

GROUP BOARD CHARTER			
Approving Authority:	GROUP BOARD OF DIRECTORS	Effective Date:	January 2022

1. ROLE OF THE BOARD

- 1.1. The Directors of the Group Board (**together** the “**Board**”) are collectively responsible for directing the First Abu Dhabi Bank and its subsidiaries (together “**FAB**” or the “Group”) towards the achievement of FAB’s vision. To this end, the Board ensures that FAB’s strategic leadership, financial soundness, governance, management supervision and control is robust and effective.
- 1.2. The Board is collectively responsible for the long term success of FAB and the delivery of sustainable value to shareholders and for ensuring effective control over the FAB’s entire business.
- 1.3. The Board sets the Group’s values and standards and ensures that its obligations to its shareholders and other stakeholders are understood and met.
- 1.4. The Board must act with integrity, exercising their duty of care, duty of confidentiality and duty of loyalty. As part of this duty, they must act in the best interests of stakeholders whilst meeting regulatory expectations. Treating customers fairly is an integral part of FAB’s governance and corporate culture.
- 1.5. The Board must ensure that FAB has robust corporate governance policies and processes commensurate with its risk profile and systemic importance.
- 1.6. The Board must ensure that FAB’s risk governance framework is aligned to its strategic objectives and its risk appetite.
- 1.7. The Board encourages that FAB corporate culture and values are communicated through measures including, but not limited to, a written Code of Conduct, a Conflicts of Interest policy, a Whistleblowing policy mechanism, an Insider Trading policy and a strong control environment.
- 1.8. The Board works collectively to ensure that there is clear organisational structure across the Group, including executing the key responsibilities of the board and specifying the key responsibilities and authorities of its committees and senior management.
- 1.9. The Board is responsible for overseeing senior management, ensuring that FAB’s activities are carried out in a manner consistent with the business strategy, risk governance framework, compensation and other policies approved by the board.
- 1.10. The Board ensures that FAB has a fit and proper process for the selection of senior management, including the heads of the risk management, compliance and internal audit functions, and the maintenance of succession plans for senior management.

- 1.11. The Board ensures FAB's compliance with Islamic Shari'ah Governance Standards and that there is a safeguard Shari'ah Governance Framework that is commensurate with the size and complexity of the operations of FAB and its risk appetite.

2. COMPOSITION OF THE BOARD

- 2.1. Pursuant to the FAB Group's Articles of Association and in accordance with Federal Law No. (2) of 2015 concerning Commercial Companies and Corporate Governance Regulations and Standards issued by the CBUAE in September 2019, the Board shall consist of eleven (11) members. A majority of the Board Members, including the Chair, must be UAE Nationals.
- 2.2. Board Members are elected at the General Assembly of the shareholders by secret ballot using Cumulative Voting. All Members of the Board must be Non-Executive, of which at least one third (1/3) must be Independent members. The chair may be a Non-Executive Member of the Board or an Independent Member of the Board. The Board should not contain any executive members with responsibilities in the Group. The Board considers that a Director is independent if neither himself nor any of his first degree relatives have been a member of the Senior Management of FAB during the last two years or has a relationship that creates any financial transactions or deals with FAB or any of its subsidiaries totaling a value of 5% of the paid-up capital of FAB, or exceeds AED 5 million (or an equivalent amount in a foreign currency, whichever is less). A Director will lose his/her independence in the following cases:
- 2.2.1. If his/her tenure as an independent member of the Board of FAB Group exceeds twelve (12) consecutive years from the date of his/her appointment.;
- 2.2.2. If he/she, or any of his/her first degree relatives, has worked as staff of FAB Group or its subsidiaries during the past two (2) years;
- 2.2.3. If he/she has worked for or is a partner in a company that performs consulting work for FAB Group, or he/she has acted in such capacity during the past two (2) years;
- 2.2.4. If he/she has had any personal services, contracts with FAB Group during the past two (2) years;
- 2.2.5. If he/she has been affiliated with any nonprofit organization that receives significant funding from FAB Group;
- 2.2.6. If he/she, or any of his/her first degree relatives, has been a partner or employee of FAB's external auditor during the past 2 years;
- 2.2.7. If he/she or any of his/her first degree relatives has or had a direct or indirect interest in the contracts and projects of FAB Group or its subsidiaries during the last two years (2), and their total of such transactions exceeds the lower of 5% of the FAB's paid capital or of the amount of 5 million dirhams or its equivalent amount in a foreign currency, unless such relationship is part of the nature of FAB's business and involves no preferential terms; and
- 2.2.8. If he/she and/or any of his/her first degree relatives (individually or collectively) own directly or indirectly 10% or more of the total share capital of FAB or is a representative of a shareholder who owns directly or indirectly more than 10% of

the total share capital of FAB.

- 2.3. The Board shall ensure that it is sufficiently diverse in its outlook, and that collectively it will have an appropriate balance of competence, diversity, expertise, skills, knowledge and experience commensurate with FAB's size, complexity and risk profile to effectively carry out its duties. All nominated members of the board will be subject to the fit and proper process.
- 2.4. The board will dedicate sufficient time, budget and other resources to a continuing training and development program for its members and draw upon external expertise as needed. The Board will view annually its program for ensuring that members of the board acquire, maintain and enhance knowledge and skills relevant to their responsibilities.
- 2.5. In accordance with the FAB Group's Articles of Association and the Federal Law (2) of 2015 concerning Commercial Companies, a director's term of office is 3 years, after which he/she will be eligible for re-election.
- 2.6. Subject to FAB Group's Articles of Association and applicable laws and regulations, if the number of vacant positions amounts to a quarter of the original number of members, a General Assembly shall be called to elect successors within 30 days from the date the last position became vacant.

3. CHAIR AND VICE CHAIR OF THE BOARD

- 3.1. The Board shall elect a Chair and a Vice-Chair from among its members. The Chair has authority to act and speak for the Board, including engaging with FAB senior management, facilitating communications between the Board and its shareholders, and meeting or send a delegate on his behalf (the GCEO) with representatives of FAB's regulators, as required, including the Central Bank of the UAE ("CBUAE") and Securities and Commodities Authority ("SCA").
- 3.2. The Chair provides leadership to the board and is responsible for its overall effectiveness. The Chair must ensure that board decisions are taken on a sound and well-informed basis, encourage and promote critical discussion and ensure that dissenting views can be freely expressed during the decision-making process. In furtherance of this, the Chair will:
 - 3.2.1 ensure that the board acts efficiently, fulfils its responsibilities and discusses all issues on a timely basis;
 - 3.2.2 approve the agenda of each board meeting, ensuring that the content, organisation, quality of documentation and time allocated to each topic allows for sufficient discussion and decision making;
 - 3.2.3 encourage all members of the board to fully and efficiently participate in the board meetings in order to ensure that the board acts in the best interests of the FAB Group;
 - 3.2.4 adopt suitable procedures to ensure efficient communication with the shareholders and the communication of their views to the board;

3.2.5 facilitate effective participation of independent members of the board, and the development of constructive relations between individual members; and

3.3 In the Chair's absence, the meeting will be chaired by the Vice-Chair.

4 **QUORUM**

4.1 The Board has the requisite quorum when a majority of its Directors are present. Decisions are taken by a majority of votes of members present or represented. In case of equality of votes, the Chair of the meeting shall have a casting vote.

4.2 Board members may appoint other members of the Board to vote on their behalf provided that no member of the Board shall hold more than one proxy at any meeting.

5 **MEETING FREQUENCY**

5.1 The Board shall meet at least six (6) times per year and separately whenever two (2) or more of its members have requested a meeting. Meetings shall generally be held at the Head Office of FAB, but may also take place elsewhere including the offices of one of its subsidiaries, domestic or international branches. Where unavoidable, Directors may participate in meetings by telephone, videoconference or any other virtual forum provided that all participants can be heard simultaneously.

6 **SECRETARY**

6.1 The Secretary to the Board is appointed by the Board Chair and the Group Chief Executive Officer.

6.2 The Secretary to the Board should assist the Chair with the organisation of Board meetings, and ensure that the Board and its Committees act in accordance with all applicable laws, regulations, policies, procedures and standards. The Secretary's advice and services are available to all Directors and Board Committees.

6.3 The Secretary must record and maintain appropriate minutes, which reflect details of issues discussed, recommendations made, decisions taken and dissenting opinions.

7 **AUTHORITY DELEGATED BY THE BOARD**

The matters specifically reserved for the Board are set out below in the "**Responsibilities/Tasks of the Board**" section. To enable the Board to carry out its objectives, authority will be delegated to the committees appointed by the Board as required. The Board will be responsible for specifying the key responsibilities and authorities of its committees and senior management.

In particular there will be a Board Audit Committee ("BAC"), Board Risk and Compliance Committee ("BRCC"), Board Remuneration and Nomination Committee ("REMCO") and a Board Management Committee ("BMC"), each comprising of Non-Executive Directors. All matters set out in those Board Committee Charters are matters which the Board has specifically delegated to the Board Committees.

All other matters, including day to day responsibility for operation of the Group not specifically reserved to the Board or delegated to a Board committee are delegated to the CEO and the Executive Committee in accordance with the policies and directions as the

Board determines as appropriate.

8 RESPONSIBILITIES/TASKS OF THE BOARD

Strategy, annual budget and structure

- 8.1 Approve and monitor FAB's strategy and long term objectives ensuring alignment with the Group's risk appetite and the Group risk management framework;
- 8.2 Approve the annual budget of FAB;
- 8.3 Review financial performance in light of the strategy, long term objectives and budget of FAB ensuring that where necessary corrective action is taken; including approval for unbudgeted capital or operating expenses;
- 8.4 Approve FAB commencing operations in any new country or ceasing operations in any country;
- 8.5 Approve extension of FAB into areas of commercial activity not previously pursued by FAB;
- 8.6 Approve changes relating to capital structure of subsidiaries within FAB;
- 8.7 Approve material changes to FAB's corporate structure;
- 8.8 Oversee and approve material changes to FAB's internal organisational structure.

Financial reporting, Internal controls and risk management

- 8.9 Approve quarterly reports, interim management statements, any preliminary announcement of FAB's financial results;
- 8.10 Approve the annual report and accounts and approve the dividend policy and the distribution process;
- 8.11 Declare the interim dividend and recommend the final dividend to the General Assembly;
- 8.12 Approve any significant changes in accounting policies or practices;
- 8.13 Approve the risk management framework of FAB including approval of the process for new business and product risk assessment and ensure its sound application;
- 8.14 Approve FAB's internal control system, including financial control, compliance, and risk management and ensure their sound application;
- 8.15 Approve FAB's credit risk system and credit risk management approach and ensure their sound application;
- 8.16 Receive reports at least annually from senior management on the soundness and effectiveness of the internal control systems and risk management frameworks;
- 8.17 Receive reports from the Chair of the Board Audit Committee at least annually on the effectiveness and independence of the internal audit function;

- 8.18 Receive reports at least annually from senior management on the effectiveness of the Code of Conduct and whistle blowing procedures;
- 8.19 As required, receive regular reports from the Group Chief Risk Officer on all actual and anticipated material risks confronting FAB and its aggregate risk exposures, including updates from the Chair of the Board Risk & Compliance Committee, as appropriate;
- 8.20 Receive reports from senior management on the effectiveness of FAB information and communication systems;
- 8.21 Receive reports from senior management on material regulatory and legal developments;
- 8.22 Approve key policies including, but not limited to, Credit, Liquidity and the Internal Capital Adequacy Assessment process, Compliance and Financial Crime policies where responsibility for these policies has not been delegated to any of the Board Committees; and
- 8.23 Approve all major information technology projects that are essential for FAB's overall operations including but not limited to core systems, data centers and warehouses, financial modules and back office systems.

Contracts

- 8.24 Approve major capital projects of FAB including major investments, acquisitions and disposals;
- 8.25 Approve contracts which are material strategically or by reason of size, entered into by FAB in the ordinary course of business; and
- 8.26 Approve material contracts of FAB not in the ordinary course of business.

Board and Board Committees

- 8.27 Recommend to shareholders changes to the structure, size and composition of the Board, following recommendations from the Board Remuneration and Nomination Committee;
- 8.28 Elect the Chair and Vice- Chair of the Board;
- 8.29 evaluating, on a regular basis, the Board and its committees, and reviewing the size, composition and dynamics of the Board and its committees with a view to the effectiveness, contribution, skills and independence of the Board and its members; approving changes of membership and chairmanship of Board Committees; and
- 8.30 Review and if appropriate support the appointment, reappointment or removal of the external auditor being put to shareholders for approval, following the recommendation of the Audit Committee.

Succession Planning

- 8.31 Overseeing FAB's succession planning processes including the appointment, training, compensation and performance assessment of the Chair of the Board, Board committees chairs, independent directors, the Group CEO and other senior executives including the heads of the oversight functions, ensuring that appropriate succession plans are in place for these positions; and
- 8.32 Approving the contract of employment for the Group CEO, establishing annual performance expectations and corporate goals and objectives, monitoring progress against expectations and replacing the Group CEO as necessary.

Remuneration of directors

- 8.33 Recommend the level of Directors' remuneration to the General Assembly for consideration following recommendations from the Board Remuneration and Nomination Committee; and
- 8.34 Review Directors attendance fees' related to Board Committee membership, following recommendation from the Board Remuneration and Nomination Committee.

Corporate governance matters

- 8.35 Ensure that FAB has robust corporate governance policies and processes commensurate with its risk profile and systemic importance. This will involve, as required, review and approval of FAB's overall corporate governance policy and framework and arrangements based on recommendations from the Board Risk & Compliance Committee;
- 8.36 Setting the tone throughout FAB by establishing and communicating corporate culture and values through measures including, but not limited to, monitoring FAB's Code of Conduct, its Conflicts of Interest policy, whistleblowing policy mechanism, Insider Trading policy and establishing a strong control environment; and satisfying itself, to the extent feasible, that the Group Chief Executive Officer and other executive officers create a culture of integrity throughout the organization. This encompasses leadership on FAB's values and ethical standards including the Board's commitment to zero tolerance for bribery, fraud and corruption;
- 8.37 Responsibility for overseeing senior management, ensuring that the FAB's activities are carried out in a manner consistent with the business strategy, risk governance framework, compensation and other policies approved by the Board. Such oversight will include but not be limited to:
 - (a) Monitoring senior management's action to ensure that they are consistent with the strategic objectives and policies approved by the board and are aligned with its risk appetite;
 - (b) Meeting regularly with senior management;
 - (c) Critically reviewing and challenging expectations and information provided by senior management; Setting appropriate performance and compensation standards for senior management consistent with the long term strategic objectives and the financial soundness of FAB; and;

(d) Assessing whether senior management’s collective knowledge and expertise remain appropriate given the nature of the business and FAB’s risk profile.

- 8.38 Consider the balance of interests between shareholders, employees, customers and the community;
- 8.39 Provide effective challenge by testing management’s assumptions and using their knowledge and experience to explore alternative courses of action from an objective and independent standpoint;
- 8.40 Determine the independence of Directors in accordance with applicable laws and regulations such as SCA rules; UAE Central Bank guidelines; and international best practice;
- 8.41 Review of periodic reports from senior management on the effectiveness of the subsidiary governance framework embedded across FAB, including clarity of delegation of authority and accountability for ownership of control systems and the risk management framework;
- 8.42 Approve the process for ensuring appropriate dialogue with FAB shareholders and other stakeholders, and to ensure that their views are fully communicated to the Board as a whole;
- 8.43 Ensure that Credit facilities granted to Board Members comply with the requirements set out by the UAE Central Bank;
- 8.44 Consider and approve material changes to FAB’s Articles of Association as recommended by FAB’s Executive Management Committee and to comply with certain regulatory requirements;
- 8.45 Approve the Corporate Governance section in the Group annual report;
- 8.46 The Board will be notified of any unexpected or unusual trading in the FAB’s shares by any Board Director and consider that matter accordingly;
- 8.47 To oversee the development and maintenance of a productive relationship with FAB’s regulators; consider the impact of corporate governance regulations and standards set by CBUAE and SCA on FAB, and oversee the adoption of such regulations and standards as required; and
- 8.48 The Board must carry out annual assessments, alone or with the assistance of external experts, of the Board as a whole, its committees, and individual members.

Shari’ah Islamic Governance Matters

- 8.49 Ensure FAB Islamic Banking activities are run in accordance with the requirements of CBUAE and the Higher Shari’ah Authority. This will include oversight of the effective functioning of the Internal Shar’iah Supervision Committee (“ISSC”);
- 8.50 Appoint a qualified ISSC in accordance with the eligibility and competence requirements set out in the Central Bank of the UAE’s Islamic Standards;

- 8.51 Coordinate with the ISSC to ensure the development, approval and implementation of internal policies and framework related to the Islamic function across the Group;
- 8.52 Maintain effective communication with the ISSC; and
- 8.53 Refer to ISSC for all Shari'ah matters related to the Group Islamic activities, operations and Code of Conduct;

General meeting of shareholders and communication

- 8.54 Approve the Agenda and corresponding documentation to be put forward to shareholders at a General Assembly to ensure transparency with shareholders;
- 8.55 Approve all material proposals and communication to shareholders;
- 8.56 Approve all material press releases concerning matters decided by the Board; and
- 8.57 Recommend to shareholders any changes relating to FAB's capital structure, including reduction of capital, share issues, all other material capital raising activity and share buy backs;
- 8.58 Nominate appointments, and if appropriate recommend renewal of membership, of ISSC members to the Group General Assembly; and
- 8.59 Ensure that the annual report issued by the ISSC is submitted to the Higher Shari'ah Authority (HAS) at the CBUAE for review and approval before sharing it with the Group Shareholders at the General Assembly.

Consumer Protection

- 8.60 Raise awareness and emphasis on the increasing importance of consumer protection rights, which is an integral part of FAB's governance and corporate culture, by promoting positive institutional conduct, well-qualified staff, providing necessary training, ensuring appropriate organizational structure, clear policies, and procedures, and creating proper monitoring and controls mechanism.
- 8.61 Set the tone within the organization, with support from senior management or board management committees, on all consumer protection related policies within the bank in line with the CBUAE's Consumer Protection Regulation and Standards.
- 8.62 Ensure suitability, accessibility and successful implementation of consumer protection regulation and standards to all customers' categories within the bank, including Islamic finance business and vulnerable groups.
- 8.63 Receive reports annually or as and when required, from senior management or board management committees on the implementation's effectiveness and adherence of consumer protection displayed via customers' data, experiences and major complaints received for oversight and direction, of which, the Boards' response must be recorded.

- 8.64 Address any escalated decision from senior management or board management committees likely to have a material impact on FAB's customer portfolio with consumers best interest from any perspective including but not limited to financial, operational, strategic or reputation issues.

Other Matters

- 8.65 Approve the overall levels of insurance of the Group including Directors and Officers liability insurance.
- 8.66 Appointment (directly or through one of its Committees) of FAB external principal professional advisers.
- 8.67 Approve the making of charitable donations in accordance with FAB's Articles of Association.
- 8.68 Approve the prosecution, commencements, defense or settlement of litigations or any alternative dispute resolution mechanism for matters being material to the interest of FAB; and
- 8.69 Approve any decision likely to have a material impact on FAB from any perspective including but not limited to financial, operational, strategic or reputation issues.

9 CONFLICTS OF INTEREST

- 9.1 Directors should take all reasonable steps to avoid conflicts of interests as described in the Directors' Code of Conduct. As such a Director should disclose to the Chair or Vice Chair and the Secretary to the Board any personal interest in any transaction being proposed and which may conflict between the interests of FAB and the Director.
- 9.2 In such exceptional cases, the relevant Director must not participate in the Board discussion on such a transaction; may not vote on the transaction; and must not seek to influence the Board's decision in relation to the proposed transaction.
- 9.3 FAB recognises that its Directors hold senior positions with other organisations. To ensure that FAB is satisfied that potential conflicts of interest are identified and that each Director has sufficient time to devote to his responsibilities at FAB, each Director shall disclose every position he holds, paid and unpaid, in all other organisations to the Chair and to the Secretary to the Board. Directors should notify the Secretary to the Board of any changes to the positions they hold within a reasonable timeframe.
- 9.4 In addition, Directors are not permitted to:
- 9.4.1 Sit on the board of another bank or other UAE Public Joint Stock Company unless the FAB Board has given its specific approval and no conflict of interest is present; or
- 9.4.2 Hold more than five board positions in UAE Public Joint Stock Companies (PJSCs), including any PJSCs within the FAB Group. Subject to the specific approval of the FAB Board, a director may hold memberships in the board of one (1) bank in the UAE and up to four (4) banks outside the UAE.

10 REVIEW OF THE CHARTER

The Board Charter shall be reviewed on a yearly basis in conjunction with the Board, the Corporate Governance team and the Committee Secretary to reflect changes in laws and regulations.