

**EMIRATES NBD GROUP – BOARD PROFIT
EQUALIZATION COMMITTEE**



**EMIRATES NBD GROUP PJSC
BOARD PROFIT EQUALIZATION COMMITTEE
TERMS OF REFERENCE**

CHAIRPERSON OF THE COMMITTEE	An independent non-executive director of the Board of Directors (the “Board”), Emirates NBD Group PJSC
PERMANENT MEMBERS	Two directors of the Board who have been specifically nominated to the Profit Equalization Committee by the Board and one Internal Shari’ah Supervision Committee (ISSC) member. Any increase of membership in the Committee must be filled by independent non-executive directors.
PERMANENT INVITEES	Group Chief Executive Officer Group Head – Wholesale Banking Group Chief Financial Officer Group Chief Risk Officer Group Treasurer and Head of Global Markets
TEMPORARY INVITEES (Attendance required only for respective topics if any)	As required
COMPANY SECRETARY	Group Company Secretary
BUSINESS SECRETARY	Head of Islamic Window

APPOINTMENT AND AUTHORITY

The Board Profit Equalization Committee (the ‘Committee’) is a Committee of the Board of Emirates NBD Group PJSC (the ‘Group’) from which it derives its authority and to which it regularly reports.

The Committee has delegated authority from the Board in respect of the functions and powers set out in these terms of reference.

NOTICE AND FREQUENCY OF MEETINGS

Meetings of the committee shall be called by the Company Secretary of the committee. All the necessary submissions and relevant approvals shall be sought and obtained by the business secretary for final submission to the Company Secretary of the Committee.

The committee shall meet once after every quarter for all quarters during a financial year subject to the quorum.

QUORUM

The quorum for all committee meetings shall be two permanent board members including the ISSC member.

ROLE AND RESPONSIBILITIES

The Committee shall

- a. Review and approve the policies and strategies of the investments, and strategies for the management of displaced commercial risk
- b. Conduct regular reviews of the investment policies and the performance of the asset portfolio in which investment account holders' funds are invested.
- c. Check and monitor the utilization of reserves such as Profit Equalization Reserve (PER) and Investment Risk Reserve (IRR)
- d. Scrutinize the utilization of such reserves and to make appropriate recommendations to the Board.
- e. Integrate the implementation of the governance policy framework, with the primary objective of protecting the interests of stakeholders, other than the shareholders, in line with the Higher Shari'ah Authority and Internal Shari'ah Supervision Committee resolutions.
- f. Ensure rigorous and diligent oversight policy, process, and procedures over the following:
 1. The financing and investment activities undertaken by the Bank using investment account holders' funds
 2. The fiduciary duties performed by the Bank, which must be in accordance with the terms and conditions of the Mudarabah and Wakala contracts between the Bank and its investment account holders
 3. The level of reserve allocation, ensuring that it is appropriate and fair to both existing and new investment account holders'.
- g. Evaluate the disclosures made by the Bank regarding its asset allocation and investment strategies in respect of investment accounts, in order to monitor closely the performance of the Bank as managers of such accounts.
- h. Approve any item pertaining to compliance with a regulatory requirement on profit equalization

MINUTES

The company secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee. The minutes of the meeting shall be circulated to all members of the Board. The minutes will also be shared with Head of Internal Shari'ah control and Head of Internal Shari'ah Audit.

CHANGES TO TERMS OF REFERENCE

Terms of Reference will be reviewed every two years by Committee with the support of business secretary and any proposed amendments will be recommended to the Board for approval.