

# ANNUAL REPORT OF THE INTERNAL SHARI'A SUPERVISORY COMMITTEE OF ABU DHABI ISLAMIC BANK GROUP

In the name of Allah, the most Beneficent, the most Merciful

All Praises are due to Allah, Lord of all the worlds and may peace and blessings be upon our Messenger Mohammed, his Family and his Companions.

Issued on: 15/02/22

## To Shareholders of Abu Dhabi Islamic Bank (the "Institution")

May the peace, mercy and blessings of Allah be upon you,

Pursuant to the requirements stipulated in the relevant laws, regulations and standards ("Regulatory Requirements"), the Internal Shari'a Supervisory Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report for the financial year ending on 31 December 2021 ("Financial Year").

### 1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to undertake Shari'a supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("Institution's Activities") and issue Shari'a resolutions in this regard. The ISSC's other responsibility is to determine Shari'a parameters necessary for the Institution's Activities, and the Institution compliance with Islamic Shari'a within the framework of the rules, principles, and standards set by the Higher Shari'a Authority ("HSA") to ascertain compliance of the Institution with Islamic Shari'a.

The senior management is responsible for assuring compliance of the Institution with Islamic Shari'a in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'a") regarding the Institution's Activities, and the Board of Directors ("Board") bears the ultimate responsibility in this regard.

### 2. Shari'a Standards

In accordance with the HSA's resolution (No. 18/3/2018), the ISSC has abided by the Shari'a standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'a requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception within the Financial Year.

### 3. Works Undertaken by the ISSC during the Financial Year

The ISSC undertook Shari'a supervision of the Institution's Activities, on Group level (except ADIB Egypt and Saudi Finance Company, as each one of them has its own Shari'a board and internal Shari'a supervisory department), through Internal Shari'a Control Group and Internal Shari'a Audit Group, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. Works of the ISSC included the following:

- a. Convening 6 meetings during the year and (2) meetings for its Executive Committee.
- b. Providing fatwas, opinions and resolutions on matters presented to the ISSC (or its Executive Committee or its Executive Member) in relation to the Institution's Activities.
- c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.
- d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders and between holders of investment accounts themselves with parameters set by the ISSC.
- e. Supervision through Internal Shari'a Control Group and Internal Shari'a Audit Group of the Institution's Activities including executed transactions, adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- f. Providing directives to relevant parties of the Institution to rectify (where possible) findings cited in the Shari'a audit reports submitted by Internal Shari'a Audit Group, and issuing resolutions to set aside revenue derived from transactions in which non-compliance were identified to be disposed towards charitable purposes.
- g. Approving remedial rectification and preventive measures related to identified errors to prevent their reoccurrence in the future.
- h. Specifying the amount of Zakat due on each of the Institution's share, the amount of Zakat due on ADIB Tier 1 Sukuk holders.
- i. Liaising, as required, with the Board of Directors, its committees and the senior management of the Institution in relation to the Institution's Compliance with Islamic Shari'a.

- j. Monitoring the execution of the Approved Internal Shari'a Audit Plan for the Financial Year and approving the Internal Shari'a Audit Plan for the financial year ending on 31/12/2022.
- k. Issuing the Shari'a Reports required for the external branches of the Institution, duly signed by the Deputy Chairman of the ISSC.
- l. Approving the segregation of the Internal Shari'a Audit Group from Internal Shari'a Control Group in compliance with the requirements of the Shari'a Governance Standard for Islamic Financial Institutions in addition to approving the Head of each group.
- m. Insisting on the necessity of compliance with what is stated in the Report issued by the CBUAE Examiners on 08/11/2021 which has been presented to us.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shari'a.

#### 4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution and the ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'a requirements.

#### 5. The ISSC's Opinion on the Shari'a Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'a, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities in the Financial Year are in compliance with Islamic Shari'a, and the incidents of non-compliance observed were highlighted in the relevant reports, and the ISSC issued the corrective or preventative actions to take appropriate measures in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the Financial Year.

We ask Allah, the Most High and Capable, that He guides the Bank and those responsible for it with that which is right and that which is good.

May the peace, mercy and blessings of Allah be upon you,

#### Signatures of the members of ADIB's Internal Shari'a Supervisory Committee



**Dr. Jasem Ali Salem Al Shamsi**  
Vice Chairman of the Committee, Vice Chairman of its Executive Committee and the 2nd member of its Executive Committee



On behalf of  
**Esam Mohammed Ishaq**  
Member of the Committee



**Dr. Mohammed Abdurahim Sultan Al Ulama**  
Chairman of the Committee,  
Chairman of its Executive Committee and the Executive Member of the Committee



**Dr. Ashraf Mohammed Hashim**  
Member of the Committee and its Executive Committee