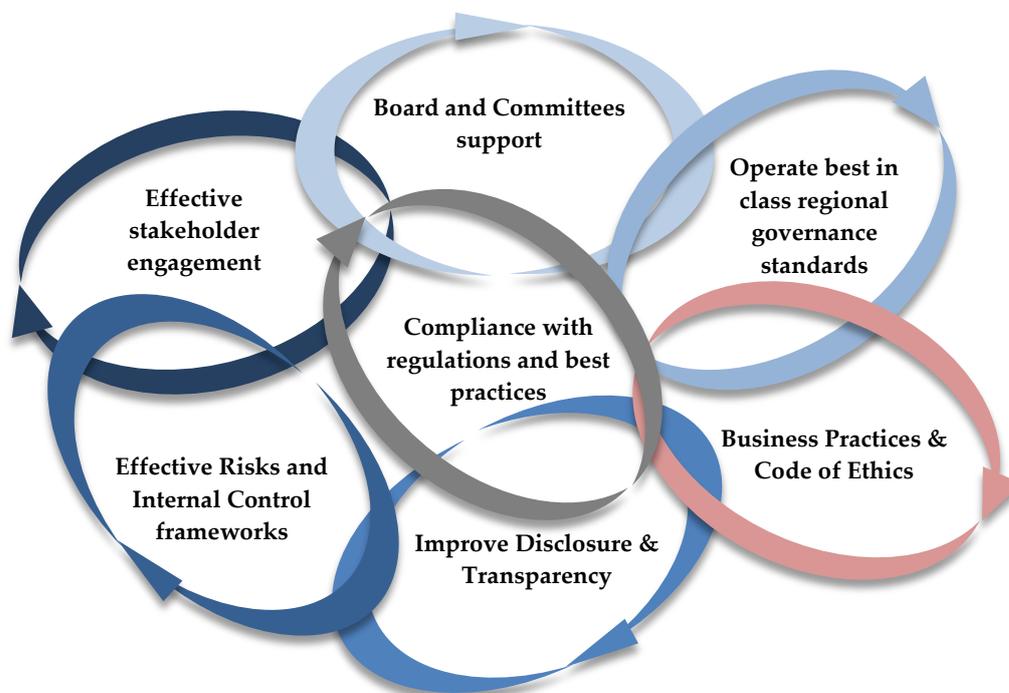


Introduction

The National Bank of Abu Dhabi and its Group companies (together “NBAD”) recognise their responsibility to demonstrate ethical and sustainable business practices in the United Arab Emirates and abroad. A comprehensive corporate governance framework plays a key role in NBAD’s culture, business practices and regulatory compliance.

NBAD believes that the benefits arising from a commitment to corporate governance are attributable to both documentary and behavioural elements. Hence, the Board has approved a framework which incorporates a broad range of policies for guidance and control, in addition to approving general principles of behaviour and personal conduct for which all Directors and staff are accountable as individuals and as a collective entity.

NBAD operates in adherence to a clearly laid out set of guiding principles pertaining to corporate governance, within a corporate governance framework. These principles cover:



The scope and sophistication of the corporate governance framework is proportionate to NBAD’s nature, size and complexity. The Board also recognises that NBAD is operating in an evolving global environment of diverse expectations, constant regulatory change, and increasing focus on stakeholder engagement and accountability. NBAD continually seeks to develop and improve its corporate governance framework to enable the Board and management to discharge their duties effectively.

Recognition and Achievements

NBAD was ranked first in the S&P/Hawkamah Pan Arab ESG Index among 100+ listed organisations from various industries in the Middle East and Africa region on its environmental, social and corporate governance practices.

The Annual General Assembly was conducted on 15 March 2016 where the Board was re-elected

Performance evaluation of the NBAD Board and its committees takes place on an annual basis, forming a key component of the Bank's Corporate Governance Framework. Latest update on financial crime, anti-money laundering and sanctions regulations, in addition to the new UAE Companies Law No (2) of 2015, were presented to the Board of Directors. The Articles of Association was amended accordingly too the new UAE Companies Law No (2) of 2015.

The Corporate Governance Framework

The Board of NBAD has overall responsibility for directing the Group's affairs, to create and preserve value through the Group's operations, and to consider the shareholders and other stakeholder interests. It has documented its roles and responsibilities in a Board Charter and associated policies.

The Board has established a number of Committees, each of which remain an integral part of the Board and whose members are Directors of the Board. The remit of these Committees is to ensure that the Board can devote the maximum possible time to consider topics in more detail, to manage conflicts of interest, to satisfy regulatory rules, and other relevant activities as necessary to ensure the proper governance of the Group.

All Committee Charters have been updated to reflect their duties and accountabilities during 2016.

The Board is responsible for making delegations to the management, including the definition, scope, frequency, and nature of powers. Aside from certain authorities and powers reserved by the Board for its own decision-making, the Group Chief Executive is delegated full responsibility for the management, operations and compliance of NBAD. To satisfy its oversight role, the Board has defined a clear control structure which monitors the management's activities, in addition to creating supporting controls and reporting structures both internal and external to the firm. The delegation and control structure is also subject to compliance with, and oversight by, regulators and third parties, including the Central Bank of the UAE, and the Securities & Commodities Authority of the UAE and regulators in jurisdictions where NBAD operates.

The Board has mandated Codes of Conduct which apply to Directors, employees and agents of NBAD. The codes encourage appropriate behaviour; define inappropriate behaviour; and the process and outcome for the identification and reporting of such behaviour.

Consistent with NBAD's approach to employ high standards for transparency and disclosure for the benefit of shareholders and other stakeholders, NBAD publishes a wide range of reports containing financial and non-financial data, in addition to disclosures required for regulatory purposes.

NBAD has established a number of functions committed to engagement and communication with external stakeholders. These include Investor Relations, Sustainability, Company Secretariat and Corporate Communications. In addition, internal transparency and disclosure is considered from operational, ethical and regulatory perspectives, ensuring that staff are aware of NBAD developments, strategies, risks and their personal responsibilities and duties, whilst protecting customer and personal data confidentiality, sensitive information, and commercial secrets.

Shareholder rights and interests include reserved powers in the UAE Commercial Companies Law and NBAD Articles of Association, and are supported by the duty of the Board to act in the interest of the

Company. NBAD acknowledges that there are diverse interests within the shareholder base, and that the Board considers such interests when determining the objectives and strategies for the Group.

Regulatory Compliance

NBAD is regulated by the Central Bank of the UAE and is therefore required to comply with the Central Bank regulations, circulars and notices issued from time to time. In addition, NBAD is required to comply with all applicable laws and regulations of the UAE and those of the jurisdictions in which it operates, including, without limitation, the UAE Commercial Companies Law, rules and standards established by the Securities and Commodities Authority (SCA) of the UAE, and the NBAD Articles of Association.

NBAD is committed to complying with good corporate governance practices, and so has regard to the provisions of Ministerial Resolution 518 of 2009 Concerning Governance Rules and Corporate Discipline Standards ("MR518") as per listed companies, although this is not a mandatory requirement for Banks in the UAE.

Senior management has the responsibility to ensure compliance with applicable laws and regulations, and report on such matters to the Board. The Board provides guidance and oversight in terms of risk appetite, significant compliance and risk strategies, and dealing with compliance and risk outcomes. The Board has established the Audit and Risk Management Committees with delegated authorities, as noted below, and has also mandated the other Committees to suitably consider compliance and risk in terms of their Charters.

Board of Directors

Board Composition in 2016

Six of the 11 Directors, including the Chairman of the Board, are nominees of the Abu Dhabi Government, and five Directors were elected by the minority shareholders during the Annual General Assembly that took place on the .

All Directors are Non-Executive and two of those elected by minority shareholders are considered to be independent according to criteria set out by SCA.

Members represent a diversity of viewpoints, experiences and background and are capable of devoting the necessary time to discharge their duties and they are of integrity.

The composition of the Board satisfies the generally acceptable corporate governance practice relating to the separation of Chairman and Group Chief Executive and the majority membership of Non-Executive Directors.

H.E. Nasser Ahmed Alsowaidi

Chairman

- Non-Executive Member since 19/05/2003
- Appointee of the Abu Dhabi Government

H.E. Nasser Ahmed Alsowaidi is the Chairman of the National Bank of Abu Dhabi P.J.S.C



Over the last 27 years H.E. has held positions across various economic and financial Government bodies in the United Arab Emirates, including the Executive Council, the Abu Dhabi Investment Authority (ADIA) and the Abu Dhabi National Oil Company (ADNOC).

H.E. holds a degree in Economics from the California State Polytechnic University, USA.

External appointments

- Chairman – Etihad Rail Company
- Board Member – Mubadala Development Company
- Board Member – International Petroleum Investment Company

H.E Sultan Nasser Al Suwaidi

Deputy Chairman

- Non-Executive Member since 21/01/2016
- Appointee of the Abu Dhabi Government



H.E. Sultan Bin Nasser Al Suwaidi is the former Governor of the Central Bank of the UAE. He held this prestigious position for 23 years until he stepped down in September 2014. Over the last 38 years, H.E. Al Suwaidi has held many senior roles in leading organisations in the country, including General Manager of Abu Dhabi Investment Company (ADIC), General Manager of Gulf International Bank (Bahrain), and Managing Director and CEO of Abu Dhabi Commercial Bank.

H.E. AlSuwaidi has a B.S. degree in Business Administration and Finance, and started his career at Abu Dhabi Investment Authority (ADIA) in 1978 in the Finance and Administration Department. He represented ADIA on the Boards of many banks and financial institutions.

In 2006, H.E. AlSuwaidi was named Central Bank Governor of the Year for the Middle East by Emerging Markets Publication

Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan

Director

- Non-Executive Member since 19/03/2006
- Elected by the Minority shareholders



Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan is the Chairman of the Abu Dhabi National Insurance Company (ADNIC) which is a leading and prominent insurance provider in the region. Sheikh Mohammed also holds the role of the Chairman of its Risk Management Committee.

Sheikh Mohammed holds a degree in International Economics and History from the American University of Paris, France.

External appointments

- Chairman – Abu Dhabi National Insurance Company

Sheikh Ahmed Bin Sultan Al Dhaheri

Director

- Non-Executive Member since 01/05/1994
- Elected by the Minority shareholders



Sheikh Ahmed Mohammed Sultan Al Dhaheri is currently the Chairman of Bin Srou Engineering. Prior to this, Sheikh Ahmed has been the Undersecretary of the

Department of Social Services and Commerce Building (DSSCB) from 1996 until 2009.

Sheikh Ahmed holds a Bachelor Degree in Civil Engineering Science.

External appointments

- Member – National Consultative Council (NCC), Abu Dhabi
- Board Member – Emirates Communication (Etisalat)
- Vice Chairman – Abu Dhabi National Hotels Company (ADNH), Abu Dhabi
- Vice Chairman – Abu Dhabi Aviation (ADA), Abu Dhabi

H.E.Hareb Masood Al Darmaki

Director

- Non-Executive Member since 21/01/2016
- Appointee of the Abu Dhabi Government



H.E. Hareb Masood Al Darmaki is the Executive Director of the Private Equities department at Abu Dhabi Investment Authority (ADIA), and has been with the company since 1976.

H.E. Al Darmaki was formerly a Board member of the Arab Banking Corporation and of Qatar Telecom, and he was previously the Chairman of Abu Dhabi Investment Company and Abu Dhabi Securities Market.

H.E. Al Darmaki holds a Bachelor's Degree in Economics and Political Science from Bristol University in the United Kingdom, and a Master's Degree in International Studies from Johns Hopkins University, USA.

External appointments

- Chairman – Gulf Capital
- Chairman, Investment Committee - AXA Green Crescent Insurance Company
- Chairman, Investment Committee - The Zayed Bin Sultan Al Nahyan Charitable & Humanitarian Foundation
- Vice Chairman – ADIA Investment Committee
- Member – ADIA Strategy Committee
- Board Member – AXA Green Crescent Insurance Company

H.E. Sultan Bin Rashid Al Dhaheri**Director**

- Non-Executive Member since 02/05/1973
- Elected by the Minority shareholders

H.E. Sultan Bin Rashid Al Dhaheri is an Ex Member of the Federal National Council. H.E. is one of the most recognised and respected businessmen in the UAE and plays an essential role in the economy of the UAE through participation in different industries such as real estate, projects, portfolio management or by owning and acting as partner in leading commercial and industrial companies.



H.E. owns and sits as director for several major private companies in the UAE. In addition, H.E. is well recognised for his role on charitable activities both regionally and internationally.

External appointments

- Member – Federal National Council of the UAE
- Board Member – Abu Dhabi National Insurance Company

Mr. Khalifa Sultan Al Suwaidi**Director**

- Non-Executive Member since 19/03/2006
- Appointee of the Abu Dhabi Government

Khalifa Al Suwaidi is an Executive Director of the Direct Investment Department at the Abu Dhabi Investment Council (ADIC). Prior to this, he was the Deputy Director of the External Funds (Americas) Department at the Abu Dhabi Investment Authority (ADIA). Mr. Al Suwaidi was appointed as The National Bank of Abu Dhabi Managing Director in August 2016.



Mr. Al Suwaidi holds a degree in Business Administration (Finance) and MSC in Finance from Seattle University, USA and is a Chartered Financial Analyst.

External appointments

- Board Member – Union National Bank (UNB)
- Board Member – Abu Dhabi National Insurance Company (ADNIC)

Mr. Hashim Fawwaz Al Kudsi**Director**

- Non-Executive Member since 11/03/2009
- Appointee of the Abu Dhabi Government

Hashim Al Kudsi is an Executive Director, Active Investment Strategies, at the Abu Dhabi Investment Council (ADIC) since April 2007.



With a long term investment management background and experience in banking and

finance, he has a degree in Business Administration from American University, USA and is also a Chartered Financial Analyst.

Mr. Matar Hamdan Al Ameri

Director

- Independent Non-Executive Member since 11/03/2010
- Elected by the Minority shareholders



Matar Hamdan Al Ameri has more than 25 years of experience in various roles in Abu Dhabi National Oil Company (ADNOC). Mr. Al Ameri started his career in ADNOC and has been involved in various senior finance roles in the ADNOC Group including secondment to Arthur Andersen for two and half years on assignments across UAE, Australia, UK and USA. Mr. Al Ameri is currently responsible for the oversight of the ADNOC Group Finance where he also represents as Member or Chairman the ADNOC Group on the Finance Board Advisory and Audit Committees of various companies such as ADCO, ADMA, ZADCO, GASCO, ADGAS, NDC, ESNAAD, FERTIL, BOROUGE, DNATCO, NGCSO and ADNOC Distribution.

An advocate of developing and maximising opportunities for UAE Nationals towards building future leaders and he is also active in the Al Ain Sports Club where he sits as a Board Member. Mr. Al Ameri holds a Bachelor's Degree in Accounting and Information Systems from UAE University.

External appointments

- Board Member – National Drilling Company
- Board Member – Abu Dhabi National Tanker Company
- Board Member – NGSCO
- Board Member – Excel London – Subsidiary of Abu Dhabi National Exhibition Co. (ADNEC)
- Finance Director – Abu Dhabi National Oil Company (ADNOC)

Mr. David Beau

Director

- Independent Non-Executive Member since 11/03/2009
- Elected by the Minority shareholders



David Beau has been working for the Abu Dhabi Government since November 2003. Currently, he is the Chief Investment Officer of the Direct Investment Department at the Abu Dhabi Investment Council (ADIC).

Prior to this, he was a Fund Manager at the Abu Dhabi Investment Authority (ADIA). Mr. Beau is a CFA Charter holder and holds NASD Series 3, 7 and 24.

Mr. Beau grew up and went to university in Strasbourg, France and started his career in finance in New York as a stockbroker before joining Everest Capital in London. He subsequently moved to Bermuda and Dublin where he was a fund manager for Berco Ltd., a family office with substantial assets under management.

External appointments

Board Member – Abu Dhabi Investment Company (Invest AD)

Investment Committee member – Abu Dhabi National Insurance Company (ADNIC)

Ms. Mariam Saeed Ghobash

Director

- Non-Executive Member since 21/01/2016
- Appointee of the Abu Dhabi Government

Mariam Saeed Ghobash is a senior investment professional in the Direct Investments Department at Abu Dhabi Investment Council dealing with the Council's portfolio of investments in the MENA region. She has worked as an Investment Associate within HSBC, and was previously a board member of National Takaful Company (Watania) and Al Hilal Bank.



Ms. Ghobash holds a Bachelor of Science in Economics from the Wharton School at the University of Pennsylvania in the US.

External appointments

Board Member – Emirates Development Bank

Board Member – Abu Dhabi Investment Company

Independent Directors

NBAD's Independent Directors are elected by the minority shareholders during the General Assembly. The Independent Directors are obliged to immediately inform the Board of any circumstance which may impact upon their independent status.

The Corporate Governance and Nominations Committee is charged with nominating suitable candidates for the shareholders to consider for election, and monitoring the independence of Directors according to agreed criteria. The SCA has mandated that nomination by a Government does not by itself exclude Directors from being considered Independent in the event that they would otherwise satisfy the conditions. Whilst the Government nominated Directors are not included in the number of Independent Directors stipulated by the Articles, the Board may potentially consider the attributes of Government nominees to determine whether Independent Directors constitute one-third of the total Board.

Director Nomination

All Directors serve a maximum term of three years, and there is no restriction on retiring Directors, if considered appropriate, being re-nominated for election at Annual General Meeting or re-appointed by the Abu Dhabi Government. As the Articles of Association fixes the number of Board Directors, the Board may also appoint new Directors to fill vacancies arising during the year, and any Director so appointed must seek re-election at the next Annual General Meeting.

Terms regarding nomination and election of Directors are stipulated in the NBAD Articles of Association as well as the Group Board of Directors Membership and succession policy to include certain representation, including a proportional number of Directors to the ownership by the Abu Dhabi

Government, and a minimum number of Independent Directors. The nomination of minority elected Directors are subject to a formal nomination process including the public call for nominations, review of appropriate skills and experience, categorisation as Independent if suitable, and inclusion of the nominations received in the Notice of Meeting for voting by shareholders. Election by minority shareholders of the Directors is subject to secret ballot.

Board Responsibility and Practices

In order to conduct its business and discharge its duties to a high standard of corporate governance protocols and policies, the Board has committed to several key documents which define the roles, responsibilities, functions, protocols and other matters relevant to the Board and its Members:

- Corporate Governance Policy, which establishes the overarching approach of NBAD.
- Charter of the Board of Directors and of each Committee.
- Directors Code of Conduct.
- Other NBAD policies referred to in the above.

During 2016 pursuant to an initiative of the Corporate Governance and Nomination Committee, the Company Secretariat performed a full review of the corporate governance policies, and the revised documents were approved by the Committee and the Board.

a. Role of the Board and its Members

The Board is responsible for directing the National Bank of Abu Dhabi and its subsidiaries towards the achievement of NBAD's vision. To this end, the Board ensures NBAD's strategic leadership, financial soundness, governance, management supervision and control.

The Board has delegated certain authorities and powers to committees and individuals including the Group Chief Executive. However, the Board reserves the authority to deal with specific matters. These are detailed with the Board Charter which is available on the Bank's website www.nbad.com.

Role of Chairman of the Board

It is the responsibility of the Chairman to lead the Board, ensure that the Board is aware of material information and developments pertaining to NBAD, and encourage all Directors to work in the best interests of NBAD. The role is defined clearly in the Board Charter:

- Facilitates and organize the work and activities of the Board and approves the annual rolling agenda for the Board as well as the agenda for each meeting;
- Ensures that new Directors are properly inducted and introduced to the business of NBAD;
- Ensures that Directors receive in good time all information which is necessary for the proper performance of their duties, this information to be accurate, relevant and timely;
- Ensures that there is sufficient time for consultation and decision-making by the Board;
- To effectively provide guidance & oversight and liaises regularly with the Group Chief Executive to ensure adequate contact between the Board and Senior Management;
- Oversees the orderly and efficient conduct of the General Meeting;
- Ensures effective communication with shareholders and other stakeholders and communicates any concern to the Board.

The Deputy-Chairman shall replace the Chairman in his absence or whenever the Chairman is unable to perform his duties. The role of the Committee Chairmen is substantially similar to that of the Chairman of the Board.

Role of Directors

Directors are expected to exercise due care and skill in the performance of their duties, and in particular to:

- Provide constructive challenge;
- Contribute strategic thought, and utilise their skills and experience;
- Ensure business performance conforms to strategic direction and NBAD values and ethics; and
- Ensuring satisfactory dialogue with shareholders and stakeholders.

Independent Directors have a particular obligation to:

- Conduct themselves and participate in Board matters with an independent mind;
- Give priority to NBAD upon any conflict of interest;
- Have particular regard to the protection of the interests of the minority shareholders; and
- Challenge the board and management.

Role of Group Chief Executive and Senior Management

The Group Chief Executive has delegated responsibility from, and a job description which is clearly defined by, the Board of Directors to ensure that the Company is operated in accordance with its mandate. Senior Management must ensure that the Board and Committees receive sufficient complete information on a timely basis.

b. Board Conduct

The Board has approved, and each Director commits, to particular codes and standards of conduct, which are to be considered in terms of their 'spirit' as well as the strict wording. The Directors Codes of Conduct and Board Charter notes the personal duties that Directors owe to the Company, and standards attached to:

1. Conflict of Interest
2. Provision of Banking Facilities
3. Employment of Family
4. Gifts, Benefits & Business Courtesy
5. Anti-Bribery and Corruption
6. Confidentiality
7. Insider Trading
8. Fair, Accurate and Timely Reporting and Disclosures
9. Ethical Behaviour and Whistleblowing
10. Directors and Officers Insurance

c. Board meetings and attendance

The Board commits to meet at least six times per year, with additional meetings as required to conduct special business. During 2015 the Board met 6 times. The Board may make unanimous written resolutions by circulation. This was made two times in 2015 merely for timing purposes, as the matter could not be held over to the next scheduled meeting. The Board voted unanimously in favour of the resolutions and there were no breaches.

Quorum for meetings is set at a simple majority of Directors, and voting during meetings is a simple majority of attendees.

The Chairman may make a casting vote. Directors must disclose potential conflicts of interest as soon as they are aware of the situation, and recuse themselves from further discussion and voting on the matter.

Attendance during 2016 was as follows:

201 Board Meeting Attendance	27 January 2016	27 April 2016	2 July 2016	27 July 2016	16 October 2016	26 October 2016	4 December 2016	18 December 2016
H. E. Nasser Ahmed Alsowaidi – <i>Chairman</i>	✓	✓	✓	-	✓	-	✓	✓
H.E Sultan Nasser Al Suwaidi - <i>Deputy Chairman</i>	✓	✓	✓	✓	✓	✓	✓	✓
Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan	✓	✓	✓	✓	✓	-	✓	✓
Sheikh Ahmed Mohammed Sultan Al Dhaheri	✓	✓	✓	-	✓	✓	✓	✓
H.E. Hareb Masood Al Darmaki	✓	✓	✓	✓	✓	✓	✓	✓
H.E. Sultan Bin Rashed Al Dhaheri	✓	✓	✓	✓	✓	✓	✓	-
Mr. Khalifa Sultan Al Suwaidi	✓	✓	✓	✓	✓	✓	✓	-
Mr. Hashim Fawwaz Al Kudsi	✓	✓	-	✓	✓		✓	✓
Mr. David Beau	✓	✓	✓	✓	✓	✓	✓	-
Mr. Matar Hamdan Al Ameri	✓	✓	✓	✓	-	✓	✓	✓
Ms. Mariam Saeed Ghobash	✓	✓	✓	✓	✓	✓	✓	✓

d. Delegation and Accountability

The Board retains specific powers in accordance with the NBAD Articles of Association and the Matters Reserved for the Board included in the Board Charter, and delegates other responsibilities to its Board Committees. Unless otherwise stated, all responsibility for day to day operation of the business is delegated to the Group Chief Executive and senior management who are accountable for mandates.

Certain specific powers which are subject to special controls are appropriately recorded in the Board Resolutions and Minutes. The Board monitors further delegations and devolution of power through NBAD via management reporting frameworks, independent reviews and verifications by audit, compliance and legal departments and external advisors. NBAD continues to review its delegations of authority pursuant to the evolution of risk strategies, prudential requirements, changes in the business environment and operational effectiveness.

e. Induction, Development, Evaluation and Succession

The Board, Committees and management require an appropriate balance of skills, experience, independence and knowledge having regard to the nature and complexity of the business, its

commercial environment, and the interests of stakeholders. The procedures for nomination of Non-Executive Directors for shareholder election and the selection of Directors for Subsidiaries are reviewed by the Corporate Governance and Nomination Committee, which takes these factors into account. New Non-Executive Directors receive formal induction, and all Directors commit to continually refresh their skills and knowledge.

In 2015, the latest Anti-Money Laundering Regulations and new UAE Companies Law No (2) of 2015 amendments were presented to the Board.

Board evaluation

Performance evaluation of the NBAD Board and its committees takes place on an annual basis, forming a key component of the Bank's Corporate Governance Framework.

f. Remuneration of the Board and Executives:

It is a policy of NBAD to offer a competitive compensation framework to attract, retain and motivate qualified and talented Directors and staff, whilst having regard to appropriate risk, accountability and the interests of shareholders to build value.

Remuneration for the Non-Executive Directors is based on the time commitment, skills, and responsibility borne by the Directors whilst undertaking their duties for the Board and Committees. The total remuneration allocation for the Non-Executive Directors is approved at the Annual General Meeting based on the recommendation of the Corporate Governance and Nominations Committee and the Board, and subject to regulatory limits. The compensation is allocated to Directors based on their membership and additional roles performed in the Board, including Chairmanship of the Board or Committee and attendance at Committee meetings.

2016 Board Remunerations:-

Title	Annual Fee (AED)	Committee attendance (AED/Meeting)
Chairman	1,000,000.00	5,000.00
Deputy Chairman	750,000.00	4,000.00
Director	600,000.00	4,000.00

The Group Chief Executive and Senior Management's remuneration is structured to link reward with corporate and individual performance. As noted below, the Corporate Governance and Nominations Committee is tasked with determining appropriate remuneration frameworks for the Board while the Human Resources Committee reviews Senior Management performance and determines appropriate remuneration frameworks

for the Group, taking account of incentivisation measures, risk, seniority, responsibility and industry benchmarks.

In accordance with the NBAD Articles of Association, Executive Directors and Senior Management may participate in the Staff Share Option Scheme, under which allocations of rights are monitored and approved by the Board of Directors.

Board Committees:

a. Committee Mandates

The Board has established five Committees in order to focus on key initiatives and controls of NBAD and to assist in the efficiency and effectiveness of the Board. Each Committee Charter is approved by the Board and outlines authority, responsibilities, meeting frequency and practices, reporting, and self-evaluation. The Committees are required to meet as frequently as deemed necessary to fulfil their objectives and to allow sufficient time for discussions, presentations, deliberation, and decisions or recommendations to be clearly formulated.

The composition and Chairmanship of each Committee is approved by the Board after recommendation by the Corporate Governance and Nomination Committee, and reviewed on an annual basis. Quorum is a simple majority, and voting is a simple majority of those in attendance with the Committee Chairman having a casting vote in the case of tied voting. The Committee Chairman shall escalate to the Chairman of the Board and Company Secretary any significant matters arising from the Committee.

Only Directors may be appointed to Committees, however each Committee shall have the authority to obtain advice and assistance from outside legal, accounting and other advisors as it deems necessary to carry out its duties. The Committee may also request management and any other internal or external advisors to attend meetings and/or conduct any investigations, reviews or studies of any matter within the scope of the Committee's duties and responsibilities. In connection with any such investigation, the Committee shall have unrestricted access to NBAD's personnel and documents.

b. Committee Scope and Composition

This table summarises membership as at **31 December 2016**. 'C' denotes the current Chairmen of the Committees.

	Risk Management	Audit	Corporate Governance & Nominations	Human Resources	Strategy & Transformation
H.E. Nasser Ahmed Alsowaidi - Chairman					
H.E Sultan Nasser Al Suwaidi - Deputy Chairman	C				
Sh. Mohammed Bin Saif Bin Mohd Al Nahyan				C	C
Sh. Ahmed Mohammed Sultan Al Dhaheri					
H.E. Hareb Masood Al Darmaki			C		
H.E. Sultan Bin Rashed Al Dhaheri					
Mr. Khalifa Sultan Al Suwaidi					
Mr. Hashim Fawwaz Al Kudsi					
Mr. Matar Hamdan Al Ameri - Independent		C			
Mr. David Beau - Independent					
Ms. Mariam Saeed Ghobash					

Audit Committee

Members: Minimum 3, including 1 Independent

Oversight and review of:

- Integrity of financial statements, accounting policies, adjustments & financial reporting.
- Adequacy and effectiveness of internal control, IT security & risk management systems.
- Compliance with laws & regulations, whistleblowing & fraud.
- Investigations into integrity, conflicts of interest & adherence to standards of conduct of Senior Management.
- Examination reports from regulatory authorities.
- Internal audit function, plans, independence, resourcing and effectiveness in the context of NBADs overall risk management.
- Appointment, remuneration & removal of Group Chief Audit Officer.
- External audit function, including recommendations to the Board & Shareholders on appointment, remuneration, non-audit fees, independence, audit plans, audit recommendations & removal.
- Compliance with Codes of Conduct.

Risk Management Committee

Membership: Minimum 5

The Risk Management Committee plays a key role in evaluating the risk appetite and policies of the Group. This is an extremely active Committee with delegated decision-making authority on material credit approvals, in addition to the strategic risk issues. Certain matters may be decided, and later ratified by the Committee, in case of extreme urgency when the Committee cannot meet.

Oversight and review of:

- Risk appetite & tolerance taking into account the Group's strategies & operating environment.
- Group's risk methodology, KPIs and tolerances, including stress testing.
- Trading, investment, liquidity, funding & interest rate risk, including transfer pricing.
- Risks of strategic acquisitions or disposals.
- Adequacy & allocation of capital.
- Management proposals, material risk transactions & seeking Central Bank approval if required.
- Alignment of remuneration to risk.
- Risk disclosures & reports.
- Compliance with regulatory requirements.
- Overall risk management framework, including adequacy of company procedures, material findings of regulators, independence & resourcing of the risk function, & assurance from internal audit on risk controls.
- Chief Risk Officer Role.

Corporate Governance & Nominations Committee Membership: Minimum 3, including 1 Independent

Oversight and review of:

- Corporate Governance Charters, policies, practices, & organizational structure.
- Size and composition of the Board & its Committees relative to the responsibilities of each.
- Director independence.
- Allocation of responsibilities to the Committees, Directors & Company Secretary.

- Board membership & management of subsidiaries.
- Board remuneration.
- Outside directorships, director lending, share trading and conflicts of interest of Directors & Senior Management.
- Compliance with Charters & policies.

Human Resources Committee

Membership: Minimum 3, including 1 Independent

Oversight and review of:

- Strategic human resources.
- Remuneration & performance related pay schemes, policies & framework for NBAD.
- Appointment, promotion, remuneration, retirement & dismissal of Senior Management.
- Development & implementation of Emiratisation strategies & targets.
- Terms of reference and reporting of the Management Remuneration Committee.
- Training strategy for NBAD.
- High level succession planning.
- Review of Senior Management performance against KPIs.
- Headcount budgets.
- HR related expenditure above delegated authorities.

Strategy and Transformation Committee

Membership: Minimum 3

Oversight and review of:

- Assisting the NBAD Board in fulfilling and development of its strategic plan.
- Assist the Board in relation to the implementation of the Bank's strategy and related transformation implementation plan, expansion, acquisition strategy and potential acquisitions.
- Review and evaluate major unbudgeted expenditure, external developments and factors.
- Issues related to senior staff.
- Structure, size and composition of the STC, determined by the Board.
- Review plans to relaunch new products, lines of businesses or projects
- Assist the Board in regards to NBAD's mission, vision and values.

Risk and Control Framework

The Board of Directors has approved and implemented an extensive internal control system, which includes:

- Control environment and codes of conduct for the Board and staff.
- Risk management.
- Control functions.
- Management Information systems
- Monitoring, security and prevention systems.

Corporate Governance Report for 2016 Annual Report

The significant functions which form the control system include Internal Audit, Risk, Legal and Compliance, and Company Secretariat. Control functions within NBAD functionally report to the Board or designated Committees, and administratively report to the Group Chief Executive.

Control functions are comprised of skilled and experienced staff with internationally recognized qualifications, and are provided with unfettered and independent powers to investigate the affairs and internal controls of the Corporation. Where necessary, the controls function may also be outsourced to reputable third parties who are qualified to provide specialist expertise.

In particular, the evolution of risk perspectives and policies in the international and local regulatory environment will continue to mandate or influence NBAD's approach to, and appetite for, risk. As risk is an integral part of both the operational and control framework, the Board will continue to monitor the appropriate delegation of risk, the continued nature of its risk appetite and strategies, and the authorities provided to the Risk Committee.

The External Auditors are paid on a fixed annual fee basis. The auditors' fee is recommended by the Board of Directors for shareholders' approval in the Annual General Meeting. Non-audit work or audit work not within the scope of the annual review will be reviewed by the Audit Committee on a case by case basis, although procurement policies may exclude tendering by auditors to avoid any perceived or potential conflict of interest. The external audit fees are disclosed in the NBAD Annual Audited Accounts.

As required by the Central Bank of the UAE and as desirable for international banks of NBAD's stature, NBAD has implemented a comprehensive set of policies for the prevention and detection of fraud, corruption, bribery, money laundering and other criminal and civil offences. These are monitored by a number of control functions, which ultimately report to the Committees and Board on matters of significant breach, local and international updates, monitoring programs, trends and risks. Whilst NBAD has instituted a sophisticated set of systems and controls to segregate duties, establish limits and approval processes, and monitor and audit employee and stakeholder interactions, it is recognised that systems are not failsafe. Hence, NBAD has an over-arching Whistleblowing Policy which incorporates independent reporting channels, confidentiality and sensitivity, investigation powers, escalations, reporting, re-integration of findings into the operational and control framework, and regulatory co-operation.

Transactions of Directors and Employees in Securities

By virtue of NBAD's status as a listed company on the Abu Dhabi Stock Exchange, Directors and staff are subject to certain trading restrictions on NBAD securities, including Close Periods. All Directors and a wide class of Senior Management are classified by NBAD as "Insiders" with respect to trading rules set by the SCA, which imposes internal and public disclosure requirements. The 'Insider List' is reviewed and updated quarterly.

Also, due to the nature of NBAD's business, Directors and staff may come into possession of material non-market information which may impact the prices of listed securities (including equities, bonds, ETFs, etc.) on many global exchanges. The legal prohibition of Insider Trading is incorporated within the NBAD's Codes of Conduct, which specifies that trading with inside knowledge on any security (including but not limited to NBAD securities) is strictly forbidden and may expose the individual and NBAD to serious negative outcomes. All Directors and staff are made aware of their legal obligations,

the consequences for non-compliance, and the need for timely, relevant disclosure in relation to reporting on these issues.

Other Policies

Dividends

NBAD adopt a conservative policy when distributing dividends, taking into account the current challenging economic and financial conditions with the aim to strengthen the safety and soundness of the bank's financial position. The board of directors examines various elements, factors and requirements in order to decide on what cash or share dividend each year that can be recommended. The assessment takes in-depth review which is presented to the annual shareholders meeting for their final approval.

However, clause (56) of the bank's AOA refers to certain procedures when considering distribution of dividends to shareholders. It calls for deducting certain percentages from the net profit in favor of various accounts namely (10%) for the legal reserve, another (10%) for the special reserve. Then, of the remaining profits; the max of (10%) can be deducted for the remuneration of the board of directors and thereafter, the net profit can be distributed to shareholders or added to retained earnings.

Provided that no adverse conditions exist regarding domestic and/or global economic circumstances, and after making transfers to the mandatory reserves and ensuring that the Bank's capital adequacy ratio remains at the targeted level, and subject to approval by shareholders, NBAD's policy is to recommend for the approval of shareholders in the Annual General Meeting a cash dividend and or share dividend which are covered at least three times by the distributable profit.

Corporate Sustainability

NBAD has a proud history of being a UAE leader in disclosure through the publication of annual Corporate Responsibility and Sustainability Reports, employing the Global Reporting Initiative's (GRI's) international reporting standard and the supporting Financial Sector Supplement.

All historical reports and current reports are available on the NBAD website in the Governance section, demonstrating NBAD's commitment to full disclosure, of both current achievements and historical context, and continuous improvement.

Share Registry Services

NBAD is a significant provider of share registry services to other public joint stock companies in the UAE and is recognised by the market for providing integrated and support services for the conduct of

Corporate Governance Report for 2016 Annual Report
shareholder actions. The Securities and Funds Administration Services Department is subject to an extremely high standard of duty and care with regard to issues such as regulatory compliance, confidentiality, audit and regulatory co-operation.

Investor Transparency and Disclosure

A dedicated Investor Relations site is included on the Corporation's website (www.nbad.ae), where investors are provided with current information relating to the Corporation such as:

- Annual reports
- Financial reports
- Corporate Governance documentation
- Credit profiles
- Analyst coverage
- Press releases
- Securities information
- Presentations
- Feedback facility