

ABU DHABI COMMERCIAL BANK
(the “Bank”)

**POLICY & PROCEDURES FOR SELECTION AND APPOINTMENT OF
DIRECTORS**

Policy objectives:

The Bank recognizes that an effective Board is critical to ensuring that the Board meets its primary responsibility to promote the success of the Bank. The following policy and procedures document aims to ensure that:

- the composition of the Board reflects the range of skills and qualities needed to take appropriate decisions objectively in the best interests of the Bank; and
- the process of selecting and appointing directors reflects and supports the specific needs and interests of the Bank and its stakeholders.

In order to achieve its objectives, the Board has delegated certain responsibilities to the Nomination, Compensation & HR Committee (the “Committee”).

Composition of the Board:

The Committee regularly reviews the composition of the Board to ensure that its size and composition are appropriate. In so doing, the Committee considers and is guided by regulations and best practices, the specific needs and interests of the Bank’s stakeholders, the Bank’s strategic direction as decided by the Board, and the best interests of the Bank.

The size of the Board will be large enough to incorporate a variety of perspectives and skills yet not so large that effective decision-making is hindered.

In determining the composition and structure of the Board, important factors to be considered include:

- recognizing the need for a suitable balance of executive, non-executive and independent directors to reflect the necessary range of skills and qualities brought by each, and to prevent domination of the Board by any one individual/group;
- ensuring an appropriate balance of each;
- ensuring that each director represents the best interests of the Bank and not the interests of any particular individual/group; and,

- ensuring that the Board has a proper understanding of, and competence to deal with current and emerging issues of the business.

Under the Bank's constitution, the Board consists of 11 directors, comprised as follows:

- (1) The Abu Dhabi Investment Council (the "Council") has the right to appoint a number of representatives proportionate to its shareholding in the share capital of the Bank.
- (2) The Group CEO (GCEO) will be a member of the Board;
- (3) The balance of the Board members shall be elected by resolution of the Annual General Meeting from amongst those persons approved for election by the Nomination, Compensation & HR Committee. In particular, the Committee shall consider each candidate's profile and experience and the specific requirements of the Board at that time. Votes shall be cast for such candidates by shareholders by means of Cumulative Voting through secret ballot. Shareholders who wish to nominate candidates for election to the Board may do so at any time during the nomination period by sending written notice to the Chairman or Board Secretary. The nominations shall be open at least sixty days prior to the date of the Annual General Meeting by e-mail sent to all the Bank's shareholders or by notice in local newspapers and shall close ten days before the date of Assembly. No nomination may be accepted less than (10) ten days before the relevant Annual General Meeting without the consent of the Board which may be obtained through a resolution by circulations;¹

Selection of directors:

The Board's Nomination Compensation & HR Committee plays an important role in the selection and recommendation of potential directors for appointment to the Board.

In selecting candidates for election to the Board, the Committee shall adhere to the following procedures:

1. develop ideal profile
2. evaluate current balance of profiles against the ideal, recognizing that each director individually will not necessarily fulfill all criteria
3. use gap analysis to map out future needs and identify candidate profiles to compliment those already represented on the Board collectively.

This shall involve consideration of:

- the current mix of skills and experience and knowledge of the Bank by the existing Board at individual and collective levels
- the business and strategic needs of the Bank

¹ See also Article 148 of the UAE Federal Law No. (2) of 2015, concerning Commercial Companies and the relevant explanation in SCA circular reference SC/K/88/2016.

- the need to cater for replacement directors ahead of scheduled retirements and general prudent succession planning
- the opportunities to obtain the services of particular persons with desirable skills at the time of their availability
- the ability of the candidate to devote and commit sufficient time to the appointment
- the requirement for “independent directors” as defined by applicable legislation, and best practices determined by the Board
- the requirements of UAE corporate laws, in particular the requirements for national representatives on the Board
- the specific needs and interests of the Bank’s stakeholders
- the commitment to regular updating of knowledge through ongoing professional development
- fit and proper requirements required by applicable legislation or determined by the Board
- the desire to achieve diversity of perspective in the Boardroom

The Committee shall assess potential appointees with a view to improving the Board’s effectiveness.

The Commercial Companies law imposes limits of the number of directorships of joint stock companies which may be held by one person (5) directorships, (2) chairmanships or (1) managing directorship. ¹

Procedure for the selection and appointment of directors: ²

If a director is sought, the Committee shall undertake an analysis to identify the ideal candidate profile.

The Board Secretary, on instructions from the Committee, shall arrange newspaper advertisements and consult various sources (or, where appropriate and approved by the Committee, appoint search consultants) in order to generate a list of suitable candidates for nomination based on the criteria specified by the Committee.

A short list of candidates will be selected by the Committee. Where a candidate has a material conflict with the Bank or any related group entity, the Committee shall not short-list the candidate without the approval of the full Board.

The Chairman of the Board and other directors shall interview the selected candidates and a recommendation shall be made by the Committee to the full Board for approval, then to the shareholders in writing in advance of the elections. Any director with a material conflict of interest should declare it and abstain from the final decision.

¹ See also Article 149 of the UAE Federal Law No. (2) of 2015, concerning Commercial Companies and the relevant explanation in SCA circular reference 88/2016.

² See also Articles 143,144 of the UAE Federal Law No. (2) of 2015, concerning Commercial Companies and the relevant explanation in SCA circular reference 88/2016.

The Board Secretariat shall seek the consent of the UAE Central Bank to the identity of any new candidate to be appointed to the Board. The Bank's advertisement for nominations should mention this requirement and request nominees to provide the information set out in Article 147 of the Commercial Companies Law.

Shareholder engagement¹

The Bank recognizes the importance of good relations and open communications between the Board and its shareholders, particularly in regards to the selection and appointment of directors. In addition to issuing the advertisement mention above, prior to a vacancy arising, the Bank shall communicate to its key shareholders, particularly the Council, the qualifications, experience and technical skills of candidates required by the Bank, and request their cooperation in the nomination process.

In the event that a candidate stands for election without having undergone the review or approval of the Committee, the Bank shall make it clear that the candidate is not recommended by the Bank's Board.

Succession planning of non-executive directors

In accordance with the Bank's constitution, all directors hold term for 3 years but are eligible for re-election at the end of their term.

The Committee shall review the credentials of directors seeking re-election, considering the following:

- the performance review conducted by their peer directors
- the continuing independent status, if relevant
- the continuing validity of the credentials underlying the appointment as director
- the continuing compliance with legal requirements and other eligibility rules
- the commitment of sufficient time during the appointment
- the commitment to regular updating of knowledge through ongoing professional development
- the criteria for appointment of directors determined by the Committee
- an evaluation of the effectiveness of the Board

No Director shall be involved in decisions regarding his/her succession.

Vacancies on the Board²

Under the Bank's constitution, vacancies may be filled in one of three ways:

¹ See also Article 148 of the UAE Federal Law No. (2) of 2015, concerning Commercial Companies and the relevant explanation in SCA circular reference 88/2016.

² See also Article 145 of the UAE Federal Law No. (2) of 2015, concerning Commercial Companies and the relevant explanation in SCA circular reference 88/2016.

1. for those directors appointed by the Council, the Council has the right to appoint substitute directors. The appointment will be subsequently ratified by the Board and submitted to the shareholders for approval at the next annual general meeting of the Bank (the “AGM”) after the date of their appointment;
2. for all other directors, including the Group CEO, by the Board and submitted to the shareholders for approval at the next AGM after the date of their appointment;
3. by shareholders’ vote at the AGM.

Voting¹

Where directors are voted to the Bank’s Board at the AGM, the voting requirements shall be governed by the Bank’s articles of association, which prescribes cumulative voting, by confidential secret ballot. The annual general assembly shall be supplied with a list of those candidates who have been approved by the Committee in advance (preferably 21 days) along with their CV’s and other relevant profile information.

Letter of appointment²

Non-executive directors shall be provided with a letter of appointment setting out their responsibilities, rights, terms and conditions of their appointment and seeking their consent to their appointment to the Board. All new directors shall participate in a comprehensive induction program during which, amongst other things, they will be briefed by management on financial, strategic, operation and risk management issues.

The letter should also include the undertaking and other requirements set out in Article 147 of the Commercial Companies Law.

Flowchart of steps

[see illustrative diagram]

¹ See also Article 146 of the UAE Federal Law No. (2) of 2015, concerning Commercial Companies and the relevant explanation in SCA circular reference 88/2016.

² See also Article 147 of the UAE Federal Law No. (2) of 2015, concerning Commercial Companies and the relevant explanation in SCA circular reference 88/2016.

Criteria for appointment of directors

Ideal Profile:

The following is a list of skills which the ADCB Board of Directors considers desirable to be collectively held by the Board as a whole:

1. Long term senior executive level experience in the financial services industry (preferably from a commercial bank, with similar key business areas as the Bank's, including wholesale banking, consumer banking, treasury, investments, corporate finance, infrastructure, other)
2. Successful, experienced leader of large corporate organization (preferably in the financial services industry)
3. Regional knowledge of and connections in banking sector (priority to Abu Dhabi or Dubai markets)
4. Finance
5. Accounting and financial audit or reporting
6. Legal
7. Corporate governance
8. Operations
9. IT strategy and security, digitization
10. Director of publicly listed company