

ABU DHABI COMMERCIAL BANK BOARD PERFORMANCE EVALUATION POLICY

1. Definitions

“Bank”	means Abu Dhabi Commercial Bank PJSC and its subsidiaries and associates;
“Best Practices”	means best practices in corporate governance as determined by the Board from time to time and including regulatory requirements applicable to the Bank;
“Board”	means the Board of Directors of the Bank;
“Code”	means the Bank’s Code of Corporate Governance;
“CGC”	means the Board’s Corporate Governance Committee;
“Terms of Reference”	means the terms of reference of the Board of Directors;
“Director”	means a Director of the Bank;
“GCEO”	means the Group Chief Executive Officer;
“Chairman”	means the Chairman of the Board;
“Senior Management”	means the senior management of the Bank; and
“Stakeholder”	means any person who has an interest in the Bank’s performance or operations, including shareholders, staff, creditors, clients, suppliers and potential investors.

2. Principles of Board Assessments

- 2.1 The Board, as part of its commitment to monitoring and improving its performance as well as implementing international Best Practices, has put in place a policy to assess and evaluate its own performance. In accordance with the procedures set out in the Code and the Terms of Reference, the Board conducts regular evaluations. These evaluations assess the Board’s contribution to the Bank’s financial performance, its risk controls, its safety and soundness, as well as its effectiveness at various levels including: overseeing and monitoring management’s performance and activities; the Bank’s transparency and

accountability to shareholders depositors and all Stakeholders, and its responsibilities as set out in the Code, Terms of Reference and other requirements.

- 2.2 The Board conducts its evaluations according to a formal structure described in this policy, and on an annual basis. The purpose is to not only analyse the performance of the Board on an historical basis, but also to provide a constructive and helpful basis to highlight those areas in which the Board may need to improve its activities as well as to identify and recognise areas in which it has demonstrated achievement and success. The Board considers the evaluation process to be an important tool for its development, and is involved in both its structuring as well as in a full review of its conclusions. The Board believes that a full, fair and well-managed evaluation process builds mutual trust between Directors, between the Board and Senior Management and between the Bank and its Stakeholders.
- 2.3 Although the evaluations are conducted on a confidential basis by the Board or by an independent third party (and the results are for the Board's review only), this policy and key outcomes and actions arising from the evaluations, are made public.

3. Objectives

3.1 The evaluation of the Board reviews the following:

- 3.1.1 The Board's oversight of the Bank's management, whether management is being held accountable, the adequacy of communication between Board and management, both with the GCEO and with other members of Senior Management, whether the separation of the respective roles of Board and management – Directors to have oversight over management, management to conduct the day-to-day business of the Bank – is being observed.
- 3.1.2 The effectiveness of the mechanisms through which the Board and Senior Management execute their respective oversight responsibilities.
- 3.1.3 The processes that the Board and the Senior Management have for the oversight of the following non-exhaustive list of matters:
- strategic objectives;
 - risk appetite statement, profile and culture;
 - financial performance;
 - capital adequacy;
 - capital planning;
 - liquidity;
 - quality of information supplied to the Board;
 - controls;
 - compensation and remuneration practices; and
 - selection and evaluation of management.

- 3.1.4 The oversight of the risk management, compliance and internal audit functions. This should include assessing the extent to which the Board interacts with and meets with representatives of these functions and whether internal controls are being adequately assessed and contribute to sound governance throughout the Bank.
- 3.1.5 The diligence and knowledge/skill–base/experience of the Board collectively; composition of the Board (including independence and diversity); whether the Directors have participated constructively in Board discussions and decisions; whether they have avoided conflicts of interest in their own dealings with the Bank; whether they have complied with the Code, Terms of Reference, and other requirements; and whether they have acted in the interests of the Bank. The Board evaluation process considers not only how well the Board is fulfilling its responsibilities in these areas, but also the performance of each individual Director. The Chairman uses self-assessment forms to annually evaluate the performance of each Director.
- 3.1.6 Responsibilities of the Chairman and chairmen of the Board Committees: The Chairman and each Board committee have their own specific responsibilities, and these form part of the evaluation. The Chairman’s thoroughness and efficiency in the conduct of Board meetings and the facilitation of appropriate debate, discussion and decisiveness, his role in encouraging the contribution of individual Directors, and his leadership of the Bank in the outside world (to the public, regulators, and the Bank’s counterparties in financial markets) is assessed.
- 3.1.7 Performance of Board Committees: The Board’s committees are evaluated to measure how effectively they have considered the matters under their responsibility, how diligent they have been and how responsive to the Board as a whole. Board committees also carry out their own self-evaluation, performed by themselves under principles set out by the CGC and as required by their Terms of Reference.
- 3.1.8 Specific objectives: Where the Board or other group or individual has set itself or himself specific performance objectives, the performance vis-a-vis those objectives is measured and included in the evaluation.
- 3.1.9 The evaluation will also seek to assess the quality of dialogue and communication between the Board and Senior Management. Senior Management will be asked to express their views on the performance of the Board.

4. Responsibility for the Assessments

- 4.1 The Board assessment and its constituent parts fall under the responsibilities of the CGC. The CGC considers the form, content and methodology of the assessment including:

- the extent of involvement of the Board Secretary;
- whether to consult or engage the services of an external professional consultant/advisor to make recommendations and carry out parts or all of any evaluation;
- whether to use a questionnaire, individual interviews, alternate methodology(s) or a combination, to effectively probe the Director's and Senior Management's views on the performance of the Board; and
- whether to confine the questionnaires to Directors and Senior Management or invite the views of a wider audience, auditors, advisers, key Stakeholders and/or other invitees who have regular contact with Directors.

The CGC prepares a recommendation for the form and content of the evaluation. The evaluation is carried out under the supervision of the CGC, and the results handled appropriately, according to the principles set out below.

- 4.2 To ensure an objective and rigorous process, the services of an external facilitator shall be considered at least once every 2-3 years. Any exceptions to this shall require the approval of the Board.
- 4.3 The CGC ensures that the evaluation is carried out efficiently and without being an unnecessary burden on Directors' time. They also ensure that the evaluation, while thorough and probing, is completely objective and impartial. The CGC is generally responsible for the evaluation process, however, where necessary, the Chairman will communicate the results to individual Directors or handle particularly sensitive matters. The CGC and the Chairman may seek the Board Secretary's assistance with regards to the evaluation process and the CGC may delegate some of the evaluation process elements to the Board Secretary. The decisions and discussions of the Board are reviewed in light of the activities and performance of the Bank as a whole.
- 4.4 The conclusions of the evaluation are then summarized in a report, comprising an evaluation of the Board as a whole, of the Chairman, and of each Board Committee. The results of such assessments are presented to the CGC, which then reviews them and communicates them to the Board for appropriate discussion at the next Board meeting. The evaluation will contain recommendations for action, and these are duly agreed upon and authorised at the CGC meeting. The Board Secretariat will follow up on all actions.
- 4.5 The portions of the evaluations that relate to individual Directors, and especially the results of such individual assessments, are handled either by the Chairman, the Chairman of the CGC or, if retained, by an outside consultant, as the Board or the Chairman may decide. The results of such individual evaluations are passed to the Chairman, who may determine how to communicate the results to individuals or to the Board as a whole, and what actions steps (if any) should be taken. In all cases, opinions and points of view are kept strictly confidential within the terms of the evaluation process that the Board or the CGC lays down.
- 4.6 The results of all evaluation processes are reviewed and considered by the Board. The intent is that such reviews should assist the Board in better directing its work and focus,

correcting oversights and gaps in its functions, and thereby ensuring that Directors act more effectively and efficiently. Similarly, individual assessments are intended to improve individual Directors' contributions, and their conclusions may be directed at the individual himself to help him improve, or to highlight the areas where his peers on the Board consider him to be an especially valuable and constructive member of the Board.

- 4.7 Following the completion of the performance evaluation, the Chairman or the CGC shall review and consider the effectiveness of the process, after the fact, and may seek the contributions and views of the Directors. These findings shall then be considered in structuring the next evaluation to ensure that any areas of weakness or inefficiency are addressed, and to render the process more meaningful and constructive.

5. Other feedback

In addition to the evaluation process, the Bank believes it is important to maintain a dialogue beyond formal Board meetings, between Directors, between individual Directors and the Chairman, and between Directors and management (especially within the structure of the specialist Board committees). Directors are welcome to, and are expected to, raise topics for discussion in Board meetings, and where appropriate raise topics of interest and concern with the Chairman and with the chairmen of the respective Board committees of which they are members. Directors have an opportunity during these interactions to provide feedback to other Directors as to whether these matters are being raised appropriately and whether their subsequent disposition is acceptable.

6. Disclosure policies and practices for evaluations

The Bank will conduct formal evaluations of the Board regularly, and has committed to disclose when it conducts such an evaluation, and the methodology used. Disclosure of Board evaluations will be made in the annual report, in the section devoted to corporate governance. Where an external evaluator is used, the annual report shall identify the external evaluator and state whether they have any other connection with the Bank. The annual report will also include progress of any key remedial actions taken since the last annual report. However, the detailed results of the assessments will remain confidential.

This policy was approved by the CGC on 15 November 2017 and approved by the Bank's Board of Directors on 10th December 2017.