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Zand

CORPORATE GOVERNANCE REPORT 2024

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About Zand Bank P.J.S.C (Zand)

Zand, the AI-powered bank for the digital economy and first fully licensed all-digital bank in the United Arab Emirates was founded to support the digital economy and bridge the gap between Traditional Finance (TradFi) and Decentralized Finance (DeFi).

Zand Mission

Zand's mission is to revolutionize the world of finance by leveraging Innovation, AI, and Blockchain Technology. We provide client-centric solutions that bridge the gap between Traditional Finance (TradFi) and Decentralized Finance (DeFi), empowering our corporate, institutional, fintech, and wealth clients in the UAE and globally to thrive in the evolving digital economy.

To build the treasure of the future for our clients

To be most pioneering AI-powered digital bank

To embrace the digital assets ecosystem

To integrate TradFi and DeFi

To provide secure, efficient and Experiences

To be the most sustainable bank

Message from the Chairman

On behalf of the Board of Directors, I am pleased to present the Corporate Governance Report for Zand Bank PJSC for the financial year ending 2024. Zand Bank P.J.S.C will hereinafter be referred to as "Zand". This report outlines our commitment to upholding the highest standards of corporate governance, transparency, and accountability, ensuring the long-term success of our bank and the protection of shareholder interests.

At Zand, we recognize that strong corporate governance is the foundation of sustainable growth and financial stability. Our governance framework is designed to align with the regulatory requirements set by the UAE Central Bank, the Securities and Commodities Authority (SCA), and other relevant authorities, while also adopting global best practices. Throughout 2024, we have continued to strengthen our governance structure, enhance risk management frameworks, and promote ethical leadership across all levels of the organization.

During 2024, the Board remained actively engaged in overseeing the bank's strategic direction, risk appetite, and operational performance. Our committees, including the Audit, Risk and Compliance, Nomination, and Remuneration Committees, played a crucial role in ensuring sound decision-making and effective internal controls. We also continued to prioritize digital transformation and innovation to enhance customer experience, operational efficiency, and resilience in an evolving financial landscape.

Our commitment to Environmental, Social, and Governance (ESG) principles remains steadfast. We are making significant progress in integrating sustainability into our business strategy, reinforcing our corporate social responsibility initiatives, and supporting the UAE's national vision for a more sustainable and inclusive economy.

I would like to take this opportunity to express my gratitude to our shareholders, regulators, customers, and employees for their trust and continued support. The Board remains dedicated to maintaining the highest levels of integrity and governance, ensuring that Zand remains a trusted financial institution in the UAE and beyond. We look forward to another year of progress, guided by our core values and unwavering commitment to excellence.

Mohamed Ali Rashed Alabbar

Chairman of the Board,
Zand Bank P.J.S.C.

Zand Board of Directors

As Chairman of the Board of Directors at Zand, **Mr. Mohamed Alabbar** stands at the forefront of banking innovation. His esteemed leadership and visionary approach are pivotal in establishing Zand as a leading digital bank, dedicated to delivering exceptional and secure online banking experiences. With a rich background in transformative real estate and e-commerce, including the stewardship of Emaar Properties PJSC and the development of noon.com, Mr. Alabbar brings unparalleled expertise in driving growth and excellence. His strategic foresight is instrumental in reinforcing Zand's position as a trusted, customer-centric financial institution for the digital age, poised to meet the evolving needs of investors and customers. He currently holds the following positions:

- Founder and Managing Director of Emaar properties PJSC Founder and Chairman of Eagle Hills properties LLC, a private investment and real estate development company based in Abu Dhabi.
- Founder of Noon.com, a leading e-commerce platform in the Middle East aiming to revolutionize the region's online retail landscape.
- Chairman of Americana Group, a prominent food company in the Middle East.
- Serving on boards or various organizations, including the Noor Investment Group and the American University of Sharjah.

Mr. Mohamed Almazrouei the Vice Chairman at Zand Bank P.J.S.C, is a visionary business leader shaping the future of financial services, technology, and real estate in the region. He wields over 15 years of expertise across a spectrum of industries to include technology, real estate and financial services, enhancing the bank's operations with his strategic investment acumen and robust financial insight. Renowned for steering high-yield initiatives, his oversight in business growth and investment management fortifies Zand's position as a premier digital financial institution. His prestigious academic portfolio includes multiple master's degrees from the University of Wollongong in Dubai and George Washington University, and executive education from the University of Oxford.

In financial services, Mohammed brings a strong foundation and deep understanding of global markets. He has successfully led complex investment initiatives and built high-performing business ecosystems, including frameworks for digital custodianship, tokenized assets, and stablecoin-backed solutions. His leadership at Zand Bank helped shape its positioning as a next-generation digital financial institution, reflecting his expertise in fintech innovation and regulatory foresight.

As a respected thought leader, Mr. Almazrouei's guidance is pivotal to Zand's innovative edge in the digital banking sector. Mohammed is an expert in financial services with a deep understanding of global markets. He has led investment initiatives and developed business ecosystems for digital custodianship, tokenized assets, and stablecoins. His leadership at Zand Bank positioned it as a next-gen digital financial institution, showcasing his fintech innovation and regulatory insight.

He currently holds the following positions:

- Vice Chairman of Index Exchange LLC.
- Board Member at The Developers Holdings LLC.
- Board Member at Transgaurd Group.
- CEO of Medad Technology LLC.
- COO of Medad Holding LLC.
- COO of Al Hail Holding LLC.
- He has been involved in various technological innovations, particularly in the field of inhalation devices.
- Served in a regulatory capacity at Al Masah Capital Management Limited from April 2015 to July 2020

Mr. Hamad Aldarwish is a distinguished figure in the GCC's business landscape, originating from a prominent business family. As the visionary Founder & CEO of Al Hail Holding LLC, he has cultivated a diverse investment portfolio spanning numerous sectors. His leadership extends to chairing multiple enterprises and owning substantial real estate across the GCC. A graduate with a Bachelor of Commerce, majoring in Accounting and Information Systems from the United Arab Emirates University, Mr. Aldarwish has been instrumental in propelling Zand's digital initiatives, leveraging his extensive expertise to reinforce the bank's position at the forefront of financial innovation. He currently holds the following positions:

- Chairman of Index Exchange LLC.
- Chairman of Sama Finance SAE.
- Chairman of Samaa Finance PSC.
- Chairman of Global Development Group-Sole Proprietorship LLC.
- Co-Founder & CEO of Medad Holding LLC.
- Co-Founder & CEO of Al Hail Holding LLC.
- Board Member & Director of Transguard Group LLC.
- Board Member & Director of CBRE Middle East.

Mr. Adnan Kazim, the Deputy President & Chief Commercial Officer of Emirates the global aviation airline carrier, where he leads Emirates commercial operations across the airline's passenger and cargo network. Mr. Kazim brings strategic commercial acumen and a wealth of experience in digital innovation to the table. His expertise in e-commerce and customer engagement strategies plays a pivotal role in advancing Zand's digital initiatives. Mr. Kazim's proficiency in strategic planning and revenue optimization, honed through his leadership at Emirates, directly contributes to Zand's success and growth in the competitive digital banking landscape. His commitment to excellence is a driving force behind Zand's mission to offer seamless and cutting-edge online banking solutions. He currently holds the following positions:

- Deputy President & Chief Commercial Officer at Emirates.
- Chairman of Emaar Development PJSC.
- Vice Co-Chairman of US-UAE Business Council.
- Director of Transguard Group LLC.
- Director at The Emirates Airline Foundation.

Ms. Raja Almazrouei, with her vast experience in the FinTech sector, plays a crucial role in shaping Zand's digital landscape. Her pivotal work in transforming Dubai into a top FinTech hub through her leadership at FinTech Hive is directly transposed to enhance Zand's digital offerings. A globally recognized figure in financial innovation, Ms. Almazrouei applies her strategic foresight to ensure Zand's services are not only cutting-edge but also redefine the digital banking experience in the Middle East, establishing Zand as a benchmark for innovation and customer engagement in the industry.

More recently, Raja was recognized as one of the "100 Most Powerful Businesswomen" (2025) by Forbes Middle East for her remarkable leadership and exceptional contributions to the business world. She also received the "Woman of the Year (Leadership) Gold Award" at "Citywealth Powerwomen Awards International" (2025). This prestigious accolade emphasizes her remarkable achievements and influential role in reinforcing women's participation in the financing and trade sectors. Adding to her list of achievements, Raja was recognized among LinkedIn's top creators in the Insurance & Insurtech category in the UAE by Favikon (2024). She was ranked 52nd among Top 200 Creators nationwide, indicating her visionary leadership and impactful contributions to the industry.

Educated with an MBA in Global Leadership and Management from the United Arab Emirates University (UAEU), Raja stands as one of the pioneering Emirati women who embraced technology early in her career. Her quest for knowledge has taken her to renowned institutions such as Harvard Business School, London Business School, University of California at Berkeley, Singularity University, and Hawkamah Institute for Corporate Governance.

She currently holds the following positions:

- Chief Executive Officer at Etihad Credit Insurance PJSC.
- Independent Director at National Cement Company PJSC.
- Independent Non-Executive Director at Al Ansari Financial Services PJSC.
- Member of Board of Trustees at Mohammed Bin Rashid School of Government.
- Board Member at Al Masraf Bank of Investment & Foreign Trade.
- Board Member at Middle East Venture Partners.
- Board Member at Ittihad International Investment LLC.
- Chairwoman at Harvard Business School Middle East and North Africa Advisory Board (MENAAB).

Mr. Talha Al Hashimi plays a pivotal role in enhancing digital banking innovation and customer-centric solutions at Zand. He brings a wealth of leadership experience and strategic insight across investment, real estate, and hospitality sectors. As CEO of HWH Investments and Managing Director of BluRock Group, he has successfully led the growth of diversified portfolios and launched award-winning hospitality ventures in collaboration with global partners. His ability to drive operational efficiency, scale businesses, and build high-impact partnerships has consistently delivered strong financial performance, including doubling revenue forecasts is pivotal in enhancing Zand digital banking solutions, setting new benchmarks in customer-centric financial services. Mr. Al Hashimi's adeptness at fostering significant partnerships and steering award-winning brands is instrumental in positioning Zand as a unique and leading digital banking institution in the region, revolutionizing the financial landscape with his commitment to excellence and innovation. Mr. Al Hashimi holds an Executive MBA from the University of Chicago, Booth School of Business and a Bachelor's degree in Finance from the University of Denver. He currently holds the following positions:

- Chief Executive Officer & Co-Founder at HWH hospitality Investments.
- He has been involved in the development of Dubai's first Four Seasons Hotel and has played a major role in introducing successful restaurants such as Nusret and Coya.

Mr. Yusuffali Abdul Kader, as the head of the prominent LuLu Group, brings to Zand his vast experience in driving growth and innovation within a diverse, global enterprise. His strategic approach to expansion, customer engagement, and operational excellence has been key to establishing LuLu Group's renowned retail empire. This expertise is particularly valuable to Zand as it forges a path as a pioneering digital bank in the region. Mr. Abdul Kader's understanding of market dynamics and consumer behaviour, combined with his leadership in the Abu Dhabi Chamber of Commerce & Industry, positions him to significantly contribute to Zand's mission of delivering unique and advanced digital banking solutions that are tailored to the needs of the market. He currently holds the following positions:

- Chairman of LuLu Group International.
- Board Member of various organizations.
- Prominent Investor and Director by making significant investments in Banking, Retail, Hospitality, Real Estate, and Food Processing sectors across the Middle East, India and other countries.

Mr. Gregory Johnson, with his strategic foresight as Executive Chairman of Franklin Resources, Inc., brings invaluable leadership to Zand. His role in building Franklin Templeton into a globally acclaimed asset management firm is a testament to his expertise in steering financial organizations towards excellence. With his academic background in accounting and business administration, coupled with his CPA credentials, Mr. Johnson's financial acumen is a cornerstone of Zand's strategy to develop distinctive digital banking solutions. His experience with prestigious financial and sports institutions informs his approach to ensuring Zand digital offerings are unparalleled in the region, setting the bank apart as an innovator in the digital financial services sector. He currently holds the following positions:

- Executive Chaiman and Chairman of the Board, Franklin Resources, Inc.
- Chairman of the Board of Directors and Control Person of the San Francisco Giants.

Mr. Sushil Agarwal, with his profound tenure as Group CFO and Director of the Aditya Birla Group, infuses Zand with his extensive financial and strategic acumen. His pivotal contributions to large-scale mergers and acquisitions have honed his ability to navigate complex financial landscapes and foster innovation. With a history of leading transformative initiatives, Mr. Agarwal's expertise is invaluable in guiding Zand's digital strategies, ensuring its position as a trailblazing digital banking leader in the Middle East. His vision is instrumental in crafting Zand's unique digital offerings that set new industry standards and drive financial technology forward in the region. Mr. Agarwal, known for his corporate governance and financial expertise, he has guided strategic initiatives like M&A. Recently, he was honored with the lifetime achievement award at the Financial Express CFO Awards 2024. In 2018, he was awarded as “India’s Greatest CFO” at the Asia One India’s Greatest Brands and Leaders Awards and as the “Business Leader Corporate CFO” at the 11th ICAI Awards. He has also been recognised as one of the ‘Top 10 Global CFO’s – 2023’ by CEO Insights Magazine. He was honoured with the ‘Exceptional Contributor Award’ in 2000 and ‘Outstanding Leadership Award’ in 2014 by the Chairman of Aditya Birla Group. Mr. Agarwal is a qualified Chartered Accountant and holds a Master's Degree in Commerce. He currently holds several prominent positions with the Aditya Birla Group, a leading multinational conglomerate:

- Group Chief Financial Officer at Aditya Birla Group.
- Director of Grasim Industries Ltd.
- Director at Hindalco Industries Limited.
- Director at Vodafone Idea Limited.
- Director at Aditya Birla Capital Limited.

A Message from Zand's Chief Executive Officer

Dear Shareholders and Stakeholders,

At Zand, we are not just building a digital bank-we are crafting a future where innovation, trust, and an unwavering commitment to our customers come together to create lasting value and redefine what banking can achieve. Our journey in 2024 has been one of bold ambition, transformative execution, and a relentless focus on delivering excellence for all our stakeholders. We achieved what many deemed impossible, demonstrating our ability to turn vision into reality. By embedding robust risk control and governance frameworks into every facet of our operations, we have ensured transparency, compliance, and ethical practices, laying a solid foundation for sustainable growth.

Our key milestones in 2024:

- Financial Performance: Achieved financial monthly breakeven with limited capital in just 22 months since my appointment as CEO, far surpassing the industry norm of 6-10 years. We reduced our net loss by 75%, while growing income by 2.4 times year-over-year. We maintained a pristine loan book with zero non-performing loans and achieved a 7% reduction in costs, even as we expanded our operations.

- Market Leadership and Unique Proposition: Our unique proposition of bridging traditional finance (TradFi) and decentralized finance (DeFi) has been a game-changer, enabling us to capture a leading market share in the UAE's virtual asset service provider sector. We have been recognized as the Best New Digital Bank UAE 2024 by Global Banking and Finance Review, this accolade has elevated our reputation, positioning Zand Bank as a pioneer in innovation and digital assets.

- Organizational Transformation: We transformed our people, work culture, and systems to foster innovation, agility, and collaboration. We upskilled our workforce, embedded a culture of accountability, and empowered our teams to drive excellence. We established technology capabilities in Asia, significantly improving our time-to-market and agility. These capabilities have enabled us to accelerate innovation and deliver solutions faster to our customers.

- Technology and Innovation: We built a world-class AI team, integrating OpenAI and DeepSeek to deliver AI powered solutions. We successfully replaced our core banking system in under 100 days-a world record recognized and studied by MIT, where I was honoured to share insights on this groundbreaking achievement. This milestone underscores our technical expertise, agility, and execution capabilities.

- Robust Risk Control and Governance: We strengthened our risk management and compliance frameworks, ensuring robust governance across all operations. This has been critical in maintaining trust and transparency with our stakeholders.

Our vision for 2025:

As we look ahead, our confidence in executing our vision has never been stronger. In 2025, we will continue to lead with purpose, focusing on:

- Credit Rating Ambition: We aim to become one of the youngest banks to achieve a credit rating, a milestone that will further solidify our credibility and market position.
- Innovation: Leveraging AI, blockchain, and advanced technologies to differentiate ourselves and unlock new business opportunities for our clients.
- Digital Assets: Expanding our leadership in digital assets with innovative offerings that set new industry standards.
- Extension from Corporate Banking to Wealth and Asset Management: Launching our wealth and asset management services, delivering tailored solutions to help clients achieve their financial goals.
- Sustainability: Embedding sustainability into every aspect of our operations to build a financial ecosystem that is inclusive and empowering.
- Profitability: Achieving a full year of profitability while creating long-term value for all stakeholders.
- Governance: Not resting on our laurels, we will further enhance our risk management and compliance capabilities, deepening the trust and credibility with all our stakeholders.

A Heartfelt Thank You: Our success in 2024 would not have been possible without the strong and continuous support of the Board, the dedication of our team, the trust of our customers, and the unwavering commitment of our shareholders and partners. Together, we are not just shaping the future of banking—we are defining it.

Thank you for believing in Zand. With our proven ability to execute and our clear vision for the future, the best is yet to come.

Sincerely,

Michael Chan

Chief Executive Officer
Zand Bank PJSC

Zand Corporate Governance Framework

As per CBUAE's Corporate Governance Standards for Bank 83/2019 definition:

"Corporate Governance is the set of relationships between the Bank's management, Board, shareholders and other stakeholders which provides the structure through which the objectives of the Bank are set and means of attaining those objectives and monitoring performance. It helps define the way authority and responsibility are allocated and how corporate decisions are made."

The adoption of regulatory compliance, technological innovation, ethical business practices, and adherence to corporate governance best practices form the foundation of our digital bank's operational and financial performance in the UAE. This framework serves as the cornerstone of our growth strategy and future aspirations, ensuring robust processes, integrity, transparency, controls, monitoring, clear accountability structures and oversight throughout our Bank.

Commitment to Excellence

Zand is committed to continually enhancing and reviewing its corporate governance practices, ensuring it remains at the forefront of industry best practices. We proactively adapt to evolving regulatory expectations, technological advancements and market demands within the UAE banking sector.

Key Focus Areas

1) Regulatory Compliance

a. Comply with the regulations set by the UAE Central Bank, Securities and Commodities Authority (SCA), Virtual Asset Regulatory Authority (VARA) and other applicable regulators.

b. Adhere to data privacy regulations such as the UAE Personal Data Protection Law, National Cybersecurity Strategy and global standards like GDPR (for international Customers) to ensure secure and ethical handling of customer data.

c. Conduct regular compliance assessments and reporting.

d. Implement local and international banking standards.

2) Governance Framework and Policy Review

a. Perform regular assessments with ongoing improvements and enhancements to governance policies and procedures, learning from feedback and adapting to regulatory changes.

b. Provide training programs for the Board, management and employees to ensure an understanding and implementation of Corporate Governance.

c. Standardize Board and Committee charters with clear roles, responsibilities and functions.

d. Integrate sustainability focused governance measures.

3) Governance Principles:

Zand's Corporate Governance Framework aims to ensure that the Bank operates with transparency, accountability and a strong commitment to regulatory compliance.

a. Responsibility:

- Ensuring clear division and delegation of authority within the organization

b. Accountability:

- Establishing accountable relationships between the Company's Management and the Board, and between the Board and the shareholders and other stakeholders

c. Risk Governance Structure:

- Adhering to both regulatory requirements and industry best practices.
- Implementing a robust risk governance structure overseen by the Board of Directors and its Board Risk and Compliance Committee (BRCC).
- Supporting this structure with a capable senior management team, several management committees (like ALCO and ERCC), and an independent risk management function to ensure clear and effective communication of risks to the Board

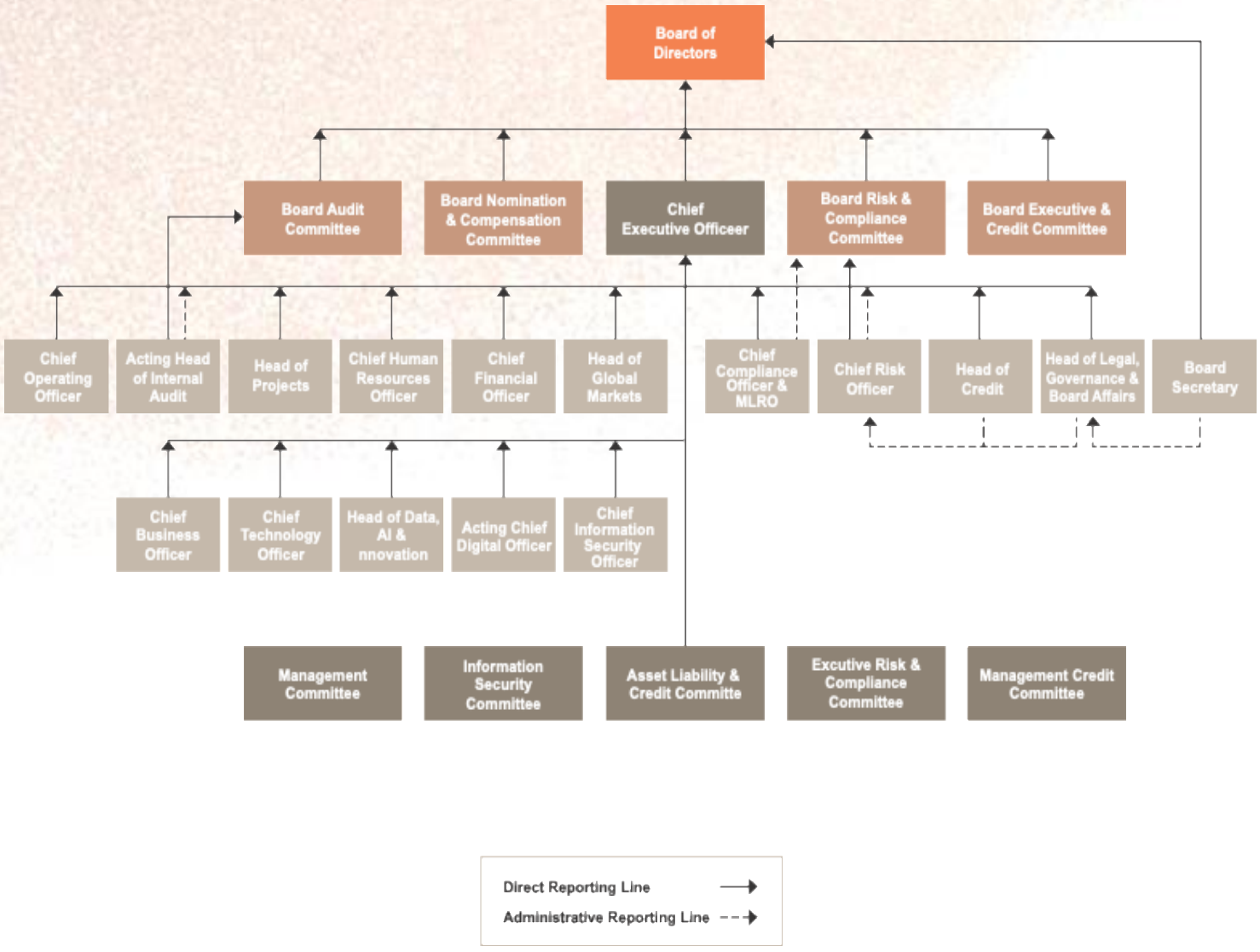
d. Sustainable Growth and Development:

- Conforming with the Corporate Governance Regulations and aligning with the Directors' Code of Conduct.
- Ensuring that the governance framework meets both regulatory requirements and industry best practices.

e. Risk Management Strategy:

- Leveraging a risk management infrastructure that includes frameworks, policies, processes, systems, and experienced personnel.
- Managing risks within the limits of the Board-approved Risk Appetite Statement to support the Bank's business strategy and objectives.

Zand's Governance Structure



Board Composition, Nomination & Tenure

Zand's Board of Directors comprises of nine (9) Directors, including the Chairman, the Vice-Chairman, and seven (7) other Directors. Each Director is elected by the shareholders for a three (3) year term.

1) Composition

The composition of the Board complies with all applicable regulations, which include the following requirements:

a. The Board has one female Director.

b. One-third of the Directors are independent.

c. The Chairman of the Board and a majority of the Directors are UAE Nationals (6 out of 9 directors are UAE National).

d. Additionally, our Board composition aligns with the following guiding principles:

- The Board includes a sufficient number of independent Directors to fulfil all regulatory requirements and ensure effective scrutiny, inquiry, and "independence of mind and spirit".
- Directors possess the qualifications, both individually and collectively, to fulfil their fiduciary responsibilities. They understand their role and are capable of making sound, objective judgments regarding the Group's affairs.
- All Board appointments are made in accordance with the approved Fit and Proper Policy, which includes evaluating candidates' experience, knowledge, skills, independence, integrity, reputation, and availability to carry out their duties. Further details are outlined in the Board Charter and Fit and Proper Policy.
- The Board allocates adequate time each year to design and implement suitable training programs for its Directors.

2) Nominations

Zand has a Board Nomination and Compensation Committee (BNCC) which is appointed and delegated by the Board of Directors of the Bank to oversee the following functions:

a. Recommend and oversee the appointment of the Board of Directors and endorse the Executive Management Team selection, including but not limited to the Chief Executive Officer, to ensure they carry out their responsibilities in the best interest of the shareholders.

b. Approve and oversee corporate governance, all talent acquisition strategies, talent management and succession planning for senior management, compensation and benefits methodology and philosophy, driving the bank's culture, organizational governance and structure, and other related matters.

c. Review board nominations and compensation related matters, including all amendments, revisions, and updates.

Further, the BNCC have duties and responsibilities regarding:

i. Nomination of Board Members and Board Succession Planning

- Ensures that the Board collectively has a good understanding of local, regional and global economic and market forces and the legal and regulatory environments applicable to the Bank's operations. A fit and proper criterion must be established for this purpose, which defines the requirements for the Board members in line with the applicable laws and regulations.
- Recommend to the Board nominees to fill vacancies and for election to the Board.
- Oversee term limits and succession planning for the Board and Board membership appointments, including the Committee chairs, in accordance with the Bank's corporate governance principles, and the applicable laws and regulations.
- The criteria on which Directors are nominated to the Board include, but are not limited to, the criteria set out in the 2019 Central Bank UAE Corporate Governance Regulations and Standards for Banks, as updated from time to time.
- The BNCC will not recommend an appointment or renewal until the Central Bank of the UAE has undertaken its own interviews and background checks as necessary to ensure the fitness and probity of the candidate and confirm the accuracy and completeness of any information and documentation provided by the Bank in support of the nomination.

ii. Nomination of the Senior Management of the Bank

- Identify, assess, and select candidates for Senior Management, following recommendations from the Chief Human Resource Officer. A fit and proper criterion is already established for this purpose defining the requirements for Senior Management, in line with applicable laws and regulations.

iii. Talent Acquisition and Retention

- Review and approve the talent acquisition strategy used in recruitment that focuses on finding, attracting, hiring, growing, and retaining top talents within the Bank. This includes, but is not limited to, selection and fitment.

iv. Talent Management and Succession Planning

- Oversee the Bank's talent management and succession planning process, including the CEO succession planning process with input from management. Ensure the following:
  - Review and approve talent management and succession planning for key roles, including the CEO, the management level below the CEO, and other key roles.
  - Assist in accelerating talent acquisition for key roles.

3) Compensation and Benefits:

The BNCC plays the following role in compensation and benefits:

a. Review and approve the Bank's compensation philosophy, principles, and practices that cover both fixed and variable compensation as well as any merit-based awards, including adequate consideration of risk management factors.

b. Approve the goals and objectives of the Bank relevant to the compensation of the Chief Executive Officer and other executive officers. In determining long-term incentive awards for such officers, the BNCC aims to align the interests of the officers with shareholders and considers the Bank's performance and relative shareholder return, overall risk and controls management, the award practices of peer financial institutions, and the officers' current and expected contributions to the Bank's success.
c. Review and recommend any future incentive compensation plan, equity-based plan, or employee benefit plans to the full Board.
d. Review and approve changes in the Bank's qualified benefit plans that result in a material change in costs, or the benefit levels provided.

4) Performance Management

a. The BNCC reviews and approves the Bank's performance management framework.
b. The BNCC oversees and annually reviews the performance of the Executive Management to ensure the Bank's long-term strategy and goals are met.

5) Culture and conduct

a. The BNCC periodically reviews the Bank's culture, including thematic feedback from employees and cultural initiatives. It also reviews reports from management regarding significant conduct issues and any related employee actions, including but not limited to compensation actions.

6) Exceptions and Other Matters

a. The BNCC shall have such other authority, duties or responsibilities as may be delegated to it by the Board.

Responsibilities of the Board of Directors

The Board of Directors holds ultimate responsibility for the Bank, including approving and monitoring the execution of its strategic goals, ensuring compliance with all relevant laws and regulations, and overseeing the governance framework and corporate culture. It is tasked with guiding the overall direction, management, supervision, and control of the Bank's business operations, as well as leading the development and implementation of its vision and mission. Additionally, the Board is responsible for overseeing Senior Management.

Key Responsibilities of Zand's Board of Directors:

1) Strategic Oversight

a. Define and approve the organization's vision, mission, and strategic goals.
b. Monitor the implementation of strategic initiatives and objectives to ensure alignment with shareholder and stakeholder interests.
c. Evaluate and approve major decisions, including mergers, acquisitions, and capital investments.

2) Risk Management

a. Establish the organization's risk appetite and oversee its risk management framework.
b. Identify, assess, and monitor key risk, ensuring appropriate mitigation strategies are in place.
c. Ensure the organization complies with all legal and regulatory risk requirements.

3) Financial Oversight

a. Approve annual budgets, financial statement and dividends policies.
b. Monitor the organization's financial performance and ensure the integrity of financial reporting.
c. Oversee external audits and ensure adherence to accounting standards.

4) Corporate Governance

a. Develop, implement, and regularly review key policies and process including but not limited to corporate governance policies and framework.
b. Ensure compliance with applicable laws, regulations, and corporate governance code.
c. Promote transparency and accountability in the organization's decision- making processes.

5) Oversight of Management

a. Appoint, evaluate, and if necessary, change the management of the organization.
b. Set performance goals for management and monitor their achievements.
c. Ensure succession planning for key leadership positions.
d. Approve the appointment of senior management and monitor their performance.

6) Shareholder and Stakeholder Engagement

a. Protect the rights and interests of shareholders, ensuring fair treatment of all shareholders, including minority shareholders.
b. Engage with stakeholders to understand their expectations and concerns.

7) Internal Controls and Compliance

a. Ensure the organization has effective internal control systems to safeguard assets and prevent fraud.
b. Oversee the compliance framework to ensure adherence to laws, regulations, and ethical standards.
c. Monitor the performance of internal and external audit functions.

8) Ethics and Corporate Culture

a. Promote a culture of integrity, accountability, and ethical behaviour within the organization.
b. Approve and monitor the implementation of codes of conduct and ethic policies.
c. Address and investigate any significant breaches of ethics or governance policies.

9) Board Evaluation

a. Regularly evaluate the performance of the Board, its committees, and individual Directors.
b. Identify areas for improvement and ensure directors receives ongoing training and development.

10) Sustainability and ESG Oversight

a. Approve and oversee policies related to environmental, social, and governance (ESG) initiatives.
b. Integrate sustainability and ESG considerations into the organization's strategy and operations.
c. Monitor progress on ESG goals and ensure compliance with sustainability reporting standards.

Management of Conflict of Interest

As per the Code of Conduct, Directors are required to avoid, disclose, and withdraw from any situation that presents a real, potential, or apparent conflict of interest relative to their duties and responsibilities.

1) Disclosure Requirements

A Director must disclose in writing to the Bank if they:

a. Are a party to an existing or proposed contract or transaction with the Bank.
b. Serve as a Director or officer in an entity engaged in a contract or transaction with the Bank.
c. Are likely to be personally affected by any action taken or proposed by the Bank.
d. Hold a directorship or officer position in an entity potentially impacted by Bank actions.

2) Disclosure Mechanism

a. Immediate written disclosure to the Bank.
b. Request to have the interest entered in Board meeting minutes.
c. Disclosure must be made as soon as the Director becomes aware of the potential conflict.

3) Procedural Safeguards

a. Directors must not communicate with other Board members about decisions involving their potential conflict.
b. Must absent themselves from discussions related to such operations.
c. Shall abstain from voting on such decisions.
d. All declarations shall be formally recorded in meeting minutes.

4) Ongoing Monitoring

a. The Board Secretary updates conflict of interest declarations quarterly.
b. Maintenance of a comprehensive Conflict of Interest register.
c. Tracking and documentation of all potential conflicts.

5) Professional Conduct Expectations

Directors are obligated to:

a. Conduct themselves honestly and sensitively.
b. Avoid accepting functions or assignments that could conflict with their Board duties.
c. Maintain this obligation even after termination of their mandate.

6) Professional Relationship Management

a. Prohibit direct or indirect professional relationships from interfering with Bank activities.
b. Declare in writing all official/professional positions at the time of appointment.
c. Immediately inform the Board Secretary of any changes to declared positions.

7) Conflict Evaluation Process

a. Directors must inform the Board Chairman in writing of any potential conflicting activities.
b. The Chairman, in consultation with Board Secretary, determines compatibility with Board responsibilities.
c. Comprehensive assessment of potential impact on director's duties.

8) Reporting and Transparency

a. Detailed tracking of all potential conflict situations.
b. Full documentation of disclosed and managed conflicts.
c. Commitment to transparency in conflict management.
d. Review of related party transaction by external auditors to ensure that the transactions are conducted at arm's length, protecting the Bank's financial integrity.

9) Compliance and Enforcement

a. Immediate recusal from decision-making.
b. Potential removal from specific discussions.
c. Comprehensive documentation.
d. Potential disciplinary actions for non-disclosure.

10) Digital Bank Specific Considerations

Across the Bank, various measures have been adopted to manage and mitigate Conflicts of Interests on the ground.

a. Data privacy and cybersecurity risks: Ensuring data management practices prevent unauthorized access or misuse and maintaining security standards in technology partnerships to avoid conflicts of interest.
b. Enhanced digital declaration platforms: Using advanced platforms for prompt and transparent declaration of conflicts of interest by employees and stakeholders.
c. Real-time conflict monitoring: Employing systems that detect and address conflicts of interest as they arise, ensuring operational integrity.
d. Blockchain-enabled transparency: Leveraging blockchain for accurate, tamper-proof transaction records, reducing conflict of interest risks.
e. AI-powered conflict detection: Utilizing AI to analyse data and identify potential conflicts, allowing pre-emptive issue resolution.
f. Secure, confidential reporting mechanisms: Providing confidential channels for reporting conflicts of interest, ensuring timely and ethical resolution without fear of retaliation.

Related Party Transactions

The Board of Directors acknowledges that transactions involving related parties can generate financial, commercial, and economic benefits for individuals, institutions, and the broader Group to which the Bank belongs. However, such transactions may also pose potential or actual conflicts of interest and raise concerns regarding their alignment with the best interests of the Bank and its stakeholders. In compliance with current regulations on Related Party Transactions (RPTs), the Bank, together with its Board, senior management, officers, and employees, ensures that all RPTs are executed on an arm's length basis. Furthermore, the Bank exercises appropriate oversight and maintains a robust control system to effectively manage exposures and mitigate associated risks.

Therefore, the Bank's Board of Directors, senior management, officers, and employees are required to adhere to regulations and the Policy requirements related to RPTs. They must ensure that RPTs do not result in abuses or disadvantages to the Bank, its depositors, creditors, clients, and other stakeholders. Transactions with related parties are meticulously documented, assessed, approved, and managed independently, in accordance with Central Bank of the UAE Regulations and Zand's Corporate Governance Policy. RPTs are evaluated through the following criteria:

Considerations:

a. The Related Party's interest in the transaction.
b. The purpose and timing of the transaction.
c. Whether the Bank is a party to the transaction, and if not, the nature of the Bank's participation in the transaction.
d. For transactions involving the sale of an asset, a description of the asset, including the date acquired and cost basis (in case applicable).
e. Information concerning potential counterparties in the transaction.
f. The approximate value of the transaction and the approximate value of the related person's interest in the transaction.
g. Description of any provisions or limitations imposed due to entering into the proposed transaction.
h. Potential reputational risks that may arise because of, or in connection with, the proposed transaction.
i. Cybersecurity and reputational risks in such transactions in terms of digital compliance requirements
j. Any other relevant information regarding the transaction.

Board Meetings & Attendance

The Board regularly discuss topics that are critical to the success of Zand Bank, including business strategy, business performance, longer term planning, risk management, regulatory compliance, succession planning, and human resources. Please refer to the table below for the board meetings conducted in 2024.

Board of Directors Meetings			
Meeting No.	Meeting date	Number of attendees	Names of absent members
1	19 February 2024	7	Sushil Agarwal Yusuffali Musaliam Veettil Abdul Kader
2	18 March 2024	6	Mohamed Ali Rashed Alabbar Yusuffali Musaliam Veettil Abdul Kader Gregory Eugene Johnson
3	1 July 2024	7	Hamad Jassim Aldarwish Fakhroo Gregory Eugene Johnson
4	28 August 2024	8	Yusuffali Musaliam Veettil Abdul Kader
5	15 October 2024	7	Sushil Agarwal Yusuffali Musaliam Veettil Abdul Kader
6	27 November 2024	5	Sushil Agarwal Yusuffali Musaliam Veettil Abdul Kader Raja Mohammed Ghanim Saeed Al Mazrouei Gregory Eugene Johnson
Board Risk & Compliance Committee Meetings			
1	22 May 2024	3	-
2	12 September 2024	2	Hamad Jassim Aldarwish Fakhroo
3	6 November 2024	2	Adnan Abdulfattah Kazim Abdulfattah
4	11 December 2024	3	-
Board Executive & Credit Committee Meetings			
1	23 January 2024	4	Adnan Abdulfattah Kazim Abdulfattah
2	7 June 2024	4	Hamad Jassim Aldarwish Fakhroo
3	21 November 2024	5	-
Board Audit Committee Meetings			
1	12 March 2024	3	Sushil Agarwal Yusuffali Musaliam Veettil Abdul Kader
2	14 May 2024	4	Hamad Jassim Aldarwish Fakhroo
3	5 July 2024	4	Hamad Jassim Aldarwish Fakhroo
4	21 August 2024	4	Adnan Abdulfattah Kazim Abdulfattah
5	18 November 2024	3	Adnan Abdulfattah Kazim Abdulfattah Sushil Agarwal
Board Nomination & Compensation Committee Meetings			
1	8 February 2024	2	Gregory Eugene Johnson
2	12 March 2024	2	Gregory Eugene Johnson
3	1 May 2024	2	Gregory Eugene Johnson
4	17 July 2024	2	Gregory Eugene Johnson

Board Committees

The Board of Directors has established board sub-committees which play a vital role in ensuring effective corporate governance by focusing on specialized areas of oversight and making recommendations to the Board. This structure enables the board to function more efficiently and make well-informed decisions.

1) Board Risk & Compliance Committee (BRCC)

The Board Risk & Compliance Committee (BRCC) is a sub-committee of the Board of Directors delegated to oversee the Bank's risk management frameworks. It is the highest risk decision making body within the Bank, allocating essential corporate resources to achieve the bank's approved risk governance and architecture. The BRCC drives the bank's risk culture and, together with the Board and management, sets the tone for the entire organization.

Duties and Responsibilities of the BRCC:

a. Establish overall risk management principles and broad risk parameters/limits.
b. Approve the Bank's primary risk and compliance policies and annually review and approve any material changes to such policies.
c. Maintain overall accountability and authority for the adequacy and appropriateness of all aspects of the risk management process.
d. Approve risk management policies, standards, and practices, as mandated, including minimum reporting requirements.
e. Oversees the Bank's risk identification and measurement framework and methodologies.
f. Review and approve risk appetite and material exceptions to risk policies and ensures that the effective systems of controls are in active to evaluate and mitigate risk.
g. Review individual credit customers and exposure that may pose material risks to the franchise, business strategy and/or reputation.
h. Review on quarterly basis the bank's risk profile, bank's capital, liquidity and funding strategy, portfolio stress testing, material current and emerging risks, ongoing trends in risk management and all non-performing loans.
i. Review periodic reports from the compliance unit, including from compliance and financial crime.

Committee Memberships

Board Committee	Member Name	Member Position
Board Risk & Compliance Committee	Talha S Abdulkader Alhashimi	Chairperson
	Hamad Jassim Aldarwish Fakhroo	Member
	Adnan Abdulfattah Kazim Abdulfattah	Member

2) Board Executive & Credit Committee (BECC)

The Board Executive & Credit Committee (BECC) is a specialized governance body established by the Board of Directors to oversee the Bank's credit-related activities, ensure effective credit risk management, and support strategic decision-making regarding credit exposure. The committee provides oversight and recommendations to ensure alignment with the company's risk appetite, regulatory requirements, and strategic objectives.

Duties and Responsibilities of the BECC:

a. Review and monitor the key strategic objectives of the Bank.
b. Ensure that the business objectives are fully aligned to create shareholder value.
c. Provide oversight of the Bank's investment activities and take decision as per the delegation of authority.
d. Review, amend, and recommend related policies directed through the BECC.
e. Review any new business initiatives by the executive management.
f. Oversee corporate governance practices and procedures, including identifying best practices and reviewing and approving Policies, Procedures, and Manual of the Bank.
g. Reviews the Bank's budget and financial plans prepared by the executive management, before submission to the Board for approval.
h. Ensure that technology investments deliver value, support business objectives, and mitigate risks related to IT operations and cybersecurity.

Committee Memberships

Board Committee	Member Name	Member Position
Board Executive & Credit Committee	Mohammed Alshaiba Saleh Ghannam Almazrouei	Chairperson
	Talha S Abdulkader Alhashimi	Member
	Hamad Jassim Aldarwish Fakhroo	Member
	Adnan Abdulfattah Kazim Abdulfattah	Member
	Raja Mohammed Ghanim Saeed Almazrouei	Member

3) Board Audit Committee (BAC)

The Board Audit Committee (BAC) is responsible for providing independent oversight of financial reporting, internal controls, and audit processes. Its primary objective is to ensure transparency, accountability, and integrity in the bank's financial management while aligning with regulatory and compliance requirements.

Duties and Responsibilities of the BAC:

a. Oversight of external auditors.
b. Oversight of Internal audit.
c. Oversight of Internal Controls.
d. Financial statements and disclosures.

Committee Memberships

Board Committee	Member Name	Member Position
Board Audit Committee	Adnan Abdulfattah Kazim Abdulfattah	Chairperson
	Mohammed Alshaiba Saleh Ghannam Almazrouei	Member
	Sushil Agarwal	Member
	Raja Mohammed Ghanim Saeed Almazrouei	Member
	Hamad Jassim Aldarwish Fakhroo	Member

4) Board Nomination & Compensation Committee (BNCC)

The Board Nomination and Compensation Committee (BNCC) oversees the nomination of board members and senior executives, as well as their remuneration. It ensures that the bank attracts, retains, and incentivizes the right talent to drive sustainable growth while maintaining transparency, fairness, and alignment with regulatory requirements.

Duties and Responsibilities of the BNCC:

a. Nomination of Board Members and Board Succession Planning.
b. Nomination of the Senior Management of the Bank.
c. Talent Acquisition and Retention.
d. Talent Management and Succession Planning.
e. Compensation and Benefits.
f. Performance Management.
g. Culture and conduct.
h. Exceptions and other Matters as may be delegated by the Board.
i. Consumer Protection.

Committee Memberships

Board Committee	Member Name	Member Position
Board Nomination & Compensation Committee	Raja Mohammed Ghanim Saeed Almazrouei	Chairperson
	Talha S Abdulkader Alhashimi	Member
	Gregory Eugene Johnson	Member

Management Committees

1) Enterprise Risk and Compliance Committee (ERCC)

The Enterprise Risk & Compliance Committee (ERCC) is a management-level committee appointed by the Board Risk & Compliance Committee (BRCC) to oversee Zand's risk management and regulatory compliance matters, including key policies and frameworks for governance, risk management, and control practices. These practices are used to manage key risks that might significantly impact the reputation, financial position, and business operations of Zand Bank ("Bank"). Empowered by the Board, the ERCC provides strong senior management oversight and resolves risk management issues encountered in daily operations, ensuring full compliance with policies approved by the Bank's Board of Directors and all prevalent regulations. The ERCC and the Information Security Committee (ISC) together oversee risk management and regulatory compliance matters, including financial, technology, and information security risks, reporting to the BRCC.

ERCC responsibilities Include:

a. Reviewing and recommending to the BRCC on the Bank's key risk management and compliance strategies, frameworks, and policies, risk profiles and risk appetites, material arrangements, and initiatives, including new products and services, and all non-material outsourcing and vendor arrangements.
b. Reviewing and recommending amendments and establishment of key risk limits, conducting regulatory stress tests, compiling ICAAP and Pillar 3 submissions, and other material regulatory submissions for BRCC approval.
c. Reviewing and recommending the Bank's contingency plans, including the Contingency Funding Plans (CFP), Recovery and Resolution Plan (RRP), Business Continuity (BC), and Disaster Recovery (DR) Plans, and their test results, to the BRCC for further action as necessary.
d. Reviewing and approving risk assessments and due diligence for proposed new Virtual Assets listings in accordance with CBUAE and VARA requirements, ensuring compliance with Corporate Governance standards.

2) Information Security Committee (ICS)

Similar to the ERCC, the Information Security Committee (ISC) is a management level committee tasked by the BRCC to oversee the implementation of the Bank's Information and Cybersecurity and Information Technology policies, strategy and program to protect its information assets in line with the Bank's risk appetite. The ISC ensures alignment of the information security strategies with business objectives and priorities.

ISC responsibilities Include:

a. Reviewing and providing guidance on Information Security and IT-related policies.
b. Reviewing risk frameworks, methodologies, and processes for information and cybersecurity, and overseeing technology and cybersecurity risks and aligning them with the Bank's risk appetite.
c. Overseeing data governance and data privacy implementations within the Bank, and reviewing data privacy risk assessment gaps and ensuring compliance with regulatory requirements.
d. Promoting and supporting information security education, training, and awareness throughout the Bank.

3) Management Credit Committee (MCC)

The Management Credit Committee (MCC) reviews credit recommendations and approves proposed credit exposures within its authority level as per the Credit Approval Authority Matrix (CAAM) approved by the Board Executive & Credit Committee (BECC). .

MCC responsibilities include:

a. The MCC evaluates credit recommendations and proposals, ensuring they align with our Bank's risk management policies and strategic objectives.
b. The MCC approves proposed credit exposures within its authorized limits, as defined by the CAAM approved by the BECC.
c. The MCC ensures all credit decisions comply with internal policies and regulatory requirements, maintaining the integrity and stability of the Bank's credit portfolio.

4) Asset and Liability Committee (ALCO)

The Asset & Liability Committee (ALCO) is a key management committee appointed by the Chief Executive Officer to strategically lead, supervise, and provide direction over the management of the Bank's assets and liabilities. ALCO performs its function in full compliance with policies approved by the Board of Directors.

ALCO responsibilities include:

a. Managing the Bank's balance sheet, liquidity, and regulatory compliance, ensuring adherence to capital, liquidity, and interest rate risk guidelines.
b. Optimizing balance sheet performance and approving policies related to funds transfer pricing, capital forecasting, and customer pricing strategies.
c. Reviewing budget variances, managing regulatory capital, overseeing risk concentration, and approving treasury-related decisions, such as currency offerings, broker selection, and delegation of authority for treasury operations.

External Auditors

Audit Firm	Deloitte & Touche (M.E.)
Audit Period	Jan – Dec 2024
Auditor of the Bank since	2022
Total fees for providing audit and review services	AED 525,088 (Exclusive of VAT)
Miscellaneous Service	Pillar 3 Audit

Internal Control Structure

The Board of Directors, supported by the Board Audit Committee and the Board Risk & Compliance Committee, is responsible for ensuring the Bank has a robust and effective internal control system. They also oversee senior management's efforts to maintain and monitor this system. The internal control system encompasses the policies, procedures, and processes developed under the Board's guidance to achieve the Bank's strategic objectives in a controlled manner while considering associated risks. The Board accepts its overarching responsibility for establishing, reviewing, and assessing the adequacy and effectiveness of this system. A key principle for the Board is that the internal control system is designed to manage the Bank's risks within the approved risk appetite.

The Bank follows a 'three lines of defence' model. The first line of defence is line management, which manages the risks they face and ensures the proper design and operation of internal controls to mitigate those risks. The second line consists primarily of the Risk Management and Compliance teams, which establish policies and oversee risks. The third line, Internal Audit, provides independent assurance to senior management and the Board. Within this model, the Bank integrates Risk and Control Self-Assessments (RCSAs) and first-line control testing, complemented by challenge, assurance, and oversight from the second line.

External auditors assess the adequacy of the internal control system, determine the extent of reliance they can place on its effectiveness, and design their audit procedures accordingly. However, even the best-designed internal control systems have inherent limitations and cannot prevent or detect every control deficiency. Additionally, the effectiveness of controls may diminish over time due to changing conditions or non-compliance with policies and procedures.

Ultimately, all employees share the responsibility for operating and maintaining an effective internal control system at their respective levels. Through coordinated efforts across all Bank functions, the control environment is continuously strengthened by reviewing and streamlining procedures to address control deficiencies. Under the supervision of executive management, each function is accountable for rectifying identified deficiencies, whether self-detected or highlighted by internal or external auditors.

Key Components of the Internal Control System

The Bank's internal control system consists of the following key components:

i. Integrity and Ethical Values

The Code of Conduct Policy outlines principles to guide employees in maintaining the highest standards of personal and corporate integrity. It addresses areas such as conflicts of interest, proper use of company assets, confidentiality of proprietary information, and the acceptance of gifts.

ii. Authority and Responsibility

The Board defines the Bank's vision and strategic objectives, providing leadership and direction to ensure the achievement of strategic goals while safeguarding the long-term interests of shareholders.

iii.The Board's Responsibilities and Internal Control Framework

The Board exercises full and effective control over the Bank's strategic direction by overseeing business operations, establishing policies, and implementing, reviewing, and maintaining an effective

system for risk management, compliance, and internal controls. It ensures the adequacy and integrity of these systems while maintaining financial integrity, setting the Bank's risk appetite, and reviewing material transactions, related party transactions, capital financing, succession planning, and stakeholder communication.

iv. Delegation of Authority

A thorough review of the Bank's Delegation of Authority Policy and matrix was conducted during the year. This review ensures a clear and appropriate distinction between Board and management responsibilities and provides authority for financial and non-financial activities, delegated from the Board to its Committees, the CEO, and senior management.

a) The CEO is delegated executive authority within defined limits and may further delegate responsibilities while remaining accountable to the Board for the Bank's performance. The CEO regularly updates the Board on the progress of business units and operations. Delegation is documented through Committee structures, organizational charts, and authority matrices.
b) Board Committees, guided by specific Terms of Reference, assist in governance and accountability by overseeing internal controls and other delegated responsibilities.

v.Organizational Structure

a) The Bank has an operational structure and organizational chart that clearly defines lines of responsibility, delegation of authority, and reporting hierarchies.
b) The authority matrix specifies activities under delegated authority, individuals authorized to approve expenditures or commitments, and conditions for exercising this authority. Delegated authority requires sound judgment, good business sense, and accountability.

vi. Frameworks, Policies, and Procedures

a) The Bank has established systems and procedures to ensure efficient operations, safeguard assets against unauthorized use, maintain accurate records, and provide reliable financial information for internal and external use. These systems also ensure compliance with applicable laws, regulations, and internal policies while monitoring business performance.
b) Risk management systems identify, monitor, and report key risks such as credit, market, liquidity, operational, and fraud risks. These systems and policies are reviewed and updated as necessary. Risk exposures are monitored by relevant Management Committees, the Board Executive Committee, and the Board Risk & Compliance Committee.

vii. Planning, Monitoring, and Reporting

a) Each year, all business units participate in preparing a comprehensive budget and business plan, which includes the development of strategies and key performance indicators (KPIs). The Bank's performance is evaluated against these KPIs.
b) The Board conducts quarterly reviews of key business metrics and monitors progress toward achieving the Bank's objectives.

viii. Internal Audit

a) The Internal Audit Department operates independently from line management and is tasked with evaluating the design and operational effectiveness of the Bank's internal control system. It provides reasonable assurance on management's implementation and adherence to prescribed policies and procedures. The department follows a risk-based audit plan approved by the Board Audit Committee, with all significant findings reported to the committee.
b) The Board Audit Committee closely monitors the internal control system to ensure that identified risks are mitigated, safeguarding the Bank's interests. In coordination with the Operational Risk Management and Compliance functions, Internal Audit provides an annual opinion on the internal control environment based on audits completed during the year. For 2023-2024, Internal Audit conducted 14 audits as part of the approved audit plan. (6 in 2023 and 8 in 2024)
c) An external review of the Internal Audit function conducted during the year concluded that the function "Generally Conforms" to the Institute of Internal Auditors (IIA) standards and is rated "Leading" when benchmarked against similar organizations in the UAE.

ix. Risk Management

a) The Bank employs a Risk Management Framework to ensure consistent risk management practices across the Bank.
b) The framework sets the right tone from the top and aims to establish a strong risk management and control culture through risk ownership and accountability.
c) Risk management is embedded into the systems and processes across the Bank in line with its risk appetite and risk strategy.
d) The framework also provides guidelines for risk governance, risk management processes, risk reporting, and the tools to be used. Its structure is built on the "three lines of defence" model, with clear responsibilities and accountabilities for risk management.
e) Zand adopts an integrated approach to risk management, aggregating all risks together under relevant oversight functions, and empowering the risk owners to perform their responsibilities independently and professionally. This is to create risk awareness, understanding, ownership, and proactive management of risks at all levels across the Bank.

x. Compliance Management

a) The Compliance Department oversees the management of financial crime and regulatory compliance risks across the Bank. The department is responsible to assess the inherent risks the Bank faces, evaluate the effectiveness of controls, and measure residual risks across various business units.
b) Actions to strengthen the control environment are tracked through Risk and Control Self-Assessments (RCSAs), while gap analyses are performed for each regulation to identify and address non-compliance with applicable requirements.
c) The Compliance Department has established Key Performance Indicators (KPIs) to monitor compliance activities, which are regularly presented to the Board Risk & Compliance Committee.

xi. Business Continuity Management

a) The Bank's Business Continuity function, within the Risk Division, manages business continuity risks. It maintains Business Continuity and Disaster Recovery plans and oversees their regular testing.

b) Crisis management and communication policies provide guidelines for handling external communications during crises or disasters.

xii. Insurance

The Bank has an insurance program in place to mitigate financial losses from fraud, property damage, business interruptions, and general liabilities. This program is reviewed annually to ensure alignment with the Bank's risk profile.

xiii. Whistleblowing

The Whistleblower Policy provides confidential channels for employees and stakeholders to report wrongdoing while safeguarding the process's integrity and protecting informants' rights. This policy helps the Bank effectively address concerns that may negatively impact its reputation and interests.

Details of Major Events and Disclosures in 2024

Date	Events
04-04-2024	Zand announces partnership with Infosys Finacle.
05-06-2024	Partnership announcement with MANTRA.
03-07-2024	Partnership announcement with Taurus SA.
04-09-2024	Partnership with Network International (NI).
11-10-2024	Partnership announcement with Arab Financial Services (AFS).
30-10-2024	Partnership announcement with IDA.
31-10-2024	Partnership announcement with Mobile Shop Group Limited.
01-11-2024	Partnership announcement with EFT Solutions Limited.
06-11-2024	Collaboration with Alibaba Cloud and Ant Group to accelerate the adoption of generative AI, blockchain, and advanced payment technologies throughout the region.
12-11-2024	Partnership announcement with Paymentology.
13-12-2024	Product Launch - Zand Digital Asset Custody.
20-12-2024	General Assembly Meeting of the Banks Shareholders, to pass the following special resolutions: • Merger Approval: Approval of the merger between Eradah Capital LLC and Zand Bank, with Zand Bank as the surviving entity, and to amend the Zand Bank's Articles of Association, subject to approvals from SCA, UAE Central Bank, and other regulatory authorities, with adherence to IFRS for Zand Bank's share capital increase. • Subsidiary Incorporation: Approval for the incorporation of a wholly owned subsidiary by Zand Bank. • Zand Group Governance Structure: Approval for the formation of Zand Group Governance Entity Structure, including incorporation of a holding group company to own Zand Bank, with formation of other entities within the Zand Group.
31-12-2024	Additional share capital of AED 250 million injected by existing shareholders.

Details of Transactions Conducted with Related Parties in 2024 of 5% or more of the Bank's Capital

The Bank has approved Term Loan & Overdraft Facility amounting to AED 454 million constituting clean and fully secured exposure to Al Hail Holding Group representing more than 5% of the Bank's capital. Apart from this approval, no other related party transactions exceeded 5% of the Bank's capital.

Emiratisation

Zand Bank is dedicated to empowering Emirati talent in shaping the future of digital banking in UAE. We are committed to attracting, nurturing, and retaining UAE nationals at all levels of our digital organization, with a particular focus on technology and innovation roles.

i. Our Vision of Emirati Talent

We strive to be the preferred digital bank for ambitious UAE nationals seeking to lead the digital transformation of the banking sector. Our commitment extends to developing the next generation of Emirati digital banking leaders who will drive innovation and excellence in the UAE's financial service industry.

ii.Flagship Initiatives

Our signature programs are strategically designed to:

a. *Digital Talent Development*:

- Identify and nurture Emirati talent with strong potential in digital banking.
- Provide specialized training in fintech, artificial intelligence, and digital innovation.
- Offer hands-on experience in cutting edge banking technology.
- Support professional certifications in digital banking and financial technology.

b. Leadership Excellence:

- Develop future Emirati leader for key positions in digital banking.
- Create structured career paths in technology and innovation.
- Provide mentorship from industry experts.
- Enable participation in strategic digital transformation projects.

c. Future Ready Skills

- Build capabilities in emerging technologies.
- Develop expertise in digital product development.
- Enhance knowledge of cybersecurity and risk management.
- Foster Innovation and entrepreneurial mindset.

The Banks investment in Emiratisation	2022	2023	2024
	4.59%	7.96%	10.34%

Environmental, Social and Governance (ESG)

At Zand, we believe that effectively managing ESG risks and advancing a robust sustainability agenda are key to creating long-term value for our stakeholders while future-proofing our business and the broader economy. To achieve this vision, we are in the process of developing a sustainability approach, known as the Zand Sustainability Framework, which reflects our commitment and communicates it to our stakeholders. This framework will serve as a guide for the Bank to make more impactful CSR investments, enhance operational efficiency, and drive progress in our sustainability initiatives. At Zand, we are dedicated to embedding Environmental, Social, and Governance (ESG) principles into our operations, aligning with the goals of COP28 and the UAE's national vision. Our ESG approach will cover all aspects of our business, department units, Customer segments, Digital assets segment, Corporate Banking segment, and Wealth management segment including but not limited to investment and lending practices, risk management strategies, internal policies, and governance frameworks. This comprehensive approach ensures that ESG principles are systematically integrated into every aspect of the bank's operations, driving sustainable growth, compliance, and long-term value creation. We recognize the critical role ESG plays in creating sustainable value, driving positive social impact, and mitigating environmental risks. By adopting a strategic approach to sustainable finance, Zand will strive to contribute to global sustainability objectives with a strong focus on Risk Management and Governance.

Guiding Principles are as follows:

- Align with National Goals and International Standards
- Consistently comply with CBUAE requirements on sustainability and ESG disclosure principle
- Promote Environment responsibility.
- Cultivate Social responsibility and inclusion.
- Establish strong governance and ethical conduct.
- Implement and maintain Integrated risk management.
- Commit to innovation and continuous improvement.

A cornerstone of our ESG strategy will be the development of ESG risk frameworks and the implementation of climate stress testing for our portfolio. Our approach will reflect our dedication to identifying and mitigating environmental and climate-related risks. Through comprehensive climate stress testing, we shall assess the potential impacts of various climate scenarios on our operations, allowing us to implement resilience-building strategies in advance. These efforts will highlight our commitment to robust risk management and position Zand to address the evolving challenges and opportunities presented by climate change.

The ESG governance framework will apply to a wide range of bank activities and functions, including:

a. Lending and Credit Evaluation: Incorporating ESG criteria into loan approval processes, conducting ESG due diligence, and monitoring ESG risks in the credit portfolio.
b. Investment Management: Implementing ESG screening for investment decisions, adhering to responsible investment principles, and managing climate-related financial risks.
c. Product Development: Designing and offering financial products that support environmental sustainability, social inclusion, and governance excellence.
d. Operations and Supply Chain Management: Ensuring that day-to-day operations and supply chain activities adhere to ESG standards, promoting resource efficiency and sustainable procurement practices.

e. Risk Assessment and Management: Integrating ESG risks into the overall risk management framework, including scenario analysis and stress testing for climate-related risks.
f. Reporting and Disclosure: Regularly reporting ESG performance, adhering to regulatory requirements and international standards, and maintaining transparency with stakeholders.
g. Corporate Governance: Ensuring robust governance structures, ethical conduct, and accountability throughout the organization.

As part of our commitment to governance excellence, Zand is establishing a Sustainability Unit, which is set to commence operations in 2025. This unit will play a key role in developing ESG policies and framework, guiding and overseeing our approved sustainability initiatives, ensuring alignment with our corporate values and objectives. Integrating governance into our sustainability strategy is vital for advancing our dedication to environmental stewardship, social responsibility, and strong governance principles. We eagerly anticipate the unit's contribution to enhancing our sustainability efforts.

Zand approach to ESG, with a strong focus on Risk Management and Governance, reflects our commitment to sustainable and responsible banking.

As we shall develop our ESG strategy, Zand remains committed in its mission to make a positive impact on our communities and the environment, driven by a sense of responsibility and a commitment to sustainable progress.

Corporate Social Responsibility

Zand is committed to creating sustainable value for the UAE community through innovative digital solutions and targeted social initiatives. We focus on leveraging technology to maximize our social impact while supporting the UAE's vision for sustainable development. As a responsible citizen, Zand Bank maintains its commitment to ethical business practices and integrity. We focus our CSR initiatives on four key areas seeking meaningful ways to benefit society through these channels:

- Health
- Education
- Charity
- Financial literacy

Year	Event
2023	Clothes donation drive in collaboration with Emirates Red Crescent.
2024	Zand partnered with Smartlife an NGO to distribute 1,000 iftar meals to blue collar workers at Al Quoz labor camp in Dubai. Our dedicated team of volunteers from Zand Bank eagerly joined hand to ensure that these meals reached those who needed them most. This initiative highlighted our commitment to corporate social responsibility and our mission to make positive impact in our community.

Technology Governance

Technology governance demonstrates Zand Bank's technological strategic approach, risk management, and commitment to innovative yet secure digital banking operations. Technology governance in Zand Bank also ensures that technology usage aligns with the strategic objectives, legal requirements, and ethical standards. This typically covers:

Technological Oversight:

a) Executive oversight and accountability.
b) Technology risk management strategy.
c) Digital transformation governance framework.
d) Blockchain technology mechanism.
e) Third-party and outsourcing, including cloud oversight.
f) Cybersecurity governance mechanisms.

Key Reporting Components:

a) Technology strategy and alignment reports.
b) Technology risk assessment.
c) IT operational performance reporting.
d) Compliance with regulatory technological standards (UAE IA reporting).
e) Outsourcing and cloud reporting.
f) Technology investment and innovation strategy.
g) Digital security and resilience frameworks.

Specific Disclosure Areas:

a) Technology infrastructure robustness.
b) Data protection, governance and privacy controls.
c) Technological risk mitigation strategies.
d) Cloud computing and emerging technology adoption.
e) Cybersecurity incident management protocols.
f) Emerging technologies and innovation

Governance Control Mechanisms:

a) Technology policies and standards.
b) Independents technology audits.
c) Technology performance metrics.
d) Technology resource evaluation.
e) Emerging technology integration process.
f) Digital transformation roadmap.
g) Performance metrics and KPI's.
h) Technology service management.

Reporting Standards Alignment:

- CBUAE regulatory guidelines: UAE Information Assurance (NESA), CBUAE Rulebook's.
- International technology governance best practices: COBIT.
- Corporate governance codes: ISO/IEC 38500.
- Technology risk management frameworks: ISO/IEC 27001, NIST RMF.

Disclosure and Reporting

Zand is dedicated to providing timely, accurate, consistent, and balanced disclosure of all material information about the Bank, ensuring fair and equal access to this information in compliance with legal and regulatory requirements. The Bank believes that transparency and accountability are essential for achieving its vision and building trust with its stakeholders. In line with this, Zand commits to adhering to applicable securities laws and regulations, ensuring fair disclosure of material information to the public, while also safeguarding the confidentiality of customer-related business information.

Zand will ensure the timely distribution of both financial and non-financial information through various channels, keeping the market informed with quarterly results and press releases. For year-end results, the Bank communicates the following to its shareholders:

a) The Annual Report, providing comprehensive financial results.

b) The Board of Directors Report, summarizing key financial and operational highlights.