



**Abu Dhabi Islamic Bank – Egypt**  
**Corporate governance annual report for listed companies**

**Corporate governance report**  
**Year 2023**

**Independent Assurance Report**  
**On Extent of Compliance with Corporate Governance Regulations**

**Attn. Messrs. Abu Dhabi Islamic Bank - Egypt "S.A.E."**  
**Attn. Messrs. Financial Regulatory Authority (FRA)**

**Introduction:**

We have tested the Governance Report prepared by the Management of **Abu Dhabi Islamic Bank - Egypt "S.A.E."** (ADIB) for the financial year ended 31 December 2023.

**Management's Responsibility**

The ADIB Management is responsible for preparation and presentation of its Governance Report according to the regulations issued by the Financial Regulatory Authority (FRA) and the Egyptian Corporate Governance Code issued by the Egyptian Institute of Directors, and the related laws and decrees, as stipulated in the first paragraph of the Governance Report. The Management's responsibility extends also to defining the non-compliance points and the justifications thereof.

**Independent Auditor's Responsibility**

Our responsibility is limited to testing the information stated in the Governance Report and providing a conclusion in light of the tests conducted. We have tested the Governance Report according to the Egyptian Standard for Assurance Tasks no. (3000) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This Standard requires compliance with the Professional Ethics including the Principle of Independency, as well as planning and performing our assurance process to get an Assurance that the Governance Report is free from any material misstatements.

The testing procedures mainly include obtaining evidences through observation and inquiries addressed to the officials in charge of preparing the Governance Report, as well as examining documents when appropriate.

We believe that the evidences we have obtained is sufficient and appropriate to provide a basis for our conclusion.

This report has been prepared for submission to the (FRA) based on the mandate of the ADIB Management, and not for any other purpose. Therefore, it should not be used for any purpose other than that for which it was prepared.

**Conclusion**

The Corporate Governance Report referred to above, expresses fairly and clearly in all its material aspects the extent of the bank's compliance with the Corporate Governance Rules during the financial year ended 31 December 2023 based on the regulations issued by the (FRA) and the Egyptian Corporate Governance Code issued by the Egyptian Institute of Directors, and the related laws and decrees.

Cairo, 14 February 2024

Auditor



Hoda Mostafa Shawki  
Mazars Mostafa Shawki





## General Assembly of the Bank

The General Assembly of the Bank is considered the supreme authority, representing all shareholders of the bank. They possess all powers as capital owners, and the law stipulates a legal quorum for its validity, which cannot be less than a certain threshold. Each shareholder has the right to attend the General Assembly of the Bank and vote on its resolutions.

The General Assembly comprises all shareholders, each according to their proportion of capital contribution. The assembly is managed in a manner that allows all shareholders to access the agenda, which includes all presented topics for expressing their opinions, whether to accept or adopt them. They have the freedom to express their views entirely, and all of this is documented in the minutes of the General Assembly meeting and a ledger that records all discussions and decisions during the meeting.

In 2023, shareholders were invited to attend the ordinary and extraordinary General Assembly meeting on March 21, 2023, following all pre-legal procedures and instructions from regulatory authorities. The meeting was notified in advance, and shareholders were informed through mail invitations. Additionally, invitations were sent to the Financial Regulatory Authority, the General Authority for Investment and Free Zones, the Egyptian Stock Exchange, and the Central Bank of Egypt. The invitation was also published on the trading screens of the Egyptian Stock Exchange. This was done through the following steps:

- Publishing the first and second notifications inviting shareholders in two widely circulated official newspapers.
- Distributing the agenda and related memoranda to the shareholders.
- Sending the invitation and its attachments to Financial Regulatory Authority & the Egyptian Stock Exchange & Misr of Central Clearing, Depository and Registry & the General Authority for Investment and Free Zones, the Central Bank of Egypt, and the bank's External auditors, in compliance with the provisions of Article 44 of the Abu Dhabi Islamic Bank - Egypt's bylaws.

### **Key decisions made during the General Assembly meeting held in 2023 include:**

- Approval of the auditors' report on the financial statements and closing accounts for the fiscal year ending on 31/12/2022.
- Informing the General Assembly of the Sharia Advisory and Supervision Board's report on the bank's activities for the fiscal year ending on 31/12/2022.
- Approval of the Board of Directors' report on the bank's business results for the fiscal year ending on 31/12/2022, as well as the governance report and the auditor's report commenting on it.
- Approval of the budget, income statement, and other financial statements for the fiscal year ending on 31/12/2022.
- Discharge of the members of the Board of Directors and absolution of their responsibility for all activities during the fiscal year ending on 31/12/2022.
- Appointment of members of the Board of Directors for a new term of three years, and the election of a member to represent individual shareholders, along with the approval of amendments to the composition of the Board of Directors during the period from 2020 to 2023.
- Approval of the disbursement of "two million one hundred and sixty-seven thousand Egyptian pounds" representing the donations disbursed through the Abu Dhabi Islamic Bank - Egypt Charity Foundation during 2022. Authorization was given to the Board of Directors to make donations for social purposes through the foundation within the limits of "thirty million Egyptian pounds" during the fiscal year ending on 31/12/2023.
- Distribution of a portion of the net profits realized in 2022 to employees and the Board of Directors, in accordance with the rules set by the Board of Directors, based on the distribution rules and percentages stipulated in Article "52" of the bank's bylaws.

## The Extraordinary General Assembly:

The Extraordinary General Assembly is specifically responsible for considering and deciding on matters that fall outside the jurisdiction of the Ordinary General Assembly, as stipulated by law, among other provisions. The Extraordinary General Assembly differs from the Ordinary General Assembly in terms of its legally prescribed jurisdiction to consider specific matters, issue resolutions, the legal quorum for attendance, and the voting percentage on the presented resolutions. However, other provisions and regulations apply equally to both assemblies.

In 2023, a call for the Extraordinary General Assembly meeting on March 21, 2023, following the same legal procedures, to consider and approve amendment of the text from Articles of association "39" and "40" of the bylaws of Abu Dhabi Islamic Bank - Egypt that allowing remote voting and attendance for the shareholders:

## Shareholders structure:

Shareholder Structure		
Shareholder of 5% and above		
Name	Current position	
	Shares	%
Abu Dhabi Islamic Bank is a public joint stock company	266,020,862.00	53.20%
Emirates International Investment Company LLC,	67,206,667.00	13.44%
RESPOND INVESTMENT LLC SOLE PROPRIETORSHIP LLC	25,972,671.00	5.19%
<b>Total</b>	<b>359,200,200</b>	<b>71.84%</b>

## Board of Directors:

The Board of Directors of Abu Dhabi Islamic Bank consists of qualified members eligible for board membership, ensuring diversity in skills, experiences, and knowledge. They possess a comprehensive understanding of the responsibilities of the board and the committees they participate in. Consideration has been given to having a board member representing the minority shareholders, and the board composition includes female representation to comply with directives for gender diversity.

Balancing executive and non-executive members in the board composition has been considered, with the majority of board members being non-executive. This ensures the board's ability to oversee the executive management.

The Board of Directors performs various tasks to maximize the institution's value and achieve the interests of shareholders while considering the rights of customers and other stakeholders. Some of these tasks include:

- Approving strategic directions and key objectives of the bank, overseeing their implementation, and ensuring their dissemination among bank employees.
- Approving the organizational structure, determining the power structure, and defining responsibilities within the bank.
- Selecting senior executives from the top management of the bank, supervising them, and considering the input of the CEO.
- Supervising and monitoring the performance of the senior management of the bank.
- Exercising oversight and control over the bank's operations, ensuring that the board's responsibilities do not involve executing operational tasks, as this falls within the purview of senior management.

## Board of Directors composition:

Name	Entity Represented	Number of shares owned by Entity/ Person	Joining Date	The date of CBE records	Executive/ Non-Executive / Independent
Khalifa Almheiri	Abu Dhabi Islamic Bank	266,020,862.00	20-3-2018	2018/6/14	Non-executive
Mohamed Aly	Abu Dhabi Islamic Bank	266,020,862.00	20-3-2018	2017/12/3	Executive
Heidi Kamal	Individuals Represented	10	22-3-2017	29-8-2016	Executive
Joseph Iskander	Emirates International Investment Company LLC,	67,206,667.00	2-5-2020	26-4-2020	Non-executive
Bassam El Hage	Abu Dhabi Islamic Bank	266,020,862.00	7-7-2020	19-7-2020	Non-executive
Rania Al Mashaat	Independent	-	31-7-2023	31-7-2023	Independent

- Resignation of Mr. Mohamed Al-Dahan on the Board of Directors ended on March 22, 2023, and his name was removed from the records of the Central Bank of Egypt on April 3, 2023.
- Dr. Rania El-Mashat's name was added to the records of the Central Bank as an independent member of the Board of Directors on July 31, 2023.
- Mr. Fareed El-Blbissi submitted his resignation on September 20, 2023, and his name was removed from the records of the Central Bank of Egypt on September 26, 2023.



The non-executive Chairman of the bank possesses the required expertise, personal characteristics, and qualities that qualify and enable him to fulfill his responsibilities, primarily ensuring the overall good performance of the board. His key responsibilities include guiding and directing the board, ensuring its effectiveness, and overseeing its performance. The Chairman's duties involve:

- Ensuring that decisions are made on a sound basis and with comprehensive knowledge of the subject, while ensuring the existence of suitable mechanisms to guarantee the effective implementation of those decisions in a timely manner, along with a proper follow-up process.
- Encouraging discussion, criticism, and expression of opposing opinions, discussing them in the decision-making process.
- Ensuring the board's commitment to accomplishing its tasks in a way that serves the bank's best interests, while avoiding conflicts of interest.
- Maintaining trust relationships among all board members, especially between executive and non-executive members, while reinforcing the overall relationship between the board and the bank's senior management.
- Ensuring the availability of sufficient and accurate information to board members and shareholders at the appropriate time.
- Verifying the effectiveness of the bank's applied governance system, as well as the effectiveness of the board's committees.
- Ensuring that all board members undergo self-assessment, covering the extent of their commitment to their duties and the necessary requirements for enhancing their competence.
- Calling for board meetings.

**Managing Director and CEO:**

Mr. Mohammed Ali, the Managing Director and CEO, is a banking executive with extensive international experience exceeding 30 years in the field of financial services and banking. He has held senior leadership positions in several banks in the Middle East. Some of the key responsibilities of the CEO include:

- Implementing the bank's annual strategy and plan as set and approved by the Board of Directors.
- Leading the bank's executive work, managing day-to-day operations, overseeing the functioning of all bank departments, monitoring performance across all activities, and making decisions to ensure smooth operations and goal achievement.
- Executing all policies, regulations, and internal systems of the bank approved by the Board of Directors.
- Proposing agenda items for periodic meetings of the Board of Directors in consultation with the Board Chairman.
- Overseeing the preparation of regular financial and non-financial reports on the bank's business results and performance evaluation, as well as the corporate governance report. Reviewing responses to audit inquiries before preparing these reports.
- Actively participating in building and fostering a culture of ethical values within the bank. Proposing reward systems, incentives, and monitoring mechanisms that the Board adopts to ensure employee loyalty and maximize the bank's value.
- Defining the roles and responsibilities of all bank employees in accordance with applicable work regulations and Board of Directors' decisions

**The Secretary of the Board of Directors:**

The Secretary of the Board of Directors at Abu Dhabi Islamic Bank is a highly competent employee with extensive knowledge and sufficient understanding of banking operations. Their role goes beyond recording the minutes of board meetings; they perform various coordination and organizational tasks to provide the Board with a suitable environment for carrying out its duties, including:



- The bank provides appropriate and necessary training for the Secretary to carry out their duties in accordance with international practices.



## Board committees:

### Formation of committees:

Name	Name of the committee				Executive/ Non-Executive/ Independent	Joining Date
	Audit Committee	Risk Committee	Remuneration Committee	Governance and Nominations Committee		
Khalifa Almheiri	member	president	member	member	Non-Executive	20-3-2018
Mohamed Aly		member			Executive	20-3-2018
Joseph Iskander	member		president	member	Non-Executive	2-5-2020
Bassam El Hage	president	member	member	president	Non-Executive	7-7-2020
Heidi Kamal					Executive	22-3-2017
Rania Al Mashaat					Independent	31-7-2023

### Attendance during the Year for Bard and committees:

Name	Board of Directors	Audit Committee	Risk Committee	Governance and Nominations Committee	Remuneration Committee
Khalifa Almheiri	6/6	1/4	4/4	1/2	4/4
Mohamed Aly	6/6		4/4		4/4
Farid Al-Belbisi	4/6	3/4	2/4	1/2	3/4
Joseph Iskander	6/6	3/4	4/4	1/2	4/4
Bassam El Hage	6/6	4/4	4/4	2/2	1/4
Heidi Kamal	6/6		4/4		
Mohamed Al-Dahan	2/6	1/4	1/4	1/2	
Rania Al Mashaat	3/6				

### Note:

- All meetings in 2023 were conducted through physical attendance, in accordance with the decisions of the Central Bank and the Financial Regulatory Authority.

### Audit Committee:

The Audit Committee has executed the assigned tasks in accordance with its approved charter. It fulfilled its supervisory responsibilities with a focus on financial reports, the internal control system unit within the bank, internal audit operations, the performance evaluation of auditors, and the bank's compliance with regulations, laws, and the professional code of conduct.

The committee consists of non-executive members, with the permanent attendance of the heads of Compliance and Internal Audit departments in the bank as invited members, in addition to the presence of the auditors. The latest formation of the committee is as follows:

Name	Title in Audit committee
Mr. Bassam Hagge	Non-executive board member and Chairman committee
Mr. Khalifa Almeheiri	Non-executive board member and committee member
Mr. Joseph Iskandar	Non-executive board member and committee member

**The Audit Committee held four meetings during the year 2023. The following are the key decisions and recommendations:**

1. Recommendation to approve the annual report of the Audit Committee for the year 2022 and present it to the Board of Directors.
2. Recommendation to approve the annual report on the bank's activities in combating money laundering and terrorism financing for the year ending in December 2022.
3. Recommendation to renew the appointment of Price Waterhouse Coopers (PwC) and Mazars as auditors for the bank for the year 2023, with a specified increase in fees, subject to approval by the Board of Directors.
4. Approval of the audit plan for the Internal Audit and Risk Review sector for the year 2023.
5. Recommendation to approve amendments to the Audit Committee charter and submit it to the Board of Directors.
6. Approval of policies related to compliance and corporate governance (Financial Crime and Compliance Policy, Financial Crime and Compliance Risk Assessment, Financial Crime and Compliance Risk Appetite).
7. Separation of the Sharia Review Unit and Fraud Investigations Unit from the Audit Management to align with the organizational structure of the headquarters.
8. Gradual elimination of auditors' distribution across departments in the Internal Audit sector, transitioning to a selected group of internal auditors for each review process to enhance efficiency.
9. Approval of the Internal Audit Management strategy and updated procedures.
10. Adoption of the audit plan for the Internal Audit sector for the year 2024.

### Risk Committee:

The Risk Committee consists of executive and non-executive members of the board, with the Head of Risk Management attending its meetings as the committee secretary. Members of the Board who are not part of the committee may be invited to attend some of its meetings due to the importance of the matters presented and discussed in the meetings. The latest approved composition includes the following members:

Name	Title in Risk Committee
Mr. Khalifa Almeheiri	Non-executive board member and Chairman of the Committee
Mr Mohamed Aly	CEO, Managing Director and Committee Member
Mr. Bassam Hagge	Non-executive board member and committee member
Heidi Kamal	Member of the Executive Board of Directors and Secretary of the Committee

**The Risk Committee carries out its tasks in accordance with the Egyptian Central Bank Law, the governance rules issued by the Egyptian Central Bank, and its charter. The committee's main tasks include:**

- Monitoring the functions of the bank's risk management, ensuring compliance with the strategies and policies through reports from the risk management department. The committee regularly submits reports to the board.
- Providing opinions on reports regarding the classification of the bank's financing and credit facilities for customers, proposing allocations, and evaluating contributions to the capital of companies, presenting them to the board.
- Proposing strategies and policies for the bank's risk management, including capital, liquidity, credit, market, operational, compliance, reputation risks, and any other risks. The board approves and endorses them after making necessary modifications.

The committee met four times in 2023, discussing detailed reports on credit, market, and operational risks. Key recommendations included presenting and endorsing updates on the corporate credit portfolio and retail banking sector.



### Governance and Nominations Committee:

This committee comprises three members, with the Head of Compliance and Governance Sector serving as the committee secretary. The latest approved composition includes:

Name	Title in The Governance and Nominations Committee
Mr. Bassam Hagge	Non-executive board member and Chairman of the Committee
Mr. Khalifa Almeheiri	Non-executive board member and committee member
Mr. Joseph Iskandar	Non-executive board member and committee member

The Governance and Nominations Committee met twice during 2023, and the committee executes the following responsibilities and duties as outlined in its charter. Some of the key functions of the committee include:

- Periodic assessment of the bank's governance system.
- Proposing suitable changes to governance policies approved by the board.
- Compiling a periodic report on the bank's governance as a whole.
- Reviewing the bank's annual report, particularly with regard to disclosure and other governance-related items.
- Studying observations from the Central Bank of Egypt inspection regarding the governance system and taking them into account.
- Recording, documenting, and monitoring performance evaluation reports of the board.
- Providing recommendations regarding the nomination of independent members and suggesting appointments, renewals, or removals of any board members.

Key decisions and recommendations of the Governance and Nominations Committee for the year 2023 include:

- Recommending approval of the annual governance report for 2022.
- Presenting a summary of the results of the annual evaluation of the board members.
- Recommending approval of amendments to the Board of Directors' charter.
- Along with other items discussed in accordance with the committee meeting minutes.



### Salaries and Remuneration Committee:

The Compensation and Rewards Committee consists of three non-executive members, with one individual from the Human Resources sector being assigned as the committee secretary. The latest approved composition includes the following members:

Name	Title in The Salaries and Remuneration Committee
Mr. Joseph Iskandar	Non-executive board member and Chairman of the Committee
Mr. Khalifa Almeheiri	Non-executive board member and committee member
Mr. Bassam Hagge	Non-executive board member and committee member

The Committee met four times during 2023 and is responsible for executing various tasks, including:

- Recommending to the Board allowances for attending board and committee meetings for the bank and its subsidiaries, as needed.
- Recommending to the Board the annual bonus pool when it exceeds the approved budget. If within the approved budget, the committee has the authority to approve the annual bonus pool and inform the Board.
- Analyzing the salary levels granted by the bank, comparing them with other banks, to ensure the bank's ability to attract the best talent. The committee ensures that no member of the executive or related management participates in determining their own allowances.

Key decisions made by the committee during the year include:

- Approval of the proposal from the Human Resources sector regarding profit distribution for the year 2022.
- Approval of the general principles of the Human Resources proposal regarding annual increases for 2023.
- Amendment of the date of the annual increase for employees.
- Approval of the preliminary proposal for profit distribution in 2023.



### Management Committees:

Management committees assist the CEO in monitoring and directing bank operations. Multiple internal committees have been formed, composed of members from various departments with the required expertise. These committees regularly meet to review their activities and monitor emerging tasks.

The most important of these committees include the Executive Committee, the Assets and Liabilities Committee, the Human Resources Committee, the Appeals Committee, the Policies Committee, the Information Technology Committee, the Investment Management Committee, the Operations Committee, the Operational Risk Control Committee, the Assets and Liabilities Committee, the Provisions Committee, and the Procurement Committee, in addition to others.

**Executive Committee:**

**Abu Dhabi Islamic Bank has an Executive Committee that includes senior executives from the bank to enrich discussions and make appropriate decisions. The latest approved composition includes the following members:**

Name	Occupation
<b>Mohamed Aly</b>	<b>CEO, Managing Director and Chairman of the Committee</b>
Ahmed Barakat	Head of the Information Security Sector
<b>Mohamed Elsayed Mohamed Mansour</b>	<b>Head of Corporate Banking</b>
Heidi Ahmed Kamal	Chief Risk Officer
<b>Amr Sanad Ali Sanad Gendy</b>	<b>Head of Consumer Banking</b>
Sameh Hassan Ibrahim Mohamed Khalil	Head of Investments, Microfinance & Investor Relations
<b>Mohamed Ahmed Mohamed Shawky</b>	<b>Chief Financial Officer</b>
Amr Ali Adham Ibrahim	Head of Global Markets
<b>Mohamed Abdelrehim Ahmed Elmasry</b>	<b>Head of Operations</b>
Ali Mohamed Salem Mostafa	Head of Consumer Risk
<b>Ahmed Mohamed Tawfik Mohamed</b>	<b>Head of SMEs &amp; BB Credit Risk Management</b>
Mohamed Ahmed Abdellaif Beshara	Head of SME's and Business Banking
<b>Ahmed Mohamed Ahmed Ahmed El Madany</b>	<b>Head of Human Resources and Organization</b>
Tamer Mohamed Abdelmoneim Shaheen	Head of Treasury and Financial Markets
Hatem Reda El Demerdash	Chief Executive Officer & Managing Director, ADIB Capital
Rafik Guirgus Matta Elraheb	Chief Information Officer
Mohamed Amiri	Chief Executive Officer & Managing Directorate Finance
Ahmed Mohamed Seif Eldin Farahat	Head of Internal Audit
<b>Karine Sherif El Semin</b>	<b>Secretary of the Committee</b>

**The committee executes its responsibilities and duties as outlined in its charter, considers the following:**

- Supervising the executive management of the bank, monitoring its performance, holding it accountable, and obtaining a clear explanation and clarification for accountability matters. All members have access to material and important information in a timely manner to evaluate the management's performance.
- Regularly meeting with senior management and the internal audit department of the bank to review and discuss existing policies and monitor progress in implementing the bank's strategic objectives.
- Overseeing and managing any potential conflicts of interest in the bank's management, including misuse of the bank's assets and exploitation of related party transactions.



**Below are some other Management committees in the bank:**

**ALCO Committee:**

Main objective	Members
<ul style="list-style-type: none"> <li>Comprehensive management of the assets and liabilities of Abu Dhabi Islamic Bank - Egypt in the short and long term.</li> <li>Development/approval of policies, limits, emergency plans, and guidelines through which asset and liability management strategies are implemented.</li> <li>Review of the general budget structure.</li> <li>Review of contingency plans.</li> <li>Review of the capital adequacy standard.</li> <li>Management of finance and liquidity.</li> <li>Development of pricing guidelines and management of the expected profit rate.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Executive Officer – Committee Chairman</li> <li>Chief Risk Officer</li> <li>Chief Financial Officer</li> <li>Head of Treasury.</li> <li>Head of Corporate Banking</li> <li>Head of Retail Banking</li> <li>Head of Market Risks</li> </ul>

It is permissible to invite the rest of the sector heads to participate as non-voting members.

**Provision Committee:**

Main objective	Members
<p>The committee reviews the following:</p> <ul style="list-style-type: none"> <li>Total provisions</li> <li>Provisions for financing losses and contingent liabilities</li> <li>Provisions by portfolio type</li> <li>Tax provisions</li> <li>Legal provisions</li> </ul>	<ul style="list-style-type: none"> <li>CEO – Committee Chairman</li> <li>CFO</li> <li>Chief Risk Officer</li> <li>Head of Corporate Sector</li> <li>Head of Non-Performing Debt Unit</li> <li>Head of Retail Banking Risk</li> <li>Financial controller</li> <li>Head of Legal Department</li> </ul>

**Internal Sharia Supervisory Committee in Egypt**

The committee is an independent entity from the board and its administrative apparatus, consisting of scholars specialized in the jurisprudence of financial transactions and Islamic banking. Committee members are appointed by the bank's general assembly upon the nomination of the board of directors.

The committee's tasks include issuing fatwas related to the bank's activities, ensuring compliance with Islamic principles, and presenting an annual report to the board of directors summarizing its opinion on the bank's Sharia compliance. This report is presented along with the audit committee's report at the general assembly meetings and is published with the annual financial statements, also appearing in the bank's annual financial report.

**The committee is composed of:**

- Dr. Nazam Ya'qubi: Chairman
- Dr. Mohammed Najib Awadine: Committee Member
- Dr. Mohammed Abdul Hakim Zaa'ir: Committee Member
- Dr. Osama Al-Sayed Al-Azhari: Committee Member

**The Sharia committee held four meetings during 2023, and the key decisions and recommendations made during these meetings include:**

1. Approval of the executive committee's mechanism for distributing profits under settlement in investment agency sukuk.
2. Approval of the executive committee's decision to adopt documents related to offering the commodity Murabaha product to customers of Abu Dhabi Islamic Bank for Consumer Finance (ADI-CF).
3. Issuance of the Sharia certificate for the bank for the year 2022, with authorization for representatives of the Sharia administration to recite it at the bank's general assembly meeting.
4. Approval of the executive committee's consent to Islamic alternatives for forward exchange operations and foreign currency options.
5. Approval of the executive committee's consent to the framework agreement for Islamic alternatives to financial derivatives.
6. Trading of preferential rights.
7. Approval of the contracts of Abu Dhabi Islamic Finance Company ADIMF, following approval from the central Sharia oversight committee affiliated with the Financial Regulatory Authority FRA.
8. Presentation of developments in the application of the Sharia governance standard issued by the UAE Central Bank.

## **Entity level Control:**

### **Internal Control System**

This system encompasses the mechanisms through which the continuous monitoring and review of all activities and operations of the bank are carried out by the Board of Directors, senior management, and all committees established within the bank, including all employees at various levels, considering them as integral parts of the bank's internal control system.

The Audit Committee discusses any specific events related to the risks of internal control raised by the Internal Audit and Risk Review Management. Moreover, it addresses significant events related to internal control management, operational risks, and important customer complaints.

The committee provides multiple recommendations and decisions to enhance internal control. The implementation of these recommendations is periodically monitored in coordination with the head of the audit department.

### **Internal Audit Management:**

The purpose of the Internal Audit sector at Abu Dhabi Islamic Bank - Egypt is to provide independent, objective confirmations and advisory services designed to add value and improve the bank's operations. The mission of the Internal Audit and Risk Review Management is to enhance and safeguard the bank's value by providing objective, risk-based confirmations and new insights. The Internal Audit and Risk Review Management assist the bank in achieving its objectives by offering a practical and organized approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

The head of the Internal Audit sector supervises internal auditing, with the sector reporting directly to the Audit Committee to ensure independence and neutrality. Below are the key tasks of the Internal Audit sector:



Role	Scope	Permanent Internal audit or external audit.	Internal Or External Auditor	Reports Frequency
<b>Internal Control</b>	It works to provide the management with independent means to monitor and evaluate the internal control environment in the bank, with a particular focus on significant risks, including fraud risks.	Permanent Dept.	Internal Audit Department	<ul style="list-style-type: none"> <li>Continuously through branch and department review reports</li> <li>Quarterly reports submitted to the audit committee</li> </ul>
<b>Financial safety</b>	Providing the Board of Directors through the Audit Committee with means that provide reasonable assurances about the accuracy and credibility of the bank's financial data. Reviewing a sample of the financial data as well as the reports submitted to the central bank quarterly before the issuance of financial statements.	Permanent Dept.	Internal Audit Department	<ul style="list-style-type: none"> <li>Quarterly reports submitted to the audit committee.</li> </ul>
<b>Special audits</b>	Providing the management with independent means to study and review specific activities and conduct investigations as a result of violations or wrongful acts, whether internal or external.	Permanent Dept.	Internal Audit Department	<ul style="list-style-type: none"> <li>Continuously through branch and department review reports.</li> <li>Quarterly reports submitted to the audit committee.</li> </ul>
<b>Cost Control</b>	Identifying opportunities to reduce costs and presenting recommendations to the management for necessary actions.	Permanent Dept.	Internal Audit Department	<ul style="list-style-type: none"> <li>Continuously through branch and department review reports.</li> <li>Quarterly reports submitted to the audit committee.</li> </ul>

## **Risk Management:**

Risk management is an independent function that reports to the Risk Committee. The Risk Management is responsible for adopting policies and systems that define various factors directly or indirectly affecting the credit facilities provided to customers of Abu Dhabi Islamic Bank - Egypt. This includes determining the maximum acceptable risks and methods for dealing with them, with the approval of authorized parties for these risks. Policies and procedures for credit granting and monitoring are directed by the Credit Policies Committee (CPC).

Therefore, the management studies bank customers based on traditional credit criteria, which are an integral part of the credit policy in place. In this regard, the first step in this process is to identify and study the sectors operating in the Egyptian market to determine the targeted sectors and then select sectors with potential growth opportunities in the coming years. The second step involves studying non-targeted business sectors, and finally, identifying sectors that should not be dealt with.

The acceptable criteria at the individual customer level are determined by studying the number of companies operating in these sectors. This helps establish the basic criteria that must be met by customers and debtors.

The bank's Risk Management is responsible for identifying, measuring, monitoring, and controlling the bank's exposure to risks. Additionally, it evaluates the portfolio's strategy and prepares reports covering all types of risks at the bank level, whether at the group level or at the level of each portfolio or activity. This includes considering the degree/probability of interaction between different risks, such as the interaction between credit and market risks or between credit and operational risks, in line with the overall acceptable level of risks set by the Board of Directors.

## **Compliance and Governance Management:**

The bank's compliance management is knowledgeable about the risks of compliance, which involve the potential exposure to financial losses or anything that may affect the bank's reputation. The purpose of compliance and governance management is to assist in strengthening and establishing governance principles, monitoring their implementation, and increasing their effectiveness.

Compliance and governance management reports to the Audit Committee to ensure its neutrality and provide it with more independence. The key tasks of compliance and governance management include:

- Ensuring the necessity of having a permanent and effective compliance function.
- Monitoring the availability of principles and essential elements that help develop and improve the bank's performance in line with the strategic objectives set by the Board of Directors.
- Monitoring the application of the principles of disclosure and transparency and the governance culture in all bank activities.
- Improving and developing the general framework and working principles of the bank through a code of professional conduct, defining its social responsibility towards employees and the community.
- Monitoring the implementation of the conflict of interest policy for all bank employees.
- Working on applying the principles of transparency, clarity, and fairness in dealing with all stakeholders.



### External Auditors:

The bank appoints External auditors who meet the conditions stipulated in the law of practicing the profession of accounting and auditing, including competence, reputation, and sufficient experience. The General Assembly, based on the nomination of the Board of Directors and after the recommendation of the Audit Committee, appoints auditors. The decision to appoint them and determine their fees falls within the competence of the Ordinary General Assembly of the bank.

The bank follows the following procedure when appointing its auditors, ensuring their independence in performing their duties:

1. The Audit Committee discusses the curriculum vitae of independent auditors who meet the conditions stipulated in the law of practicing the profession of accounting and auditing. Two auditors are then nominated, and a proposal is submitted to the Board of Directors for approval.
2. The Board of Directors discusses the decision, and if approved, it is submitted to the Ordinary General Assembly for ratification.
3. The Ordinary General Assembly approves the appointment of auditors and determines their fees.

The Audit Committee discusses the auditors' findings, if any, as well as the management's response to these findings, and monitors the implementation of corrective actions if required. The Audit Committee also meets with the auditors or their representatives in the absence of the bank's management to discuss their report and the extent of their independence in performing their duties.

### Disclosure and Transparency

The bank adheres to disclosure according to regulatory rules and professional standards. The bank outlines how disclosure is made through various means of financial information that concerns shareholders and stakeholders, such as its annual and periodic financial statements, annual and periodic audit reports, as well as the Board of Directors' report, accounting policies, budget estimates, asset valuation methods, and profit distributions.

The bank provides multiple ways and communication channels for information exchange, such as annual reports, the bank's website, online social media platforms, and reports directed to regulatory authorities. The bank discloses the following information:

- The structure and composition of the bank's Board of Directors.
- The responsibilities, experiences, and qualifications of the board.
- Ownership structure of the bank.
- Organizational structure of the bank, including the overall structure of functions, business sectors, subsidiaries, joint ventures, and board committees.
- Code of conduct for work ethics and information confidentiality policies at the bank.
- Bank policies regarding conflicts of interest, dealings with insiders, and transactions with related parties.
- Bank policy regarding governance practices.
- Bank policies regarding salaries and benefits, including disclosure of the total value received by the top twenty recipients of rewards and salaries in the bank collectively. This includes salaries, allowances, fringe benefits, incentive stocks, and any other financial nature elements.
- Policies related to the bank's social responsibility and associated actions.

## Internal Information, including the company's objectives, vision, nature of its activities, company plans, and future strategy:

The bank is committed to publishing a clear summary of the Board of Directors' report, annual financial statements, supplementary notes, audit reports, and the Financial Supervisory Authority's comments (if any). All of these should be presented in a clear font, in two widely circulated Egyptian daily newspapers, both in Arabic, at least twenty-one days before the General Assembly meeting. It is not permissible to convene the General Assembly to approve the financial statements before delivering them compliantly to the Financial Supervisory Authority and the Stock Exchange management. This publication should include both the independent and consolidated financial statements.

If the bank's General Assembly makes any amendments to those statements, the bank is obliged to publish a statement on those amendments and the amended financial statements within a week of the General Assembly's approval, in the same two newspapers. Quarterly financial statements and associated reports, as mentioned above, should be published on the stock exchange's website for at least three days. The stock exchange should be notified within a week of completing their preparation.

### The bank's contribution percentage to subsidiary and sister companies on December 31, 2023:

Sr.	Company Name	Type	No. of shares	Bank Share
1	ADIB – Holding	Subsidiary	4,980,000	99.60%
2	ADI Finance	Subsidiary	29,597,768	98.66%
3	ADI Consumer Finance	Subsidiary	98,000,000	98.00%
4	ADIB Invest	Subsidiary	4,900,000	98.00%
5	ADI Micro-Finance	Subsidiary	2,450,000	98.00%
6	ADI – Taskeek	Subsidiary	980,000	98.00%
7	ADIB – Capital	Subsidiary	4,875,000	92.86%
8	Cairo Investment	Subsidiary	6,798,611	64.75%
9	ENTAD	Subsidiary	1,875,631	40.00%
10	ADIB Properties	Subsidiary	12,500	5.00%
11	Orient Insurance -Takaful	Associate	5,000,000	20.00%

### Transactions with Related Parties and Netting Contracts.

According to the latest Ordinary General Assembly of our bank, it did not include prior authorization to enter into netting contracts with subsidiaries and Associate companies during the fiscal year 2023.

### Violations and judgments issued against the company during the year are detailed in the following table.

Sr.	judgments, violations, and fines imposed on the company during the year	Disclosure
1	There were no fines related to violations of the Capital Market Law, its executive regulations, or the listing rules during the year.	There are none.
2	There is a total of 58 lawsuits filed against the bank, including claims from customers and labor-related lawsuits, seeking a total amount of approximately 38 million Egyptian pounds. These claims cover various aspects such as compensation, leave balances, notice periods, and salary differentials.	There are 35 judgments against our bank with a total amount of approximately 4.15 million Egyptian Pounds (four million one hundred and fifty thousand pounds), including labor lawsuits and compensations.
3	No violations or fines related to the Egyptian Central Bank law and its executive regulations, or to governance rules, have been imposed during the year.	There are none.







### Year-End Achievements (2023):

The efforts exerted throughout the year 2023 have been recognized with several awards from international institutions. The following is a list of awards received by Abu Dhabi Islamic Bank - Egypt during 2023:

1. **Best Islamic Bank - Egypt 2023**
  - o *Global Economics Magazine*
2. **Best Bank for Small and Medium Enterprises - Egypt 2023**
  - o *Global Economics Magazine*
3. **Deal of the Year - Africa - Islamic Finance (Murabaha for Swedbank Egypt worth EGP 3 billion)**
  - o *The Banker*
4. **Most Innovative Online Banking Services in Egypt 2023**
  - o *International Business Magazine 2023*
5. **Best Islamic Bank in Egypt**
  - o *International Business Magazine 2023*
6. **Best Islamic Financial Institution**
  - o *Global Finance - Islamic Finance Award*
7. **Best Adaptive Mobile Banking Platform - Egypt**
  - o *Global Finance - Digital Bank Awards*
8. **Best Open Banking API Interfaces - Egypt**
  - o *Global Finance - Digital Bank Awards*
9. **Best Commercial Finance Services**
  - o *Global Finance - Digital Bank Awards*
10. **Best Digital Islamic Bank in Egypt 2023**
  - o *Global Finance - Digital Bank Awards*
11. **Best Islamic Bank - Egypt 2023**
  - o *Cosmopolitan Daily Business Magazine 2023*
12. **Best Bank for Small and Medium Enterprises - Egypt 2023**
  - o *Business Review International Magazine*
13. **Best Islamic Financial Institution in Egypt 2023**
  - o *Business Review International Magazine*
14. **Best Sharia-Compliant Banking Solutions in Egypt 2023**
  - o *Business Review International Magazine*
15. **Best Islamic Bank - Egypt 2023**
  - o *International Finance Magazine*
16. **Most Innovative Islamic Digital Banks - Egypt**
  - o *International Finance Magazine 2023*
17. **Best Leading Islamic Banks in Egypt 2023**
  - o *World Business Stars Magazine - United Kingdom*
18. **Easiest-to-Use Internet Bank in Egypt 2023**
  - o *World Business Stars Magazine - United Kingdom*
19. **Best Islamic Local Currency Deal: Sharia-Compliant Financing for Sweidy Electric worth EGP 300 million**
  - o *Euromoney Islamic Finance Awards 2023*
20. **Best Technology Service in Egypt**
  - o *Euromoney Cash Management Survey 2023*
21. **Fastest Growing Investment Bank - Egypt 2023**
  - o *Global Business Out Look*
22. **Most Innovative Islamic Corporate Financing in Egypt 2023**
  - o *Global Business Out Look*
23. **Best Islamic Financial Institution**
  - o *World Business Out Look*
24. **Best Islamic Bank for Small and Medium Enterprises**
  - o *Global Brands Magazine*
25. **Best Islamic Bank**
  - o *Global Business Magazine*



26. **Top 50 Listed Companies in Egypt**
  - *Forbes Middle East Magazine*
27. **Best Islamic Retail Banking Services for 2023**
  - *Islamic Retail Banking Awards (IRBA)*
28. **Best Sharia-Compliant Banking Solutions in Egypt 2023**
  - *Brands Review Magazine*
29. **Best Bank for Treasury Services in Egypt 2023**
  - *Brands Review Magazine*
30. **Best Islamic Car Financing - Egypt 2023**
  - *World Business Achievers*
31. **Best Islamic Bank - Egypt 2023**
  - *World Business Achievers*
32. **Best Sharia-Compliant Bank - Egypt 2023**
  - *World Business Achievers*
33. **Leadership in Social Responsibility**
  - *Euromoney*
34. **Leadership in Small and Medium Enterprises**
  - *Euromoney*
35. **Leadership in Digital Solutions**
  - *Euromoney*
36. **Leadership in Corporate Financing**
  - *Euromoney*
37. **ADIB Capital: Leading Investments in the Egyptian Market**
  - *Euromoney*

These awards reflect the bank's outstanding performance, innovation, and commitment to excellence in various financial and banking sectors.

Receiving these prestigious awards is considered a testament to the deserving recognition of Abu Dhabi Islamic Bank - Egypt, gaining the trust of reputable international financial entities. It is the result of dedicated work to achieve strong results in the field of financial services and products, providing an array of innovative solutions that have been warmly welcomed and widely embraced by the bank's clients. These solutions meet their banking aspirations and align with their needs, reflecting our continuous commitment to our customers. This commitment drives us to strive and continue delivering new services and products, especially in the realm of electronic and digital payments, contributing to providing a comprehensive banking experience filled with distinctive advantages for our clients.

## **Codes of Ethics and Policies:**

### **Code of Ethics and Professional Conduct**

The Code of Ethics and Professional Conduct encompasses a set of values that regulate and organize the rules of professional behavior. It includes values such as integrity, equality, conflict of interest, and others. This professional code at the bank serves as a general framework for dealing with various situations, such as gifts, favoritism, disclosure of insider information, private and sideline businesses, dealings with external suppliers, financing operations for employees' relatives, social and partisan activities, as well as transactions involving senior management and board members. Clear guidelines have been established in accordance with relevant laws such as the Egyptian Central Bank Law, Capital Market Law, Companies Law, and the bank's bylaws.

### **Conflict of Interest Policy**

Abu Dhabi Islamic Bank - Egypt has a set of principles and guidelines that constitute the overall framework for the Conflict of Interest Policy. This falls under the concept of governance and rules for streamlining administrative work and corporate governance, which must be adhered to in order to strengthen the foundations of professional integrity and transparency. This policy aims to establish strict controls for conflicts of interest in the dealings of employees, senior management, and the bank's board of directors.

### **Whistleblowing Policy**

The bank has a dedicated Whistleblowing Policy endorsed by the board of directors. The Whistleblowing Policy aims to enhance the transparency system within the bank and among its employees. It fights corruption, violations, unethical practices, and intentional dereliction of duties and related violations. This policy encourages reporting of any unethical behavior or misconduct.

### **Business Continuity Plan (BCP)**

The bank has implemented a policy to ensure business continuity in emergency situations (BCP). This plan is activated in case of any obstacles preventing normal operations. The bank has conducted necessary tests by simulating emergency conditions, confirming the effectiveness of the established policy. Alternative equipped locations have been provided to ensure the continuity of essential functions without interruption, and a contingency plan has been devised for support functions. Additionally, the bank has adhered to the directives of the Central Bank of Egypt, addressing potential fallout from events and implementing continuous security instructions to counter any unforeseen and unexpected events during the current period, within the framework of precautionary measures.

### **Sustainability**

Abu Dhabi Islamic Bank - Egypt focuses on protecting the environment and the surrounding community. The bank recognizes that sustainability is integral to its growth, and financial growth should be coupled with sustainability practices for a better future. The bank engages in various local and global initiatives to achieve the collective goal of meeting global standards and building a long-term culture.

At Abu Dhabi Islamic Bank - Egypt, we believe that we play a role in ensuring a better future for the next generations. The greatest challenge facing the current generation is addressing climate change, and finance plays a crucial role in facilitating the transition to a low-carbon economy. This involves reducing carbon emissions from our own operations and offering products and services that help our customers reduce their carbon footprint.

As a responsible member of the Egyptian community, we believe that "our community is our future." Therefore, we strive to be a supportive pillar in its development, taking pride in actively contributing to building bridges toward a brighter and healthier future. Abu Dhabi Islamic Bank - Egypt invests in community development projects to create sustainable communities through the activities and efforts of the Abu Dhabi Islamic Bank - Egypt Foundation and other social initiatives aimed at enhancing society.



### Main shareholders Transactions on shares during the year

Sr.	Name	Beginning Balance	Capital increase during the year	Additions	Disposals	Ending Balance
1	<b>Abu Dhabi Islamic Bank</b>	210,429,074	52,639,060	2,952,728	-	266,020,862
2	<b>Emirates International Investment Company LLC</b>	56,127,516	14,031,879	-	(2,952,728)	67,206,667
3	<b>Respond Investment LC</b>	30,400,000	7,631,792	-	(12,059,121)	25,972,671

### Social and Environmental Responsibility Policy

In line with the bank's commitment to serving its community and as part of its efforts to maintain a leading role in the field of social responsibility, the bank provides essential services in the areas of education, health, and social and humanitarian affairs. Opportunities are also provided for bank employees to contribute to various community activities, such as implementing "Injaz Egypt" programs in government schools and universities, collaborating with charitable institutions for Ramadan box preparation and distribution, in addition to numerous volunteer activities that benefit our society.

During the year 2023, the bank made donations and signed the following protocols through Abu Dhabi Islamic Bank - Egypt - Charity Foundation:

Amount in EGP	Beneficiary		Purpose
	Name	No.	
400,400	Orman Association	1,100 box	Distributing Ramadan food boxes to the neediest families
100,000	The Social Solidarity Association in Qena	50 orphans	Contributing to Marriage cost of 50 girls (orphans and those with limited income)
1,000,000	Al-Galala University	Minimum 500 Student annually	Establishing and equipping two computer labs for the service of university students from various academic stages at the College
1,486,000	New Baheyah Zayed Hospital	500,000 women annually	Sponsoring a single accommodation room (including construction and full setup) to receive and treat cases of women affected by breast cancer at all stages of treatment, including early detection, surgery, chemotherapy, radiation therapy, and psychological rehabilitation, all provided free of charge.
5,180,000	South Valley University (Healthy Foot Campaign)	Approximately 4,320 annual check-ups and treatment for 1,152 affected cases	Establishment and equipping of two rooms within the South Valley University to receive cases for the examination of diabetic foot patients, treat affected cases, and follow up until complete recovery. The execution will be carried out through the Good Makers for Development Foundation as an implementing partner.
1,376,000	Our Hands Together Association for Rehabilitation	In this initiative, 115 children	Initiative to manufacture and install 115 artificial limbs using 3D technology for 115 children from various governorates in Egypt. Follow-up on cases after installation and providing necessary psychological support, along with periodic maintenance for the prosthetics over the following years of use.






2,250,000	Cancer Center in Fayoum	Annually, 500 cases, increasing in the following years	Purchase of a thermos-frequency surgical device for the treatment of metastatic cancer patients.
900,000	Karemat Al Ola Foundation	From 5000 to 7000 individuals annually,	Establishment and equipping of 3 water desalination stations in each of the Fayoum, Minya, and Kafr El-Sheikh governorates, as they are the most affected by kidney failure diseases and require water purification from their source before reaching homes.
765,182	Zewail University	According to the social case study of students, there are 16 students who are financially incapable.	Sponsorship of tuition fees for the final and pre-final academic years, as well as accommodation for the expatriate students among these students, based on the social case study that was conducted. This sponsorship takes into account changes in their social and financial circumstances during their previous years of study, and it continues annually as long as they achieve a good academic performance despite these circumstances.

## Governance Practices Disclosure Report:

This report has been prepared to illustrate the actual implementation of governance rules. Abu Dhabi Islamic Bank - Egypt is committed to applying disclosure and transparency regarding essential information that may concern shareholders and other relevant parties. It adheres to the values and principles of the bank in enhancing the foundations of sound governance derived from the provisions of Islamic Sharia. This commitment is in line with the requirements of the Egyptian Financial Regulatory Authority, as the bank is one of the listed companies on the Egyptian Stock Exchange. Additionally, it aligns with the guidelines for bank governance issued by the Central Bank of Egypt and complies with the bank's articles of association.



  
**Mohamed Aly**

**Chief Executive Officer and Managing Director**

## Abu Dhabi Islamic Bank – Egypt

**Cairo :13-2-2024**