security environment.

By offering a comprehensive and strategic approach to countering a wide spectrum of evolving illicit financing risk, K2-Integrity assists clients in developing, strengthening, and ultimately maximising the effectiveness of their counter-illicit financing capabilities. K2-Integrity's deep experience in the global and US policy, enforcement, and regulatory fields allows it to architect novel strategies, structures, and solutions for emerging risks and financial integrity challenges.

The tie-up with K2-Integrity is part of Bank of Sharjah's continuous efforts to grow and evolve in keeping with global standards, a strategy that has gained the Bank a position of pre-eminence in the UAE financial sector with an emphasis on quality and customer service.

### Commitment to The Professional Development

Bank of Sharjah made a major investment in the training and development of its entire staff with the launch of Intuition Know-How in 2015; the world's leading financial markets eLearning library. Available online, these self-study courses make it easy to learn, test and improve competency levels across a wide variety of banking-related products, topics and skills. As an interactive training tool, each module is structured with an overview of the topic, a detailed topic review and a brief test to assess the user's comprehension of the material.

This represents a substantial financial investment in the professional development of the Bank's personnel. The Bank's success in the future will depend on having knowledgeable and professional staff servicing the customers.

Bank of Sharjah and Intuition joined forces to develop the first UAE Anti-Money Laundering e-learning platform module. The Intuition KYC-AML on line training module was further revised to include the new regulatory circulars issued by CBUAE in 2019 – i.e. circulars no. 74 dt. 19/6/2019 and 79 dt. 27/6/2019.

# APPENDIX

## A. CODE OF ETHICS & CONDUCT

Bank of Sharjah P.J.S.C.

### OBJECTIVE & SCOPE

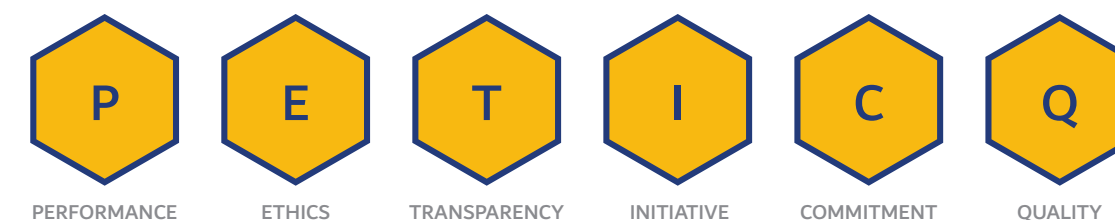
The Bank's reputation for ethical behavior is one of its most valuable assets; it has been successfully built by the Bank's continued dedication and commitment to the highest standards in conducting business. All employees are expected to ensure that their behaviour preserves this reputation and that their actions are in line with the applicable Laws and regulations and the Bank's Code of Ethics & Conduct.

The Code of Ethics and Conduct serves as a set of guiding principles intended to inform all employees of their professional obligations; it is based on the core values of the Bank and is designed to help in making decisions and handling work situations professionally and fairly.

### BANK OF SHARJAH CORE VALUES

As a Bank whose fundamental value is to maintain the highest ethical standards, we strive to compete only on the basis of the quality of the services we provide to our customers. The success of the Bank's business is dependent on the trust and confidence it earns from our shareholders, customers and employees. It gains credibility by displaying excellence in its performance, reaching goals through ethical conduct, adhering to its commitments and high-quality standards, acting with honesty and transparency and always encouraging employees to take initiative and have a proactive approach to overcome difficulties that arise in their daily operations.

THEREFORE, BANK OF SHARJAH HAS DEFINED ITS CORE VALUES AS P-E-T-I-C-Q:



All employees are expected to be aware of and implement these values and to support the Bank's commitment by conducting their daily activities in an ethical and legal manner and by exercising good judgment and common sense in decision making and dealing with others.

### REGULATORY COMPLIANCE

Bank of Sharjah is committed to complying with all applicable laws and relevant banking regulations. All employees must ensure that their work, activities and documentation are fully compliant with the policies, procedures and guidelines of the bank, applicable laws and regulations. Moreover, all regulatory reporting requirements must be managed in a timely manner.

APPENDIX

## ANTI-MONEY LAUNDERING AND FINANCIAL CRIME COMPLIANCE

Money laundering is the process of converting illegal proceeds so that funds are made to appear legitimate, and it is not limited to cash transactions. The Bank's Anti-Money Laundering Policies and Procedures require employees to implement effective anti-money laundering initiatives to protect the Bank from being exploited for money laundering. Employees are expected to follow the Banks' Anti-Money Laundering Policies and Procedures that set the basis to identify and surface unusual and suspicious activities. The Bank does not permit borrowing from or lending to a staff member by another staff-member. Other staff-to-staff transactions such as sale/purchase of land/ apartment/ buildings, should be done after intimating Human Resources and Compliance Departments in this regard. The Bank does not permit transactions between a BOS staff and any customers.

## WHISTLEBLOWING / REPORTING SUSPICIOUS ACTIVITIES

It is the employees' duty to speak up and report actual or potential suspicious and dishonest activities directly to the Management either by meeting them personally or by email / phone. Employees must as well report any suspected or presumed incidents of serious misconduct or behaviour that breaches the Bank's Code of Ethics and Conduct, policies, procedures, or any action by an Employee of the Bank or any third party that is or could be harmful to the interests or reputation of the Bank. Employees should also report concerns regarding accounting, internal accounting controls or auditing matters. Those who report such illegal and suspicious activities will be appropriately protected, and their identity will remain anonymous. They can raise their concern in full confidentiality and their name will not be revealed without their full consent.

## INSIDER TRADING

Employees are prohibited from trading or engaging in any form of manipulation or market abuse in the Bank's stock, or other companies' stock, while in possession of confidential, material and non-public information that could, if became public, affect the Bank's or other companies' stock price.

Employees may not share inside information with anyone other than the Bank's representatives who have a need to know such information. Disclosure of such material information to another person that would provide him / her with a trading advantage not available to the general public is also forbidden.

Information is considered to be 'non-public' if it has not yet been publicly disclosed.

## ANTI-BRIBERY AND CORRUPTION

Bribery, in all manners, should be rejected. No remuneration or compensation should be received or given in order to attract or influence any business decision or transaction.

Moreover, employees should not accept or offer gifts or anything of value from current or potential customers or undertake inappropriate activities to facilitate any business transactions. Accepting gifts or benefits in cases where the interests of the Bank are affected, or employees' independence is compromised is prohibited. In addition, entertainment of employees or customers that is excessive or inappropriate in nature is also not permitted.

## HARASSMENT AND DISCRIMINATION

Every employee has the right to be respected and receive fair and equal treatment. Employees should conduct themselves in a manner that promotes a productive working environment and shows respect for the origins, communities and different views of colleagues, clients, suppliers or the public.

All employees are responsible for ensuring a harassment free working environment. Inappropriate behaviour towards colleagues or customers on the basis of race, gender, disability, national or ethnic origin, colour, religion, marital status or any other grounds is unacceptable.

## CONFIDENTIALITY OF INFORMATION

As a main rule, information obtained through employment with the Bank is to be treated as confidential.

Employees must protect the confidentiality of customer information and information related to staff members. They may not, without prior written authorization, release to any third-party data in respect of any aspect of the Bank's activities or clients' affairs. Any approved release of information should be on a need to know basis, and as permitted by the law and regulations.

Moreover, client or Bank confidential and restricted information should be kept in secure places and should not be shared or exposed to third parties or other employees who have no need to know the information.

Employees' obligation to maintain the confidentiality of information continues even after they leave the Bank. They must not use any proprietary information including any originals or copies of manuals, notebooks, drawings, notes, reports, proposals or other property belonging to the Bank. They must ensure returning all documentation to the Bank before they leave.

## B. CONFLICT OF INTEREST POLICY

For the Bank of Sharjah Group

In line with the Code of Conduct and the Code of Ethics, the Bank of Sharjah Group, has a strict policy to ensure that any conflict of interest in any area of the business is avoided. This policy is applicable to any business decision, transaction, strategic discussion, and planning or client relationship.

When a private interest interferes, or appears to interfere, in any way with the interests of the Bank of Sharjah Group, then there is a clear conflict of interest. In which case, it must be reported as soon as it arises in order to protect the Group and prevent any reputational risk.

If there is ever a situation where a person could be seen to personally gain, financially or otherwise, either through a decision or by a transaction they are dealing with then they must report the conflict immediately. To continue to deal with a client or other party with knowledge that there might be a conflict of interest will be seen as a clear breach of this policy.

The general culture with regards to environmental footprint from the employees is always in line with the sustainability vision from the leadership of the Bank.





## C. DISCLOSURE POLICY

Bank of Sharjah Group

The Bank of Sharjah Group is focused on timely and factual disclosure in line with legal and regulatory requirements.

The disclosure policy covers all documents released to shareholders or other stakeholder groups. It covers all material including annual reports, quarterly reports, management reports, information to be published on websites and press releases as well as oral statements, interviews and speeches.

### GENERAL POLICY:

The Bank of Sharjah Group follows a strict procedure relating to all disclosures. Any report or document that is to be disclosed will be written or compiled by the relevant department before it is sent to Management for approval. All major disclosures including all reports must be reviewed by the Board Corporate Governance and Compliance, AML/ CFT Committee and the Board Audit and approved by the Board before they are released to shareholders and to the general public.

### WEBSITE DISCLOSURE:

There is a specific procedure for internal and external website disclosure. A website disclosure form must be completed by the relevant Head of Department and the document sent to the Internal Audit department and to the CFO for review before the document is sent to the Group CEO or General Manager for final approval. Finally, the document and the completed approval form are sent to the IT department who are responsible for uploading the document to the specified location on the website.

### SPOKESPERSON:

Any public event, key note speech or interview that Bank of Sharjah Group is participating in must be handled by an approved spokesperson. Spokespeople are chosen by the Group CEO and made known to the Board of Directors. Only those approved to speak may do so.