

Integrated Report

OF COMMERCIAL BANK OF DUBAI P.S.C

بنك دبي التجاري
Commercial Bank of Dubai



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البنك التجاري دبي
Commercial Bank of Dubai



Board of Directors' Report

Dear Shareholders,

On behalf of Commercial Bank of Dubai (CBD), we have the pleasure of presenting our report together with the audited consolidated financial statements for the year ended 31 December 2021.

The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with relevant laws of the United Arab Emirates.

FINANCIAL HIGHLIGHTS

CBD has delivered a record full year performance on the back of the improving external environment, strengthening business sentiment assisted by Expo 2020 and contained pandemic impacts due to the good measures taken by the UAE Government, the Government of Dubai and the Central Bank of the UAE. The strong operating performance was primarily driven by improved net interest income, stable non funded income and lower expected credit losses. The bank remains well capitalized with all liquidity ratios comfortably above the minimum levels prescribed by the UAE Central Bank. The economic outlook and business confidence for 2022 remains positive for further performance improvements in the year ahead and beyond.

Net Profit of AED 1,451 million for the full year was 29.5% up against the prior year on the back of strong lending supported by improved operating performance coupled with lower expected credit losses.

Operating Income for the full year of 2021 amounted to AED 3,183 million, an increase of 6.9%, attributable to higher Net Interest Income (NII) by 10.1% as a result of higher volumes and lower funding costs, and a 1.2% increase in Other Operating Income (OOI) from increased business activities.

Operating Expenses were AED 865 million, up 7.2% compared to the full year 2020. The bank continues to invest in and expand seamless digital solutions for our customers. This resulted in an improved customer experience as well as increased efficiency. The cost to income ratio remains market leading at 27.2%.

Operating Profit grew by 6.8% to AED 2,318 million.

Impairment Allowances were lower with additional net impairment provisions of AED 867 million during the year in line with the bank's prudent provisioning policy as compared to AED 1,051 million for the full year of 2020.

(AED Million)

Income Statement	2021	2020	YoY Var
Net interest income	2,078	1,887	10.1%
Other operating income	1,105	1,092	1.2%
Total Income	3,183	2,978	6.9%
Operating Expenses	865	807	7.2%
Operating Profit	2,318	2,171	6.8%
Net impairment allowances	867	1,051	(-17.5%)
Net profit	1,451	1,120	29.5%

Asset quality the non-performing loan (NPL) ratio increased to 6.95%, up from 6.77% at the end of 2020, with coverage inclusive of collateral at 119.5% up from 110.2% in 2020.

Total assets were AED 114.2 billion as at 31 December 2021, an increase of 17.3% compared to AED 97.4 billion as at 31 December 2020.

Net loans and advances were AED 76.4 billion as at 31 December 2021, registering an increase of 17.1% compared to AED 65.3 billion as at 31 December 2020.

Customers' deposits were AED 82.7 billion as at 31 December 2021, representing an increase of 18.6% compared to AED 69.8 billion as at 31 December 2020. Low cost current and savings accounts (CASA) constitute 45.2% of the total deposit base, while the financing-to-deposits ratio stood at 92.4%.

(AED Million)

Balance Sheet	2021	2020	YoY Var
Gross loans and advances	80,465	69,049	16.5%
Allowances of impairment	4,024	3,761	7.0%
Net loans and advances	76,441	65,289	17.1%
Total Assets	114,213	97,362	17.3%
Customer deposits	82,722	69,751	18.6%
Total Equity	13,567	12,954	4.7%

The bank's liquidity position remained robust with the advances to stable resources ratio at 88.00% as at 31 December 2021 (31 December 2020: 86.33%), compared to the UAE Central Bank limit of 100%.

CBD's **capital ratios** remained strong with the capital adequacy ratio (CAR) and Tier 1 ratio at 15.82% and 14.66%, respectively, while the Common Equity Tier 1 (CET1) ratio stood at 12.13%. All capital ratios were significantly above the minimum regulatory thresholds mandated by the UAE Central Bank.

Key ratios %	2021	2020	YoY Var (bps)
Return on equity	13.22	10.69	253
Return on assets	1.37	1.21	16
Cost to income ratio	27.18	27.11	7
Capital adequacy ratio	15.82	16.65	(83)
Non-performing loans (NPL)	6.95	6.77	18
Provision Coverage	62.59	69.70	(711)
Financing-to-deposit ratio	92.41	93.60	(119)
Advances to stable resources	88.00	86.33	167
Tier 1 ratio	14.66	15.50	(84)
CET 1 ratio	12.13	12.71	(58)

The Board of Directors has proposed a 25.88% cash dividend for the year, which is equivalent to 50% of net profit.

STRATEGY

CBD's vision is driven by our purpose 'To back the nation's ambitions'.

During the year, driven by strong growth in loans, the bank's total assets reached a record of AED 114 billion. Loan growth was broad-based covering all the sectors of the UAE economy, with retail mortgages recording outstanding growth. The bank delivered commendable net profit growth driven by higher net interest income as loans volumes increased and cost of funds declined.

The bank continued to support its franchise customers within Institutional and Corporate banking, further deepening these relationships, a strategic priority for the bank. During the year the bank increased its product offering with the launch of Asset Backed Lending and deepened extension of Supply Chain Financing.

In 2021, the bank further delivered on its Default Digital agenda, one of the core strategic pillars, with the launch of CBD Investr, the first Robo-Advisory app in the UAE. The bank also opened the CBD Digital Lab at the Dubai International Finance Centre, becoming the first bank to establish such

a facility. The Lab will foster innovation and create a collaborative ecosystem between the bank and FinTechs.

The bank continued to invest in people in 2021 with a focus on Emiratisation and high performance. During the year, the bank welcomed 40 UAE National Graduates as part of its Tumoo7 program. In Q1 2021, a vaccination clinic was set up at the bank, offering vaccines to employees and their dependents.

In 2022, the bank expects to continue to grow market share within its core business segments, increasing the number of customers and depth of activity with existing customers. Within the retail business, the bank expects to continue growing predominantly in selected market segments with a focus on mortgages and investment solutions, enabled by market leading digital offerings.

CBD's strong set of core values, Collaboration, Ownership, Delivery and Excellence (CODE) are embedded in its culture and will guide the bank now and in the years ahead.

MARKET OVERVIEW

The Global Economic Outlook for 2022 has been impacted by the COVID-19 Omicron variant, however, more recent indicators inform that the associated economic impact could be limited and short-lived. The International Monetary Fund has projected a 4.4% growth in global output for 2022. GDP growth will be moderated by high and sustained inflation, causing most Central Banks to increase record low interest rates and tighten other monetary settings. The Federal Reserve has indicated a series of interest rate increases throughout 2022. Financial markets have already priced in a number of interest rates with major global stock and bond markets reflecting higher forward looking interest rates. Geopolitical events present further uncertain risks to global growth and stability, potentially feeding into commodity and currency volatility with the possibility of further economic contagion.

The IMF has revised its 2022 outlook for the Middle East from 4.1% to 4.3% GDP growth, on the back of higher oil prices and high vaccination rates, particularly in the Gulf countries, which will minimise the severity of the pandemic and reduce the need for frequent lockdowns.

Locally in the UAE, the IMF projects the economy to grow by 3.0% in 2022, driven by strong vaccination rates, higher oil prices and increasing oil production, which will assist the government fiscal position and drive real GDP growth. The US Energy Information Administration has forecast Brent oil to average \$75/b in 2022 and \$68/b in 2023, with risk to the upside, which would imply prices comfortably above the fiscal breakeven price for the UAE. The recent corporate income tax policy announcements are not anticipated to impact economic growth or business confidence.

Dubai's economy grew by 6.3% in the first three quarters of 2021, helped by a strong recovery in the real estate and the tourism sectors. Apartment and villa volumes and prices in Dubai recorded strong growth in 2021 supported by increased consumer sentiment and low interest rates. The hospitality and tourism sector benefitted from various global sporting fixtures and EXPO 2020, with additional tail winds projected from the football World Cup that will be hosted in Qatar later during the year. Other factors such as continued structural reforms, including longer term residency visas and 100% foreign ownership of onshore companies, among others, will help boost investment and drive growth over the medium term.

While the outlook for 2022 remains mostly positive, medium term risks to the UAE economy include slowing global growth, contagion from geo-political events, any resurgence in the virus via a newer variant, increased interest rates raising borrowing costs, and a stronger US dollar.

WHOLESALE BANKING GROUP (WBG)

The Wholesale Banking Group (WBG) comprises of the relationship management team for our mid-size and large corporate customers, family offices as well as institutional customers. In order to deliver the planned growth in a sustainable and diversified manner, the bank was able to leverage the product and digital capability as well as the established coverage teams to deliver strong performance.

The WBG team achieved excellent progress in 2021 across most performance units. This was facilitated by our focus on large corporates and in segments covering manufacturing, real estate, financial institutions and government related entities.

The Syndications and Debt Capital Markets team played a significant role in diversifying our business and in contributing to the overall WBG year-on-year growth. The contribution increased significantly in both the number and volume of transactions, in comparison to previous years.

CBD introduced iServe, a new digital self-service portal that empowers our WBG customers with the convenience of on-demand support. Through this portal, our customers can enjoy quicker turnaround times, enhanced transparency on request status, and real time communications.

The launch of the CBD Digital Lab provided an outstanding example of our commitment to support the UAE Government's initiative to be one of the world's most innovative nations. This spirit of creativity also reaffirms our efforts to expand infrastructure in financial technology, unlock innovation opportunities, and introduce new and innovative financial products to the market.

The Group won several awards in 2021, a testament to the bank's focus on the 'Default Digital' journey:

- “Best New Application of Technology in Supply Chain Finance” by Global Finance.
- The MEA Finance Awards - Best Commercial Bank, and Best Digital Transformation Implementation

PERSONAL BANKING (“PBG”)

PBG contributed a net profit of AED 495 million for 2021, a growth of 36% year on year. The achievement was delivered through a broad based focus on revenue growth, continued digitization and efficiency and overall improved asset quality. PBG witnessed a solid increase in operating profit as a result of increased volumes, digital transformation and sound credit risk management. Non-funded income growth was robust, driven by investment fees, foreign exchange (FX) and credit card spend.

The accelerated loan growth was mainly driven by a market leading performance on mortgages and an increase in credit cards volumes in part via a portfolio acquisition. Steady growth in liabilities across individual and SME’s translated into an asset-to-liability ratio of 42% by the end of 2021. The secured lending portfolio exhibited strong growth through strategic alliances with key partners and new product offerings. The personal loan portfolio remained stable with a continued focus on return for risk.

The strategic focus in 2021 was on digital transformation whereby CBD enhanced its capabilities to provide customers with contactless banking solutions thereby migrating more transactions from branches to alternative digital platforms. The business also successfully on-boarded more than one hundred thousand individual customers across products, including the CBD Digi account, virtual cards and Digi loans and introduced new corridors for instant remittances which resulted in significant transaction growth in 2021. The business also successfully launched digital account opening capabilities for SME clients and instant digital pre-approval capabilities for mortgage customers.

As part of the ongoing efforts to support the UAE economy and back the businesses operating in the country, CBD partnered with various government licensing authorities including the Dubai Economy (DE), Jebel Ali Free Zone (JAFZA), Dubai Multi Commodities Centre (DMCC), Department Economic Development Abu Dhabi (ADDED) to provide banking services to their licensed companies.

The Group won several awards in 2021, a testament to the innovative products and services offered by the bank:

- “Best Innovation Processes” Award & “Best Customer Experience” Award for CBD Digi account – Transformers Award
- Best Innovation in Retail Banking for the CBD Digi Account and Best Mobile Banking Services for the CBD Mobile App - MEA Finance Banking Technology Awards
- Most Innovative Bank of the Year at the Leaders in FinTech Awards ME - The Entrepreneur magazine
- Excellence in Innovation - Retail Banking Award – Finnovex Awards

CBD AL ISLAMI

CBD Al Islami continued to support customers extending sharia compliant products. During the year, the business continued its journey to provide a full range of Sharia compliant products and services, which includes Islamic Asset Backed Financing (ABF) and Supply Chain Finance (SCF), thereby providing effective and efficient banking products for corporate counterparties involved in working capital transactions.

On the Sharia compliance aspects, CBD aligned the Islamic window organization structure with the three lines of defence as mandated by Sharia governance framework and implemented regulatory requirements to comply with the standard for Financial Institutions housing an Islamic Window, as issued by the CBUAE.

TREASURY

For the majority of the year, against the continuing backdrop of COVID and the uncertain financial markets, global central banks maintained their highly accommodative liquidity stance. This followed on from 2020 continued to drive the cost of funds lower and once again left investors looking for higher yielding investment opportunities. These lower market rates also had another significant positive impact on the realized gains from the bank’s Investment Portfolio.

During the year, CBD Treasury further expanded foreign exchange, risk management and investment solution capabilities, broadening the product range to an increased number of customers meeting their risk management and investment needs. Treasury also continued its investments in digitalization, expanding remittance services, launching a collateralized FX platform and CBDInvestr – a platform for automatic investing and self-investing.

A key point of inflection was evident in the second half of the year when fears over inflation led to a change in the US interest rate outlook and following Fed direction, rate hike expectations started to build sharply for 2022 and beyond. Coupled with this was this start of the LIBOR transition journey and the bank has been working to prepare customers, employees and systems for these changes. Stock markets remained resilient in the face of the rate outlook and the strong domestic economy,

together with increased new equity issuances led to increased client participation in equities, both locally and internationally.

SUPPORT FUNCTIONS

During 2021 the bank was able to continue to address COVID-19 related challenges without disruption to customer servicing, whilst at the same time continuing to deliver on the digital transformation agenda, completing more than 53 transformation projects and over 200 significant enhancements to existing platforms throughout the year.

CBD has positioned itself to automate instant pre-approval mortgage issuance. Our new partnerships with the DED and Norblock have also allowed us to offer instant accounts to entities licensed by DE (Dubai Economy). The bank worked towards enabling strategic partnerships and ecosystems with Samsung and Emaar, and had successfully enabled the migration of a large credit card portfolio.

We continue the implementation of our payments hub solution on the Cloud, with inward payments now being fully handled by the new platform resulting in a significant growth in our ability to process STP payments.

CBD has implemented robotics based automation in the areas of customer transactions, cheque processing and signature verification.

The Group's achievements have continued to be widely recognized by multiple industry accolades, including:

- “Best Digital Transformation 2021” by MEA Finance Magazine.
- “Most innovative Bank of the Year” by Entrepreneur Middle East.
- “Best Digital Transformation Implementation” award for CBD’s Direct from Customer initiative, and “Best Robo Advisory Implement Solution” for CBD Investr app by MEA Finance 2021 Awards
- “Outstanding Digital Transformation in Trade Finance” Award during the 2021 Middle East & Africa Innovation Awards event, organized by “The Digital Banker”.

PEOPLE

CBD continued to invest in attracting, retaining and developing talent to build a sustainable, high performance culture. Our people were supported through a year of ongoing business transformation, bringing about positive organizational change.

Emiratization efforts have continued as a strategy priority for the bank, investing in specific programs such as the Tumoo7 management training program and the UAEN Accelerator program. The bank was proud to hire a record 40 UAEN fresh graduates in 2021.

The bank's employee engagement score remained strong and at the global financial services benchmark. The survey results outlined employee's positive sentiment about Leadership, Prospects, and Feeling Connected, Valued and Trusted by the organization. Insights from the results have allowed us to celebrate where we excel as an organization and challenged us to re-think how we work to ensure that we are always making the best decisions for our customers, our employees and our business. CBD was declared a winner in the category of 'Employee Engagement Champion - Private Sector' at LinkedIn Talent Awards. This category is to recognize companies who created a culture of continuous feedback and growth to improve employee engagement and well-being.

The bank has continued to keep the health and wellbeing of its employees as a top priority throughout the pandemic, conducting a 'Physical Wellbeing' focus month offering online fitness sessions for employees and their families and online education sessions related to fitness and health. CBD conducted a "Deskercise" activity for the first time to bring physical fitness to the Head Office.

A renewed focus was placed on learning and development (L&D) as employees returned to the office in full as the pandemic began to subside. Across the bank tailored L&D programs were developed for Wholesale Banking, Compliance, System and Operations, Finance, Legal and Treasury, ensuring employees are equipped with the relevant skills and capabilities to perform their roles. CBD's Digital Library (in partnership with Open Sesame) provided a wide range of courses such as Health & Well Being, IT, and "Top Picks of the Month" to promote specific topics each month covering a wide range of soft skills training.

Nearly 102 of our UAE National employees enrolled in high quality professional certification programs and used EIBFS (Emirates Institute for Banking and Financial Studies) certified programs relevant to their positions. EIBFS continued to be a valued L&D partner to the bank and participation increased 17% from 2020.

There was a continued focus on strengthening gender diversity and female empowerment. The UAEN Women Leadership development program provided a group of mid-career female employees

with a supportive community dedicated to engagement, leadership development, and career growth.

The bank continued to foster a work environment where employees are recognized for driving high performance and displaying behaviours that align with its culture, demonstrating Collaboration, Ownership, Delivery, and Excellence (CODE). SPOT Awards were introduced enabling Line Managers to nominate their employees instantaneously for displaying customer excellence and process enhancements.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

CBD remains committed to its role in the community as a responsible corporate citizen underpinned by our belief that businesses must operate ethically and with integrity. Our core pillars for CSR are unchanged and we continue to identify areas where the bank can contribute to society in the fields of Health, Education, Financial Literacy and Charity and volunteer programs.

On the occasion of marking Zayed Humanitarian Day following the legacy of the late Sheikh Zayed, CBD donated to 31 charitable, educational, research and training and rehabilitation centres for people of determination across UAE.

CBD was engaged in various charitable activities and sponsorships, which is in line with the CSR framework. The bank supports the involvement of its employees in such activities through volunteering programs. The bank encouraged its employees to spend quality time with the students of Al Noor Training Centre and learn more about their achievements and life at the centre.

The “Back to School” program has been operating at CBD for the past five years to support those less fortunate than us in providing items for their children’s educational well-being and happiness at the start of the new academic year. For 2021, the initiative was held from the 22nd of August until the 5th of September 2021. The bank’s staff, families and friends in affiliation with UAE Red Crescent have donated boxes of essential items along with 20 Dubai Library distributor vouchers for this year’s initiative.

CBD continued its 26 year old partnership with Jabel Ali horse race course and sponsored 8 races in 2021 as part of CBD’s support to UAE Culture and sports heritage.

During 2021, CBD staff joined the October Breast Cancer Awareness month campaign to raise awareness and understanding about breast cancer risks, early signs and symptoms. Overall breast health awareness is an important part of a public health approach for breast cancer.

Commercial Bank of Dubai PSC

Group consolidated financial statements

For the year ended 31 December 2021

The audited Consolidated Financial Statements are subject to approval of the Central Bank of UAE and adoption by Shareholders at the Annual General Meeting.

Commercial Bank of Dubai PSC

Group consolidated financial statement

As at 31 December 2021

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Independent auditors' report

To the Shareholders of Commercial Bank of Dubai PSC

Report on the Audit of the Group Consolidated Financial Statements

Opinion

We have audited the Group consolidated financial statements of Commercial Bank of Dubai PSC ("the Bank") and its subsidiaries ("the Group"), which comprise the Group consolidated statement of financial position as at 31 December 2021, the Group consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Group consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Group consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances and Islamic financing

See Note 9 and 35 (b) in the Group consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group recognized allowances for credit losses on its Group consolidated financial statements using expected credit loss ("ECL") models. The Group exercises significant judgments and makes a number of assumptions in developing its ECL models which is determined as a function of the assessment of the probability of default ("PD"), loss given default ("LGD"), adjusted for the forward looking information and exposure at default ("EAD") associated with the underlying exposures subject to ECL.</p> <p>Qualitative adjustments or overlays may also be recorded by the Group using credit judgement where the inputs, assumptions and / or modeling techniques do not capture all relevant risk factors.</p> <p>Furthermore, and where applicable the COVID-19 pandemic continues to pose challenges to businesses thus increasing the level of judgment needed in determining the ECL.</p> <p>This is considered a key audit matter, as the determination of ECL involves significant management judgement, use of complex models and this has a material impact on the consolidated financial statements of the Group.</p>	<p>Our audit procedures in this area include the following, among others:</p> <ul style="list-style-type: none"> Evaluating the appropriateness of the accounting policies adopted based on the requirements of IFRS 9 and our business understanding. Obtaining an understanding of the ECL accounting estimate including, but not limited to, obtaining information about the entity's control environment in relation to the estimate, obtaining an understanding of the process by which the estimate is developed, understanding the methods, assumptions and data used to develop the accounting estimate. Updating our understanding of the ECL end to end processes, including assessing the design, implementation, and operating effectiveness of selected relevant controls.

Key Audit Matters (continued)

Impairment of loans and advances and Islamic financing (continued)


See Note 9 and 35 (b) to the Group consolidated financial statements (continued)

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> • Involving our Financial Risk Management ("FRM") specialists to assess the reasonableness and appropriateness of the methodology and assumptions as applicable, used in various components of ECL modelling and governance over the application of expert credit judgment to determine the ECL. This included, where applicable, challenging key assumptions / judgments, relating to significant increase in credit risk ("SICR"), definition of default, probability of default, recovery rates, use of macro-economic variables and probability weighted outcomes to check that the ECL amounts recorded are reflective of underlying credit quality and macroeconomic trends including the impact of COVID-19, as applicable. • Testing the completeness and accuracy of the data used within the ECL calculation. • Involving our Information Technology ("IT") specialists to test the relevant general IT and application controls over key systems used in the ECL process. • Re-performing key aspects of the Group's SICR determinations and selecting samples of Loans and advances and Islamic financing to determine whether a SICR event was appropriately identified including assessing the additional judgements made for the borrowers who have been granted payment deferrals. • Evaluating the reasonableness of and testing a sample of post model adjustments and management overlays that continue to exist on account of COVID-19, as applicable.

Key Audit Matters (continued)

Impairment of loans and advances and Islamic financing (continued)

See Note 8 and 35 (b) to the Group consolidated financial statements (continued)

The key audit matter	How the matter was addressed in our audit
<p data-bbox="521 598 887 721">  </p>	<ul style="list-style-type: none"> <li data-bbox="914 598 1311 806">Involving our valuation specialists on a sample basis to assess the reasonableness of the valuation of real estate collaterals held by the Group, relating to the determination of ECL, including the impact of the COVID-19 pandemic, as applicable <li data-bbox="914 840 1311 1137">Performing credit assessments for a sample of selected customers, including Stage 3 customers, to test the appropriateness of the credit grades, including staging, assessing the financial performance of the borrower, source of repayment and future cash flows of the borrower, and as necessary, challenging the appropriateness of the ECL calculation for a sample of borrowers <li data-bbox="914 1171 1311 1223">Assessing the adequacy of the Group's disclosures by reference to the requirements of the relevant accounting standards.

Other Information:

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Group consolidated financial statements and our auditors' report thereon ('the Annual Report'). We obtained Board of Directors' report prior to the date of our auditors' report and we expect to obtain the remaining sections of the Annual Report after the date of the auditors' report.

Our opinion on the Group consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion on the same.

In connection with our audit of the Group consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Group consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 121 of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of Group consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Group consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the Group consolidated financial statements, including the disclosures, and whether the Group consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further to required by the UAE Federal Law No. 12) of 2015 (as amended), we report that for the year ended 31 December 2021:

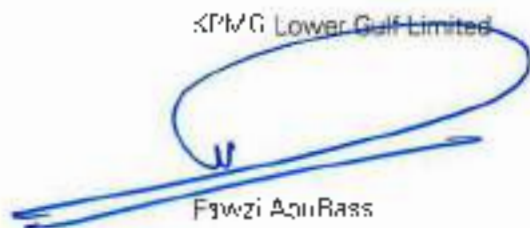
- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the Group consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 12) of 2015 (as amended);
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 10 to the Group consolidated financial statements, the Group has purchased shares during the year ended 31 December 2021;
- vi) note 33 to the Group consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. 12) of 2015 (as amended) or in respect of the Bank, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2021, and

Report on Other Legal and Regulatory Requirements (continued)

- viii) note 25 to the Group consolidated financial statements discloses the social contributions made during the year ended 31 December 2021.

Further, as required by Article 111(4) of the Decretal Federal Law No. 11/11 of 2018 (as amended), we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

KPMG Lower Gulf Limited



Fawzi AbuRass
Registration No : 068
Dubai, United Arab Emirates

Date: 09 FEB 2022

Commercial Bank of Dubai PSC

Group consolidated statement of financial position

As at 31 December 2021

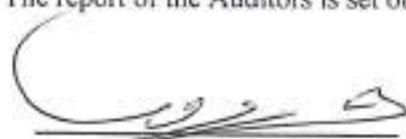
	Notes	2021 AED'000	2020 AED'000
ASSETS			
Cash and balances with Central Bank	7	14,667,589	13,162,743
Due from banks, net	8	3,154,599	4,218,894
Loans and advances and Islamic financing, net	9	76,441,385	65,288,572
Investment securities	10	8,991,321	5,262,597
Investment in an associate	11	95,051	88,514
Investment properties, net	12	191,406	191,469
Property and equipment	13	309,425	290,025
Bankers acceptances		7,341,210	5,972,327
Other assets, net	14	3,020,610	2,886,419
TOTAL ASSETS		114,212,596	97,361,560
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	15	6,120,214	4,782,749
Customer deposits and Islamic customer deposits	16	82,721,669	69,750,833
Notes and medium term borrowings	17	2,584,490	1,764,059
Due for trade acceptances		7,341,210	5,972,327
Other liabilities	18	1,877,799	2,137,857
TOTAL LIABILITIES		100,645,382	84,407,825
EQUITY			
Share capital	19.1	2,802,734	2,802,734
Tier 1 capital notes	19.2	2,203,800	2,203,800
Legal and statutory reserve	19.3	1,401,447	1,401,367
General reserve	19.4	1,328,025	1,328,025
Capital reserve	19.5	38,638	38,638
Fair value reserve	19.6	(61,174)	65,547
Retained earnings		5,853,744	5,113,624
TOTAL EQUITY		13,567,214	12,953,735
TOTAL LIABILITIES AND EQUITY		114,212,596	97,361,560

To the best of our knowledge, the Group's consolidated financial information presented fairly in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the years present herein.

These Group's consolidated financial statement were approved and authorized for issue by the Board of Directors on 9 February 2022.

The attached notes from 1 to 37 form part of the Group's consolidated financial statements.

The report of the Auditors is set out on pages 2 to 8.



H.E. Humaid Al Qutami
Chairman



Dr. Bernd van Linder
Chief Executive Officer

Commercial Bank of Dubai PSC

Group consolidated statement of profit or loss

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Interest income and income from Islamic financing	20	2,689,147	2,865,360
Interest expense and distributions to Islamic depositors	21	(611,258)	(978,807)
Net interest income and net income from Islamic financing		2,077,889	1,886,553
Net fees and commission income	22	742,422	651,283
Net gains from foreign exchange and derivatives		229,060	221,669
Net gains from investments at fair value through profit or loss	23	3,452	24,626
Net gains from sale of debt investments at fair value through other comprehensive income	10	52,994	137,637
Share of gain of an associate	11	11,529	5,991
Dividend income		2,925	2,786
Other income	24	62,727	47,651
Total operating income		3,182,998	2,978,196
(Charge) / reversal of impairment allowance on due from banks		(632)	1,709
Impairment allowance on loans and advances and Islamic financing		(900,897)	(1,064,893)
Recoveries of loans and advances and Islamic financing		74,881	23,846
Reversal of impairment allowance on investment securities		102	5,620
Impairment allowance on other assets	14	(40,872)	(17,074)
Total net income		2,315,580	1,927,404
Staff and other expenses	25	(835,413)	(779,422)
Depreciation and amortisation	12 & 13	(29,645)	(27,884)
Total operating expenses		(865,058)	(807,306)
Net profit for the year		1,450,522	1,120,098
Basic and diluted earnings per share	27	AED 0.47	AED 0.40

The attached notes from 1 to 37 form part of the Group's consolidated financial statements.

The report of the Auditors is set out on pages 2 to 8.

Commercial Bank of Dubai PSC

Group consolidated statement of other comprehensive income

For the year ended 31 December 2021

	Note	2021 AED'000	2020 AED'000
Net profit for the year		1,450,522	1,120,098
Items that will not be reclassified to profit or loss:			
Revaluation (loss) / gain on equity investments held at fair value through other comprehensive income		(17,717)	23,079
Actuarial loss on retirement benefits obligations		(2,367)	(2,916)
Items that may be subsequently reclassified to profit or loss:			
Changes in fair value of effective portion of cash flow hedge		4,773	(3,723)
Changes in fair value reserve of an associate		(396)	367
Changes in investments held at fair value through other comprehensive income:			
Realised gain on sale of debt investments	10	(52,994)	(137,637)
Revaluation (loss) / gain on debt investments		(58,020)	137,923
Net change in investments held at fair value through other comprehensive income		(111,014)	286
Other comprehensive (loss) / income for the year		(126,721)	17,093
Total comprehensive income for the year		1,323,801	1,137,191

The attached notes from 1 to 37 form part of the Group's consolidated financial statements.

The report of the Auditors is set out on pages 2 to 8.

Commercial Bank of Dubai PSC

Group consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital AED'000	Tier 1 capital notes AED'000	Legal and statutory reserve AED'000	General reserve AED'000	Capital reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balances as at 1 January 2020	2,802,734	-	1,401,367	1,328,025	38,638	48,454	4,597,352	10,216,570
Transactions with shareholders, recorded directly in equity								
Tier 1 capital notes issued during the year (note 19.2)	-	2,203,800	-	-	-	-	-	2,203,800
Tier 1 capital notes transaction cost	-	-	-	-	-	-	(7,950)	(7,950)
Cash dividend paid for 2019 (20.7%)	-	-	-	-	-	-	(580,166)	(580,166)
Directors' remuneration paid for 2019	-	-	-	-	-	-	(15,400)	(15,400)
Share of Directors' remuneration of an associate (note 11)	-	-	-	-	-	-	(310)	(310)
Other comprehensive income								
Net profit for the year	-	-	-	-	-	-	1,120,098	1,120,098
Other comprehensive income for the year	-	-	-	-	-	17,093	-	17,093
Total other comprehensive income	-	-	-	-	-	17,093	1,120,098	1,137,191
Balances as at 31 December 2020	2,802,734	2,203,800	1,401,367	1,328,025	38,638	65,547	5,113,624	12,953,735
Transactions with shareholders, recorded directly in equity								
Interest on Tier 1 capital notes	-	-	-	-	-	-	(132,228)	(132,228)
Tier 1 capital notes transaction cost	-	-	-	-	-	-	(1,543)	(1,543)
Cash dividend paid for 2020 (20%)	-	-	-	-	-	-	(560,547)	(560,547)
Directors' remuneration paid for 2020	-	-	-	-	-	-	(15,400)	(15,400)
Transfer to legal and statutory reserve	-	-	80	-	-	-	(80)	-
Share of Directors' remuneration of an associate (note 11)	-	-	-	-	-	-	(604)	(604)
Other comprehensive income								
Net profit for the year	-	-	-	-	-	-	1,450,522	1,450,522
Other comprehensive loss for the year	-	-	-	-	-	(126,721)	-	(126,721)
Total other comprehensive income	-	-	-	-	-	(126,721)	1,450,522	1,323,801
Balances as at 31 December 2021	2,802,734	2,203,800	1,401,447	1,328,025	38,638	(61,174)	5,853,744	13,567,214

The attached notes from 1 to 37 form part of the Group's consolidated financial statements.

The report of the Auditors is set out on pages 2 to 8.

Commercial Bank of Dubai PSC

Group consolidated statement of cash flows

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
OPERATING ACTIVITIES			
Net profit for the year		1,450,522	1,120,098
Adjustments for non-cash and other items:			
Depreciation and amortisation	12 & 13	29,645	27,884
Property and equipment write off		-	(2,625)
Amortisation of premium / discount on investments		35,416	30,275
Amortisation of transaction cost on notes and medium term borrowings		1,034	2,187
Loss / (gain) on foreign exchange translation		26,234	(29,467)
Unrealized gain on investments at fair value through profit or loss		-	(22,578)
Realised gains on sale of investments		(55,911)	(138,838)
Net unrealised gain on derivatives		(30,290)	(7,233)
Reversal of impairment allowance on investment securities		(102)	(5,620)
Share of profit of an associate	11	(11,529)	(5,991)
Dividend income		(2,925)	(2,786)
Impairment allowance on loans and advances and Islamic financing		900,897	1,064,893
Charge / (reversal) of impairment allowance on due from banks		632	(1,709)
Impairment allowance on other assets	14	40,872	17,074
Loss / (gain) on disposal of property and equipment and investment properties		38	(15,647)
		2,384,533	2,029,917
(Increase) / decrease in statutory reserve with the UAE Central Bank		(595,414)	1,293,029
Decrease in negotiable UAE Central Bank certificate of deposits with original maturity of more than three months		350,000	2,050,000
(Increase) / decrease in due from banks with original maturity of more than three months		(394,781)	19,743
Increase in loans and advances and Islamic financing		(12,053,710)	(6,172,655)
Increase in other assets		(383,211)	(1,163,672)
Increase in due to banks with original maturity of more than three months		1,227,206	883,180
Increase in customer deposits and Islamic customer deposits		12,970,836	6,416,500
Decrease in other liabilities		(14,874)	(26,420)
Directors' remuneration paid		(15,400)	(15,400)
Net cash flow from operating activities		3,475,185	5,314,222
INVESTING ACTIVITIES			
Purchase of investments		(22,595,632)	(5,901,384)
Proceeds from sale of investments		18,728,201	6,443,202
Purchase of property and equipment and investment properties		(53,492)	(50,086)
Proceeds from sale of property and equipment and investment properties	13	4,472	31,459
Dividend received		2,925	2,786
Dividend from an associate	11	3,992	2,661
Net cash flow (used in) / from investing activities		(3,909,534)	528,638
FINANCING ACTIVITIES			
Notes and medium term borrowings		819,397	(1,469,200)
Tier 1 capital notes issued during the year		-	2,203,800
Interest on Tier 1 capital notes		(132,228)	-
Tier 1 capital notes transaction cost		(1,543)	(7,950)
Dividend paid		(560,547)	(580,166)
Net cash flow from financing activities		125,079	146,484
Net (decrease) / increase in cash and cash equivalents		(309,270)	5,989,344
Cash and cash equivalents at 1 January		13,329,709	7,340,365
Cash and cash equivalents at end of the year	28	13,020,439	13,329,709
<u>Supplemental disclosure:</u>			
Interest income and income from Islamic financing received		2,822,304	2,779,502
Interest expense and distributions to Islamic depositors paid		767,489	1,059,255

The attached notes from 1 to 37 form part of the Group's consolidated financial statements.

The report of the Auditors is set out on pages 2 to 8.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

1. LEGAL STATUS AND ACTIVITIES

Commercial Bank of Dubai PSC (“the Bank”) was incorporated in Dubai, United Arab Emirates (U.A.E.) in 1969 and is registered as a Public Joint Shareholding Company (PJSC) in accordance with Federal Law No. 2 of 2015. The Bank is listed on the Dubai Financial Market. The Bank’s principal activity is commercial and retail banking. The registered address of the Bank is CBD Head Office, Al Ittihad Street, P. O Box 2668, Dubai, United Arab Emirates.

The consolidated financial statement of the group for the year ended 31 December 2021 comprise the results of the Bank, its wholly owned subsidiaries (together referred to as “the Group”) and the Group’s interest in an associate.

Details about subsidiaries and an associate:

- i. CBD Financial Services LLC, is registered as a limited liability company in accordance with Federal Law No. 2 of 2015 in Dubai, United Arab Emirates. The Group holds a 100% interest. Its principal activity is providing brokerage facilities for local shares and bonds.
- ii. CBD Employment Services One Person Company LLC, is registered as a limited liability company in accordance with Federal Law No. 2 of 2015 in Dubai, United Arab Emirates. The Group holds 100% interest. Its principal activity is the supply of manpower services.
- iii. Attijari Properties LLC, is registered as a limited liability company in accordance with Federal Law No. 2 of 2015 in Dubai, United Arab Emirates. The Group holds a 100% interest. Its principal activity is self-owned property management services as well as buying and selling of real estate.
- iv. CBD (Cayman) Limited is a special purpose entity (SPE) registered in the Cayman Islands. The SPE has been established for the issuance of debt securities.
- v. CBD (Cayman II) Limited is a special purpose entity (SPE) registered in the Cayman Islands. The SPE has been established to transact and negotiate derivative agreements.
- vi. VS 1897 (Cayman) Limited is a special purpose entity (SPE) registered in the Cayman Islands. The SPE has been established to manage investment acquired in the settlement of debt.
- vii. National General Insurance Co. (PJSC) is an associate of the Bank and is listed on the Dubai Financial Market. It underwrites all classes of life and general insurance business as well as certain reinsurance business. The Bank holds a 17.8% interest in the associate. The management believes that it has significant influence on the associate by virtue of having representation on the Board of Directors of the associate.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with relevant laws of the U.A.E.

As required by the UAE Securities and Commodities Authority (SCA) notification number 85/2009 dated January 6, 2009, the Group’s exposure in cash and balances with Central Bank of the UAE, Due from Banks and Investment Securities outside the UAE have been presented under the respective notes.

2.2 Functional and presentation currency

The group’s consolidated financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional and presentation currency, rounded to the nearest thousand unless otherwise stated.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

2. BASIS OF PREPARATION (CONTINUED)

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity are disclosed in note 4.

2.4 Basis of measurement

The Group's consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value through profit or loss (FVPL);
- financial instruments classified as fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- recognised financial assets and financial liabilities that are hedged items in a fair value hedge transaction are measured at fair value in respect of the risk that is hedged. Amortised cost is adjusted for hedging gain or loss;
- end of service benefits that are measured at the present value of the defined benefit obligation.

2.5 Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. Subsidiaries are entities controlled by the Group.

i. Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

ii. Subsidiary

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (continued)

ii. Subsidiary (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interest (NCI). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the cumulative translation differences recorded in equity;
- Derecognises the carrying amount of any non-controlling interest;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the consolidated statement of profit or loss; and
- Reclassifies the parent's share of components previously recognised in consolidated OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

iii. Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (continued)

iii. Associate (continued)

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit or loss of an associate'.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

Management reviews its share of investments in associates to assess impairment on a regular basis. In determining the assessment, management compares the recoverable amount with the carrying value of the investment. Estimating recoverable amount using value in use requires the Group to make an estimate of the expected future cash flows from the associates and choosing a suitable discount rate in order to calculate the present value of those cash flows.

iv. Transactions eliminated on consolidation

Intra-group balances and income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, except for the accounting standards mentioned in note 5.1 which are applied for the first time.

3.1 Financial Instruments

a. Recognition and initial measurement

A financial instrument is any contract that gives rise to both a financial asset for the Group and a financial liability or equity instrument for another party or vice versa.

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis, which is the date on which the Group becomes a party to the contractual provisions of the instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

a. Recognition and initial measurement (continued)

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVPL) are added to or deducted from the fair value of the financial assets or financial liabilities respectively, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognised immediately in the consolidated statement of profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in consolidated statement of profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to consolidated statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

b. Fair Value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

b. Fair Value measurement (continued)

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The fair value of investments in mutual funds, private equity funds or similar investment vehicles are based on the last net asset value published by the fund manager. For other investments, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving similar investments, are based on the expected discounted cash flows.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

c) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, which reflects the significance of inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The hierarchy used by the Group is set out in note 6.2.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

c. Fair value hierarchy (continued)

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.1.1 Financial assets

a) Classification

The Group classifies financial assets on initial recognition in the following categories:

- i. Amortised cost;
- ii. Fair value through other comprehensive income (FVOCI); and
- iii. Fair value through profit or loss (FVPL).

o Business model assessment

The Group makes an assessment of the objective of a business model in which a financial asset is held at portfolio level, because this reflects the way the business is managed and information is provided to the management. The assessment is not determined by a single factor or activity. Instead, the entity considers all relevant information available at the date of the assessment. The information considered includes:

- the stated policies and objectives for the business and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio and the financial asset held within the portfolio is evaluated and reported to the management;
- the risks that affect the performance of the portfolio and, in particular, the way in which those risks are managed;
- how the managers of the business are compensated; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

a) Classification (continued)

o Assessment whether contractual cash flows is solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI), the Group considers the contractual terms of the instrument.

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse

In some cases, loans made by the Group that are secured by collateral of the borrower's limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

i. Financial assets at amortized cost

A debt instrument, including loans and advances and Islamic financing asset is classified as being measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

a) Classification (continued)

ii. Financial assets at fair value through other comprehensive income (FVOCI)

A debt instrument is classified as being measured at FVOCI if it meets the following two conditions and the debt instrument is not designated at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The Group measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are not held for trading. This election is made on an investment-by-investment basis.

iii. Financial assets at fair value through profit or loss (FVPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Subsequent measurement

The Group measures financial instruments, such as derivatives and investments in equity and certain fixed income instruments, at fair value at each reporting date.

Financial asset classified as at FVOCI or FVPL are subsequently measured at fair value. Financial assets not carried at fair value are subsequently measured at amortized cost using the effective interest method, less expected credit allowances.

c) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition except in the period after the Group changes its business model for managing financial assets. If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current and previous financial year there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on 'Modification of financial assets' and 'Derecognition of financial assets' described in note 3.1.1 (g) and 3.1.1 (h) respectively.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

d) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of profit or loss in the 'net gains from foreign exchange and derivatives' line item;
- for debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the consolidated statement of profit or loss in the 'net gains from foreign exchange and derivatives' line item. Other exchange differences are recognised in OCI in the investments revaluation reserve;
- for financial assets measured at FVPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in consolidated statement of profit or loss in 'net gains from investments at FVPL';
- for equity instruments measured at FVOCI, exchange differences are recognised in OCI in the investments revaluation reserve; and
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at FVPL are retranslated into the functional currency (AED) at the foreign exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

e) Impairment

The Group recognizes, where applicable, loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at FVPL:

- balances with central banks;
- due from banks;
- debt investment securities;
- loans and advances, Islamic financing and other financial assets;
- loan commitments; and
- financial guarantee contracts.

No impairment loss is recognized on equity investments.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 months ECLs. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the life time expected credit losses (LTECL). LTECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Stage 3: Loans considered credit-impaired. The group records an allowance for the LTECLs.

ECLs are an unbiased probability-weighted estimate of the present value of credit losses that is determined by evaluating a range of possible outcomes. For funded exposures, ECL is measured as follows:

- for financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive); and

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For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

e) Impairment (continued)

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

However, for unfunded exposures, ECL is measured as follows:

- for undrawn loan commitments, as the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic and credit risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original Effective Interest Rate (EIR), regardless of whether it is measured on an individual basis or a collective basis.

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default (PD);
- exposure at default (EAD); and
- loss given default (LGD)

These parameters are generally derived from internally developed statistical models, other historical data, where applicable, regulatory parameter and are adjusted to reflect forward-looking information.

Details of these statistical parameters / inputs are as follows:

- PD – PD is the estimate of likelihood of default over a given time horizon, which is calculated based on statistical rating models currently used by the Group, and assessed using rating tools tailored to the various categories of counterparties and exposures.
- EAD – EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.
- LGD – LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, history of recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

e) Impairment (continued)

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk grading;
- collateral type;
- loan to value ratio for retail exposure;
- date of initial recognition;
- remaining term of maturity;
- industry; and
- geography location of the borrower.

The groupings are subject to regular review to ensure that exposure within a particular group remain appropriately homogenous.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities carried at FVOCI are credit-impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers the following factors:

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

e) Impairment (continued)

Restructured financial assets (continued)

- The market's assessment of creditworthiness as reflected in the bond yields;
- The rating agencies' assessments of creditworthiness;
- The country's ability to access the capital markets for new debt issuance; and
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikelihood to pay indicators or a backstop if amounts are overdue for 90 days or more.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Default definition

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs or the identification of a significant increase in credit risk.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group

Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and based on data developed internally and obtained from external sources

The Group has performed a historical default rate analysis to identify homogeneous segments and further estimated ECL parameters (i.e. PD, LGD and EAD) at similar granularities. To perform a historical default rate analysis, the Group has adopted two separate definitions of default for the non-retail and the retail portfolio.

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Notes to the Group consolidated financial statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

e) Impairment (continued)

Default definition (continued)

o Non-retail portfolio

The non-retail portfolio comprises of loans which are managed individually by the Relationship Managers (RMs) with oversight from the Credit Risk team of the Group. These loans are appraised at least annually based on the financial information, other qualitative information and account conduct of the customer.

A non-retail customer is identified as at default if the customer is materially delinquent for more than 90 days on any of its credit obligation.

o Retail portfolio

The retail portfolio comprises of loans that are managed at a product level, and based on approved product programs. A retail account is identified as default if the customer is delinquent for more than 90 days. The default rate analysis for the retail portfolio is performed at the account level.

Assessment of significant increase in credit risk

The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The assessment is performed on at least quarterly basis for each individual exposure.

Quantitative thresholds are established for the significant increase in the credit based on the movement in credit rating. In addition to quantitative criteria the Group has a proactive Early Warning Indicator (EWI) framework, based on which the Credit Risk team performs a portfolio quality review on a monthly basis. The objective of the same is to identify potentially higher risk customers within the performing customers.

Multiple macro-economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different macro-economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the probability of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the probability of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment. The following indicators are incorporated:

- internal risk grade;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

e) Impairment (continued)

Assessment of significant increase in credit risk (continued)

- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation;
- significant changes in the actual or expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower; and
- macro-economic information (such as oil prices or GDP) is incorporated as part of the internal rating model

The quantitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

As a back stop, a significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

For retail lending the Group considers credit scores and events such as unemployment, bankruptcy or death. As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Improvement in credit risk profile

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

The Group has defined below criteria in accordance with regulatory guidelines to assess any improvement in the credit risk profile which will result into upgrading of customers moving from Stage 3 to Stage 2 and from Stage 2 to Stage 1.

- Significant decrease in credit risk will be upgraded in stage (one stage at a time) from Stage 3 to Stage 2 and thereafter from Stage 2 to Stage 1 after meeting the curing period of at least 12 months.
- Restructured cases will be upgraded if repayments of 3 installments (for quarterly installments) have been made or 12 months (for installments longer than quarterly) curing period is met.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group relies on a broad range of forward looking information as economic inputs such as:

- House prices like real estate – Dubai and Abu Dhabi Index;
- Economic Composite Index (ECI);
- Non-Oil Economic Composite Index (NIECI);
- Oil Price per Barrel (OPB);
- Consumer Price Index (CPI) and
- Hotel Occupancy Dubai

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Notes to the Group consolidated financial statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

e) Impairment (continued)

Incorporation of forward-looking information (continued)

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a 40% (2020: 65%) probability of occurring, and two less likely scenarios, one upside at 30% (2020: 0%) probability of occurring and one downside at 30% (2020: 35%) probability of occurring.

The table below summarizes key macroeconomic indicators included in the economic scenarios in UAE at 31 December 2021 for the years ending 2021 to 2023:

	Base Scenario			Downside Scenario			Upside Scenario		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Economic Composite Index	5.34%	1.46%	1.68%	5.34%	-9.21%	0.37%	5.34%	6.04%	3.30%
Oil Price – USD	77	57	55	77	36	45	77	61	59
Real Estate Index - Dubai	11,310	11,297	11,433	11,310	9,565	9,183	11,310	12,128	12,671

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve;
- for loan commitments and financial guarantee contracts: generally, as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

f) Write-off

Loans and advances and Islamic financing and debt securities are written-off when the Group has no reasonable expectations of recovering the financial asset (either partially or in full). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written-off.

Recoveries of amounts previously written-off are included in 'recoveries' in the consolidated statement of profit or loss.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

g) Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is material, the Group deems the arrangement is substantially different leading to derecognition.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms.

If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.1 Financial assets (continued)

g) Modification of financial assets (continued)

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in the consolidated statement of profit or loss. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

h) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

On derecognition of a financial asset in its entirety, the difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain / loss allocated to it that had been recognised in OCI is recognised in consolidated statement of profit or loss.

Any cumulative gain / loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated statement of profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.2 Financial liabilities

a) Classification

The Group classifies its financial liabilities in the following categories:

- i. Fair value through profit or loss; and
- ii. Amortised cost.

i. Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and is effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Subsequent measurement

Financial liabilities at FVPL are stated at fair value, with any gains / losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain / loss recognised in consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for non-derivative financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Group assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVPL. This determination is made at initial recognition.

Fair value is determined in the manner described in note 3.1 (b).

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.2 Financial liabilities (continued)

a) Classification (continued)

ii. Financial liabilities at amortised cost

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

b) Modification of financial liabilities

The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is materially different from the discounted present value of the remaining cash flows of the original financial liability.

In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in the consolidated statement of profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in the consolidated statement of profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

c) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial Instruments (continued)

3.1.3 Financial guarantee contracts and loan

Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised. Derecognition policies are applied to loan commitments issued and held.

The Group has issued no loan commitments that are measured at FVPL.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

3.2 Derivative financial instruments

a) Classification

The Group enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as "FVPL – financial assets held for trading" financial instruments.

b) Initial and subsequent measurement

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist.

The positive mark to market values (unrealised gains) of derivative financial instruments is included in other assets. The negative mark to market values (unrealised losses) of derivative financial instruments is included in other liabilities.

c) Gains and losses on subsequent measurement

The gains or losses from derivative financial instruments classified as FVPL are taken to the consolidated statement of profit or loss.

3.3 Hedging instruments

As part of its asset and liability management, the Group uses derivatives for hedging purpose.

When derivatives are designated as hedges, the Group classifies them as either:

- fair value hedges which hedge the change in the fair value of recognised assets or liabilities; or
- cash flow hedges which hedge the exposure to variability in highly probable future cash flows attributable to a recognised asset or liability or a forecast transaction.

Hedge accounting is applied to derivatives designated as hedging instruments in fair value or cash flow hedge provided certain criteria are met.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Hedging instruments (continued)

Hedge accounting

a) Hedge documentation

At the inception of the hedge, formal documentation of the hedge relationship must be established. The hedge documentation prepared at the inception of the hedge must include a description of the following:

- The Group's risk management objective and strategy for undertaking the hedge;
- The nature of risk being hedged;
- Clear identification of the hedged item and the hedging instrument; and
- How the Group will assess the effectiveness of the hedging relationship on an ongoing basis.

b) Hedge effectiveness testing

The hedge is regarded as highly effective if both of the following conditions are met:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows of the hedging instruments with corresponding changes in the hedged risk and should be reliably measurable; and
- The actual results of the hedge effectiveness testing are within a range of 80 to 125 percent.

In case of a cash flow hedge, prospective hedge effectiveness is assessed by matching the critical terms of hedging instruments and hedged items.

c) Fair value hedge

The changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments is recognised in the consolidated statement of profit or loss.

d) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the consolidated statement of profit or loss.

e) Discontinuance of hedge accounting

The hedge accounting is discontinued when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. At that point of time, any cumulative gain or loss on the hedging instrument that has been recognised in OCI remains in OCI until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the consolidated statement of profit or loss.

f) Hedges that do not qualify for hedge accounting

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the consolidated statement of profit or loss for the year.

3.4 Due from banks

Amounts due from banks are initially recognised at fair value and subsequently measured at amortised cost less allowance for expected credit loss, if any.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Loans and advances and Islamic financing

Loans and advances and Islamic financing are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the Group chooses to carry the loans and advances at FVPL.

In addition to conventional banking products, the Group offers its customers certain Islamic financing products, which are approved by Sharia Supervisory Board. Islamic financing consists of the following:

Murabaha

An agreement whereby the Group sells to a customer, commodity or asset (subject asset) on a deferred payment basis, which the Group has purchased and acquired, based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises the cost of the subject asset and an agreed profit margin. Income is recognised on an accrual basis adjusted by actual income when received.

Ijarah

Ijara refers to lease of the asset, which the Group (Lessor) constructs or purchases as per customer (Lessee) request based on the promise to lease the asset for a fixed term against certain rent installment. Ijara can end by transferring the ownership of the asset to the lessee in case of Ijara Muntahia Bittamleek.

The Ijarah agreement specifies the leased asset, duration of the lease term, as well as, the basis for rental calculation and the timing of rental payment. The Lessee undertakes under this agreement to renew the lease periods and pay the relevant rental payment amounts as per the agreed schedule and applicable formula throughout the lease term.

The Lessor retains the ownership of the asset throughout the lease term. At the end of the lease term, upon fulfillment of all the obligations by the Lessee under the Ijarah agreement, the Lessor will sell the leased asset to the Lessee at nominal value based on a sale undertaking given by the Lessor.

Ijarah rentals accrue upon the commencement of the lease and continues throughout the lease term based on the outstanding fixed rental (which predominantly represent the cost of the leased asset).

Musharaka

An agreement whereby the Group and a customer contribute to a certain enterprise according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared as per the agreement set between both parties while the loss is shared in proportion to their shares of capital in the enterprise. In principle Musharaka profit is distributed on declaration / distribution by the managing partner.

Islamic financing products are initially recognised at fair value and subsequently measured at amortised cost, using the effective profit method, less any amounts written off, allowance for doubtful accounts and unearned income.

The effective profit rate is the rate that exactly discounts estimated future cash flow through the expected life of the financial asset or liability.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Investment securities

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost: these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities measured at FVPL or designated as at FVPL : these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

- Interest revenue using the effective interest method;
- ECL and reversals; and
- Foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses on equity instruments recognised in OCI are transferred to retained earnings on disposal of an investment.

3.7 Investment properties

The Group holds certain investment properties to earn rental income, for capital appreciation or both. The leased out or intended to lease out components have been classified as investment properties. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation is charged using straight line method over the useful life of the asset. Estimated useful life of buildings is 30 to 60 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is determined by comparing the proceeds from disposal with the carrying amount and is recognised in the consolidated statement of profit or loss under 'other income' in the year of retirement or disposal.

Transfers are made to and from investment properties when, and only when there is change in use evidenced by ending or commencing of owner-occupation, ending or commencement of an operating lease of another party or ending of construction or development.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties (continued)

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to be completed within one year from the date of classification.

3.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses except for granted land, which is stated at the market value at the date of grant.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing an item of property and is recognised in the carrying value of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The day-to-day servicing expenses of property and equipment are recognised in the consolidated statement of profit or loss as incurred.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment. These are included in the consolidated statement of profit or loss.

Property and equipment is impaired if the carrying amount of the asset or its cash generating unit (CGU) exceed its recoverable amount. The impairment loss is recognised in the consolidated statement of profit or loss.

The cost of all property and equipment other than freehold land and capital work in progress is depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 to 60 years
Leasehold improvements	5 to 10 years
Building renovations	7 years
Furniture and fixtures	7 years
Computer equipment	3 to 10 years
Computer software	7 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and prospectively adjusted if appropriate.

Capital work in progress is initially recorded at cost, and upon completion is transferred to the appropriate category of property and equipment and thereafter depreciated in accordance with the Group's policies.

3.9 Due to banks, notes and medium term borrowing

Amounts due to banks, notes and medium term borrowing are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Repurchase agreement

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset at a fixed price on a future date the agreement is accounted for as a term borrowing depending on period of the agreement, and the underlying asset continues to be recognised in the Group's financial statement.

3.11 Customer deposits and Islamic customer deposits

Customer deposits are initially recognised at fair value, being the fair value of the consideration received. After initial recognition, all deposits are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs that are directly attributable to the acquisition or receipt of customer deposit.

The Islamic customer deposits are received by entering into following kinds of agreements:

Mudaraba

An agreement between the Group and a third party whereby one party would provide a certain amount of funds (Rab ul Mal) which the other party (Mudarib) would then invest in a specific enterprise or activity against a specific share in the profit. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba. In principle Mudaraba profit is distributed on declaration/distribution by the Mudarib.

Wakala

An agreement between Group and third party whereby one party (Muwakil) provides certain amount of funds which the other party (Wakil) would invest according to the terms and conditions of Wakala in return for a certain fee. The Wakil is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala. The Wakil may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. In principle, Wakala profit is distributed on declaration/distribution by the Wakil.

Islamic customer deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective profit method.

3.12 Employees' terminal benefits

The Group provides for employees' terminal benefit in accordance with the UAE labor law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to the relevant government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Defined contribution scheme

A defined contribution scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity or to a government organisation and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in consolidated statement of profit or loss in the periods during which services are rendered by employees.

Pension and national insurance contributions for eligible employees are made by the Group to Pensions and Benefits Fund in accordance with the applicable laws of country where such contributions are made.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Employees' terminal benefits (continued)

Defined benefit scheme

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The liability recognised in the statement of financial position in respect of defined benefit gratuity schemes is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using assumptions in line with the guidelines of IAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Group has determined that, in accordance with the terms and conditions of the defined benefit scheme, and in accordance with statutory requirements, the present value of refunds or reductions in future contributions, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense and other expenses related to defined benefit scheme are recognised in staff and other expenses in consolidated statement of profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately to profit or loss. The Group recognises gains and losses on the settlement of a defined benefit scheme when the settlement occurs.

The below are the key actuarial assumptions used to value the liabilities using weighted average rates.

	2021	2020
Discount Rate	2.10% per annum	3.20% per annum
Salary Increase Rate	0.50 % per annum	1.00% per annum

3.13 Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

3.14 Dividend on ordinary shares

Dividends payable on ordinary shares are recognised as a liability in the period in which they are approved by the Group's shareholders in the Annual General Meeting.

3.15 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or of gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.16 Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand and balances with the Central Bank (excluding statutory reserve), and amounts due from and due to banks with original maturity of less than three months. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition

i. Interest income and expense

Interest income and expense for all interest bearing financial instruments except at FVPL, are presented in 'interest income' and 'interest expense' in the consolidated statement of profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate. Interest income and expense for financial instruments at FVPL is recognised as 'Net gains from investments at fair value through profit or loss'.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

ii. Income from Islamic financing and distributions to depositors

Income from Islamic financing is recognised in the consolidated statement of profit or loss using the effective profit method.

The calculation of the effective profit rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective profit rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Distribution to depositors (Islamic products) is calculated according to the Group's standard procedures and is approved by the Group's Sharia Supervisory Board.

iii. Fees and commission

Fee income, which is not an integral part of the effective interest rate of a financial instrument, is earned from a diverse range of services provided by the Group to its customers, and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. Under the IFRS 15, fee income is measured by the Group based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition (continued)

iii. Fees and commission (continued)

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
- income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- other fees and commission income and expense are recognised as the related services are performed or received and they mainly relates to commission, brokerage fees and credit card expenses.

Fee income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded in 'Interest income'.

• Asset management services

The Group provides asset management services. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis.

• Customer loyalty programme

The Group operates a rewards programme which allows customers to accumulate points when they purchase products on the Group's credit cards. The points can then be redeemed for shopping rewards, cash back or air miles, subject to a minimum number of points being obtained. While some aspects of the programme are administered in-house, third party providers are used for certain other aspects of the programme.

In the case of the in-house administered aspects, the sale proceeds received are allocated between the products / services sold and the points issued. The proceeds allocated to the points are equal to their fair value. Fair value is determined by applying statistical techniques.

For aspects where third party providers are used, the consideration allocated to the awards credits collected on behalf of the third party are charged to the consolidated statement of profit or loss at the time of supplying the rewards.

iv. Property related income

Property related income includes rental income, which is recognised on a straight line basis over the term of the lease and is recorded under 'other income' in the consolidated statement of profit or loss.

v. Dividend income

Dividend income is recognised when the right to receive payment is established. The presentation of dividend income in the consolidated statement of profit or loss depends on the classification and measurement of the equity investment, i.e.:

- for equity instruments designated at FVOCI, dividend income is presented as Dividend Income; and
- for equity instruments at FVPL, dividend income is presented as 'Net gains from investments at FVPL'.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition (continued)

vi. Share of profit of an associate

Share of profit of an associate reflects the Group's share of the results of operations of the associate.

3.18 Provisions

A provision is recognised if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.19 Foreign currencies

Foreign currency transactions are recorded at rates of exchange ruling at the value dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date, are translated at the foreign exchange rate ruling at spot date.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates that the fair values were determined.

Forward foreign exchange contracts are translated into AED at market rates of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss.

Foreign currency differences arising on translation are generally recognized in the consolidated statement of profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedge is effective, are recognised in OCI.

3.20 Leasing

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

i. Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Leasing (continued)

i. Group acting as a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Leasing (continued)

ii. Group acting as a lessor (continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

3.21 Fiduciary activities

The Group provides wealth management solutions to manage client assets. These assets are held in the Group's custody and are invested on behalf of the client in third party funds, and other securities like bonds and sukuk.

These assets and income arising from these assets are not included in the Group's consolidated financial statements as the risk and rewards incidental to ownership of these assets lie with the client.

3.22 Acceptances

Acceptances arise when the Bank is under an obligation to make payments against documents drawn under letters of credit. Acceptances specify the amount of money, the date and the person to which the payment is due. After acceptance, the instrument becomes an unconditional liability (time draft) of the Bank and is therefore recognised as a financial liability in the consolidated statement of financial position with a corresponding contractual right of reimbursement from the customer recognised as a financial asset.

Acceptances have been considered within the scope of IFRS 9 - Financial Instruments and continued to be recognised as a financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset.

3.23 Derivative product types

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The Group enters into a variety of derivative financial instruments to manage the exposure to profit and foreign exchange rate risks, including unilateral promise to buy/sell currencies and interest rate swap.

Forwards

Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are customized contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency. For currency swaps, the underlying amounts are exchanged in different currencies.

Options

Options are contractual agreements that convey the right, but not the obligation, to either buy or sell a specific amount of a commodity or financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Derivative product types (continued)

i. Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favorable to the Group and potential future fluctuations.

ii. Derivatives held or issued for trading purposes

Most of the Group's derivative trading activities relate to sales and position coverage. Sales activities involve offering products to customers at competitive prices in order to enable them to transfer, modify or reduce current and expected risks.

Interest rate derivatives trading are conducted under Assets & Liabilities Committee (ALCO) approved limits. Derivatives are initially recognised in the consolidated financial statements at cost being its fair value, for the premium received /paid. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Subsequent to initial recognition derivatives (held for trading) are measured at fair value with fair value changes recognised in the consolidated statement of profit or loss.

3.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Bank (further adjusted for interest expense and transaction cost on Tier 1 capital notes) by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Committee to make decisions about resources allocated to the segment and assess its performance, and for which distinct financial information is available. Segment results that are reported to the Executive Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.26 Related parties

An entity is considered related party of the Group if:

- a) A person or a close member of that person's family is related to the Group if that person:
 - i. has control or joint control of the Group;
 - ii. has significant influence over the Group; or
 - iii. is a member of the key management personnel of the Group.
- b) An entity is related to a Group if any of the following conditions applies:
 - i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.26 Related parties (continued)

- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is controlled or jointly controlled by a person identified in (a).
 - vi. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- c) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

Other than the transactions disclosed in note 33, the Group enters into transactions with other Government entities. In accordance with the exemption available in the revised IAS 24, these transactions with such related Government entities are not collectively or individually significant and have not been disclosed.

3.27 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of their non-financial assets to determine whether there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.28 Interest Rate Benchmark Reform

Interbank offered rates (“IBORs”), such as the London Interbank Offered Rate (“LIBOR”), play a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments.

Uncertainty surrounding the integrity of IBOR rates has in recent years, led regulators, central banks and market participants to work towards a transition to alternative risk-free benchmark reference rates (“RFRs”) and market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates, which are gradually being adopted.

The majority of market LIBOR and other IBOR rates were discontinued after 31 December 2021 and replaced with certain Alternative Reference Rates (“ARRs”), with the exception of certain USD LIBOR rates where cessation is delayed until 30 June 2023. The transition away from the IBORs covers most of the business units and support functions of the Group.

The Group established a cross-functional IBOR Committee to manage its transition to alternative rates. This committee is running a project on the Group’s transition activities and continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition. The project is significant in terms of scale and complexity and will impact products, internal systems and processes.

IBOR reform exposes the Group to various risks, which the project group is reviewing and monitoring to manage the changes appropriately. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform;
- Financial and Market risk to the Group and its clients that IBOR reform disrupts markets giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable; and
- Accounting risk if the Group’s hedging relationships fail and form an unrepresentative income statement volatility as financial instruments transition to RFRs.

For contracts indexed to an IBOR that mature after the expected cessation of the IBOR rate the group is working to amend contracts to include the addition of fallback clauses or replacement of the IBOR rate with an alternative benchmark rate. The Group has signed up to fallback mechanisms for centrally cleared derivatives and will transfer exposures to the new benchmark subject to Central bank guidance.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the amounts of contracts that have yet to transition to an alternative benchmark rate. The Group considers that a contract is not yet transitioned to an alternative benchmark rate (and referred to as an ‘unreformed contract’) when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR.

The Group holds derivatives in its trading book and as hedging instruments. The Group’s exposure to US Dollar LIBOR transactions designated in hedge accounting relationships as at 31 December 2021 represents a nominal amount of USD 30 million. There were no items designated in hedging relationships with exposures to other LIBOR rates.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

4. USE OF ESTIMATE AND JUDGEMENT

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may therefore differ, resulting in future changes in these estimates.

Critical judgements in applying the Group's accounting policies

In particular, considerable management judgment is required in respect of the following issues:

4.1 Going concern

The Group's management has made an assessment of its ability to continue as going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

4.2 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by other available fair value indicators.

4.3 Financial asset classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

4.4 Significant increase in credit risk

As explained in note 3.1.1 (e), ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

4.5 Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 3.1.1 (e) for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

4. USE OF ESTIMATE AND JUDGEMENT (CONTINUED)

4.5 Establishing groups of assets with similar credit risk characteristics (continued)

characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

4.6 Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 3.1.1 (e) for more details on ECL.

4.7 Key sources of estimation uncertainty

The following are key estimations that have been used in the process of applying the Group's accounting policies:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and determining the forward looking information relevant to each scenario. When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- Exposure at Default: EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

4.8 Impact of COVID-19

On 11 March 2020, the World Health Organisation ("WHO") officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty as a result of measures taken by governments to contain or delay the spread of the virus. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 31 December 2021.

i. Credit risk management

In addition to the management of credit risk described in Note 35 b. (i), the Group has identified the most vulnerable sectors to this stressed situation in response to the COVID-19 outbreak, and reviews are being conducted on a more frequent basis:

- | | |
|---------------------------|---------------|
| • Tourism and Hospitality | • Logistics |
| • Aviation and Airlines | • Real Estate |
| • Retail | • Education |

The Group continues to apply robust underwriting standards to companies in the above sectors, especially for any new to bank customers. Extra measures, such as requiring additional approvals for disbursements of facilities have been implemented to ensure a high level of scrutiny over the credit management process.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

4. USE OF ESTIMATE AND JUDGEMENT (CONTINUED)

4.8 Impact of COVID-19 (continued)

i. Credit risk management (continued)

The Bank will continue to demonstrate sound prudence and vigor in underwriting across the retail sector whilst supporting customers and businesses across the UAE.

On a case by case basis in the Institutional, Corporate and Personal banking segments, the Group has approved payment holidays to certain customers. The bank has extensively reviewed the past account conduct and payment history of the borrowers requesting for deferral, prior to approval. Significant judgment is applied when assessing whether the cash flow and liquidity issues faced by the customer are temporary or long term in nature.

As required by the UAE Central Bank under the notice no CBUAE/BSD/N/2020/2019, the customers benefitting from payment deferrals under the TESS program and the customers benefitting outside the program (Non-TESS) have been split into the below two main categories:

Group 1: Customers that are temporarily and mildly impacted by the Covid-19 crisis.

This sub segment includes borrowers for which the credit deterioration is not considered significant enough to trigger a significant increase in credit risk. Such customers are expected to face short term liquidity issues caused by business disruption / salary cuts and are expected to recover rapidly once the economic environment stabilizes. These accounts are not considered to have sufficient deterioration in credit quality to trigger a stage migration and the staging maybe retained at the pre-crisis level.

Group 2: Customers that are expected to face substantial changes in their credit worthiness beyond liquidity issues.

This sub segment includes borrowers for which the credit deterioration is more significant and prolonged, ranging beyond liquidity issues, with an extended recovery period. For customers in Group 2, there may be sufficient deterioration in credit risk to trigger a migration to stage 2 or 3.

The Grouping of the client is based on a combination of quantitative analysis and judgmental approach based on subject matter expert views within the Group.

As of 31 December 2021, there are no clients benefitting from payment deferrals under the TESS program.

Non-Targeted Economic Support Scheme (Non-TESS) utilization by industry and segment as at 31 December 2021 are summarised below:

Sector	Group 1		Group 2	
	Amount deferred	Total loans and advances	Amount deferred	Total loans and advances
Construction and real estate	53,700	461,901	-	-
Financial and insurance activities	-	-	-	-
Hospitality	53,000	524,920	-	-
Individual loans for business	4,400	24,538	-	-
Individual loans for consumption	1,200	9,167	-	-
Manufacturing	-	-	-	-
Services	39,000	209,555	-	-
Trade and others	1,000	53,737	66,900	172,045
	152,300	1,283,818	66,900	172,045
Expected Credit Loss (ECL)		10,705		2,230

AED'000

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

4. USE OF ESTIMATE AND JUDGEMENT (CONTINUED)

4.8 Impact of COVID-19 (continued)

i. Credit risk management (continued)

Below is an analysis of change in ECL allowance by industry sector since 1 January 2021 on the bank's customers benefitting from payment deferrals under the Non-TESS program as at 31 December 2021:

AED'000	
Sector	Impairment Allowance
ECL allowance as at 1 January 2021	10,566
Construction and real estate	(156)
Hospitality	3,074
Financial and insurance activities	-
Services	-
Manufacturing	-
Individual loans for business	(222)
Individual loans for consumption	39
Trade and others	(366)
ECL allowance as at 31 December 2021	12,935

A case by case analysis has been performed for wholesale customers with material exposures and portfolio approach has been followed for retail customers and customers with smaller exposures. Based on the above considerations, customers availing Non-TESS as at 31 December 2021 have been categorised as follows:

AED'000					
Segment	Group	Number of Customers	Payment deferrals under Non-TESS	Exposure	Impairment allowance
Institutional and Corporate banking	Group 1	10	152,300	1,283,818	10,705
	Group 2	1	66,900	172,045	2,230
Total		11	219,200	1,455,863	12,935

Migration of staging

Customers that are categorised as Group 1 will remain in the same stage as of deferral date unless conditions of significant increase in credit risk are met, since these customers do not have substantial changes to their credit worthiness.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

4. USE OF ESTIMATE AND JUDGEMENT (CONTINUED)

4.8 Impact of COVID-19 (continued)

i. Credit risk management (continued)

The IFRS 9 stage classifications of customers availing Non-TESS as at 31 December 2021 are summarized below:

AED'000					
Segment	Stage	Group	Payment deferrals under Non-TESS	Exposure	Impairment allowance
Institutional and corporate banking	Stage 1	Group 1	152,300	1,283,818	10,705
		Group 2	-	-	-
	Stage 2	Group 1	152,300	1,283,818	10,705
			-	-	-
		Group 2	66,900	172,045	2,230
			66,900	172,045	2,230
	Stage 3	Group 1	-	-	-
			-	-	-
			-	-	-
Total			219,200	1,455,863	12,935

Stage migration of exposure since 1 January 2021, of customers benefiting from payment deferrals under the Non-TESS program by business segment as at 31 December 2021 are summarised below:

AED'000				
	Stage 1	Stage 2	Stage 3	Total
Institutional and corporate banking				
As at 1 January 2021	1,523,763	-	-	1,523,763
- Transfer from stage 1 to stage 2	(172,045)	172,045	-	-
- Transfer from stage 2 to stage 1	-	-	-	-
- Transfer from stage 3 to stage 2	-	-	-	-
Change in exposure within same stage	(67,900)	-	-	(67,900)
As at 31 December 2021	1,283,818	172,045	-	1,455,863

ii. Liquidity risk management

The effects of COVID-19 on the liquidity and funding risk profile of the banking system are evolving and continue to be evaluated, as Governments around the world contribute to provide relief and mitigate the adverse effects of the crisis. The key risk factors include:

- Sustained periods of lower oil prices combined with significantly lower economic output will lead to constraints on the banking sector's funding capabilities and liquidity management;
- Potential rise in the cost of funds due to reduced deposit inflows from the general public and government entities; and
- Weakened credit outlook may have a negative impact on lending, which will further contribute to a slowdown in economic growth.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

4. USE OF ESTIMATE AND JUDGEMENT (CONTINUED)

4.8 Impact of COVID-19 (continued)

ii. Liquidity risk management (continued)

In 2020, the UAE Central Bank had announced a AED 256 billion stimulus package in an attempt to combat the above effects of COVID-19 and ease the liquidity constraints in the UAE Banking Sector, by providing relief to the local economy. The stimulus package included the launch of the Targeted Economic Support Scheme ('TESS'), which allows banks to grant temporary relief to certain customers in the way of deferring payments, and allowing banks to apply for zero-cost funding from the Central Bank. The details of the benefits under the TESS package have been disclosed under "Other reliefs" section of recent regulatory updates.

The Group's management of liquidity risk is disclosed in note 35 d). In response to the COVID-19 outbreak, the bank continues to evaluate the liquidity and funding position and has taken into consideration the relief provided by the UAE Central Bank. In the period ended 30 June 2020, the bank joined the Central Bank's TESS Programme described above and utilised the zero cost funds available to the bank which was fully paid off on 5 November 2020. The bank will continue to monitor the liquidity position and the risks associated with the evolving COVID-19 crisis.

iii. Use of estimates and judgements:

The spread of COVID-19 increased rapidly during the months following March 2020, and as the number of cases spiked governments around the world deployed a multitude of measures to combat the virus and protect their economies. The Bank exercises significant judgement in assessing and estimating areas such as Expected Credit Losses. The bank has updated its ECL model based on the latest macro-economic data provided by Moody's during Q4-2021.

Governance around IFRS 9 ECL models and calculations

Given the significant impact that the macro-economic scenarios and weightages will have on the Bank's ECL, the Bank has further strengthened its processes, controls and governance frameworks around macro-economic forecasting and the computation of ECL. The Bank's IFRS 9 Committee, which reports to the Executive Management, has primary responsibility for overseeing the Bank's ECL models. To ensure the ongoing integrity of ECL calculations during times of extreme uncertainty and volatility, the Bank's IFRS 9 Committee exercises oversight by conducting regular reviews of the portfolio. The committee has been closely monitoring the macro-economic inputs applied to the IFRS 9 model at the bank and has recommended changes required during the current year in the light of relevant information received. The committee continually assess the performance of the bank's portfolio, ensuring that credit risk behaviors align with the significant increase in credit risk policy and that the staging criteria remain relevant.

The IFRS 9 Committee had reviewed the inputs and assumptions for IFRS 9 ECL measurement in light of available information. During 2021, the bank had updated the macro economic variables that feed into the ECL model and this update reflects the impact of COVID-19 on the macro economic environment and in turn into the bank's ECL. In Q1-2021, the macro-economic scenario weights were updated in alignment to Moody's recommended weightage using baseline, upside and downside scenarios with 40%, 30% and 30% weightings respectively. This is in light of the favorable economic outlook, the progress in the vaccination process in UAE and around the globe, the significant easing concerns of second/third wave of coronavirus, impact of new strains of coronavirus and efficacy of the vaccines toward the new strains. Accordingly, the Group has taken the impact arising on ECL.

Commercial Bank of Dubai PSC

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For the year ended 31 December 2021

4. USE OF ESTIMATE AND JUDGEMENT (CONTINUED)

4.8 Impact of COVID-19 (continued)

Governance around IFRS 9 ECL models and calculations (continued)

During Q2-2021 the methodology for estimating point-in-time default probabilities used in the calculation of ECL was refined to more closely align with best international practice. The refinement resulted in an increase in overall ECL.

iv. Fair value measurement of financial instruments

The Group's existing policy on fair value measurement of financial instruments is disclosed in note 3.1 (b). Given the significant impact of the COVID-19 pandemic on the global financial markets, the bank is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario.

v. Investment properties

The Group's existing policy on the recognition and measurement of investment properties is disclosed in note 3.7.

As the real estate market has recovered significantly and became highly active, the Bank has not identified any significant impact to the fair values of investment properties during the year ended 31 December 2021.

vi. Recent regulatory updates:

On 15th March 2020, the CBUAE launched the Targeted Economic Support Scheme (TESS) to address and mitigate the adverse systematic economic impacts of COVID-19 on the UAE banking sector. The objectives of the program were to:

- Facilitate the provision of temporary relief for the payments of principal and / or interest / profit on outstanding loans for all affected private sector corporates, SMEs and individuals, excluding loans extended to governments, government related entities ("GREs") and non-residents; and
- Facilitate additional lending capacity of banks, through the reliefs on existing capital buffers.

The constituents of the TESS program are detailed below:

a) Zero cost facility:

The Zero cost facility ("ZCF") consists of collateralized CBUAE liquidity facilities provided to eligible counter parties under the TESS program. Funds borrowed by the Bank under the ZCF are priced at zero interest rate and the Bank is expected to pass on this zero-cost benefit, at a minimum, to its clients who have been identified to be eligible as per TESS guidelines.

Commercial Bank of Dubai PSC

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4. USE OF ESTIMATE AND JUDGEMENT (CONTINUED)

4.8 Impact of COVID-19 (continued)

vi. Recent regulatory updates: (continued)

a) Zero cost facility: (continued)

Out of CBUAE's total funding program of AED 50 billion, an amount of AED 2.35 billion was earmarked for the Bank and was fully utilized in the quarter ended 30 June 2020. The benefit had been passed onto customers in the form of payment reliefs. On 5 November 2020, the Bank fully paid back the facility.

The ZCFs from CBUAE constitute a Government Grant, as per International Accounting Standard (IAS) 20, as they reflect a transfer of resources to the Bank by a government entity in return for compliance with certain future conditions related to the entity's operating activities, i.e. funding granted under the TESS is linked with the Bank's payment deferral schemes offered to customers.

The ZCFs are initially recorded at their fair values in accordance with the requirements of IFRS 13 and are subsequently measured in accordance with the requirements of IFRS 9.

b) Other reliefs:

Key measures taken by the CBUAE include:

- Reduction of the reserve requirements by half for CASA deposits for all banks, from 14% to 7%;
- Under liquidity requirements relief, banks are allowed to fall below Liquidity Coverage Ratio (LCR) up to 70% and Eligible Liquid Assets Ratio (ELAR) up to 7%, to accommodate for the use of ZCF and to provide banks with additional flexibility to support the UAE economy;
- As part of stable funding relief, banks are allowed to fall below Net Stable Funding Ratio (NSFR) up to 90% and Advances to Stable Resources Ratio can be up to 110% to provide banks with additional flexibility to support the UAE economy;
- Funding obtained through CBUAE Zero Cost Funding facility under the TESS program should be treated as stable funding with a 50% factor for calculating NSFR and ASRR; and
- In line with the CBUAE circular notice no. CBUAE/BSD/N/2020/4980 dated 12 November 2020, it had decided to implement the remaining of the Standards in a phased in manner as follows:
 - Q2 2021: (Basel III part 1) Credit Risk, Market Risk and Operational Risk.
 - Q4 2021: (Basel III part 2) Equity Investment in Funds, Securitisation, Counterparty Credit Risk, Leverage Ratio, and Pillar 3 (except for Credit Value Adjustment).
 - Q2 2022: (Basel III part 3) Credit Value Adjustment and Pillar 3 (for Credit Value Adjustment).
- In order to relieve the pressure on financial institutions, the CBUAE, vide its official paper issued on 5 April 2020, has allowed banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter aims to minimize the effect of IFRS 9 provisions on regulatory capital, in view of the expected volatility due to the COVID-19 crisis. The filter will allow Banks to partially add incremental ECL provisions back to their Tier 2 capital for the purpose of calculating capital adequacy ratios. Banks are however required to reverse this capital benefit in a gradual and phased manner over a period of 5 years (ending on 31 December 2024). The CBUAE has also granted extension of the capital buffer relief to 30 June 2022 for banks enrolled in the TESS program.

vii. Concentration analysis:

Please refer to note 35-b), which discloses the sector categorization of assets as at 31 December 2021.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

4. USE OF ESTIMATE AND JUDGEMENT (CONTINUED)

4.9 Credit Card Portfolio Acquisition

On 4 February 2021, the Group agreed to acquire a credit card portfolio of a finance company within U.A.E. The agreement was signed between both the parties with a cutoff date of 1 May 2021 subject to meeting condition precedent within the agreement i.e. to provide notice to all existing credit card customers with the option to opt out which ended in April 2021. The purchase price paid including the transaction cost ("transaction price") incurred amounted to AED 65.0 million. Management had assessed the initial fair value as equivalent to transaction price.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS "IFRS"

5.1 Relevant new and revised IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRS have been adopted in the Group consolidated financial statements. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior periods.

	Effective for annual periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to phase 2 of interest rate benchmark reforms	1 January 2021

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2021.

5.2 Relevant new and revised IFRS issued but not yet effective

The Group has not applied the following new and revised IFRS, amendments and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
a Amendments to IAS 16 Property, plant and equipment relating to proceeds before intended use	1 January 2022
b Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to onerous contracts.	1 January 2022
c Amendments to IFRS 3 Business Combinations relating to reference to conceptual framework	1 January 2022
d Annual improvements to IFRS standards 2018 - 2020	1 January 2022
e Amendments to IAS 8 Accounting policies, Changes in accounting estimates and errors	1 January 2023
f Amendments to IAS 1 Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current	1 January 2023
g Amendment to IFRS 17 Insurance contracts	1 January 2023

Management anticipates that these IFRS and amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management.

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Notes to the Group consolidated financial statements

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6. FINANCIAL ASSETS AND LIABILITIES

6.1 Financial assets and liabilities classification

The table below sets out the Group's financial assets and liabilities classification in accordance with the categories of financial instruments in IFRS 9:

	Fair value through profit or loss AED '000	Fair value through OCI AED '000	Amortised cost AED '000	Total carrying amount AED '000
31 December 2021				
Cash and balances with Central Bank	-	-	14,667,589	14,667,589
Due from banks, net	-	-	3,154,599	3,154,599
Loans and advances and Islamic financing, net	-	-	76,441,385	76,441,385
Investment securities	256,910	5,973,091	2,761,320	8,991,321
Bankers acceptances	-	-	7,341,210	7,341,210
Other assets, net	666,709	-	796,863	1,463,572
Total financial assets	923,619	5,973,091	105,162,966	112,059,676
Due to banks	-	-	6,120,214	6,120,214
Customer deposits and Islamic customer deposits	-	-	82,721,669	82,721,669
Notes and medium term borrowings	-	-	2,584,490	2,584,490
Due for trade acceptances	-	-	7,341,210	7,341,210
Other liabilities	547,530	-	1,280,776	1,828,306
Total financial liabilities	547,530	-	100,048,359	100,595,889
31 December 2020				
Cash and balances with Central Bank	-	-	13,162,743	13,162,743
Due from banks, net	-	-	4,218,894	4,218,894
Loans and advances and Islamic financing, net	-	-	65,288,572	65,288,572
Investment securities	320,989	4,941,608	-	5,262,597
Bankers acceptances	-	-	5,972,327	5,972,327
Other assets, net	874,857	-	815,707	1,690,564
Total financial assets	1,195,846	4,941,608	89,458,243	95,595,697
Due to banks	-	-	4,782,749	4,782,749
Customer deposits and Islamic customer deposits	-	-	69,750,833	69,750,833
Notes and medium term borrowings	-	-	1,764,059	1,764,059
Due for trade acceptances	-	-	5,972,327	5,972,327
Other liabilities	795,081	-	1,283,159	2,078,240
Total financial liabilities	795,081	-	83,553,127	84,348,208

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

6. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

6.2 Fair value measurement – Fair value hierarchy:

The table below shows categorization of fair value of financial assets and liabilities into different levels of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
	AED '000	AED '000	AED '000	AED '000
31 December 2021				
Investments				
Equity instruments and funds	54,107	-	281,389	335,496
Fixed and floating rate securities	4,417,192	1,477,313	-	5,894,505
Positive market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	663,944	-	663,944
Held for fair value hedge	-	2,164	-	2,164
Held for cash flow hedge	-	601	-	601
Negative market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	(541,329)	-	(541,329)
Held for fair value hedge	-	(3,959)	-	(3,959)
Held for cash flow hedge	-	(2,242)	-	(2,242)
	4,471,299	1,596,492	281,389	6,349,180
31 December 2020				
Investments				
Equity instruments and funds	93,849	-	300,347	394,196
Fixed and floating rate securities	4,868,401	-	-	4,868,401
Positive market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	874,389	-	874,389
Held for fair value hedge	-	468	-	468
Held for cash flow hedge	-	-	-	-
Negative market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	(780,214)	-	(780,214)
Held for fair value hedge	-	(8,453)	-	(8,453)
Held for cash flow hedge	-	(6,414)	-	(6,414)
	4,962,250	79,776	300,347	5,342,373

The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different from their fair values.

During the year there was a transfer of some fixed income securities between Level 1 and Level 2 of the fair value hierarchy, there were no other transfers between levels. Further, there has been no change in the valuation techniques in relation to valuation of financial instruments during the current or prior year.

During the year 2020, the Bank has acquired unquoted fund investments in settlement of debt which are treated as Level 3. These investments are measured at fair value through other comprehensive income with reference to the net asset values of the respective funds.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

7. CASH AND BALANCES WITH CENTRAL BANK

	2021	2020
	AED'000	AED'000
Cash on hand	796,104	739,726
Balances with Central Bank U.A.E		
- Statutory reserves and other deposits	3,071,485	3,073,017
- Negotiable certificates of deposit	10,800,000	9,350,000
	14,667,589	13,162,743

Effective 28 October 2020, the CBUAE introduced new regulations regarding reserve requirements for deposit-taking licensed financial institutions. Under the new regulation, deposit-taking licensed institutions are allowed to draw on their reserve balances held in the CBUAE on any day up to 100% for daily settlement purposes or to deal with any swings on overnight money market rates, while ensuring that the daily average requirements over a 14-day reserve maintenance period is met. The level of reserves required changes periodically in accordance with business requirements and the directives of the Central Bank.

Cash and balances with Central Bank is classified under stage 1 as per IFRS 9. However, these are low credit risk and there are no expected credit losses and hence no provision has been recognised.

8. DUE FROM BANKS, NET

	2021	2020
	AED'000	AED'000
Current and demand deposits	1,836,296	2,871,638
Overnight, call and short notice	585,300	1,008,402
Loans to banks	735,059	340,278
Gross due from banks	3,156,655	4,220,318
Allowances for impairment losses	(2,056)	(1,424)
Net due from banks	3,154,599	4,218,894
Within the U.A.E.	197,982	387,404
Outside the U.A.E.	2,956,617	3,831,490
	3,154,599	4,218,894

Due from banks is classified under stage 1 as per IFRS 9.

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9. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET

The composition of the loans and advances and Islamic financing portfolio is as follows:

<u>At Amortised Cost</u>	2021	2020
	AED'000	AED'000
Loans and advances		
Overdrafts	8,653,532	7,812,960
Loans	54,393,536	45,096,499
Advances against letters of credit and trust receipts	2,188,459	1,608,063
Bills discounted	2,366,805	2,418,037
Gross loans and advances	67,602,332	56,935,559
Islamic financing		
Murabaha and Tawaruq	4,941,516	4,814,715
Ijara	7,565,613	7,114,905
Others	355,742	184,120
Gross Islamic financing	12,862,871	12,113,740
Gross loans and advances and Islamic financing	80,465,203	69,049,299
Allowances for impairment losses	(4,023,818)	(3,760,727)
Net loans and advances and Islamic financing	76,441,385	65,288,572

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	Stage 1	Stage 2	Stage 3	Total
	AED '000	AED '000	AED '000	AED '000
Gross exposure at 1 January 2021	55,506,008	8,377,726	5,165,565	69,049,299
Net transfers between stages	(1,971,256)	336,119	1,635,137	-
Net additions / (repayments)	13,593,934	(1,479,431)	273,824	12,388,327
Amounts written off	-	-	(972,423)	(972,423)
At 31 December 2021	67,128,686	7,234,414	6,102,103	80,465,203
ECL allowance at 1 January 2021	652,976	517,923	2,589,828	3,760,727
Net transfers between stages	(2,974)	(94,120)	97,094	-
Net (reversals) / impairment charge	(54,678)	239,161	1,131,970	1,316,453
Recoveries	-	-	(80,939)	(80,939)
Amounts written off	-	-	(972,423)	(972,423)
At 31 December 2021	595,324	662,964	2,765,530	4,023,818
	Stage 1	Stage 2	Stage 3	Total
	AED '000	AED '000	AED '000	AED '000
Gross exposure at 1 January 2020	52,348,762	7,198,430	4,492,069	64,039,261
Net transfers between stages	(4,468,901)	2,110,891	2,358,010	-
Net additions / (repayments)	7,626,147	(931,595)	(248,123)	6,446,429
Amounts written off	-	-	(1,436,391)	(1,436,391)
At 31 December 2020	55,506,008	8,377,726	5,165,565	69,049,299
ECL allowance at 1 January 2020	517,614	609,152	2,731,685	3,858,451
Net transfers between stages	(14,168)	(207,610)	221,778	-
Net impairment charge	149,530	116,381	1,219,166	1,485,077
Recoveries	-	-	(146,410)	(146,410)
Amounts written off	-	-	(1,436,391)	(1,436,391)
At 31 December 2020	652,976	517,923	2,589,828	3,760,727

The net impairment charge are inclusive of interest in suspense.

The economic sector composition of the loans and advances and Islamic financing is set out in note 35 (b).

Commercial Bank of Dubai PSC

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9. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET (CONTINUED)

The Group has hedged the fair value of certain fixed rate loans and advances and Islamic financing. The carrying value of these loans and advances and Islamic financing is AED 45.6 million (2020: AED 60.0 million). Net positive fair value of the hedged component is AED 1.9 million (2020: net positive fair value of AED 3.7 million).

10. INVESTMENT SECURITIES

	UAE AED'000	GCC AED'000	International AED'000	Total AED'000
31 December 2021				
Held at fair value through profit & loss				
Fixed rate securities				
- Government	-	-	-	-
- Others	-	-	-	-
Quoted equity instruments	-	-	-	-
Unquoted equity instruments	1,837	-	255,073	256,910
Held at fair value through other comprehensive income				
Quoted equity instruments	54,107	-	-	54,107
Unquoted equity instruments and fund	-	-	24,479	24,479
Fixed rate securities				
- Government	1,803,851	747,680	641,693	3,193,224
- Others	909,430	182,656	1,384,243	2,476,329
Floating rate non-government securities	166,183	-	58,769	224,952
Held at amortised cost				
Fixed rate government securities	2,761,320	-	-	2,761,320
	5,696,728	930,336	2,364,257	8,991,321
31 December 2020				
Held at fair value through profit & loss				
Fixed rate securities				
- Government	3,353	-	-	3,353
- Others	22,243	1,292	-	23,535
Quoted equity instruments	-	-	22,025	22,025
Unquoted equity instruments	-	-	272,076	272,076
Held at fair value through other comprehensive income				
Quoted equity instruments	71,824	-	-	71,824
Unquoted equity instruments and fund	27,978	-	293	28,271
Fixed rate securities				
- Government	1,069,106	633,556	76,912	1,779,574
- Others	1,173,884	319,935	1,257,182	2,751,001
Floating rate non-government securities	147,024	-	163,914	310,938
	2,515,412	954,783	1,792,402	5,262,597

Included in fixed and floating rate securities held at fair value through other comprehensive income securities is an amount of AED 2.6 billion (31 December 2020: AED 2.2 billion), pledged under repurchase agreements with banks.

Net gains from sale of debt investments at fair value through other comprehensive income amounted to AED 53.0 million (2020: AED 137.6 million).

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10. INVESTMENT SECURITIES (CONTINUED)

10.1 Rating of fixed and floating rate securities

The below table shows the rating of fixed and floating rate securities:

	2021 AED'000	2020 AED'000
Rated Aaa to Aa3	2,641,702	766,533
Rated A1 to A3	2,345,693	2,500,447
Rated Baa1 to Baa3	362,640	896,731
Rated below Baa3 or Unrated - Government	2,885,273	567,834
Rated below Baa3 - others	420,517	136,856
	8,655,825	4,868,401

The above represents approved ratings from External Credit Assessment Institutions (ECAIs) as per BASEL III guidelines.

11. INVESTMENT IN AN ASSOCIATE

Equity accounting was applied using management information available at the date of reporting.

The following is the aggregated financial information of the associate:

	2021 AED'000	2020 AED'000
At 1 January	88,514	85,127
Share of profit of associate	11,529	5,991
Dividends received	(3,992)	(2,661)
Share of Directors' remuneration of associate	(604)	(310)
Other equity adjustments	(396)	367
At 31 December	95,051	88,514

	2021 AED'000	2020 AED'000
Assets	1,541,189	1,406,949
Liabilities	1,005,690	908,281
Net assets	535,499	498,668
Revenue	84,898	65,961

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12. INVESTMENT PROPERTIES, NET

The movement in investment properties during the year is as follows:

	2021	2020
	AED'000	AED'000
Cost		
At 1 January	347,899	359,004
Additions	-	585
Transfers from property and equipment	8,680	15,010
Disposals	-	(26,700)
At 31 December	356,579	347,899
Depreciation		
At 1 January	156,430	160,108
Charge for the year	4,051	4,655
Transfers from property and equipment	4,692	11,234
Disposals	-	(19,567)
At 31 December	165,173	156,430
Net book value at 31 December	191,406	191,469

Investment properties comprises buildings. Rental income amounting to AED 14.2 million (2020 AED 15.3 million) from investment properties leased under operating lease is recorded in other income.

The fair value of the investment property amounted to AED 261.9 million. All of the investment properties have been categorised as Level 3 fair value measurements.

During the year ended 31 December 2021 the Group has carried out external valuations of all investment properties. The valuations are carried out by professional valuers who hold recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued. The valuations were based on income (investment) and market based method of valuation. To value the investment properties, the passing rental income and estimated market rental income are used. Any significant movement in the assumptions used for the fair valuation of investment properties such as yield, rental growth, vacancy rate etc. is expected to result in significantly lower / higher fair value of these assets. As a result of the above impairment exercise, the Group has recognised an impairment of AED Nil (2020: AED Nil).

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13. PROPERTY AND EQUIPMENT

Cost	Freehold land and buildings AED'000	Leasehold improvements AED'000	Furniture, equipment & vehicles AED'000	Capital work in progress (CWIP) AED'000	Total AED'000
At 1 January 2021	292,535	41,976	492,805	22,226	849,542
Additions during the year	158	297	1,670	51,367	53,492
Transfers	(5,564)	379	22,461	(25,956)	(8,680)
Disposals / write off	-	-	(8,931)	(4,464)	(13,395)
At 31 December 2021	287,129	42,652	508,005	43,173	880,959
Depreciation					
At 1 January 2021	138,336	33,157	388,024	-	559,517
Transfers	(4,692)	-	-	-	(4,692)
Charge for the year	2,418	1,412	21,764	-	25,594
On disposals	-	-	(8,885)	-	(8,885)
At 31 December 2021	136,062	34,569	400,903	-	571,534
Net book value at 31 December 2021	151,067	8,083	107,102	43,173	309,425
Cost	Freehold land and buildings AED'000	Leasehold improvements AED'000	Furniture, equipment & vehicles AED'000	Capital work in progress (CWIP) AED'000	Total AED'000
At 1 January 2020	312,147	49,673	456,834	13,091	831,745
Additions during the year	531	525	7,566	40,879	49,501
Transfers	(14,392)	(618)	28,944	(28,944)	(15,010)
Disposals / write off	(5,751)	(7,604)	(539)	(2,800)	(16,694)
At 31 December 2020	292,535	41,976	492,805	22,226	849,542
Depreciation					
At 1 January 2020	147,384	39,679	371,099	-	558,162
Transfers	(10,771)	(463)	-	-	(11,234)
Charge for the year	1,723	1,417	20,089	-	23,229
On disposals	-	(7,476)	(3,164)	-	(10,640)
At 31 December 2020	138,336	33,157	388,024	-	559,517
Net book value at 31 December 2020	154,199	8,819	104,781	22,226	290,025

The Group assessed whether there is an indication that an asset may be impaired and concluded that there was no indication of impairment.

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14. OTHER ASSETS, NET

	2021	2020
	AED'000	AED'000
Interest receivable	348,850	482,007
Accounts receivable and prepayments	475,698	359,128
Positive mark to market value of derivatives (note 31)	666,709	874,857
Properties acquired in settlement of debt-held for sale, net	1,529,353	1,170,427
	3,020,610	2,886,419

During the year provision of AED 40.9 million (2020: AED 17.1 million) was charged on property acquired in settlement of debt.

15. DUE TO BANKS

	2021	2020
	AED'000	AED'000
Current and demand deposits	208,048	88,863
Term borrowings	5,912,166	4,693,886
	6,120,214	4,782,749

16. CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS

	2021	2020
	AED'000	AED'000
Customer deposits		
Current and demand accounts	27,692,171	21,668,539
Savings accounts	4,188,259	3,410,165
Time deposits	33,689,371	28,403,618
	65,569,801	53,482,322

Islamic customer deposits

Current and demand accounts	4,881,439	3,267,590
Mudaraba savings accounts	588,262	571,232
Investment and Wakala deposits	11,682,167	12,429,689
	17,151,868	16,268,511

Total customer deposits and Islamic customer deposits

	82,721,669	69,750,833
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	2021	2020
	AED'000	AED'000
By sector:		
Government	17,582,539	15,634,367
Corporate	37,435,457	35,555,078
Personal	27,703,673	18,561,388
	82,721,669	69,750,833

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17. NOTES AND MEDIUM TERM BORROWINGS

		31 December 2020 AED'000	Cash flow Changes AED'000	Non cash flow Changes AED'000	31 December 2021 AED'000
Syndicated loan	17.1	620,818	-	1,034	621,852
Repurchase agreements - I	17.2	551,442	-	-	551,442
Repurchase agreements - II	17.2	591,799	(591,799)	-	-
Repurchase agreements - III	17.2	-	1,135,721	-	1,135,721
Medium term notes	17.3	-	275,475	-	275,475
Total		1,764,059	819,397	1,034	2,584,490

		31 December 2019 AED'000	Cash flow Changes AED'000	Non cash flow Changes AED'000	31 December 2020 AED'000
Syndicated loan	17.1	619,912	-	906	620,818
Repurchase agreements - I	17.2	551,442	-	-	551,442
Repurchase agreements - II	17.2	591,799	-	-	591,799
Medium term notes	17.3	1,467,919	(1,469,200)	1,281	-
Total		3,231,072	(1,469,200)	2,187	1,764,059

17.1 Syndicated loan

In August 2019, the Group entered into a club deal of USD 170 million (AED 624.4 million) priced at 6 month Libor plus 135 bps. for a term of 5 years with an option to roll over on a semi-annual basis maturing in August 2024.

17.2 Repurchase agreements

The Group entered into multiple repo transactions to obtain financing against the sale of certain debt securities. The repo transactions details are as follows:

	Purchase date	Maturity date	Amount in USD (millions)	Amount in AED (millions)
Repurchase agreements - I	July 2012	July 2022	150.1	551.4
Repurchase agreements - II	June 2016	July 2021	161.1	591.8
Repurchase agreements - III	June 2021	June 2026	309.2	1,135.7

As at 31 December 2021 the fair value of the debt securities, which have been pledged under these repurchase agreements with banks, amounts to AED 2,095.9 million (USD 570.6 million) (31 December 2020: AED 1,455.7 million (USD 396.3 million)).

17.3 Medium term notes

In November 2015, CBD issued USD 400 million (AED 1,469.2 million) of conventional notes. These notes were priced at 4 per cent fixed rate and matured on 17 November 2020.

In July 2021, CBD issued USD 50 million (AED 183.7 million) of conventional notes. These notes were priced at 3 month Libor plus 130 bps. floating rate and will mature on 8 July 2026.

In September 2021, CBD issued USD 25 million (AED 91.8 million) of conventional notes. These notes were priced at 3 month Libor plus 130 bps. floating rate and will mature on 15 September 2026.

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18. OTHER LIABILITIES

	2021	2020
	AED'000	AED'000
Interest payable	223,012	379,243
Employees' terminal benefits	54,190	49,941
Accounts payable	425,419	507,024
Accrued expenses	136,865	125,874
Manager cheques	441,290	221,077
Unearned fee income and deferred credits	49,493	59,617
Negative mark to market value of derivatives (note 31)	547,530	795,081
	1,877,799	2,137,857

Based on the actuarial computation of employees' terminal benefits, the obligation under the defined benefit scheme is AED 54.2 million (2020: AED 49.9 million). The actuarial loss for the year ended 31 December 2021 amounting to AED 2.4 million loss (2020: AED 2.9 million loss) has been recognized directly in other comprehensive income under Actuarial loss on retirement benefits obligations.

The table below shows the movement in the employees' terminal benefits:

	2021	2020
	AED'000	AED'000
Balances as at 1 January	49,941	50,826
Expense during the year	10,397	7,965
Actuarial loss in other comprehensive income	2,367	2,916
Benefits paid and adjustments during the year	(8,515)	(11,766)
Balances as at 31 December	54,190	49,941

19. EQUITY

19.1 Share capital

The fully paid up and authorised ordinary share capital as at 31 December 2021 comprised 2,802,733,968 ordinary shares of AED 1 each (31 December 2020: 2,802,733,968 shares of AED 1 each). There was no movement in authorised ordinary share capital during the year.

In the Annual General Assembly meeting held on 11 March 2020 the shareholders approved the opening of the Bank's capital to non-UAE Nationals ownership up to 40%, subject to obtaining the necessary approval of the regulatory authorities. On 14 June 2020, all regulatory formalities were completed and then onwards, foreigners were allowed to trade the Bank's shares.

19.2 Tier 1 capital notes

The Group had issued USD 600 million (AED 2,203.8 million) of Tier 1 Capital Securities at a price of 6% per annum on 21 October 2020. The notes are non-callable for 6 years and are listed on Euronext Dublin and Nasdaq Dubai.

Commercial Bank of Dubai PSC

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For the year ended 31 December 2021

19. EQUITY (CONTINUED)

19.2 Tier 1 capital notes (continued)

The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default.

The accounting treatment for the securities is governed by IAS 32 Financial Instruments Presentation. As per IAS 32, the instrument qualifies as an equity instrument and the interest paid on the securities is accounted for as a deduction from retained earnings. The accounting treatment for issuing securities transaction costs are accounted for as a deduction from equity. These are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

19.3 Legal and statutory reserve

The Group's Article of Association in compliance with the Decretal Federal Law No. (14) of 2018 require a minimum of 10% of annual net profit to be transferred to non-distributable legal and statutory reserve, until such time as this reserve equals 50% of share capital. During the year AED 80 thousand transferred to legal and statutory reserve (2020: nil) to meet the minimum regulatory requirement. The legal and statutory reserve is not available for distribution except under the circumstances stipulated by the relevant laws.

19.4 General reserve

The Group's Articles of Association adopted by the General Assembly of Shareholders in its meeting held on 26 June 2016 deleted the requirement for the general reserve. Therefore, there is no requirement to transfer 10% of the annual net profit to the general reserve. The previous Group's Articles of Association, required a minimum of 10% of the annual net profit to be transferred to general reserve until such time as this reserve equals 50% of share capital. The disposition of the general reserve shall be in accordance with a resolution made by the Board of Directors.

19.5 Capital reserve

This reserve represents the inaugural value of land at the CBD head office. The reserve is available for distribution to the shareholders.

19.6 Fair value reserve

This represents the net change in the fair values of OCI investments, derivative instruments designated as cash flow hedge instruments held by the Group at reporting date and actuarial changes on retirement benefits obligations. This reserve is not available for distribution to the shareholders until realised.

19.7 Proposed distribution

As of the date of approving the consolidated financial statements, the Board of Directors' proposed a cash dividend of 25.88% (2020: 20.0%).

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20. INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING

	2021 AED'000	2020 AED'000
Interest income		
Loans and advances	2,198,003	2,231,190
Negotiable certificates of deposit with the Central Bank	9,026	38,374
Due from banks	987	5,717
Investment securities		
- Debt securities at FVOCI	128,618	162,238
- Debt securities at amortized cost	5,558	-
	2,342,192	2,437,519
Income from Islamic financing		
Murabaha and Tawaruq	124,593	155,626
Ijara	222,362	272,215
	346,955	427,841
Total interest income and income from Islamic financing	2,689,147	2,865,360
Interest income is recognised using the effective interest rate.		

21. INTEREST EXPENSE AND DISTRIBUTION TO ISLAMIC DEPOSITORS

	2021 AED'000	2020 AED'000
Interest expense		
Due to banks	22,219	17,684
Customer deposits	362,381	594,218
Notes and medium term borrowings	71,686	158,502
	456,286	770,404
Distribution to Islamic depositors		
Islamic customer deposits	154,972	208,403
	154,972	208,403
Total interest expense and distribution to Islamic depositors	611,258	978,807

Distribution to Islamic depositors represents the share of income allocated to Islamic depositors of the Group. The allocation and distribution is approved by the Group's Internal Sharia Supervision Committee (ISSC).

22. NET FEES AND COMMISSION INCOME

	2021 AED'000	2020 AED'000
Lending activities	273,928	215,694
Trade finance activities	187,415	190,894
Account operating activities	297,577	253,157
Cards income and brokerage fees	249,292	105,834
	1,008,212	765,579
Cards, commissions and brokerage expenses	(265,790)	(114,296)
	742,422	651,283

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23. NET GAINS FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	AED'000	AED'000
Net realised gains on sale of investments at fair value through profit or loss	3,452	2,048
Unrealised gains of investments at fair value through profit or loss	-	22,578
	3,452	24,626

24. OTHER INCOME

Other income includes rental income from Investment properties and properties acquired in settlement of debt of AED 41.7 million (2020: AED 32.6 million) and profit on sale of investment properties or assets held for sale acquired in settlement of debt of AED 2 million (2020: AED 15.7 million).

25. STAFF AND OTHER EXPENSES

In 2021, staff expenses were AED 557.6 million (2020: AED 555.9 million) and other expenses of AED 271.6 million (2020: AED 215.7 million). Other expenses were inclusive of general and administrative expenses, corporate social responsibility (CSR) related expenses of AED 2.9 million (2020: AED 5 million) and directors' sitting fees for attending committee meetings during the year ended 31 December 2021 of AED 3.3 million (2020: AED 2.8 million).

26. LEASE COMMITMENTS

Group as lessee

Staff and other expenses include expenses related to the leases of the bank amounting to AED 10.6 million (2020: AED 9.7 million). Future minimum lease payments under non-cancellable leases as at 31 December are, as follows:

	2021	2020
	AED'000	AED'000
Less than 1 year	7,148	7,564
From 1 year to 5 years	-	1,532
	7,148	9,096

27. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share have been computed using the net profit (further adjusted for interest expense and transaction cost on Tier 1 capital notes) divided by the weighted average number of ordinary shares outstanding 2,802,733,968 (31 December 2020: 2,802,733,968).

	2021	2020
	AED'000	AED'000
Net profit for the year	1,450,522	1,120,098
Deduct : Interest on Tier 1 capital notes	(132,228)	-
Deduct : Tier 1 capital notes transaction cost	(1,543)	(7,950)
Adjusted net profit for the year	1,316,751	1,112,148
Weighted average number of ordinary shares ('000)	2,802,734	2,802,734
Adjusted earnings per share (AED)	0.47	0.40

Diluted earnings per share as of 31 December 2021 and 31 December 2020 are equivalent to basic earnings per share as no new shares have been issued that would impact earnings per share when executed.

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28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	2021	2020
	AED'000	AED'000
Cash on hand	796,104	739,726
Statutory reserves and other deposits	3,071,485	3,073,017
Negotiable certificates of deposit with the UAE Central Bank	10,800,000	9,350,000
Due from banks	3,156,655	4,220,318
	17,824,244	17,383,061
Less: UAE Central Bank statutory reserves requirement	(3,016,348)	(2,420,934)
Less: Negotiable certificates of deposit with the UAE Central Bank with original maturity more than three months	-	(350,000)
Less: Due from banks with original maturity of more than three months	(735,059)	(340,278)
Less: Due to banks with original maturity of less than three months	(1,052,398)	(942,140)
	13,020,439	13,329,709

29. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities represent credit-related commitments to extend letters of credit and guarantees which are designed to meet the requirements of the Group's customers toward third parties. Undrawn commitments represent the Group's commitments towards approved un-drawn credit facilities. The amount of contingent liabilities reflected below represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

	2021	2020
	AED'000	AED'000
Contingent liabilities:		
Letters of credit	2,961,640	2,883,465
Letters of guarantee	11,098,639	11,104,923
	14,060,279	13,988,388
Undrawn commitments to extend credit	17,714,851	14,518,690
Capital commitments:		
Capital expenditure commitments	44,636	20,241
Total contingent liabilities and commitments	31,819,766	28,527,319

In the normal course of business, certain litigations were filed by or against the Bank. However based on management assessment, none of the litigations have a material impact on Bank's financial results.

The bank seeks to comply with all applicable laws by which it is governed and is not aware of any material fines or penalties that warrant disclosure in the financial statements.

30. FIDUCIARY ASSETS

Assets held under fiduciary capacity on behalf of clients amounted to AED 8,151.3 million (2020: AED 5,837.9 million).

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31. DERIVATIVES

The following table shows the positive and negative fair values of derivative financial instruments at the reporting date, together with the notional amounts, analyzed by terms to maturity. The notional amount is the value of the derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and therefore, are neither indicative of the Group's exposure to credit risk nor market risk. Credit risk on derivatives is limited to its positive fair value if any, the positive MTM and also the bank's own credit risk associated with its derivative liability position.

	Positive market value AED'000	Negative market value AED'000	Notional amount AED'000	Less than three months AED'000	From three months to one year AED'000	From one year to five years AED'000	Over Five years AED'000
31 December 2021							
Cash flow hedge instruments							
Currency Swaps	601	2,242	62,384	62,384	-	-	-
Fair value hedge instruments							
Interest Rate Swaps	2,164	3,959	157,064	-	-	120,334	36,730
Forward foreign exchange contracts and other derivatives							
Interest rate swaps	521,441	421,758	26,247,057	387,607	1,179,034	8,526,769	16,153,647
Foreign exchange deals	78,624	56,114	9,049,380	4,545,218	4,372,559	131,603	-
Currency options	50,144	50,131	5,187,294	83,000	787,038	4,317,256	-
Interest rate options	13,735	13,326	1,568,924	-	233,651	1,008,823	326,450
	666,709	547,530	42,272,103	5,078,209	6,572,282	14,104,785	16,516,827

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31. DERIVATIVES (continued)

	Positive market value AED'000	Negative market value AED'000	Notional amount AED'000	Less than three months AED'000	From three months to one year AED'000	From one year to five years AED'000	Over Five years AED'000
31 December 2020							
Cash flow hedge instruments							
Currency Swaps	-	6,414	67,728	-	-	67,728	-
Fair value hedge instruments							
Interest Rate Swaps	468	8,453	279,753	-	-	243,023	36,730
Forward foreign exchange contracts and other derivatives							
Interest rate swaps	758,205	669,478	23,708,828	-	719,543	10,253,320	12,735,965
Foreign exchange deals	50,869	46,259	9,795,238	587,869	7,840,902	1,366,467	-
Currency options	56,539	56,506	2,207,979	-	461,603	1,746,376	-
Interest rate options	8,776	7,971	1,099,485	-	-	773,035	326,450
	874,857	795,081	37,159,011	587,869	9,022,048	14,449,949	13,099,145

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32. SEGMENTAL REPORTING

The primary format, business segments, is based on the Group's management and internal reporting structure that are regularly reviewed by the Executive Committee in order to allocate resources to the segment and to assess its performance. During the year, there has been a change to the organization structure and the portfolio allocation to the business segments. This was to streamline the allocation of customers between Institutional and Corporate banking, with now the former focusing on a re-defined definition of Institutions whilst the latter targeting the regional corporates. The prior year comparative figures have been accordingly reclassified to conform to the current year presentation.

The business segments pay to and receive interest from the Treasury to reflect the allocation of funding costs. Interest is charged or credited to business segments and branches to match funding at transfer pricing rates which approximate the cost of funds..

Business segments

Institutional banking	Includes loan and other credit facilities, deposits, trade finance products and e-commerce solutions to institutional clients (including Government related entities).
Corporate banking	Includes loans, working capital financing, trade finance and deposits products to corporate clients.
Personal banking	Includes current accounts, easy access saving accounts, fixed rate deposit accounts, personal loans, overdraft facilities, vehicle finance, mortgage products, loans and other credit facilities to small business and retail clients.
Trading & Other	Undertakes balance sheet management deals and manages the Group's proprietary investment portfolio. It also has derivatives for trading and risk management purposes.

Geographical

The Group operates in one geographic area, the United Arab Emirates.

	Institutional banking	Corporate banking	Personal banking	Trading & Other	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
31 December 2021					
Assets	32,793,898	40,744,312	13,291,649	27,382,737	114,212,596
Liabilities	44,574,610	15,144,970	31,613,171	9,312,631	100,645,382
31 December 2020					
Assets	28,111,314	36,578,539	8,832,742	23,838,965	97,361,560
Liabilities	34,476,375	14,074,011	28,401,228	7,456,211	84,407,825

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32. SEGMENTAL REPORTING (CONTINUED)

	Institutional banking AED'000	Corporate banking AED'000	Personal banking AED'000	Trading & Other AED'000	Total AED'000
31 December 2021					
Net interest income and net income from Islamic financing	619,073	1,090,358	574,536	(206,078)	2,077,889
Non-interest & other income	270,996	265,844	409,110	159,159	1,105,109
Total operating income	890,069	1,356,202	983,646	(46,919)	3,182,998
Expenses (note a)	163,984	144,671	459,995	96,408	865,058
Net provisions (note b)	259,219	538,719	28,953	40,527	867,418
	423,203	683,390	488,948	136,935	1,732,476
Net profit for the year	466,866	672,812	494,698	(183,854)	1,450,522
31 December 2020					
Net interest income and net income from Islamic financing	598,203	966,269	572,183	(250,102)	1,886,553
Non-interest & other income	234,858	255,923	345,043	255,819	1,091,643
Total operating income	833,061	1,222,192	917,226	5,717	2,978,196
Expenses (note a)	152,247	128,087	440,298	86,674	807,306
Net provisions (note b)	618,541	308,571	111,996	11,684	1,050,792
	770,788	436,658	552,294	98,358	1,858,098
Net profit for the year	62,273	785,534	364,932	(92,641)	1,120,098

- This includes staff and other expenses and depreciation and amortization.
- This includes impairment allowances on due from banks, loans and advances and Islamic financing, investment securities, and other assets, net of recoveries.

The following is an analysis of the total operating income of each segment between income from external parties and inter-segment:

	External parties		Inter-segment	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Institutional banking	671,618	578,764	218,451	254,297
Corporate banking	1,533,815	1,522,116	(177,613)	(299,924)
Personal banking	765,608	587,162	218,038	330,064
Trading & Other	211,957	290,154	(258,876)	(284,437)
Total operating income	3,182,998	2,978,196	-	-

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33. RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2021 and 31 December 2020, the Investment Corporation of Dubai (“ICD”) owns 20% share capital of the Group. ICD is a wholly owned entity by the Government of Dubai (the “Government”).

The Group in the ordinary course of business enters into transactions with major shareholders, directors, key management personnel and their related entities. The terms of these transactions are approved by the Group’s Board of Directors.

	Directors and key management personnel		Government related parties		Other related parties	
	2021	2020	2021	2020	2021	2020
	AED’000	AED’000	AED’000	AED’000	AED’000	AED’000
Due from banks	-	-	99,685	138,766	-	-
Loans and advances and Islamic financing	150,208	194,195	1,482,351	1,577,176	2,427,352	1,925,264
Investment securities	-	-	565,379	715,360	-	-
Acceptances	-	-	-	-	5,721	4,509
Letters of credit	-	-	-	-	4,319	3,294
Letters of guarantee	-	-	79,778	207,585	24,576	101,619
Undrawn commitments to extend credit	11,001	15,707	79,882	275,416	354,037	226,605
Due to banks	-	-	459,125	-	-	-
Customer deposits and Islamic customer deposits	114,443	112,264	6,000,409	4,631,362	491,068	443,840
Interest income and commission income	6,458	8,387	39,924	41,408	79,041	69,691
Interest expense	216	556	44,405	66,372	3,173	5,255
Dividend from an associate	-	-	-	-	3,992	2,661

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Other related parties represents major shareholders and parties related to directors, key management personnel.

Directors' sitting fees for attending committee meetings during the year ended 31 December 2021 amounted to AED 3.3 million (2020: AED 2.8 million).

	2021	2020
	AED’000	AED’000
Key management compensation		
Salaries	20,392	21,599
Post-employment benefits	771	839
Other benefits	40,841	21,317

34. RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Risk Governance

The Board of Directors (the “Board”) has the overall responsibility for the operations and the financial stability of the Group, and ensures that the interests of shareholders, depositors, creditors, employees and other stakeholders, including the banking regulators and supervisors, are addressed. The Board is responsible for strategic direction, management oversight and adequate control with the ultimate objective of promoting the success and long-term value of the Bank. The Board is also responsible for the overall framework of the risk governance, management, determining risk strategy, setting the Group’s risk limits and ensuring that risk exposure is monitored, controlled effectively and kept within set limits. Additionally, it is responsible for establishing a clearly defined risk management structure and for approval of the risk policies and procedures as well as management of all risks related to the Group.

In order to effectively discharge this responsibility the Board is assisted by various Board Committees, namely Board Executive Committee (BEC), Board Risk Committee (BRC), Board Audit Committee (BAC) and Remuneration and Nomination Committee (REMCO).

Management actively manages risk, primarily through the Risk Department with oversight by the Executive Committee (EXCO), Assets & Liabilities Committee (ALCO), Credit Committee (CC), Project Investment Committee (PIC), Information Security Risk Committee (ISRC), Compliance Committee (CCO), Human Resources Committee (HRC) and Operational Risk Management Committee (ORMC).

34.2 Control Environment

a) Group Risk

Group Risk Department comprises credit, market and operational units. Its responsibilities include the following:

- Developing a strategy, policy and framework for risk management such that these are aligned with business requirements;
- Providing support to the Group in implementation of the framework;
- Bringing together analysis of risk concentrations and sensitivities across the Group;
- Acting as a point of reference for risk and control matters, providing advice to management, sharing best practices and carrying out special reviews as directed by ALCO;
- Financial restructuring & recovery and business management and governance; and
- Providing independent assessment of, and challenge to the business areas’ risk management and profiles to ensure that they are maintained in a robust manner.

b) Internal Audit

The role of the Internal Audit Department within the Group is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by the Group is appropriate and effectively applied. In addition, it also provides an independent check on the compliance with laws and regulations and measuring compliance with the Group’s policies and procedures. Additionally, Internal Audit provides consulting services which are advisory in nature, and are generally performed at the specific request of the BAC or Management.

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

34.2 Control Environment (continued)

b. Internal Audit (continued)

It is led by the Chief Internal Audit Officer who reports to the BAC of the Board of Directors, with administrative reporting to the Chief Executive Officer of the Group.

To perform its role effectively, Internal Audit has organizational independence from management, to enable unrestricted evaluation of management activities and personnel. The Internal Audit Charter empowers it to have full, free and effective access at all reasonable times to all records, documents and employees of the Group. Internal Audit has direct access to the Chairman of the BAC and Chief Executive Officer of the Group.

To determine whether the Internal Audit Function is functioning effectively, the BAC shall:

- Assess the appropriateness of the Internal Audit Charter once each year;
- Assess the adequacy of resources available, both in terms of skills and funding once each year; and
- Sponsor external assessments, at least once every five (5) years, by a qualified, independent reviewer from outside the Group.

c) Internal Control

Board of Directors and Management are responsible for developing and maintaining the existence of a sound Internal Control System and procedures that meet international standards and fulfill the requirements of the Group's management and external regulatory bodies. The internal control system should be capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Group;
- Effectiveness and efficiency of the Group's operational activities;
- Effectiveness of measures and procedures set to safeguard the Group's assets and properties; and
- Compatibility with laws, legislations and regulations in force as well as policies pertinent to internal operational procedures.

Executive management constantly monitors and assesses the efficiency and effectiveness of internal control procedures and their ability to achieve stated objectives and their furtherance and enhancement.

The processes and responsibilities of the Internal Control functions include but not limited to:

- Ensuring that the Group's operational policies, processes and controls are adhered to;
- Ensuring that proper internal controls are in place and that they are functioning as designed in a timely and effective manner;
- Periodic review of the Group's internal control system in order to identify areas where internal controls may be weak, not present and areas where there appear to be excessive controls resulting in operational inefficiency so as to suggest ways to rectify the same;
- Enabling the management to conduct an annual review of the efficiency of the internal control system and report its findings; and
- Monitoring of operational activities and overseeing operational controls being exercised to ensure that these are timely and effective.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

34.2 Control Environment (continued)

d) Compliance and Fraud prevention

The process of monitoring compliance is an independent task which aims at ensuring that the Group is in compliance with all applicable laws, regulations, instructions, directives, codes of conduct and sound banking standards and practices as issued by relevant authorities.

The Board of Directors takes necessary measures to further strengthen the values of integrity and sound professional conduct within the Group by promoting a culture of compliance in letter and spirit of applicable laws, regulations, instructions and standards.

The mission and role of compliance, AML and Fraud prevention department is to:

- Ensuring compliance risks are adequately identified, assessed, monitored and controlled in conjunction with Business and other control functions;
- Ensuring senior management is fully informed of significant compliance issues and plans for resolution;
- Contributing to a “no surprise” compliance culture by educating and communicating compliance awareness throughout the Group;
- Aligning annual compliance plans with business strategies and goals; and
- Meet regulatory expectations, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) requirements.

Fraud prevention

The Group has a dedicated Fraud Prevention and Investigation Unit that assists in identification, detection, and verification of potential or actual fraud incidents including quantification and recoupment of any losses sustained as a result of such incident. The purpose is to manage susceptibility of Group’s assets and processes to fraud risk with a view to reducing it and to raise the level of fraud awareness amongst employees and other stakeholders.

e) Whistle Blowing

A set of arrangements has been designed to enable employees to confidentially report concerns about any potential violations, enabling the investigation and follow up of such concerns independently and discreetly through the whistle blowing policy. Such arrangements are supervised by the BAC and in coordination with the executive management.

34.3 Disclosure policy

The Group has laid down the disclosure policy to ensure compliance with all regulations and guidelines issued by the lead regulator Central Bank of the UAE (CBUAE), International Financial Reporting Standards (IFRS), Securities and Commodities Authority (SCA) and Dubai Financial Market (DFM).

The following are the key features of the Group’s disclosure policy concerning disclosure of financial information:

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34. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

34.3 Disclosure policy (continued)

a) Materiality thresholds

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement, and / or any material information that might affect the share price. The Group, in order to ensure adequate disclosure lays down qualitative materiality threshold, so that no material information is omitted or misstated; at the same time it does not jeopardize its competitive position.

b) Control framework

In order to ensure true and fair disclosure, the Group has established controls including detailed procedures for finalization and review of financial disclosures.

c) Frequency and medium of disclosure

Interim financial results are disclosed on a quarterly basis while complete consolidated financial statements complying with the requirements of IFRS, Basel III Pillar 3, relevant laws of the U.A.E, SCA requirement and other guidelines from CBUAE is made on annual basis. Disclosures of material non-public financial information are made as follows:

- Uploading quarterly reviewed and annual audited consolidated financial statements to DFM, SCA and Nasdaq Dubai websites;
- Posting quarterly and annual consolidated financial statements on the Bank's website;
- Management discussion and analysis in Arabic and English newspapers in a manner that ensures wide dissemination;
- Publication of the annual report which includes audited consolidated financial statements, list of names of members of the Board of Directors, senior executives and names of wholly or partially owned subsidiaries; and
- Investor's pack is presented on Bank's website on a quarterly and annual basis.

Commercial Bank of Dubai PSC

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For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT

a) Introduction and overview

The Group has exposure to the following primary risks from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk

Risk is inherent to the Group's business and activities. The Group's ability to identify, assess, monitor and manage each type of risk to which the Group is exposed is an important factor in its financial stability, performance and reputation.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board Risk Committee (BRC) is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's BRC is assisted in these functions by Internal Audit, which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Group BRC as well as BAC.

This note presents information relating to the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations arising principally from the Group's balances with Central Bank, due from banks, loans and advances and Islamic financing, other financial assets, loan commitments and financial guarantee contracts. For reporting purpose, credit risk on loan commitments and financial guarantee contracts is reported as a component of credit risk on loans and advances and Islamic financing. For risk management purposes, credit risk arising on investment securities held at FVPL is managed independently.

i. Management of credit risk

Credit Committee (CC) manages the credit risk of the Group by continuous review and update of the following:

- Formulating credit policies;
- Establishing the authorisation structure for the approval and renewal of credit facilities;
- Reviewing and assessing credit risk;
- Limiting concentrations of exposure to counterparties, geographies and industries;
- Developing and maintaining the Group's risk gradings;
- Developing and maintaining the Group's processes for measuring ECL;
- Reviewing compliance of business units with agreed exposure limits; and
- Providing advice, guidance and specialist skills to business units to promote best practice.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

ii. Internal credit risk ratings

In order to minimize credit risk, the Group has tasked its credit committee to develop and maintain the Group's credit risk grading to categories exposures according to their degree of risk of default. The Group's credit risk grading framework comprises various categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk increases. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the customer risk profile:

- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review and where available changes in the financial sector the customer operates etc.

The Group uses credit risk grades as a primary input into the determination of the term structure of the probability of default (PD) for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as Economic Composite Index (ECI), Oil price per barrel (OPB), hotel occupancy and house prices. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly for each obligor. The criteria used are both quantitative changes in PDs as well as qualitative.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

ii. Internal credit risk ratings (continued)

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increase in credit is effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

Loss Given Default is the loss expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Bank expects to receive. The Bank estimates LGD based on history of recovery rates and considers the valuation of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

iii. Measurement of ECL

As explained in note 3.1.1 (e), the Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk. However, for financial instruments such as credit cards and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance to terminate a loan commitment or guarantee.

iv. Restructured and renegotiated loans

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off. Management continuously monitors the progress on renegotiated loans to ensure compliance with the terms at all times.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

v. Exposure to credit risk

The Group measures its exposure to credit risk by reference to gross carrying amount of financial assets less interest suspended and expected credit allowances, if any.

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Due from banks	AED'000	AED'000	AED'000	AED'000
Performing	3,156,655	-	-	3,156,655
Allowance for impairment losses	(2,056)	-	-	(2,056)
Net carrying amount	3,154,599	-	-	3,154,599

	Stage 1	Stage 2	Stage 3	Total
Loans and advances	AED'000	AED'000	AED'000	AED'000
Performing	67,128,686	7,234,414	-	74,363,100
Non-performing	-	-	6,102,103	6,102,103
Allowance for impairment losses	(595,324)	(662,964)	(2,765,530)	(4,023,818)
Net carrying amount	66,533,362	6,571,450	3,336,573	76,441,385

31 December 2020	Stage 1	Stage 2	Stage 3	Total
Due from banks	AED'000	AED'000	AED'000	AED'000
Performing	4,220,318	-	-	4,220,318
Allowance for impairment losses	(1,424)	-	-	(1,424)
Net carrying amount	4,218,894	-	-	4,218,894

	Stage 1	Stage 2	Stage 3	Total
Loans and advances	AED'000	AED'000	AED'000	AED'000
Performing	55,506,008	8,377,726	-	63,883,734
Non-performing	-	-	5,165,565	5,165,565
Allowance for impairment losses	(652,976)	(517,923)	(2,589,828)	(3,760,727)
Net carrying amount	54,853,032	7,859,803	2,575,737	65,288,572

The Group's Investment securities were classified under stage 1 at the reporting date (2020: classified under stage 1 and 2).

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

vi. Impairment reserve under the Central Bank of UAE (CBUAE) guidance

The CBUAE has issued its IFRS 9 guidance addressing various implementation challenges and practical implications for Banks adopting IFRS 9 in the UAE (“the guidance”).

Pursuant to clause 6.4 of the guidance, the reconciliation between general and specific provision under Circular 28/2010 of CBUAE and IFRS 9 is as follows:

	2021	2020
	AED’000	AED’000
Allowances for impairment losses: General		
General provisions under Circular 28/2010 of CBUAE	1,210,773	1,092,625
Less: Stage 1 and Stage 2 provisions under IFRS 9	1,258,288	1,170,899
General provision transferred to the impairment reserve*	-	-
Allowances for impairment losses: Specific		
Specific provisions under Circular 28/2010 of CBUAE	2,506,119	2,328,085
Less: Stage 3 provisions under IFRS 9	2,765,530	2,589,828
Specific provision transferred to the impairment reserve*	-	-
Total provision transferred to the impairment reserve	-	-

*In the case where provisions under IFRS 9 exceed provisions under CBUAE, no amount shall be transferred to the impairment reserve.

vii. Allowances for impairment

As discussed above in the significant increase in credit risk section, under the Group’s monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans and advances to customers and more specifically for retail lending exposures because for corporate lending and other exposures there is more borrower specific information available which is used to identify significant increase in credit risk. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

Assets carried at fair value through profit or loss is not subject to ECL, as the measure of fair value reflects the credit quality of each asset.

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

vii. Allowances for impairment (continued)

The Group monitors concentrations of its impaired loans by sector and by geographic location. An analysis of concentrations of impaired (excluding restructured / under restructuring) loans by sector is shown below:

	Impaired loans	Collateral	Specific provision and interest in suspense
31 December 2021	AED'000	AED'000	AED'000
Manufacturing	82,056	45,670	23,088
Construction	745,325	404,691	315,411
Real estate	2,117,046	1,952,791	383,755
Trade	275,295	63,160	202,661
Transportation and storage	23,119	17,769	7,323
Services	795,078	281,843	335,783
Hospitality	308,620	304,783	41,577
Financial and insurance activities	1,222,983	319,939	1,122,392
Personal - mortgage	140,253	104,282	53,314
Personal - schematic	115,213	54,389	49,453
Individual loans for business	277,100	43,928	226,279
Others	15	11	4,494
Total carrying amount	6,102,103	3,593,256	2,765,530

	Impaired loans	Collateral	Specific provision and interest in suspense
31 December 2020	AED'000	AED'000	AED'000
Manufacturing	188,282	34,813	116,622
Construction	226,666	41,346	110,961
Real estate	1,187,036	919,186	331,816
Trade	352,698	112,938	176,626
Transportation and storage	24,170	19,397	6,915
Services	849,523	479,613	379,969
Hospitality	132,912	-	128,485
Financial and insurance activities	1,401,322	472,107	955,661
Personal - mortgage	198,565	120,962	107,531
Personal - schematic	207,491	113,623	104,767
Individual loans for business	324,137	85,173	159,040
Others	72,763	70,978	11,435
Total carrying amount	5,165,565	2,470,136	2,589,828

All impaired loans are located in one geographic area i.e. the United Arab Emirates. The value of collateral is restricted to lower of loan exposure or realisable value of the collateral.

The gross carrying value of unfunded exposures pertaining to impaired loans amounted to AED 281.3 million (2020: AED 191.0 million).

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

viii. Write - off policy

The Group writes off a loan / investment in debt security (and any related expected credit allowances) when the Board Executive Committee (BEC) determines that the loan / security is uncollectible. This determination is reached after considering information such as the significant deterioration in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or proceeds from collateral will not be sufficient to pay back the entire exposure or all possible efforts of collecting the amounts have been exhausted.

For smaller balances of standardized loans, write off decisions are generally based on a product-specific past due status.

ix. Collateral

The Group holds collateral against loans and advances in the form of cash, guarantees, mortgages and liens over properties or other securities over assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are subsequently monitored and updated on a periodic basis. Generally, collateral is not held against debt securities and amounts due from banks, and no such collateral was held at 31 December 2021 or 2020.

Analysis of collateral by type is presented in the following table:

	2021 AED'000	2020 AED'000
Pledged deposits	3,320,629	3,950,065
Properties	38,647,650	32,588,290
Mortgages	241,353	198,798
Pledge of shares	2,789,227	1,775,986
Bank guarantees	267,668	267,992
Gold	193,587	200,073
Credit Insurance	94,849	166,253
Others	28,773	42,592
Total collaterals	<u>45,583,736</u>	<u>39,190,049</u>

The above represents collateral value restricted to the lower of loan balance or collateral value.

Commercial Bank of Dubai PSC

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For the year ended 31 December 2021

FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

x. Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The following tables set out the concentration of credit risk by sector, geography and currency.

Concentration of credit risk by sector for 2021:

	Loans and advances and Islamic financing	Due from banks	Debt securities	Equity securities and fund of funds	Cash, balances with Central bank and other assets	Total funded exposures	Undrawn commitments	Acceptances and contingent liabilities
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Manufacturing	4,387,817	-	239,535	-	-	4,627,352	1,979,898	1,332,329
Construction	5,458,048	-	-	-	-	5,458,048	1,226,942	5,902,260
Real estate	24,814,731	-	-	6,779	-	24,821,510	4,255,423	828,527
Trade	7,599,868	-	-	-	-	7,599,868	3,182,692	9,415,005
Transportation and storage	3,880,144	-	56,280	-	-	3,936,424	117,657	81,758
Services	5,051,121	-	141,066	47,328	-	5,239,515	1,303,159	911,736
Hospitality	2,337,033	-	-	-	-	2,337,033	311,315	67,502
Financial and insurance activities	7,224,430	3,156,655	2,013,557	281,389	95,051	12,771,082	872,845	1,771,656
Government entities	2,059,268	-	4,939,297	-	13,871,485	20,870,050	349,765	94,635
Personal - mortgage	7,454,864	-	-	-	-	7,454,864	-	-
Personal - schematic	5,462,188	-	-	-	-	5,462,188	2,666,848	48,029
Individual loans for business	976,207	-	-	-	-	976,207	250,003	1,785
Others	3,759,484	-	1,266,090	-	4,441,744	9,467,318	1,198,304	946,267
Total carrying amount	80,465,203	3,156,655	8,655,825	335,496	18,408,280	111,021,459	17,714,851	21,401,489

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

x. Concentration (continued)

Concentration of credit risk by sector for 2020:

	Loans and advances and Islamic financing AED'000	Due from banks AED'000	Debt securities AED'000	Equity securities and fund of funds AED'000	Cash, balances with Central bank and other assets AED'000	Total funded exposures AED'000	Undrawn commitments AED'000	Acceptances and contingent liabilities AED'000
Manufacturing	3,329,049	-	243,160	-	-	3,572,209	1,090,296	957,782
Construction	5,000,476	-	-	-	-	5,000,476	1,032,297	6,407,140
Real estate	23,373,188	-	74,385	5,007	-	23,452,580	3,434,515	544,394
Trade	6,579,571	-	-	-	-	6,579,571	2,923,733	8,621,190
Transportation and storage	2,720,470	-	68,635	-	-	2,789,105	189,579	56,381
Services	5,319,519	-	184,419	66,816	-	5,570,754	958,510	977,757
Hospitality	2,576,351	-	-	-	-	2,576,351	352,862	7,268
Financial and insurance activities	5,814,070	4,220,318	2,354,808	322,373	88,514	12,800,083	1,574,405	1,575,901
Government entities	1,333,967	-	816,026	-	12,423,017	14,573,010	160	1,218
Personal - mortgage	4,036,946	-	-	-	-	4,036,946	-	-
Personal - schematic	4,952,897	-	-	-	-	4,952,897	1,890,088	28,480
Individual loans for business	1,241,197	-	-	-	-	1,241,197	225,157	2,400
Others	2,771,598	-	1,126,968	-	4,024,690	7,923,256	847,088	780,804
Total carrying amount	69,049,299	4,220,318	4,868,401	394,196	16,536,221	95,068,435	14,518,690	19,960,715

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

x. Concentration (continued)

Concentration of credit risk by geographic location for 2021:

	Loans and advances and Islamic financing	Due from banks	Debt securities	Equity securities and fund of funds	Cash, balances with Central bank and other assets	Total funded exposures	Undrawn commitments	Acceptances and contingent liabilities
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
UAE	76,056,688	197,982	5,640,784	55,944	18,408,280	100,359,678	17,158,691	17,435,768
GCC	1,347,190	208,745	930,336	-	-	2,486,271	16,584	791,190
Middle East	451,233	276,221	-	254,949	-	982,403	330,876	332,808
Europe	585,123	649,463	119,027	124	-	1,353,737	188,489	368,556
USA	4,964	1,470,018	668,271	24,479	-	2,167,732	-	423,581
Asia	969,080	128,148	1,150,634	-	-	2,247,862	19,593	1,970,431
Others	1,050,925	226,078	146,773	-	-	1,423,776	618	79,155
Total carrying amount	80,465,203	3,156,655	8,655,825	335,496	18,408,280	111,021,459	17,714,851	21,401,489

Concentration of credit risk by geographic location for 2020:

	Loans and advances and Islamic financing	Due from banks	Debt securities	Equity securities and fund of funds	Cash, balances with Central bank and other assets	Total funded exposures	Undrawn commitments	Acceptances and contingent liabilities
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
UAE	66,280,198	388,829	2,415,610	99,802	16,536,221	85,720,660	13,876,016	16,007,701
GCC	158,614	388,547	954,783	-	-	1,501,944	4,044	205,471
Middle East	639,866	54,281	-	272,075	-	966,222	15,702	105,523
Europe	454,487	834,808	62,209	294	-	1,351,798	82,451	2,018,056
USA	1,901	2,296,645	404,790	22,025	-	2,725,361	313,348	502,446
Asia	655,591	112,359	990,521	-	-	1,758,471	868	1,091,720
Others	858,642	144,849	40,488	-	-	1,043,979	226,261	29,798
Total carrying amount	69,049,299	4,220,318	4,868,401	394,196	16,536,221	95,068,435	14,518,690	19,960,715

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For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

x. Concentration (continued)

Concentration of credit risk by currency for 2021:

	Loans and advances and Islamic financing	Due from banks	Debt securities	Equity securities and fund of funds	Cash, balances with Central bank and other assets	Total funded exposures	Undrawn commitments	Acceptances and contingent liabilities
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
AED	62,268,370	-	2,761,320	54,107	17,531,504	82,615,301	13,527,099	11,087,646
Other currencies*	18,196,833	3,156,655	5,894,505	281,389	876,776	28,406,158	4,187,752	10,313,843
Total carrying amount	80,465,203	3,156,655	8,655,825	335,496	18,408,280	111,021,459	17,714,851	21,401,489

Concentration of credit risk by currency for 2020:

	Loans and advances and Islamic financing	Due from banks	Debt securities	Equity securities and fund of funds	Cash, balances with Central bank and other assets	Total funded exposures	Undrawn commitments	Acceptances and contingent liabilities
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
AED	55,774,443	-	-	71,823	15,564,570	71,410,836	11,518,279	10,539,873
Other currencies*	13,274,856	4,220,318	4,868,401	322,373	971,651	23,657,599	3,000,411	9,420,842
Total carrying amount	69,049,299	4,220,318	4,868,401	394,196	16,536,221	95,068,435	14,518,690	19,960,715

*Majority of assets denominated in other currencies are in USD to which AED is pegged

FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of counterparty to honour its obligations to deliver cash, securities or other assets as contractually due. Any delays in settlement are rare and are monitored and quantified as part of the Group's Internal Capital Adequacy Assessment Procedures (ICAAP) framework and Operational Risk Management.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described above. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Group Risk Management Department.

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. It includes the risk of the inability to fund assets at contracted maturities and rates and the inability to liquidate assets at reasonable prices and in the required timeframe and the inability to meet obligations as they become due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to diminish.

i. Management of liquidity risk

Liquidity risk is managed by the Treasury and Asset and Liability management (ALM) department in line with the regulatory, internal policies and guidelines. The Group's approach to manage liquidity risk is to ensure that it has adequate funding from diversified sources at all times to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage of the Group's reputation.

Funds are raised using a broad range of instruments including customers' deposits, medium term borrowings, money market instruments, subordinated debts and capital. The treasury and ALM department monitors the liquidity profile of financial assets and liabilities and the projected cash flows arising from existing and future business. Treasury maintains a portfolio of short-term liquid assets and inter-bank placements to ensure that sufficient liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and abnormal market conditions.

The Group's liquidity management process, as carried out within the Group and monitored by Group's treasury, includes:

- Day to day funding is managed by monitoring future cash flows to ensure that requirements can be met these include replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in global money market to facilitate funding activities;
- Maintenance of a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Managing balance sheet liquidity ratios against internal and regulatory requirements;
- Managing the concentration and profile of debt maturities; and
- Repurchase arrangements with various Banks which allow it to repo its fixed income investments to meet any liquidity needs that may arise.

Commercial Bank of Dubai PSC

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Liquidity risk (continued)

ii. Exposure to liquidity risk

The key measure used by the Group for measuring liquidity risk is the advances to stable resources ratio (regulatory ratio) which is 88.0% as at 31 December 2021 (2020: 86.33%). In addition, the Group also uses the following ratios / information on a continuous basis for measuring liquidity risk:

- Liquid assets to total assets ratio;
- Net loans to deposits ratio (LDR); and
- Basel III ratios (including LCR, NSFR, etc.) are also monitored internally and shared with the Board on quarterly basis.

The following table summarizes the maturity profile of the Group's assets and liabilities based on the contractual repayment arrangements. These do not take account of the effective maturities as indicated by the Group's deposit retention history. The contractual maturities of assets and liabilities have been determined on the basis of the residual period at the report date to the contractual maturity date.

The maturity profile of the assets and liabilities at 31 December 2021 was as follows:

	Total	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	No Fixed Maturity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Assets							
Cash and balances with Central Bank	14,667,589	11,651,241	-	-	-	-	3,016,348
Due from banks, net	3,154,599	2,421,580	73,210	285,761	374,048	-	-
Loans and advances and Islamic financing, net	76,441,385	6,787,082	3,725,212	14,242,581	29,860,839	21,825,671	-
Investment securities	8,991,321	758,716	1,595,551	1,128,681	3,145,531	2,362,842	-
Investment in associate	95,051	-	-	-	-	-	95,051
Investment properties, net	191,406	-	-	-	-	-	191,406
Property and equipment	309,425	-	-	-	-	-	309,425
Bankers acceptances	7,341,210	164,178	1,370,649	5,405,800	304,582	96,001	-
Other assets, net	3,020,610	1,491,257	-	-	-	-	1,529,353
Total assets	114,212,596	23,274,054	6,764,622	21,062,823	33,685,000	24,284,514	5,141,583
Liabilities and equity							
Due to banks	6,120,214	1,529,255	974,164	661,669	2,955,126	-	-
Customer deposits and Islamic customer deposits	82,721,669	42,514,907	13,405,746	25,167,648	1,621,182	12,186	-
Notes and medium term borrowings	2,584,490	-	-	551,442	2,033,048	-	-
Due for trade acceptances	7,341,210	164,178	1,370,649	5,405,800	304,582	96,001	-
Other liabilities	1,877,799	1,831,558	-	-	-	-	46,241
Total liabilities	100,645,382	46,039,898	15,750,559	31,786,559	6,913,938	108,187	46,241
Gap representing equity	13,567,214	(22,765,844)	(8,985,937)	(10,723,736)	26,771,062	24,176,327	5,095,342

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Notes to the Group consolidated financial statements

For the year ended 31 December 2021

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Liquidity risk (continued)

ii. Exposure to liquidity risk

The maturity profile of the assets and liabilities at 31 December 2020 was as follows:

	Total	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	No Fixed Maturity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Assets							
Cash and balances with Central Bank	13,162,743	10,741,809	-	-	-	-	2,420,934
Due from banks, net	4,218,894	3,879,708	-	162,611	176,575	-	-
Loans and advances and Islamic financing, net	65,288,572	9,521,406	4,311,593	7,997,610	24,442,437	19,015,526	-
Investment securities	5,262,597	73,633	297,410	936,717	3,954,837	-	-
Investment in associate	88,514	-	-	-	-	-	88,514
Investment properties, net	191,469	-	-	-	-	-	191,469
Property and equipment	290,025	-	-	-	-	-	290,025
Bankers acceptances	5,972,327	1,889,928	239,469	2,992,317	13,721	836,892	-
Other assets, net	2,886,419	1,715,992	-	-	-	-	1,170,427
Total assets	97,361,560	27,822,476	4,848,472	12,089,255	28,587,570	19,852,418	4,161,369
Liabilities and equity							
Due to banks	4,782,749	934,752	72,737	2,094,375	1,680,885	-	-
Customer deposits and Islamic customer deposits	69,750,833	33,715,926	13,281,091	22,255,391	472,122	26,303	-
Notes and medium term borrowings	1,764,059	-	-	591,799	1,172,260	-	-
Due for trade acceptances	5,972,327	1,889,928	239,469	2,992,317	13,721	836,892	-
Other liabilities	2,137,857	2,094,424	-	-	-	-	43,433
Total liabilities	84,407,825	38,635,030	13,593,297	27,933,882	3,338,988	863,195	43,433
Gap representing equity	12,953,735	(10,812,554)	(8,744,825)	(15,844,627)	25,248,582	18,989,223	4,117,936

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Liquidity risk (continued)

ii. Exposure to liquidity risk (continued)

The table below shows the maturity of the Group's contingent liabilities and credit commitments:

	Total	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
31 December 2021	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Contingent liabilities	14,060,279	1,479,634	1,802,902	2,060,885	1,036,737	7,680,121
Credit commitments	17,714,851	3,033,700	2,198,757	2,903,896	3,242,875	6,335,623
Total	31,775,130	4,513,334	4,001,659	4,964,781	4,279,612	14,015,744

31 December 2020

Contingent liabilities	13,988,388	3,861,327	1,527,476	3,385,870	831,106	4,382,609
Credit commitments	14,518,690	2,912,619	817,594	1,906,955	3,046,174	5,835,348
Total	28,507,078	6,773,946	2,345,070	5,292,825	3,877,280	10,217,957

The tables below show undiscounted contractual cash flows on the Group's financial liabilities:

	Total	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years
31 December 2021	AED'000	AED'000	AED'000	AED'000	AED'000
Due to banks	6,289,353	1,530,119	976,385	824,967	2,957,882
Customer deposits and Islamic customer deposits	82,959,416	42,517,039	13,429,088	24,951,178	2,062,111
Notes and medium term borrowings	2,721,885	-	-	559,732	2,162,153
Due for trade acceptances	7,341,210	164,178	1,370,649	5,405,800	400,583
Other liabilities	665,967	665,967	-	-	-
Total liabilities	99,977,831	44,877,303	15,776,122	31,741,677	7,582,729

31 December 2020

Due to banks	4,952,467	934,819	72,774	2,142,305	1,802,569
Customer deposits and Islamic customer deposits	69,312,835	32,980,462	13,296,186	22,394,660	641,527
Notes and medium term borrowings	1,879,957	-	-	598,510	1,281,447
Due for trade acceptances	5,972,327	1,889,928	239,469	2,992,317	850,613
Other liabilities	742,456	742,456	-	-	-
Total liabilities	82,860,042	36,547,665	13,608,429	28,127,792	4,576,156

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads, will affect the Group's income and / or value of a financial instrument. The Group manages its market risk in order to achieve optimum returns while maintaining market risk exposures within set risk appetite.

i. Management of market risk

The Board of Directors sets the risk appetite pertaining to market risk which translates into risk limits which are closely monitored by Group Risk Management, reported daily to senior management and discussed monthly by the ALCO,

The Group separates its exposure to market risk between trading and non-trading portfolios with overall responsibility vested with the ALCO. The Group Risk Management department is responsible for the development of detailed risk management policies and for the day-to-day implementation, subject to review and approval by the ALCO.

ii. Exposure to interest rate risk – non trading portfolio

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the related income. The Group manages the risk principally through monitoring interest rate gaps, matching the re-pricing profile of assets and liabilities and by having pre-approved limits for repricing bands. The Group Risk Management Department monitors compliance with these limits on a daily basis and is responsible for reporting breaches if any, to senior management. ALCO review reports on a monthly basis.

In addition the Group also assesses the impact of defined movement in interest yield curves on its net interest income and regulatory capital. The following is the impact of interest rate movement on net interest income and regulatory capital:

	2021		2020	
	Net interest income		Net interest income	
	50 bps	100 bps	50 bps	100 bps
	AED'000	AED'000	AED'000	AED'000
Upward Parallel Shift	98,793	212,579	87,137	192,382
Downward Parallel Shift	(72,191)	(144,340)	(79,813)	(159,421)

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Market risk (continued)

A summary of the Group's interest rate sensitivity position based on contractual re-pricing arrangements or maturity dates, whichever dates are earlier is as follows:

31 December 2021	Non-interest bearing	Less than 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 Year	Total
Assets	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cash and balances with Central Bank	3,867,589	10,800,000	-	-	-	14,667,589
Due from banks, net	2,421,525	348,274	-	384,800	-	3,154,599
Loans and advances and Islamic financing	6,102,104	67,117,528	4,218,765	1,014,259	2,012,547	80,465,203
Expected credit losses	(4,023,818)	-	-	-	-	(4,023,818)
Investment securities	335,496	2,576,523	952,409	66,092	5,060,801	8,991,321
Investment in associate	95,051	-	-	-	-	95,051
Investment properties, net	191,406	-	-	-	-	191,406
Property and equipment	309,425	-	-	-	-	309,425
Bankers acceptances	7,341,210	-	-	-	-	7,341,210
Other assets, net	3,020,610	-	-	-	-	3,020,610
Total assets	19,660,598	80,842,325	5,171,174	1,465,151	7,073,348	114,212,596
Liabilities						
Due to banks	-	3,894,334	318,917	342,752	1,564,211	6,120,214
Customer deposits and Islamic customer deposits	29,230,074	26,690,580	13,255,472	11,912,176	1,633,367	82,721,669
Notes and medium term borrowings	-	1,962,637	621,853	-	-	2,584,490
Due for trade acceptances	7,341,210	-	-	-	-	7,341,210
Other liabilities	1,877,799	-	-	-	-	1,877,799
Total liabilities	38,449,083	32,547,551	14,196,242	12,254,928	3,197,578	100,645,382
Interest rate sensitivity gap	(18,788,485)	48,294,774	(9,025,068)	(10,789,777)	3,875,770	13,567,214
Cumulative interest rate sensitivity gap	(18,788,485)	29,506,289	20,481,221	9,691,444	13,567,214	
Represented by equity						13,567,214

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Market risk (continued)

31 December 2020	Non-interest bearing	Less than 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 Year	Total
Assets	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cash and balances with Central Bank	3,812,743	9,350,000	-	-	-	13,162,743
Due from banks, net	2,871,638	1,294,459	-	52,797	-	4,218,894
Loans and advances and Islamic financing	5,165,565	56,965,327	3,635,414	971,100	2,311,893	69,049,299
Expected credit losses	(3,760,727)	-	-	-	-	(3,760,727)
Investment securities	394,196	73,633	268,489	668,228	3,858,051	5,262,597
Investment in associate	88,514	-	-	-	-	88,514
Investment properties, net	191,469	-	-	-	-	191,469
Property and equipment	290,025	-	-	-	-	290,025
Bankers acceptances	5,972,327	-	-	-	-	5,972,327
Other assets, net	2,886,419	-	-	-	-	2,886,419
Total assets	17,912,169	67,683,419	3,903,903	1,692,125	6,169,944	97,361,560
Liabilities						
Due to banks	88,863	3,338,370	281,790	601,430	472,296	4,782,749
Customer deposits and Islamic customer deposits	24,449,981	22,547,036	9,901,474	12,353,917	498,425	69,750,833
Notes and medium term borrowings	-	1,143,244	620,815	-	-	1,764,059
Due for trade acceptances	5,972,327	-	-	-	-	5,972,327
Other liabilities	2,137,857	-	-	-	-	2,137,857
Total liabilities	32,649,028	27,028,650	10,804,079	12,955,347	970,721	84,407,825
Interest rate sensitivity gap	(14,736,859)	40,654,769	(6,900,176)	(11,263,222)	5,199,223	12,953,735
Cumulative interest rate sensitivity gap	(14,736,859)	25,917,910	19,017,734	7,754,512	12,953,735	
Represented by equity						12,953,735

Overall interest rate risk positions are managed by the Treasury and ALM Department, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's activities. Interest rate risks are assumed by ALM from the businesses through fund transfer pricing process.

Commercial Bank of Dubai PSC

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Market risk (continued)

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Board of Directors has set limits on positions by currency. Positions are closely monitored and hedging strategies are used to ensure positions are maintained within established limits. At 31 December, the Group had the following significant net exposures denominated in foreign currencies:

	Net spot Position	Forward Position	Net exposure	
	AED'000	AED'000	2021 AED'000	2020 AED'000
Currencies				
US Dollar	3,505,757	(3,073,890)	431,867	(529,888)
GCC currencies	(2,187,297)	2,183,554	(3,743)	42,166
Great Britain Pound	407	1,414	1,821	(717)
Japanese Yen	(4,973)	4,667	(306)	7,465
Euro	(580,445)	582,820	2,375	20,928
Others	18,583	(8,838)	9,745	5,064

A summary of capital requirement for market risk under standardized approach of Basel III is set out below:

	2021 AED'000	2020 AED'000
Foreign currency risk	2,828	4,110
Interest rate risk	73,592	61,074
	76,420	65,184

f) Equity risk

The Group has defined in its trading book policy the instruments which the Group is allowed to trade. A limited trading activity takes place in the equity market, monitored by Risk Management and in line with Investment Committee (IC) recommendations. Daily stop loss limits as well as portfolio notional limits are monitored daily and reported to senior management. In addition, the Group has classified an equity portfolio as FVOCI.

Analysis of equity portfolio:

	2021 AED'000	2020 AED'000
Publicly traded (quoted):		
Equity (note 10)	54,107	93,849
Privately held (unquoted):		
Unquoted equity instruments and fund (note 10)	281,389	300,347
Total	335,496	394,196

Analysis of gains or (losses) on equity investments:

	2021 AED'000	2020 AED'000
Realised gains on sale	1,186	-
Unrealised (loss) / gain	(17,717)	45,104

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Equity risk (continued)

Analysis of capital requirement for equity investments under standardized approach of Basel III:

	2021	2020
	AED'000	AED'000
Equity	412	4,663
Unquoted equity instruments and fund	42,725	42,907
Total	43,137	47,570

g) Operational risk

Operational risk is defined by Basel as “The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, this includes legal risk but excludes strategic and reputation risks”.

The Group’s objective is to manage operational risk, so as to balance the avoidance of financial losses and damage to the Group’s reputation, with overall cost effectiveness and to avoid control procedures that restrict initiative, innovativeness and creativity.

The primary responsibility for overseeing the establishment of sound operational risk management framework and monitoring the operational risk profile of the Group vests with the senior management of the Group. The Group has set up a cross functional committee named Operational Risk Management Committee (ORMC) of senior management personnel to formalize this responsibility and closely monitor key Operational Risks on a pan bank basis to support timely execution of action plans.

Accountability and responsibility is further assigned to the heads of individual units, departments or branches. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions to eliminate scenarios involving any conflict of interest;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures pertaining to all activities of the bank;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action to avoid its future recurrence;
- Development of contingency plans to ensure continuity of business under all circumstances;
- Training and professional development of employees at all levels so as to increase their awareness of the subject;
- Ethical and business standards (through the Group’s approved and functional Code of Conduct);
- Risk mitigation, including insurance wherever this is effective; and
- Whistle Blowing and Incident Reporting Policies are channels available to all staff for reporting of any loss events or other wrongdoings.

The Group has an approved framework for end-to-end management of its operational risks, which involves the active participation of the employees at all levels. The Operational Risk Management plan places an equal emphasis on the identification, assessment, control and reporting of operational risks and on quantification of potential risks and resultant losses therein, if any. Reports are produced covering Operational Risk dashboards, heat-maps, loss matrices, Operational Risk register and loss databases.

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

g) Operational risk (continued)

The Group has in place an operational risk management system to collate operational risk information in an automated environment; this has enabled the bank to build operational risk databases to support migration to more complex approaches for computation of operational risk capital in the future.

Group Risk Management are responsible for embedding bank-wide Operational Risk awareness, by delivering workshops, seminars and training courses on different operational risk disciplines, for the employees, throughout the year. As part of the Operational Risk framework in the Bank, Risk and Control Self Assessments (RCSA) are being carried out by all Business Units to identify and measure their operational risks and assess the effectiveness of existing controls. Action plans are agreed for any control weaknesses or unacceptable risks to mitigate the likelihood and / or impact of an Operational Risk event. Any Operational Risk events that occur are recorded and escalated to ensure timely remedial actions are taken, to reduce customer dissatisfaction and recover losses.

Moreover, the Group conducts an assessment of disaster recovery and business continuity position, as well as detailed system risk assessments of all new / upgraded IT systems and assessment of Operational Risk elements in any new products to be launched or procedures to be implemented. Compliance with policies and procedures is supported by periodic reviews undertaken by Internal Audit. A review of the insurance coverage available to the Group is undertaken to maintain oversight of adequacy of insurance as necessitated by the Basel guidelines. Regular updates are provided to the senior management and the Board Risk Committee (BRC) to support their mandate to maintain adequate oversight of the Group's operational risk framework and status of operational risks across all areas of the Group.

36. CAPITAL MANAGEMENT

36.1 Regulatory capital

The Group's regulator, the Central Bank of the UAE ('CBUAE'), sets and monitors regulatory capital requirements.

The Group's objectives when managing capital are as follows:

- Safeguard the Group's ability to continue as a going concern and optimize returns for shareholders;
- Comply with regulatory capital requirements set by the Central Bank of the UAE.

The Group's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group also assesses its capital requirements internally taking into consideration growth requirements and business plans, and quantifies its Regulatory and Risk / Economic Capital requirements within its integrated ICAAP Framework. Risks such as Interest Rate Risk in the Banking Book, Concentration Risk, Strategic Risk, Legal and Compliance Risk, Stress Risk, Insurance Risk and Reputational Risk are all part of the ICAAP.

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36. CAPITAL MANAGEMENT (CONTINUED)

36.1 Regulatory capital (continued)

The Group also calculates the Risk Adjusted Return on Capital (RAROC) for credit applications that are priced on a risk-adjusted basis. RAROC calculations are also built into the Credit Appraisal System.

The CBUAE supervises the Group on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. Effective from 2017, the capital is computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision ('Basel Committee'), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline.

The Bank's capital base is divided into three main categories, namely CET1, AT1 and Tier 2 (T2), depending on their characteristics

- CET1 capital is the highest quality form of capital, comprising share capital, legal, statutory and other reserves, fair value reserve, retained earnings, after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under 'CBUAE' guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- Tier 2 capital comprises of collective provision which shall not exceed 1.25% of total credit risk weighted assets.

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital. The minimum capital adequacy requirements as set out by the Central Bank are as follows:

- Minimum common equity tier 1 (CET 1) ratio of 7% of risk weighted assets (RWAs).
- Minimum tier 1 ratio of 8.5% of RWAs.
- Total capital adequacy ratio of 10.5% of RWAs.

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

The Group has complied with all the externally imposed capital requirements.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

36. CAPITAL MANAGEMENT (CONTINUED)

36.2 Capital resources and adequacy

The table below summarizes the composition of regulatory capital and the ratios of the Group as per BASEL III guidelines and has complied with all of the externally imposed capital requirements to which it is subject. As per the Central Bank regulation for Basel III, the capital requirement as at 31 December 2021 is 13% inclusive of capital conservation buffer of 2.5%. However, effective from 15 March 2020 until 30 June 2022, banks are allowed to tap into the capital conservation buffer up to a maximum of 60% without supervisory consequences, as part of the measures adopted by the CBUAE to help banks deal with the COVID-19 crisis. The Bank has also applied the standards issued vide its circular dated 12 November 2020 by the CBUAE which includes additional Guidance on the topics of Credit Risk, Market Risk, and Operational Risk. The Standards support the implementation of the “Regulations re Capital Adequacy” (Circular 52/2017).

	2021	2020
Common equity tier 1 (CET1) capital	AED'000	AED'000
Share capital	2,802,734	2,802,734
Legal and statutory reserve	1,401,447	1,401,367
General reserve and other reserves	1,366,663	1,328,025
Retained earnings	5,113,083	4,537,750
Accumulated other comprehensive income	(72,764)	26,269
IFRS transitional arrangement	131,522	44,133
	10,742,685	10,140,278
Regulatory deductions and adjustments	(164,554)	(100,504)
Total CET1 capital	10,578,131	10,039,774
Additional tier 1 (AT1) Capital (note 19.2)	2,203,800	2,203,800
Tier 1 capital	12,781,931	12,243,574
Tier 2 capital		
Eligible general provision	1,008,978	910,521
Tier 2 capital	1,008,978	910,521
Total regulatory capital	13,790,909	13,154,095
Risk weighted assets (RWA)		
Credit risk	80,718,220	72,841,690
Market risk	731,729	665,207
Operational risk	5,746,505	5,494,457
Risk weighted assets	87,196,454	79,001,354
Tier 1 ratio	14.66%	15.50%
Tier 2 ratio	1.16%	1.15%
Capital adequacy ratio	15.82%	16.65%

The Capital adequacy ratio calculation is after netting off the proposed dividend distribution from the capital base.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

36. CAPITAL MANAGEMENT (CONTINUED)

36.2 Capital resources and adequacy (continued)

Risk Weighted Capital Requirement

The Group has adopted the standardized approach for credit risk and market risk and basic indicator approach for operational risk for regulatory reporting purposes. The Group's risk weighted capital requirement for credit, market and operational risk are given below:

i. Risk weights for credit risk

The Group has a diversified funded and unfunded credit portfolio. The exposures are classified as per the Standard Portfolio approach mentioned under the Central Bank of UAE Basel III Capital Adequacy Framework covering the standardized approach for credit risk. The descriptions of the counterparty classes along with the risk weights used to derive the risk weighted assets are as follows:

• **Funded exposure**

Claims on sovereigns

These pertain to exposures to governments and their central banks. Claims on central banks and sovereigns are risk weighted in accordance with their ratings from acceptable external credit assessment institutions (ECAIs). Exposure to the Federal Government and Emirates Government receives 0% risk weight, if such exposures are denominated and funded in AED or USD. A 0% risk weight is applied to exposures to GCC sovereigns and their central banks only if these exposures are denominated and funded in the domestic currency of that sovereign and the Supervisory authority of that sovereign has adopted such preferential treatment for exposures to its own sovereign and central bank.

Claims on non-commercial public sector entities (PSEs) and government related enterprises (GRE)

Non-Commercial PSEs that are acknowledged by the Central Bank is treated in the same as Claims on Bank. Exposure to all other PSEs that are not included on the Central Bank's list must be treated like exposures to corporates.

Claims on government related entities (entities with greater than 50% government ownership) are risk weighted in accordance with ratings from acceptable ECAIs. Risk weight of 100% is applied on claims on unrated government related entities.

Claims on multilateral development banks (MDBs)

All MDBs are risk weighted in accordance with each bank's credit rating except for those members listed in the World Bank Group which are risk weighted at 0%.

Claims on banks

Claims on banks are risk weighted based on the ratings assigned to them by external rating agencies, however, short term claims were assigned more favorable risk weighting.

No claim on an unrated bank would receive a risk weight lower than that applied to claims on its sovereign of incorporation.

Claims on corporate

Claims on corporate are risk weighted in accordance with ratings from acceptable ECAIs. Risk weight of 100% is applied on claims on unrated corporate.

For unrated exposures to Small and Medium-sized Entities (SME) that do not meet the criteria of regulatory retail portfolio, an 85% risk weight will be applied.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

36. CAPITAL MANAGEMENT (CONTINUED)

36.2 Capital resources and adequacy (continued)

Risk Weighted Capital Requirement (continued)

i. Risk weights for credit risk (continued)

• **Funded exposure (continued)**

Claims on regulatory retail portfolio

Retail claims that are included in the regulatory retail portfolio (including SME) are assigned risk weights of 75% (except for those assets that are past due loans), if they meet the criteria mentioned in the Central Bank of the UAE Basel III guidelines.

Claims secured by residential property

A preferential risk weight of 35% was applied on claims that did not exceed AED 10 million to a single borrower and the claim was secured by residential property with LTV of up to 85%. If the two criteria cannot be definitively established or met, then if the exposure meets the criteria for regulatory retail claims then a 75% risk weight applies. Other claims secured on residential property were risk weighted 100%.

Claims secured by commercial real estate

100% risk weight was applied on claims secured by commercial property.

Past due loans

The unsecured portion of any loan (other than a qualifying residential mortgage loan) that is past due for more than 90 days, net of specific provisions (including partial write-offs), is risk weighted as follows:

- 150% risk weight when specific provisions are less than 20% of the outstanding amount of loan;
- 100% risk weight when specific provisions are greater than 20% of the outstanding amount of loan.

In the case of residential mortgage, when such loans are past due for more than 90 days it is risk weighted at 100%. All other assets are classified between 'assets under higher-risk categories' and 'others'; and risk weighted at the prescribed risk weights.

• **Unfunded exposure**

For credit-related contingent items, the nominal value is converted to an exposure through the application of Credit Conversions Factors (CCF). The CCF is at 20%, 50% or 100% depending on the type of contingent item, and is used to convert off balance sheet notional amounts into an equivalent on balance sheet exposure.

Undrawn commitments to extend credit represent commitments that have not been drawn down or utilized at the reporting date. The nominal amount provides the calculation base to which the CCF is applied for calculating the exposure. CCF range between 20% and 50% for commitment with original maturity of up to one year and over one year respectively and 0% CCF is applicable for commitments which can be unconditionally cancelled at any time.

• **Equity Investments in Funds (EIF)**

For all equity investments by banks in all types of funds that are held in the banking book (in-scope equity positions), the RWA is calculated as if the bank held the fund's exposures directly rather than indirectly through investment in the fund. The Bank has used a hierarchy of three successive approaches i.e. Look-through approach (LTA), Mandate-based approach (MBA) and Fall-back approach (FBA) with varying degrees of risk sensitivity and conservatism, as required in the standards. Further, leverage adjustment to RWA is also incorporated to reflect a fund's leverage appropriately as described in the standards.

Commercial Bank of Dubai PSC

Notes to the Group consolidated financial statements

For the year ended 31 December 2021

36. CAPITAL MANAGEMENT (CONTINUED)

36.2 Capital resources and adequacy (continued)

Risk Weighted Capital Requirement (continued)

ii. Risk weights for market risk

Capital requirement for market risk is calculated using standardized approach. The capital requirement for market risk is analysed into capital requirement for interest rate risk, equity risk, foreign exchange risk and option risk.

iii. Risk weight for operation risk

Capital requirement for operation risk is calculated using basic indicator approach. This capital charge was computed using basic indicator approach by multiplying the three years average gross income by a predefined beta factor.

37. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements, the effect of which are considered immaterial.

CORPORATE GOVERNANCE REPORT 2021









Corporate Governance Report

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Chairman's Letter

Chairman's Message to Shareholders on Corporate Governance

I am pleased to present the Corporate Governance Report for 2021. The report demonstrates our firm commitment to comply with all applicable laws and regulations and to maintain a governance framework of the highest international standards. This report describes the governance structures, practices and policies that the Commercial Bank of Dubai PSC ("CBD") adheres to in order to ensure the independence and integrity of governance controls for decision making.

The Bank subscribes to the principles of integrity, accountability and transparency in its manner of doing business; dealing fairly with its clients, investors, shareholders, the communities and various publics affected by its activities.

The Bank has continued in 2021 to set up corporate governance standards aligned with UAE and international best practices. The Bank considers corporate governance to be a dynamic concept, with rules, systems and processes progressing in line with new insights and regulations. Therefore, the Bank does not only adhere to the Governance Regulations issued by the relevant authorities in the UAE but also at international standards for developing good corporate governance policies.

New Corporate Governance Manual. During its meeting held on 28 July 2021, the Board of Directors adopted a fully revised edition of the Bank's Corporate Governance Manual and its annexes. The corporate governance framework laid down in the Manual governs the responsibilities and duties of the Board and Management to the shareholders and other stakeholders toward the promotion of a strong corporate governance culture. Amongst others, the Board of Directors adopted policies covering the following:

- Employees Code of Conduct
- Non-Executive Directors' Code of Conduct
- Suppliers' Code of Conduct



- Stakeholders Engagement Policy
- Board of Directors Selection, Suitability and Diversity Policy
- Induction Policy
- Directors' Test of Independency Policy
- Board Performance Evaluation Policy
- Directors Continuing Professional Development Policy
- Policy on Relationship with External Auditors
- Corporate Social Responsibility Policy
- Bank's Reward Policy
- Executive Selection Policy
- Executive Remuneration Policy
- Related Party Transactions Policy
- Shari'ah Governance Framework
- Disclosure Policy

The Bank continuously strives to raise corporate governance standards to a level that is at par with global standards. The Board of Directors and Management commit themselves to adhere to the highest principles of good corporate governance as embodied in the Bank's Articles of Association and the Corporate Governance Manual.

Board Committees and Induction Program. With the new Board of Directors elected in March 2021, four (4) committees of the Board

were formed, being the Board Executive Committee, the Audit Committee, the Risk & Compliance Committee and the Remuneration & Nomination Committee. An induction program was conducted for the new directors. It covered, inter alia, the organization structures, overview of various business groups of the Bank, IT Developments, IT Security, and HR and Training.

Board Effectiveness. In December 2021, the Board conducted an assessment of its effectiveness. With an objective to continuously improve Board's governance, the Bank had engaged Hawkamah as a reputed external consulting organization, which assisted in laying down parameters for the performance evaluation of Directors, Chairman, Board Level Committees and also assisted in facilitating the overall evaluation process. Results will be finalized in Q1 2022 and will be disclosed in next year's governance report. We will continue to work on the Board of Directors' confidence in the governance values of the Bank, the synergy that exists amongst the Board of Directors and the collaboration between the Chairman, the Board and Management.

Directors Continuing Professional Development. Moreover, in light of the varied demands being increasingly placed on the Boards of Banks in terms of governance as well as the importance of Directors' continuing professional development, the Board attended three (3) workshops on topics covering the latest developments in the industry as well as the changing role of the Bank. The themes of the workshops covered Compliance, IFRS9 and Corporate Governance.

Effectiveness of Internal Control System. The Board of Directors, assisted by the Audit Committee is responsible for ensuring that an adequate and effective internal control system exists in the Bank and that Senior Management is maintaining and monitoring the performance of that system. More details are contained in this Report. The Board members are of the opinion that the functioning of the internal control system is effective and nothing has come to their attention that causes them to believe that the system of internal control has not been properly designed or implemented or that effective and efficient internal controls have

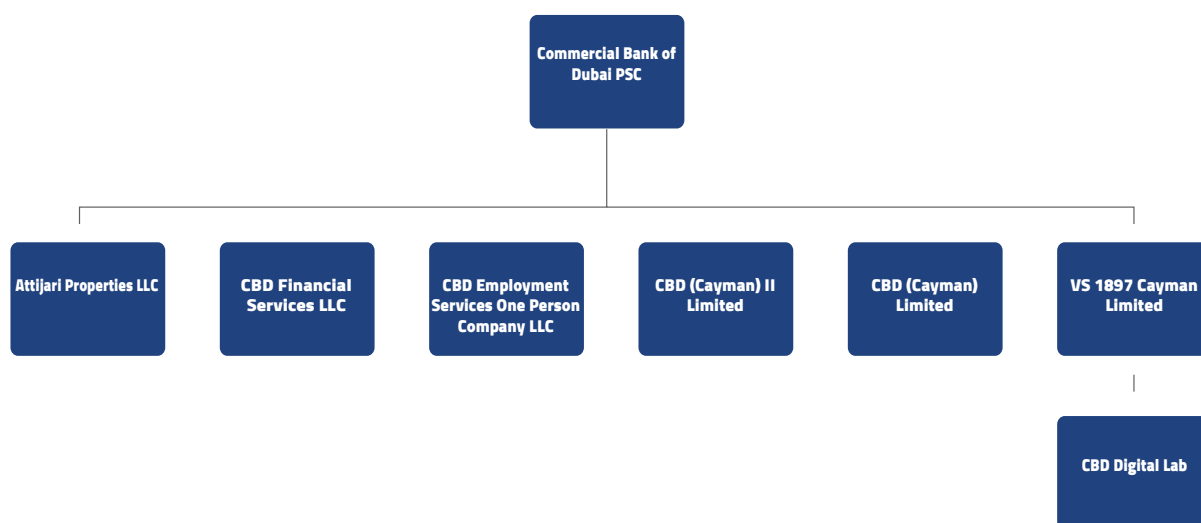
not been in place throughout the year 2021.

Stakeholder Engagement. The ultimate goal of strengthening corporate governance systems is to improve enterprise value. We have published our 2021 ESG Report and we will be publishing the 2021 Annual Report shortly. The Board will continue to make dedicated efforts to increase effectiveness and transparency and to help improve enterprise value. We believe that collaboration and regular interaction with all stakeholder groups is essential to the Bank's long-term resilience and to the effectiveness of our integrated sustainability approach. Stakeholder engagement is undertaken with a far broader aim than merely communicating 'to' various stakeholder groups. Rather, CBD considers its various stakeholders as key partners in its endeavors. Our Annual General Assembly Meeting is an excellent opportunity to meet our investors face-to-face.

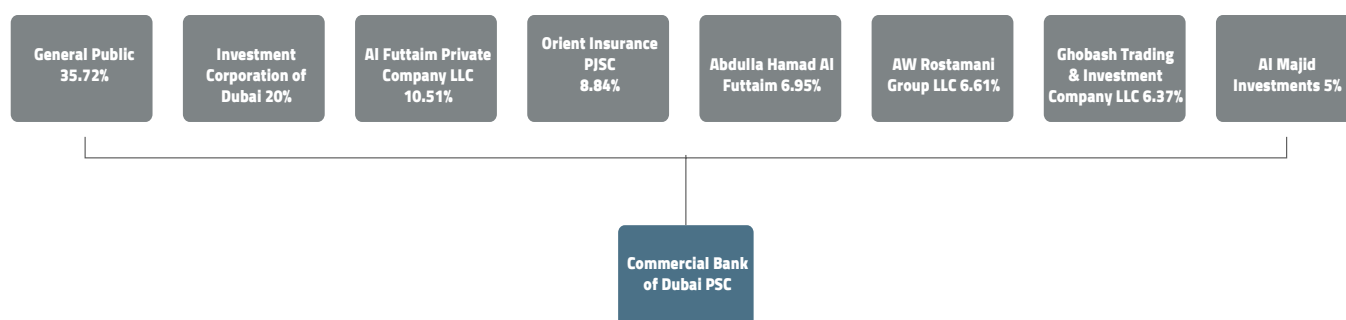
Finally, I want to take this opportunity to thank all my colleagues on the Board for their support in this special year. We all firmly believe that strong corporate governance practices within a well-established framework will continue to provide solid foundations for sustainable growth in the future.

H.E Humaid Mohammad Al Qutami

Group Structure as of 31 December 2021



Shareholding Structure of 31 December 2021



I. The Board of Directors

1. Board Composition, Appointment and Tenure

Commercial Bank of Dubai is a public joint stock company established under the laws of the United Arab Emirates in accordance with Federal Law by Decree No.2 of 2015 related to Commercial Companies as amended from time to time. As per Article 19 of its Articles of Association, the Bank is overseen by a Board of Directors consisting of eleven directors: a Chairman, a Vice-Chairman and nine other directors. Each director shall be elected by the shareholders and shall hold their position for a term of three years.

During the General Assembly Meeting held on 17 of March 2021, an election of the board members was held: eleven (11) directors were elected. Overall, nine (9) directors were re-elected and two (2) new members joined the Board. Mr. Hamed Kazim and Dr. Omar Al Qaizi did not stand for reelection at the General Assembly Meeting. The shareholders' meeting elected H.E Sultan Al Mansoori and Mr. Hamad Omar Abdulla Al Futtaim as new members of the Board of Directors. For details of their profile, please refer the below point 3 (Board Membership).

The Board is composed of nine independent directors and two non-independent directors based on a test of independence conducted in 2021.

2. Selection of Board Members

The Board of Directors in its meeting held on 28 July 2021 approved its new Corporate Governance Manual (the "Manual"). The Manual contains the Board of Directors Selection, Suitability and Diversity Policy. The purpose of the policy is to establish the fundamental principles and criteria for assessing suitability of the members of the Board of Directors, in particular the procedures covering the selection and diversity of members of the Board of Directors. The Remuneration & Nomination Committee shall be responsible for the selection processes of CBD Directors. The Committee may rely on the advice and collaboration of specialized consulting companies or any other external advisor in the selection processes.

Within the framework of the selection process for Directors, candidates to be appointed as members of the Board of Directors must meet requirements of trustworthiness, knowledge, experience, compatibility and dedication, all in accordance with applicable regulations and in line with the suitability provisions included in this Policy.

After the publication of the call for nomination to the Board membership, which should be open for a period of at least ten (10) days, the list of candidates is sent to the Central Bank of the UAE for their approval.

Once the approval from the Central Bank of the UAE is received, the Board Secretary shall call for a meeting of the Remuneration & Nomination Committee with the sole item on the agenda being the review and validation of the final shortlist of candidates.

Before the meeting, the Remuneration & Nomination Committee shall have completed a preliminary analysis of the needs of the Bank, taking into account, in particular, the knowledge and experiences already embedded within the members of the Board, in order to favor diversity in its composition.

In this regard, and whenever possible, proposals for appointment will consider a restricted list containing a shortlist of suitable candidates that takes into account, among other aspects, the diversity objectives set out in this Policy. Likewise, the Board of Directors of CBD shall have members who, taken together, have sufficient professional experience in the governance of credit institutions to ensure the

effective capability of the Board of Directors to make decisions independently and autonomously for the benefit of the Bank. The minutes of the Committee meeting shall reflect the reasons behind the selection of the shortlist.

The final list is then sent to the Securities and Commodities Authority and Dubai Financial Market and published on the official website of the Bank.

In any case, in the process of selecting Directors any type of implied bias that could involve any discrimination will be avoided. In particular, the Remuneration & Nomination Committee as the body responsible for the selection process for members of CBD's Board of Directors, will endeavor to adopt measures to ensure that, to the extent possible, the objective of members of the Board of Directors is met under the terms and proportion established in the applicable laws and regulations.

For the election of Board members in March 2021, the notice for board membership was published in the newspapers (Arabic and English) on 20 December 2020. The closing date for receiving the applications was on 7 January 2021. On 17 December, letters were sent to the shareholders holding 5% or more in the Bank's capital encouraging them to send their nominees during the deadline and to be in full compliance with the regulatory requirements. Following receipt of all documents related to the different candidates, the Board Secretary sent all the documents of the different candidates to the UAE Central Bank as per the requirements of the 2019 UAE CB Regulations on Governance of Banks. The UAE Central Bank approved the candidates between 4 and 18 February 2021.


The Remuneration and Nomination Committee in its meeting held on 24 February 2021 and after reviewing the profile of all candidates approved by the UAE Central Bank individually and assessing the requirements for collective suitability of the Board of Directors as a whole:

- Noticed that there is only one female candidate which represents less than 10% of the total number of candidates. This was not in compliance with the 2019 UAE Central Bank Regulations on Corporate Governance. The Committee will assess in the future the reasons of the shortfall and take any necessary action to endeavor to meet the requirements for the next board elections to be held in 2024.
- Noticed that the candidates are having the key skills and experience that the CBD Board is looking to achieve in its membership.
- Noted that the candidates, if elected, will operate as a team, focused on the long-term success of the business and comprise different personalities, experiences and viewpoints.
- Welcomed the diversity of the candidates in terms of experience and age.
- Noted that the below skills are covered:

Number of Directors	Skills and Experience
Strategy, Financial Acumen and Commercial Acumen	11
Banking and/or Financial Services	9
Technology	3
Leadership role in organizations of significant size / Workplace culture	11
Remuneration	5
Audit, Risk Management and Compliance	9
Islamic Finance	3



3. Board Membership

Name of the Director	H.E. Humaid Mohammad Obaid Yousuf Al Qutami	
Executive/ Non-Executive	Non-Executive Chairman	
Election/Nomination During Current Term	Elected as Board Member on 17 March 2021 and elected as Chairman of the Board on 17 March 2021	
Board Member Since	March 2015	
End of Current Term	March 2024	
Independent/Non-Independent	Independent	
Qualifications	Master's Degree in Administration from the Western Michigan University, USA	

Experience : He is the Chairman of the Federal Authority for Government Human Resources, Chairman of the Board of Trustees of Hamdan Bin Rashid Al Maktoum Award for Distinguished Academic Performance, Chairman of the Board of Trustees of the Sharjah Voluntary Work award and Chairman of the Board of Directors for Emirates Transport and Services Corporation. He was until January 2021 the Director General of Dubai Health Authority. Prior to which he has held the position of UAE's Minister of Education, the UAE Minister of Health amongst many high other profile positions.

Name of the Director	H.E. Sultan Saeed Al Mansoori	
Executive/ Non-Executive	Non-Executive Vice Chairman	
Election/Nomination During Current Term	Elected as Board Member on 17 March 2021	
Board Member Since	March 2021	
End of Current Term	March 2024	
Independent/Non-Independent	Independent	
Qualifications	Bachelor of Science in Engineering from Arizona State University and Diploma in Computer System Analysis from the Institute of Computer Technology, Los Angeles, California - USA	

Experience : He is the Chairman of the Supreme Committee for Consumer Protection , Chairman of the Coordinating and Economic Cooperation Committee, Chairman of the National Committee for the Follow-up Program of Investment Climate, Chairman of the UAE international Investors Council, Chairman of The UAE SME Council Chairman of the insurance Authority, Chairman of the Federal Civil Aviation Authority, Chairman of The Dubai Islamic Economy Development Centre, Chairman of The Emirates Authority For Standardization & Metrology, Chairman of CSR UAE Fund Board of Trustees, Member of Education and Human Resources Council, Member of the Ministerial Committee for Legislation, Member of the National Committee on Population Composition, Member of the Committee of Finance and Economy.

Name of the Director	Ahmad Abdulkarim Julfar	
Executive/ Non-Executive	Non-Executive	
Election/Nomination During Current Term	Elected as a representative of Investment Corporation of Dubai as Board Member on 17 March 2021	
Board Member Since	March 2018	
End of Current Term	March 2024	
Independent/Non-Independent	Independent	
Qualifications	Degrees in Civil Engineering and Computer Science from the Gonzaga University in Washington, USA.	

Experience : He has been Director of Emirates Integrated Telecommunications Company PJSC since March 2018. Mr. Julfar served as Group Chief Executive Officer of Etisalat from July 2011 to March 2016. He served as a Director of The National Bank of Ras Al-Khaimah (P.S.C.) until March 2018.

Name of the Director	Abdullah Salim Obaid Al Turifi Al Shamsi	
Executive/ Non-Executive	Non-Executive	
Election/Nomination During Current Term	Elected as Board Member on 17 March 2021	
Board Member Since	March 2018	
End of Current Term	March 2024	
Independent/Non-Independent	Independent	
Qualifications	Bachelor of Business Administration and Political Science from the UAE University and the Honorary Fellowship of the Institute of Securities and Investment (CISI) in London	

Experience : He is the Chairman of the Sharjah Social Security Fund and Chairman of the Board of Trustees of the Sharjah Award for Doctoral Dissertations in Management Science. He is also member of the Board of Directors of the Business Company of the American University of Sharjah. He was the Chief Executive Officer of the Securities and Commodities Authority ("SCA") from 2003 to 2015. He was also the Chairman of Trustee of the SCA training center. He was appointed in 2007 until 2010 as the Secretary General of the Union of Arab Securities Commissions. He was also Board member of the Emirates Industrial Bank in 2010 - 2011. He is the founder and first director of the Hamriyah Industrial Free Zone, and Vice Chairman of the Board of Directors of Depa PLC in 2018.

Name of the Director **Abdulla Saif Obaid Al Hathboor**

Executive/ Non-Executive Non-Executive

Election/Nomination During Current Term Elected as Board Member on 17 March 2021

Board Member Since March 2008

End of Current Term March 2024

Independent/Non-Independent Non-Independent

Qualifications Bachelor's degree in Accounting & Business Administration from the Al Ain University, UAE



Experience :He is the Chairman and Managing Director of Al Hathboor Group LLC, a Board member of Best food Company and Al Jadeed/Dubai Automatic Bakeries, Emirates Institute of Banking & Finance and Dubai Municipality Rent Committee.

Name of the Director **Abdul Wahed Mohamed Al Fahim**

Executive/ Non-Executive Non-Executive

Election/Nomination During Current Term Elected as a representative of Investment Corporation of Dubai as Board Member on 17 March 2021

Board Member Since March 2018

End of Current Term March 2024

Independent/Non-Independent Independent

Qualifications Bachelor's degree in Business Administration Management from St. Edward's University




Experience : He is board member of EGA since 2014. He also acts as Chairman of NASDAQ Dubai Limited and serves as a Board member of DUBAL Holding LLC and Emirates Development Bank

Mr. Al Fahim has over 25 years of banking and finance experience with the Emirates NBD Group having served as a Board member of both Emirates NBD Capital and Emirates NBD Asset Management. Mr. Al Fahim served as General Manager of both the Corporate and Wholesale Banking divisions of Emirates NBD Bank before his appointment as Group Deputy Chief Executive Officer of the Bank in 2009.

Name of the Director	Ali Fardan Ali Al Fardan	
Executive/ Non-Executive	Non-Executive	
Election/Nomination During Current Term	Elected as Board Member on 17 March 2021	
Board Member Since	March 2011	
End of Current Term	March 2024	
Independent/Non-Independent	Independent	
Qualifications	Bachelor of Science (Major in Information System) from the Metropolitan State College, USA	

Experience : He is currently member of the Board of Directors of Dubai Investment PJSC and Al Mal Capital. He is the Chairman of Al Fardan Holdings LLC, Chairman of The First Investor LLC, Managing Director of Al Fardan Real Estate, Chairman of Carlton Hospitality and Management, and the Vice Chairman of Naif Marine Co. PJSC.

Name of the Director	Buti Saeed Mohamed Al Ghandi	
Executive/ Non-Executive	Non-Executive	
Election/Nomination During Current Term	Elected as Board Member on 17 March 2021	
Board Member Since	March 2015	
End of Current Term	March 2024	
Independent/Non-Independent	Independent	
Qualifications	Bachelor's Degree in Business Administration & Finance from George Washington University, USA.	

Experience : He is the Managing Director of Al Ghandi Investment Co. and Chairman of the Board of Emirates Investment and Development Company PSC. He is also the Managing Director of Meethaq Employment Agency, Chancellor of the Canadian University of Dubai and Vice Chairman of Dubai World Trade Centre. He holds directorships on the Board of the Dubai Chamber of Commerce. He was member of the Board of Zakat Fund and served as a Director of Union National Bank PJSC, Oman Insurance Company, Dubai Islamic Bank and Union National Bank in Egypt.

Name of the Director	Khalid Abdulwahid Hassan Al Rostamani
Executive/ Non-Executive	Non-Executive
Election/Nomination During Current Term	Elected as Board Member on 17 March 2021
Board Member Since	March 2008
End of Current Term	March 2024
Independent/Non-Independent	Non-Independent
Qualifications	Bachelor's degree in Finance from the George Washington University, USA



Experience : He was appointed as Deputy Chairman to the Board of Commercial Bank of Dubai from 2012 to 2018.

Mr. Al Rostamani is the Chairman of the A.W. Rostamani Group of Companies and a founder and Chairman of BCD Travel, Transport and Freight Forwarding. He is also a Board Director of Dubai Insurance Company (P.S.C.) and Etisalat.

Name of the Director	Sheikh Maktoum Hasher Maktoum Juma Al Maktoum
Executive/ Non-Executive	Non-Executive
Election/Nomination During Current Term	Elected as Board Member on 17 March 2021
Board Member Since	March 2015
End of Current Term	March 2024
Independent/Non-Independent	Independent
Qualifications	Bachelor of Science degree in Business Administration and Finance from Boston University, USA



Experience : He is currently the Chief Executive Officer of Al Fajer Properties LLC. He served as an Executive Chairman of SHUAA Capital PSC from April 2012 to February 2015. He served as an Executive Chairman of Gulf Finance Corporation PJSC. He serves as the Chairman of Dubai International Holding Company. He served also as Director of SHUAA Capital PSC from February 2011 to February 2015. He is also a Founding Investor of Virgin Megastores in the UAE.

Name of the Director	Hamad Omar Al Futtaim
Executive/ Non-Executive	Non-Executive
Election/Nomination During Current Term	Elected as Board Member on 17 March 2021
Board Member Since	March 2021
End of Current Term	March 2024
Independent/Non-Independent	Independent
Qualifications	Bachelor of Science in Business Administration from Northeastern University, Boston, USA



Experience : He is a Director of Business Transformation of Al Futtaim Group and a Managing Director of Al Futtaim Logistics.



4. Directors' Shareholdings

Director	Number of Shares in CBD as at 31/12/2020	Number of Shares in CBD as at 31/12/2021	Change in Shareholding
H.E. Humaid Mohammad Obaid Yousuf Al Qutami	Nil	Nil	Nil
Ahmad Abdulkarim Julfar	Nil	Nil	Nil
Abdullah Salim Obaid Al Turifi Al Shamsi	Nil	Nil	Nil
Abdulla Saif Obaid Al Hathboor	1,337,004	1,537,004	200,000
Abdul Wahed Mohamed Al Fahim	Nil	Nil	Nil
Ali Fardan Ali Al Fardan	Nil	Nil	Nil
Buti Saeed Mohamed Al Ghandi	Nil	Nil	Nil
H.E. Sultan Saeed Al Mansoori	Nil	Nil	Nil
Khalid Abdulwahid Hassan Al Rostamani	4,061,536	4,061,536	Nil
Hamad Omar Al Futtaim	Nil	Nil	Nil
Sheikh Maktoum Hasher Maktoum Juma Al Maktoum	136,722	136,722	Nil

5. Management of Conflict of Interest

As per the Non-Executive Directors' Code of Conduct, a Director shall avoid or withdraw from participation in any activity or situation that places the Director in a real, potential or apparent conflict of interest relative to that Director's duties and responsibilities. A Director who:

- is a party to a contract or transaction or a proposed contract or transaction with the Bank;
- is a director or officer of, or has an interest in, any person who is a party to a contract or transaction or a proposed contract or transaction with the Bank;
- is or is likely to be affected by any action taken or proposed to be taken by the Bank; or
- is a director or an officer of, or has an interest in, any person who is or is likely to be affected by any action taken or proposed to be taken by the Bank

shall disclose to the Bank in writing or by requesting to have it entered in the minutes of a meeting of the Board, the nature and extent of such interest.

The disclosure required above shall be made as soon as the Director becomes aware of the contract, transaction or action. A Director who is required to make a disclosure on any resolution to approve the contract, transaction or action unless it relates to Directors' recommended annual remuneration, shall not communicate with other Board members about the decision, shall absent him/herself from the discussion of such operation in the Board and shall abstain from voting on such decision. Any such declaration concerning a decision of the Board shall be included in the minutes of the meeting.

For the purposes of the required disclosure, a general verbal notice to the Board by a Director, declaring

that the Director is a director or officer of, or has a material interest in, a person, and is to be regarded as interested in a contract or transaction entered into with that person or an action that affects that person, is a sufficient declaration in relation to a contract or transaction with that person, or action that affects that person. Members of the Board of Directors shall also be duly bound to conduct themselves honestly and sensitively with respect to acceptance of certain functions, perquisites or assignments which could conflict with the knowledge acquired by them in the performance of their duties as Members of the Board. They shall continue to be bound by this obligation after termination of their mandate.

Members of the Board of Directors shall not allow other direct or indirect professional relationships to affect in any way the conduct of their activities for the Bank, and vice versa. Members of the Board shall declare, in writing, at the time of their appointment to the Company Secretary any other official/professional position(s) held by them. They shall also inform immediately the Company Secretary of any changes related to the declared position(s) during the term of their mandate.

If members of the Board envisage to undertake an activity which may give rise to a conflict of interest as regards his/her duties and responsibilities as a member of the Board of the Bank he/she shall inform in writing the Chairman of the Board, who shall determine after consulting the Chief Legal & Governance Officer whether accepting such position would be compatible with the Directors duties and responsibilities as a member of the Board.

The Board Secretary maintains a register of Conflict of Interest for Board members and Senior Management. In 2021, 13 cases of conflict of interest were voluntarily highlighted by the Board members during the Board or its Committees' meetings. All those directors did not participate in the decision process.

6. Responsibilities of the Board of Directors

The Board of Directors plays an integral role in the governance of the Bank and its responsibilities include approving the Bank's strategy; setting its risk appetite and risk management strategy; monitoring its financial performance; establishing the corporate governance framework; and approving the Bank's corporate values. In discharging their duties of care, confidentiality and loyalty to the Bank, the main general responsibilities of members of the Board include, but are not limited to:

- a. Overseeing the affairs of the Bank and keeping up with material changes in the Bank's business and the external environment as well as acting in a timely manner to protect the long-term interests of the Bank;
- b. Overseeing the development of and approving the Bank's business objectives and strategy, and monitoring their implementation;
- c. Playing a lead role in establishing the Bank's corporate culture and values;
- d. Overseeing implementation of the Bank's governance framework and periodically reviewing it to ensure that it remains appropriate in the light of material changes to the Bank's size, complexity, business strategy, markets and regulatory requirements;
- e. Establishing, along with senior management, the Bank's risk appetite, taking into account the competitive and regulatory landscape and the Bank's long-term interests, risk exposures and ability to manage risk effectively;
- f. Overseeing the Bank's adherence to its risk appetite and risk limits;
- g. Approving and overseeing the implementation of key policies including, but not limited to, the internal capital adequacy assessment process, policies for liquidities and compliance, and the internal control system and record management policy;
- h. Requiring that the Bank maintains a robust finance function responsible for accounting and financial data;

- i. Approving the annual financial statements and requiring periodic independent review of critical areas of the Bank;
- j. Approving the selection of and overseeing the performance of senior management;
- k. Overseeing the Bank's approach to compensation, including monitoring and reviewing executive compensation and assessing whether it is aligned with the Bank's culture, risk appetite and shareholders' interest; and
- l. Ensure compliance with Islamic Shari'ah rules and principles. The Board is responsible for the complete supervision of the Islamic window of the Bank and ensuring the adequacy of the Shari'ah governance framework to the activities and the size of the window. The Board is responsible for nominating members of the Internal Shari'ah Supervision Committee (ISSC) to the General Assembly of the Shareholders. The Board also ensures the development, approval and implementation of internal policies related to the Islamic window and compliance with Islamic Shari'ah in coordination with ISSC.

The members of the Board of the Bank are responsible for the implementation of an effective risk management culture and internal controls across the Bank and its subsidiaries and affiliates. In order to promote a sound corporate culture, members of the Board must establish the "tone from the top" by:

- a. Setting and adhering to corporate values that create expectations that all business must be conducted in a legal and ethical manner, and overseeing the adherence to such values by senior management and other employees;
- b. Promoting risk awareness within a strong risk culture, conveying the Board's expectation that it does not support excessive risk-taking and that all employees are responsible for ensuring that the Bank operates within the established risk appetite and risk limits;
- c. Confirming that appropriate steps have been taken to communicate throughout the Bank the corporate values, professional standards and codes of conduct approved by the Board, together with supporting policies; and
- d. Confirming that employees, including senior management, are aware that appropriate disciplinary or other actions will follow unacceptable behaviors and transgressions.

Furthermore:

- a. The Board approved risk governance framework incorporates a "three lines of defence" approach including senior management of the business lines, the functions of risk management and compliance, and an independent and effective internal audit function and internal Shari'ah supervision committee.
- b. The Bank's corporate culture recognizes the critical importance of timely and frank discussion and escalation of problems to higher levels. Employees must be encouraged and must be able to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices. This includes communicating material concerns to the Central Bank.
- c. The Board ensures implementation of a whistleblowing policy and ensures that senior management appropriately addresses legitimate issues flagged through the whistleblowing mechanism. The Board is responsible for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals. The Board oversees and approves how and by whom legitimate material concerns are investigated and addressed, including by an objective internal or external body, senior management, and/or by the Board itself.
- d. The Board must ensure implementation of a code of conduct for all stakeholders including board members, employees and suppliers. The code of conduct is intended to focus on areas of ethical

risk, provide guidance to help recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, foster a culture of honesty and accountability, deter wrongdoing and promote transparency.

- e. The Board provides oversight of senior management. It holds members of senior management accountable for their actions and enumerate the consequences if those actions are not aligned with the Board's expectations. This includes adhering to the Bank's values, risk appetite and risk culture, regardless of financial gain or loss to the Bank. Oversight by the Board includes, but is not limited to:
 - Monitoring that senior management's actions are consistent with the strategic objectives and policies approved by the Board;
 - Meeting regularly with senior management;
 - Critically reviewing explanations 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 the Bank;
 - Assessing whether senior management's collective knowledge and expertise remain appropriate given the nature of the business and the Bank's risk profile; and
 - Actively engaging in succession planning for the Chief Executive Officer and ensuring that appropriate succession plans are in place for senior management positions.

The Board must ensure that Senior Management implements, consistent with the direction given by the Board, systems, processes and controls for managing the risks to which the Bank is exposed and for complying with laws, regulations and internal policies. This includes comprehensive and independent risk management, compliance and audit functions, as well as an effective overall system of internal controls.

7. Board Meetings

The Board and Committee meetings schedule and timings are established at the beginning of each year. The calendar of board and committee meetings is circulated in advance to facilitate board and committee members to plan their schedule and ensure meaningful participation in the meetings. Meetings may be re-scheduled if warranted and with the Chairman's approval.

The agenda for board meetings is prepared by the Board Secretary in liaison with the Chairman and the Chief Executive Officer. Board papers are circulated five business days in advance of a meeting.

The Board of Directors is required to consider topics that are fundamental to the direction of the Bank, such as business performance, long-term planning, strategy, risk appetite and management, succession planning, and human resources.

Board members receive a regular flow of information and reports relevant to the fulfillment of their role. Board papers encompass reports from the Chief Executive Officer, Chief Financial Officer and others on a regular and scheduled basis. Formal minutes of the different committee meetings are included in the board file and the Chairman of each committee gives an update to the board members at the beginning of each board meeting on important items discussed in the committee meeting.

In 2021, the Board of Directors held eight (8) meetings. The key business discussed at the main board meetings throughout the year is detailed below:

No.	Date	Main Topics
1	10 February 2021	<ul style="list-style-type: none"> ▪ Update on the committees' meetings ▪ Approval of 2020 financial results ▪ Approval of the Annual General Meeting agenda
2	17 March 2021	<ul style="list-style-type: none"> ▪ Election of the Chairman and the Vice-Chairman ▪ Committees Composition and Structure
3	11 April 2021	<ul style="list-style-type: none"> ▪ Update on the committees' meetings ▪ Strategy update ▪ Islamic Financing – Shariah Governance Update ▪ Honoring Previous Board Members
4	28 April 2021	<ul style="list-style-type: none"> ▪ Update on the committees' meetings ▪ Approval of the Q1 2021 financial results ▪ Corporate Governance Matters
5	28 July 2021	<ul style="list-style-type: none"> ▪ Update on the committees' meetings ▪ Approval of the H1 2021 financial results ▪ Approval of the Corporate Governance Manual and its annexes ▪ Board Training Session on Compliance
6	29 September 2021	<ul style="list-style-type: none"> ▪ Update on the committees' meetings ▪ Update on UAE Central Bank Baseline Examination Report & Compliance ▪ Emiratization – Update ▪ Introduction and Update on Internal Sharia Supervision Committee
7	27 October 2021	<ul style="list-style-type: none"> ▪ Update on the committees' meeting ▪ Board Training session on Corporate Governance ▪ Approval of the Q3 2021 financial results ▪ Update on UAE Central Bank Remediation Program ▪ Update on Emiratization ▪ Board Training session on IFRS 9
8	15 December 2021	<ul style="list-style-type: none"> ▪ Update on the committees' meetings ▪ Presentation on the process of the Board Assessment and Evaluation ▪ Financial and budget plan for 2022 ▪ Update on UAE Central Bank Remediation Program ▪ Update on Emiratization ▪ Opening of the Bank's Digital Lab

8. Board Meetings' Attendance

Board Members	Number of Meetings Attended
H.E Humaid Mohammad Obaid Yousuf Al Qutami - Chairman	8 / 8
H.E Sultan Saeed Al Mansoori - Vice Chairman	6 / 8
Abdulla Saif Obaid Al Hathboor - Member	8 / 8
Abdullah Salim Obaid Al Turifi Al Shamsi - Member	8 / 8
Abdul Wahed Mohamed Al Fahim - Member	8 / 8
Ali Fardan Ali Al Fardan - Member	8 / 8
Buti Saeed Mohamed Al Ghandi - Member	8 / 8
Ahmad Abdulkarim Julfar - Member	7 / 8
Khalid Abdulwahid Hassan Al Rostamani - Member	5 / 8
Hamad Omar Al Futtaim - Member	6 / 8
Sheikh Maktoum Hasher Maktoum Juma Al Maktoum - Member	5 / 8

9. Board Remuneration

According to applicable laws and Article 60 of the Bank's Articles of Association, directors' remuneration shall not exceed 10% of the annual profit. As at 31 December 2021, the Bank's directors were not eligible for any bonus, long-term or other incentive schemes. Directors do not receive any pension benefits from the Bank.

CBD does not pay any sitting fees for board meetings. However, CBD does pay an amount of AED 20,000 as sitting fee per meeting per director for attendance of the different committees.

Directors' remuneration is set annually by the Bank's shareholders based on a recommendation from the board. In 2020, board members received the amount of AED 15.4 Million as remuneration (excluding VAT). Below the details of the amounts received by the Board members in April 2021 as 2020 remuneration in application of the resolution of the Annual General Meeting. In 2022 (for the financial year 2021), the remuneration of the Directors will be submitted for approval by the Annual General Meeting of the shareholders. The Board recommended an increase of 25% of the remuneration compared to the financial year 2020:

Board Members	Payment Received in AED
H.E Humaid Mohammad Obaid Yousuf Al Qutami - Chairman	2,000,000
Ahmad Abdulkarim Julfar - Vice Chairman	1,340,000
Abdulla Saif Obaid Al Hathboor - Member	1,340,000
Abdullah Salim Obaid Al Turifi Al Shamsi - Member	1,340,000
Abdul Wahed Mohamed Al Fahim - Member	1,340,000
Ali Fardan Ali Al Fardan - Member	1,340,000
Buti Saeed Mohamed Al Ghandi - Member	1,340,000
Hamed Ahmed Mohamed Aqil Kazim - Member	1,340,000
Khalid Abdulwahid Hassan Al Rostamani - Member	1,340,000
Omar Mohammad Ali Al Qaizi - Member	1,340,000
Sheikh Maktoum Hasher Maktoum Juma Al Maktoum - Member	1,340,000

In 2021, CBD paid to the Directors a total amount of AED 3,260,000 (VAT not included) as Committees' sitting fees during 2021 as per the below details:

Board Members	Number of Committees Meetings Attended	Total Sitting Fees in (AED VAT not included)
H.E Humaid Mohammad Obaid Yousuf Al Qutami - Chairman	-	-
H.E Sultan Saeed Al Mansoori - Vice Chairman	16	320,000
Abdulla Saif Obaid Al Hathboor - Member	14	280,000
Abdullah Salim Obaid Al Turifi Al Shamsi - Member	11	220,000
Abdul Wahed Mohamed Al Fahim - Member	27	540,000
Ali Fardan Ali Al Fardan - Member	12	240,000
Buti Saeed Mohamed Al Ghandi - Member	28	560,000
Ahmad Abdulkarim Julfar - Member	26	520,000
Khalid Abdulwahid Hassan Al Rostamani - Member	16	320,000
Hamad Omar Al Futtaim - Member	6	120,000
Sheikh Maktoum Hasher Maktoum Juma Al Maktoum - Member	7	140,000

10. Board Continuing Professional Development

The Board adopted the Directors Continuing Professional Development Policy on 28 July 2021.

The purpose of the Policy is to promote long-term and sustainable development of the Bank via continuous improvement of the effectiveness of the Board of Directors. All members of the Board of the Bank are encouraged to partake in professional development. Continuing professional development of the Directors is the maintenance, enhancement and continuous improvement of their knowledge, skills and abilities. The objective is to ensure that Directors are equipped to give effective oversight in a dynamic and changing environment.

Members of the Board of Directors should have the necessary knowledge and experience, but cannot be experts in all fields. Therefore, there arises the necessity to expand and advance the knowledge of members of the Board of Directors. The Board of Directors Selection, Suitability and Diversity Policy established the Directors' Abilities Matrix and the Board of Directors should ensure that its members receive the requisite continuing development in the areas specified in the matrix. The Remuneration & Nomination Committee is responsible for annually reviewing the requisite skills and characteristics of its members in compliance with the Directors' Abilities Matrix.

The goals of the Policy are to:

- Improve the effectiveness of the Board of Directors via implementation of a systematic and structured mechanism for the development of skills and qualifications of members of the Board of Directors;
- Increase the level of understanding by members of the Board of Directors of the Bank's operations and related risks; and
- Improve the culture of sound business management by keeping the Board of Directors updated on the most recent developments in the different fields composing the Directors' Abilities Matrix.

Given the importance of Corporate Governance, Compliance and Anti Money Laundering, and IFRS9, in 2021 the Board attended three sessions on these specific topics as per the below table:

Board Continuing Professional Development Schedule for 2021

Date	Topic	Vendor Name	Time	Delivery Method
28th July	Financial Crimes Training	CCL Academy	10 a.m.	Online
27th October	Corporate Governance	Hawkamah	9 a.m.	Online
27th October	IFRS 9	Moody's	11 a.m.	Online

11. Board Performance Evaluation

Board performance evaluations provide the Board with an opportunity for consideration, reflection and discussion of its performance, the performance of its committees, and that of the Chair and individual directors. The Board of Directors in its meeting held on 28 July 2021 approved the Board Performance Evaluation Policy.

The purpose of these evaluations is not only to review the effectiveness of individual directors and the Board but also to identify gaps in skills, experience and expertise that would need to be filled in order to promote Board effectiveness and satisfy fit and proper requirements. The Policy sets out how these evaluations will be conducted.

The Performance evaluation covers following components of the Board:

- The Board as a whole;
- The Chair;
- Individual directors; and
- Board committees.

The evaluation process involves identification of areas for evaluation; formulating a questionnaire on the areas for evaluation; obtaining responses of individual directors to the questionnaire on a rating scale; conducting interviews with individual directors and analyzing the responses to the questionnaire and interviews; and reporting the findings resulting from the analysis to the full Board. The Board discusses the content of the report, develops an action plan and periodically reviews the progress of implementation as well.

The Board of Directors launched the process of the evaluation of its performance by engaging Hawkamah the Institute of Corporate Governance. In a meeting held on 15 December 2021, Hawkamah presented the evaluation plan and process which is in line with the Board Performance Evaluation Policy.

The results of the exercise will be disclosed in the 2022 Governance Report.

II. Board Committees

1. Presentation

At the start of 2021, the board had four standing Committees:

- Board Executive Committee;
- Risk & Compliance Committee;
- Audit Committee; and
- Remuneration & Nomination Committee.

2. Committees' Composition

Committee	Member	Position
Board Executive Committee	H.E Sultan Al Mansoori	Chairman
	Mr. Buti Al Ghandi	Vice Chairman
	Mr. Abdulwahed Al Fahim	Member
	Mr. Ahmad Julfar	Member
	Mr. Khalid Al Rostamani	Member
Audit Committee	Sheikh Maktoum Hasher Al Maktoum	Chairman
	Mr. Abdulla Al Turifi	Member
	Mr. Ali Al Fardan	Member
	Mr. Hamad Al Futtaim	Member
Risk & Compliance Committee	Mr. Abdulwahed Al Fahim	Chairman
	Mr. Abdulla Al Turifi	Member
	Mr. Abdulla Al Hathboor	Member
	Mr. Hamad Al Futtaim	Member
Nomination & Remuneration Committee	Mr. Ahmed Julfar	Chairman
	Mr. Abdulla Al Hathboor	Member
	Mr. Buti Al Ghandi	Member
	Mr. Ali Al Fardan	Member

3. Committees' Attendance

Board Members	Board Executive Committee Meetings Attended	Audit Committee Meetings Attended	Remuneration & Nomination Committee Meetings Attended	Risk & Compliance Committee Meetings Attended
H.E Humaid Mohammad Obaid Yousuf Al Qutami Chairman	-	-	-	-
H.E Sultan Saeed Al Mansoori Vice Chairman	15 / 19	-	-	-
Abdulla Saif Obaid Al Hathboor Member	-	-	7 / 7	4 / 4
Abdullah Salim Obaid Al Turifi Al Shamsi Member	-	6 / 6	-	4 / 4
Abdul Wahed Mohamed Al Fahim Member	18 / 19	-	-	4 / 4
Ali Fardan Ali Al Fardan Member	-	4 / 6*	3 / 7**	-
Buti Saeed Mohamed Al Ghandi Member	19 / 19	-	7 / 7	-
Ahmad Abdulkarim Julfar Member	19 / 19	-	7 / 7	-
Khalid Abdulwahid Hassan Al Rostamani Member	13 / 19	-	-	-
Hamad Omar Al Futtaim Member	-	4 / 6*	-	2 / 4
Sheikh Maktoum Hasher Maktoum Juma Al Maktoum Member	-	6 / 6	-	-

* Audit Committee Meetings Attended: two meetings were before the 2021 AGM

** Remuneration & Nomination Committee Meetings Attended: three meetings were before the 2021 AGM

4. Statement from the Chairman of Board Executive Committee

H.E Sultan Saeed Al Mansoori

Vice Chairman of the Board and Chairman of the Board Executive Committee



Dear Shareholders,

I am pleased to present our Board Executive Committee Report for 2021. With the Bank growing as per the approved strategy, the Board of Directors decided in March 2021 to create the Board Executive Committee and I was honored to be appointed as Chairman of the Committee. The Committee took over the responsibilities of the former Credit & Investment Committee, the IT & Digital Committee and the Recovery & Financial Settlements Committee.

The Board of Directors delegates to the Board Executive Committee authority and limits to:

- Oversee the strategy implementation and exploring with management growth opportunities for the Bank and its businesses;
- Follow up on the implementation of material IT and transformation projects and overseeing the overall IT and digital strategies;
- Monitor operating and financial performance against set targets;
- Approve the Retail and Wholesale Credit Policies for the Bank;
- Approve larger credit facilities and investments above management limits;
- Approve product programmes for those credit products approved on a programmatic basis;
- Monitor material recovery cases and approve related restructurings or financial settlements;
- Oversee the Bank's approach to the most material sectorial and individual credit exposures in its portfolio;
- Review the quality of the Bank's investment portfolio and the trends affecting that portfolio; and
- Oversee the effectiveness of the Bank's investment strategy and policies.

Therefore, the Committee truly acts as an executive committee for the full Board of Directors. For better governance, the Chairman of the Board Risk & Compliance Committee and the Chairman of the Board Remuneration & Nomination Committee shall be members of the Committee. However, members of the Board Audit Committee shall not be members of this Committee.

We have had a busy 2021, and the Committee (including the previous committees subsumed by the Executive Committee) held a total of 19 meetings. The former Credit & Investment Committee held a joint meeting with the Risk & Compliance Committee on 27 January 2021 to align strategy and risk appetite for specific sectors, covering topics such as:

- Review of a proposal for a revised investment policy;
- Repositioning of the Financial Institutions business;
- Target selective cross-border growth opportunities;
- Growth in the real estate portfolio;
- Launch of asset-backed lending on a product programme basis.

The Committee continued its focus on approving quality assets, thereby ensuring that loans and investments approved are aligned with our business goals and overall risk appetite. Besides approving facilities and investments, the Committee covered the following matters:

- Review and approval of the amendments to the Management Credit Committee terms of reference;

- Monitor the limits for some specific countries and financial institutions ;
- Review and approval of the amendments to the delegation of authority matrix with the aim of setting appropriate delegation levels for the Bank's Credit Department to improve the End-to-End Credit turnaround time within the Bank's Risk Appetite and Control framework;
- Review and approval of the Asset Backed lending Program;
- Regular review of the restructuring and recovery portfolio with focus on progress in multiple litigations and recoveries;
- Review and approval of amendments to the Wholesale Credit Policy;
- Review of of CBD's Digital and IT transformation and the evolution of the Bank's IT governance between Q2 2020 and Q2 2021;
- Review and approval of the roadmap of change initiatives that will be implemented to address the gaps identified as a part of the impact assessment and adhere to the underlying requirements of the Consumer Protection Regulation and regular update on the progress made in the implementation of said initiatives;
- Regular update on the CB UAE Baseline Examination progress and findings;
- Update on the CBD Financial Services strategy;
- Review of the Corporate Governance Manual and its annexes;
- Review and approval of the sale of properties owned by the Bank;
- Update on the overall administration/bankruptcy/restructuring processes initiated by NMC, UAE Exchange and KBBO Group and the impact on the Bank recoveries efforts;
- Review and approval of proposed write-off of specific Institutional and Corporate loans, and to note the financial impact of the proposed write-off;
- Review of the Gold portfolio and the related strategy;
- Update on participation of the Bank in the Emirates Digital Wallet initiative.

The Board Executive Committee contributed effectively in 2021 in implementing the growth strategy. We have had fruitful and energized discussions between the Committee members. I am now one year into my role as Vice Chairman of the Board and Chairman of the Board Executive Committee. Before I joined CBD, I knew it as a company that is progressing well on a complete transformation with deeply talented and competent people. I am pleased to say that over the past year, those prior perceptions have been well and truly confirmed. In 2022, the Committee will continue its efforts towards fostering a culture of performance and sustainable growth, backing the ambitions of our customers and delivering on our commitments to our stakeholders.

5. Statement from the Chairman of Risk & Compliance Committee

Mr. Abdulwahed Al Fahim

Chairman of the Risk and Compliance Committee



Dear Shareholders,

I am pleased to present our Risk & Compliance Committee Report for 2021.

The Board Risk & Compliance Committee (formerly the Board Risk Committee) is responsible for the setting and evolution of the Bank's Risk Appetite and monitoring its performance against said appetite. The Board Risk and Compliance Committee is also responsible for ensuring the Bank is responding appropriately to changes in the external environment and to emerging risks ensuring the profile of business conducted aligns to the risk appetite. The Committee met 4 times during the year, which included joint sessions with the Board Executive Committee and the Audit and Compliance Committee on specific matters where there was a level of overlapping in responsibility and focus.

The Board Risk and Compliance Committee responsibilities were realigned and expanded during 2021 to assume the control and oversight of the Bank's Compliance activities from both a Regulatory and Financial Crime perspective. These responsibilities were previously under the responsibility of the Board Audit and Compliance Committee.

Key items on the agenda of these meetings covered:

- A consideration on key strategic initiatives for 2021 and whether risks associated with these were appropriate for the Bank in the context of its strategy and risk appetite. Topics considered were in relation to right sizing the Financial Institutions portfolio, CBD's appetite for Cross Border corporate lending, size and structure of the Real estate portfolio and an enhanced approach to managing the Bank's investment portfolio.
- Critically reviewed the Bank's evolving portfolio of retail credit risks and the associated policy and risk management frameworks in place that underpin the effective functioning of that business.
- Reviewed exposure to certain industry sectors and provided guidance on the management of potential concentration risks within the bank's portfolio;
- Analyzed a number of operational risk incidents including the root causes and mitigating actions undertaken by management;
- Provided oversight of the development and effectiveness of the Bank's management of compliance related activities particularly in regard to enhancing AML and Sanctions capabilities. The committee oversaw the significant investment in new technology solutions and upgrades to policy and procedures in line with new Central Bank regulations. The Committee also provided detailed guidance to management on addressing developing risk typologies in the compliance arena.
- Continued scrutiny of the Bank's effectiveness in managing its response to the challenges of managing risks associated with COVID including appropriate policies and strategies for dealing with customers operations and staff.
- Increased consideration of the appropriate risk management oversight of Islamic banking products and services.
- Reviewed bank's liquidity and investments strategy

Overall risk management was well managed relative to the Bank's risk appetite metrics. Where deviations were noted these were being addressed by management with appropriate remediation plans. In many cases these were addressed via short term plans though in some cases plans for remediation would be more strategic in nature and may take several years to be completely addressed and reflected in the remediation of the individual metrics used even though interim trend lines are consistent with progress towards the desired outcome

6. Statement from the Chairman of Audit Committee

H.H. Sheikh Maktoum Hasher Al Maktoum

Chairman of the Audit Committee



Dear Shareholders,

I am pleased to present our Audit Committee Report for 2021.

The composition of the Audit Committee changed during the year and I was elected Chairman of the Audit Committee by the Board in March 2021.

The primary role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and the system of internal controls. We are also responsible for assessing the quality of the audits performed by, and the independence and objectivity of, the external auditor. The Audit Committee also makes a recommendation to the Board on the appointment or reappointment of the external auditor. In addition, we oversee the work and quality of the Internal Audit function.

With the Covid-19 pandemic continuing to impact economic confidence, the Bank has continued to prioritize customer and staff safety, as well as customer service. A post Covid-19 review by Internal Audit during the year provided assurance that key risks have been effectively managed by the Bank's management.

The Audit Committee held 6 meetings in 2021, during which the Committee:

- Exercised oversight of the performance, effectiveness and activities of the Bank's Internal Audit function (and separately, the performance of the Chief Internal Audit Officer) and reviewed updates to its audit plan, staffing and audit charter taking into consideration the UAE Central Bank's regulations on Internal Controls, Compliance and Internal Audit;
- Evaluated the external auditors' qualifications, performance, independence and objectivity, and reviewed the scope of work proposed by the external auditors for 2021;
- Reviewed the Bank's quarterly and annual audited financial statements;
- Reviewed and ensured that appropriate actions have been taken in relation to audit and review observations raised by the internal and external auditors, the UAE Central Bank, the Financial Audit Authority and other regulators;
- Received and considered Internal Audit's opinion statements on governance, risk and control.

In addition, the Committee continued to assess the Bank's implementation of IFRS 9. The Committee regularly met with the Bank's senior management and external auditors to ensure that the Bank's key processes, methodologies, critical accounting judgements, and financial disclosures remained in compliance with IFRS standards, and to ensure that any subjective judgments had been made appropriately.

The Committee met with the Chief Internal Audit Officer, without the presence of the Bank's management to discuss key issues arising. We received confirmation from the Bank's Internal Audit function, and external auditors, that the Bank's internal controls were assessed throughout the year and found to be operating effectively. In addition, Committee members attended meetings of the Board Risk Committee and Board Executive Committee to ensure an adequate flow of information between these Committees.

The Committee is pleased with the ongoing enhancement of the Bank's three lines of defense, with strong progress being made across all lines.

7. Statement from the Chairman of the Remuneration & Nomination Committee

Mr. Ahmad Abdulkarim Julfar

Chairman of the Remuneration & Nomination Committee



Dear Shareholders,

I am pleased to present on behalf of the members of the Remuneration and Nomination Committee our Report for 2021.

The principal purpose of the Remuneration and Nomination Committee (REMCO) is two-fold: to support and drive sustainable performance over the long-term and to be the custodian of the culture of the Bank to make sure that CBD's values of Collaboration, Ownership, Delivery and Excellence (CODE) are embedded into our ways of working. Recognizing our people for their performance is a key element of our reward strategy and helps to drive ongoing engagement, which is critically important for the delivery of our strategic agenda. To this end, the Committee continued its focus on the development of a high performance culture, thereby ensuring that our performance planning and reward mechanisms remain fit for purpose and aligned to our business goals. In addition, REMCO monitored the efficacy of our organizational structures, the engagement of our employees, the development of our UAE National workforce, and since 2020 specifically, the implementation of our contingency plans for people management and key roles.

The Remuneration & Nomination Committee is responsible for setting the overarching principles, parameters and governance of CBD's remuneration framework for all employees, and the remuneration of the Management Executive Committee and other senior employees. The Committee met 7 times in 2021 and covered the following matters:

- Reviewed the activities and action plans for employee engagement in 2021, which resulted in CBD being awarded the «Employee Engagement Champion» by LinkedIn Talent Awards MENA;
- Monitored the efficacy of organizational structures;
- Reviewed the roadmap for implementation of the Bank's Customer and Employee Value Propositions;
- Supervised execution of the Bank's Reward Strategy with a specific focus on merit based adjustments to fixed pay and incentive awards for variable performance bonus;
- Reviewed and assessed the Bank's variable performance bonus scheme for the year through business and departmental results;
- Considered the performance evaluation and variable bonus of the Chief Executive Officer and all members of senior management;
- Approved the 2021- 2023 Long Term Incentive plan for senior executives to support and improve the alignment between shareholders and senior management by incentivizing long-term sustainable performance;
- Reviewed the Bank's succession and talent management plans;
- Reviewed Learning & Development activities;
- Monitored Emiratization activities against the Central Bank points target and made recommendations on the Bank's Emiratization strategy;
- Reviewed plans for UAEN development including an increased learning spend;
- Reviewed headcount and the management of staff costs;
- Monitored the progress of key initiatives in HR aimed at driving culture change;
- Received regular updates from the Head of Human Resources and her team;
- Reviewed key HR Policy & HR program changes.

During the year, significant time was spent by the Committee on ensuring that the Bank's ambition to maintain a high performance culture is realized. This included:

1. An in-depth review of balanced scorecards for goal setting and performance achievement, as these support the performance and reward assessments with reference to clear and relevant objectives, which are set under four categories: Financial, People, Customer and Change Management / Strategic Initiatives. Whilst the achievement of financial objectives is very important, the other objectives relating to efficiency and risk mitigation, customer development and the productivity of the human capital are also key to the performance and sustainability of the Bank over the short and medium term
2. An insight into employee responsiveness to this culture change,
3. A review of improvements to the Bank's organization design and
4. An evaluation of reward plans within the approved strategy to make sure they are competitive in relation to comparable organizations in the market in with the Bank operates

The Bank's reward strategy is continually assessed against the following four principles:

- Results-driven: Performance is assessed with reference to clear and relevant objectives set within a balanced scorecard framework and rewards are directly linked to results and thereby aligned to our high performance culture;
- Differentiated based on performance: Reward is delivered through a combination of fixed and variable pay (salary and bonus) and strong differentiation can clearly be seen among employees exhibiting different levels of performance;
- Criticality: specialized skill sets command a premium over generic skills;
- Change-orientation: the overall approach to reward is driven by transformation and change-orientation.

III. Statement on Effectiveness of Internal Control System

1. Responsibility.

The Board of Directors, assisted by the Audit Committee is responsible for ensuring that an adequate and effective internal control system exists in the Bank and that Senior Management is maintaining and monitoring the performance of that system. An internal control system includes the policies, procedures and processes, which are designed under the supervision of the Board to achieve the strategic objectives of the Bank.

The Board acknowledges its overall responsibility in establishing a sound internal control system as well as reviewing its adequacy and effectiveness. A leading principle for the Board is that the internal control systems are designed to manage the Bank's risks within the acceptable risk appetite, rather than to eliminate the risk of failure to achieve the business goals and objectives. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

Management is responsible for the appropriate design and functioning of the internal control system, while Risk Management, Internal Audit, Compliance and other internal control functions are responsible for the continuous monitoring and evaluation of the system. The external auditors are responsible for determining the adequacy of the system of internal controls so as to be able to decide on the level of reliance they can place on the effectiveness of the Bank's internal controls and to design their audit procedures. However, internal controls systems, no matter how well designed, have inherent limitations, and may not prevent or detect all control deficiencies. Moreover, the projection of current

evaluations of the effectiveness to future periods is subject to a limitation that controls may become inadequate due to changes in conditions or compliance with policies and procedures.

All employees are ultimately responsible for operating and maintaining an efficient internal control system at their respective levels. Concerted and integrated efforts are made by all functions of the Bank to improve the control environment at grass root level through continuous reviewing and streamlining of procedures to prevent and rectify any control deficiencies. Each function, under the supervision of executive management, is entrusted with the responsibility to oversee rectification of control deficiencies identified by internal and external auditors.

2. Key Components of Internal Control System.

The Bank's key components of internal control system are as follows:

- a. Integrity and Ethical Values
 - A Code of Conduct which sets out the principles to guide employees' conduct to the highest standards of personal and corporate integrity. The code covers areas such as conflict of interest, use of company assets, and confidentiality of proprietary information and acceptance of gifts.
- b. Authority and Responsibility
 - The Board establishes the vision and strategic objectives of the Bank and is entrusted with the responsibility in leading and directing the Bank towards achieving its strategic goals and realizing long-term shareholders' values. The Board retains full and effective control of the Bank's strategic plans, overseeing the conduct of the Bank's businesses, setting policies, implementing, reviewing and maintaining an appropriate system of risk, control and compliance management and ensuring the adequacy and integrity of the Bank's system of internal control. The Board is also responsible for ensuring financial integrity, setting the Bank's risk appetite, reviewing and approving material transactions, related party transactions, capital financing and succession planning, and for the implementation of stakeholders' communications.
 - The Board delegates to the Chief Executive Officer ("CEO"), the authority and powers of executive management of the Bank and its businesses within levels of authority specified from time to time. The CEO may delegate aspects of his authority and powers but remains accountable to the Board for the Bank's performance and is required to report regularly to the Board on the progress being made by the Bank's business units and operations. Delegation of responsibilities and accountability by the CEO further down the structure of the Bank is communicated and formalized via respective operational structure and organizational chart as well as the delegation of authority matrix.
 - Board committees which are guided by respective Terms of Reference are set up to fulfil certain responsibilities delegated by the Board. These Committees assist the Board in promoting governance and accountability as well as overseeing internal controls.
- c. Organization Structure
 - An operational structure and organizational chart exists which defines the lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability.
 - The authority matrix outlines the decision areas and the persons empowered to requisition, authorize and approve the expenditure/commitment. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.
- d. Frameworks, Policies and Procedures
 - Systems and procedures have been designed to ensure effective and efficient operations, safeguarding assets against unauthorized use or disposition, maintaining proper account records, providing reliable financial information used within the business or for publication, compliance with all applicable laws and regulations, and for monitoring internal policies in relation to business performance.

- Systems and procedures are in place to identify, control, and report on the major risks including credit risks, changes in market prices of financial instruments, liquidity, operational risks, and fraud. Exposure to these risks throughout the Bank is monitored by the Operational Risk Management Committee, the Asset and Liability Committee and the management Risk and Credit Committees. These exposures are also monitored by the Board Executive Committee and the Board Risk and Compliance Committee.
- e. Planning, Monitoring and Reporting
 - An annual exercise involving all business units to prepare a comprehensive budget and business plan which includes development of business strategies and the establishment of key performance indicators against which the overall performance of the Bank can be measured and evaluated.
 - Furthermore, review of key business variables and the monitoring of the achievements of the Bank's performance on a quarterly basis by the Board.
- f. Internal Audit
 - The Internal Audit department, independent from line management, includes the assessment of the design and operating effectiveness of the internal control system across the Bank, as well as to provide reasonable assurance as to whether management has implemented and complied with prescribed policies and procedures. The Internal Audit department follows a risk-based audit plan, which is approved by the Audit Committee. All significant and material findings from Internal Audit assessments are reported to the Audit Committee. The Audit Committee actively monitors the adequacy and effectiveness of the internal control system to ensure that identified risks are mitigated to safeguard the interests of the Bank. The Operational Risk Management and Compliance functions also monitor the control environment, during their respective reviews, in close coordination with each other.
 - Internal Audit provides the Audit Committee at the end of each year with an annual opinion of the internal control environment. The view is based on audits completed as part of the audit plan. Twenty audit reports were issued in 2021. To help measure, assess and improve risk awareness across the Bank, Internal Audit has introduced a secondary rating (Management Approach to Risk Control) in audit reports. The aim of this exercise is to continue to improve risk awareness and effective self-identification of key risks in the respective divisions; and where findings have been self-identified, robust action plans, timelines for remediation and evidence of formal escalation exist.
- g. Risk Management
 - The Bank has in place a risk management framework that is modelled to guide the implementation of a consistent risk management practice by both the Board and the management. It recognizes that risks are inherent in businesses and views them within the context of risk as an opportunity, uncertainty or hazard.
 - The framework provides guidelines on the risk governance, risk management process, risk reporting and generic tools to be used by the Bank. The design of the risk governance structure therein is premised on the three (3) lines of defense concept with clear functional responsibilities and accountabilities for the management of risk.
- h. Compliance Management
 - Compliance Risk Self-Assessment (CRSA) exercises with mitigations identified to address breaches or material non-compliances are well established.
 - The Compliance department developed compliance matrices reflecting requirements of major statutory and regulatory compliances.
- i. Business Continuity Management
 - Business continuity, operations and safety and hazards action plans of operating companies exist for business resilience and robustness in contingencies, crisis management and disaster recovery management.
 - Crisis management and communication policies and procedures were established to guide the

handling of external communications in the event of any crisis/disaster.

- j. Insurance
 - An insurance programme is in place to safeguard major assets against financial loss resulting from fraud, property damage, business interruption and general liability, which is reviewed annually.
- k. Whistle-Blowing
 - A Whistleblower Policy has been implemented which provides the channels to report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and protecting the rights of informants. The implementation of this policy enables the Bank to address such concerns that may adversely affect the reputation and interests of the Group more effectively.

3. Conclusion.

- i. By considering the factors in the preceding paragraphs, the control environment in place, the yearly reviews of its effectiveness and the confirmation made by Management, the Audit Committee and the Board are of the opinion that the functioning of the internal control system is effective and nothing has come to their attention in 2021 that causes them to believe that the system of internal controls has not been properly designed or implemented or that effective and efficient internal controls have not been in place throughout the year 2021.

IV. Related Party Transactions

The Board of Directors recognizes that transactions between and among related parties may create financial, commercial and economic benefits to individuals, institutions and to the entire group to which the Bank belongs. They can present potential or actual conflicts of interest and may raise questions on the alignment of such transactions with the best interest of the Bank and its stakeholders.

In this regard, as required by existing regulations for related party transactions ("RPT" or "Related Party Transaction"), the Bank, its Board, Senior Management, all officers and staff including those of its subsidiaries and affiliates shall ensure that RPTs are done on an arm's length basis and that the appropriate oversight and implementation of an effective control system for the management of exposures is in place.

Therefore, the Bank's Board of Directors, Senior Management, officers and staff, including concerned personnel in the subsidiaries and affiliates are mandated to comply with regulations and the Policy on Related Party Transactions and shall not allow RPTs that may lead to abuses or may cause disadvantages to the Bank, its depositors, creditors, clients, and other stakeholders.

The Board approved during its meeting held on 28 July 2021 the Policy on Related Party Transactions. The objective of the Policy is to establish transparency and determine the materiality in the dealing of the Bank with its related parties, prevent any conflict of interest in the implementation of RPTs and ensure reporting, disclosure and compliance with the applicable legal and regulatory framework. The Policy contains the pre-approved Related Party Transactions and those requiring an approval from the Board or any of its Committees.

In determining whether to approve or decline a Related Party Transaction submitted to the Board or any of its Committees, the Directors shall take into account, among other factors it deems appropriate:

- a. whether the Related Party Transaction is entered into on terms no less favorable to the Bank than terms generally available to an unaffiliated third-party under the same or similar circumstances;
- b. the results of an appraisal, if any; whether there was a bidding process and the results thereof; review of the valuation methodology used and alternative approaches to valuation of the transaction; and the extent of the Related Party's interest in the transaction.

Directors will review the following information when assessing a Related Party Transaction:

- The terms of such transaction;
- The Related Party's interest in the transaction;
- The purpose and timing of the transaction;
- Whether the Bank is a party to the transaction, and if not, the nature of the Bank's participation in the transaction;
- When the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- Information concerning potential counterparties in the transaction;
- The approximate value of the transaction and the approximate value of the Related Person's interest in the transaction;
- Description of any provisions or limitations imposed as a result of entering into the proposed transaction;
- Whether the proposed transaction includes any potential reputational risks that may arise as a result of, or in connection with the proposed transaction; and
- Any other relevant information regarding the transaction.

Individuals benefiting from a Related Party Transaction and/or persons related to such individuals should not take part in the process of granting or managing the transaction.

The Bank adopted an identification, assessment, approval and disclosure procedure for transactions between the Bank and its Related Parties which is governed by and should be read in conjunction with the Policy on Related Party Transactions. The Board Secretary maintains a Related Parties Register which is updated on a regular basis. The Procedure sets out the process of identifying, assessing, approving, processing and tracking RPTs.

For details on Related Party Transactions completed in 2021, please refer to the Financial Statements Notes.

V. Incentive and Compensation Policy

1. General Principles

CBD aims to attract, retain and reward talented executives who may be members of the Executive Committee (EXCO) or in other senior roles, by offering compensation that is competitive within the industry, motivates them to achieve the Bank's business objectives and encourages high levels of performance at the same time as aligning the interests of all stakeholders.

CBD's Reward policy is driven by the following four principles:

- Results-driven: CBD will reward results, measured through "performance" for current results and through "potential" for future results. While effort is important, results will be the primary driver of reward.
- Differentiated: There will be a strong differentiation among employees exhibiting different levels of performance. The "top talent" will be paid a substantially higher compensation compared to the rest. Differentiation will be used to manage overall costs.
- Criticality: Specialized skill sets will command a premium over generic skills. It is noted that skills that are specialized at one point in time could become generic later on, and vice versa.
- Change-oriented: The reward approach will be driven by a transformation and change mindset. Roles and individuals driving transformation will be rewarded higher compared to those who follow the 'status quo'.

Compensation is based on the position (the worth or value of the job in the market based on job

evaluation), the performance of the employee and the personal capabilities an individual brings to the organization. Compensation is also based on market levels and performance. Each level is pegged against a similar level in the market. Specialized or critical roles are further benchmarked against similar roles to better assess the market benchmark. Compensation of employees in control functions such as Compliance and Internal Audit is determined independently of the Bank's performance. Fixed compensation pay of employees in control functions such as Compliance and Internal Audit is higher than the variable pay.

Compensation consists of:

- **Fixed Pay.** Fixed Pay is competitive against the local market when benchmarked against the Bank's key local and international competitors and appropriately differentiated based on performance. It is influenced by each individual's contribution over the year and any Fixed Pay reviews depend upon a change in responsibilities as well as the achievement of objectives and overall performance level. Fixed Pay is made up of Basic Salary and Allowances.
- **Variable Pay.** Variable Pay covers Short Term Incentives (annual bonus) and Long Term Incentives (deferred bonus) as appropriate in the context of the market and talent. The variable part of the remuneration is determined with due consideration of factors including the achievement of results as well as other developments relevant to the Bank, including non-financial indicators that are relevant to the long-term objectives of the Bank. Variable Compensation (Discretionary Annual Performance Bonus) shall strongly differentiate between different levels of performance and drive the creation of a high performance organization. Payment of bonuses is strictly at the discretion of the Bank, and actual bonuses awarded in any year will be dependent on the performance of the bank as a whole, the business line under consideration, and the individual.

2. Disclosure on Discretionary Annual Performance Bonus

Following Governance Regulations for Banks, the Remuneration and Nomination Committee has approved the increase in the Variable to Fixed Pay ratio from 100% to 150%.

In 2021, the Bank is in compliance with the Governance Regulations on compensation and the annual individual bonus for Senior Management and Material Risk Takers (as defined in the Governance Regulations) for the year 2021 and paid in February 2022 has not exceeded 150% of their Fixed Pay or their Total Compensation.

The Discretionary Annual Performance Bonus for the CEO and other members of the Senior Management is approved by the Remuneration and Nomination Committee. As per the current Committee's directions, the annual bonus pool for the Bank shall not exceed 5% of the annual net profit.

In February 2021, a total amount of AED 60,594,197 was paid to the Bank's employees including CEO and Senior Management as Discretionary Annual Performance Bonus for 2020.

3. Disclosure on Long Term Incentive Plan

In February 2021, the Remuneration and Nomination Committee approved a Long Term Incentive Plan (LTIP) for the CEO and a selective number of senior employees with the following benefits expected as a result:

- Alignment of total compensation with three-year strategic cycle (2021- 2023) of the Bank; and
- Alignment of Senior Management total compensation with long-term interests of shareholders.

The performance measures include a combination of cumulative 3 year net profit and 3 year operating income. The performance threshold includes a minimum achievement of at least 90% of the performance target over the 3 year performance period for the plan to be activated.

VI. Islamic Banking Governance

CBD offers Sharia-compliant financial solutions to our retail and corporate clients under the Islamic window branded as CBD Al Islami.

CBD Al Islami is regulated by Central Bank Higher Sharia Authority (HSA) and all its activities are supervised by the bank Internal Sharia Supervision Committee (ISSC). This committee is independent, appointed by the general assembly of the bank for a term of three years and has the ultimate authority within CBD regarding all Sharia related matters.

During the 2021 the bank implemented various regulatory requirements with a focus on two key standards which are

- Sharia Governance Standard;
- Regulatory requirements for banks housing an Islamic Window.

and ensured the bank is full adherence to the requirements including the establishment of a Sharia governance framework , implementation of the three line of defense approach, the appointment of a Head of Islamic Banking, Head of Sharia Control and Head of Sharia Audit, the adoption of the designated approach with regards to conducting the Sharia compliant business and activities and finally the establishment of an Assets and Liabilities management (ALM) Framework to ensure full segregation between Sharia compliant assets and liabilities from bank other assets and liabilities.

The ISSC meets at least four times a year and comprises of the following respected Sharia scholars:



Dr. Mohammed Abdul Rahim Sultan Al Olama - Chairman

Dr. Mohammed Abdul Rahim Al Olama is a Sharia scholar from the UAE who is a member of the Sharia committee at the Awqaf authority and is Dean of the School of Sharia at UAE University, Al Ain.



Dr. Ahmad Abdul Aziz Al Haddad - Member

Dr. Ahmad is a Sharia scholar from the UAE who serves as the head of Dubai's fatwa department, head of Central Bank Higher Sharia Authority (HSA) and he is also chief Sharia advisor with over 20 years of experience in research and teaching at colleges, mosques, and Islamic forums.



Sheikh Moosa Tariq Khoory

Sheikh Moosa Tariq Khoory is currently a member of Multiple Internal Sharia Supervision Committees within UAE. Mr. Khoory holds a Master's degree in Islamic Jurisprudence and its Foundations and a Bachelor degree in Sharia and Islamic Studies, specializing in Jurisprudence and its Foundations from the University of Sharjah.

CBD AL ISLAMI

بنك دبي الإسلامي
Commercial Bank of Dubai

بسم الله الرحمن الرحيم

التقرير السنوي للجنة الرقابة الشرعية الداخلية لبنك دبي التجاري - الإسلامي

الحمد لله رب العالمين، والعظمة والسلام على أشرف الأنبياء والمرسلين سيدنا محمد وعلى آله وصحبه أجمعين.

صدر في: 2022/02/28

إلى السادة المساهمين في بنك دبي التجاري ("المؤسسة")

السلام عليكم ورحمة الله تعالى وبركاته، وبعد:

إن لجنة الرقابة الشرعية الداخلية للمؤسسة ("اللجنة") ووفقاً للمتطلبات المنصوص عليها في القوانين والأنظمة والمعايير ذات العلاقة ("المتطلبات الرقابية")، تقدم تقريرها المتعلق بأعمال وأنشطة المؤسسة المتوافقة مع الشريعة الإسلامية للسنة المالية المنتهية في 31 ديسمبر من عام (2021) ("السنة المالية").

1. مسؤولية اللجنة

إن مسؤولية اللجنة وفقاً للمتطلبات الرقابية والأنظمة التنظيمية تتحدد في الرقابة الشرعية على جميع أصول وأنشطة، ومنتجات، وخدمات، وعقود، ومستندات، وموافق عمل المؤسسة، والسياسات، والمعايير المحاسبية، والعمليات والأنشطة بشكل عام، وحد التأسيس، والنظام الأساسي، والقوائم المالية للمؤسسة، وتوزيع الأرباح وتحميل الخسائر والتفقات والمصروفات بين المساهمين وأصحاب حصص الاستثمار ("أعمال المؤسسة") وإصدار قرارات شرعية بخصوصها، ووضع الضوابط الشرعية اللازمة لأعمال المؤسسة وفتراتها بالشريعة الإسلامية في إطار القواعد والمبادئ والمعايير التي تضعها الهيئة العليا الشرعية ("الهيئة")، لضمان توافيقها مع أحكام الشريعة الإسلامية.

وتتحمل الإدارة العليا مسؤولية التزام المؤسسة بالشريعة الإسلامية وفقاً لقرارات، فتاوى، وأراء الهيئة، وقرارات اللجنة في إطار القواعد والمبادئ والمعايير التي تضعها الهيئة ("الالتزام بالشريعة الإسلامية") في جميع أعمالها والتأكد من ذلك، وتحصل مجلس الإدارة المسؤولية النهائية في هذا الشأن.

2. المعايير الشرعية

اعتمدت اللجنة على المعايير الشرعية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية ("إيوفي") معايير الحد الأدنى للمتطلبات الشرعية والتزامت بها في كل ما تقني به أو تعتمد أو توافق عليه أو توصي به فيما يتعلق بأعمال المؤسسة خلال السنة المالية المنتهية دون استثناء وفقاً لقرار الهيئة رقم 2018/3/18.

3. الأعمال التي قامت بها اللجنة خلال السنة المالية

لقد قامت اللجنة بالرقابة الشرعية على أعمال المؤسسة، من خلال مراجعة أعمال المؤسسة ومراجعتها من خلال قسم الرقابة الشرعية الداخلية والتدقيق الشرعي، وفقاً لصلاحيات اللجنة ومسؤولياتها والمتطلبات الرقابية في هذا الشأن. ومن الأعمال التي قامت بها اللجنة ما يلي:

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- أ. حدد أربعة اجتماعات (4) خلال السنة المالية،
- ب. إصدار التقارير والقرارات وإبداء الآراء فيما يتعلق بأعمال المؤسسة التي عرضت على اللجنة
- ج. مراجعة السياسات، واللوائح الإجرائية، والمعايير المحاسبية، وهياكل المنتجات، والعملاء، والمستندات، ومواثيق العمل، والوثائق الأخرى المقدمة من قبل المؤسسة للجنة للاعتقاد بالموافقة
- د. التأكد من مدى توافق توزيع الأرباح وتحصيل النفقات والمصروفات بين أصحاب حسابات الاستثمار والمساهمين مع الضوابط الشرعية المعتمدة من قبل اللجنة
- هـ. الرقابة من خلال قسم الرقابة الشرعية الداخلية، والتفريق الشرعي، على أعمال المؤسسة بما في ذلك المعاملات المنفعة والإجراءات المتبعة، وذلك على أساس اختيار عينات من العمليات المنفعة، ومراجعة التقارير المقدمة في هذا الخصوص.
- و. تقديم توجيهات إلى الجهات المعنية في المؤسسة بتصحيح ما يمكن تصحيحه من الملاحظات التي وردت في التقارير المقدمة من قبل قسم الرقابة الشرعية الداخلية، والتفريق الشرعي، وإصدار قرارات بتجنيب عوائد المعاملات التي وقعت مخالقات في تطبيقها لشرعها في وجوه الخير بحسب توجيهات اللجنة.
- ز. اعتماد التدابير التصحيحية (الرقابية) فيما يتعلق بالأخطاء التي تم الكشف عنها لمنع حدوثها مرة أخرى.
- ح. مسؤولية إخراج الزكاة تقع على حائلي المساهمين، وإدارة البنك غير مسؤولة بإخراج الزكاة نيابة عنهم، وسيعلم المساهمون بالنسبة الواجبة إخراجها (إن وجدت) في رسالة منفصلة.
- ط. التواصل مع مجلس الإدارة واللجان التابعة له والإدارة العليا للمؤسسة، حسب الحاجة، بخصوص التزام المؤسسة بالشريعة الإسلامية.

وقد سعت اللجنة للحصول على جميع المعلومات والتفسيرات التي اعتبرتها ضرورية للتأكد من التزام المؤسسة بالشريعة الإسلامية.

4. استقلالية اللجنة
- تؤكد اللجنة بأنها أدت مسؤولياتها وقامت بجميع أعمالها باستقلالية تامة، وقد حصلت على التسهيلات اللازمة من المؤسسة وإدارتها العليا ومجلس إدارتها للاطلاع على جميع الوثائق والبيانات، ومناقشة التعييلات والتعطيلات الشرعية.

5. رأي اللجنة بخصوص التزام المؤسسة بالشريعة الإسلامية
- بناءً على ما حصلنا عليه من معلومات وإيضاحات من أجل التأكد من التزام المؤسسة بالشريعة الإسلامية، فقد توصلت اللجنة إلى درجة مقبولة من الاطمئنان بأن أعمال المؤسسة خلال السنة المالية متوافقة مع الشريعة الإسلامية إلا ما يلاحظ من مخالفات تم رفع تقارير بشأنها، وقد وجهت اللجنة باتخاذ الإجراءات المناسبة بهذا الخصوص.

ورأي اللجنة، المذكور أعلاه، مبني على المعلومات التي لاطلعت عليها خلال السنة المالية حصرًا.

تسأل الله العلي العظيم أن يحقق للجميع الرشاد والسداد

والسلام عليكم ورحمة الله وبركاته

CBO AL ISLAMI

بنك دبي التجاري
Commercial Bank of Dubai

توقيع أعضاء لجنة الرقابة الشرعية الداخلية للمؤسسة

فضيلة الشيخ الأستاذ الدكتور / محمد عبد الرحيم سلطان
العلماء
رئيس اللجنة والعضو التنفيذي



فضيلة الشيخ الدكتور / أحمد عبد العزيز الحداد
عضو اللجنة



فضيلة الشيخ / موسى طارق خوري
عضو اللجنة



VII. Senior Executives

1. Selection Process

All employees hired to the senior most levels of the Bank must be selected through a fair and rigorous process. The Bank believes that its Executive Committee (EXCO) to be made up of highly qualified individuals from diverse backgrounds with an extensive track record and in full compliance with the Corporate Governance Regulations. All individuals with the responsibility for management and control of the business must prove and assure the Bank that they comply with a fit and proper test.

The Bank exercises judgment and discretion in assessing fitness and propriety and takes into account all relevant matters including:

- a. **Competence and Capability.** The applicants must show that they are competent to undertake the relevant class of regulated activities including where appropriate, detailed knowledge of the structure, purpose and risks of the products/processes associated with the activity. To demonstrate competence, the person involved in carrying out the activities must act in a knowledgeable, professional and efficient manner, complying with the prevailing regulations. The nature and extent of the competence required will depend upon the services being offered or to be offered. In determining a person's competence and capability, the Bank shall have regard to matters including but not limited to:
 - The person has satisfactory past performance or expertise in the nature of the business being conducted;
 - The person has an appropriate range of skills and experience to understand, operate and manage the regulated activities/financial affairs;
 - The person has the technical knowledge and ability to perform prescribed duties for which they are engaged, especially recognized professional qualifications and membership of relevant professional institutions.
- b. **Honesty, Integrity, Fairness, Ethical Behavior.** In determining the honesty, integrity and reputation of the candidate, the Bank may consider among other things, whether the candidate has been convicted, on indictment, of dishonesty, fraud, money laundering, theft or financial crime. This may be regarded by the Bank as an indication that a person is not fit and proper and will, in principle, bar a person from holding a position. UAE Central Bank may treat each candidate's application on a case-by-case basis taking into account the seriousness of, and circumstances surrounding, the offence, the explanation offered by the convicted person, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation.
- c. **Financial Soundness or Solvency.** In assessing the financial soundness of the candidate, the Bank will assess whether the person can maintain solvency and prudent financial control. It includes meeting liabilities as they become due and ensuring adequate control over financial risks on a continuing basis. It also involves taking proper care of customers. Financial soundness is an important element in determining the fitness and probity of applicants. In determining the financial soundness of the candidate, the Bank will also consider matters such as but not limited to:
 - Whether there are any indicators that the person will not be able to meet their debts as they fall due;
 - Whether relevant solvency requirements are met;
 - Whether the person has been subject to any judgment debt or award that remains outstanding or has not been satisfied within a reasonable period;

- Whether the person has made arrangements with creditors, filed for bankruptcy or been adjudged bankrupt or had assets confiscated;
 - Whether the person has been able to provide the Bank with a satisfactory credit reference.
- d. Regulatory Approvals. All applications/enquiries relating to any positions that require Central Bank of UAE approval will be sent to the Banking Supervision Department along with the required appointment documents.

2. Management Committees

Management Committees are established for the purpose of recommending, deciding, approving and/or monitoring key topics in their respective areas of specialization. Equally importantly, they provide a platform for discussion between the Senior Management team on important business and control areas for the Bank.

Management Committees are endowed with full executive powers to take into force decisions and actions related to their field, scope, and structured hierarchy.

Certain day-to-day activities of the Bank have been delegated by the Board to the Senior Management through the Executive Committee (the «EXCO»).

The EXCO is composed of key members of the Senior Management, whose appointments to the EXCO is recommended by the CEO and approved by the Board Executive Committee. The responsibilities of the EXCO include:

- Assessing and recommending the annual review plan and strategy and schedule of activities of the Bank;
- Reviewing the financial performance of the Bank and its businesses and functions;
- Meeting periodically with the other Committees or task force in separate executive session to discuss any matters that the Committee or the other Committees believe should be discussed privately;
- Reviewing management reports on business operations and making recommendations to the EXCO;
- Reviewing and recommending on acquisitions, divestitures, and joint ventures;
- Reviewing and recommending on the opening and closing of new branches;
- Overseeing the Bank's capital raising program, as approved by the Board of Directors;
- Discussing and debating any other business matters deemed to be submitted in EXCO;
- Any communications between the Committee members during the EXCO will be considered privileged communications by the Bank, and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Other management committees included:

a) Asset and Liability Committee («ALCO»)

The objective of the ALCO is to drive the most appropriate strategy for CBD in terms of the mix of assets and liabilities given its expectations of the future and the potential consequences of interest rate movements, liquidity constraints, and foreign exchange exposure and capital adequacy. The ALCO is also responsible to ensure that all strategies conform to the Group's risk appetite and levels of exposure as determined by the Board.

b) Credit Committee («CC»)

The CC manages the credit risk of CBD by continuous review and update of credit limits, credit policies,

process and frame-work, the approval of specific exposures and work out proposals, constant revaluation of the loans portfolio and the sufficiency of provisions thereof.

c) Compliance Committee («CCO»)

The CCO primarily ensures the prevention of money laundering and terrorism financing in adherence and compliance with the relevant regulations set by regulatory authorities applicable to CBD. It oversees the monitoring and implementation of policies and procedures related to compliance and AML. It consists of five executive members.

d) Operational Risk Management Committee («ORMC»)

The purpose of the ORMC is to maintain oversight of the operational risks identified across the Group by all relevant units like Operational Risk Management Department, Internal Control functions and Internal Audit.

e) Project Investment Committee («PIC»)

The PIC reviews and approves investment projects for CBD and provides guidance for CBD's long term and short term goals in the areas of strategic project investment. The PIC governs all projects of CBD including but not limited to those which have a direct or an indirect dependency on IT. The PIC is also responsible for reviewing key aspects including the investment slate, project performance, project financials, business case approvals and project delivery.

f) Human Resources Committee («HRC»)

The purpose of the HRC is to set strategy and policy regarding the development of CBD's organization structure, professional ethics, business focused succession planning, Emiratization, optimal headcount/ manpower distribution, training and development, performance management and compensation and reward management.

g) Management Risk Committee («MRC»)

The purpose of MRC is to manage all risks facing the Bank that have the potential to materially impact the Bank's financial performance/profitability and/or the sustainability of its business operations. The Committee shall provide a robust and consistent framework for the timely identification, analysis, mitigation and management of material risks. It oversees the implementation of the policies and procedures, process and framework related to all risks and maintains oversight of the risks across the Bank by relevant units.

Separate working groups or ad-hoc committees are established by EXCO if and when required. All management committees report to EXCO. The EXCO has full authority to review and reorganize the composition and terms of reference of the management committees and other working groups.

3. Key Members of the current Senior Management

■ **Dr. Bernd van Linder – Chief Executive Officer**

Dr. Bernd van Linder is currently the Chief Executive Officer at the Commercial Bank of Dubai. He has more than 25 years of banking experience. In his previous role, Dr. Bernd was the CEO for Alawwal Bank (Saudi Hollandi Bank) and was based in Riyadh. He worked at Alawwal Bank for over 10 years including more than seven years in the position of CEO. Prior to that, he worked for ABN Amro in the Netherlands. Dr. Bernd holds a MBA Financial Management from the University of Bradford, UK, a PhD in Artificial Intelligence from the Utrecht University in the Netherlands and an MSc in Computer Science from Nijmegen University in the Netherlands. Dr. Bernd was appointed as CEO of CBD in January 2017.



▪ Darren Clarke – Chief Financial Officer

Darren Clarke is currently the Chief Financial Officer at the Commercial Bank of Dubai. He has more than 25 years of banking experience. In his previous role, Darren was the CFO for National Australia Bank (NAB) International, and was based in Singapore. He worked at NAB for 13 years, including as the CFO for Global Markets & Treasury. Prior to that, he worked for JPMorgan Chase in the UK, Luxembourg and Hong Kong. Darren holds a Bachelor's degree in Accounting from the University of Wollongong. He is also qualified as a Chartered Accountant with the Institute of Chartered Accountants in Australia. Darren joined CBD in April 2018.



▪ Alan Grieve – Chief Risk Officer

Alan Grieve joined CBD in 2017 following a 29-year career with HSBC which included senior leadership roles in Corporate Banking, Operations and Risk Management across Asia, Latin America, Europe and the Middle East. Mr. Grieve returned to the UAE after most recently serving for five years as HSBC's Chief Risk Officer for China, based in Shanghai. Previous roles at HSBC included COO in Panama, Head of Special Assets at SABB and Head of Wholesale Credit Risk for the Asia Pacific region. Mr. Grieve holds an LLB (Hons) from Aberdeen University where he graduated in 1988.



VIII. AUDITORS

1. Auditors, Duration of Mandate and Term of office of the Lead Auditor

Pursuant to the article 52 of the Articles of Association, and subject to the rules and decisions issued by the Central Bank, the Bank shall have one or more Auditor(s). The General Assembly shall appoint the Auditor and determine his remuneration based upon nomination by the Board of Directors. The Auditor must be registered with the Authority and must be licensed to practice in the UAE. Such Auditor shall be appointed for a renewable term of one (1) year provided the renewed terms do not exceed six (6) consecutive years and provided further that the partner responsible for the auditing shall be changed at the end of three (3) fiscal years. The Auditor shall have the duty to monitor the financial accounts for the year for which he was appointed. The Auditor shall begin his duties with the end of that General Assembly meeting until the end of the following annual General Assembly meeting.

KPMG Lower Gulf Limited have been the External Auditors since March 2018. Mr. Paritosh Gambhir is the Lead Auditor since 2020. After careful examination of several audit offers, the Board of Directors, based on a recommendation by the Audit Committee, has decided to propose to the General Assembly Meeting of Shareholders KPMG as the external auditors for the year 2022.

2. Auditing Fees

Below table clarifies the fees paid to KPMG since 2018 as approved by the General Assembly Meeting of Shareholders

Year	Fees in AED
2018	700,000
2019	724,500
2020	760,000
2021	782,800

3. Policy on Relationship with External Auditors

The Board of Directors during its meeting held on 28 July 2021 approved the Policy on Relationship with External Auditors. The Board of Directors considers external auditor's independence as a fundamental pillar for the credibility and reliability of auditors' reports. CBD has adopted the policy on auditor independence to ensure that CBD's external auditor is independent and is perceived to be independent. The policy is interpreted in light of the specific requirements of the UAE Commercial Companies Law of 2021, the Decretal Federal Law No. (14) of 2018 Regarding the Central Bank & Organization of Financial Institutions and Activities, the Central Bank of UAE Regulation on Financial Reporting And External Audit and international best practice.

In addition to being responsible for recommending to the Board (and the Board to recommend to the Annual General Meeting of Shareholders) the appointment and compensation of the external auditor, the Audit Committee is also responsible for oversight of the external auditor's work including resolving disagreements between management and the external auditor regarding financial reporting. The external auditor will provide reports directly to the Audit Committee. The Committee must also pre-approve all audit and non-audit services carried out by the external auditors either on an engagement-by-engagement basis or pursuant to specific pre-approval policies adopted by the Audit Committee.

CBD requires that all services provided by the external auditor, including the non-audit services listed in this policy may be provided by the external auditor, must be in accordance with the following principles:

- the external auditor should not have a mutual or conflicting interest with CBD;
- the external auditor should not audit its own work;
- the external auditor should not function as part of management or as an employee; and
- the external auditor should not act as an advocate of CBD.

Furthermore, any potential appointments of ex-partners or ex-employees of the external auditor to the CBD finance staff, audit staff at senior manager level or higher, must be approved in advance of the appointment being made by the Chairman of the Audit Committee after consultation with the Chairman of the Remuneration & Nomination Committee.

IX. CORPORATE SOCIAL RESPONSIBILITY AND ESG

1. General Overview

The Board of Directors has the power to design, assess, and continuously revise the Corporate Policies, which contain the guidelines governing the conduct of the Bank and further develop the principles reflected in the Mission, Vision, and Values of the Commercial Bank of Dubai and the other rules of the Corporate Governance system.

The Bank's perspective on organizational culture and employee engagement includes a Corporate Social Responsibility ("CSR") policy intended to raise awareness of social responsibility and thereby contribute to the sustainable creation of value for society, citizens, customers, shareholders, and the communities in which CBD does business

The Bank contributes to the development of communities with its business activity and its social responsibility strategy with measures designed to promote education and culture and to protect vulnerable groups, and works to establish firm and permanent bonds, taking into consideration the interests of its workforce, shareholders and the financial community, regulatory bodies, customers, suppliers, the media, society in general, and the environment (the "Stakeholders").

The Board approved the Corporate Social Responsibility Policy in its meeting held on 7 February 2018. The Policy is intended to establish the basic principles and the general framework of activities for the management of corporate social responsibility practices assumed by the Bank and to serve as the basis for integrating social responsibility into the Bank's strategy. The Policy is further developed and supplemented by the Stakeholder Engagement Policy.

Being a responsible company is integral to the Bank's success and the Bank is engaged on the issues that matter most to our customers, employees and communities. Our employees are guided by a common set of values that ensure we deliver on our goals while also helping to address local challenges

The Bank carries out its business with the objective of sustainably creating value for society, customers, shareholders, and for the communities in which it operates, providing a high-quality service through innovation and maintaining awareness of the opportunities offered by the knowledge economy.

Our core pillars for CSR are as follows:

- (i) Health (ii) Education (iii) Financial literacy

The Board reviews these pillars from time to time and make additions or deletions, based on the priorities for each year.

2. 2021 Actions

In 2021, the bank undertook several initiatives reinforcing its commitment as a responsible corporate organization.

In line with supporting the UAE government's initiatives, the Bank donated to 31 charitable, educational, research, and training and rehabilitation centers for people of determination in the country.

Humanitarian Work is a deeply ingrained value in the UAE that the late Sheikh Zayed has instilled in every UAE citizen to ensure that the country remains an oasis of goodness, giving and humanity.

This approach, propagated by the late Sheikh Zayed, is best embodied by the keenness of the wise leadership of the UAE in leading the efforts in providing relief to various nations and countries during their time of need.

During the year, many of our staff visited various NGO organizations to support their objectives and purpose, including Al Jaleela Foundation and Al Noor Centre.

Over the past 26 years, CBD has been a long standing partner with the Jebel Ali Horse Racecourse, backing the UAE's culture and sports heritage ambitions. In total, CBD has sponsored 8 races in 2021.

For the fourth consecutive year, CBD collaborated with UAE Red Crescent to organize the "Back to School" initiative, which aims to support those who are less fortunate, by providing them with the necessary items for their children's educational well-being and happiness. The initiative was held from 22 August to 5 September 2021. With the support of the Bank's staff and their families, CBD was able to collect 24 boxes along with donating 20 vouchers from Dubai Library each worth AED 50.

In addition, CBD staff joined the October Breast Cancer Awareness month campaign to help in raising awareness about breast cancer and encourage women to go for regular screenings and seek medical care to help detect and treat the problem early.

3. ESG 2021 Report

Recognizing the importance for disclosure to investors and other stakeholders about our sustainability and environment, social and governance (ESG) strategies, the Bank published in November 2021 its first Sustainability Report. The report encompasses both qualitative disclosures of topics as well as quantitative metrics used to measure the Bank's performance against ESG risks, opportunities, and related strategies.

The 2021 Sustainability Report will be published during the first Quarter of 2022. The report presents the Bank's key initiatives undertaken towards a more sustainable operation in relation to the three key areas, of Environmental, Social, and Governance (ESG) goals and performance.

CBD's efforts are focused and will continue to focus on reinforcing economic viability, environmental protection, and social equity. Further, as part of the Bank's commitment towards accountability and transparency, the Bank's performance reports for relevant areas are included in the report.

The Bank decided to engage an external consultant in 2022. Aligned with the overall strategy continuous review and refresh, the Bank will engage Whiteshield Partners for a focused assignment on ESG. The results will be communicated in 2022's Governance Report.

تقرير الحوكمة المؤسسية لعام 2021









الحوكمة المؤسسية 2021

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8	هيكل المجموعة
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رسالة رئيس مجلس الإدارة

كلمة رئيس مجلس الإدارة إلى المساهمين بشأن الحوكمة المؤسسية

يسرني أن أقدم إليكم تقرير الحوكمة المؤسسية لعام 2021، الذي يُظهر التزامنا الراسخ والمؤكد بالامتثال إلى القوانين واللوائح المعمول بها كافةً، والحفاظ على اتباعنا لإطار حوكمة يتفق مع أعلى المعايير الدولية. ويورد هذا التقرير بياناً بما يلتزم به بنك دبي التجاري ش.م.ع. («بنك دبي التجاري») من حيث هياكل الحوكمة وممارساتها وسياساتها من أجل ضمان استقلالية ونزاهة ضوابط الحوكمة لصنع واتخاذ القرار.

وفي ممارسته لأعماله، ينتهج البنك سبيلاً يقوم على إقرار مبادئ النزاهة والمساءلة والشفافية وتأييدها من خلال التعامل، على قدم من المساواة، مع عملائه ومُستثمريه ومُساهميهِ، والمُجتمعات ومختلف قطاعات الجماهير التي من شأنها أن تتأثر بأنشطة البنك وأعماله، تعاملًا يتسم بالعدالة والإنصاف والنزاهة.

وقد واصل البنك في عام 2021 إعداد معايير للحوكمة المؤسسية بما يتسق مع أفضل الممارسات المتبعة في دولة الإمارات العربية المتحدة وعلى الصعيد الدولي؛ إذ يعتبر البنك الحوكمة المؤسسية مفهوماً ديناميكياً تتطور قواعده وأنظمتها وعملياتها بما يتماشى مع ما يستجد من الرؤى واللوائح. ومن هنا، لا يلتزم البنك بلوائح وأنظمة الحوكمة الصادرة عن الجهات المعنية في دولة الإمارات العربية المتحدة فحسب، بل ويُراعي كذلك المعايير الدولية في هذا الصدد من أجل وضع سياساتٍ رشيدة للحوكمة المؤسسية.

دليل الحوكمة المؤسسية الجديد. خلال اجتماعه المنعقد في 28 يوليو 2021، اعتمد مجلس الإدارة نسخةً مُنقحةً تماماً من دليل الحوكمة المؤسسية لدى البنك ومُلحقاته، حيثُ يُنظّم إطار الحوكمة المؤسسية المنصوص عليه في الدليل مسؤوليات ومهام مجلس الإدارة والإدارة التنفيذية تجاه المساهمين وأصحاب المصالح الآخرين في سبيل تعزيز ثقافةٍ قويةٍ وراسخةٍ للحوكمة المؤسسية. وضمن هذا الإطار، اعتمد أعضاء مجلس الإدارة، من بين أمورٍ أخرى، سياساتٍ تغطي ما يلي:

- ميثاق السلوك المهني للموظفين.
- ميثاق السلوك المهني لأعضاء مجلس الإدارة غير التنفيذيين.



- ميثاق السلوك المهني للموردين.
- سياسة مشاركة أصحاب المصالح.
- سياسة اختيار مجلس الإدارة، وجدارته وتنوعه.
- سياسة التعريف بالبنك.
- سياسة اختبار استقلالية أعضاء مجلس الإدارة.
- سياسة تقييم أداء مجلس الإدارة.
- سياسة التطوير المهني المستمر لأعضاء مجلس الإدارة.
- سياسة العلاقة مع المدققين الخارجيين.
- سياسة المسؤولية الاجتماعية المؤسسية.
- سياسة المكافآت لدى البنك.
- سياسة اختيار الإدارة التنفيذية.
- سياسة مكافآت الإدارة التنفيذية.
- سياسة معاملات الأطراف ذات العلاقة.
- إطار الحوكمة الشرعية.
- سياسة الإفصاح.

ويواصل البنك مساعيه الجاهدة والمستمرة لرفع معايير الحوكمة المؤسسية للوصول بها إلى مستوى يضاهي المعايير العالمية؛ إذ يتعهد أعضاء مجلس الإدارة ومسؤولو الإدارة التنفيذية بالتقيد بأعلى مبادئ الحوكمة المؤسسية الرشيدة وفقاً لما يرد في النظام الأساسي للبنك ودليل الحوكمة المؤسسية.

لجان مجلس الإدارة وبرنامج التعريف. باختيار الأعضاء الجدد لمجلس الإدارة في مارس 2021، شكّلت أربع (4) لجانٍ مُنبثقة عن مجلس الإدارة، وهم: اللجنة التنفيذية، ولجنة التدقيق، ولجنة

كما ينبغي أو بأنه لم تُطبّق ضوابط داخلية تتسم بالفعالية والكفاءة على مدار عام 2021.

مشاركة أصحاب المصالح. يتمثل الهدف النهائي لتعزيز أنظمة الحوكمة المؤسسية في تحسين قيمة المؤسسة. وسيتم نشر التقرير السنوي لاحقاً كما تم نشر تقرير الحوكمة البيئية والاجتماعية والمؤسسية لعام 2021 مؤخراً. هذا، وسيواصل مجلس الإدارة بذل جهوده الحثيثة والمتفانية بغية زيادة الفاعلية والشفافية، والمساعدة في تحسين قيمة المؤسسة، انطلاقاً من إيماننا بأن التعاون والتفاعل بصفة منتظمة مع جميع مجموعات أصحاب المصالح يُعد أمراً أساسياً لا غنى عنه لتعزيز مرونة البنك على المدى الطويل وتحقيق فعالية نهج الاستدامة المتكامل لدينا. وثمة هدفٍ أوسع بكثير لمشاركة أصحاب المصالح من مجرد التواصل «مع» مجموعات أصحاب المصالح المختلفة؛ إذ يُعتبر بنك دبي التجاري مختلف أصحاب المصالح لديه شركاء رئيسيين في مساعيه. وضمن هذا الإطار، يُعد الاجتماع السنوي للجمعية العمومية فرصة ممتازة للالتقاء بمُستثمرين وجهاً لوجه.

وفي الختام، أودّ أن أنتهز هذه الفرصة لأتقدّم إليكم جميعاً بالشكر على ما قدمتموه من دعمٍ خلال هذا العام المميز. إننا جميعاً على يقين وثقةٍ تامةٍ من أن الاستعانة بممارسات حوكمة مؤسسية قوية، تُنفذ ضمن إطارٍ ثابتٍ، من شأنها أن تُستمر في توفير أسسٍ وطيّةٍ وراسخةٍ لنموٍ مُستدامٍ في المستقبل.

معالي / حميد محمد القطامي

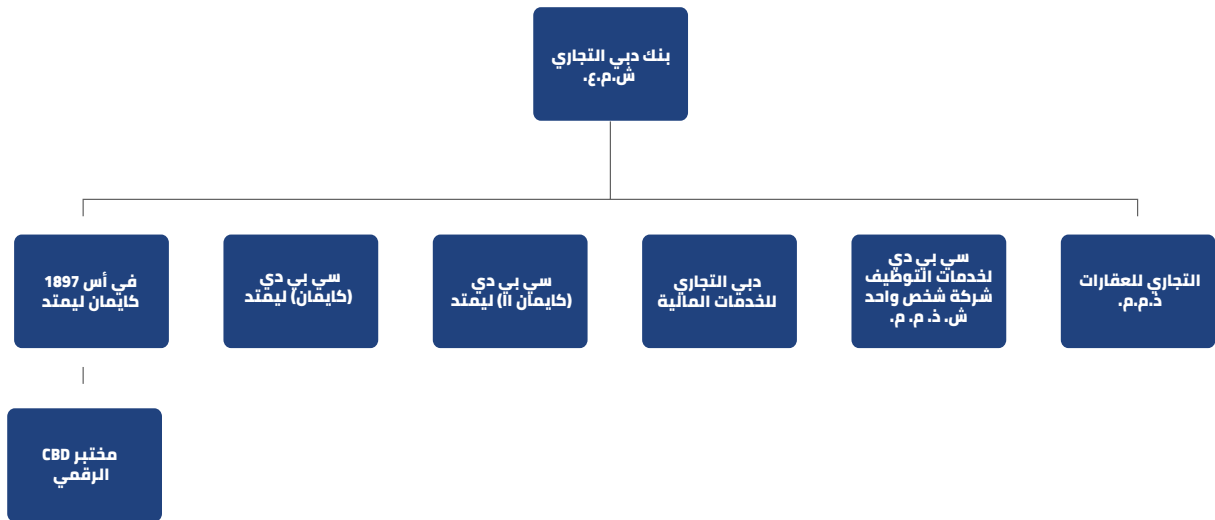
المخاطر والامتنال، ولجنة المكافآت والترشّيات، التابعة جميعاً إلى مجلس الإدارة، كما تمّ عقد برنامجٍ تعريفٍ لأعضاء مجلس الإدارة الجدد، والذي تناول، من بين أمورٍ أخرى، الهياكل التنظيمية للبنك، ولمحة عامة عن مجموعات الأعمال المختلفة لدى البنك، إلى جانب تطوّرات تكنولوجيا المعلومات، وأمن تكنولوجيا المعلومات، والموارد البشرية، والتدريب.

فاعلية مجلس الإدارة. في ديسمبر 2021، أجرى مجلس إدارة البنك تقييماً لمدى كفاءته وفاعليته. وسعيًا نحو هدفنا المنشود في الاستمرار في تحسين حوكمة مجلس الإدارة، عمّد البنك إلى إشراك معهد حوكمة باعتباره مؤسسة استشارية خارجية مرموقة، والذي قدّم بدوره المساعدة في وضع معايير لتقييم أداء أعضاء مجلس الإدارة ورئيس مجلس الإدارة واللجان على مستوى مجلس الإدارة، كما ساعد في تسهيل عملية التقييم الشامل. ومن المُقرّر الانتهاء من النتائج في الربع الأول من عام 2022، على أن يتم الإعلان عنها في تقرير الحوكمة للعام المقبل. هذا، وسنستمر في العمل على ثقة أعضاء مجلس الإدارة في قيم الحوكمة لدى البنك، والتأزر القائم فيما بين أعضاء مجلس الإدارة، والتعاون ما بين رئيس مجلس الإدارة ومجلس الإدارة والإدارة التنفيذية.

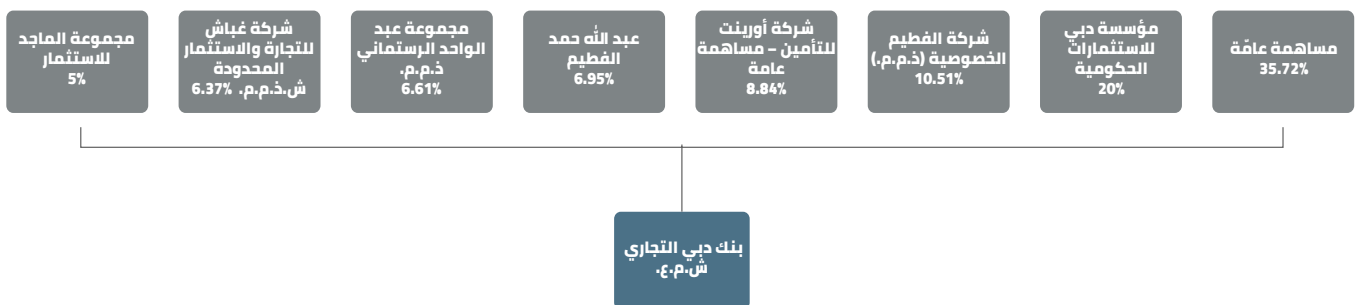
التطوير المهني المستمر لأعضاء مجلس الإدارة. من جهةٍ أخرى، في ضوء الطلبات المتنوعة التي يتزايد طرحها على مجالس إدارات البنوك فيما يتعلق بالحوكمة وأهمية التطوير المهني المستمر لأعضاء مجلس الإدارة، حضر مجلس إدارة البنك ثلاث (3) ورش عمل حول موضوعاتٍ تُغطي أحدث التطوّرات في الصناعة وكذلك الدور المتغيّر للبنك. وقد شملت الموضوعات التي تناولتها ورش العمل الامتنال، والمعيّار الدولي لإعداد التقارير المالية رقم (IFRS9)، والحوكمة المؤسسية.

فاعلية نظام الرقابة الداخلية. يتحمّل أعضاء مجلس الإدارة، بمساعدة من لجنة التدقيق التابعة لمجلس الإدارة، مسؤولية ضمان الإبقاء على نظام رقابة داخلية فعال لدى البنك، فضلاً عن مسؤولية التأكد من التزام الإدارة العليا بالأداء والمراقبة عملاً بهذا النظام. ويرد في هذا التقرير مزيد من التفاصيل في هذا الشأن. ويرى أعضاء مجلس الإدارة أن نظام الرقابة الداخلية لدى البنك يعمل على نحوٍ فعالٍ ومُجدٍ، كونه لم يبلغ إلى علمهم أي شيءٍ من شأنه أن يدفعهم إلى الاعتقاد بأن نظام الرقابة الداخلية لم يتمّ تصميمه أو تنفيذه

هيكل المجموعة كما في 31 ديسمبر 2021



هيكل المجموعة كما في 31 ديسمبر 2021



1. مجلس الإدارة

1 - تشكيل وتعيين مجلس الإدارة ومدته

بنك دبي التجاري هو شركة مساهمة عامة أُسست بموجب القوانين السارية في دولة الإمارات العربية المتحدة وفقاً للمرسوم بقانون اتحادي رقم (2) لسنة 2015 في شأن الشركات التجارية، بصيغته المعدلة من حين إلى آخر. وطبقاً لنص المادة (19) من نظامه الأساسي، تتم إدارة البنك والإشراف عليه بواسطة مجلس إدارة يتألف من أحد عشر (11) عضواً؛ ألا وهم: رئيس مجلس الإدارة، ونائب رئيس مجلس الإدارة، وتسعة أعضاء مجلس إدارة آخرين، يتم انتخاب كل عضو منهم من قبل المساهمين، بحيث يشغلون مناصبهم في مجلس إدارة البنك لمدة ثلاث (3) سنوات.

وخلال اجتماع الجمعية العمومية المنعقد بتاريخ 17 مارس 2021، أُجري انتخاب لأعضاء مجلس الإدارة، حيث تم اختيار أحد عشر (11) عضواً. وبشكل عام، شهد اجتماع الجمعية العمومية إعادة انتخاب تسعة (9) من أعضاء مجلس الإدارة، بينما انضم عضوان (2) جديان إلى مجلس الإدارة؛ إذ لم يترشح كل من السيد/ حامد كاظم و د/ عمر القيزي لإعادة انتخابهم في الاجتماع، وقد تم انتخاب معالي/ سلطان المنصوري والسيد/ حمد عمر عبد الله الفطيم كأعضاء جدد في مجلس الإدارة. ولمزيد من التفاصيل عن الملفات الشخصية لأعضاء مجلس الإدارة، يُرجى الرجوع إلى النقطة رقم (3) أدناه (عضوية مجلس الإدارة).

هذا، ويتألف مجلس الإدارة، بناءً على اختبار الاستقلالية الذي تم إجراؤه في عام 2021، من تسعة أعضاء مستقلين وعضوين غير مستقلين.

2 - اختيار أعضاء مجلس الإدارة

في اجتماعه المنعقد بتاريخ 28 يوليو 2021، اعتمد مجلس الإدارة دليل الحوكمة المؤسسية الجديد («الدليل»). ويتضمن الدليل سياسة اختيار مجلس الإدارة، وجدارته وتنوعه. ويتمثل الغرض من هذه السياسة في إرساء المبادئ والمعايير الأساسية لتقييم مدى جدارة وملاءمة مجلس الإدارة، لا سيما الإجراءات المتضمنة لاختيار أعضاء مجلس الإدارة وتنوعهم. وتكون لجنة المكافآت والترشيحات مسؤولة عن اختيار عمليات أعضاء مجلس إدارة بنك دبي التجاري. ويجوز للجنة أن تستند إلى مشورة الشركات الاستشارية المتخصصة أو أي استشاري خارجي آخر وتستعين بتعاونهم معها في اختيارها للعمليات.

وضمن إطار عملية اختيار أعضاء مجلس الإدارة، ينبغي للمرشحين للتعيين كأعضاء لمجلس الإدارة تلبية متطلبات الجدارة بالثقة والمعرفة والخبرة والملاءمة والتفاني والإخلاص، على أن يتفق ذلك كله مع اللوائح والأنظمة المعمول بها وبما يتماشى مع أحكام الجدارة والملاءمة الواردة في هذه السياسة.

وبعد نشر الدعوة للترشح لعضوية مجلس الإدارة، على أن يفتح باب الترشيح لفترة لا تقل عن عشرة (10) أيام، يتم إرسال قائمة بالمرشحين إلى مصرف الإمارات العربية المتحدة المركزي للحصول على موافقته عليها.

ولدى استلام موافقة مصرف الإمارات العربية المتحدة المركزي، يدعو أمين سر مجلس الإدارة إلى عقد اجتماع للجنة المكافآت والترشيحات، بحيث يقتصر جدول أعمال الاجتماع على شأن واحد، ألا وهو مراجعة القائمة المختصرة النهائية للمرشحين والتصديق على صحتها واستيفائها للمتطلبات.

وقبل الاجتماع، يجب أن تكون لجنة المكافآت والترشيحات قد انتهت من إجراء تحليل مبدئي لاحتياجات البنك، مع الأخذ في الاعتبار، على وجه الخصوص، المعرفة والخبرات التي يمتلكها أعضاء مجلس الإدارة بالفعل، لخدمة غايات التنوع في تركيبة مجلس الإدارة وتشكيله.

وفي هذا الصدد، ومتى كان ذلك ممكناً، تتناول المقترحات المتعلقة بالترشيح قائمة مُقيدة تحتوي على قائمة مختصرة بالمرشحين المُلائمين، بحيث تأخذ في الاعتبار، من بين جوانب أخرى، أهداف التنوع المنصوص عليها في السياسة. وبالمثل، يجب أن يحظى أعضاء مجلس إدارة بنك دبي التجاري، بالنظر إليهم مجتمعين، بالخبرة المهنية الكافية في حوكمة المؤسسات الائتمانية من أجل ضمان القدرة الفعالة والناجعة لأعضاء

مجلس الإدارة في صنع واتخاذ القرارات بصورة مُستقلة ومُنفردة بما يُصَب في مصلحة البنك. هذا، ويجب أن يوضَّح محضَر اجتماع اللّجنة الأسباب وراء اختيار هذه القائمة المُختصرة.

ومن ثَمَّ، تُرسل القائمة النهائية إلى هيئة الأوراق المالية والسلع وسوق دبي المالي، ويتم نشرها على الموقع الإلكتروني الرسمي للبنك.

وعلى أي حال، في عملية اختيار أعضاء مجلس الإدارة، يُتجنَّب أي نوع من أنواع التحيز الضمني الذي قد ينطوي بدوره على أي من صور التمييز. وبصفة خاصّة، تعمل لجنة المكافآت والترشيحات، كونها الجهاز المسؤول عن عملية اختيار أعضاء مجلس إدارة بنك دبي التجاري، بإذلة في ذلك جهودها، على اتّخاذ الإجراءات اللازمة بما يضمن، بأقصى حدٍّ ممكن، تحقيق الهدف المعنيّ بأعضاء مجلس الإدارة وفق الشُّروط والنَّسب المُحددة في القوانين والأحكام المعمول بها.

ولغايات ترشيح أعضاء مجلس الإدارة في مارس 2021، تمَّ نشر إعلان فتح باب التَّرشُّح لعضوية مجلس الإدارة في الصَّحف (العربيَّة والإنجليزيَّة) بتاريخ 20 ديسمبر 2020، بينما كان آخر موعد لاستلام طلبات التَّرشُّح بتاريخ 07 يناير 2021. وفي 17 ديسمبر، أُرسلت خطابات إلى المُساهمين ممَّن يمتلكون نسبة 5% أو أكثر في رأس مال البنك لحثُّهم على تقديم مُرشحيهم في غضون المهلة المُحددة لذلك ولتحقيق الامتثال التام بالمتطلبات التَّنظيميَّة. وفي أعقاب استلام جميع الوثائق والمستندات المُتعلِّقة بمختلِّف المُرشَّحين، أُرسل أمين سر مجلس الإدارة الوثائق والمستندات كافَّة إلى مصرف الإمارات العربيَّة المتَّحدة المركزي بحسب متطلَّبات لوائح مصرف الإمارات العربيَّة المتَّحدة المركزي بشأن نظام الحوكمة المؤسسيَّة للبنوك لعام 2019. وقد أصدر مصرف الإمارات العربيَّة المتَّحدة المركزي موافقته على المُرشَّحين في الفترة ما بين الرابع (04) والثامن عشر (18) من فبراير 2021.

هذا، وفي اجتماع لجنة المكافآت والترشيحات المُنعقد بتاريخ 24 فبراير 2021، وبعد الاطِّلاع على الملف التعريفي لجميع المُرشَّحين المُعتمدين من قبل مصرف الإمارات العربيَّة المتَّحدة المركزي على المستوى الفردي للمُرشَّحين لعضوية مجلس الإدارة، وتقييم المتطلَّبات الخاصَّة بالجدارة والملاءمة على المستوى الجماعي لمجلس الإدارة ككل:

- لاحظت لجنة المكافآت والترشيحات وجود سيدة واحدة من بين المُرشَّحين، وهو ما يُمثِّل نسبة أقل من 10% من إجمالي عدد المُرشَّحين؛ الأمر الذي لا يتفق مع لوائح مصرف الإمارات العربيَّة المتَّحدة المركزي بشأن نظام الحوكمة المؤسسيَّة للبنوك لعام 2019. ومن المُقرَّر أن تعمل اللّجنة في المستقبل على تقييم أسباب هذا النقص في عدد المُرشَّحات من الإناث واتّخاذ أي إجراء لازم سعياً نحو تلبية المتطلَّبات ذات الصلة في انتخابات مجلس الإدارة القادمة المُزمع عقدها في عام 2024.
- لاحظت اللّجنة تمثُّع المُرشَّحين بالمهارات والخبرات الأساسيَّة التي يتطلَّع مجلس إدارة بنك دبي التجاري إلى أن يحظى بها بين أعضائه.
- تبيَّن للجنة المكافآت والترشيحات أن المُرشَّحين، حال انتخابهم، سيعملون كفريق عمل واحد، وسيولون التركيز إلى تحقيق نجاح طويل الأمد في الأعمال، كما أنَّهم سيُشكِّلون شخصيات وخبرات ووجهات نظر مختلفة.
- رحَّبت اللّجنة بالتنوُّع في المُرشَّحين من حيثُ الخبرة والسِّن.
- أشارت إلى وجود المهارات الواردة أدناه بين المُرشَّحين:

عدد أعضاء مجلس الإدارة	المهارات والخبرات
11	الاستراتيجية، والفطنة المالية، والجَنكة التجارية
9	الخدمات المصرفية و/ أو المالية
3	التكنولوجيا
11	الدور القيادي في المؤسسات كبيرة الحجم/ ثقافة مكان العمل
5	المكافآت
9	التدقيق، وإدارة المخاطر، والامتثال
3	التمويل الإسلامي



3 - عُضُويَّة مَجْلِسِ الإِدَارَةِ



معالي/ حميد محمد عبيد يوسف القطامي

رئيس مجلس إدارة غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021، كما تمّ انتخابه رئيساً لمجلس الإدارة بتاريخ 17 مارس 2021.

مارس 2015

مارس 2024

مُستقل

اسم عضو مجلس الإدارة

تنفيذي/ غير تنفيذي

الانتخاب/ التّعيين خلال المدة الحالية

عضو مجلس إدارة منذُ

نهاية المدة الحالية

مُستقل/ غير مُستقل

المؤهلات

حاصل على درجة الماجستير في الإدارة من جامعة ويسترن ميشيغان، الولايات المتحدة الأمريكية.

الخبرات: هو رئيس الهيئة الاتحادية للموارد البشرية الحكومية، ورئيس مجلس أمناء جائزة حمدان بن راشد آل مكتوم للأداء التعليمي المتميز، ورئيس مجلس أمناء جائزة الشارقة للعمل التطوعي، ورئيس مجلس إدارة مؤسسة الإمارات للمواصلات والخدمات. وقد تقلّد حتى شهر يناير 2021 منصب المدير العام لهيئة الصحة بدبي، وشغل قبل ذلك منصب وزير التربية والتعليم في دولة الإمارات العربية المتحدة، كما كان وزيراً للصحة في دولة الإمارات العربية المتحدة، وذلك من بين ما شغله من العديد من المناصب القيادية رفيعة المستوى الأخرى.



معالي/ سلطان سعيد المنصوري

نائب رئيس مجلس إدارة غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021.

مارس 2021

مارس 2024

مُستقل

اسم عضو مجلس الإدارة

تنفيذي/ غير تنفيذي

الانتخاب/ التّعيين خلال المدة الحالية

عضو مجلس إدارة منذُ

نهاية المدة الحالية

مُستقل/ غير مُستقل

المؤهلات

حاصل على بكالوريوس العلوم في الهندسة من جامعة ولاية أريزونا، كما حصل على دبلوم في تحليل نظم وبرمجة الحاسب الآلي من معهد تقنية الحاسوب في لوس أنجلوس، كاليفورنيا - الولايات المتحدة الأمريكية.

الخبرات: هو رئيس اللجنة العليا لحماية المستهلك، ورئيس لجنة التنسيق والتعاون الاقتصادي، ورئيس اللجنة الوطنية لمتابعة برنامج المناخ الاستثماري، ورئيس مجلس الإمارات للمستثمرين بالخارج، ورئيس مجلس الإمارات للمشاريع الصغيرة والمتوسطة.

تقلّد منصب رئيس مجلس إدارة كلٍّ من هيئة التأمين، والهيئة الاتحادية للطيران المدني، ومركز دبي لتطوير الاقتصاد الإسلامي، وهيئة الإمارات للمواصفات والمقاييس، كما شغل منصب رئيس مجلس أمناء الصندوق الوطني للمسؤولية المجتمعية للشركات الإماراتية، وكان عضواً في مجلس التعليم والموارد البشرية، وعضواً في اللجنة الوزارية للتشريعات، وعضواً في اللجنة الوطنية للتركيبة السكانية، وعضواً في اللجنة المالية والاقتصاد.



أحمد عبد الكريم جلفار

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة؛ ممثلاً عن مؤسسة دبي للاستثمارات، بتاريخ 17 مارس 2021.

الانتخاب/ التعيين خلال المدّة الحالية

مارس 2018

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدّة الحالية

مُستقل

مُستقل / غير مُستقل

المؤهلات
حاصل على درجة البكالوريوس في الهندسة المدنية وعلوم الحاسوب من جامعة قونزاكا في واشنطن، الولايات المتحدة الأمريكية.

عُيّن عضواً في مجلس إدارة شركة الإمارات للاتصالات المتكاملة ش.م.ع. منذ مارس 2018. وشغل السيد/ جلفار منصب الرئيس التنفيذي لمجموعة اتصالات من يوليو 2011 إلى مارس 2016، كما كان عضواً في مجلس إدارة بنك رأس الخيمة الوطني (ش.م.ع.) حتى مارس 2018.



عبد الله سالم عبيد الطريفي الشامسي

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021.

الانتخاب/ التعيين خلال المدّة الحالية

مارس 2018

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدّة الحالية

مُستقل

مُستقل / غير مُستقل

المؤهلات
حاصل على درجة البكالوريوس في إدارة الأعمال والعلوم السياسية من جامعة الإمارات العربية المتحدة، وزمالة فخرية من معهد تشارترد للأوراق المالية والاستثمار «CISI» في لندن.

الخبرات: هو رئيس مجلس إدارة صندوق الشارقة للضمان الاجتماعي، ورئيس مجلس أمناء جائزة الشارقة الدولية لأطروحات الدكتوراه في العلوم الإدارية، كما أنّه عضو في مجلس إدارة شركة الأعمال التجارية للجامعة الأمريكية في الشارقة. وقد تبوأ منصب الرئيس التنفيذي لهيئة الأوراق المالية والسلع «SCA» في الفترة ما بين عام 2003 وعام 2015، كما كان رئيساً لمجلس أمناء مركز التدريب التابع لهيئة الأوراق المالية والسلع. وقد عُيّن في الفترة من عام 2007 حتى عام 2010 أميناً عاماً لاتحاد هيئات الأوراق المالية العربية، كما تقلّد منصب عضو مجلس إدارة مصرف الإمارات الصناعي في 2010-2011. وهو مؤسس وأول مدير لمنطقة الحميرية الصناعية الحرة، ونائب رئيس مجلس إدارة شركة ديبا بي إل سي في عام 2018.



عبد الله سيف عبيد الحثبور

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021.

الانتخاب/ التعيين خلال المدة الحالية

مارس 2008

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدة الحالية

غير مُستقل

مُستقل / غير مُستقل

حاصل على درجة البكالوريوس في المحاسبة وإدارة الأعمال من جامعة العين في الإمارات العربية المتحدة.

المؤهلات

الخبرات: هو رئيس مجلس الإدارة والعضو المنتدب لمجموعة الحثبور ش.ذ.م.م.، كما أنّه عضو مجلس إدارة في شركة الأطعمة الممتازة، ومخابر الجديد الأتوماتيكية ومخابر دبي الأتوماتيكية، وعضو مجلس إدارة معهد الإمارات للدراسات المصرفية والمالية، وعضو في لجنة الإجراءات في بلدية دبي.



عبد الواحد محمد الفهيم

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة؛ ممثلاً عن مؤسسة دبي للاستثمارات، بتاريخ 17 مارس 2021.

الانتخاب/ التعيين خلال المدة الحالية

مارس 2018

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدة الحالية

مُستقل

مُستقل / غير مُستقل

حاصل على درجة البكالوريوس في إدارة الأعمال من جامعة سان إدوارد.

المؤهلات

الخبرات: هو عضو مجلس إدارة شركة الإمارات العالمية للألمنيوم منذ عام 2014. كما أنّه يشغل منصب رئيس مجلس إدارة بورصة ناسداك دبي المحدودة، فضلاً عن كونه عضو مجلس إدارة في دوبال القابضة ذ.م.م. ومصرف الإمارات للتنمية.

هذا، ويتمتع السيد/ الفهيم بأكثر من 25 عاماً من الخبرة المصرفية والمالية مع مجموعة بنك الإمارات دبي الوطني، حيث شغل منصب عضو مجلس إدارة كل من شركة الإمارات دبي الوطني كابيتال، وشركة الإمارات دبي الوطني لإدارة الأصول. كما تقلّد الفهيم منصب المدير العام لقطاعات الخدمات المصرفية للشركات والخدمات المصرفية لغير الأفراد في بنك الإمارات دبي الوطني قبل تعيينه في منصب نائب الرئيس التنفيذي للمجموعة في عام 2009.



علي فردان علي الفردان

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021.

الانتخاب/ التعيين خلال المدة الحالية

مارس 2011

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدة الحالية

مُستقل

مُستقل / غير مُستقل

حاصل على درجة بكالوريوس العلوم (التخصص: نظم المعلومات) من كلية ميتروبوليتان في الولايات المتحدة الأمريكية.

المؤهلات

الخبرات: يشغل حاليًا منصب عضو مجلس إدارة شركة دبي للاستثمار (مساهمة عامة) وشركة المال كابتال. وهو رئيس مجلس إدارة شركة الفردان القابضة ش.ذ.م.م.، ورئيس مجلس إدارة شركة المستثمر الأول، والعضو المنتدب لشركة عقارات الفردان، ورئيس مجلس إدارة كارلتون للضيافة والإدارة، ونائب رئيس مجلس إدارة شركة نايف للخدمات البحرية ش.م.ع.



بطي سعيد محمد الكندي

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021.

الانتخاب/ التعيين خلال المدة الحالية

مارس 2015

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدة الحالية

مُستقل

مُستقل / غير مُستقل

حاصل على درجة البكالوريوس في إدارة الأعمال والشؤون المالية من جامعة جورج واشنطن، الولايات المتحدة الأمريكية.

المؤهلات

الخبرات: هو العضو المنتدب لشركة الكندي للاستثمار، ورئيس مجلس إدارة شركة الإمارات للاستثمار والتنمية ش.م.خ.، وهو أيضًا العضو المنتدب في ميثاق لخدمات التوظيف، ومستشار الجامعة الكندية في دبي، ونائب رئيس مجلس إدارة مركز دبي التجاري العالمي. ويشغل عضوية مجلس إدارة غرفة تجارة دبي. كما كان عضوًا في مجلس إدارة صندوق الزكاة، وشغل منصب عضو مجلس إدارة بنك الاتحاد الوطني ش.م.ع.، وشركة عمان للتأمين، وبنك دبي الإسلامي، وبنك الاتحاد الوطني في مصر.



خالد عبد الواحد الرستماني

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021.

الانتخاب/ التّعيين خلال المدة الحالية

مارس 2008

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدة الحالية

غير مُستقل

مُستقل / غير مُستقل

المؤهلات
حاصل على درجة البكالوريوس في الشؤون المالية من جامعة جورج واشنطن، الولايات المتحدة الأمريكية.

الخبرات: عُيّن نائباً لرئيس مجلس إدارة بنك دبي التجاري في الفترة من عام 2012 إلى عام 2018.

السيد/ الرستماني هو رئيس مجلس إدارة مجموعة شركات عبد الواحد الرستماني، ومؤسس ورئيس مجلس إدارة شركة بي سي دي للسفر والنقل والشحن، كما أنّه عضو في مجلس إدارة شركة دبي للتأمين (ش.م.ع.) واتصالات.



الشيخ/ مکتوم حشر مکتوم جمعة آل مکتوم

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021.

الانتخاب/ التّعيين خلال المدة الحالية

مارس 2015

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدة الحالية

مُستقل

مُستقل / غير مُستقل

المؤهلات
حاصل على درجة بكالوريوس العلوم في إدارة الأعمال والشؤون المالية من جامعة بوسطن، الولايات المتحدة الأمريكية.

الخبرات: يشغل حالياً منصب الرئيس التنفيذي لشركة الفجر للعقارات (ش.ذ.م.م.)، وقد تقلّد منصب رئيس مجلس الإدارة التنفيذي لشركة شعاع كابيتال ش.م.ع. في الفترة من أبريل 2012 إلى فبراير 2015. كما تبوّأ منصب الرئيس التنفيذي لشركة الخليج للتمويل ش.م.خ. ويشغل منصب رئيس مجلس إدارة شركة دبي الدولية القابضة. وكان عضواً كذلك في شعاع كابيتال ش.م.ع. في الفترة من فبراير 2011 إلى فبراير 2015. وهو أيضاً مستثمر مؤسس في فيرجن ميغا ستور في دولة الإمارات العربية المتحدة.



حمد عمر الفطيم

اسم عضو مجلس الإدارة

غير تنفيذي

تنفيذي / غير تنفيذي

تمّ انتخابه كعضو في مجلس الإدارة بتاريخ 17 مارس 2021.

الانتخاب/ التّعيين خلال المدّة الحالية

مارس 2021

عضو مجلس إدارة منذُ

مارس 2024

نهاية المدّة الحالية

مُستقل

مُستقل / غير مُستقل

حاصل على درجة بكالوريوس العلوم في إدارة الأعمال من جامعة نورث إيسترن في بوسطن، الولايات المتّحدة الأمريكية.

المؤهلات

الخبرات: يشغل منصب مدير تحويل الأعمال في مجموعة الفطيم، والعضو المنتدب لشركة لوجيستكس.



4 - حصص فساهمة أعضاء مجلس الإدارة كما في 2021/12/31

عضو مجلس الإدارة	عدد الأسهم في بنك دبي التجاري كما في 2020/12/31	عدد الأسهم في بنك دبي التجاري كما في 2021/12/31	التغيير في حصص المساهمة
معالي / حميد محمد عبيد يوسف القطامي	صفر	صفر	صفر
أحمد عبد الكريم جلفار	صفر	صفر	صفر
عبد الله سالم عبيد الطريفي الشامسي	صفر	صفر	صفر
عبد الله سيف عبيد الحثبور	1,337,004	1,537,004	200,000
عبد الواحد محمد الفهيم	صفر	صفر	صفر
علي فردان علي الفردان	صفر	صفر	صفر
بطي سعيد محمد الكندي	صفر	صفر	صفر
معالي / سلطان سعيد المنصوري	صفر	صفر	صفر
خالد عبد الواحد حسن الرستمان	4,061,536	4,061,536	صفر
حمد عمر الفطيم	صفر	صفر	صفر
الشيخ / مكتوم حشر مكتوم جمعة آل مكتوم	136,722	136,722	صفر

5 - إدارة التنازب في المصالح

وفقاً لميثاق السلوك المهني لأعضاء مجلس الإدارة غير التنفيذيين، يتجنب عضو مجلس الإدارة، أو ينسحب من، المشاركة في أي نشاط أو موقف من شأنه أن يضع عضو مجلس الإدارة في حالة تنازب فعلي أو محتمل أو ظاهري في المصالح فيما يتعلق بواجباته ومسؤولياته كعضو في مجلس الإدارة. وضمن هذا الإطار، يلتزم أي عضو مجلس إدارة:

- يُعد طرفاً في عقد أو معاملة، أو في عقد مُحتمل أو معاملة مُحتملة مع البنك؛ أو
- يُعد مديراً أو مسؤولاً لدى، أو له مصلحة لدى، أي شخص يُعد طرفاً في عقد أو معاملة، أو في عقد مُحتمل أو معاملة مُحتملة مع البنك؛ أو
- يتأثر، أو يُحتمل أن يتأثر، بأي إجراء يتم اتخاذه، أو من المُحتمل اتخاذه، من قبل البنك؛ أو
- يُعد مديراً أو مسؤولاً لدى، أو له مصلحة لدى، أي شخص يتأثر، أو يُحتمل أن يتأثر، بأي إجراء يتم اتخاذه، أو من المُحتمل اتخاذه، من قبل البنك،

بالإفصاح إلى البنك، خطياً أو من خلال طلب إدراج هذا الأمر في محضر اجتماع مجلس الإدارة، بطبيعة ومدى هذه المصلحة.

ويُجرى الإفصاح المطلوب أعلاه بمجرد أن يرد العقد أو المعاملة أو الإجراء المذكور إلى علم عضو مجلس الإدارة. ويتعين على عضو مجلس الإدارة المطلوب منه الإفصاح في أي قرار لاعتماد العقد أو المعاملة أو

الإجراء، ما لم يتعلّق ذلك بالمكافأة السنوية الموصى بها لأعضاء مجلس الإدارة، ألا يقوم بالتواصل مع أعضاء مجلس الإدارة الآخرين بشأن القرار، وألا يُشارك/ تُشارك في مناقشة هذا الإجراء في مجلس الإدارة، وأنّ يمتنع عن التصويت على هذا القرار. ويرد أيّ إعلان عن قرار من هذا القبيل في محضر الاجتماع.

ولأغراض الإفصاح المطلوب، يكون الإخطار الشفهي الذي يُقدّمه عضو مجلس الإدارة إلى مجلس الإدارة، والذي يُعلن من خلاله أنّ عضو مجلس الإدارة هو عضو مجلس إدارة/ مدير أو مسؤول، أو له مصلحة مادية، لدى شخص ما، أو يُعتبر طرف ذو مصلحة في عقد أو معاملة مُبرّم/ مُبرمة مع ذلك الشخص أو في إجراء من شأنه أن يؤثر على ذلك الشخص، إعلاناً كافياً فيما يتعلّق بأيّ عقد أو معاملة مع ذلك الشخص، أو بأيّ إجراء يؤثر على ذلك الشخص. هذا، ويتحمّل على أعضاء مجلس الإدارة التصرّف بأمانة وتفهم ومراعاة فيما يتعلّق بقبول وظائف أو مزايا إضافية أو مهام معيّنة من شأنها أن تتعارض مع ما لديهم من معرفة وعلم بالأمور في أدائهم لواجباتهم كأعضاء في مجلس الإدارة، كما يظلّ أعضاء مجلس الإدارة مُتعهدون بهذا الالتزام بعد انتهاء تكليفهم.

ومن ناحية أخرى، لا يجوز لأعضاء مجلس الإدارة السماح لعلاقات مهنية أخرى، مباشرة كانت أم غير مباشرة، بأن تؤثر بأيّ شكل على أدائهم لأنشطة وأعمال البنك، والعكس بالعكس. وعند تعيينهم، يُعلن أعضاء مجلس الإدارة، خطياً، إلى أمين سر الشركة بأيّ منصب (مناصب) رسمية/ مهنية أخرى يشغلونها آنذاك، كما يلتزمون بإبلاغ أمين سر الشركة على الفور بأيّ تغييرات تطرأ على المنصب (المناصب) المُعلن عنه/ عنها خلال مدة تكليفهم.

وإذا تراءى لأعضاء مجلس الإدارة ممارسة نشاط قد ينشأ عنه تضارب في المصالح من جهة واجباته/ واجباتها ومسؤولياته/ مسؤولياتها بصفته/ بصفته عضواً في مجلس إدارة البنك، يجب عليه/ عليها إبلاغ رئيس مجلس الإدارة خطياً بذلك، بحيث يُقرر رئيس مجلس الإدارة، بعد المداولة والتشاور مع رئيس الشؤون القانونية والحوكمة، ما إذا كان قبول هذا المنصب سيكون متوافقاً مع واجبات ومسؤوليات هذا العضو بصفته عضو مجلس إدارة.

وعلاوة على ما سلف، يحتفظ أمين سر مجلس الإدارة بسجل بحالات التضارب في المصالح فيما يتعلّق بأعضاء مجلس الإدارة والإدارة العليا. وفي عام 2021، سلّط أعضاء مجلس الإدارة الضوء طوعاً على 13 حالة تضارب في المصالح، وذلك خلال اجتماعات مجلس الإدارة أو اجتماعات اللجان المُنبثقة عنه، ولم يُشارك أعضاء مجلس الإدارة هؤلاء كافة في عملية اتخاذ القرارات.

6 - مسؤوليات أعضاء مجلس الإدارة

يلعب أعضاء مجلس الإدارة دوراً أساسياً مُكاملاً في حوكمة البنك، وتتضمّن مسؤولياتهم اعتماد استراتيجية البنك، ووضع استراتيجية تقبل المخاطر وإدارة المخاطر لدى البنك، فضلاً عن مراقبة ورصد الأداء المالي للبنك، وإرساء إطار الحوكمة المؤسسية، واعتماد القيم المؤسسية للبنك والموافقة عليها.

وفي أدائهم لواجبات العناية والسرية والولاء للبنك، تُشتمل المسؤوليات الرئيسية العامة لأعضاء مجلس الإدارة، دون حصر أو تحديد، على ما يلي:

- الاستعراض العام لشؤون البنك، والإطلاع على التغييرات الجوهرية في أعمال البنك والبيئة الخارجية إضافة إلى التصرّف في الأوقات المناسبة لحماية المصالح طويلة الأمد للبنك؛
- الإشراف على وضع أهداف واستراتيجية أعمال البنك واعتمادها، ومراقبة ورصد تنفيذها؛
- لعب دور ريادي في إرساء الثقافة والقيم المؤسسية للبنك؛
- الإشراف على تنفيذ إطار الحوكمة الخاص بالبنك والمراجعة الدورية له بُغية ضمان بقائه مناسباً في ضوء التغييرات الجوهرية التي تطرأ على حجم البنك، وتشابك واستراتيجية أعماله، وأسواقه، ومتطلباته الرقابية والتنظيمية؛
- القيام، بالتعاون مع الإدارة العليا، بتحديد مدى تقبل البنك للمخاطر، مع الأخذ في الاعتبار الصورة التنافسية والتنظيمية والمصالح طويلة الأمد للبنك واحتمالات التعرّض للمخاطر والقدرة على إدارة المخاطر بفعالية؛

- و. الإشراف على مدى امتثال البنك بالمخاطر المقبولة وحدود المخاطرة؛
- ز. اعتماد السياسات الرئيسية والإشراف عليها، بما يتضمّن، على سبيل المثال لا الحصر، عملية التقييم الداخلي لكفاية رأس المال، والسياسات المعنية بالسيولة والامتثال، ونظام الرقابة الداخلية، وسياسة إدارة السجلات؛
- ح. شريطة احتفاظ البنك بدور مالي قوي، تحمّل المسؤولية عن البيانات المحاسبية والمالية؛
- ط. اعتماد البيانات المالية السنوية، وطلب مراجعة مُستقلة للمجالات الأساسية والهامة لدى البنك؛
- ي. الموافقة على اختيار الإدارة العليا والإشراف على أدائها؛
- ك. الإشراف على نهج البنك فيما يتعلّق بالتعويضات والمكافآت، بما في ذلك مراقبة ورصد ومراجعة تعويضات الإدارة التنفيذية، وتقييم مدى توافقها مع ثقافة البنك، وتقبُّله للمخاطر، ومصالح مُساهميّه؛
- ل. ضمان الامتثال إلى قواعد ومبادئ الشريعة الإسلامية. حيث يكون مجلس الإدارة مسؤولاً عن الإشراف التام على النافذة الإسلامية للبنك، والتأكد من مُلاءمة إطار الحوكمة الشرعية لأنشطة وحجم نافذة الصيرفة الإسلامية. هذا، ويتحمّل مجلس الإدارة مسؤولية ترشيح أعضاء لجنة الرقابة الشرعية الداخلية «ISSC» للجمعية العمومية للمساهمين، كما يجب على مجلس الإدارة كذلك ضمان وضع واعتماد وتنفيذ السياسات الداخلية المتعلقة بالنافذة الإسلامية، والامتثال إلى الشريعة الإسلامية بالتنسيق مع لجنة الرقابة الشرعية الداخلية.

وإضافة إلى ما تقدّم، يكون أعضاء مجلس إدارة البنك مسؤولون عن تنفيذ ثقافة وضوابط داخلية لإدارة المخاطر بفعالية وكفاءة في مختلف قطاعات البنك وفروعه وشركائه التابعة. ولغايات تعزيز ثقافة مؤسسية سليمة، ينبغي لأعضاء مجلس الإدارة إرساء «نهج من الأعلى» من خلال:

- أ. وضع القيم المؤسسية والالتزام بها، بما يخلق توقّعات بضرورة ممارسة جميع الأعمال بطريقة قانونية وأخلاقية، والإشراف على الامتثال إلى هذه القيم من قبل الإدارة العليا والموظفين الآخرين؛
- أ. تعزيز الوعي بالمخاطر ضمن ثقافة مخاطر قوية وراسخة، بما يُخبر بتوقّعات مجلس الإدارة بأنّه لا يدعم الإفراط في المخاطرة، وبأنّ جميع الموظفين مسؤولون عن ضمان عمل البنك ضمن الإطار المتبع بشأن تقبُّل المخاطر وحدود المخاطر؛
- أ. التأكيد على أنّه قد تمّ اتّخاذ الخطوات المناسبة لإبلاغ مختلف قطاعات البنك بما يعتمده مجلس الإدارة من القيم المؤسسية والمعايير المهنية وميثاق السلوك المهني، إلى جانب السياسات الداعمة؛
- أ. التأكيد على أنّ الموظفين، بما في ذلك الإدارة العليا، على علمٍ بمتابعة الإجراءات التأديبية المناسبة أو غيرها من الإجراءات للسلوكيات والتجاوزات والانتهاكات غير المقبولة.

وعلاوة على ذلك:

- أ. يجب أن يشتمل إطار حوكمة المخاطر المُعتمد من جانب مجلس الإدارة على نهج «خطوط الدفاع الثلاثة»، بما يتضمّن الإدارة العليا لخطوط العمل، ومهام إدارة المخاطر والامتثال، ومهمة التدقيق الداخلي المُستقل والفعال، ولجنة الرقابة الشرعية الداخلية.
- ب. يجب أن تُقرّ الثقافة المؤسسية لدى البنك بالأهمية البالغة للمناقشة الصريحة في الوقت المناسب وتصعيد المشكلات إلى مستويات أعلى. ويجب حتّ الموظفين وتشجيعهم، وأنّ يكون لديهم القدرة، على الإبلاغ، في إطار من السرية وبدون خوفٍ من التّعريض لأعمالٍ انتقامية، بمخاوفهم المشروعة حول الممارسات غير القانونية أو غير الأخلاقية أو المثيرة للشكوك. ويتضمّن ذلك إبلاغ المصرف المركزي بالمخاوف الجوهرية.
- ج. يجب على مجلس الإدارة أن يضمن تنفيذ سياسة الإبلاغ بالمُخالفات، وأن يتأكد من قيام الإدارة العليا بالمُعالجة الملائمة والسليمة للأمور المشروعة التي يتمّ تسليط الضوء عليها من خلال آلية الإبلاغ عن المُخالفات. ويكون مجلس الإدارة مسؤولاً عن ضمان حماية الموظف الذي يُثير مثل هذه المخاوف من التّعريض لمعاملةٍ سيئةٍ أو لأعمالٍ انتقامية. هذا، ويجب على مجلس الإدارة الإشراف والموافقة على كيفية إجراء التّحقيقات المُتعلّقة بالمخاوف الجوهرية المشروعة ومُعالجتها فضلاً عن الإشراف على القائمين على التّحقيق والمُعالجة في هذا الشأن واعتمادهم، بما يتضمّن اضطلاع جهازٍ داخليٍّ أو خارجيٍّ و/ أو الإدارة العليا و/ أو مجلس الإدارة نفسه بمهام التّحقيق والمُعالجة.

د. يجب على مجلس الإدارة ان يتأكد من اعتماد ميثاق سلوك لأعضاء المجلس والموظفين والموردين ويركز هذا الميثاق على مخاطر النزاهة والمساعدة على التعرف والتعامل مع كل المسائل التي تتعلق بالاخلاق والنزاهة وتفعيل آليات للإعلام بأي خروقات وتدعيم الشفافية وثقافة النزاهة والمحاسبة ومحاربة التجاوزات.

هـ. يجب على مجلس الإدارة الإشراف على الإدارة العليا، وأن يُخضع أفراد الإدارة العليا للمساءلة عما يبدر منهم من أفعال، وأن يقوم بإحصاء تبعات هذه الأفعال في حال عدم اتساقها مع توقعات مجلس الإدارة. ويتضمن ذلك الالتزام بقيم البنك وحدود تقبله للمخاطر وثقافة المخاطر لديه، بصرف النظر عما يلحق بالبنك من الأرباح أو الخسائر المالية. ولا بُد أن يشتمل الإشراف من قبل مجلس الإدارة، دون حصرٍ أو تحديدٍ، على ما يلي:

- مراقبة مدى توافق أفعال الإدارة العليا مع الأهداف الاستراتيجية والسياسات المعتمدة من قبل مجلس الإدارة؛
- الاجتماع بصورة منتظمة مع الإدارة العليا؛
- النظر بعينٍ ناقدة فيما تُقدمه الإدارة العليا من إيضاحات ومعلومات؛
- وضع معايير مناسبة للأداء والتعويضات الخاصة بالإدارة العليا بما يتوافق مع الأهداف الاستراتيجية طويلة الأمد وسلامة الوضع المالي للبنك؛
- تقييم ما إذا كانت الخبرات والمعرفة الجماعية للإدارة العليا ما تزال مناسبة بالنظر إلى طبيعة أعمال البنك وسجل المخاطر الشامل لديه؛
- المشاركة الفعالة في التخطيط لإحلال منصب الرئيس التنفيذي، وضمان وجود خطط إحلال مناسبة لمناصب الإدارة العليا.

هذا، ويجب على مجلس الإدارة التأكيد من التزام الإدارة العليا بتنفيذ أنظمة وإجراءات وضوابط إدارة المخاطر التي يتعرض لها البنك طبقاً لتوجيهات مجلس الإدارة، وضمان امثالها إلى القوانين واللوائح والسياسات الداخلية المعمول بها. ويتضمن ذلك الإدارة الشاملة والمستقلة للمخاطر ومهام الامتثال والتدقيق، فضلاً عن نظام شامل فعال للضوابط الداخلية.

7 - اجتماعات مجلس الإدارة

تُحدد جداول ومواعيد اجتماعات مجلس الإدارة واللجان في بداية كل عام، ويتمّ تعميم الجدول الزمني لمواعيد اجتماعات مجلس الإدارة واللجان مسبقاً لتسهيل قيام أعضاء مجلس الإدارة وأعضاء اللجان بتنظيم جداول مواعيدهم وضمان المشاركة البناءة والناجعة في الاجتماعات. هذا، ويجوز إعادة تحديد مواعيد الاجتماعات، إن كان لذلك ما يُبرره، شريطة موافقة رئيس مجلس الإدارة.

ويتولى أمين سرّ مجلس الإدارة مسؤولية إعداد جدول أعمال الاجتماع بالتنسيق مع رئيس مجلس الإدارة والرئيس التنفيذي، بحيث يتمّ تعميم أوراق مجلس الإدارة قبل خمسة (5) أيام عمل من عقد الاجتماع.

هذا، ويتعين على أعضاء مجلس الإدارة النظر في الموضوعات الأساسية بالنسبة إلى توجهات البنك، ومنها على سبيل المثال: أداء الأعمال، والتخطيط طويل المدى، والاستراتيجية، وتقبل المخاطر وإدارتها، وخطط الإحلال، والموارد البشرية.

وضمن هذا الإطار، يتلقى أعضاء مجلس الإدارة بانتظام المعلومات والتقارير من مصادرها فيما يتصل بأدائهم لأدوارهم. وتشتمل أوراق مجلس الإدارة على تقارير من الرئيس التنفيذي والرئيس المالي وغيرهم بوتيرة منتظمة وفي مواعيد محدّدة. ويتضمن ملف مجلس الإدارة محاضر رسمية لاجتماعات اللجان المختلفة، ويقوم رئيس كل لجنة باطلاع أعضاء مجلس الإدارة، في بداية كل اجتماع لمجلس الإدارة، بالمعلومات والمستجدات حول البنود الهامة التي تمّ تناولها بالمناقشة في اجتماع اللجنة. وفي عام 2021، عقد مجلس الإدارة ثمانية (8) اجتماعات. وترد فيما يلي تفاصيل الأعمال الرئيسية التي تمّ مناقشتها في الاجتماعات الأساسية لمجلس الإدارة على مدار العام:

رقم	التاريخ	الموضوعات الرئيسية
1	10 فبراير 2021	<ul style="list-style-type: none"> التزويد بالمعلومات والمستجدات بشأن اجتماعات اللجان. اعتماد النتائج المالية لعام 2020. اعتماد جدول أعمال الاجتماع السنوي للجمعية العمومية.
2	17 مارس 2021	<ul style="list-style-type: none"> انتخاب رئيس مجلس الإدارة، ونائب رئيس مجلس الإدارة. تشكيل وهيكل اللجان.
3	11 أبريل 2021	<ul style="list-style-type: none"> التزويد بالمعلومات والمستجدات بشأن اجتماعات اللجان. التزويد بمعلومات حول الاستراتيجية. التمويل الإسلامي – التزويد بالمعلومات والمستجدات بشأن الحوكمة الشرعية. تكريم أعضاء مجلس الإدارة السابق.
4	28 أبريل 2021	<ul style="list-style-type: none"> التزويد بالمعلومات والمستجدات بشأن اجتماعات اللجان. اعتماد النتائج المالية للربع الأول من عام 2021. شؤون خاصة بالحوكمة المؤسسية.
5	28 يوليو 2021	<ul style="list-style-type: none"> التزويد بالمعلومات والمستجدات بشأن اجتماعات اللجان. اعتماد النتائج المالية للنصف الأول من عام 2021. اعتماد دليل الحوكمة المؤسسية ومُلحقاته. جلسة تدريب لمجلس الإدارة بشأن الامتثال.
6	29 سبتمبر 2021	<ul style="list-style-type: none"> التزويد بالمعلومات والمستجدات بشأن اجتماعات اللجان. التزويد بالمعلومات حول تقرير التفتيش ومراقبة الامتثال فيما يتعلق بالأساس المرجعي لمصرف الإمارات العربية المتحدة المركزي. التوطين – تزويد بالمستجدات. التعريف بلجنة الرقابة الشرعية الداخلية والتزويد بالمعلومات عنها.
7	27 أكتوبر 2021	<ul style="list-style-type: none"> التزويد بالمعلومات والمستجدات بشأن اجتماعات اللجان. جلسة تدريب لمجلس الإدارة بشأن الحوكمة المؤسسية. اعتماد النتائج المالية للربع الثالث من عام 2021. التزويد بالمعلومات حول برنامج الإصلاح الخاص بمصرف الإمارات العربية المتحدة المركزي. التزويد بالمستجدات بشأن التوطين. جلسة تدريب لمجلس الإدارة بشأن المعيار الدولي لإعداد التقارير المالية رقم 9 «IFRS9».
8	15 ديسمبر 2021	<ul style="list-style-type: none"> التزويد بالمعلومات والمستجدات بشأن اجتماعات اللجان. عرض تقديمي بشأن عملية رصد وتقييم مجلس الإدارة. الخطة المالية وخطة الميزانية لعام 2022. التزويد بالمعلومات حول برنامج الإصلاح الخاص بمصرف الإمارات العربية المتحدة المركزي. التزويد بالمستجدات بشأن التوطين. افتتاح المُختبر الرقمي للبنك.

8 - حضور اجتماعات مجلس الإدارة

عدد الاجتماعات التي
حضرها العضو

أعضاء مجلس الإدارة

8/8	معالي / حميد محمد عبيد يوسف القطامي – رئيس مجلس الإدارة
8/6	معالي / سلطان سعيد المنصوري – نائب رئيس مجلس الإدارة
8/8	عبد الله سيف عبيد الحثبور – عضو مجلس الإدارة
8/8	عبد الله سالم عبيد الطريفي الشامسي – عضو مجلس الإدارة
8/8	عبد الواحد محمد الفهيم – عضو مجلس الإدارة
8/8	علي فردان علي الفردان – عضو مجلس الإدارة
8/8	بطي سعيد محمد الكندي – عضو مجلس الإدارة
8/7	أحمد عبد الكريم جلفار – عضو مجلس الإدارة
8/5	خالد عبد الواحد حسن الرستمان – عضو مجلس الإدارة
8/6	حمد عمر الفطيم – عضو مجلس الإدارة
8/5	الشيخ/ مكتوم حشر مكتوم جمعة آل مكتوم – عضو مجلس الإدارة

9 - مكافآت مجلس الإدارة

وفقاً للقوانين المعمول بها، وبموجب المادة رقم (60) من النظام الأساسي للبنك، يجب ألا تتجاوز مكافآت أعضاء مجلس الإدارة نسبة 10٪ من الربح السنوي. وكما في 31 ديسمبر 2021، لم يستحق أعضاء مجلس إدارة البنك الحصول على أي علاوة أو برامج حوافز طويلة الأجل أو غير ذلك من خطط الحوافز. هذا، ولا يتقاضى أعضاء مجلس الإدارة أي استحقاقات معاشات تقاعدية من البنك.

هذا، ولا يدفع بنك دبي التجاري أي أتعاب جلسات عن حضور اجتماعات مجلس الإدارة، بينما يدفع البنك مبلغ 20,000 درهم إماراتي كأتعاب جلسات لكل عضو مجلس إدارة عن كل اجتماع نظير حضور اللجان المختلفة.

ومن جهة أخرى، يُحدد مساهمو البنك مكافآت أعضاء مجلس الإدارة سنوياً استناداً إلى توصية من مجلس الإدارة. وفي عام 2020، تقاضى أعضاء مجلس الإدارة مكافأة بمبلغ 15.4 مليون درهم إماراتي (غير شامل ضريبة القيمة المضافة). وتُرد فيما يلي تفاصيل المبالغ التي تلقاها أعضاء مجلس الإدارة في أبريل 2021 كمكافأة عن عام 2020، إذ جاء ذلك تطبيقاً لقرار الاجتماع السنوي للجمعية العمومية. وفي عام 2022 (عن السنة المالية 2021)، سوف تُقدم مكافأة أعضاء مجلس الإدارة لاعتمادها من قبل الاجتماع السنوي للجمعية العمومية للمساهمين. وقد اقترح مجلس الإدارة زيادة في قيمة المكافأة بنسبة 25٪ مقارنةً بالسنة المالية 2020:

المبلغ المُتقاضى بالدرهم الإماراتي	أعضاء مجلس الإدارة
2,000,000	معالي / حميد محمد عبيد يوسف القطامي – رئيس مجلس الإدارة
1,340,000	معالي / سلطان سعيد المنصوري – نائب رئيس مجلس الإدارة
1,340,000	عبد الله سيف عبيد الحثبور – عضو مجلس الإدارة
1,340,000	عبد الله سالم عبيد الطريفي الشامسي – عضو مجلس الإدارة
1,340,000	عبد الواحد محمد الفهيم – عضو مجلس الإدارة
1,340,000	علي فردان علي الفردان – عضو مجلس الإدارة
1,340,000	بطي سعيد محمد الكندي – عضو مجلس الإدارة
1,340,000	أحمد عبد الكريم جلفار – عضو مجلس الإدارة
1,340,000	خالد عبد الواحد حسن الرستمان – عضو مجلس الإدارة
1,340,000	حمد عمر الفطيم – عضو مجلس الإدارة
1,340,000	الشيخ / مكتوم حشر مكتوم جمعة آل مكتوم – عضو مجلس الإدارة

في عام 2021، دفع بنك دبي التجاري مبلغًا إجماليًا وقدره 3,260,000 درهم إماراتي (غير شاملة ضريبة القيمة المضافة) كأتعاب عن حضور الجلسات خلال عام 2021 وفق التفاصيل الواردة أدناه:

إجمالي أتعاب حضور الجلسات بالدرهم الإماراتي (غير شاملة ضريبة القيمة المضافة)	عدد اجتماعات اللجان التي حضرها العضو	أعضاء مجلس الإدارة
–	–	معالي / حميد محمد عبيد يوسف القطامي – رئيس مجلس الإدارة
320,000	16	معالي / سلطان سعيد المنصوري – نائب رئيس مجلس الإدارة
280,000	14	عبد الله سيف عبيد الحثبور – عضو مجلس الإدارة
220,000	11	عبد الله سالم عبيد الطريفي الشامسي – عضو مجلس الإدارة
540,000	27	عبد الواحد محمد الفهيم – عضو مجلس الإدارة
240,000	12	علي فردان علي الفردان – عضو مجلس الإدارة
560,000	28	بطي سعيد محمد الكندي – عضو مجلس الإدارة
520,000	26	أحمد عبد الكريم جلفار – عضو مجلس الإدارة
320,000	16	خالد عبد الواحد حسن الرستمان – عضو مجلس الإدارة
120,000	6	حمد عمر الفطيم – عضو مجلس الإدارة
140,000	7	الشيخ / مكتوم حشر مكتوم جمعة آل مكتوم – عضو مجلس الإدارة

10 - التطوير المهني المستمر لمجلس الإدارة

اعتمد مجلس الإدارة سياسة التطوير المهني المستمر لأعضاء مجلس الإدارة بتاريخ 28 يوليو 2021.

إن الغرض من السياسة هو تعزيز التنمية المستدامة طويلة المدى للبنك من خلال التطوير المستمر لفاعلية وكفاءة مجلس الإدارة؛ ولذا، يتم حث جميع أعضاء مجلس الإدارة وتشجيعهم على المشاركة في التطوير المهني. ويتمثل التطوير المهني المستمر لأعضاء مجلس الإدارة في الحفاظ على معارفهم ومهاراتهم وقدراتهم وتعزيزها والتطوير المستمر لها، بهدف ضمان كون أعضاء مجلس الإدارة مؤهلين ومزودين بما يلزم من المهارات والخبرات للقيام بمهام إشراف فعالة وناجعة في بيئة ديناميكية متغيرة.

هذا، ويجب أن يتمتع أعضاء مجلس الإدارة بالمعرفة والخبرة اللازمة، إلا أنه لا يمكنهم أن يكونوا خبراء في المجالات كافة؛ الأمر الذي تبرز معه الحاجة إلى توسيع دائرة معرفة أعضاء مجلس الإدارة والنهوض بمعارفهم وزيادة أفاقها. ومن هنا، وضعت سياسة اختيار مجلس الإدارة وجدارته وتنوعه الأساس لمصفوفة قدرات أعضاء مجلس الإدارة، ويجب على مجلس الإدارة التأكد من تلقي أعضائه للتطوير المهني المستمر اللازم في المجالات التي تحددها المصفوفة. وتكون لجنة المكافآت والترشيحات مسؤولة عن المراجعة السنوية للمهارات والمميزات الواجب توافرها في أعضائها أمثالا لمصفوفة قدرات أعضاء مجلس الإدارة.

وتتمثل أهداف السياسة في:

- تحسين فاعلية وكفاءة مجلس الإدارة من خلال تنفيذ آلية نظامية واضحة المعالم لتطوير مهارات ومؤهلات أعضاء مجلس الإدارة؛
- زيادة مستوى وعي أعضاء مجلس الإدارة بعمليات البنك وما يتصل بها من مخاطر؛
- تعزيز ثقافة الإدارة القوية للأعمال من خلال تزويد أعضاء مجلس الإدارة بالمعلومات والمستجدات بشأن آخر التطورات في المجالات المختلفة التي تتألف منها مصفوفة قدرات أعضاء مجلس الإدارة.

وبالنظر إلى أهمية كل من الحوكمة المؤسسية والامتثال ومكافحة غسيل الأموال والمعيار الدولي لإعداد التقارير المالية رقم 9 «IFRS9»، حضر مجلس الإدارة، في عام 2021، ثلاث (3) جلسات في الموضوعات المحددة بالجدول أدناه:

جدول التطوير المهني المستمر لمجلس الإدارة لعام 2021

التاريخ	الموضوع	اسم مقدم الخدمة	الوقت	طريقة التقديم
28 يوليو	تدريب بشأن الجرائم المالية	أكاديمية سي سي إل	10:00 صباحاً	عبر شبكة الإنترنت
27 أكتوبر	الحوكمة المؤسسية	معهد حوكمة	09:00 صباحاً	عبر شبكة الإنترنت
27 أكتوبر	المعيار الدولي لإعداد التقارير المالية رقم 9 «IFRS9»	وكالة موديز	11:00 صباحاً	عبر شبكة الإنترنت

11 - تقييم أداء مجلس الإدارة

تُتيح تقييمات أداء مجلس الإدارة الفرصة لمجلس الإدارة من أجل استعراض أدائه وأداء اللجان المُنبثقة عنه؛ إذ يتضمّن ذلك أداء الرئيس والأعضاء، وتناولُه بالنظر والمناقشة. وفي اجتماعه المُنعقد في 28 يوليو 2021، اعتمد مجلس الإدارة سياسة تقييم أداء مجلس الإدارة.

ولا يقتصر الغرض من تلك التقييمات على استعراض مدى كفاءة أعضاء مجلس الإدارة وفاعليّة مجلس الإدارة فحسب، بل إنّ هذه التقييمات تهدف كذلك إلى تحديد مواضع الخلل في المهارات والخبرات والمعارف الواجب توافرها بغية تعزيز فاعليّة مجلس الإدارة واستيفاء المتطلبات المناسبة والسليمة في هذا الشأن. ويرد بالسياسة بياناً بكيفية إجراء هذه التقييمات.

وبالنسبة إلى تقييم الأداء، فإنّه يشمل العناصر التالية من تشكيل مجلس الإدارة:

- مجلس الإدارة ككل؛
- رئيس مجلس الإدارة؛
- أعضاء مجلس الإدارة؛
- اللجان التابعة لمجلس الإدارة.

هذا، وتتناول عمليّة التقييم تحديد مجالات التقييم، وصياغة استبيان حول مجالات التقييم، وتلقّي إجابات أعضاء مجلس الإدارة على الاستبيان بوضع مقياس للتقييم، إلى جانب إجراء المُقابلات مع أعضاء مجلس الإدارة، وتحليل إجاباتهم على الاستبيان وردودهم في المُقابلات، والإبلاغ ورفع التقارير بنتائج هذا التحليل إلى مجلس الإدارة بكامل أعضائه. ومن هنا، يتولّى مجلس الإدارة مسؤوليّة مناقشة محتوى هذا التقرير، ويعمل على وضع خطة عمل، على أن يقوم بإجراء مراجعات دوريّة للتقدّم المُحرز في تنفيذها كذلك.

وقد بدأ مجلس الإدارة بمباشرة عمليّة تقييم أدائه من خلال إشراك حوكمة – معهد حوكمة الشركات. وفي الاجتماع المُنعقد بتاريخ 15 ديسمبر 2021، قدّم معهد حوكمة خطة وعمليّة التقييم، اللتان تتفقان مع سياسة تقييم أداء مجلس الإدارة المتبعة لدى البنك.

ومن المُقرّر أن يتمّ الإعلان عن نتائج المُمارسة في تقرير الحوكمة لعام 2022.

2. لجان مجلس الإدارة

1 - التعريف باللجان

في بداية عام 2021، كان لمجلس الإدارة أربع (4) لجان قائمة مُنبثقة عنه:

- اللجنة التنفيذية لمجلس الإدارة؛
- لجنة المخاطر والامتثال؛
- لجنة التدقيق؛
- لجنة المكافآت والترشيحات.

2 - تشكيل اللجان

اللجنة	العضو	المَنصب
اللجنة التنفيذية لمجلس الإدارة	معالي / سلطان المنصوري	رئيس اللجنة
	السيد / بطي الكندي	نائب رئيس اللجنة
	السيد / عبدالواحد الفهيم	عضو اللجنة
	السيد / أحمد جلفار	عضو اللجنة
	السيد / خالد الرستماني	عضو اللجنة
لجنة التدقيق	الشيخ / مكتوم حشر آل مكتوم	رئيس اللجنة
	السيد / عبدالله الطريقي	عضو اللجنة
	السيد / علي الفردان	عضو اللجنة
	السيد / حمد الفطيم	عضو اللجنة
لجنة المخاطر والامتثال	السيد / عبد الواحد الفهيم	رئيس اللجنة
	السيد / عبدالله الطريقي	عضو اللجنة
	السيد / عبدالله الحثبور	عضو اللجنة
	السيد / حمد الفطيم	عضو اللجنة
لجنة المكافآت والترشيحات	السيد / أحمد جلفار	رئيس اللجنة
	السيد / عبدالله الحثبور	عضو اللجنة
	السيد / بطي الكندي	عضو اللجنة
	السيد / علي الفردان	عضو اللجنة

3 - حضور اللجان

أعضاء مجلس الإدارة	عدد اجتماعات اللجنة التنفيذية لمجلس الإدارة التي حضرها العضو	عدد اجتماعات لجنة التدقيق التي حضرها العضو	عدد اجتماعات لجنة المكافآت والترشيحات التي حضرها العضو	عدد اجتماعات لجنة المخاطر والإمثلة التي حضرها العضو
معالي / حميد محمد عبيد يوسف القطامي رئيس مجلس الإدارة	–	–	–	–
معالي / سلطان سعيد المنصوري نائب رئيس مجلس الإدارة	19/15	–	–	–
عبد الله سيف عبيد الحثبور عضو مجلس الإدارة	–	–	7/7	4/4
عبد الله سالم عبيد الطريفي الشامسي عضو مجلس الإدارة	–	6/6	–	4/4
عبد الواحد محمد الفهيم عضو مجلس الإدارة	19/18	–	–	4/4
علي فردان علي الفردان عضو مجلس الإدارة	–	*6/4	**7/3	–
بطي سعيد محمد الكندي عضو مجلس الإدارة	19/19	–	7/7	–
أحمد عبد الكريم جلفار عضو مجلس الإدارة	19/19	–	7/7	–
خالد عبد الواحد حسن الرستمان عضو مجلس الإدارة	19/13	–	–	–
حمد عمر الفطيم عضو مجلس الإدارة	–	*6/4	–	4/2
الشيخ / مكتوم حشر مكتوم جمعة آل مكتوم عضو مجلس الإدارة	–	6/6	–	–

* اجتماعات لجنة التدقيق التي حضرها العضو: عُقد اجتماعان (2) للجنة قبل اجتماع الجمعية العمومية السنوي لعام 2021.

** اجتماعات لجنة المكافآت والترشيحات التي حضرها العضو: عُقدت ثلاثة (3) اجتماعات للجنة قبل اجتماع الجمعية العمومية السنوي لعام 2021.



4 - بيان من رئيس اللجنة التنفيذية لمجلس الإدارة معالي/ سلطان سعيد المنصوري نائب رئيس مجلس الإدارة، ورئيس اللجنة التنفيذية لمجلس الإدارة

السادة المساهمون الكرام،،،

يسرني أن أقدم إليكم تقرير اللجنة التنفيذية لمجلس الإدارة لعام 2021. ومع ما يشهده البنك من نمو وفق الاستراتيجية المعتمدة، قرّر مجلس الإدارة في مارس 2021 تشكيل اللجنة التنفيذية التابعة لمجلس الإدارة، والتي شُرّفت بتعييني رئيساً لها. وقد اضطلّعت اللجنة بمسؤوليات كل من لجنة الائتمان والاستثمار ولجنة تكنولوجيا المعلومات والتقنيات الرقمية ولجنة الاسترداد والتسويات المالية المشكّلة جميعاً سابقاً.

هذا، وقد فوّض مجلس الإدارة اللجنة التنفيذية لمجلس الإدارة بالصلاحيات والحدود للقيام بما يلي:

- الإشراف على تنفيذ الاستراتيجية، والتنسيق مع الإدارة بشأن دراسة واستعراض فرص النمو المتاحة للبنك وأعماله؛
- متابعة تنفيذ مشروعات تكنولوجيا المعلومات والتحول الهامة، والإشراف على الاستراتيجيات الشاملة لتكنولوجيا المعلومات والتقنيات الرقمية؛
- مراقبة الأداء التشغيلي والمالي في مقابل الأهداف المحددة؛
- اعتماد سياسات الائتمان الخاصة بالأفراد وغير الأفراد (الشركات) لدى البنك؛
- اعتماد تسهيلات ائتمانية واستثمارات أكبر تفوق حدود الإدارة؛
- اعتماد برامج منتجات فيما يتعلّق بمنتجات الائتمان التي يتمّ اعتمادها على أساس التصنيف البرنامجي؛
- رصد حالات الاسترداد الهامة، واعتماد عمليات إعادة الهيكلة أو التسويات المالية ذات الصلة؛
- الإشراف على النهج المتّبع لدى البنك فيما يتعلّق بمُعظم التّعزّضات الائتمانية على مستوى القطاعات والأفراد في المحفظة الائتمانية للبنك؛
- مراجعة مدى جودة المحفظة الاستثمارية للبنك والاتّجاهات التي تؤثر عليها؛
- الإشراف على فعالية استراتيجية وسياسات الاستثمار لدى البنك.

وفي ضوء ما سلف، تعمل اللجنة بالفعل كجنة تنفيذية لمجلس الإدارة بالكامل. وسعيًا إلى تحقيق حوكمة أفضل، يجب أن يكون رئيس لجنة المخاطر والامتثال التابعة لمجلس الإدارة ورئيس لجنة المكافآت والترشيحات التابعة لمجلس الإدارة أعضاء في اللجنة، غير أنّه لا يجوز لأعضاء لجنة التدقيق أن يكونوا أعضاء في هذه اللجنة.

لقد كان عام 2021 مليئًا بالأحداث، وعقدت اللجنة (بما يتضمّن اللجان السابقة التي ضمّتها اللجنة التنفيذية) 19 اجتماع في المحمل. وعقدت لجنة الائتمان والاستثمار السابقة اجتماعًا مشتركًا مع لجنة المخاطر والامتثال بتاريخ 27 يناير 2021 لأغراض مواءمة الاستراتيجية ودرجة تقبّل البنك للمخاطر والتأكّد من توافّقها بالنسبة لقطاعات معيّنة، بما يشمل موضوعات من قبيل:

- مراجعة مقترح سياسة الاستثمار المنقّحة؛
- إعادة تنظيم (إعادة التّموّض) أعمال المؤسسات المالية؛
- استهداف فرص النمو المختارة عبر الحدود؛
- النمو في المحفظة العقارية؛
- استحداث إقراض مضمون بالأصول على أساس برامج المنتجات.

واصلت اللجنة تركيزها على اعتماد أصول عالية الجودة، بما يضمن توافُق القروض والاستثمارات مع أهداف الأعمال لدينا والمدى الشامل لتقبُّل المخاطر. وإلى جانب اعتماد التسهيلات والاستثمارات، تتناول اللجنة الأمور التالية:

- مُراجعة واعتماد التعديلات على لائحة اختصاصات لجنة الإدارة؛
- مراقبة الحدود بالنسبة لبعض الدول والمؤسسات المالية؛
- مُراجعة واعتماد التعديلات على مصفوفة تفويض الصلاحيات، بهدف تحديد مستويات مناسبة للتفويض فيما يتعلّق بقسم الائتمان لدى البنك، وذلك من أجل تحسين مدّة تنفيذ عمليّة الائتمان بالكامل من البداية إلى النهاية ضمن إطار تقبُّل البنك للمخاطر وإدارته لها؛
- مُراجعة واعتماد برنامج الإقراض المضمون بالأصول؛
- المُراجعة الدورية المنتظمة لمحفظة إعادة الهيكلة والاسترداد، مع التركيز على التقدُّم المُحرَز في العديد من إجراءات التقاضي وعمليات الاسترداد؛
- مُراجعة واعتماد التعديلات على سياسة الائتمان الخاصة بغير الأفراد (الشركات)؛
- استعراض التحوُّل في التقنيات الرقمية وتكنولوجيا المعلومات لدى بنك دبي التجاري، وما شهدته البنك من تطوُّر في حوكمة تكنولوجيا المعلومات في الفترة ما بين الربع الثاني من عام 2020 والربع الثاني من عام 2021؛
- مُراجعة واعتماد خطة مبادرات التغيير المُقرَّر تنفيذها لمعالجة مواضع الخلل التي تمّ التعرُّف عليها، كجزءٍ من تقييم الأثر والالتزام بالمتطلبات الأساسية لنظام حماية المُستهلك والمُوافاة بشكلٍ مُنظمٍ بالمُستجدّات حول التقدُّم المُحرَز في تنفيذ المبادرات المذكورة؛
- التزوّد المُنتظم بالمُستجدّات حول التقدُّم المُحرَز في عمليّات التفتيش، وما يتأتّى عنها من نتائج، فيما يتعلّق بالأساس المرجعي لمصرف الإمارات العربية المتّحدة المركزي.
- التزوّد بالمعلومات والمُستجدّات حول استراتيجية الخدمات المالية لدى بنك دبي التجاري؛
- مُراجعة دليل الحوكمة المؤسسية وملحقاته.
- مُراجعة واعتماد بيع العقارات المملوكة للبنك؛
- تقديم المعلومات والإفادة بالمُستجدّات بشأن عمليّات الإدارة/ الإفلاس/ إعادة الهيكلة الشاملة التي يُبأشرها كلٌّ من إن إم سي ومركز الإمارات العربية المتحدة للصرافة ومجموعة كي بي بي أو، وأثر ذلك جهود الاسترداد الخاصة بالبنك.
- مُراجعة واعتماد الشطب المُقترح لبعض قروض الشركات والمؤسسات، والإحاطة بالأثر المالي للشطب المُقترح؛
- استعراض محفظة الذهب والاستراتيجية ذات الصلة؛
- تقديم المعلومات والإفادة بالمُستجدّات بشأن مشاركة البنك في مبادرة محفظة الإمارات الرقمية.

لقد ساهمت اللجنة التنفيذية لمجلس الإدارة في عام 2021 بصورة فعّالة وناجعة في تنفيذ استراتيجية النمو؛ إذ أُجريت مناقشات نشطة ومثمرة ما بين أعضاء اللجنة. وها أنا الآن أشغل منصب رئيس مجلس الإدارة ورئيس اللجنة التنفيذية لمجلس الإدارة منذ عام. ومن قبل أن أشرف بالانضمام إلى بنك دبي التجاري، وأنا أعلم بأنّها شركة تتقدّم بخطى حثيثة نحو تحقيق التحوُّل الكامل مُستعينة في ذلك بكوادر تتمتع بقدر بالغ من الموهبة والكفاءة. ويُسرّدي أن أقول بأنّه على مدار العام الماضي تأكّد ما لدى من تصوّرات مُسبقة عن البنك بصورة جيّدة وفعليّة. وفي عام 2022، ستواصل اللجنة جهودها نحو تعزيز ثقافة الأداء والنمو المُستدام، باذلة مساعيها لدعم تطلّعات عملائنا والوفاء بالتزاماتنا تجاه أصحاب المصالح لدى البنك.



5 - بيان من رئيس لجنة المخاطر والامتثال السيد/ عبد الواحد الفهيم رئيس لجنة المخاطر والامتثال

السادة المساهمون الكرام،،،

يسرني أن أقدم إليكم تقرير لجنة المخاطر والامتثال لعام 2021.

تتحمل لجنة المخاطر والامتثال التابعة لمجلس الإدارة (المعروفة سابقاً باسم لجنة المخاطر التابعة لمجلس الإدارة) المسؤولية عن تحديد وتقييم تقبل البنك للمخاطر ومراقبة أدائه مقابل المخاطر المذكورة. علاوة على ذلك، تكون لجنة المخاطر والامتثال التابعة لمجلس الإدارة مسؤولة عن ضمان استجابة البنك على النحو المناسب للتغيرات التي تطرأ على البيئة الخارجية والمخاطر المترتبة عليها بما يضمن مواءمة الأعمال التجارية التي يتم الاضطلاع بها مع تقبل المخاطر. لذا، عقدت اللجنة أربعة اجتماعات خلال العام، بما في ذلك اجتماعات مشتركة مع اللجنة التنفيذية التابعة لمجلس الإدارة ولجنة التدقيق والامتثال بغية مناقشة مسائل محددة يوجد بها تدخل في المسؤوليات والأولويات.

وفي ضوء ما تقدم، أعيد تنظيم مسؤوليات لجنة المخاطر والامتثال التابعة لمجلس الإدارة وتوسيع نطاقها خلال عام 2021 بحيث تتولى الرقابة والإشراف على أنشطة الامتثال الخاصة بالبنك من منظور الأوضاع التنظيمية والمالية مع العلم بأن لجنة التدقيق والامتثال التابعة لمجلس الإدارة كانت هي المكلفة بهذه المسؤوليات في السابق.

تناولت البنود الرئيسية في جداول أعمال الاجتماعات:

- النظر في المبادرات الاستراتيجية الرئيسية لعام 2021، وما إذا كانت المخاطر المتصلة بها تناسب البنك في إطار الاستراتيجية المتبعة من جانبه ومدى تقبله للمخاطر. وقد كانت الموضوعات التي تم تدارسها وتناولها بالنظر تخلص تحديد حجم محفظة المؤسسات المالية، ودرجة تقبل بنك دبي التجاري للمخاطر فيما يتعلق بإقراض الشركات في الخارج، وحجم المحفظة العقارية وهيكلها، بالإضافة إلى تعزيز نهج إدارة المحفظة الاستثمارية للبنك.
- النظر بعين ناقدة في المحفظة المتنامية للبنك بخصوص مخاطر ائتمان الأفراد والسياسات المرتبطة بها، وإطارات إدارة المخاطر المعمول بها، والتي تعتبر أساساً لأداء تلك الأعمال بفعالية.
- مراجعة احتمالات التعرض بالنسبة إلى قطاعات صناعة معينة، وتقديم مبادئ توجيهية بشأن إدارة مخاطر التركيز الائتماني المحتملة داخل محفظة البنك.
- تحليل عدد من حالات المخاطر التشغيلية، بما في ذلك الأسباب الجذرية، وإجراءات التخفيف من المخاطر التي تتخذها الإدارة.
- الإشراف على تطوير وفعالية إدارة البنك للأنشطة المتعلقة بالامتثال، لا سيما ما يتعلق بتعزيز كفاءات مكافحة غسل الأموال والعقوبات. هذا، وقد أشرفت اللجنة على الاستثمار الضخم في الحلول التقنية الجديدة وتحديث السياسات والإجراءات وفقاً للوائح المستحدثة لدى المصرف المركزي، ناهيك عن أن اللجنة قدمت أيضاً مبادئ توجيهية تفصيلية إلى الإدارة بشأن معالجة وضع أنماط المخاطر الناشئة في مجال الامتثال.
- مواصلة رصد فعالية البنك في إدارة استجابته لتحديات إدارة المخاطر الناجمة عن فيروس كورونا «كوفيد»، بما في ذلك السياسات والاستراتيجيات المناسبة للتعامل مع عمليات العملاء، والموظفين.
- إمعان النظر في الإشراف المناسب على إدارة المخاطر فيما يتعلق بالمنتجات والخدمات المصرفية الإسلامية.
- مراجعة استراتيجية السيولة والاستثمارات المتبعة لدى البنك.

وفي ضوء ما تقدم، يدفعنا القول بأنه تم إدارة المخاطر جيداً فيما يتعلق بمقاييس درجة تقبل البنك للمخاطر. وعندما وجدت الإدارة حيد، قامت بمعالجته عن طريق خطط تدارك وتصحيح مناسبة. وفي كثير من الحالات، غولج هذا الحيد بخطط قصيرة الأجل، على الرغم من أن خطط التدارك والتصحيح تلك، في بعض الحالات، قد يغلب عليها الطابع الاستراتيجي وقد تستغرق عدة سنوات ليتم معالجتها بالكامل، وإدراجها في معالجة المقاييس الفردية المستخدمة حتى وإن كانت خطوط الاتجاه المؤقتة تتوافق مع التقدم نحو تحقيق النتيجة المرجوة.



6 - بيان من رئيس لجنة التدقيق سمو الشيخ / مكتوم حشر آل مكتوم رئيس لجنة التدقيق

السادة المساهمون الكرام ،،،

يسرني أن أقدم إليكم تقرير لجنة التدقيق لعام 2021.

تغير تشكيل لجنة التدقيق خلال العام، وقد انتخبتني مجلس الإدارة لأكون رئيس لجنة التدقيق في شهر مارس 2021.

تلعب لجنة التدقيق دوراً أساسياً في مساعدة مجلس الإدارة في الاضطلاع بمسؤوليات الإشراف في مجالات عدّة، منها التزام النزاهة في إعداد التقارير المالية، وفاعلية إطار إدارة المخاطر، والضوابط الداخلية. بالإضافة إلى ذلك، نحن مسؤولون عن تقييم جودة عمليات التدقيق التي يجريها المدقق الخارجي ومدى استقلاليته وأهدافه. عطفاً على ذلك، تُقدّم لجنة التدقيق توصيات إلى مجلس الإدارة بشأن تعيين المدقق الخارجي أو إعادة تعيينه. إلى جانب ذلك، إننا نشرف على عمل وجودة عمليات التدقيق الداخلي.

وفي ظل استمرار جائحة كورونا [كوفيد-19] في تأثيرها على الثقة الاقتصادية، واصل البنك في إعطاء الأولوية لسلامة العملاء والموظفين، وكذلك خدمة العملاء. وقد قدّمت المراجعة التي أجريت من خلال التدقيق الداخلي بعد جائحة كورونا [كوفيد-19] خلال العام تأكيداً بأن إدارة البنك قد تمكّنت من إدارة المخاطر الرئيسية بفعالية.

عقدت لجنة التدقيق ستة (6) اجتماعات في عام 2021، قامت اللجنة خلالهم بما يلي:

- ممارسة الإشراف على أداء عملية التدقيق الداخلي في البنك ورصد مدى فاعليتها والأنشطة المتعلقة بها (وبشكل منفصل، أداء رئيس المدققين الداخليين) ومراجعة المستندات في خطته للتدقيق، وخطة التعيين، وميثاق التدقيق مع مراعاة لوائح مصرف الإمارات العربية المتحدة المركزي بشأن الضوابط الداخلية، والامتثال، والتدقيق الداخلي.
- تقييم مؤهلات المدققين الخارجيين وأدائهم ومدى استقلاليته وأهدافهم، ومراجعة نطاق العمل الذي اقترحه المدققون الخارجيون لعام 2021.
- مراجعة القوائم المالية ربع السنوية والسنوية المدققة الخاصة بالبنك.
- مراجعة وضمان اتخاذ الإجراءات المناسبة فيما يتعلق بملاحظات التدقيق والمراجعة التي أبداه المدققون الداخليون والخارجيون، ومصرف الإمارات العربية المتحدة المركزي، وجهاز الرقابة المالية، وغيرهم من الجهات التنظيمية.
- استلام بيانات رأي التدقيق الداخلي بشأن الحوكمة والمخاطر والرقابة، والنظر فيها.

وفضلاً عن ذلك، واصلت اللجنة تقييمها لتنفيذ البنك للمعيار الدولي لإعداد التقارير المالية رقم (9)، وكانت اللجنة تعقد اجتماعات منتظمة مع الإدارة العليا للبنك والمدققين الخارجيين لضمان أن تظل العمليات الرئيسية للبنك ومنهجياته وأحكامه المحاسبية الهامة وإقراراته المالية تتوافق مع المعايير الدولية لإعداد التقارير المالية، وكفالة إصدار أي أحكام ذاتية على النحو المناسب.

وفي هذا الصدد، اجتمعت اللجنة مع رئيس المدققين الداخليين، دون حضور إدارة البنك، لمناقشة المسائل الرئيسية الناجمة عن ذلك. ومن ثمّ، حصلنا على تأكيد، عن طريق عملية التدقيق الداخلي في البنك ومن المدققين الخارجيين، بأنه تم تقييم الضوابط الداخلية للبنك طوال العام وتبين أنها تعمل بفعالية. ناهيك عن أن أعضاء اللجنة حضروا اجتماعات لجنة المخاطر واللجنة التنفيذية التابعة لمجلس الإدارة لضمان تدفق المعلومات بين هاتين اللجنتين بالقدر الكافي.

ومن هنا، يسرّ اللجنة مواصلة تعزيزها لخطوط الدفاع الثلاثة الخاص بالبنك جنباً إلى جنب مع إحراز تقدّم قوي في جميع المجالات.



7 - بيان من رئيس لجنة المكافآت والترشيحات السيد/ أحمد عبد الكريم جلفار رئيس لجنة المكافآت والترشيحات

السادة المساهمون الكرام،،،

يسرني أن أقدم إليكم نيابةً عن أعضاء لجنة المكافآت والترشيحات تقريرنا لعام 2021.

يتمثل الغرض الرئيسي وراء تشكيل لجنة المكافآت والترشيحات في شقين؛ أولهما دعم الأداء المُستدام ودفعه على المدى الطويل، والثاني أن نكون حُماة ثقافة البنك لضمان أن تكون قيم بنك دبي التجاري بشأن التعاون والملكية والتسليم والتميز (CODE) مُترسخة في طريقة ممارستنا للأعمال. ومن العناصر الأساسية في استراتيجية المكافآت لدينا هي تقديرنا لأداء موظفينا إذ إنه يساعد على الدفع للعمل الدؤوب، وهو أمر بالغ الأهمية في تنفيذ جداول أعمالنا الاستراتيجية. وتحقيقاً لهذه الغاية، واصلت اللجنة تركيزها على إنشاء ثقافة رفيعة المستوى مما يضمن أن تظل آليات تخطيط الأداء والمكافآت لدينا تتناسب مع هذا الغرض وتتوافق مع أهداف أعمالنا. عطفًا على ذلك، رصدت لجنة المكافآت والترشيحات مدى فاعلية هياكلنا التنظيمية، وعمل موظفينا، وتطوير القوى العاملة الوطنية في الإمارات العربية المتحدة، ومنذ عام 2020 تحديدًا، تنفيذ خطط الطوارئ لدينا من أجل إدارة الأفراد وتنظيم الأدوار الرئيسية.

تتحمل لجنة المكافآت والترشيحات المسؤولية عن تحديد المبادئ والمعايير والحوكمة الشاملة لإطار المكافآت في بنك دبي التجاري بالنسبة إلى جميع الموظفين، ومكافآت اللجنة التنفيذية التابعة للإدارة وغيرها من كبار الموظفين. عقدت اللجنة سبعة اجتماعات في عام 2021 وتناولت المسائل التالية:

- استعراض الأنشطة وخطط العمل الخاصة بمشاركة الموظفين في عام 2021، مما أسفر عن منح بنك دبي التجاري جائزة «بطل مشاركة الموظفين» [Employee Engagement Champion] من خلال «جوائز لينكد إن للموهوبين في الشرق الأوسط وشمال إفريقيا» [LinkedIn Talent Awards MENA].
- مراقبة مدى فاعلية الهياكل التنظيمية.
- استعراض خطة تنفيذ العروض القيمة المُقدّمة للعلاء والموظفين لدى البنك.
- الإشراف على تنفيذ استراتيجية البنك للمكافآت مع تسليط الضوء بشكل خاص على التسويات القائمة على أساس الجدارة للأجور الثابتة ومنح حوافز مكافأة على تقدّم الأداء.
- مراجعة وتقييم نظام الحوافز على الأداء المتغير لدى البنك خلال السنة من خلال نتائج الأعمال والإدارات.
- النظر في تقييم الأداء والحوافز المتغيرة للرئيس التنفيذي وجميع أعضاء الإدارة العليا.
- اعتماد خطة الحوافز طويلة الأجل 2021-2023 لكبار التنفيذيين من أجل دعم وتحسين المواءمة بين المُساهمين والإدارة العليا من خلال تحفيز الأداء المستدام طويل الأجل.
- عرض خطط البنك للتعاقد الوظيفي وإدارة المواهب.
- استعراض أنشطة التعلم والتطوير.
- رصد أنشطة التوظيف مقابل أهداف المصرف المركزي وتقديم توصيات بشأن استراتيجية التوظيف لدى البنك.
- مراجعة خطط تطوير مواطني الإمارات العربية المتحدة، بما في ذلك زيادة الإنفاق على التعليم.
- مراجعة عدد الموظفين وإدارة تكاليف الموظفين.
- رصد التقدّم المُحرز في المبادرات الرئيسية في مجال الموارد البشرية التي تهدف إلى دفع عجلة التغيير الثقافي.
- استلام آخر المستجدات المنتظمة من رئيس قسم الموارد البشرية وفريق عملها.
- مراجعة سياسة قسم الموارد البشرية وتغييرات برنامج قسم الموارد البشرية.

وخلال العام، استغرقت اللجنة وقتاً طويلاً في ضمان تحقيق طموح البنك والحفاظ على وجود ثقافة رفيعة المستوى حيث تضمّن ما يلي:

1. مراجعة مستفيضة للسجلات المتكاملة لقياس الإنجاز بهدف تحديد الأهداف وتحقيق الأداء إذ أنها تدعم تقييمات الأداء والمكافآت مع الإشارة إلى الغايات الواضحة وذات الصلة، والتي صُنفت إلى أربع فئات: المالية، والأفراد، وإدارة العملاء والتغييرات/المبادرات الاستراتيجية. على الرغم من أنّ تحقيق الأهداف المالية شيء مهم للغاية، فإن الأهداف الأخرى المتعلقة بالفاعلية وتخفيف المخاطر، وتنمية العملاء، وإنتاجية رأس المال البشري من العوامل الأساسية أيضاً لأداء البنك واستدامته على المدى القصير والمتوسط.
2. نظرة ثاقبة على حدود استجابة الموظفين لهذا التغيير الثقافي.
3. استعراض تحسينات تصميم الهيكل التنظيمي للبنك.
4. تقييم خطط المكافآت في إطار الاستراتيجية المعتمدة للتأكد من أنها تنافسية بالنسبة إلى المنظمات المماثلة للبنك الموجودة في السوق.

هذا، ويجري باستمرار تقييم استراتيجية المكافآت لدى البنك على أساس المبادئ الأربعة التالية:

- تحقيق النتائج: يتم تقييم الأداء بالرجوع إلى الأهداف الواضحة وذات الصلة المحددة في إطار السجلات المتكاملة لقياس الإنجاز، وترتبط المكافآت ارتباطاً مباشراً بالنتائج وبالتالي تتماشى مع ثقافتنا رفيعة المستوى.
- التمايز القائم على الأداء: تُقدّم الجوائز من خلال الجمع بين الأجور الثابتة والمتغيرة (الراتب والحوافز) ويمكن لمس التمايز القوي بوضوح بين الموظفين الذين يظهرون مستويات مختلفة من الأداء.
- الأهمية الحرجة: يكون للمهارات المتخصصة أولوية على المهارات العامة.
- التوجّه نحو التغيير: التحول والتوجه نحو التغيير هي القوة الدافعة للنهج العام للمكافآت.

3. بيان فاعلية نظام الرقابة الداخلية

1 - المسؤولية

يكون مجلس الإدارة، بمساعدة لجنة التدقيق، مسؤولاً عن ضمان وجود نظام ملائم وفعال للرقابة الداخلية في البنك، وعن قيام الإدارة العليا بالحفاظ على أداء ذلك النظام ومراقبته، على أن يشمل نظام الرقابة الداخلية هذا السياسات والإجراءات والعمليات المصممة تحت إشراف مجلس الإدارة لتحقيق الأهداف الاستراتيجية للبنك.

علاوة على ذلك، يُسلّم مجلس الإدارة تسليماً تاماً بمسؤوليته عن إنشاء نظام رقابة داخلية سليم ومراجعة كفايته وفاعليته. ويتمثل أحد المبادئ الرئيسية لمجلس الإدارة في أنّ نظم الرقابة الداخلية تهدف إلى إدارة مخاطر البنك في إطار تقبل البنك للمخاطر المقبولة عوضاً عن القضاء على المخاطر الناجمة عن عدم تحقيق الأهداف والغايات التجارية. ومن هنا، فإن هذا النظام يقدم ضماناً معقولاً، وليس مطلقاً، ضدّ التحريف الجوهرى أو الاحتيال أو الخسارة.

ومن ثمّ، تكون الإدارة مسؤولة عن تصميم نظام الرقابة الداخلية وتشغيله على نحو مناسب، بينما يتحمل قسم إدارة المخاطر، وقسم التدقيق الداخلي، وقسم الامتثال وغيرهم من أقسام الرقابة الداخلية المسؤولية عن مواصلة الرصد والتقييم للنظام. ومن ناحية أخرى، يتولى المدققون الخارجيون المسؤولية عن تحديد مدى كفاية نظام الرقابة الداخلية حتى يتمكنوا من البت في مستوى الاعتماد بشأن فاعلية الضوابط الداخلية للبنك، وتحديد إجراءاتهم المتعلقة بالتدقيق. بالإضافة إلى ذلك، تخضع توقعات التقييمات الحالية لمدى الفاعلية لفترات مقبلة، إلى قيود من شأنها أن تؤدي إلى عدم كفاية الضوابط جزاء التغييرات في الظروف أو الامتثال للسياسات والإجراءات.

وفي النهاية، يقع على عاتق جميع الموظفين المسؤولية عن تشغيل نظام رقابة داخلية فعال والإبقاء عليه

على حسب مستوى كل منهم. لذا، يبذل البنك باختصاصاته كافة جهوداً متسقةً ومتكاملةً لتحسين بيئة الرقابة على مستوى واسعٍ من خلال المراجعة المستمرة وتبسيط الإجراءات لمنع مواجهة أي عيوب في الرقابة ولتصحيحها. ويُناط بكل اختصاص، تحت مظلة الإدارة التنفيذية، مسؤولية الإشراف على تصحيح أي عيوب في الرقابة يخطر بها المدققون الداخليون والخارجيون.

2 - المكونات الرئيسية لنظام الرقابة الداخلية

يُرد فيما يلي المكونات الرئيسية لنظام الرقابة الداخلية للبنك:

أ. قيم النزاهة وأخلاقيات العمل

■ يُحدّد ميثاق السلوك المهني المبادئ التي يسترشد بها الموظفون في سلوكهم نحو أعلى معايير النزاهة الشخصية والمؤسسية، كما ينطوي الميثاق على عدّة مجالات مثل تضارب المصالح، واستخدام أصول الشركة، وسرية المعلومات الخاصة، وقبول الهدايا.

ب. الصلاحيات والمسؤوليات

■ يُحدّد مجلس الإدارة رؤية البنك وأهدافه الاستراتيجية حيث إنّه مُكلّف بالمسؤولية عن قيادة البنك وتوجيهه نحو بلوغ أهدافه الاستراتيجية وتحقيق قيم المُساهمين طويل الأجل. هذا، ويحتفظ مجلس الإدارة بالسيطرة على الخطط الاستراتيجية للبنك بشكلٍ كاملٍ وفَعَالٍ، والإشراف على مُزاولة أعمال البنك، ووضع السياسات، وتنفيذ ومُراجعة والجفاظ على نظام مُناسب لإدارة المخاطر ومُراقبتها والامتثال لها، بالإضافة إلى ضمان كفاية ونزاهة نظام الرقابة الداخلية للبنك. وإلى جانب ذلك، يكون مجلس الإدارة مسؤولاً عن ضمان النزاهة الماليّة، وتحديد حدود تقبّل البنك للمخاطر، ومُراجعة واعتماد المعاملات الجوهرية ومعاملات الأطراف ذات العلاقة والتمويل الرأسمالي والتخطيط التعاقب الوظيفي، بالإضافة إلى إجراء اتصالات مع أصحاب المصالح.

■ يفوِّض المجلس بتحويل الرئيس التنفيذي بصلاحيات وسلطات الإدارة التنفيذية التابعة للبنك وأعمالها في إطار مستويات الصلاحيات المحددة من حينٍ إلى آخر. ومن ثمّ، يجوز للرئيس التنفيذي تفويض عدة جوانب من الصلاحيات والسلطات الممنوحة له، بيدّ إنه يظل مسؤولاً أمام مجلس الإدارة عن أداء البنك، ومُلمزاً أن يقدم تقارير منتظمة إلى مجلس الإدارة بشأن التقدّم الذي تحرزه وحدات عمل البنك وعملياته. لذا، يتم نقل تفويض مسؤوليات ومحاسبة الرئيس التنفيذي في إطار هيكل البنك وإضفاء الطابع الرسمي عليه من خلال الهيكل التشغيلي والمخطط التنظيمي المعنيين فضلاً عن تفويض مصفوفة الصلاحيات.

■ شُكّلت اللجان المُنيثقة عن مجلس الإدارة حسب لائحة اختصاصات كلّ منها لتلبية مسؤوليات معينة عهد بها مجلس الإدارة إليها. والهدف من هذه اللجان هو مساعدة مجلس الإدارة في تعزيز الحوكمة والمساءلة فضلاً عن الإشراف على الضوابط الداخلية.

ج. الهيكل التنظيمي

■ يوجد هيكل تشغيلي ومخطط تنظيمي يُحدّدان معالم المسؤوليات وتفويض الصلاحيات جنباً إلى جنب مع التسلسل الهرمي لإعداد التقارير وتحديد المسؤوليات.

■ توضّح مصفوفة الصلاحيات مجالات صنع القرار والموظفين المخولين بسلطة طلب المصروفات/الالتزامات والتصريح بها والموافقة عليها علماً بأنّ الصلاحيات التي تمّ التفويض بها تحمل في خباياها التزاماً باتخاذ قرارات سليمة، وحسن الوعي التجاري والشعور بالمسؤولية.

د. الأطارات والسياسات والإجراءات

■ يرمي وضع النظم والإجراءات إلى ضمان فاعلية وكفاءة العمليات، وحماية الأصول من الاستخدام أو التصرف غير المُصرّح به، والاحتفاظ بسجلات حسابات سليمة وصحيحة، وتوفير معلومات مالية يُعتمد عليها لاستخدامها في الأعمال التجارية أو في النشر، والامتثال للقوانين واللوائح المعمول بها كافة، ورصد السياسات الداخلية فيما يتعلق بأداء الأعمال.

■ تم وضع النظم والإجراءات لتحديد المخاطر الرئيسية والسيطرة عليها والإبلاغ عنها، ومنها مخاطر الائتمان، والتغيرات في الأسعار السوقية للأدوات المالية، ومخاطر السيولة، والمخاطر التشغيلية، والاحتيال والغش. وفي ضوء ما سبق، تقوم لجنة إدارة المخاطر التشغيلية، ولجنة الأصول والخصوم،

ولجان إدارة المخاطر والائتمان برصد مدى التعرّض لهذه المخاطر في البنك بأكمله بينما تتولى اللجنة التنفيذية التابعة لمجلس الإدارة ولجنة المخاطر والامتثال التابعة لمجلس الإدارة رصد حالات التعرّض هذه.

هـ. التخطيط والرصد والتبليغ

■ يتم إجراء عملية سنوية تشمل جميع وحدات الأعمال بغية إعداد ميزانية شاملة وخطة عمل تنطوي على إرساء استراتيجيات للأعمال ووضع مؤشرات أداء رئيسية يمكن الاستناد عليها لقياس وتقييم الأداء العام للبنك.

■ بالإضافة إلى ذلك، يتم مراجعة متغيرات الأعمال الرئيسية ورصد الإنجازات التي حققها أداء البنك على أساس ربع سنوي من قبل مجلس الإدارة.

و. التدقيق الداخلي

■ يعهد إلى قسم التدقيق الداخلي، بعيداً عن الإدارة المباشرة، أعمال تقييم التصميم الخاص بنظام الرقابة الداخلية وفاعليته التشغيلية عبر البنك، بالإضافة إلى تقديم ضمانات معقولة بشأن ما إذا كانت الإدارة قد نفذت السياسات والإجراءات المقررة وامتثلت لها أم لا. لذا، نرى أنّ قسم التدقيق الداخلي يتبع خطة تدقيق مبنية على المخاطر معتمدة من قبل لجنة التدقيق. ناهيك عن أنّ لجنة التدقيق ترصد بهمة ونشاط مدى كفاية وفاعلية نظام الرقابة الداخلية لضمان التخفيف من حدّة المخاطر المحددة لحماية لمصالح البنك. علاوةً على ذلك، تتمثل مهام إدارة المخاطر التشغيلية والامتثال في رصد بيئة الرقابة، خلال مراجعة كل منهما، بالتنسيق الوثيق فيما بينهما.

■ بفضل التدقيق الداخلي، يتم تزويد لجنة التدقيق في نهاية كل عام برأي سنوي عن بيئة الضوابط الداخلية بحيث يستند هذا الرأي إلى عمليات التدقيق المنجزة كجزء من خطة التدقيق. وعليه، تم إصدار 20 تقرير تدقيق في عام 2021. للمساعدة في قياس درجة المخاطر وتقييمها وزيادة الوعي بها في البنك بأكمله، طرح التدقيق الداخلي تصنيفاً ثانوياً (نهج الإدارة للرقابة على المخاطر) في تقارير التدقيق. والمقصود من هذه العملية هو مواصلة زيادة الوعي بالمخاطر والتحديد الذاتي للمخاطر الرئيسية بفاعلية في جميع القطاعات المعنية. وإذا ما تمّ تحديد النتائج ذاتياً، فإنه يوجد خطط عمل قوية وجداول زمنية للتصحيح وأدلة على التصعيد الرسمي.

ز. إدارة المخاطر

■ حدّد البنك إطاراً لإدارة المخاطر ليكون أساساً يستند إليه مجلس الإدارة والإدارة في تنفيذ ممارسات إدارة المخاطر تنفيذاً متسقاً، كما إنه يقر بأن المخاطر متأصلة في الأعمال، وينظر إليها في سياق المخاطر على إنها فرصة أو شك أو مخاطرة.

■ يوفر هذا الإطار مبادئ توجيهية بشأن حوكمة المخاطر، وعملية إدارة المخاطر، والتبليغ عن المخاطر، والأدوات العامة التي يستخدمها البنك. هذا، ويرتكز تصميم هيكل حوكمة المخاطر الوارد في هذا الإطار على مفهوم خطوط الدفاع الثلاثة (3) ومسؤوليات ومهام وظيفية واضحة عن إدارة المخاطر.

ح. إدارة الامتثال

■ يتم إجراء عمليات التقييم الذاتي للمخاطر المتعلقة بالامتثال (CRSA) مع إجراءات تخفيف المخاطر لمعالجة المخالفات أو حالات عدم الامتثال الرئيسية.

■ وضع قسم الامتثال مقاييس التزام تعكس متطلبات الامتثال القانوني والتنظيمي الرئيسية.

ط. إدارة استمرارية الأعمال

■ الهدف من خطط العمل للشركات العاملة فيما يتعلق باستمرارية الأعمال والعمليات والسلامة والمخاطر هو صمود وقوة الأعمال في حالات الطوارئ، وإدارة الأزمات، وخطة التعافي من الكوارث.

■ رُسخت سياسات وإجراءات إدارة الأزمات والاتصالات لتوجيه التعامل مع الاتصالات الخارجية في حالة وقوع أي أزمة/كارثة.

ي. التأمين

■ يعد برنامج التأمين لحماية الأصول الرئيسية من الخسارة المالية التي تنجم عن الاحتيال، والأضرار التي تلحق بالممتلكات، وانقطاع الأعمال، والمسؤولية المدنية، ويخضع للمراجعة سنوياً.

ك. الإبلاغ عن المخالفات

- تم تنفيذ سياسة الإبلاغ عن المخالفات لتوفر قنوات إبلاغ عن المخالفات التي يرتكبها الموظفون و/أو أصحاب المصالح الآخرون مع ضمان نزاهة العملية وحماية حقوق المُبلِّغين. تنفيذ هذه السياسة يتيح للبنك معالجة بفاعلية أكبر للشواغل التي قد تؤثر سلبًا على سمعة المجموعة ومصالحها.

3 - الخلاصة

بالنظر في العوامل الواردة في الفقرات السابقة وبفضل بيئة الضوابط القائمة والمراجعات السنوية لفاعليتها وتأكيد الإدارة عليها، ترى لجنة التدقيق ومجلس الإدارة أن نظام الرقابة الداخلية يعمل بفاعلية ولم يلفت انتباههما في عام 2021 إلى أي شيء يجعلهما يعتقدان أن نظام الرقابة الداخلية لم يكن مصممًا أو مُنفذًا على نحو سليم أو أنه لم يتم تنفيذ الضوابط الداخلية بفاعلية وكفاءة طوال عام 2021.

4. مُعاملات الأطراف ذات العلاقة

يُسَلَّم أعضاء مجلس الإدارة بأن المعاملات المبرمة بين الأطراف ذات العلاقة من شأنها أن تُحقق منافع مالية وتجارية واقتصادية للأفراد والمؤسسات وللمجموعة التي ينتمي إليها البنك بأسرها، وكما يُمكنها أن تشكل تضارب مصالح، سواء أكان تضاربًا محتملاً أم فعلياً، وقد تثير تساؤلات بشأن مواءمة هذه المعاملات مع أفضل مصالح للبنك وأصحاب المصالح فيها.

وفي هذا الشأن، حسبما تقتضيه اللوائح القائمة لمعاملات الأطراف ذات العلاقة، يجب على البنك، وأعضاء مجلس إدارته، والإدارة العليا، وجميع الموظفين والعاملين، بما في ذلك الشركات التابعة والشركات المنتسبة له، ضمان أن يتم تنفيذ مُعاملات الأطراف ذات العلاقة على أساس تجاري صرف وأن يتم الإشراف والتنفيذ المناسبان لنظام رقابة فعال من أجل إدارة التعرض للمخاطر.

ومن هذا المنطلق، يُنَاط بأعضاء مجلس إدارة البنك، والإدارة العليا، والموظفين والعاملين، بما في ذلك الموظفين المعيّنين في الشركات التابعة والشركات المنتسبة، الامتثال للوائح والسياسات المتعلقة بمعاملات الأطراف ذات العلاقة، ولا يجوز لهم السماح بإجراء معاملات أطراف ذات علاقة قد تؤدي إلى سوء استخدام أو من شأنها أن تلحق الضرر بالبنك وما لديه من مودعين ودائنين وعملاء وغيرهم من أصحاب المصالح.

ومن ثم، وافق مجلس الإدارة خلال اجتماعه المنعقد في 28 يوليو 2021 على السياسة المتعلقة بمعاملات الأطراف ذات العلاقة، وتمثل الهدف من هذه السياسة في تحقيق الشفافية في المعاملات بين البنك والأطراف ذات العلاقة وتحديد الأهمية النسبية لها، ومنع أي تضارب مصالح في تنفيذ معاملات الأطراف ذات العلاقة، وضمان إعداد التقارير والإفصاح والامتثال للإطار القانوني والتنظيمي المعمول به. تنطوي هذه السياسة على مُعاملات الأطراف ذات العلاقة المعتمدة مسبقاً والتي تتطلب الحصول على موافقة مجلس الإدارة أو أي من لجانها.

عند اتخاذ قرار في أي معاملة من معاملات الأطراف ذات العلاقة مُقدّمة إلى مجلس الإدارة أو أي من لجانها، سواء أكان هذا القرار بالموافقة أم بالرفض، يتعين أن يضع أعضاء مجلس الإدارة ما يلي -من بين عوامل أخرى- في اعتبارهم، حسب ما يرويه مناسباً:

- أ. ما إذا كانت معاملة الطرف ذي العلاقة قد أبرمت بشروط لا تكون أدنى، بالنسبة للبنك، من تلك الشروط المتاحة عمومًا لأي طرف ثالث غير تابع له في ظل الظروف نفسها أو في ظروف مشابهة.
- ب. إذا كان هنالك نتائج تقييم، ما إذا كانت هنالك عملية تقديم عطاءات ونتائجها، ومراجعة آلية التقدير المستخدمة والنهج البديلة لتقدير المعاملة وحجم المصلحة المتأتية للطرف ذي الصلة من المعاملة.

عند تقييم أي معاملة من معاملات الأطراف ذات العلاقة، يُراجع أعضاء مجلس الإدارة المعلومات التالية الواردة أدناه:

- شروط هذه المعاملة.
- المصلحة المتأتية للطرف ذي الصلة من المعاملة.

- الغرض من المعاملة وتوقيتها.
 - ما إذا كان البنك طرفاً في المعاملة، وإذا لم يكن طرفاً فيها، طبيعة مشاركة البنك في المعاملة.
 - عندما تنطوي المعاملة على بيع أصلٍ ما، تفاصيل الأصل، بما في ذلك تاريخ الاستحواذ عليه وأساس التكاليف.
 - المعلومات المتعلقة بالأطراف المقابلة المحتملة في المعاملة.
 - القيمة التقريبية للمعاملة والقيمة التقريبية لمصلحة الطرف ذي الصلة في المعاملة.
 - تفاصيل أي أحكام أو قيود مفروضة نتيجة الدخول في المعاملة المقترحة.
 - ما إذا كانت المعاملة المقترحة تتضمن أي مخاطر محتملة تمس السمعة قد تنشأ جرّاء المعاملة المقترحة أو فيما يتصل بها.
 - أي معلومات معنية أخرى تتعلق بالمعاملة.
- لا يجوز للأفراد المستفيدين من أي معاملة من معاملات الأطراف ذات العلاقة و/أو الأشخاص المرتبطين بهؤلاء الأفراد المشاركة في عملية منح المعاملة أو إدارتها.
- وإلى ما سلف، وضع البنك إجراءات لتحديد المعاملات التي تُجرى بين البنك والأطراف ذات العلاقة لديه وتقييمها والموافقة عليها والإفصاح عنها، وتخضع هذه الإجراءات للسياسة المتعلقة بمعاملات الأطراف ذات العلاقة، ويجب قراءتها معها. لذا، يحتفظ أمين سر مجلس الإدارة بسجل للأطراف ذات العلاقة حيث يجري تحديثه بانتظام. تحدد تلك الإجراءات عملية تحديد معاملات الأطراف ذات العلاقة، وتقييمها واعتمادها وتجهيزها وتتبعها.
- للحصول على تفاصيل بشأن معاملات الأطراف ذات العلاقة المنجزة في 2021، يُرجى الرجوع إلى الإيضاحات حول القوائم المالية.

5. سياسة الحوافز والتعويضات

1 - المبادئ العامة

يطمح بنك دبي التجاري إلى تعيين موظفين تنفيذيين موهوبين والإبقاء عليهم ومكافأتهم وقد يكونون أعضاء في اللجنة التنفيذية أو يتولون مناصب عليا أخرى من خلال تقديم تعويضات تنافسية داخل المجال، وتحفيزهم على تحقيق أهداف البنك، وتشجيعهم على الأداء بمستويات عالية في نفس الوقت مع توفير منافع جميع أصحاب المصالح.

تتركز سياسة المكافآت لدى بنك دبي التجاري على المبادئ الأربعة التالية:

- تحقيق النتائج: يُحرز بنك دبي التجاري النتائج ويقيسها من خلال «الأداء» بالنسبة إلى النتائج الحالية، ومن خلال «الإمكانات» بالنسبة إلى النتائج المستقبلية. وبما أنّ الجهود أمرٌ مهم، ستكون النتائج هي القوة الدافعة الرئيسية لمنح المكافآت.
- التمايز: سيكون هنالك تمايز قوي بين الموظفين الذين يظهرون مستويات مختلفة من الأداء. وعليه، سيتم دفع تعويضاً «للمواهب المتميزة» أعلى بكثير مقارنةً بالبقية. يتم استخدام التمايز لإدارة التكاليف الإجمالية.
- الأهمية الحرجة: يكون للمهارات المتخصصة أولوية على المهارات العامة. من الملاحظ أنّ المهارات المتخصصة في وقت ما يمكن أن تصبح عامة في وقت لاحق، والعكس بالعكس.
- التوجه نحو التغيير: التحول والتوجه نحو التغيير هي القوة الدافعة للنهج العام للمكافآت. يتم تقديم مكافآت المناصب والأفراد الذين يركزون على التحول أعلى من أولئك الذين يتبعون مبدأ «يبقى الوضع على ما هو عليه».

تستند التعويضات إلى المنصب (قيمة أو قدر الوظيفة في السوق على أساس تقييم الوظيفة)، وأداء الموظف والقدرات الشخصية التي يضيفها الفرد إلى المنظمة، كما تعتمد التعويضات أيضاً على مستويات وأداء السوق حيث إن كل مستوى مربوط بمستوى مماثل في السوق. لذا، تُقاس الوظائف المتخصصة أو المهمة بشكل أكبر مقارنةً بالوظائف المماثلة لتقييم معيار السوق بشكل أفضل. يتم تحديد تعويضات الموظفين العاملين في وظائف الرقابة مثل الامتثال والتدقيق بشكل منفصل عن أداء البنك، وتعتبر التعويضات للموظفين العاملين في وظائف الرقابة مثل الامتثال والتدقيق الذين يتقاضون أجور ثابتة أعلى ممن يتقاضون رواتب متغيرة.

وعليه، تتكون التعويضات مما يلي:

- الأجور الثابتة: تعد الأجور الثابتة ميزة تنافسية في السوق المحلية عند مقارنتها بالمنافسين المحليين والدوليين للبنك وتمتاز بشكل مناسب حسب أداء الموظف، وتتأثر بمساهمة كل فرد على مدار العام وتعتمد أي مراجعات للأجور الثابتة على التغيير في المسؤوليات بالإضافة إلى تحقيق الأهداف ومستوى الأداء العام.
- الأجور المتغيرة: تشتمل الأجور المتغيرة على الحوافز قصيرة الأجل (المكافأة السنوية) والحوافز طويلة الأجل (المكافأة المؤجلة) - حسب الاقتضاء - في سياق السوق والمواهب. لذلك، يتم تحديد الجزء المتغير من المكافآت في ظل مراعاة الواجبة لعدة عوامل، من ضمنها تحقيق النتائج والتطورات الأخرى ذات الصلة بالبنك، بما في ذلك المؤشرات غير المالية ذات الصلة بأهداف البنك طويلة الأجل. يُفرق التعويض المتغير (مكافأة الأداء السنوية التقديرية) بوضوح بين مستويات الأداء المختلفة ويدفع إلى بناء منظمة عالية الأداء. هذا، ويخضع دفع المكافآت لتقدير البنك وحده، وتتوقف المكافآت الفعلية الممنوحة في أي عام على أداء البنك بأسره، وخط الأعمال قيد النظر، والأفراد المعنيين.

2 - الإفصاح عن مكافأة الأداء السنوية التقديرية

وفقاً لنظام الحوكمة المؤسسية للبنوك، وافقت لجنة المكافآت والترشيحات على زيادة نسبة الأجور المتغيرة إلى الأجور الثابتة من 100% إلى 150%.

في عام 2021، يمثل البنك للوائح الحوكمة بشأن التعويضات والمكافآت الفردية السنوية للإدارة العليا وأخذ المخاطر الرئيسيين (على النحو المحدد في لوائح الحوكمة) لعام 2021 ويدفعها في شهر فبراير 2022 حيث يجب ألا تتجاوز 150% من أجورهم الثابتة أو إجمالي تعويضاتهم.

تعتمد لجنة المكافآت والترشيحات مكافأة الأداء السنوية التقديرية للرئيس التنفيذي وأعضاء الإدارة العليا الآخرين. وحسب التوجيهات الحالية للجنة، لا يجوز أن يتجاوز إجمالي مبلغ المكافأة السنوية للبنك نسبة 5% من الأرباح الصافية السنوية.

في فبراير 2021، تم دفع مبلغ مجموعه 60,594,197 درهم إماراتي لموظفي البنك، بما في ذلك الرئيس التنفيذي والإدارة العليا باعتبارها مكافأة الأداء السنوية التقديرية لعام 2020.

3 - الإفصاح عن خطة الحوافز طويلة الأجل

في فبراير 2021، اعتمدت لجنة المكافآت والترشيحات خطة حوافز طويلة الأجل للرئيس التنفيذي وعدد محدود من موظفي الإدارة العليا مع المزايا التالية المتوقعة نتيجة لذلك:

- تنسيق مجموع التعويضات مع الدورة الاستراتيجية للبنك لمدة ثلاث سنوات (2021-2023)،
- توحيد مجموع التعويضات المخصصة للإدارة العليا مع الفوائد طويلة الأجل لأصحاب المصالح.

تشمل مقاييس الأداء مزيماً من الأرباح الصافية التراكمية لمدة 3 سنوات والدخل التشغيلي لمدة 3 سنوات. يتضمن الحد الأدنى للأداء نسبة تحقيق لا تقل عن 90% من الأداء المنشود خلال فترة الأداء البالغة 3 سنوات لتفعيل الخطة.

6. حوكمة المصارف الإسلامية

يُقدِّم بنك دبي التجاري خلوصاً مالياً وفقاً لأحكام الشريعة الإسلامية لعملائه من الأفراد والشركات تحت مظلة الأعمال الإسلامية لدى بنك دبي التجاري – الإسلامي.

نُظِّم بنك دبي التجاري – الإسلامي تحت رقابة الهيئة العليا الشرعية للمصرف المركزي وتخضع جميع الأعمال التي يضطلع بها لإشراف لجنة الرقابة الشرعية الداخلية للبنك حيث إن هذه اللجنة لجنة منفصلة ومستقلة تم تشكيلها من خلال الجمعية العمومية للبنك لمدة ثلاث سنوات ولها الكلمة الأخيرة بخصوص جميع المسائل المتعلقة بالشريعة الإسلامية داخل بنك دبي التجاري.

خلال عام 2021، نفذ البنك عدّة متطلبات رقابية مع التركيز على معيارين أساسيين، هما:

- معيار الحوكمة الشرعية؛
- المتطلبات الرقابية للمصارف التي تعمل تحت مظلة الأعمال الإسلامية.

ضَمَن من خلالهما البنك التقيّد التّام بهذه المتطلبات، بما في ذلك إنشاء إطار للحوكمة الشرعية، وتنفيذ نهج خطوط الدفاع الثلاثة، وتعيين رئيس قطاع الصيرفة الإسلامية ورئيس الرقابة الشرعية ورئيس قطاع التدقيق الشرعي، واعتماد النهج المحدد فيما يتعلق بمزاولة الأعمال والأنشطة وفقاً لأحكام الشريعة الإسلامية، وأخيراً إنشاء إطار لإدارة الأصول والخصوم من أجل ضمان الفصل الكامل بين الأصول والخصوم المتوافقة مع أحكام الشريعة الإسلامية عن الأصول والخصوم المصرفية الأخرى.

تعقد لجنة الرقابة الشرعية الداخلية أربعة اجتماعات سنوياً على أقل تقدير وتتكون من علماء الشريعة الإسلامية الكرام، التالية اسمائهم:

د/ محمد عبدالرحيم سلطان العلماء – رئيس اللجنة

دكتور محمد عبدالرحيم سلطان العلماء هو واحداً من علماء الشريعة الإسلامية من دولة الإمارات العربية المتحدة وهو عضو في لجنة الشريعة الإسلامية لدى هيئة الأوقاف كما إنه عميد كلية الشريعة بجامعة الإمارات العربية المتحدة، العين.



د/ أحمد عبد العزيز الحداد

دكتور أحمد هو واحداً من علماء الشريعة الإسلامية من دولة الإمارات العربية المتحدة ويشغل منصب رئيس إدارة الفتوى بدبي، ورئيس الهيئة العليا الشرعية للمصرف المركزي، كما إنه من كبار المستشارين في الشريعة الإسلامية بخبرة تزيد عن 20 سنة في البحوث والتدريس في الكليات والمساجد والندوات الإسلامية.



الشيخ/ موسى طارق خوري

يعد الشيخ/ موسى طارق خوري حالياً عضواً في العديد من لجان الرقابة الشرعية الداخلية داخل الإمارات العربية المتحدة، يحمل السيد/ خوري درجة الماجستير في الفقه الإسلامي وأصوله وتخرج في كلية الشريعة والدراسات الإسلامية، قسم الفقه وأصوله من جامعة الشارقة.





بسم الله الرحمن الرحيم

التقرير السنوي للجنة الرقابة الشرعية الداخلية لبنك دبي التجاري - الإسلامي

الحمد لله رب العالمين، والعاقلة والسلام على أشرف الأنبياء والمرسلين سيدنا محمد وعلى آله وصحبه أجمعين.

صدر في: 2022/02/28

إلى السادة المساهمين في بنك دبي التجاري ("المؤسسة")

السلام عليكم ورحمة الله تعالى وبركاته، وبعد:
إن لجنة الرقابة الشرعية الداخلية للمؤسسة ("اللجنة") ووفقا للمطلوبات المنصوص عليها في القوانين والأنظمة والمعايير ذات العلاقة ("المطلوبات الرقابية")، تقدم تقريرها المتعلق بأعمال وأنشطة المؤسسة المتوافقة مع التشريعة الإسلامية للسنة المالية المنتهية في 31 ديسمبر من عام (2021) ("السنة المالية").

1. مسؤولية اللجنة

إن مسؤولية اللجنة وفقا للمطلوبات الرقابية ولأنشطتها التنظيمية تتحدد في الرقابة الشرعية على جميع أعمال وأنشطة، ومنتجات، وخدمات، وعقود، ومستندات، وموافق عمل المؤسسة، والسياسات، والمعايير المحاسبية، والعمليات والأنشطة بشكل عام، وحدد التأسيس، والنظام الأساسي، والقوائم المالية للمؤسسة، وتوزيع الأرباح وتحميل الخسائر والتفقات والمصروفات بين المساهمين وأصحاب حسابات الاستثمار ("أعمال المؤسسة") وإصدار قرارات شرعية بخصوصها، ووضع الضوابط الشرعية اللازمة لأعمال المؤسسة وفتراتها بالشريعة الإسلامية في إطار القواعد والمبادئ والمعايير التي تضعها الهيئة العليا الشرعية ("الهيئة")، لضمان توافيقها مع أحكام الشريعة الإسلامية.

وتتحمل الإدارة العليا مسؤولية التزام المؤسسة بالشريعة الإسلامية وفقا لقرارات، فتاوى، وأراء الهيئة، وقرارات اللجنة في إطار القواعد والمبادئ والمعايير التي تضعها الهيئة ("الالتزام بالشريعة الإسلامية") في جميع أعمالها والتأكد من ذلك، وتحصل مجلس الإدارة لمسؤولية النهائية في هذا الشأن.

2. المعايير الشرعية

اعتمدت اللجنة على المعايير الشرعية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية ("أيوبي") معايير الحد الأدنى للمطلوبات الشرعية والزامت بها في كل ما تقضي به أو تعتمد أو توافق عليه أو توصي به فيما يتعلق بأعمال المؤسسة خلال السنة المالية المنتهية دون استثناء وفقا لقرار الهيئة رقم 2018/3/18.

3. الأعمال التي قامت بها اللجنة خلال السنة المالية

لقد قامت اللجنة بالرقابة الشرعية على أعمال المؤسسة، من خلال مراجعة أعمال المؤسسة ومراجعتها من خلال قسم الرقابة الشرعية الداخلية والتدقيق الشرعي، وفقا لصلاحيات اللجنة ومسؤولياتها والمطلوبات الرقابية في هذا الشأن. ومن الأعمال التي قامت بها اللجنة ما يلي:

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- أ. حدد أربعة اجتماعات (4) خلال السنة المالية،
- ب. إصدار التقارير والقرارات وإبداء الآراء فيما يتعلق بأعمال المؤسسة التي عرضت على اللجنة.
- ج. مراجعة السياسات، واللوائح الإجرائية، والمعايير المحاسبية، وهياكل المنتجات، والعقود، والمستندات، ومواثيق العمل، والوثائق الأخرى المقدمة من قبل المؤسسة للجنة للاعتماد والموافقة.
- د. التأكد من مدى توافق توزيع الأرباح وتحميل التكاليف والمصروفات بين أصحاب حسابات الاستثمار والمساهمين مع الضوابط الشرعية المعتمدة من قبل اللجنة.
- هـ. الرقابة من خلال قسم الرقابة الشرعية الداخلية، والتشقيق الشرعي، على أعمال المؤسسة بما في ذلك المعاملات المنفذة والإجراءات المتبعة، وذلك على أساس اختيار عينات من العمليات المنفذة ومراجعة التقارير المقدمة في هذا الخصوص.
- و. تقديم توجيهات إلى الجهات المعنية في المؤسسة بتصحيح ما يمكن تصحيحه من الملاحظات التي وردت في التقارير المقدمة من قبل قسم الرقابة الشرعية الداخلية، والتشقيق الشرعي، وإصدار قرارات بتجنيب حوائد المعاملات التي وقعت مخالقات في تطبيقها لصرفها في وجوه الخير بحسب توجيهات اللجنة.
- ز. اعتماد التقارير التصحيحية الوقائية فيما يتعلق بالأخطاء التي تم الكشف عنها لمنع حدوثها مرة أخرى.
- ح. مسؤولية إخراج الزكاة تقع على حقل المساهمين، وإدارة البنك غير مخولة بإخراج الزكاة نيابة عنهم، وسيعلم المساهمون بالنسبة الواجبة إخراجها (إن وجدت) في رسالة منفصلة.
- ط. التواصل مع مجلس الإدارة واللجان التابعة له والإتارة العليا للمؤسسة، حسب الحاجة، بخصوص التزام المؤسسة بالشريعة الإسلامية.
- وقد سعت اللجنة للحصول على جميع المعلومات والتفسيرات التي اعتبرتها ضرورية للتأكد من التزام المؤسسة بالشريعة الإسلامية.

4. **استقلالية اللجنة**
- تؤكد اللجنة بأنها أنت مسؤولياتها وقامت بجميع أعمالها باستقلالية تامة، وقد حصلت على التسهيلات اللازمة من المؤسسة وإدارتها العليا ومجلس إدارتها للاطلاع على جميع الوثائق والبيانات، ومناقشة المعينات والمعطيات الشرعية.
5. **رأي اللجنة بخصوص التزام المؤسسة بالشريعة الإسلامية**
- بناءً على ما حصلنا عليه من معلومات وإيضاحات من أجل التأكد من التزام المؤسسة بالشريعة الإسلامية، فقد توصلت اللجنة إلى نتيجة مقبولة من الأمثل بأن أعمال المؤسسة خلال السنة المالية متوافقة مع الشريعة الإسلامية إلا ما لوحظ من مخالفات تم رفع تقارير بشأنها، وقد وجهت اللجنة باتخاذ الإجراءات المناسبة بهذا الخصوص.

ورأي اللجنة، المذكور أعلاه، مبني على المعلومات التي أطلعت عليها خلال السنة المالية حصراً.

تسأل الله العليّ القدير أن يحقّق للجميع الرشاد والهدى

والسلام عليكم ورحمة الله وبركاته

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توقيع أعضاء لجنة الرقابة الشرعية الداخلية للمؤسسة

فضيلة الشيخ الأستاذ الدكتور / محمد عبد الوحيم سلطان
العشاء
رئيس اللجنة والعضو التنفيذي

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7. كبار التنفيذيين

1- عملية الاختيار

يجب اختيار جميع الموظفين الذين يشغلون أعلى مناصب في البنك من خلال عملية دقيقة ومُنصفة. لذا، يرى البنك أن اللجنة التنفيذية التابعة له يجب أن تضم أفراد من ذوي الكفاءات والمؤهلات العالية من شتى الخلفيات، ولديهم سجل حافل من الإنجازات، ويمثلون أمثالا تاما للوائح الحوكمة المؤسسية. علاوة على ذلك، يجب على جميع الأفراد المُكلفين بإدارة الأعمال ومراقبتها أن يثبتوا ويؤكدوا للبنك التزامهم باختبار مناسب وسليم.

ومن هنا، يُمارس البنك الحكم والسلطة التقديرية في تقييم الجدارة والملائمة ويضع في اعتباره المسائل ذات الصلة كافة، بما في ذلك:

- أ. الكفاءات والقدرات: يجب على المتقدمين للوظيفة إثبات أنهم مؤهلون للاضطلاع بفئة الأعمال التنظيمية ذات الصلة، بما في ذلك، عند الاقتضاء، المعرفة التفصيلية بهيكل المنتجات/العمليات المرتبطة بالأعمال، والغرض منها ومخاطرها. وإثباتا للكفاءة، يجب على الشخص المعني بتنفيذ الأعمال أن يتصرف بطريقة تتسم بالدراية والمهنية والكفاءة ممثلا للوائح السائدة. ومن ثم، تتوقف طبيعة الكفاءة المطلوبة ودرجتها على الخدمات المقدمة أو المقرر تقديمها. عند اتخاذ قرار بشأن كفاءة الشخص وقدرته، يجب على البنك أن يراعي أمورا تشمل على سبيل المثال لا الحصر- ما يلي:
 - أن يتمتع الشخص بأداء أو خبرة سابقة مقبولة في طبيعة العمل المقرر ممارسته،
 - أن يكون لدى الشخص مجموعة مناسبة من المهارات والخبرات الكافية لفهم الأنشطة/الشؤون المالية المنظمة، وتشغيلها وإدارتها،
 - أن يتمتع الشخص بالدراية الفنية والقدرة على أداء المهام المحددة التي تم تعيينه من أجلها، ولا سيما المؤهلات المهنية المعترف بها وعضوية المؤسسات المهنية ذات الصلة.
- ب. الأمانة والنزاهة والإنصاف والسلوك الأخلاقي. عند البت في أمر أمانة المرشح ونزاهته وسُمعته، يجوز للبنك أن ينظر، من بين أمور أخرى، فيما إذا كان المرشح قد اتهم، بناءً على قرار اتهام، بارتكاب جريمة عدم أمانة أو احتيال أو غسل أموال أو سرقة أو جرائم مالية. في هذا الشأن، يجوز للبنك أن يعتبر ذلك مؤشرا بأن هذا الشخص غير ملائم وغير مناسب وسيتم استبعاد هذا الشخص، من حيث المبدأ، من شغل المنصب.
- ج. السلامة أو الملاءة المالية. عند تقييم السلامة المالية للمرشح، سيقوم البنك ما إذا كان بإمكان الشخص الإبقاء على الملاءة المالية والرقابة المالية على نحو حكيم ومتبصر، ويشمل ذلك القدرة على الوفاء بالتزامات عند استحقاقها وضمان استمرار الرقابة الكافية على المخاطر المالية، كما يتضمن العناية الواجبة بالعملاء. لذلك، تعتبر السلامة المالية عنصرا مهما في عملية تحديد جدارة المتقدمين ونزاهتهم. في شأن تحديد السلامة المالية للمرشح، يراعي البنك أيضا عدة أمور، مثل -دون قيد أو حصر- ما يلي:
 - ما إذا يوجد أي مؤشرات على أن الشخص لن يتمكن من الوفاء بديونه عند يحين موعد استحقاقها.
 - ما إذا تم الوفاء بمتطلبات الملاءة المالية ذات الصلة.
 - ما إذا اعتبر هذا الشخص مدينا بمقتضى حكم قضائي أو قرار لا يزال قائما أو لم يتم الوفاء به خلال فترة معقولة.
 - ما إذا كان الشخص قد اتخذ ترتيبات مع الدائنين أو قدم طلبا للإفلاس أو حكم عليه بالإفلاس أو تمت مصادرة أصوله.
 - ما إذا كان الشخص قد تمكن من تزويد البنك بمرجع ائتماني مقبول.
- د. الموافقات التنظيمية. سيتم إرسال جميع الطلبات/ الاستفسارات المتعلقة بأي وظائف تتطلب موافقة مصرف الإمارات العربية المتحدة المركزي إلى إدارة الرقابة المصرفية مع وثائق التعيين المطلوبة.

2 - لجان الإدارة

شُكِّلَت لجان الإدارة لغرض التوصية بالمواضيع الرئيسية في مجالات تخصصها و/ أو البت فيها و/ أو الموافقة عليها و/ أو رصدها. ومما له نفس القدر من الأهمية، فإنها توفر منبراً للمناقشة بين فريق الإدارة العليا بشأن مجالات الأعمال والمراقبة المهمة لدى البنك.

تتمتع لجان الإدارة بسُلطات تنفيذية كاملة لتنفيذ القرارات والإجراءات المتعلقة بمجالات ونطاق عملها وتسلسلها الهرمي المنظم.

فَوْضَ البنك الإدارة العليا بتنفيذ بعض الأعمال اليومية الخاصة به من خلال اللّجنة التنفيذية «EXCO».

وضمن هذا الإطار، تتكوّن اللّجنة التنفيذية من أعضاء رئيسيين في الإدارة العليا الذين أوصى الرئيس التنفيذي بتعيينهم في اللّجنة التنفيذية ووافقت عليهم اللّجنة التنفيذية التابعة لمجلس الإدارة. تشمل مسؤوليات اللّجنة التنفيذية ما يلي:

- تقييم خطة واستراتيجية المراجعة السنوية والجدول الزمني لأعمال البنك، والتوصية بهم.
- استعراض الأداء المالي للبنك، وأعماله ومسؤولياته.
- عقد اجتماعات دورية مع اللّجان أو فرق العمل الأخرى في جلسة تنفيذية منفصلة لمناقشة أي مسائل ترى اللّجنة أو اللّجان الأخرى أنه ينبغي مناقشتها على انفراد.
- مُراجعة تقارير الإدارة عن العمليات التجارية وتقديم توصيات إلى اللّجنة التنفيذية.
- مُراجعة عمليات الاستحواذ والتصفية والمشاريع المشتركة، وتقديم توصيات عليها.
- مُراجعة وضع افتتاح فروع جديدة وإغلاقها، وتقديم توصيات عليها.
- الإشراف على برنامج البنك لزيادة رأس المال، على النحو الذي يوافق عليه أعضاء مجلس الإدارة.
- مناقشة والنظر في أي مسائل خاصة بالأعمال الأخرى يُعتبر أنها قُدِّمت من خلال اللّجنة التنفيذية.
- أي مراسلات بين أعضاء اللّجنة خلال اجتماع اللّجنة التنفيذية تعتبر مراسلات سرية من قبل البنك، وستتخذ اللّجنة جميع الخطوات اللازمة للحفاظ على الطابع السري لتلك المراسلات.

شملت لجان الإدارة الأخرى ما يلي:

(أ) لجنة الأصول والخصوم «ALCO»

يتمثّل الهدف من لجنة الأصول والخصوم في وضع أنسب استراتيجية لبنك دبي التجاري من حيث المزج بين الأصول والخصوم بفضل توقعاتها للمستقبل، والعواقب المحتملة لتحركات أسعار الفائدة، وقيود السيولة، والتعرض لأسعار الصرف الأجنبي، بالإضافة إلى كفاية رأس المال. علاوةً على ذلك، تكون لجنة الأصول والخصوم مسؤولةً عن ضمان توافق جميع الاستراتيجيات مع مدى تقبُّل المجموعة للمخاطر ومستويات التعرُّض على النحو الذي يحدده مجلس الإدارة.

(ب) لجنة الائتمان «CC»

تتولى لجنة الائتمان مهمة إدارة مخاطر الائتمان التي تواجهه بم دبي التجاري من خلال مواصلة المراجعة والتحديث لحدود الائتمان، وسياسات الائتمان، والعمليات وإطارات العمل، والموافقة على التعرضات المحددة ووضع المقترحات، وإعادة التقييم المستمر لحافضة القروض وكفاية أحكامها.

(ج) لجنة الامتثال «CCO»

تعدّ لجنة الامتثال هي الجهة الرئيسية المسؤولة عن ضمان منع جرائم غسل الأموال وتمويل الإرهاب من خلال التقيد باللوائح ذات الصلة التي تضعها الجهات الرقابية وتنطبق على بنك دبي التجاري، والامتثال لها، ناهيك عن أنها تُشرف على رصد وتنفيذ السياسات والإجراءات المتعلقة بالامتثال ومكافحة غسل الأموال، تم تشكيلها من خمسة أعضاء تنفيذيين.

(د) لجنة إدارة المخاطر التشغيلية «ORMC»

يتمثل الغرض من لجنة إدارة المخاطر التشغيلية في مواصلة مراقبة المخاطر التشغيلية التي حدّتها جميع الوحدات ذات الصلة في المجموعة بأكملها مثل قسم إدارة المخاطر التشغيلية، وقسم الضوابط الداخلية، وقسم التدقيق الداخلي.

(هـ) لجنة استثمارات المشروعات «PIC»

تقوم لجنة استثمارات المشروعات بمراجعة المشروعات الاستثمارية لصالح بنك دبي التجاري والموافقة عليها، وتقديم توجيهاتها بشأن أهداف بنك دبي التجاري طويلة وقصيرة الأجل في مجالات الاستثمار الاستراتيجية في المشروعات. هذا، وتنظم لجنة استثمارات المشروعات جميع مشروعات بنك دبي التجاري، بما في ذلك، دون حصر أو قيد، المشروعات التي تعتمد بشكل مباشر أو غير مباشر على تقنية المعلومات. إلى جانب ذلك، فإن لجنة استثمارات المشروعات مسؤولة عن مراجعة الجوانب الرئيسية، التي تشمل قائمة الاستثمارات، وأداء المشروعات، والإحصاءات المالية للمشروعات، والموافقات على دراسة الجدوى، وتنفيذ المشروعات.

(و) لجنة الموارد البشرية «HRC»

تهدف لجنة الموارد البشرية إلى وضع استراتيجية وسياسة فيما يتعلق بإرساء الهيكل التنظيمي لبنك دبي التجاري، وأخلاقيات المهنة، وتخطيط التعاقب الوظيفي الذي يركز على الأعمال، والتوطين، والتوزيع الأمثل للموظفين/القوى العاملة، والتدريب والتطوير، وإدارة الأداء، وإدارة التعويضات والمكافآت.

(ز) لجنة إدارة المخاطر «MRC»

يتمثل الهدف من تشكيل لجنة إدارة المخاطر في إدارة جميع المخاطر التي يتعرّض لها البنك والتي من شأنها أن تؤثر تأثيراً جوهرياً على الأداء المالي / ربحية البنك و/ أو استدامة عملياته التجارية، كما توفر اللجنة إطاراً متيناً ومتسقاً لتحديد المخاطر المادية وتحليلها والتخفيف من حدتها وإدارتها في الوقت المناسب، فضلاً عن أنها تُشرف على تنفيذ السياسات والإجراءات، والعمليات والإطار فيما يتعلق بجميع المخاطر، وتواصل مراقبة المخاطر من خلال الوحدات ذات الصلة في البنك بأكمله.

وفي ضوء ما سبق، تُشكّل اللجنة التنفيذية مجموعات عمل منفصلة أو لجان مخصصة لغرض معين، إذا وعندما يلزم الأمر. وتقدم جميع لجان الإدارة تقاريرها إلى اللجنة التنفيذية. تتمتع اللجنة بكامل السلطة لمراجعة تشكيل لجان الإدارة ومجموعات العمل الأخرى، وإعادة تنظيم اختصاصاتها.

3 - الأعضاء الأساسيون للإدارة العليا الحالية

• د/ بيرند فان ليندر – الرئيس التنفيذي



يشغل د/ بيرند فان ليندر حالياً منصب الرئيس التنفيذي في بنك دبي التجاري، فهو يتمتع بخبرة في الأعمال المصرفية لأكثر من 25 سنة. في منصبه السابق، كان د/ بيرند الرئيس التنفيذي في البنك الأول (البنك السعودي الهولندي) ومقره في الرياض إذ إنه عمل في البنك الأول لأكثر من 10 سنوات ومن ضمنهم أكثر من سبع سنوات يتولّى منصب الرئيس التنفيذي. قبل ذلك، عمل في بنك «أيه بي إن أمرو» في هولندا. حصل د/ بيرند على درجة ماجستير إدارة الأعمال - تخصص إدارة مالية من جامعة برادفورد، المملكة المتحدة، كما حصل على الدكتوراه في الذكاء الاصطناعي من جامعة أوترخت، هولندا، ودرجة الماجستير في علوم الحاسوب من جامعة نايميخن في هولندا. هذا، وتم تعيين د/ بيرند في منصب الرئيس التنفيذي لبنك دبي التجاري في يناير 2017.

• دارين كلارك – الرئيس المالي



يشغل دارين كلارك حاليًا منصب الرئيس المالي في بنك دبي التجاري، فهو يتمتع بخبرة في الأعمال المصرفية لأكثر من 25 سنة. في منصبه السابق، كان الرئيس المالي لدى بنك أستراليا الوطني (NAB) الدولي، ومقره في سنغافورة إذ إنه عمل في بنك أستراليا الوطني لأكثر من 13 سنة، ومن ضمنهم توليه منصب الرئيس المالي لقسم الأسواق العالمية والخزينة. وقبل ذلك، كان يعمل لدى جي بي مورغان تشيس في المملكة المتحدة، ولوكسمبورغ، وهونغ كونغ. حصل دارين على درجة البكالوريوس في المحاسبة من جامعة ولونغونغ، كما إنه حصل على الاعتماد كمحاسب قانوني من معهد المحاسبين القانونيين في أستراليا. هذا، وقد التحق بالعمل في بنك دبي التجاري في شهر أبريل 2018.

• آلان جريف – رئيس إدارة المخاطر



انضم آلان جريف إلى بنك دبي التجاري في عام 2017 بعد 29 عامًا من العمل في بنك إتش إس بي سي وتضمنت هذه الفترة تولي أدوار قيادية غلبا في الخدمات المصرفية للشركات، والعمليات، وإدارة المخاطر في جميع أنحاء آسيا وأمريكا اللاتينية وأوروبا والشرق الأوسط. عاد السيد/ جريف مؤخرًا إلى الإمارات العربية المتحدة بعد خمس سنوات من توليه منصب رئيس إدارة المخاطر في بنك إتش إس بي سي في الصين، ومقره شنغهاي. تضمن عمله السابق في بنك إتش إس بي سي تولي منصب رئيس العمليات في بنما، ورئيس الأصول الخاصة في البنك السعودي البريطاني (SABB) ورئيس مخاطر ائتمان الشركات في منطقة آسيا والمحيط الهادئ. حصل السيد/ جريف على درجة البكالوريوس في القانون (مع مرتبة الشرف) من جامعة أبردين وتخرج عام 1988 في نفس الجامعة.

8. المُدَقِّقُون

1 - المُدَقِّقُون، وفَترَةُ التَّكْلِيف، ومَدَّةُ عَمَلِ المُدَقِّقِ الرَّئِيسِي

طبقًا لأحكام المادة 52 من النظام الأساسي ووفقًا للقواعد والقرارات الصادرة عن المصرف المركزي، يتعين أن يكون للبنك مدقق واحد أو أكثر. لذا، تُعيّن الجمعية العمومية المدقق وتقرّر أتعابه بناءً على ترشيح من أعضاء مجلس الإدارة، شريطة أن يكون المدقق مسجلًا لدى الهيئة ومرخصًا له بمزاولة المهنة في الإمارات العربية المتحدة. تبلغ مدة خدمة المدقق سنة واحدة (1) على أن يجوز تجديدها، بشرط ألا تتجاوز ست (6) سنوات متتالية، ويُشترط أيضًا أن يقوم الشريك المسؤول عن أعمال التدقيق باستبدال المدقق في نهاية ثلاث (3) سنوات مالية. يقع على عاتق المدقق واجب رصد الحسابات المالية للعام الذي عُيّن فيه، ويباشر المدقق عمله بانتهاء اجتماع الجمعية العمومية وحتى نهاية الاجتماع السنوي التالي للجمعية العمومية.

كان المُدقق الخارجي منذ شهر مارس 2018 هو «كي بي ام جي لوور جلف ليمتد»، بينما السيد/ باري توش جامبير هو المدقق الرئيسي منذ 2020. بعد التمعّن في العديد من عروض التدقيق، قرر مجلس الإدارة، بناءً على توصية من لجنة التدقيق، أن يقترح تعيين كي بي ام جي في منصب المدقق الخارجي لعام 2022 في اجتماع الجمعية العمومية للمساهمين.

2 - رُسُوم أعمال التَّدْقِيق

يوضح الجدول الوارد أدناه الرسوم المدفوعة لشركة كي بي ام جي منذ عام 2018 على النحو المعتمد في اجتماع الجمعية العمومية للمساهمين:-

العام	الأتعاب بالدرهم الإماراتي
2018	700,000
2019	724,500
2020	760,000
2021	782,800

3 - سياسة العلاقة مع المُدقِّقين الخارجيين

وَأَفَقَ أعضاء مجلس الإدارة خلال اجتماعه المنعقد في 28 يوليو 2021 على سياسة العلاقة مع المدققين الخارجيين، ويعتبر مجلس الإدارة استقلالية المدققين الخارجيين هو الركيزة الأساسية لمصداقية وموثوقية تقارير المدققين. لذلك، وضع بنك دبي التجاري سياسة استقلالية المدقق لضمان أن يكون المدقق الخارجي التابع لبنك دبي التجاري كياناً مستقلاً، ويُنظر إليه على أنه كذلك. علاوةً على ذلك، يتم تفسير تلك السياسة في ظل المتطلبات المحددة لقانون الشركات التجارية لسنة 2021 بدولة الإمارات العربية المتحدة، والمرسوم بالقانون الاتحادي رقم 14 لسنة 2018 في شأن المصرف المركزي وتنظيم المنشآت والأنشطة المالية، ولائحة مصرف الإمارات العربية المتحدة المركزي بخصوص التقارير المالية والتدقيق الخارجي وأفضل الممارسات الدولية.

بالإضافة إلى كون لجنة التدقيق ليست مسؤولة عن تقديم توصيات لمجلس الإدارة (وبدوره يقدمها مجلس الإدارة في اجتماع الجمعية العمومية السنوي للمساهمين) بشأن تعيين المدقق الخارجي وأتعابه، فإنها مسؤولة أيضاً عن الإشراف على عمل المدقق الخارجي، بما في ذلك تسوية الخلافات الناجمة بين الإدارة والمدقق الخارجي فيما يتعلق بالتقارير المالية. يقدم المدقق الخارجي تقاريره مباشرةً إلى لجنة التدقيق. ومن ثم، يجب على اللجنة أن توافق مسبقاً على جميع الخدمات، سواء المتعلقة بالتدقيق أم بغير التدقيق، التي يقدمها المدقق الخارجي إما على أساس المشاركة أو وفقاً لسياسات الموافقة المسبقة المحددة التي تعتمد عليها لجنة التدقيق.

يَشْتَرِطُ بنك دبي التجاري أن تكون جميع الخدمات التي يقدمها المدقق الخارجي، بما في ذلك الخدمات غير المتعلقة بالتدقيق والتي يرد ذكرها في هذه السياسة وقد يتم تقديمها من قبل المدقق الخارجي، وفقاً للمبادئ التالية:

- لا يجوز أن يكون للمدقق الخارجي مصلحة متبادلة أو متضاربة مع بنك دبي التجاري؛
- لا يجوز للمدقق الخارجي أن يقوم بتدقيق عمله الذي قام به؛
- لا يجوز للمدقق الخارجي أن يؤدي عمله كجزء من الإدارة أو باعتباره موظف؛
- لا يجوز للمدقق الخارجي أن يتصرف باعتباره محامي بنك دبي التجاري.

وعطفاً على ذلك، يجب على رئيس لجنة التدقيق الموافقة مقدماً على أي تعيينات محتملة للشركاء السابقين أو الموظفين السابقين في منصب المدقق الخارجي في فريق العمل المالي لدى بنك دبي التجاري، وموظفي مراجعة التدقيق في منصب مدير أول أو منصب أعلى، شريطة أن يتم ذلك بعد التشاور مع رئيس لجنة المكافآت والترشيح.

9. المَسْؤُولِيَّةُ الاجْتِمَاعِيَّةُ الْمُؤَسَّسِيَّةُ وَالْحُوكْمَةُ البيئية والاجتماعية والمؤسسية

1 - لَمَحَةٌ عَامَّةٌ

يتمتع أعضاء مجلس الإدارة بِسُلْطَةِ إرساء السياسات المؤسسية وتقييمها وتنقيحها بصفة مستمرة؛ فتنطوي هذه السياسات على المبادئ التوجيهية التي تنظم سير أعمال البنك بالإضافة إلى وضع المبادئ الواردة في مُهمّة ورؤية وقيم بنك دبي التجاري، وغيرها من القواعد الخاصة بنظام الحوكمة المؤسسية.

هذا، وينطوي منظور البنك بشأن الثقافة التنظيمية ومشاركة الموظفين على سياسة المسؤولية الاجتماعية المؤسسية «CSR» التي ترمي إلى رفع الوعي بالمسؤولية الاجتماعية مما يساهم في خلق قيمة مستدامة للمجتمع والمواطنين والعُملَاء والمُساهمين والمُجتمعات التي فيها يزاول بنك دبي التجاري أعماله.

وفي هذا الصدد، يساهم البنك في تنمية المجتمعات من خلال نشاطه التجاري واستراتيجيته بالمسؤولية الاجتماعية مع تبني تدابير تهدف إلى تعزيز التعليم والثقافة، وحماية الفئات المعرضة للآذى، كما إنه يعمل على إقامة أواصر ثابتة ودائمة، مع مراعاة مصالح القوى العاملة لديه، والمُساهمين والأوساط المالية، والهيئات التنظيمية، والعُملَاء، والموردين، ووسائط الإعلام، والمجتمع ككل، والبيئة («أصحاب المصالح»).

وبناءً على ما سلف، وافق مجلس الإدارة على سياسة المسؤولية الاجتماعية المؤسسية في اجتماعه المنعقد في السابع [07] من فبراير 2018 إذ إنّ هذه السياسة تتوخى وضع المبادئ الأساسية والإطار العام للأنشطة المتعلقة بإدارة ممارسات المسؤولية الاجتماعية المؤسسية التي يتبعها البنك، وتشكيل أساس لإدراج المسؤولية الاجتماعية في استراتيجية البنك. لذا، يتم تطوير هذه السياسة وتكميلها بسياسة مشاركة أصحاب المصالح.

ويُعد كون البنك شركة مسؤولة جزءاً لا يتجزأ من نجاح البنك، فقد تم مشاركة البنك في أكثر المسائل التي تهم عملائنا وموظفينا ومجتمعاتنا. لذلك، يهتدي موظفونا بمجموعة مشتركة من القيم التي تضمن تحقيق أهدافنا وتساعد أيضاً في مواجهة التحديات المحلية.

يضطلع البنك بأعماله بهدف تحقيق قيمة مستدامة للمجتمع والعُملَاء والمُساهمين والمُجتمعات التي يزاول فيها أعماله، ويقدم خدمات ذات جودة عالية من خلال الابتكار وزيادة الوعي بالفرص التي يتيحها اقتصاد المعرفة.

وفيما يلي الركائز الأساسية التي نركز عليها في المسؤولية الاجتماعية المؤسسية:

(1) الصحة. (2) التعليم. (3) محو الأمية المالية.

وبدوره، يراجع مجلس الإدارة هذه الركائز من حينٍ إلى آخر ويضيف عليها أو يحذف منها استناداً إلى أولويات كل عام.

2 - المُبَادَرَات لعام 2021

في عام 2021، اتخذ البنك عدة مبادرات لتعزيز التزامه كمؤسسة مسؤولة اجتماعياً. تماشياً مع دعم مبادرات حكومة دولة الإمارات، قدم البنك تبرعات إلى 31 مركزاً خيرياً وتعليمياً وبحثياً وتدريبياً إضافة إلى مراكز تأهيل أصحاب الهمم في الدولة.

العمل الإنساني هو قيمة راسخة في دولة الإمارات العربية المتحدة غرسها المغفور له الشيخ زايد في كل مواطن إماراتي لتكون دولة الإمارات واحة من الخير والعطاء والإنسانية. ويتجسد هذا النهج الذي روج له المغفور له الشيخ زايد في حرص القيادة الرشيدة لدولة الإمارات على قيادة الجهود في تقديم الإغاثة لمختلف الدول في أوقات الحاجة.

خلال العام 2021، قام موظفونا بزيارة العديد من المنظمات والجمعيات الخيرية لدعم أهدافها، بما في ذلك مؤسسة الجليّة ومركز النور.

على مدار الـ 26 عامًا الماضية ، كان بنك دبي التجاري شريكًا مع مضمار جبل علي لسباق الخيل، حيث يحرص البنك على دعم التراث الثقافي والرياضي لدولة الإمارات العربية المتحدة. وقد قام البنك برعاية ثمان سباقات في العام 2021.

وللسنة الرابعة على التوالي، تعاون البنك مع الهلال الأحمر الإماراتي لتنظيم مبادرة «العودة إلى المدرسة»، والتي تهدف إلى دعم من هم أقل حظًا، من خلال تزويدهم بالمستلزمات الضرورية لرفاهية أطفالهم التعليمية. وقد عقدت المبادرة في الفترة من 22 أغسطس إلى 5 سبتمبر 2021، حيث قام البنك وبدعم من موظفي البنك وعائلاتهم، من جمع 24 صندوقًا إلى جانب التبرع بـ 20 قسيمة من مكتبة دبي بقيمة 50 درهمًا إماراتيًا.

بالإضافة إلى ذلك، انضم موظفو البنك إلى حملة شهر أكتوبر للتوعية بسرطان الثدي للمساعدة في زيادة الوعي بسرطان الثدي وتشجيع النساء على إجراء فحوصات منتظمة وطلب الرعاية الطبية للمساعدة في اكتشاف المشكلة وعلاجها مبكرًا.

3 - تقرير الحوكمة البيئية والاجتماعية والمؤسسية لعام 2021

اعترافًا بأهمية الإفصاح للمستثمرين وأصحاب المصالح الآخرين عن استدامتنا وبيئتنا واستراتيجيات المسؤولية الاجتماعية والحوكمة، نشر البنك في شهر نوفمبر 2021 أول تقرير استدامة له حيث تناول التقرير الإفصاح النوعي عن الموضوعات والمقاييس الكمية المستخدمة لقياس أداء البنك مقابل مخاطر الحوكمة البيئية والاجتماعية والمؤسسية، والفرص، والاستراتيجيات ذات الصلة.

علاوةً على ذلك، سيتم نشر تقرير الاستدامة لعام 2021 خلال الربع الأول من عام 2022 بحيث يقدم التقرير المبادرات الرئيسية التي طرحها البنك من أجل عملية أكثر استدامة فيما يتعلق بالمجالات الرئيسية الثلاثة لأهداف وأداء الحوكمة البيئية والاجتماعية والمؤسسية.

تتركز جهود بنك دبي التجاري على تعزيز مقومات البقاء الاقتصادي، وحماية البيئة، وتحقيق العدالة الاجتماعية، وستواصل التركيز على هذه الأمور. فضلًا عن ذلك، وكجزء من التزام البنك بالمساءلة والشفافية، ترد تقارير أداء البنك في المجالات ذات الصلة في هذه السياسة.

وفي المقابل، قرر البنك التعاقد مع استشاري خارجي في عام 2022. وفقًا للمراجعة والتحديث المستمر للاستراتيجية الشاملة، يُكلف البنك وايتشيلد بارتنرز بمهمة التركيز على أمر الحوكمة البيئية والاجتماعية والمؤسسية. وسيتم الإعلان عن النتائج في تقرير الحوكمة لعام 2022.



SUSTAINABILITY REPORT 2021

بنك دبي التجاري
Commercial Bank of Dubai



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Message from the Chairman



I am proud to present CBD's second annual sustainability report which showcases the Bank's Environmental, Social and Governance ('ESG') practices, progress, and commitments for the future.

As the UAE drives towards net zero emissions by 2050, and a successful hosting of the 28th Conference of the Parties (COP28) in 2023, all organizations in the UAE will play an active role in helping to showcase how the UAE is a global leader in sustainability.

The ongoing Dubai Expo 2020 has focused on ESG, emphasizing the themes of Sustainability, Mobility and Opportunity with resounding success. I am pleased to note that the UAE Sustainable Finance Framework 2021-2031 has been published, setting the guidelines to drive progress towards the UAE's sustainable finance priorities. These key initiatives demonstrate the importance accorded to sustainability by the Government and the Rulers of the UAE.

As an organization that is backing the ambitions of our proud nation, CBD remains committed to operating its business in a sustainable manner, aligning with the UAE's efforts towards sustainable development, empowering local communities and preserving the environment.

In 2021, CBD initiated an ESG transformation journey. We have consolidated ongoing and future environmental, social and governance initiatives under a common ESG Framework governed by an ESG Committee which is accountable to the CBD Executive Committee. We are proud of the progress made on these initiatives, but equally cognizant that there is much more to be done.

Our report highlights some of our 2021 ESG achievements, but it is by no means exhaustive. Our commitments are continually evolving as we identify new ways in which we can contribute to this global challenge. With the introduction of our ESG Framework and ESG Committee, we have re-affirmed our commitments to sustainability.

Thank you to our shareholders, customers, employees and the communities we serve, for your loyalty and the faith you have shown in us. Now, more than ever, we feel that community collaboration and alignment is crucial to the sustainability of the planet for our future generations. As the UAE and the world slowly returns to normal after the Covid 19 pandemic, I look forward to more engagement with our customers and stakeholders as we drive our sustainability agenda.

Best Regards,

Humaid Mohammad Al Qutami
Chairman

Message from the CEO



Sustainability remained at the heart of CBD's business strategy and long-term planning during 2021. In 2021, we also initiated a comprehensive and more concerted ESG transformation journey. This journey involved consultation with an external strategy group for a refresh of our five pillar ESG Framework. Our ESG Framework sets out the key initiatives that we believe we must undertake as a responsible corporate organization. We firmly believe that every employee in the bank, and indeed every citizen and organization in the UAE, has a role to play in sustaining our future.

Our ESG Framework is a key tool to ensure that we hold ourselves accountable to this goal. The revised pillars of our ESG Framework and our supporting principles are:

1. UAE Community

We are a local bank, backing businesses and residents of the UAE with our products and services.

2. CBD People

We promote Emiratization and a healthy, up-skilled and engaged workforce.

3. Financial Inclusion

We are default digital, all-inclusive and aspire to share in our customers' success.

4. Governance

We protect our stakeholders by taking accountability for risk management at a Board level.

5. Environment

We hold ourselves to account while supporting our society and our customers' environmental ambitions.

Our ESG Framework is comprehensive but still evolving as we embark on our journey. Importantly, it is actionable. The first section of our report introduces our framework, the underpinning initiatives, our key successes so far and our commitments for the years ahead. The Framework is our first step in establishing and embedding our materiality matrix.

Our ESG initiatives are governed by an ESG Committee. The Committee is accountable to the Bank's Executive Committee to ensure we deliver on our commitments. The Committee comprises of a cross-functional team of ESG agents from various departments within the Bank, including Product Development, Procurement, Customer Engagement, Human Resources, Enterprise Risk Management, Credit Risk and Corporate Social Responsibility.

I am proud of our 2021 sustainability achievements and excited by what lies ahead in 2022 and beyond. It is an incredible time to be a part of this great nation, particularly as the UAE readies itself to host COP28 in 2023. We are determined to play our part in driving the sustainability agenda and backing the ambitions of the UAE.

Dr. Bernd van Linder
Chief Executive Officer



Bank Overview

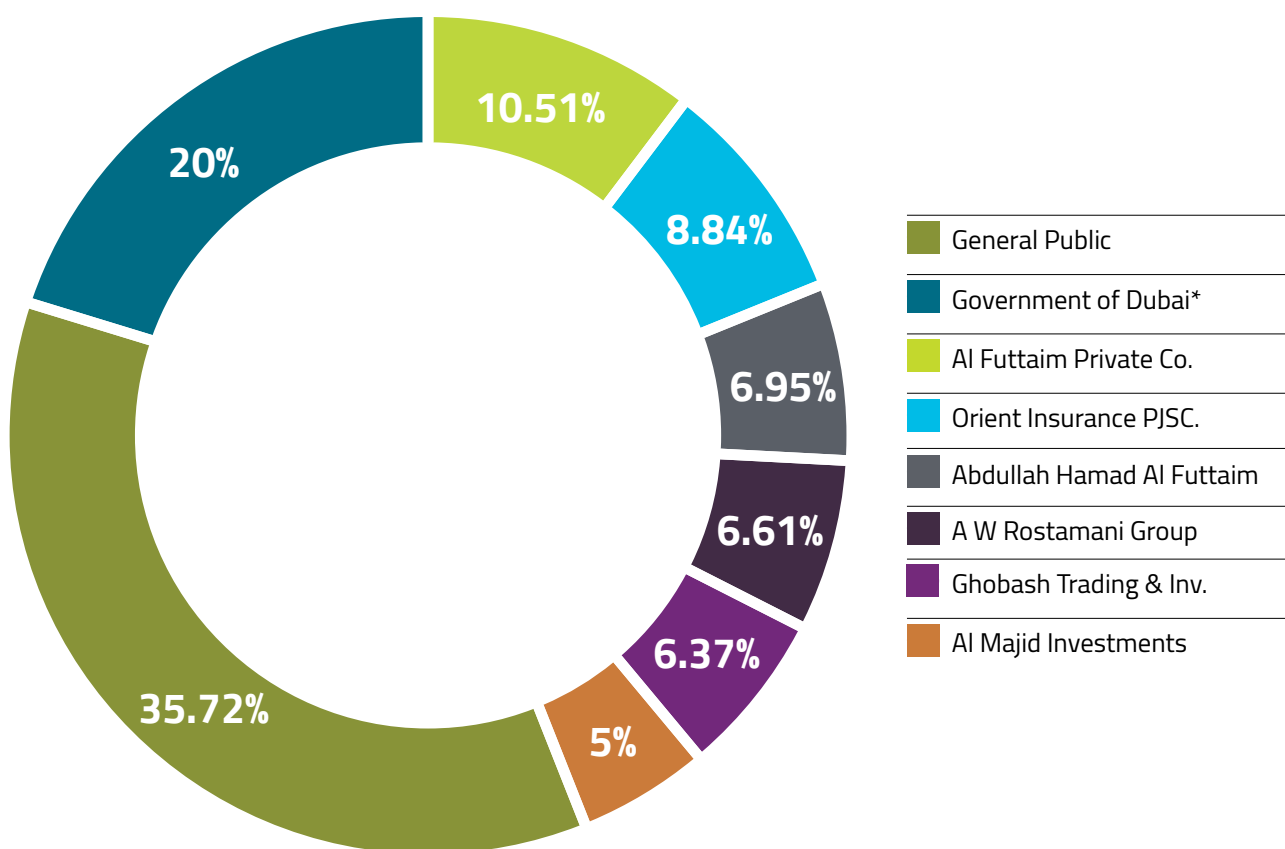
CBD Profile

Established in 1969, Commercial Bank of Dubai (CBD) is one of the first banks operating in the United Arab Emirates. It was established as a joint venture between Commerzbank, Chase Manhattan Bank, and Commercial Bank of Kuwait, before evolving into a public shareholding company in 1982 when the Government of Dubai took in a 20% stake.

Over the years, Commercial Bank of Dubai has built itself into a progressive and modern financial institution, led by a strong management team as well as a loyal and ever-increasing customer and correspondent base. Today, CBD is one of the leading banks in the United Arab Emirates and offers its customers a full range of retail and commercial banking products and services.

The Bank is listed on the Dubai Financial Market and is mostly owned by UAE Nationals, including 20% by the Investment Corporation of Dubai ('ICD').

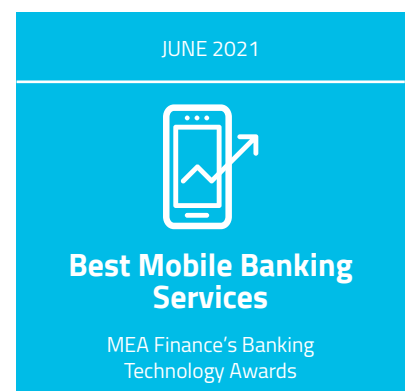
Ownership Structure



*Investment Corporation of Dubai ('ICD')

Awards

The challenges we faced as a society last year only inspired CBD to step up and find creative solutions for the problems we encounter as a society. Hence, thanks to our efforts in digital innovations and service excellence, we are humbled to have received the following awards during 2021:





Business Overview

CBD Purpose - 'Backing the Nation's Ambitions'

CBD continues to focus on our franchise customers within Institutional, Corporate Banking and Retail Banking. A priority for the bank is to continue to deliver on a number of transformation programs focused on becoming "Default Digital", leveraging investments made in Information Technology and our physical customer footprint.

Our strategic priority is to deepen relationships with key franchise customers, supporting their end-to-end banking needs. Whilst delivering on this goal, it is key to ensure continued growth across target customer segments are fully aligned with the bank's risk appetite. In addition, as a cornerstone of the three-year strategy, we continue to drive our high-performing culture by investing in differentiated capabilities and building talent which offers great customer experiences and with a clear focus on Emiratization.

Looking ahead, the bank expects to further expand its market share supported by stable and diversified funding, an increased share of non-funded income, improved digital adoption rates, reduced cost of risk, and maintaining asset quality with appropriate provisioning. The bank aspires to deliver returns that meet shareholder expectations. At all times risk culture and compliance with regulatory and community expectations remain central to our operating environment.

CBD's strong set of core values of Collaboration, Ownership, Delivery, and Excellence ('CODE') are embedded in its culture and will guide the bank now and in the years ahead.

WHOLESALE BANKING GROUP ('WBG')

The Wholesale Banking Group ('WBG') comprises mid-size and large commercial clients as well as institutional clients. In order to deliver the planned growth in a sustainable and diversified manner, the Bank has an established dedicated Real Estate, Contracting and Manufacturing teams.

There are a number of product and specialist teams within WBG including the Debt Capital Markets, Syndication, Supply Chain Finance, and Asset-Backed lending functions and more broadly the Transaction Banking team.

As part of our 'Default Digital' plan, CBD is focused on the continued implementation of various digital initiatives which enable the Bank to meet customers' growing requirements, significantly reduce turnaround times and expand the digital footprint of our transaction banking products.

The culture of service excellence and the adoption of innovative digital technologies has seen CBD ranked by wholesale banking customers as one of the best transaction banking service providers in the UAE. As a testament to this feedback, CBD won several awards from industry leaders.



PERSONAL BANKING ('PBG')

The PBG business is responsible for supporting and servicing our retail and small and medium enterprise banking customers. The business provides a wide array of products and services to these customer segments including but not limited to credit cards, mortgages, personal loans, transaction and saving accounts, investment and wealth products.

The strategic focus remains on digital transformation. CBD continues to enhance capabilities to provide customers with contactless banking solutions, migrating the majority of transactions from branches to alternative digital channels.

PBG has recently won several awards in recognition of the innovative products and services offered by the Bank.

CBD AL ISLAMI

CBD Al Islami provides a range of Sharia-compliant products and services, embraced with smart technology to empower customers to apply digitally for the instant issuance of Islamic credit cards, personal finance, multi-currencies, instant account opening, and instant remittances to various corridors.

TREASURY

The CBD Treasury business provides risk management and investment solutions required to meet customer needs across all segments of the bank. The function works closely with leading Fin-Tech companies to deliver market-leading product and service capabilities including risk management, remittance services, and investment product offerings to our customers.

FINANCIAL HIGHLIGHTS

Commercial Bank of Dubai has delivered a **net profit of AED 1,451 million** for the year ended 31 December 2021, up 29.5% year-on-year. The improved operating performance coupled with lower expected credit losses has contributed to the increase in net profit. Notwithstanding lower interbank interest rates, net interest income is up by 10.1% compared to 2020 primarily from strong business growth and lower funding costs. The economic outlook and business confidence for 2022 remains positive for further performance improvement in the year ahead.

Operating income for the full year of 2021 amounted to AED 3,183 million, an increase of 6.9%. This is attributable to an increase in Net Interest Income ('NII') by 10.1% as a result of higher volumes and lower funding costs, and a 1.2% increase in Other Operating Income ('OOI') from increased business activities.

Operating expenses were AED 865 million, up 7.2% compared to the full year of 2020. The cost-to-income ratio remains market leading at 27.18%.

Total assets were AED 114.2 billion as at 31 December 2021, an increase of 17.3% compared to AED 97.4 billion as at 31 December 2020.

Net loans and advances were AED 76.4 billion, registering an increase of 17.1% compared to AED 65.3 billion as at 31 December 2020.

Customers' deposits were AED 82.7 billion as at 31 December 2021, representing an increase of 18.6% compared to AED 69.8 billion as at 31 December 2020. Low cost current and savings accounts ('CASA') constitute 45.2% of the total customer deposit base, while the financing-to-deposits ratio stood at 92.4%.

The non-performing loan ('NPL') ratio increased to 6.95%, up from 6.77% at the end of 2020.

In accordance with IFRS9 accounting standards, the net impairment charge totaled AED 867 million for the full year of 2021. The headline coverage ratio was 62.59% and 119.53% inclusive of collateral for stage 3 loans up from 110.15% at 31 December 2020. As at 31 December 2021, total allowances for impairments amounted to AED 4,024 million.






The bank's liquidity position remained robust with the advances to stable resources ratio at 88.00% as at 31 December 2021 (Dec 2020: 86.33%), compared to the UAE Central Bank maximum of 100%.

CBD's **capital ratios** remained strong with the capital adequacy ratio (CAR) at 15.82%, Tier 1 ratio at 14.66% and Common Equity Tier 1 (CET1) ratio 12.13%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

ESG Framework

Environmental, Social and Governance ('ESG') factors have become increasingly important considerations, especially over the last decade. At the World Economic Forum held last year, more than 60 leading global companies, accounting for a market capitalization of over USD 4 Trillion, pledged to adhere to a new set of ESG reporting norms. In November 2021, the COP26 concluded with the agreement of the Glasgow Climate Pact, which called upon nations to phase down unabated coal power and inefficient subsidies for fossil fuels. These commitments highlight the seriousness with which governments and organizations around the world are aiming to address Climate Change and ESG to ensure a sustainable future for ensuing generations.

CBD is firmly committed to the ESG cause and has initiated a comprehensive, ESG-oriented, transformation journey. This journey involved consultation with an external strategy group and a refresh of our five pillar ESG Framework and supporting initiatives, which are illustrated below. We look forward to evolving our ESG Framework in the upcoming year into an ESG Materiality Matrix symbolizing the banks' business opportunities and stakeholders' interests.

 UAE Community	 CBD People	 Financial Inclusion	 Governance	 Environment
Local Sourcing Do we obtain our supplies via local chains?	Emiratization Are we providing a place of employment that attracts, and develops UAE Nationals?	Financial Literacy Do we go beyond guidelines to teach our customers on financial matters?	Oversight Is our Board and Executive Committee providing ESG oversight?	ISO Certification Do we possess official recognition of our green efforts?
Philanthropy Are we donating and volunteering at the local level?	Diversity & Inclusion Do we consciously consider diversity & inclusion while recruiting new talent?	Digital Offering Are our tech capabilities and digital applications best-in-class?	3 Lines of Defense Do we have an informed and empowered first line of defense?	Environmentally Friendly Procurement Are our procurement practices eco-friendly?
Supporting Minorities Do we support opportunities for all people including the vulnerable?	Wellness How is the physical, mental, and financial well-being of our employees?	Segment-specific Products Do we offer our products to a variety of population segments?	ESG as part of ERM Does our corporate governance and risk management framework reflect sustainability matters?	Monitoring Internal Resource Use Is the behavior of our staff, use of property and waste management sustainable?
Sponsorships Is the brand reflected locally?	Employee Engagement Do our employees possess multiple forums to engage and be listened to?	SME / Wholesale Lending Do we actively promote and nurture entrepreneurship and growth?	Business Continuity How resilient is our business to external shocks?	Environment-focused Products Will our product catalogue attract green-savvy customers?
Customer Value Proposition Are we backing the ambitions of all our customers?	Learning & Development Are training and upskilling readily available opportunities?	Customer Experience Are we listening to our customers and ensuring that we are constantly improving customer journeys?	Anti-corruption (AML/CTF) Do we have the right anti-corruption safeguards in place?	Sustainability-themed Initiatives Do our initiatives actively encourage 'thinking sustainably'?

Detailed below are the five key pillars of the ESG Framework which will provide the roadmap for the bank on its sustainability journey along with some of our key achievements and ambitions for 2022 and beyond.

1. UAE Community



The year 2021 marked the occasion of the UAE's Golden Jubilee and we congratulate the UAE's wise leadership, its citizens, and residents on the nation's remarkable journey over the past 50 years.

Humanitarian Work in the UAE is a deeply ingrained value that the late Sheikh Zayed has instilled in every citizen and resident in the UAE to ensure that the country remains an oasis of goodness, giving and humanity. On the occasion of marking Zayed Humanitarian workday, CBD donated to 31 charitable, educational, research and training and rehabilitation centers for people of determination across the UAE. CBD has been organizing a "Back to School" initiative for several years to support those less fortunate in providing items for their children's educational well-being and happiness at the start of the new academic year. This year, the initiative was held in CBD from 22nd of August until 5th of September, in affiliation with UAE Red Crescent. Bank staff and their respective families donated 24 boxes along with 20 Dubai Library vouchers. CBD staff also participated in the October Breast Cancer Awareness month campaign to raise awareness about breast cancer. In total, our staff contributed approximately 1,500 hours of volunteering work in the year 2021.

The initiatives CBD supports and sponsors also align with our locally focused purpose. CBD has been a regular supporter of the Jebel Ali horse racecourse for over 25 years and reaffirmed its support by sponsoring eight races in 2021. The sponsorship is part of CBD's continued support of UAE Culture and sports heritage. Due to Covid restrictions, the CBD Run on the Palm could not take place in 2021. However, we look forward with anticipation to regathering our staff, our customers and other race participants from across the UAE for the Run on the Palm in March 2022.

As a local bank, we are focused on backing the businesses and the residents of the UAE. This gives us a direct line of sight of both our customers and suppliers. When selecting our suppliers, our procurement policies are defined to favor UAE companies.

One of our strongest demonstrations of support for the UAE Community came in Q4 of this year, when we established our Digital Lab in the Dubai International Financial Center's Innovation Hub. CBD has had significant, award-winning success by partnering with FinTechs over recent years. Our move into the largest FinTech ecosystem in the region is not only a statement of our FinTech partnering intent, but also reflective of our support for the global ambitions of the UAE in driving an ambitious innovation agenda.

2. CBD People



Our people are what makes CBD the place it is. In 2021, our priority remained the safety and wellbeing of our people as the Global Covid-19 Pandemic continued. During our in-house clinic at the beginning of 2021, we administered more than 3,500 injections to more than 1,800 staff and family members. Later in the year, we partnered with "Be Strong", a fitness and lifestyle organization, to conduct a month-long fitness and wellbeing campaign with in-depth discussions on the positive impact of exercise, meditation and diet. In addition, Be Strong also conducted several boot camps to get staff energized and motivated to adopt a fitness regime. In 2022, as part of an "Employee Assistance Program", the bank is partnering with an external counselling and consulting service to offer bespoke counselling services to CBD employees. The program is aimed at promoting holistic health and achieving optimal wellness, leading to a positive impact both at work and in the personal lives of our employees.

Our commitment to Emiratization is unwavering. By the end of 2021, UAE Nationals comprised 35% of CBD's work force. In line with our drive to attract UAE National talent to the Banking sector, a number of initiatives were completed in 2021. These included:

- Welcoming 40 fresh graduates into our "Tumoo7" program, a graduate training program for UAE Nationals designed to help them develop their skills and capabilities to help them prepare for future leadership positions in the Bank;
- Recognizing 14 UAE National women in senior roles across the Bank who have successfully completed the "UAE National Women Development Program 2021", and
- Supporting our UAE Nationals who completed the Tatweer program and the Future Proof Banker program.

We have continued to invest significantly in the development of all our employees' skills and knowledge to increase the employability of all our staff. In 2021, despite the ongoing pandemic, the Bank conducted a total of 6306 learning initiatives - a 15% increase over the previous year.

We continued to measure our employee engagement to ensure that we are providing the optimum environment and culture for our employees to succeed and be happy. Every year we run a bank-wide employee engagement survey in which employees are provided an opportunity to give feedback on what is working well and what needs to improve. In 2021, our employee engagement score was 74, which is in line with last year's score. While we continue to measure ourselves through this internal process, it was particularly gratifying to be recognized this year by LinkedIn (a Microsoft company), who crowned CBD as an "Employee Engagement Champion". This recognition from LinkedIn reflected the hard work and dedicated efforts of our staff in establishing and maintaining an engaging environment.

3. Financial Inclusion



The year 2021 saw the introduction of the Consumer Protection Regulation by the Central Bank of the UAE, a regulation which aims to ensure that banking customers are treated transparently and fairly in all interactions with their regulated financial institution. Consumer Education and Awareness is an important component of this regulation and one which CBD has been pioneering long before the implementation of the regulation. Throughout 2021 we ran a series of financial education webinars for our customers and prospective customers on topics such as succession planning, fraud prevention, data protection and smart investing.

Our partnership with NowMoney, the Dubai-based FinTech, flourished throughout 2021, enabling us to provide accounts and cards to low-income customers. Moreover, the launch of our Digi Accounts solution has made access to bank accounts for low-income workers easier than ever before. CBD was the first bank in the UAE to provide a solution to a partly un-banked audience with a free bank account, zero balance requirement, no minimum salary requirement, two free international transfers every month and much more. CBD became the first bank in the region to offer a robo-advisory investment solution. "CBD Investr" is an innovative investment app powered by smart algorithms that actively manage investment portfolios to deliver optimal risk-adjusted performance. With a low minimum investment amount requirement of just \$500, the CBD Investr app has democratized investments making investing accessible to low- and medium-income workers.

The Small and Medium Enterprise ('SME') sector is integral to the ongoing prosperity of the UAE economy. As such, this has been a sector where we have increased our focus in 2021, largely enabled by our partnership with the Dubai Economic Department. During the year, CBD extended this offering to several other Free Zones including JAFZA, DMCC and RAKEZ. In 2022, we plan to finalize our engagement platform for SMEs, aimed at providing a community for SMEs to share and realize their ambitions.

In 2021, we expanded the utilization and prominence of our Net Promoter Score ('NPS') survey. The NPS score is a measure of customer advocacy and provides CBD with an understanding of how our customers regard CBD and its services. During 2021, we have established a baseline score for our NPS scores for customers across Retail, SME and Wholesale banking and will track and measure improvements on this critical measure. A key component of this goal is how well we listen to our customers. To this end we increased our listening power by extending our "Voice of the Customer" initiatives. One such focus area was the launch of a specific survey through our website and branches wherein customers can provide feedback to our Executive Management on how CBD is perceived in terms of how it supports the needs of vulnerable people (including people of determination).

4. Governance



The aim of the CBD Board of Directors is to protect the interests of all our stakeholders and promote the long-term sustainability of the Bank. In accordance with the Articles of Association for Commercial Bank of Dubai the formation of the Board of Directors is governed by the Federal Law No.8 of 1984 (as amended). The Board comprises of 11 members who are elected through the General Meeting, for a term of three financial years. The formation of the Board of Directors takes into consideration the primary need to ensure that the Board and its Committees have the appropriate balance of skills, experience, knowledge of the Bank and independence of mind to enable them to discharge their respective duties and responsibilities. CBD's Board provides strategic guidance, effective monitoring of management, adequate controls and sets the tone and culture of the Bank to enhance and ensure sustainable shareholder value.

The protection of our customers, and compliance with the regulations of the Central Bank of the UAE remained a paramount priority in 2021. To this end, investments made into data, systems, and people more than doubled over the past few years. The strengthening of our digital capabilities and data analysis has helped us prevent frauds and online crimes. Our aim is to go beyond simple compliance and to take a more proactive stance to protect our customers and the Bank from incoming threats. To this end, in 2021, we announced a pilot collaboration with Dubai Police's 'Economic Center for Advanced Analysis'.

Our "3 Lines of Defense" framework remains robust. In 2021, we have bolstered our first line of defense to ensure that all our staff are more empowered and informed to identify and manage the risks inherent in their day to day activities. Continuous upskilling and training on risk culture awareness and compliance of the first line of defense, including seminars, incentives and reinforcement of the risk management policies continued to be a key focus.

Governance and social elements are already incorporated into our Enterprise Risk Management framework. In 2022 we will commence the integration of our environmental elements to provide a more comprehensive sustainability focus which considers the evolving risk profile facing all enterprises in the midst of global warming and consequent climate-associated risks.

5. Environment



Environmental protection has long been a focus at CBD. As the UAE consciously shifts towards more diversified energy sources, this has provided CBD the opportunity to back the environmental ambitions of our customers. Some of the key projects that we have financed recently are listed below:

- CBD financed a government entity which is undertaking the development of a 300,000 tons per annum multi-fuel conventional based Waste-to-Energy ('WTE') facility and associated power substation in the UAE. The project will help the Emirate of Sharjah reach its 'zero waste-to-landfill' target and will help the UAE deliver on its goal of diverting 75% of solid waste from landfills.
- CBD also financed a consortium of companies which has been tasked to build and operate the expansion of a major solar park in the UAE. The solar park is one of the world's largest renewable projects based on an independent power producer (IPP) model.

Our environmental pillar is a key area for exploration and development throughout 2022. Our specific areas of exploration include the following:

- **Green product exploration** – In addition to playing our part for the environment, we also see an opportunity in green funding. We have already commenced our review of the assets currently held on our books. Additionally, we see potential opportunities in green repos and green trade loans. Our green product exploration is further supported by an emphasis on sustainability as part of our employee innovation challenge. For the last number of years, we have had a fantastic uptake by our employees looking to compete in our employee innovation challenge. We plan to channel the energy from the challenge to ensure that the best sustainability ideas are shared by our employees and implemented in 2022.
- **Procurement framework** – We will expand upon our procurement framework to ensure that, not only are we promoting local suppliers, but we are also promoting suppliers who have a demonstrable dedication towards the environment.
- **Internal "Reduce, Reuse, Recycle" drive** – Between 2019 and 2021, we reduced our paper consumption by 47%. Additionally, our consumption of plastic water bottles reduced by 28%. But this is not enough. We will be introducing internal campaigns to reduce, reuse and recycle. Our first project for 2022 will see us lend our support to the "Dubai Can" sustainability initiative, under the patronage of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, wherein we will strive to eliminate the usage of plastic bottles in our offices and play our part in encouraging a "refill culture".
- **Consideration of a suitable ISO Certification** – We want to hold ourselves accountable for the impact of our internal practices. We will look for the most appropriate independent certification to measure ourselves against best practice in environmental management.

Our ESG Framework and all the underpinning initiatives are governed by an ESG Committee, made up of ESG executives from across CBD departments including Product Development, Procurement, Customer Engagement, Human Resources, Enterprise Risk Management and Corporate Social Responsibility. The Framework is comprehensive but evolving as we are learning on our journey. Most importantly, it is actionable. The Committee is accountable to the Bank's Executive Committee and ultimately the Bank's Board of Directors for delivering the initiatives under the Framework. 2021 was a big year for CBD's ESG drive. 2022 will be bigger.



UAE COMMUNITY:

Responsible Procurement

As a local bank, we are focused on backing the businesses and the residents of the UAE. This gives us a direct line of sight of both our customers and suppliers. When selecting our suppliers, our procurement policies are defined to favor UAE companies. Thus, 97% of the vendors that we're dealing with are local vendors.





UAE COMMUNITY: Our Social Investment

Corporate Social Responsibility Report

Stakeholders' Engagement

Commercial Bank of Dubai PSC ('CBD') is part of a greater socioeconomic ecosystem and we recognize that we depend on robust relationships with all our stakeholders in order to deliver on our purpose of using our financial expertise to do good for individuals, families, businesses, and society.

Best practice requires a company to have a stakeholder engagement policy. Accordingly, this policy outlines CBD's approach to engaging with our stakeholders.

Engagement is an integral part of developing an understanding of our stakeholders' needs, interests, and expectations and assists the bank with strategic, sustainable decision-making.

Collaboration and regular interaction with all stakeholder groups are essential to the bank's long-term resilience and to the effectiveness of our integrated sustainability approach. Stakeholder engagement is undertaken with a far broader aim than merely communicating 'to' various stakeholder groups. Rather, CBD considers its various stakeholders as key partners in its endeavors.

Stakeholder Engagement will be free of manipulation, interference, coercion, and intimidation, and conducted on the basis of timely, relevant, understandable, and accessible information, in a culturally appropriate format. It involves interactions between identified groups of people and provides stakeholders with an opportunity to raise their concerns and opinions (e.g. by way of meetings, surveys, interviews, and/or focus groups), and ensures that this information is taken into consideration when making project decisions.

Our Stakeholder Engagement is informed by a set of principles. These principles are the following

- **Commitment** is demonstrated when the need to understand, engage and identify with the community is recognized and acted upon early in the process;
- **Integrity** occurs when engagement is conducted in a manner that fosters mutual respect and trust;
- **Respect** is created when the rights, cultural beliefs, values, and interests of stakeholders and neighboring communities are recognized;
- **Transparency** is demonstrated when community concerns are responded to in a timely, open, and effective manner;
- **Inclusiveness** is achieved when broad participation is encouraged and supported by appropriate participation opportunities, and
- **Trust** is achieved through open and meaningful dialogue that respects and upholds a community's beliefs, values, and opinions

Our key Stakeholders are our staff, clients, shareholders, regulators, and communities.

Corporate Social Responsibility Pillars

The Board of Directors has the power to design, assess, and continuously revise the Corporate Policies, which contain the guidelines governing the conduct of the Bank and further develop the principles reflected in our Purpose, Vision, and Values and the other rules of the Corporate Governance system.

Our Corporate Social Responsibility policy is intended to promote a culture of social responsibility within the organization, which contributes to the sustainable creation of value for our Stakeholders.

We contribute to the development of communities by promoting educational and cultural initiatives and also undertake initiatives to protect vulnerable groups.

Being a responsible organization is integral to our success and we are engaged on the issues that matter most to our Stakeholders. Our employees are guided by a common set of values that ensure we deliver on our goals while also helping to address local challenges.

We carry out our business enterprise and our own business model with the objective of sustainably creating value for society, customers, shareholders, and the communities in which we are doing business, providing high-quality service through innovation and maintaining awareness of the opportunities offered by the knowledge economy.

Our CSR objectives are the following (i) providing and raising awareness about preventive healthcare preserving and promoting sports (ii) investing in youth and encouraging them (iii) promoting education and cultural activities (iv) encouraging volunteering through social activities aiming to create livelihoods for people, especially those from disadvantaged sections of society and (v) promoting sustainable finance.

Supporting Sports, Culture and the Arts

At CBD, we aim to celebrate the uniquely beautiful culture of the UAE by embracing Emirati traditions and heritage, as well as supporting sports events and arts. The Dubai Plan 2021 envisions a city that is “vibrant and active, providing a rich cultural experience and globally distinctive entertainment outlets”.

The Bank sponsors many cultural activities across the UAE in order to promote and celebrate the UAE’s traditions and its art and culture. We are a key player in promoting sports and athleticism among the youth.

CSR Initiatives 2021

In 2021, the bank undertook several initiatives reinforcing its commitment as a responsible corporate organization.

In line with supporting the UAE government's initiatives, the Bank donated to 31 charitable, educational, research, and training and rehabilitation centers for people of determination in the country.

Humanitarian Work is a deeply ingrained value in the UAE that the late Sheikh Zayed has instilled in every UAE citizen to ensure that the country remains an oasis of goodness, giving and humanity.

This approach, propagated by the late Sheikh Zayed, is best embodied by the keenness of the wise leadership of the UAE in leading the efforts in providing relief to various nations and countries during their time of need.

During the year, many of our staff visited various NGO organizations to support their objectives and purpose, including Al Jaleela Foundation and Al Noor Centre.

Over the past 26 years, CBD has been a long standing partner with the Jebel Ali Horse Racecourse, backing the UAE's culture and sports heritage ambitions. In total, CBD has sponsored 8 races in 2021.

For the fourth consecutive year, CBD collaborated with UAE Red Crescent to organize the "Back to School" initiative, which aims to support those who are less fortunate, by providing them with the necessary items for their children's educational well-being and happiness. The initiative was held from 22 August to 5 September 2021. With the support of the Bank's staff and their families, CBD was able to collect 24 boxes along with donating 20 vouchers from Dubai Library each worth AED 50.

In addition, CBD staff joined the October Breast Cancer Awareness month campaign to help in raising awareness about breast cancer and encourage women to go for regular screenings and seek medical care to help detect and treat the problem early.

In total, our staff contributed, **approximately 1,500 hours of volunteering work in the year 2021.**





CBD PEOPLE: Our People

Our Employees are our most valuable asset as we continue to grow and transform our business. The promise to all of our customers is that we are the bank that is 'backing your ambition'. However, this promise can be truly delivered only if we first back our employees by enabling, empowering and encouraging them to exhibit the CODE values of Collaboration, Ownership, Delivery and Excellence in everything they do.

Further, we focus on innovation, learning and diversity, which helps us attract, develop and retain the right talent, and provide the foundation for the growth of our business.

This section brings together the interconnected ways we think about diversity and inclusion at CBD. It sets out our strategy to build and maintain a high performance culture enabling our employees to feel supported professionally and part of a community, providing equality of opportunity for talent at all levels and from all backgrounds to grow.

Our culture is guided by our four core values:

Our Values

Collaboration: "One Bank Together Now"

Ownership – What we say, we do

Delivery – We drive flawless execution through effective planning

Excellence – We win together through service excellence

Employee Engagement

Coming out of a very challenging year for our employees in 2020, 2021 allowed for a return to more normal ways of working for our employees and the Bank alike. The health and well-being of employees continued to be given the highest priority.

The Bank's employee engagement score remained at the same high level as in 2020. Employees gave positive feedback on the continued handling of the pandemic as well as commenting favourably on other key measures including the vision and execution of the Bank's strategy as well as the capability of the management and senior leadership team.

The Bank won the "Employee Engagement Champion" by LinkedIn Talent Awards MENA. The award is presented to companies who have excelled at engaging with talent, creating an inclusive workplace, building a solid brand

while encouraging learning and development, as well as focusing on employee retention. It also recognizes entities that demonstrate remarkable adaptability, innovation and creativity in the talent space.

Diversity & Inclusion

We believe that diversity in our workforce makes CBD a stronger business. To build and maintain Diversity, we create a culture that makes everyone feel included and supported, and provides equal opportunities for talent at all levels to grow.



Overall Workforce and Nationality Concentration

CBD	Number of Staff			Percentage		
Nationality	2021	2020	2019	2021	2020	2019
UAEN	351	319	300	35%	32%	29%
Indian	261	271	288	26%	27%	27%
Pakistani	86	85	93	8%	9%	9%
Egyptian	45	48	62	4%	5%	6%
Jordanian	34	38	47	3%	4%	4%
Others	235	234	258	23%	24%	25%
Total	1012	995	1048	100%	100%	100%

Our Female Colleagues in Numbers

Table 1: Total number of female employees in CBD and CBD Resourcing Services ('CBDRS') and % of female employees over the total CBD and CBDRS population

	Number of Staff			Percentage		
Female Employees	2021	2020	2019	2021	2020	2019
CBD	420	390	400	42%	39%	38%
CBDRS	76	75	102	24%	22%	24%

Table 2: Total number of UAEN female employees in CBD and % of UAEN female employees over the total CBD population

	Number of Staff			Percentage		
Female Emirati Employees	2021	2020	2019	2021	2020	2019
CBD	256	228	218	25%	23%	21%

Our Emiratization Approach

At CBD, we align with the UAE Government's strategy to increase the Emiratization rate within the Banking sector and support the country's ambition to attract and develop UAE Nationals into this core industry. To support this ambition, we focus on the implementation of different learning and development programmes for our UAEN colleagues in order to support their career ambitions and back their ongoing professional development across the Bank.

Table 3: Percentage of Emirati Employees

UAEN Employees	2021	2020	2019
UAEN in Top Management (% UAEN of all Top Management)	28%	27%	20%
UAEN Employees %	35%	32%	29%
Expatriate Employees %	65%	68%	71%

Talent Management

CBD is committed to building a performance management and development framework that will enable all employees to drive performance and realize their potential through their continuous learning and development, which in turn will help to build organizational capability.

Performance Management and Pay

At CBD we operate a performance based compensation approach. What this means is that employees are rewarded based on both their individual performance as well as their business unit. Our performance-based pay includes bonus, incentives and recognition awards.

The performance management cycle:

Stage 1 – Planning through KPI setting as well as discussing and agreeing an individual development plan

Stage 2 – Mid-year review of performance is an opportunity to provide feedback, discuss areas of improvement and review KPIs, if required

Stage 3 – Year-end Assessment of performance to determine individual performance ratings of all employees

Employees who are assessed outside of Performance Management cycles are reviewed through the respective performance assessment schemes such as Sales Performance Management System, Collections Performance Management System, et cetera. These are managed on a monthly or quarterly basis in line with the type of the role/business function.

Reward & Recognition

Our Total Reward Framework

At CBD, our Total Reward Framework comprises of cash remuneration as well as benefits and recognition. The rewards and recognition provided at CBD are commensurate with market benchmarks and are differentiated based on performance.

Remuneration Package:

Fixed pay includes basic salary and allowances, which are primarily determined by the market value of the job, the performance of the employee and the overall experience of the candidate.

In addition, there are other components of the remuneration package, including:

- ☑ Variable Pay: Bonus / Incentives
- ☑ Non-Cash Benefits
- ☑ Recognition Awards
- ☑ Long Term Incentive Plan

Our Recognition Programmes

Our recognition programmes have been an important tool during the pandemic to show our employees our appreciation.

At CBD we foster a work environment where employees are recognized for driving high performance and displaying behaviours that align with our culture, demonstrating Collaboration, Ownership, Delivery and Excellence ('CODE').

The CODE Awards are given to recognise employees and Line Managers who demonstrate both personal drive and positive behaviours aligned to CBD's CODE Values.

SPOT Award is a program designed to enable Line Managers to nominate their employees for displaying good behaviour and process enhancements instantaneously.

Full-Time Employee Benefits

- | | |
|---------------------------|-------------------------------|
| ☑ End-of-Service Benefits | ☑ Paid Leave for Exams |
| ☑ Health Insurance | ☑ Paid Leave for Volunteering |
| ☑ Life Insurance | ☑ Flexible Hours |
| ☑ Financial Facilities | ☑ Working From Home |
| ☑ Enhanced Annual Leave | ☑ National Service |
| ☑ Maternity & Paternity | |



Flexible Hours

As part of our ongoing ambition to create a high performance organization, we launched flexible working hours across the Bank in 2020. In this context, we strongly believe that the quality of work and output delivered to our customers throughout the working day is more important than the number of hours spent in the office. Working days can therefore start from 7AM to 9AM and finish from 3.30PM to 5.30PM. This flexible approach remains unchanged after the working week changes announced by the Federal Government at the end of 2021.

Employees need to work 8.5 hours per day from the time they start work. We believe that flexibility in our working hours will allow employees to manage their work and personal lives in balance. Such flexibility can be provided only without inconvenience to customers and disruption to normal business, so all working arrangements must be agreed in advance with the relevant line manager and approved by the Department Head.

This arrangement does not apply to Branches, Contact Centre or any other roles where shift working is required and these patterns of work will remain unchanged.

Working from Home

During 2020, we introduced the remote working policy to ensure business continuity during emergency or crisis management situations like the Covid-19 pandemic. The policy is now used in conjunction with our flexible hours approach to enhance the level of flexibility offered to our employees. To avail of remote working arrangements employees will need to agree with their Line Managers and seek approval from Group Heads. This is applicable only if the job role of an employee allows them to have remote access whereby all technology and accesses required are available to perform their duties. Line Managers are expected to manage employee performance with clear measurable deliverables and communicate regularly with employees during the remote working period.

Wellbeing

We are committed to employee well-being and during 2021 CBD offered employee benefits that supported the mental, physical and financial health of our colleagues.

Physical Health

During 2020 we ran virtual training sessions with "Be Strong, Scientific Fitness" to provide employees and their family members with a series of exercise routines to focus on their physical wellbeing while working from home. A number of virtual education sessions were also run to educate employees on a range of topics associated with physical well-being. As we moved back into the office in 2021, the Bank ran the first ever "Deskercise" session for all teams across Head Office and cross-fit sessions to encourage team members to stay active.

Health & Wellbeing e-learning on LMS

We introduced a dedicated Health & Wellbeing catalogue in 2020 and have continued to enhance its content through 2021. This e-learning is accessible to all employees and provides them with short virtual courses on health tips.

COVID-19 Safety Measures

Sanitizers, face masks and social distancing became a natural part of the office routine during 2021, together with daily office sanitization and partition shields for cubicles. COVID cases were closely monitored by HR Business Partner's and reported to Head of Human Resources & Head of Operational Risk on a weekly basis.

Wellness Communications and Campaign

Dedicated weekly Coronavirus communications that started in 2020, continued to be sent to all employees during 2021 to provide them with relevant and updated information about Covid-19 as the pandemic continued to evolve. These included useful health and wellness tips to facilitate self-care.

Learning & Development

CBD is committed to supporting the continuous learning and development (L&D) of its employees to build organizational capability. Developing the overall competence of employees is an investment that drives both organizational and individual goals. The Bank is committed to facilitating learning and development interventions which enable all employees to drive performance and realize their potential. Ongoing learning and development of employees across the bank is essential for people to be successful.

The learning and development principles are defined in the following diagram:

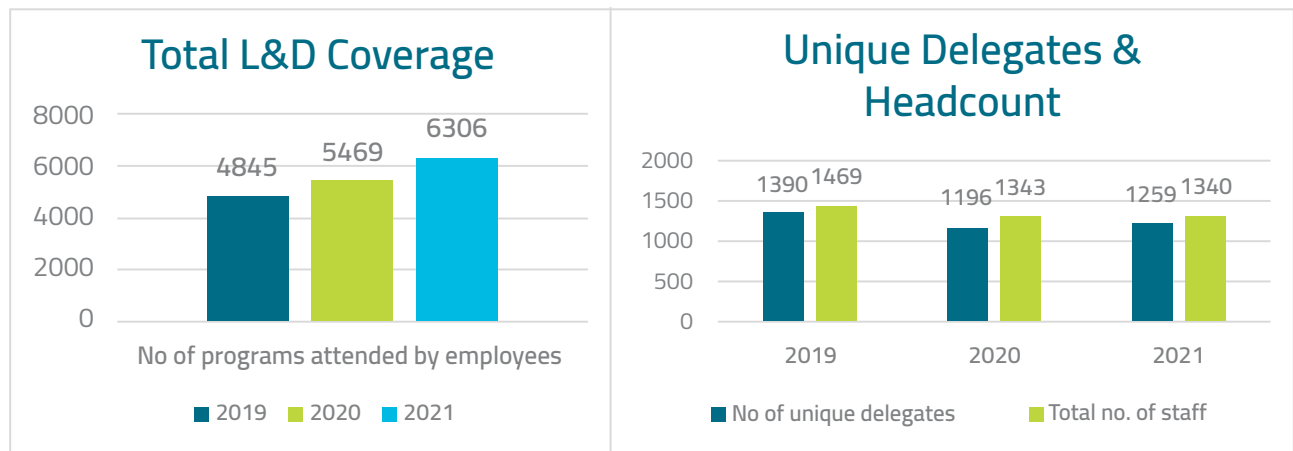


Learning Framework

The 70:20:10 learning principle is applied wherever possible. 70% of the learning is facilitated on the job through experiential learning, 20% through social learning and 10% through formal learning including e-learning. Social learning helps improve and reinforce formal and experiential learning.



L&D Coverage

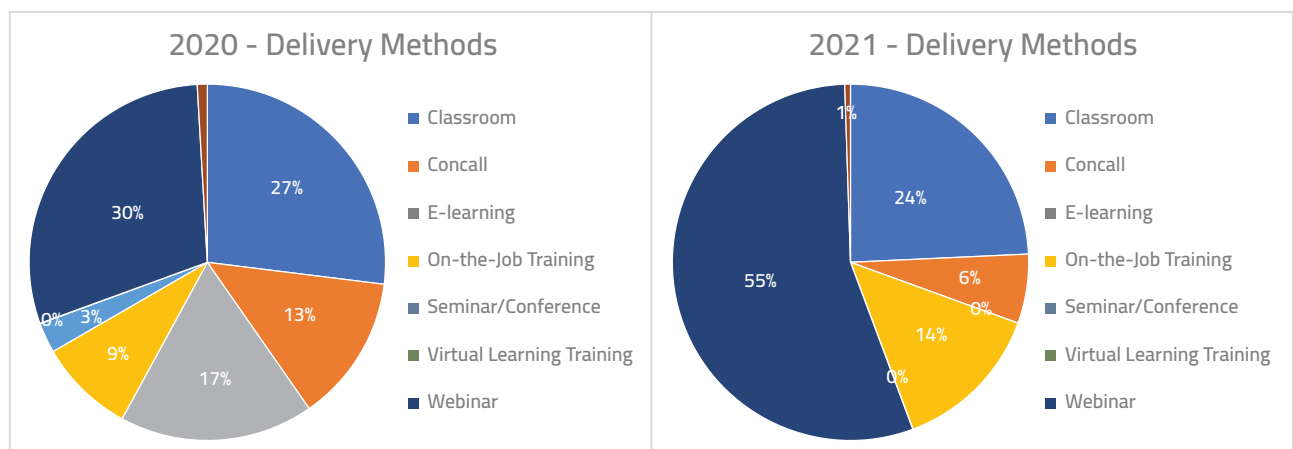


Across the Bank in 2021 there was a 15% increase in number of learning initiatives attended by employees. These include In-house classroom, virtual trainings, EIBFS training programs, open sesame (digital library) training programs and other online learning programs.

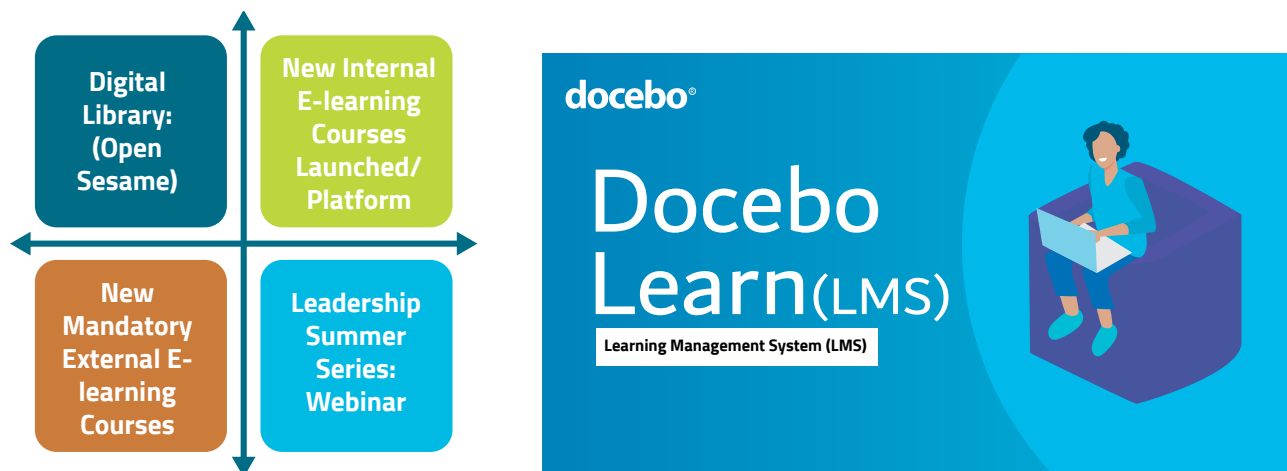
Taking into consideration the overall population of the Bank the unique delegates increased by 5% from 2020, with a total of 94% of Bank employees partaking in development activities at CBD.

At CBD 6,306 learning initiatives were undertaken during 2021. The trend has continued with a much greater delivery through Virtual Trainings (106% increase from 2020) and a 75% increase of eLearning programs. This shift now appears to be the way forward for the delivery of training. Even though we expect a return to classroom trainings in the coming years, specifically for soft skills programs, there is no doubt the landscape has now changed as we utilize digital delivery methods more and more.

We continued to leverage our digital platforms such as the Learning Management System (Docebo) and MS Teams to deliver more learning solutions to the Bank's employees.



Learning Management System (LMS: Docebo) Platform Update



CBD's Digital Library in partnership with Open Sesame saw a significant increase (233%) in usage compared to the previous year. We offered a number of interactive and informative eLearning modules across a range of categories such as Leadership, Communication, Decision Making, IT and Health & Wellbeing.

As part of our continued compliance to regulatory requirements, all our employees undertake **Mandatory eLearning Programs** in areas such as Anti-Money Laundering, Fraud, Business Continuity Management and Information Security Awareness. In 2021 we achieved a 97% completion on all the programs.

In partnership with the mobile based learning platform **Knowingo**, we launched our Consumer Protection Training on this innovative platform, significantly enhancing the user experience and retention of knowledge for our employees.

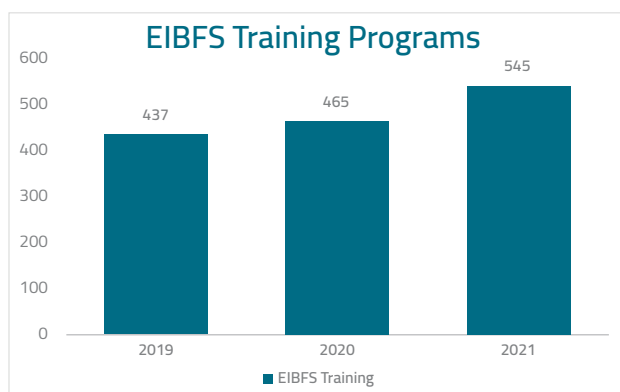
Certifications

To ensure employees at CBD remained up-to-date with industry standards, we certified a number of employees in the following specializations: PMP, International Compliance, CISI, CIPD, and ACAMs.



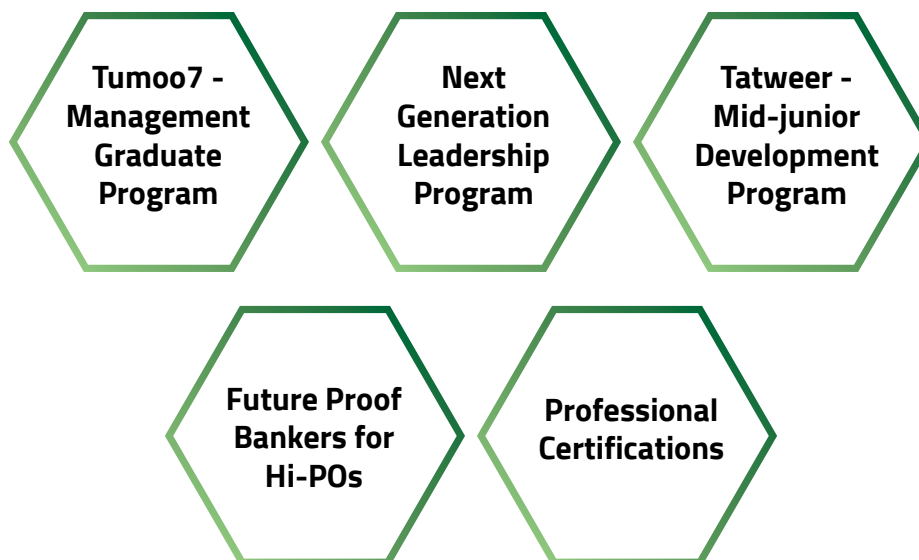
EIBFS

One of our key training providers is the Emirates Institute for Banking & Financial Studies ('EIBFS') and in 2021, our employees continued to access learning programs through EIBFS which was delivered via e-Learnings and virtual trainings to replace classroom trainings. Overall in 2021 we saw an increase of 17% usage of EIBFS programs.



Emiratization Focused Learning & Development Programs

Emiratization is a key focus and strategic objective for our Bank. To support this important objective, we run a number of programs for the development of UAEN talent within the Bank.



Tumoo7 Management Graduate Program:

This is a unique structured program for fresh UAE graduates. The program is designed to equip the graduates with skills that will prepare them for seamless integration into a corporate role after university. Each graduate is assigned to a specific department where they undergo On-The-Job learning while simultaneously attending formal training courses for technical and soft skills. All participants are assigned a Senior Manager in the Bank who serves as their mentor to help them define their career path. A final presentation on product and process enhancement is the Capstone project for this program. All participants are evaluated at the end of 12 months to assess their readiness to move into an Assistant Manager position.

Womens Development Program: Launched in February 2021 for 14 UAEN Women at middle management level and above, completed in June 2021. This culminated with a TEDx style panel presentation to the CEO and the awarding of an ILM Certification.

Accelerator Program: Launched in October 2021 to develop aspiring UAENs who would like to take up more senior roles in the Bank. The program provides structured development activity and coaching.

Further Graduate Development: The new batch of graduates for 2021 were enrolled into the Certified Banking Operations Certification delivered by EIBFS in collaboration with Banking Institute of Hong Kong. The certification provides a springboard to acquire relevant banking knowledge.

Tatweer (mid-junior development program): Designed to provide professional development opportunities for existing UAEN employees. This program covered 3 major topics: Communicating with Impact, Understanding and Accepting Change and Teamwork and Collaboration.

Future Proof Banker (mid-level development program): A customized program delivered in collaboration with EIBFS with the objectives of upskilling our existing UAEN employees. Topics included Emerging Technologies, Design Thinking Led Innovation and Social and Emotional Intelligence in a Disruptive Workplace. The program was supported by one-to-one coaching that focused on helping participants apply their learning in the workplace. The program's Capstone project culminated with a panel presentation identifying various innovative changes that can be implemented in the bank to keep pace with the digitally disruptive landscape. 12 employees bank-wide completed this program in 2021.



FINANCIAL INCLUSION: Technology & Innovation

CBD's Digital Transformation

CBD was one of the first banks to start digitizing its services as it launched UAE's first digital-only bank. This bold initiative is part of a strategy that has been in place for many years, with the aim of making digital technology the main driver of its business development. CBD maintains its image as a "default digital" bank, with a large part of its projects focused on digital solutions with practical and fast functionalities that align with the needs of connected customers.

The successful transformation of CBD is the result of visionary governance of the transformation agenda, which is based on several pillars such as:

- **The customer at the heart of the strategy:** The cornerstone of any organization is its customers; and at CBD, we put the customer first in addressing their requirements, ahead of anything and everything else. We strive to build healthy and long-term relationships with our clients by identifying their needs and at the same time providing the best possible service experience for them.
- **A shared vision of "the digital bank of now":** In order to achieve the desired objectives together, CBD is multiplying its efforts to unite all teams around a common goal. Digital transformation is seen as a collective commitment where results will benefit everyone.
- **Agility and experimentation:** In order to succeed in the digital transition, the Bank favours an agile and collaborative approach that embeds the different functions in the design of new solutions. We experiment to perfect products and then offer them in a relevant way to the customers.
- **Partnership with Fintechs:** In order to accelerate the innovation process, CBD quickly realized the benefits of partnering with fintechs as they offer agility and a more nimble approach while banks provide the scale, trust, regulation and customer base, making it a win-win solution for the customer.

In order to continue investing in the future, positioning ourselves as the "the digital bank of now", CBD initiated a series of transformational digital initiatives under the heading of "Direct from Customer" or "DFC". Under DFC, customer journeys were redesigned to provide

fully digitized products and services to "New" as well as "Existing" customers without any paperwork or human interface. All customers can now:

- Open current and savings accounts real-time instantly using just their Emirates ID
- Apply for personal loans and get money credited into their accounts instantly
- Apply for credit cards and get virtual cards instantly
- Perform various services instantly including cards activation, PIN change, cards blocking/ unblocking, supplementary cards application, and limit change

CBD has also launched the first of its kind CBD Digi account, an instant digital account with no requirements for minimum balance or salary transfer. The CBD Digital Account enables new-to-bank customers to open a CBD account instantly, in less than 3 minutes, at their convenience, anytime and from anywhere, and enjoy amazing rewards for their day-to-day banking.

Positioned as 'the UAE's Most Rewarding Digital Account', the CBD Digi Account offer customers a host of free banking services including free remittances with best in market exchange rates, free ATM withdrawals across the CBD ATM network, and a free cheque book, as well as an option to open up to 11 multi-currency accounts, including a Gold account. What's more, customers do not need to maintain any minimum balance or transfer their salaries to open the account.

CBD has also extended the digital onboarding experience to Credit Cards and Personal Loans. Through these services, customers can instantly get a virtual credit card and a personal loan disbursed to their accounts in minutes. All these products can be instantly and digitally availed using just a smartphone and an Emirates ID.

Since the launch of the "Digi Accounts" offering, CBD has witnessed an increase of new to bank customer sourcing by four times, 92% of which have come through digital channels. Remittance volumes have doubled and monthly spending across debit and credit cards have increased one and a half times. Overall Cost per Acquisition has reduced by 50% and the digital adoption rate is up to 81%.

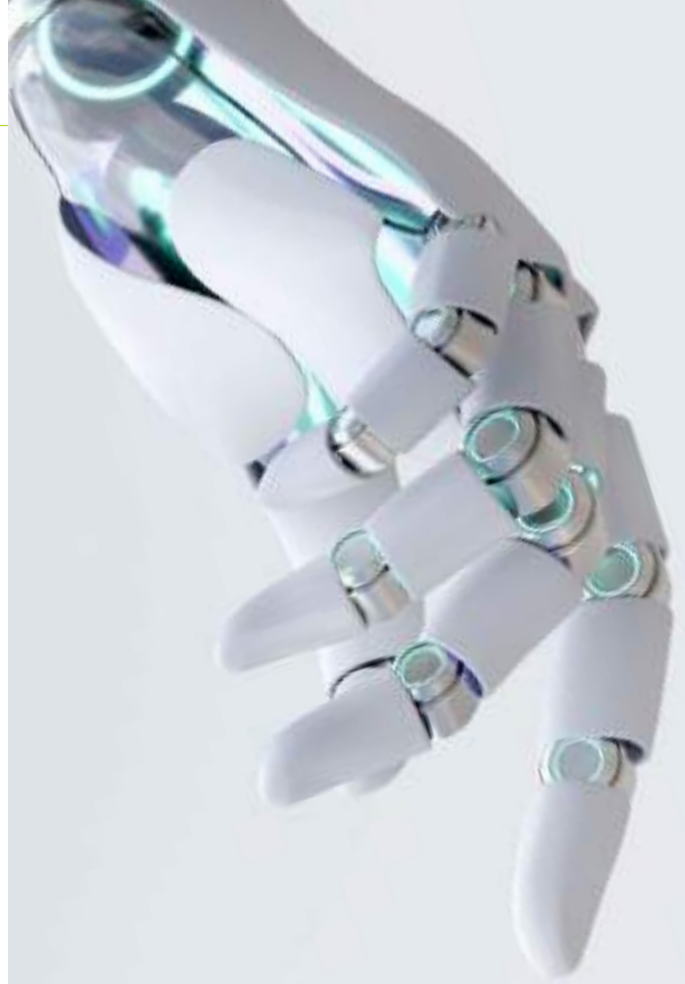
Commercial and Corporate Banking

Since its inception in 1969, CBD has differentiated itself from competitors by being a bank by and for the family-owned and managed businesses across all the Emirates in the UAE. Our team of highly qualified Relationship Managers offers a broad range of sophisticated financial solutions, backed by strong operations support and advanced technology, which enables us to understand and meet each client's specific financial requirements. CBD provides its customers with bespoke, digital and innovative financial solutions through an unparalleled banking experience whilst providing them with the necessary support and advisory tools to grow their business.

CBD's comprehensive range of innovative and highly sophisticated products and services, including payments, collections, and liquidity solutions, has helped organizations streamline their internal processes, mitigate risk and become more efficient. The solutions offered are based on the industry and clients' specific requirements which meet their working capital needs.

CBD has always been at the forefront of bringing banking innovations to the market. Over the past few years, CBD has expanded its payments and cash management range of solutions, which includes its market-leading online banking platform, iBusiness which is leveraged by over 10,000 clients to perform all their banking and sophisticated liquidity management and receivables management solutions.

To make banking even more convenient for our wholesale banking customers, the Bank has introduced the "iBusiness" Mobile Banking Application, which enables our clients to view and download account statements, view account summary and details, as well as allowing them to approve transactions instantly by scanning a QR Code. With a simple design and seamless banking experience, CBD's iBusiness Mobile App is secure, easy to use, and provides wholesale banking customers with the opportunity to bank on the go.





FINANCIAL INCLUSION: Product & Services Responsibility

In engaging with our customers, the Commercial Bank of Dubai is committed to actively collaborating with extreme ownership in delivering flawlessly exceptional service encounters at every touchpoint.

As a Bank, our obligations to our customers are elucidated in our Customer Charter and primarily covers 4 key assurances:



Customer First – We will put a premium on our customers by providing courteous and prompt services with the objective of creating sustainable relationships, meeting and enhancing our customers' financial goals.



Innovative – We will consistently innovate to create solutions for convenient banking across all channels.




Trust – We undertake to maintain the privacy and confidentiality of the personal and financial information of our clients. Our bank upholds transparency in regards to the terms, conditions, fees, and charges of the products and services offered.



Responsive – We assure our customers that all queries and requests will be handled in an efficient and timely manner. Our customer feedback and suggestions are extremely important to us and we are committed to listening to you.

Our customers are our highest priority and the Bank has created various touchpoints for them to reach us. These channels allow our customers to inquire about products and services offered, to submit requests, to provide feedback and suggestions and if required to raise complaints.



Our Information Channels	Our Feedback Channels
Website – www.cbd.ae	Mobile Banking
Branches – (https://www.cbd.ae/general/branch-atm-locator)	Branches – (https://www.cbd.ae/general/branch-atm-locator)
Contact Center Retail customers – +971 600 575 556 Entity customers – +971 4 2112848 Islamic customers – +971 600 527 223	Contact Center Retail customers – +971 600 575 556 Entity customers – +971 4 2112848 Islamic customers – +971 600 527 223
Our Transaction Channels	Online Banking
Mobile Banking	Email – customercare@cbd.ae
Online Banking	Relationship Managers (where applicable)
Branches – (https://www.cbd.ae/general/branch-atm-locator)	 /cbduae
Contact Center Retail customers – +971 600 575 556 Entity customers – +971 4 2112848 Islamic customers – +971 600 527 223	Chat with AYSHA , our virtual chatbot
	Central Bank – www.centralbank.ae

Voice of Customer Program

In CBD, our Voice of Customer Program is designed to effectively listen to our customers so that we can capture and address feedback received at every touchpoint and onboarding experience.

In 2021, we expanded the utilization and prominence of our Net Promoter Score ('NPS') survey. The NPS score is a measure of customer advocacy and provides CBD with an understanding of how our customers regard CBD and its services. We have also established a baseline score for our NPS scores for customers across Retail, SME and Wholesale banking and will track and measure improvements on this critical measure. A key component of this goal is how well we listen to our customers.

In addition to our NPS baseline, we have also identified specific customer journeys where we will measure our customers' satisfaction. Throughout 2022, we will focus on customer journeys such as wholesale credit applications and complaint handling to improve the turnaround times on the processes that our customers tell us are the most important to them.



GOVERNANCE: Business Continuity

Business Continuity

Business disruption can happen at any moment and has the potential to significantly impact the ability of the Bank to serve its customers. The CBD Business Continuity Framework aims to ensure that the Bank is well prepared and has a robust recovery plan in place to deal with such difficult situations, ensuring that the organization can continue to function with as little disruption as possible.

The framework includes:

- identification of mission critical tasks;
- testing disaster recovery processes, with clear demarcation of roles and responsibilities, and
- ensuring clear internal and external communication at the right time.

Managing COVID to Protect Society

In 2021, the world continued to be afflicted with the Coronavirus disease (COVID-19), which has been among the biggest threats to society, public health systems, and the world economy in the modern era.

However, CBD maintained its success in managing the threat to the Bank's operating effectiveness and the health of its staff which continues to be in compliance with the guidance from the UAE government health authorities.

In Q1 2021, the Bank successfully hosted a vaccination clinic for its staff, their families, household members, all our support staff, and even other local businesses to support the vaccination drive, and to fully align to the Government's strategy to combat the Coronavirus disease. By the end of 2021, 89% of staff were fully vaccinated against COVID-19.

The Bank has tirelessly driven its digital transformation programme to effectively and securely allow its customers to utilize and benefit from the Bank's services remotely, and protect them from unnecessary exposure. The feedback received from our customers, staff and other stakeholders has been very positive on how the Bank has managed this crisis and how it has kept everyone safe.

Moreover, the Bank has continued to send awareness messages to its customers about cyber threats, to help society protect itself from fraud. This initiative is doubly important as many fraudsters proliferate during vulnerable times.

During the COVID-19 crisis, criminals took the opportunity to change their attack vectors as society relied more and more on remote services. The Bank proactively sent awareness emails and SMSs, as well as posted messages on its social media to warn the public about the emerging threats. The Bank actively supports initiatives to raise society's awareness to protect themselves and their funds, especially during challenging times.





GOVERNANCE: Privacy & Security

In this digital era of internet connectivity and enhanced online processing capabilities, CBD is at the forefront of making sure our customers are provided with the best protocols in safeguarding their interests against cyber threats.

CBD recognizes that digital transformation is essential in streamlining banking processes and accelerating our customers' growth. This is why along with the innovative products and services CBD offers, we also reinforced our commitment to protecting our customers' information online.

Our Approach

CBD requires personal, business, and financial information to serve our customers and provide them with the best banking experience possible, and we are holding this data to the highest international standards to ensure safety among our customers. This effectively maintained trust and confidence from stakeholders ever since CBD took the first step in digitizing its processes in the UAE.

The information we store is protected by advanced technology and multilayered privacy safeguards appropriate to the sensitivity of the data. Some key features include:

- A framework of policies and protocols conforming to international data protection standards, both online and offline to ensure maximum security
- Rigorous encryption and verification standards to ascertain the identity of an individual
- Training and awareness-building among staff and employees
- Regular risk assessments and compliance counterchecks to keep the integrity of the security measures

Moreover, CBD enlists community support in keeping everyone safe from cyber threats. The Bank sends regular notices through email, SMS, and social media posts to keep the banking community, as well as our customers, up to date with the most recent threats floating around.

Such a holistic approach to data privacy and security positions CBD as both a leader and an active player in our collective fight against internet threats and fraudulent practices.





ENVIRONMENT:

Our Environmental Responsibility

Water Consumption

Over the past few years, CBD's consumption and expenditure on plastic water bottles has reduced by 28%. However, we are cognizant that more needs to be done in this space. It is estimated that the average UAE resident consumes 450 plastic water bottles per year. Our initial project for 2022 is focused on further reducing our usage of plastic bottle. We will lend our support to the "Dubai Can" sustainability initiative, under the patronage of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum. CBD will be encouraging its staff to reduce using single-use plastic bottles by providing all staff with free reusable water bottles. CBD is also exploring options to install water stations across its Head Office and branch locations.

These initiatives aim to drive awareness about sustainability and encourage staff to build a sustainable future while contributing to conserving the environment.

Paper Consumption

As part of its continued efforts to reduce paper consumption, CBD has implemented a new Managed Print Service initiative and has managed to reduce the expenditure on paper by 47%. This has been done primarily by encouraging a move to e-statements and digital communication thereby minimizing paper consumption. Through the Managed Print Service initiative, the Bank has allocated dedicated printing areas where employees get access to the printing facilities using their CBD access card.

This initiative has helped the Bank in saving money as well as reducing the environmental impact by using more energy-efficient devices, thereby reducing paper waste and shrinking the carbon footprint associated with printing.

CBD has also installed recycling bins across its Head Office and branches and has partnered with an environmental agency to collect the recycled items regularly, thereby helping in saving the environment and encouraging efficient recycling habits amongst staff.

Electricity Consumption

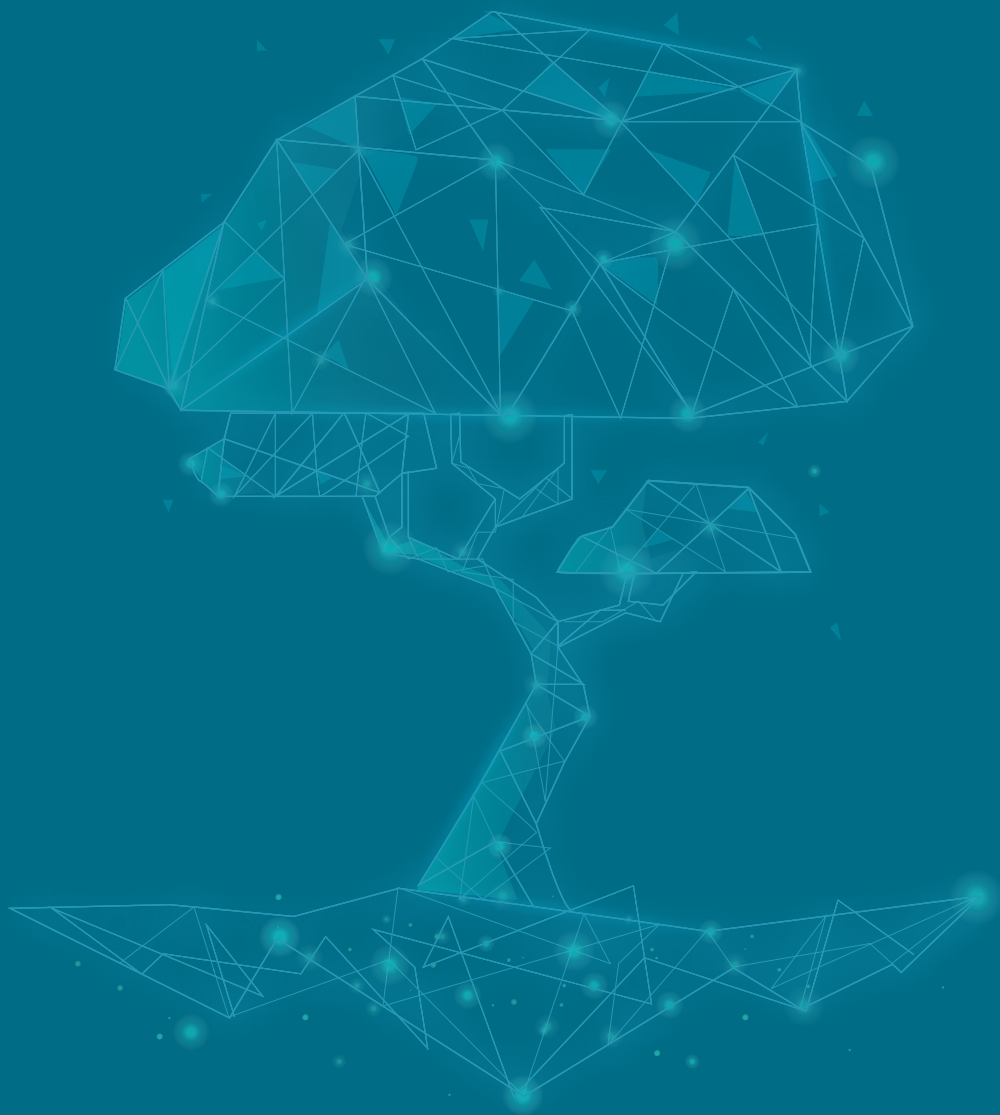
Over the past few years, the Bank has been focusing on reducing its electricity consumption with measures such as switching to LED lights and implementing auto sensors which turn off lights automatically after working hours. During 2021, the bank also changed several of its Branch signages to LED and has initiated a plan for all the remaining branches to be converted to LED in 2022.

As highlighted in our ESG Framework the environmental pillar is a key area for exploration and development throughout 2022.

Some of the specific areas of exploration and focus during 2022 include the following:

- Green product exploration to cater to the needs of an increasingly environmentally-conscious customer base
- Procurement framework evolution to promote green vendors
- "Reduce, Reuse, Recycle" drive across our head office and branch network
- ISO Certification to help measure CBD against international best practices, benchmarks and standards





بسم الله الرحمن الرحيم

التقرير السنوي للجنة الرقابة الشرعية الداخلية لبنك دبي التجاري - الإسلامي

الحمد لله رب العالمين، والصلاة والسلام على أشرف الأنبياء والمرسلين سيدنا محمد وعلى آله وصحبه أجمعين.

صدر في: 2022/02/28

إلى السادة المساهمين في بنك دبي التجاري ("المؤسسة")

السلام عليكم ورحمة الله تعالى وبركاته، وبعد:

إن لجنة الرقابة الشرعية الداخلية للمؤسسة ("اللجنة") ووفقا للمتطلبات المنصوص عليها في القوانين والأنظمة والمعايير ذات العلاقة ("المتطلبات الرقابية")، تقدم تقريرها المتعلق بأعمال وأنشطة المؤسسة المتوافقة مع الشريعة الإسلامية للسنة المالية المنتهية في 31 ديسمبر من عام (2021) ("السنة المالية").

1. مسؤولية اللجنة

إن مسؤولية اللجنة وفقا للمتطلبات الرقابية ولائحتها التنظيمية تتحدد في الرقابة الشرعية على جميع أعمال، وأنشطة، ومنتجات، وخدمات، وعقود، ومستندات، وموثائق عمل المؤسسة، والسياسات، والمعايير المحاسبية، والعمليات والأنشطة بشكل عام، وعقد التأسيس، والنظام الأساسي، والقوائم المالية للمؤسسة، وتوزيع الأرباح وتحمل الخسائر والنفقات والمصروفات بين المساهمين وأصحاب حسابات الاستثمار ("أعمال المؤسسة") وإصدار قرارات شرعية بخصوصها، ووضع الضوابط الشرعية اللازمة لأعمال المؤسسة والتزامها بالشريعة الإسلامية في إطار القواعد والمبادئ والمعايير التي تضعها الهيئة العليا الشرعية ("الهيئة")، لضمان توافقها مع أحكام الشريعة الإسلامية.

وتتحمل الإدارة العليا مسؤولية التزام المؤسسة بالشريعة الإسلامية وفقا لقرارات، فتاوى، وآراء الهيئة، وقرارات اللجنة في إطار القواعد والمبادئ والمعايير التي تضعها الهيئة ("الالتزام بالشريعة الإسلامية") في جميع أعمالها والتأكد من ذلك، ويتحمل مجلس الإدارة المسؤولية النهائية في هذا الشأن.

2. المعايير الشرعية

اعتمدت اللجنة على المعايير الشرعية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية ("أيوبي") معايير للحد الأدنى للمتطلبات الشرعية والتزمت بها في كل ما تفتي به أو تعتمده أو توافق عليه أو توصي به فيما يتعلق بأعمال المؤسسة خلال السنة المالية المنتهية دون استثناء وفقا لقرار الهيئة رقم 2018/3/18.

3. الأعمال التي قامت بها اللجنة خلال السنة المالية

لقد قامت اللجنة بالرقابة الشرعية على أعمال المؤسسة، من خلال مراجعة أعمال المؤسسة ومراقبتها من خلال قسم الرقابة الشرعية الداخلية والتدقيق الشرعي، وفقا لصلاحيات اللجنة ومسؤولياتها والمتطلبات الرقابية في هذا الشأن. ومن الأعمال التي قامت بها اللجنة ما يلي:

- أ. عقد أربعة اجتماعات (4) خلال السنة المالية،
- ب. إصدار الفتاوى والقرارات وإبداء الآراء فيما يتعلق بأعمال المؤسسة التي عرضت على اللجنة.
- ج. مراجعة السياسات، واللوائح الإجرائية، والمعايير المحاسبية، وهياكل المنتجات، والعقود، والمستندات، وموثائق العمل، والوثائق الأخرى المقدمة من قبل المؤسسة للجنة للاعتماد/الموافقة.
- د. التأكد من مدى توافق توزيع الأرباح وتحميل النفقات والمصروفات بين أصحاب حسابات الاستثمار والمساهمين مع الضوابط الشرعية المعتمدة من قبل اللجنة.
- هـ. الرقابة من خلال قسم الرقابة الشرعية الداخلية، والتدقيق الشرعي، على أعمال المؤسسة بما في ذلك المعاملات المنفذة والإجراءات المتبعة، وذلك على أساس اختيار عينات من العمليات المنفذة، ومراجعة التقارير المقدمة في هذا الخصوص.
- و. تقديم توجيهات إلى الجهات المعنية في المؤسسة بتصحيح ما يمكن تصحيحه من الملاحظات التي وردت في التقارير المقدمة من قبل قسم الرقابة الشرعية الداخلية، والتدقيق الشرعي، وإصدار قرارات بتجنيب عوائد المعاملات التي وقعت مخالفات في تطبيقها لصرفها في وجوه الخير بحسب توجيهات اللجنة.
- ز. اعتماد التدابير التصحيحية/الوقائية فيما يتعلق بالأخطاء التي تم الكشف عنها لمنع حدوثها مرة أخرى.
- ح. مسؤولية إخراج الزكاة تقع على عاتق المساهمين، وإدارة البنك غير مخولة بإخراج الزكاة نيابة عنهم، وسيعلم المساهمون بالنسبة الواجبة إخراجها (إن وجدت) في رسالة مستقلة.
- ط. التواصل مع مجلس الإدارة واللجان التابعة له والإدارة العليا للمؤسسة، حسب الحاجة، بخصوص التزام المؤسسة بالشريعة الإسلامية.

وقد سعت اللجنة للحصول على جميع المعلومات والتفسيرات التي اعتبرتها ضرورية للتأكد من التزام المؤسسة بالشريعة الإسلامية.

4. استقلالية اللجنة

تؤكد اللجنة بأنها أدت مسؤولياتها وقامت بجميع أعمالها باستقلالية تامة، وقد حصلت على التسهيلات اللازمة من المؤسسة وإدارتها العليا ومجلس إدارتها للاطلاع على جميع الوثائق والبيانات، ومناقشة التعديلات والمتطلبات الشرعية.

5. رأي اللجنة بخصوص التزام المؤسسة بالشريعة الإسلامية

بناءً على ما حصلنا عليه من معلومات وإيضاحات من أجل التأكد من التزام المؤسسة بالشريعة الإسلامية، فقد توصلت اللجنة إلى درجة مقبولة من الاطمئنان بأن أعمال المؤسسة خلال السنة المالية متوافقة مع الشريعة الإسلامية إلا ما لوحظ من مخالفات تم رفع تقارير بشأنها، وقد وجهت اللجنة باتخاذ الإجراءات المناسبة بهذا الخصوص.

ورأي اللجنة، المذكور أعلاه، مبني على المعلومات التي اطلعت عليها خلال السنة المالية حصراً.

نسأل الله العليّ القدير أن يحقق للجميع الرشاد والسداد

والسلام عليكم ورحمة الله وبركاته



توقيع أعضاء لجنة الرقابة الشرعية الداخلية للمؤسسة

فضيلة الشيخ الأستاذ الدكتور/ محمد عبد الرحيم سلطان
العلماء
رئيس اللجنة والعضو التنفيذي

فضيلة الشيخ الدكتور/ أحمد عبد العزيز الحداد
عضو اللجنة

فضيلة الشيخ / موسى طارق خوري
عضو اللجنة