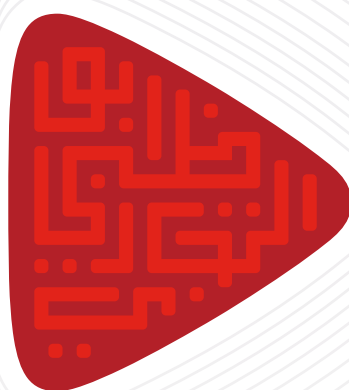


The Difference Is...

AMBITION + DISCIPLINE



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His Highness
Sheikh Khalifa bin Zayed Al Nahyan

President of the United Arab Emirates and Ruler of Abu Dhabi
Supreme Commander of the UAE Armed Forces



His Highness
Sheikh Mohammed bin Zayed Al Nahyan

Crown Prince of Abu Dhabi
Deputy Supreme Commander of the UAE Armed Forces
Chairman of the Abu Dhabi Executive Council

The Difference Is...
STRENGTH + STABILITY



ADCB is a bank you can count on today and for the future. Our strong foundation positions us well for changing market dynamics.

At ADCB, it is our mission to make a difference. This is true whether we are offering customers a better way to bank, investing in our region and communities, delivering strong performance and long-term value for shareholders, or advancing our employees' development.

We make a difference by effectively executing strategies that are steady and consistent, and yet agile and responsive to new opportunities and challenges. World-class financial solutions are delivered with a deep commitment to local needs. We offer the latest innovations whilst also maintaining and emphasising long-standing values and traditions. Our businesses strive for dynamic growth balanced by sound risk management practices.

When consumers and businesses improve their financial standing, the UAE continues to grow and thrive, and all our stakeholders have a bank they can rely upon — that's the ADCB Difference.

The Difference Is...

AMBITION + DISCIPLINE

ADCB's ambition is to create the most valuable bank in the UAE. Our discipline will get us there. We are guided by a consistent set of proven strategies that deliver sustainable growth: a UAE-centric approach, a stable liability structure, a culture of service excellence, diligent risk management and talented staff.





The Difference Is...

CUSTOMER-FIRST CULTURE

ADCB's culture places the needs of our customers at the centre of everything we do. Over 5,000 employees, representing 70 nationalities, share a single goal: to be a trusted partner for our customers along their financial journeys.



Money Can't Buy Ambition



مملكة البحرين

WELCOME

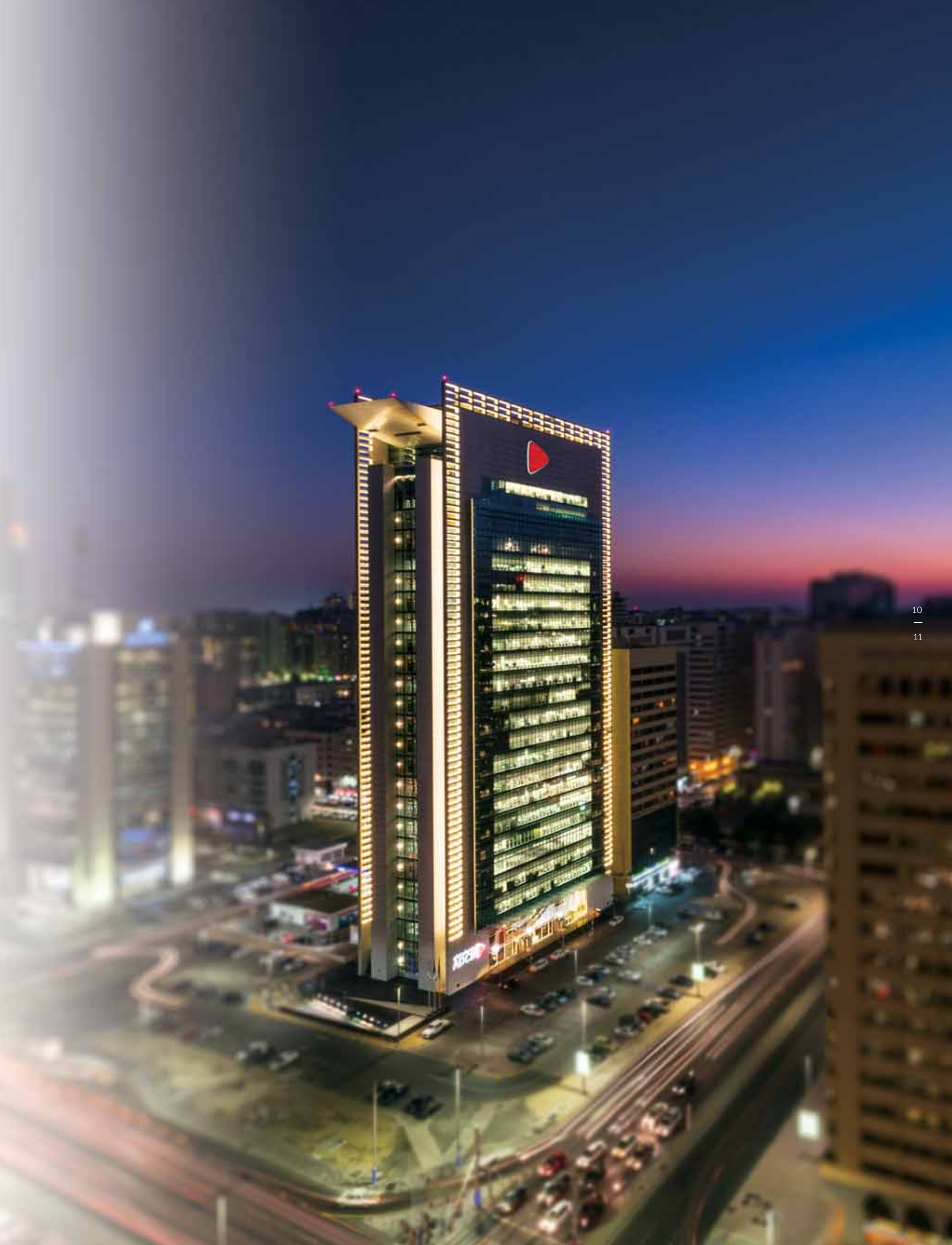
مرحباً بك

The Difference Is...

FINANCIAL STRENGTH

The strength to perform and grow in a sustainable manner — across a range of economic scenarios — is a product of our carefully honed strategy. With assets of AED 228 bn, ADCB is amongst the leading banks in the UAE. We delivered a superior return on average equity of 20.3% in 2015, and had a strong capital adequacy ratio of 19.76% as at 31 December 2015. Over the past five years, we have delivered 24% growth in total assets, 36% growth in operating income and a 290% total return for shareholders.

In the pages that follow, we discuss the source of our financial strength and the elements of our strategic vision for sustainable growth.



Chairman's Message



Eissa Mohamed Al Suwaidi
Chairman

On behalf of ADCB's Board of Directors, I am pleased to report that, despite a challenging business environment, 2015 was another record year for the Bank. Net profits of AED 4.927 bn were up 17% over 2014. At 20.3%, ADCB's return on average equity for 2015 was amongst the highest of our peers.

Whilst we face a number of heightened economic challenges in 2016, we believe that the Bank's well-defined strategy, commitment to excellent service, and strong, well-established governance standards will continue to serve shareholders well.

Dividend and Financial Performance

As a result of ADCB's record performance in 2015, the Board has recommended a cash dividend of 45 fils per share, translating to a payout of AED 2.3 bn (excluding Treasury shares), equivalent to 47% of net profit. This is subject to approval by the shareholders at the Annual General Meeting.

In 2015, we continued the positive trend of increased earnings and dividend payouts, which has now prevailed for the past five years. ADCB has achieved compounded annual growth in operating income of 6% and compounded annual growth in dividends of 18% over the past five years.

Building on a Proven Strategy

Our core strategy has served us well throughout the past five years and should continue to do so. The strategy includes growth through a UAE-centric approach, a stable and conservative liability base, a culture of service excellence and efficiency, diligent risk management and highly talented staff.

We are building upon this strategy and aiming to strengthen ADCB's financial performance by developing a more granular balance sheet. We have continued to aspire to prudent growth, ensuring that our lending guidelines remain appropriate in the current economic environment, and we have continued to improve our credit quality.

We continue to place greater emphasis on cross-selling opportunities with existing customers. Our strong customer service practices further improved in 2015, and we have made the investments necessary to continue to advance our leading franchise.



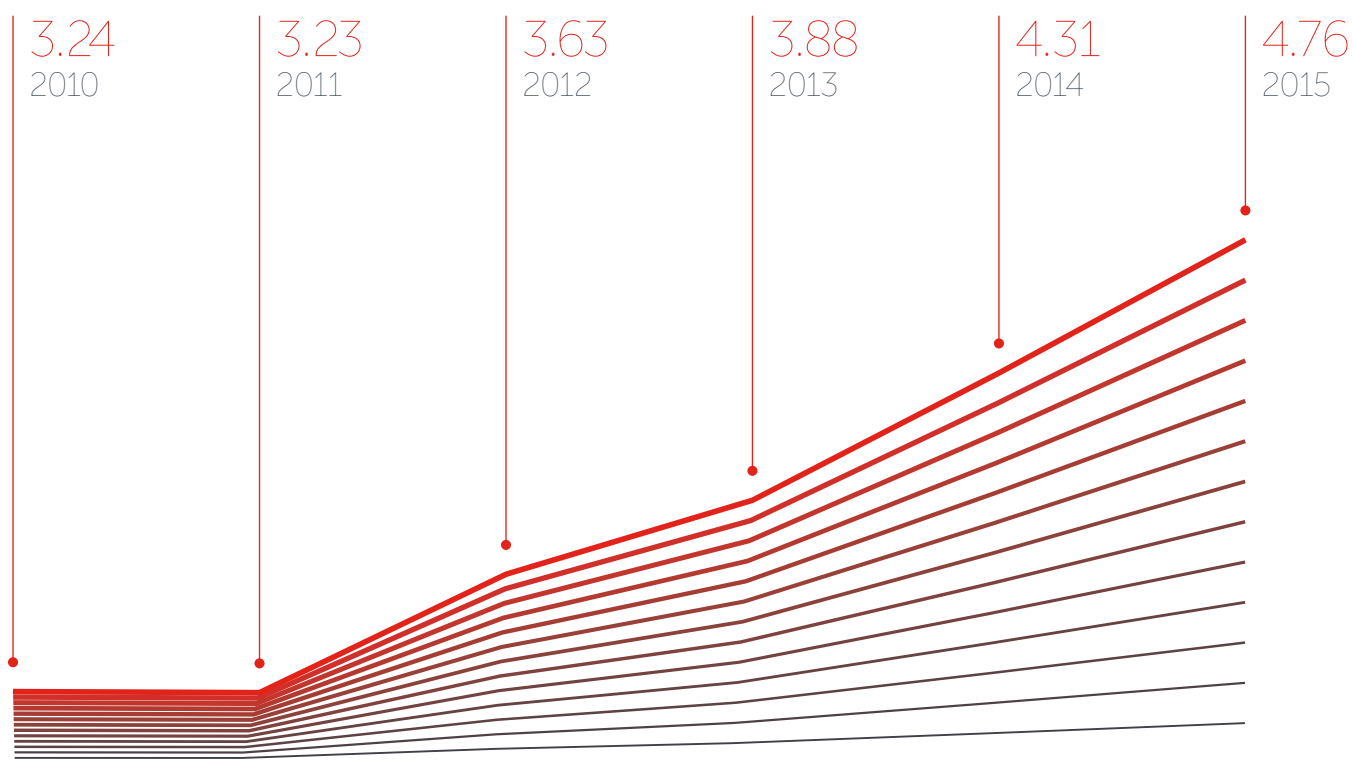
Net profit (AED bn)



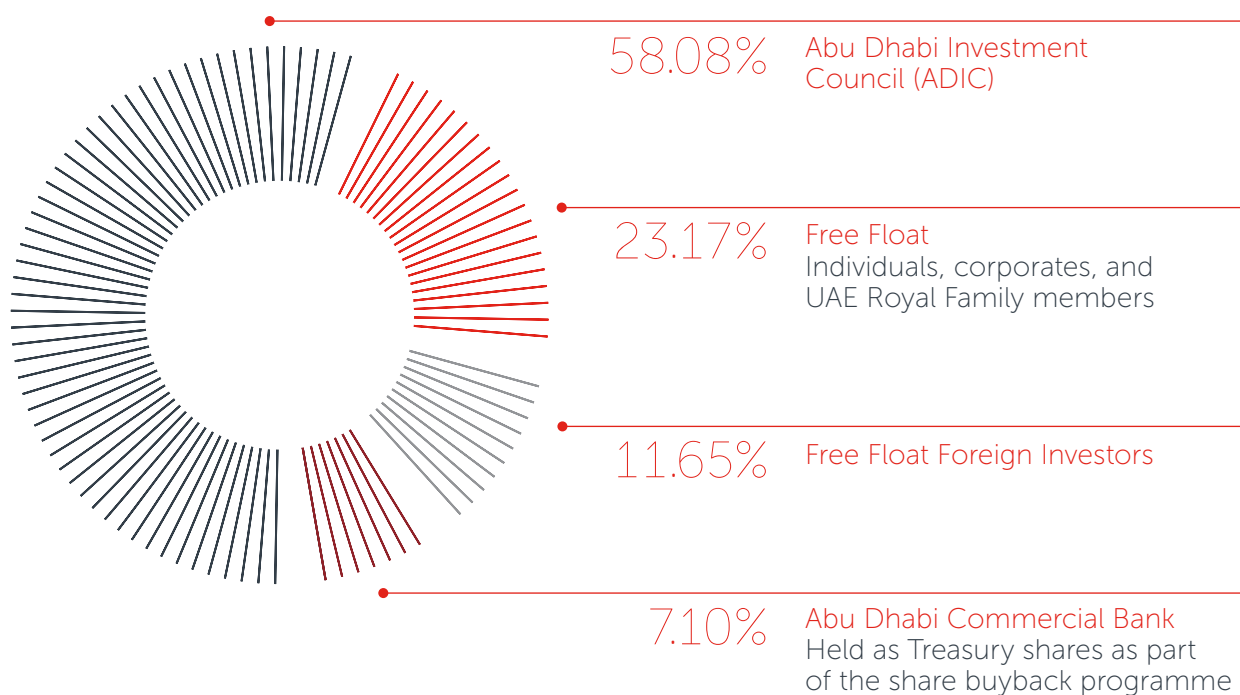
Recommended dividend payout (AED)

Book Value per Share

(AED)



Shareholding Structure



Governance Developments

Throughout 2015, the Board was active and engaged, conducting 51 full Board or Committee meetings. The Board also engaged regularly with management outside of full Board or Committee meetings.

In October, the Board reviewed and confirmed the Bank's strategy. The Board also continued to emphasise the need for prudent risk management and took steps to ensure that remuneration structures are in line with global best practices.

The Bank's aim to excel in corporate governance continued. Our governance philosophy was explored in an in-depth story in the *Hawkamah Journal* in 2015. We are pleased that the Bank now meets or exceeds nearly all of the Basel Committee's Guidelines on corporate governance.

Looking Forward

Whilst lower oil prices will pose a challenge, the UAE's economy remains robust and diversified. There have been a number of positive recent fiscal developments providing support to the economy, such as the removal of subsidies. Numerous sectors in the UAE economy have a positive economic outlook entering 2016, including airlines, tourism, logistics, hospitality, trade and transportation.

Whilst 2016 is expected to be a more challenging year for financial services globally, the Bank will continue to monitor conditions closely and will take actions as necessary. The Bank remains committed to the Abu Dhabi Economic Vision 2030 and to the long-term economic development of Abu Dhabi and the UAE.

Extending Our Appreciation

On behalf of the Board and all at ADCB, I extend our most sincere appreciation and gratitude to His Highness Sheikh Khalifa bin Zayed Al Nahyan, the UAE President and Ruler of Abu Dhabi; to His Highness Sheikh Mohammed bin Zayed Al Nahyan, Abu Dhabi Crown Prince and Deputy Supreme Commander of the UAE Armed Forces; to His Highness Sheikh Mansour bin Zayed Al Nahyan, Deputy Prime Minister and Minister of Presidential Affairs; and to the UAE Central Bank for its continued support of ADCB and the future development of the UAE economy.

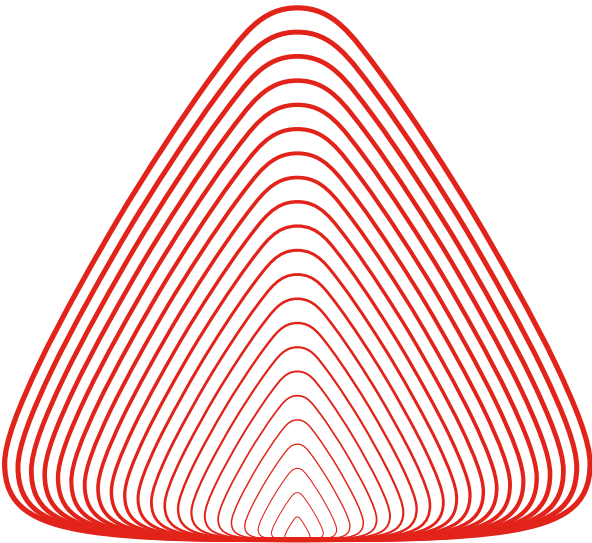
I also extend the continued gratitude and appreciation of the Board to our shareholders, our valued customers, and the ADCB executive management team and employees for their continued dedication and commitment.



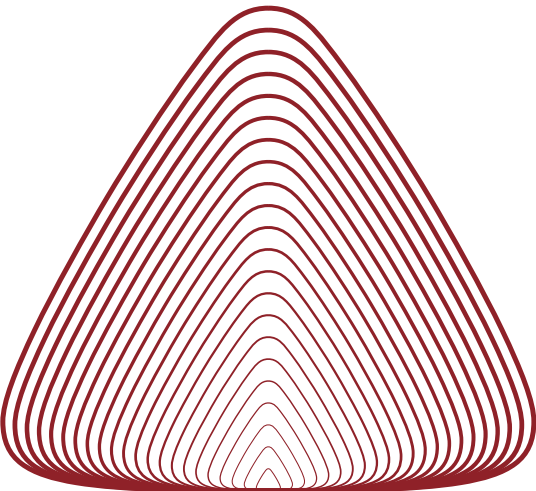
Eissa Mohamed Al Suwaidi
Chairman

Total Assets

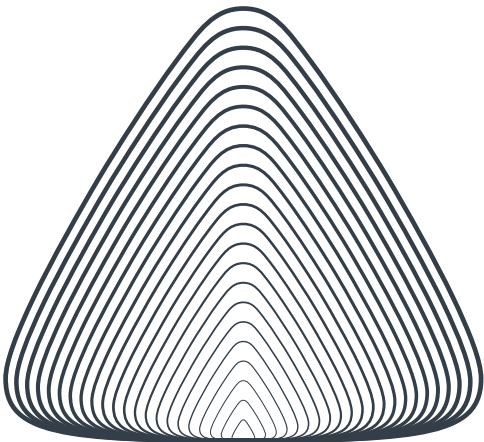
(AED bn)



228
2015



204
2014



183
2013

Group CEO's Message



Ala'a Eraiqat
Group Chief Executive Officer
Member of the Board of Directors

I am pleased to report that ADCB delivered another year of strong performance in 2015. As in past years, our success was the result of ambition and discipline. Our ambition is to serve our customers' needs and to become the most valuable bank in the UAE. Our discipline mandates that we pursue responsible, sustainable growth and profitability.

Among many noteworthy achievements of the past year, your Bank reported record net profit and revenues, produced healthy loan and deposit growth, maintained a solid capital foundation and worked to further enhance our excellent customer service.

Our ability to produce such accomplishments, in an environment buffeted by lower oil prices and other economic headwinds, reflects our differentiation from other banks. This "ADCB Difference" is supported by a well-defined and well-executed strategy that we have pursued consistently for over five years.

 5.434
Operating Profit (AED bn)

The Difference Is Consistency

Delivering consistent, profitable growth in a range of economic scenarios is clear evidence of the ADCB Difference. Our performance in 2015 was characterised by record-setting growth across many key measures. Total assets reached a record AED 228 bn, increasing 12% from the prior year. Net profit also set a record, rising 17% to AED 4.927 bn, whilst net profit attributable to equity shareholders grew by 22% to AED 4.924 bn. Return on average equity was an industry-leading 20.3% in 2015.

Our 2015 performance continued the steady pace of growth we have enjoyed since launching our current strategic course. Over the past five years, total assets have risen by 24% and operating income by 36%, and provision coverage ratio has improved from 80% in 2011 to 128.5% in 2015. Importantly, total shareholder return over the five-year period was 290%.

 290%
5-Year Total Shareholder
Return (TSR)

The Difference Is Focus

ADCB's unwavering commitment to our core UAE market, and to core lines of business that will best serve that market, has long been one of our strategic pillars. The UAE offers economic opportunity on a vast scale, as reflected in our base of over 650,000 retail and over 52,000 corporate customers. Our UAE-centric focus is marked by a dedication to serving the UAE's people and businesses and supporting the long-term health of the UAE economy.

Reflecting our core market focus, 90% of our loan book (gross) and 45% of our investment portfolio were UAE-based at the end of 2015. The dynamic nature of our market helped drive a 9% increase in net loans and a 14% increase in deposits year on year in 2015.

Our mix of core businesses has been carefully tailored to the needs and opportunities of the UAE market. One important way in which we support the UAE's growth, and our own, is by serving small and medium-size enterprises (SMEs) in the UAE. Such businesses are powerful growth engines and give us the opportunity to offer a wide range of financial solutions whilst also broadening our business mix beyond large corporate clients. ADCB's offering to SMEs is delivered by a dedicated team of relationship managers, aided by best-in-class risk management practices and technology, providing us with a true competitive advantage in this segment.

We are also committed to meeting the needs of a broad range of individuals and households. For example, we have expanded our simplylife programme for UAE mass-market customers by opening our first simplylife Sales and Service Centre inside the BurJuman Dubai Metro station. We also launched an extensive ADCB Private Wealth Management product suite in December, and this initiative will be developed further in the coming year.

ADCB's Islamic Banking has continued to provide customers with the freedom to bank in accordance with their values and traditions. It is also an important contributor to our growth, with Islamic financing assets rising 32% and total Islamic deposits up 9% in 2015.

The Difference Is Service

We strive to provide customers with a superior banking experience. Not only is this effort vital to earning their trust and loyalty, it is also a competitive differentiator and the pathway to sustainable growth and value. To maintain our high standards of service, we use the Net Promoter Score (NPS),¹ which measures our customers' propensity to recommend ADCB to friends and family. I am pleased to report that the Bank's NPS continued to rise throughout 2015. Exceptional customer service is also reinforced with real-time, fast feedback loops and led by a Customer Experience Working Group, which I chair.

To enhance service and convenience, ADCB continually invests in advanced technology. 55% of our retail customer base has registered for online banking, and 29% has registered for our market-leading mobile banking app. In 2015, we became one of the first UAE banks to launch an Apple Watch app. Another innovation was our Purely Business Web portal, a source of information, advice and other resources tailored specifically to SMEs.

The ADCB Difference is reflected not only in the performance of our business, but also in the power of our brand. We are proud that ADCB was recognised as one of the "Top 10 Brands" in the UAE according to

1. NPS is well-recognised as the ultimate measure of customer advocacy. "Net Promoter Score" and "NPS" are trademarks of Satmetrix Systems Inc., Bain & Company, and Fred Reichheld.

the MBLM Brand Intimacy 2015 Report, an independent study by an international branding authority. In this study, which ranked those brands that have done the best job of forming emotional bonds with customers, ADCB was the only local brand in the Top 10, alongside a collection of global names. Also, ADCB was the UAE's #1 "most Googled" local brand in 2015. This strong brand engagement is a tribute to our customer-centric culture and the passion of our team members, who bring our culture to life every day.

The Difference Is Stability

A strong balance sheet is a vital defence against economic turbulence — and another differentiator for ADCB. We have built a robust capital structure, with a capital adequacy ratio of 19.76% at 2015 year-end. We run a stable and resilient business and remain disciplined in the way we operate, govern and grow our business, and we always look for a better way to build capital for our businesses, improve shareholder returns and offer the best products and services to customers.

We strive to create a sustainable liability base supported by stable, cost-effective customer deposits. Consequently, we have focused on enhancing our franchise and building relatively sticky low-cost current account and savings account (CASA) deposits, which comprised 44% of total customer deposits as at 31 December 2015. The growth in CASA deposits over the past five years has helped to drive down overall cost of funds, providing a strategic advantage for the Bank.

We continually evaluate our risk strategy, appetite and analysis in response to current and anticipated economic conditions, conducting vigorous stress tests, extensive risk reporting and analysis, and digitisation of certain monitoring systems and processes. This is reflected in our improved asset quality, with our cost of risk reported at record low levels.

The Difference Is People

ADCB's ability to deliver excellent customer service, business performance and long-term shareholder value springs from the talent, energy and motivation of our people. Over 5,000 team members, representing 70 nationalities, share a culture that is entrepreneurial, puts customers first, and values accountability and integrity. We are committed to attracting and retaining the best talent through effective career development and leadership programmes as well as competitive compensation and incentives.

Our investment in human potential is reflected in the Tamooha programme, launched in 2014, which provides career development and a flexible workplace to bring Emirati women into the workforce in a way that is consistent with their beliefs. After extensive training at the Tamooha Centre, participants can work from home, from the Centre or from a combination of both, taking on increasingly challenging and

"We are confident that the Bank is well-positioned to sustain and strengthen the elements of the ADCB Difference. We will continue to aim higher and to do more to serve our customers, grow our business profitably and build value for our stakeholders."

diverse tasks. We are proud of the role of Tamooha in providing over 1,400 hours of training and in enabling 140 Emirati women to find meaningful employment, and we look forward to expanding the range of job functions available.

Delivering the ADCB Difference

Whilst the global economic environment for 2016 is uncertain, the core of the UAE economy remains sound. It is characterised by a robust non-oil sector, strong liquidity and foreign exchange reserves, and ongoing economic diversification.

ADCB possesses an array of strengths that will enable the Bank to weather challenging cycles, as we have in the past. We have a sharp focus on the dynamic and resilient UAE market, a solid customer franchise based on exceptional service, and a strong financial foundation. Most important, we have a proven strategy and a team that is committed to achieving sustainable success.

It is an honour and privilege to be part of ADCB. Our strong performance and exciting potential are the result of the dedication of our Board and employees, the loyalty of our customers and the confidence of our shareholders. We deeply appreciate your support and will strive to continue to earn that support every day.

20

21

Going forward, we are confident that the Bank is well-positioned to sustain and strengthen the elements of the ADCB Difference. We will continue to aim higher and to do more to serve our customers, grow our business profitably and build value for our stakeholders. We look forward to reporting on our progress in the coming year.



Ala'a Eraiqat
Group Chief Executive Officer
Member of the Board of Directors

Group CFO's Message



Deepak Khullar
Group Chief Financial Officer

In 2015, ADCB continued to focus on the strategic drivers of measured and sustainable growth, whilst also making course corrections for the changing economy. We remained steadfastly UAE-focused and customer-centric, managed our balance sheet for liquidity in a difficult environment, contained expenses whilst making prudent investments for growth, and maintained a sharp eye on asset quality and risk management. As a result, we made significant financial progress throughout our business and delivered another year of consistent performance and record earnings.

Amongst the highlights of 2015, net profit increased 17% to AED 4.927 bn, whilst net profit attributable to equity shareholders was up 22% to AED 4.924 bn. Return on average equity grew from 18.1% in 2014 to 20.3% in 2015, and return on average assets for 2015 was 2.22% compared to 2.00% in 2014.

Maintaining Our Strategy — Consistency and Agility

 8.260

Total Operating Income
(AED bn)

Over the years we have been very disciplined in our approach to growth, including resisting calls to grow more quickly. This responsible approach, a strong franchise and stable financial footing have left us well-positioned for the current economic slowdown following the decline in oil prices.

Today we continue to pursue opportunities for growth with a prudent risk-reward balance, emphasising liquidity before profitability, whilst also prioritising loans of high credit quality that can be written at acceptable margins.

 0.29%

Cost of Risk

We have consistently delivered good financial results whilst maintaining our margins, despite ubiquitous challenges in the global financial markets. Going forward, we will stay committed to our clients and customers in our core geography and core businesses. This is a reflection of our agility in adapting to the changing macro and regulatory environments whilst also maintaining a solid strategic framework focused on sustainable growth.

Measured and Sustainable Growth

We manage our balance sheet conservatively, and our loans and advances are diversified across all economic sectors to minimise risk. One of the ways we have achieved responsible, sustainable growth is through granular lending to consumers and to small and medium-size enterprises, which play an important role in the diversification and growth of the UAE economy. We believe our proven discipline in this market will continue to provide us with opportunities to grow our market share.

Our Ratings

A/A-1/
Stable

S&P

A+/F1/
Stable

Fitch

AAA/P1/
Stable

RAM

As a result of our lending practices, our net fees and commission income grew 16% year on year, and total non-interest income was up 6% over 2014. Our loan book (net) increased 9% over 2014, helping us to maintain our margins as we saw growth in higher-yielding loans supplemented with improved recoveries and lower impairment charges.

The credit quality of our loan book remains strong, with our year-end non-performing loan and provision coverage ratios at 3.0% and 128.5%, respectively. We remain selective about the sectors to which we lend and remain prudent about our provisioning.

Therefore, we will continue to focus on granular growth opportunities to build our balance sheet and on diversifying our revenue stream by placing increased emphasis on non-interest income generation.

Continued Emphasis on Liquidity

We continue to place a high priority on maintaining adequate liquidity, as we have for quite some time. Our balanced mix of long-term and short-term liabilities provides a stable funding base. Total customer deposits increased 14%, with current account and savings account (CASA) deposits accounting for 44% of total deposits as at 31 December 2015. Wholesale funding accounted for 20% (including euro commercial paper) of our total liabilities in 2015, providing a stable, long-term and reliable source of funding. The Bank was a net lender of AED 22 bn in the interbank markets, and our investment portfolio totalled AED 21 bn as at 31 December 2015, providing a further source of liquidity for the Bank.

It is important to note that the Basel III reforms have strengthened Liquidity Coverage Ratio (LCR) requirements for the banking industry overall. The new liquidity regulations will result in improved liquidity management for banks and will help the industry become stronger and safer, but they will also require more funds to be deployed in high quality liquid assets (HQLAs), which may have an impact on margins going forward. Our HQLAs include cash, Central Bank certificates, qualified reserves with the Central Bank and investment grade bonds, which represented 15.4% of total assets at year-end. ADCB is well-prepared to adapt to the changing global landscape and to comply with these new regulatory requirements.

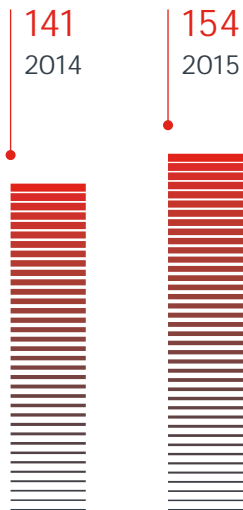
Capital Ratios and Credit Ratings

We increased our revenues whilst also building a strong capital base. The Bank's capital ratios continue to rank amongst those of industry leaders. Our capital adequacy ratio was 19.76%, and our Tier 1 ratio was 16.29%, at the end of 2015.

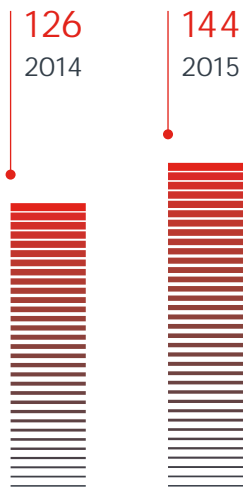
It is noteworthy that, even after maintaining strong capital and liquidity ratios, we were able to increase our return on equity and our dividends. In addition, our credit ratings from Standard & Poor's, Fitch and RAM remain strong at A, A+ and AAA, respectively.

Net Loan and Customer Deposit Growth (AED bn)

Net Loans



Customer Deposits



Cost Control Discipline

In 2015, our cost to income ratio was 34.2%, which was within our target range and stable over 2014. The increase in staff costs in 2015 primarily reflected increases in the personnel needed to support our more granular approach to growth and to maintain our superior level of service.

At the same time, we have digitised many systems and processes to expand business opportunities with customers whilst also providing a better and more comprehensive banking experience. Today, more than 90% of our retail financial transactions are done electronically, enabling us to better serve customers whilst moderating costs. Our differentiation comes down to disciplined execution and customer-centricity. As a result, we are able to source new business more efficiently and profitably.

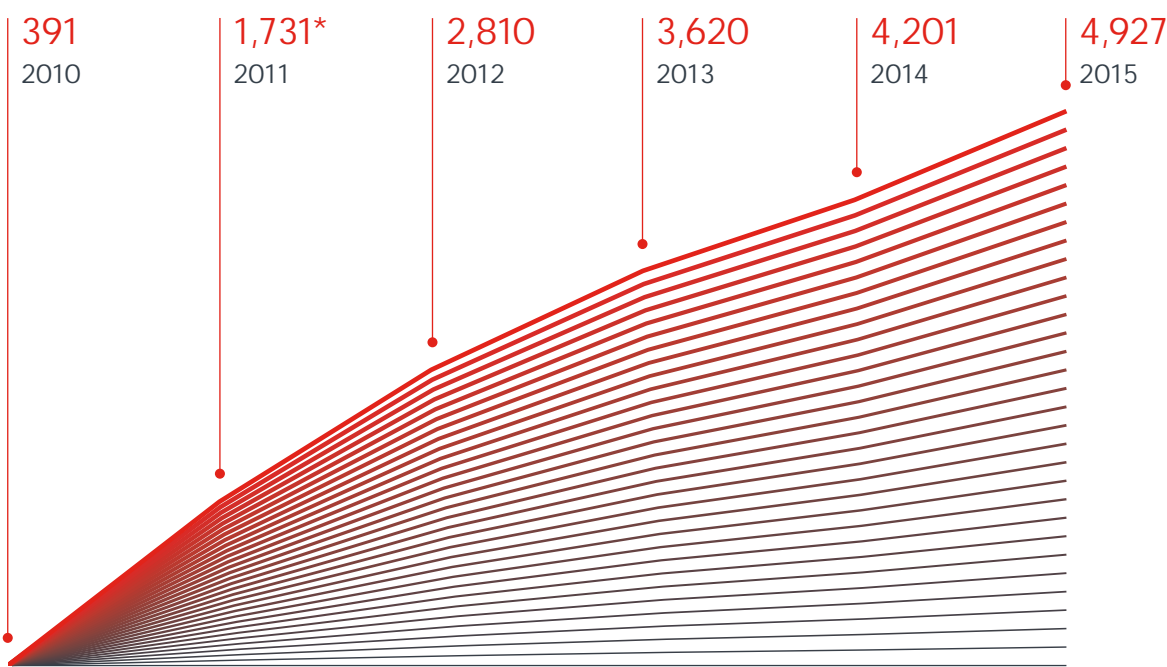
ADCB is ready to meet today's ongoing challenges and welcomes the opportunities at hand. We approach 2016 with optimism, tempered by caution and discipline. We look forward to building on our proven business model, expanding our relationships with current and new customers, and maintaining our conservative approach towards liquidity, capital, expense and risk management.

Deepak Khullar
Group Chief Financial Officer

Financial Highlights

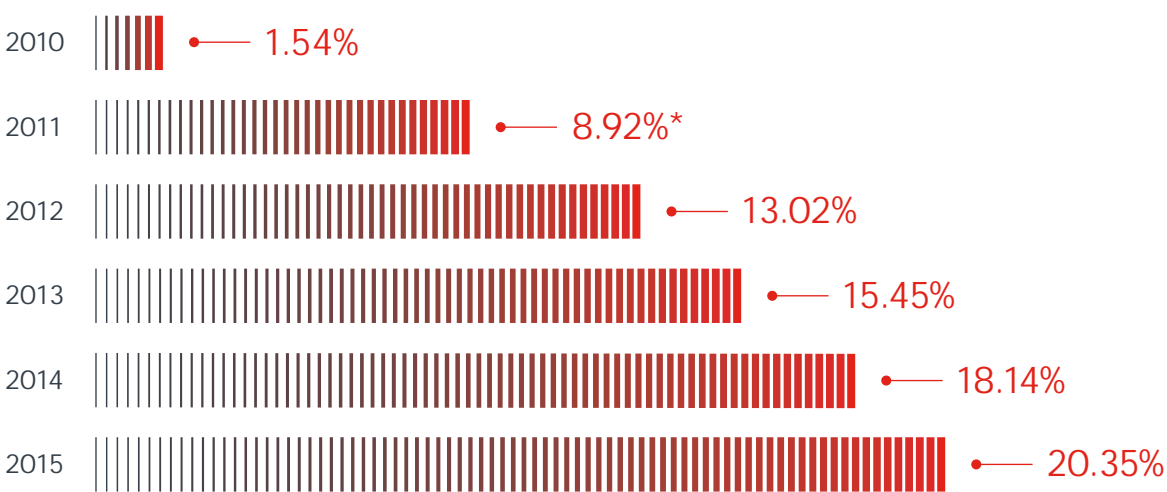
Net Profit (AED mn)

17%
increase in the
past year



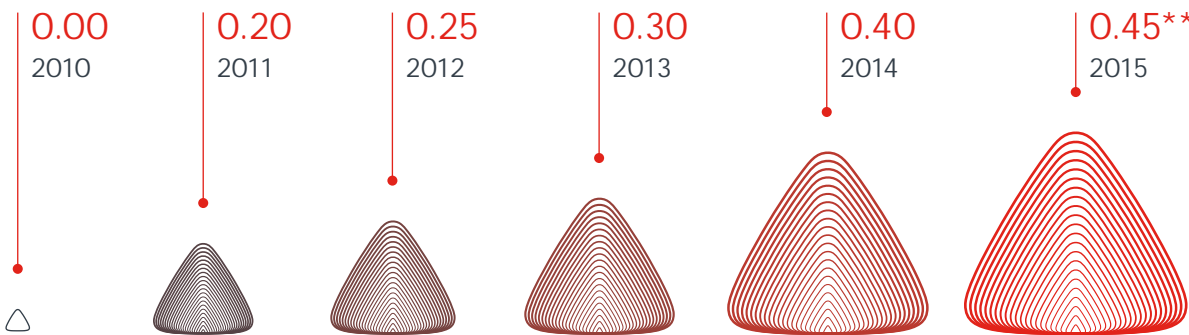
Return on Average Equity

20.35%
in 2015



Dividends per Share (AED)

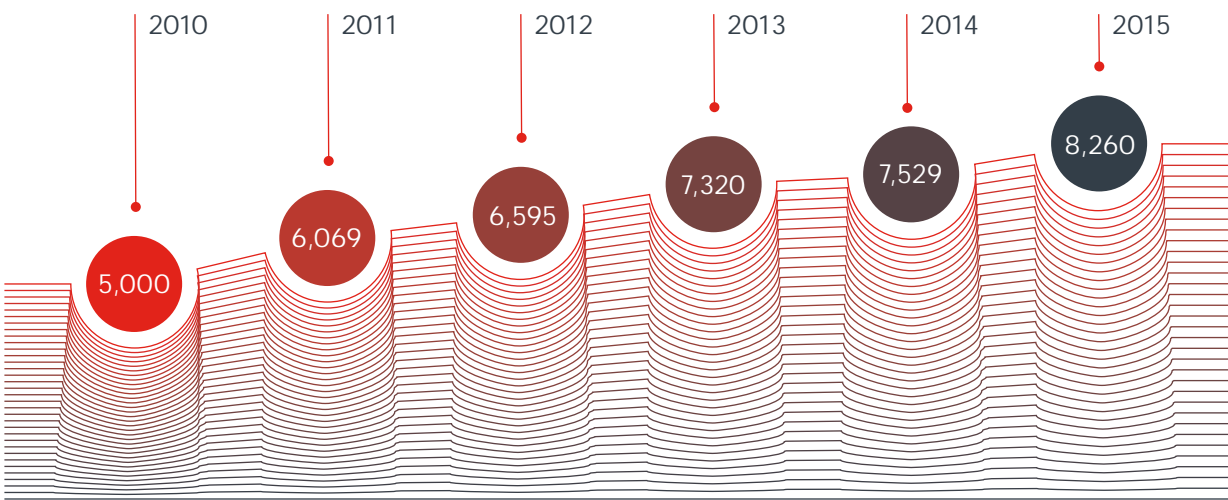
AED 0.45
in 2015



*Normalised to reflect sale of investment in associate
**Subject to approval by the shareholders at the Annual General Meeting

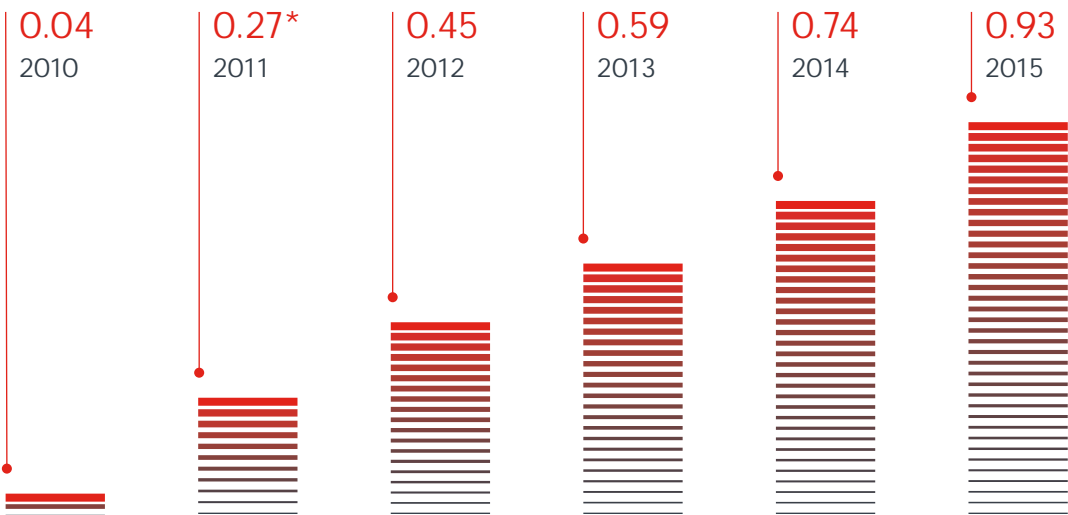
Total Operating Income (AED mn)

10%
increase in the
past year



Basic Earnings per Share (AED)

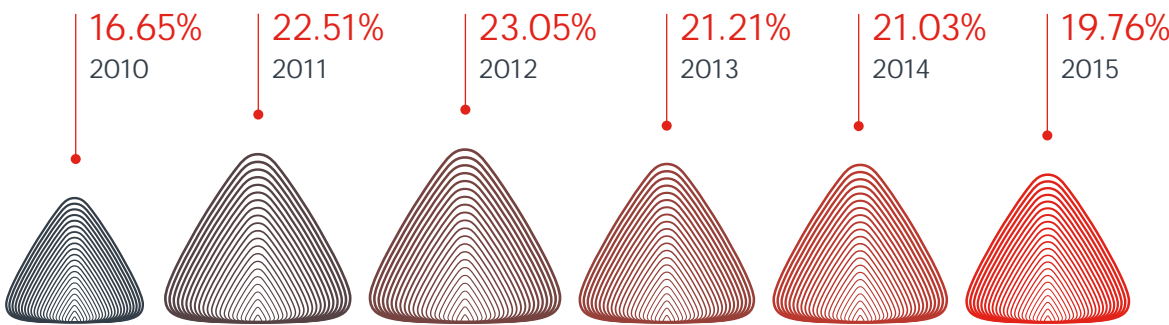
26%
increase in the
past year



26
—
27

Capital Adequacy Ratio

19.76%
in 2015



*Normalised to reflect sale of investment in associate

The Difference Is...

Focus

ADCB's strong results come from a well-defined, well-executed strategy. Our 2015 performance, in a challenging economic environment, reflects our consistent pursuit of sound, proven strategies. The result was a year of noteworthy progress. We delivered significant growth and rising profitability; expanded our portfolio of products and services; and honoured our commitments to consumers, businesses, shareholders, employees and the communities we serve.

Our strategy is aimed at achieving an ambitious goal: to create the most valuable bank in the UAE. Realising that ambition requires a sustained, rigorous commitment to providing exceptional customer service, a sound business model focused on delivering profitable growth balanced by sound risk management, superior long-term returns for shareholders, and an excellent workplace environment for employees. These attributes differentiate ADCB from other financial institutions and enable us to deliver enduring value for all our stakeholders.

Our well-defined and consistently executed strategic platform, adopted in 2009, is supported by five strong pillars:



Sustainability
through liability
growth

Growth through a
UAE-centric approach,
with controlled
internationalisation

Maintain a culture of service excellence and efficiency

Manage our risk in line with a predefined risk strategy

Success through staff

UAE-CENTRIC

01

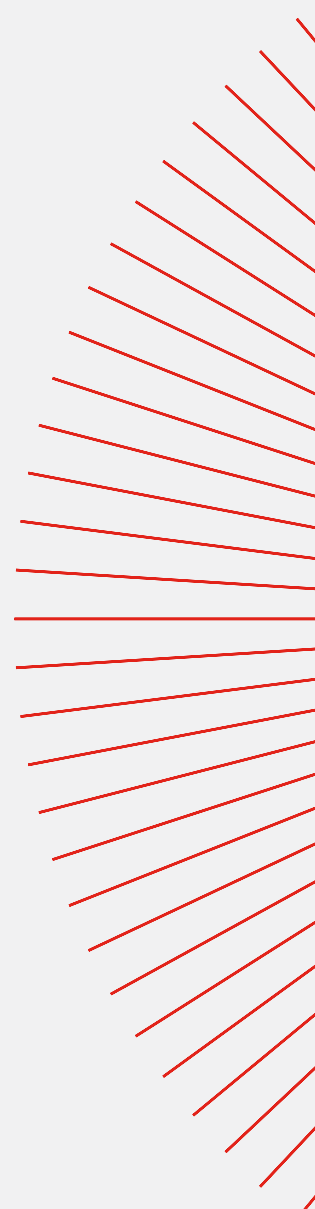
The Difference Is a UAE-Centric Approach

ADCB's sharp focus on serving the UAE — a dynamic, growing market of significant business potential — is one of our major differentiating strengths. Our vision is to build the biggest retail bank in the UAE, and the largest wholesale franchise in our chosen business segments, by maintaining and consolidating our business in the UAE.

Our UAE-centric focus has given ADCB a strong domestic franchise and extensive, high-quality brand recognition, with 49 branches in the UAE. Today, we serve a growing customer base of more than 650,000 retail customers and over 52,000 corporate clients. ADCB is also committed to investing in the UAE's long-term social and economic infrastructure, in line with the UAE Vision 2021 and the Abu Dhabi Economic Vision 2030.

The strengths of our Consumer and Wholesale Banking franchises form the foundation of our solid position in the UAE. We focus on serving the financial needs of UAE households, businesses and communities in a disciplined manner and with the highest standards of integrity. As at 31 December 2015, 90% of our loan book (gross) and 45% of our investment portfolio was in the UAE.

We have a highly selective presence outside the UAE, primarily to expand the financial solutions available to our UAE customers. In addition to two branches in India and one in Jersey, we recently opened representative offices, one in London and one in Singapore, that allow us to capitalise on global economic trade and investment flows. We also have strategic partnerships in place with Bank of America Merrill Lynch and Banco Santander to provide a global network for our clients.



GROWTH THROUGH A UAE-CENTRIC APPROACH,
WITH CONTROLLED INTERNATIONALISATION



90% of
gross loans
are within
the UAE

10% of
gross loans
are outside
of the UAE

SUSTAINABLE GROWTH

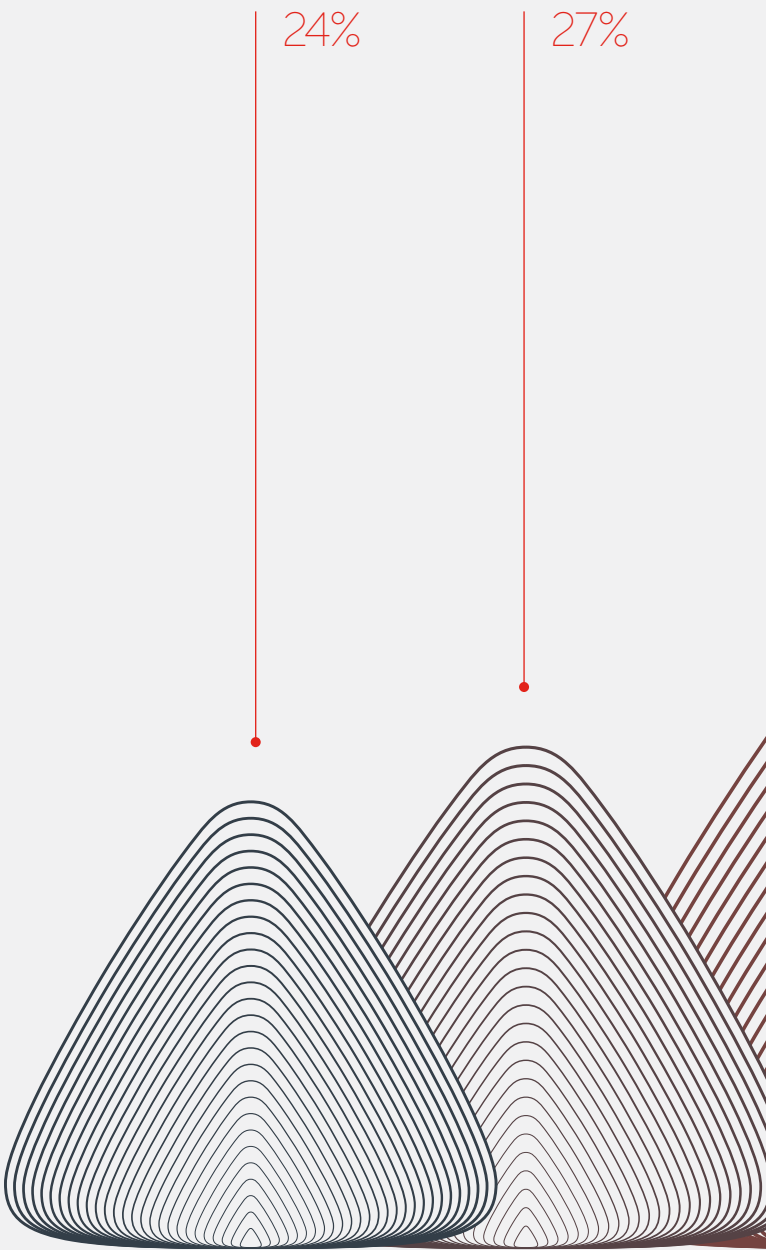
02

The Difference Is Sustainability through Liability Growth

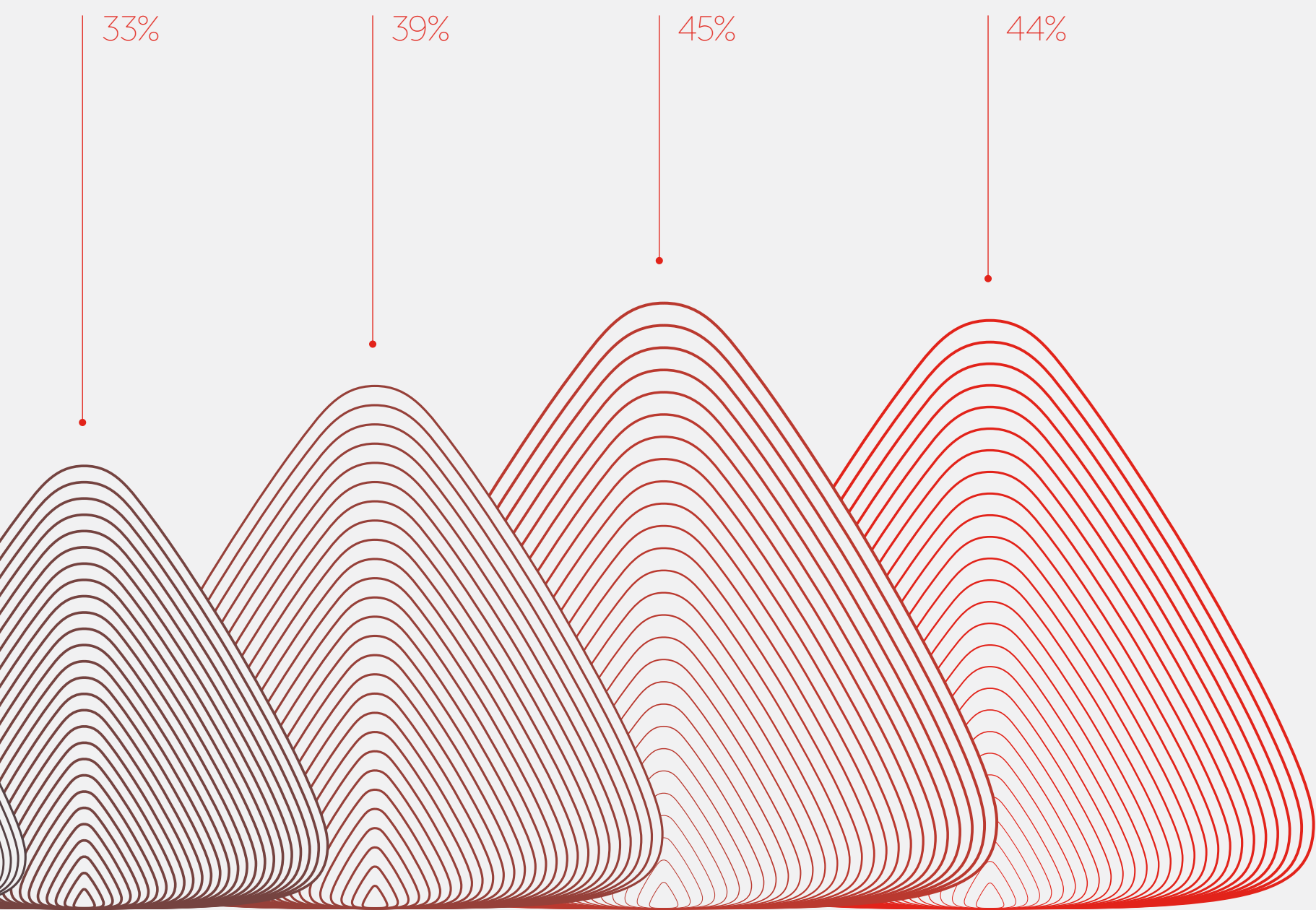
ADCB’s liability structure continues to deliver sustainable profitability and growth. Our customer deposits increased 14% in 2015 and comprised 72% of total liabilities as at 31 December 2015.

Our balance sheet strength benefits significantly from current account and savings account (CASA) deposits. Our award-winning and world-class cash management services help clients make their businesses more efficient and automated, reducing administration and risk. These services also deliver CASA balances for ADCB — a strategic advantage over fixed deposits, as CASA deposits provide stable, low-yield/low-cost customer deposits that help to hold down our overall cost of funds.

CASA deposits were 44% of total customer deposits at year-end 2015. ADCB’s cost of funds for 2015 was 0.92% compared to 2.64% in 2010. The increase in CASA deposits also resulted in a meaningful improvement of the Bank’s loan to deposit ratio, from 115.7% in 2010 to 107.1% in 2015.



CURRENT ACCOUNT AND SAVINGS ACCOUNT (CASA) DEPOSITS
AS A PERCENTAGE OF TOTAL CUSTOMER DEPOSITS



CUSTOMER-CENTRIC

03

The Difference Is a Culture of Service Excellence and Efficiency

ADCB's customer-centric approach is embodied by a culture that places the needs of customers first, setting world-class professional standards. We believe that helping our customers succeed financially is the key to our own success. As such, we continually work to enhance relationships, build loyalty and earn trust.

Customer satisfaction is measured and guided by our use of the Net Promoter Score (NPS). NPS measures the propensity of customers to recommend a business to their friends and associates, and as such is well-recognised as a meaningful measure of customer advocacy. We employ NPS as a single currency throughout the Bank. Every member of our staff has at least 30% of his or her annual performance objectives tied to delivering a superior customer experience. We are extremely proud that ADCB's NPS scores continued to rise throughout 2015.

Our commitment to customer satisfaction is maintained and enhanced by our Customer Experience Working Group, chaired by our CEO, and championed every day across our organisation by the people of ADCB. In addition, throughout the Bank we have created a customer-first culture by following the Bank's 'Our Promise' guidelines, a set of principles and commitments embraced by all employees when dealing with customers.

We continue to enhance our customer-centric culture by continuing to invest in technology and simplifying our businesses. In 2015, we have digitised many processes to provide a better banking experience for our customers, whilst delivering best-in-class service.

TOWARDS SERVICE EXCELLENCE



We retained the #1 position among our peers across our Wholesale, Mid Corporate, Treasury and Private accounts segments.*



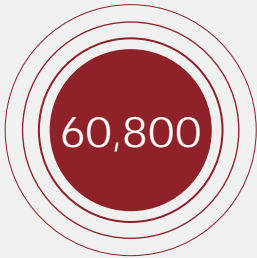
Staff trained in service



Service recoveries following feedback from a fast feedback loop



Staff provided feedback on internal service providers



Customers spoken to for feedback



Staff trained on service standards and Our Promise



Mystery shopping surveys



Studies undertaken on the voice of the customer



Processes fully re-engineered



Customer focus groups undertaken



Live fast feedback loop



Service quality forums and customer experience working groups

*Source: 2015 survey conducted by independent third-party research agencies for ADCB customers

RISK-AWARE

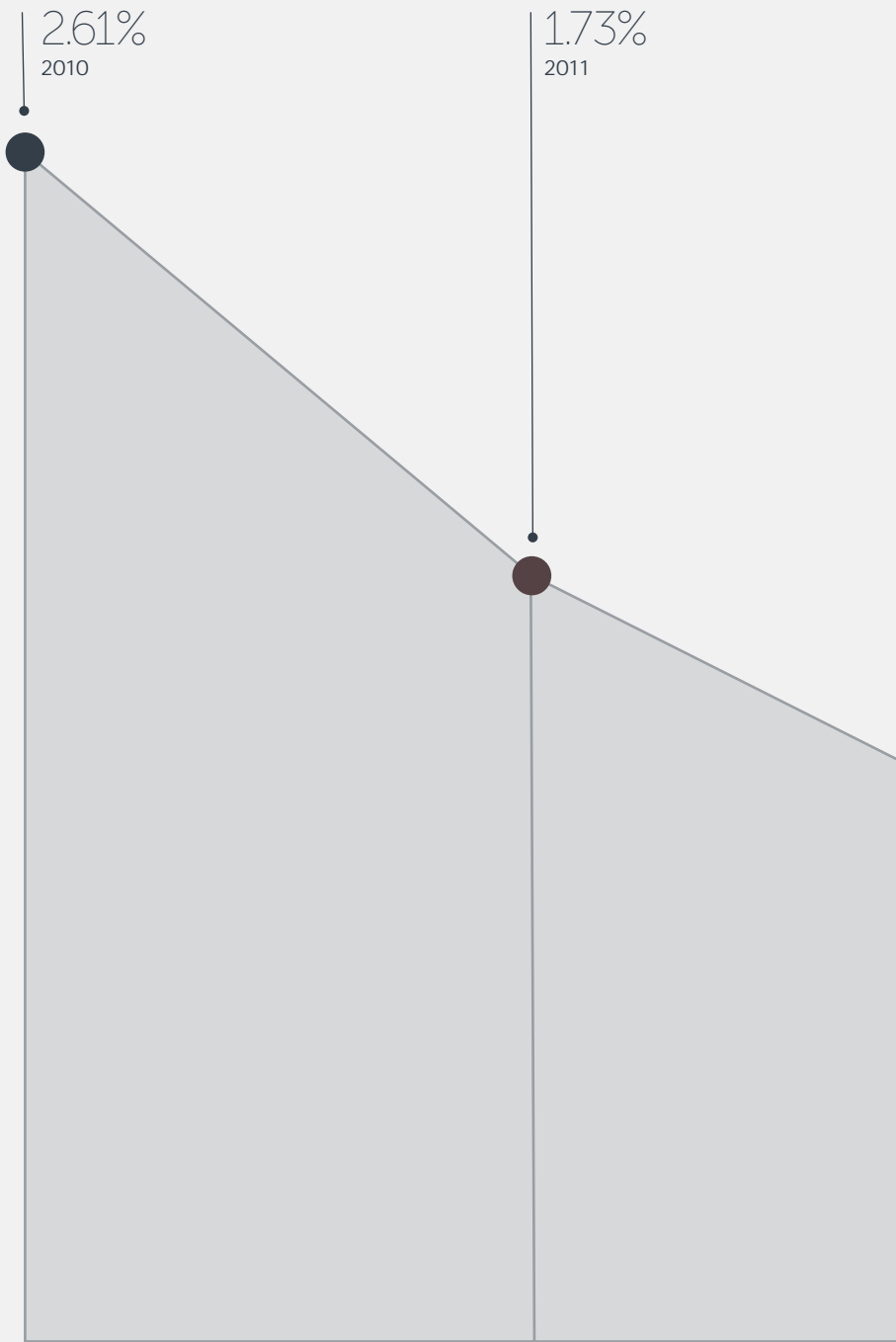
04

The Difference Is Predefined
Risk Strategy

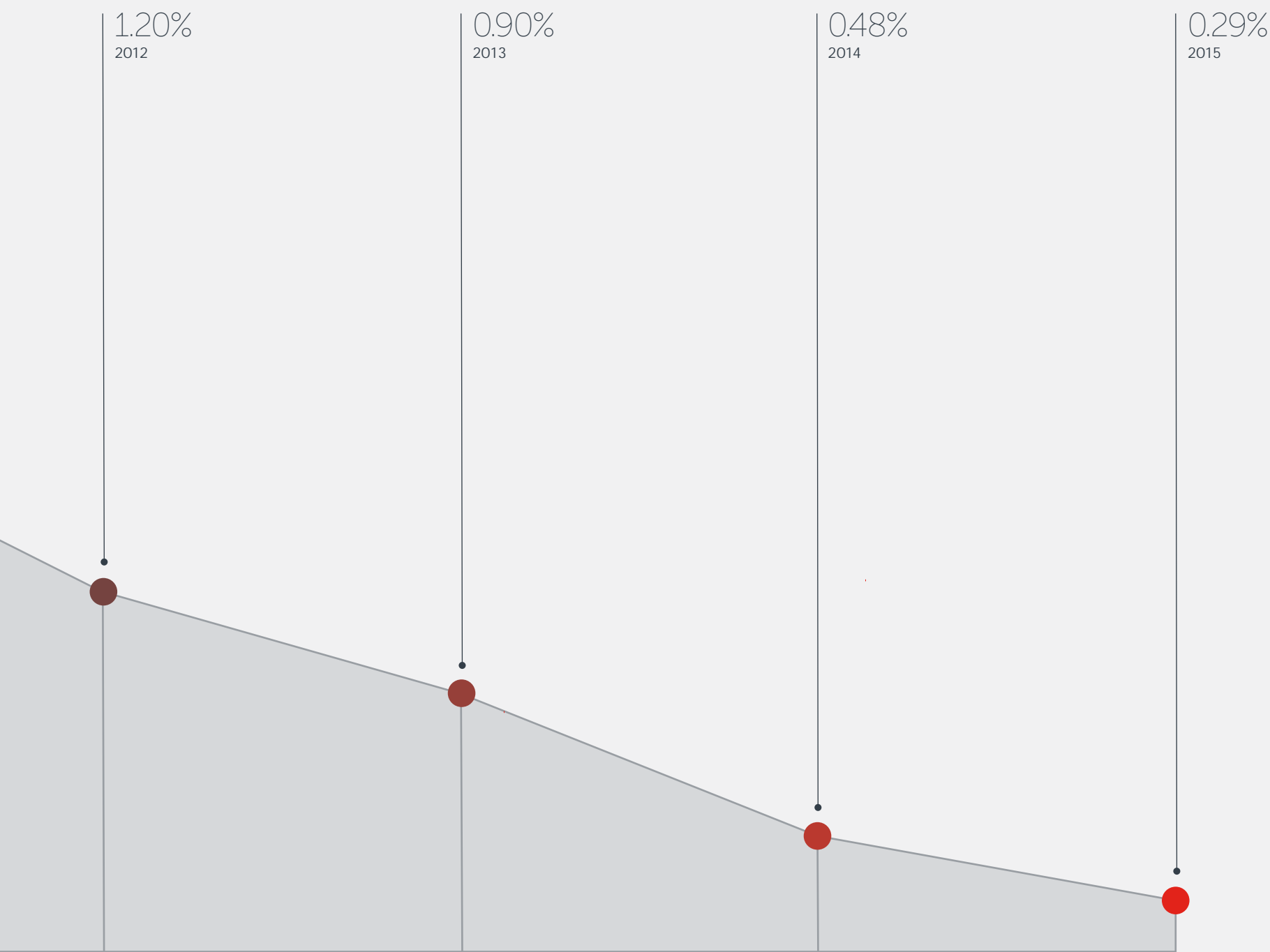
Robust risk management protocols are vital to preserving and protecting ADCB’s long-term financial strength and growth potential. The foundation of these protocols is built upon a rigorous control framework, disciplined risk practices and a strong risk management culture that guides each and every employee. Our Risk Management team strengthened over the past few years, comprising professionals with extensive international and regional experience. We continue to improve our Risk Management function, corporate governance and transparency through regular reviews of our risk policies and procedures. Our risk appetite is always in alignment with our overall strategy to maintain the quality of our portfolio and our long-term growth prospects. As a result, our cost of risk improved significantly, from 2.61% in 2010 to 0.29% in 2015.

We actively monitor and assess macroeconomic conditions and realign policies and practices to ensure our portfolio remains robust. We continue to enhance our risk management capabilities through upgraded risk management systems; expanded portfolio exposure reporting and analysis techniques; standardised stress tests; and assessments of ratings migration.

We are committed to maintaining a disciplined risk profile. Our effectiveness and efficiency are reflected in, amongst other things, three key elements: (i) a conservative balance sheet; (ii) a clear risk governance structure and strong risk management culture; and (iii) a strong capital and liquidity position.



COST OF RISK



TALENT-DRIVEN

05

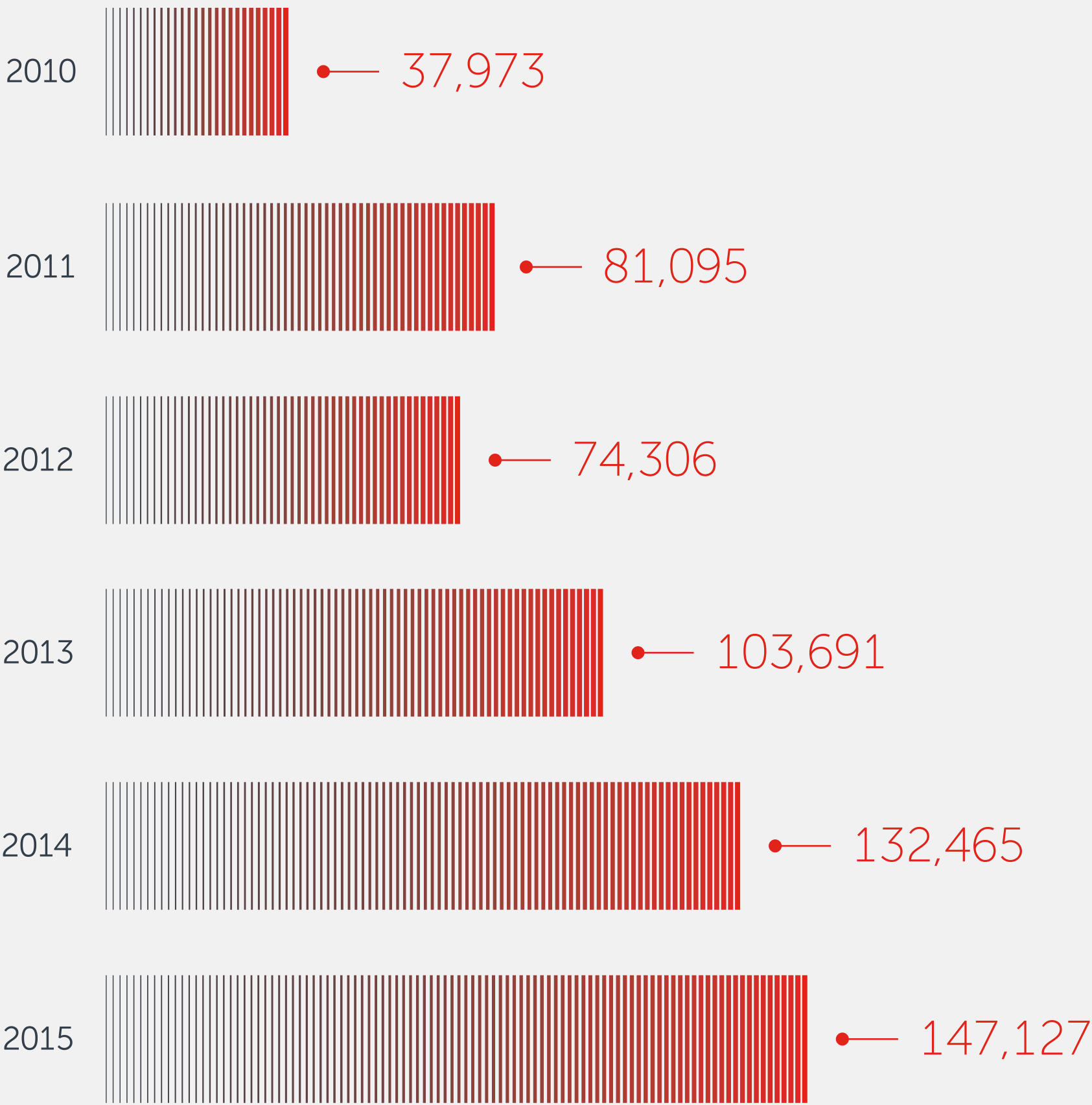
The Difference Is Success through Staff

ADCB recognises the contribution of its staff members to its long-term profitability and success. Outstanding service and financial performance can best be attained and maintained through a highly talented and motivated workforce. Thus, building an engaged, healthy and inclusive workforce is crucial for the successful realisation of our strategic aspirations. Our strategy for enhancing the Bank's "human capital" is to inspire employees to develop continuously and to make their own unique contribution to ADCB's continued success.

Our focus, to build partnerships with customers that last a lifetime, is entirely dependent upon the talent and service of our people. To retain key staff members, we periodically review their compensation and incentives and reward them in accordance with their performance. ADCB also remains focused on attracting talent to key new roles within the organisation through a competitive compensation structure, investment in our people and a commitment to building meaningful career paths for staff.

The success of our efforts can be seen in our best-in-class retention rate amongst our peers. Our professional development, function-specific training academies and career advancement opportunities work together to promote individual growth and institutional excellence.

TRAINING HOURS



Measuring Against Strategy

We rigorously measure the progress of our strategy to create the most valuable bank in the UAE through a range of performance measures, including those below.

STRATEGIC AIM

Most valuable bank in the UAE

HOW WE MEASURE OUR STRATEGIC KPIS

Total Shareholder Return (TSR)
Calculated as the growth in share price plus dividends paid to shareholders during the year. TSR is recognised as one of the best measures of achieving a good investment return.

OUR 2015 PERFORMANCE

6%
Total Shareholder Return

Most profitable

Return on Average Equity (ROAE)
Calculated as the profit attributable to equity shareholders as a percentage of average shareholders' equity.

To increase ROAE, we focus on growing our business where risk-adjusted returns are maximised and capital is efficiently deployed.

20.3%
Return on Average Equity

Most resilient

Basic Earnings per Share (EPS)
Calculated as profit attributable to equity shareholders of the Bank as divided by the weighted average of the equity shares in issue during the year.

AED 0.93
Basic Earnings per Share

Most efficient

Cost to Income Ratio
Calculated by dividing operating expenses by operating income. We made important changes to our core processes and introduced specialist management techniques to do more with less, and thus became more efficient whilst still investing in our businesses.

34.2%
Cost to Income Ratio

Best customer service

Net Promoter Score (NPS)
NPS is based on customers' likelihood to recommend ADCB to a friend or colleague.

NPS is calculated as the percentage of customers who are promoters, rating the Bank a 9 or 10 on a 0-to-10 point scale, minus the percentage who are detractors, rating it a 6 or lower.

Retained No. 1 position among our peers across our Wholesale, Mid-corporate, Treasury and Private account segments

The Difference Is Vision for the Future

ADCB's well-defined strategic framework and solid financial foundation have created a clear path towards our ambition and empowered us to deliver consistently strong performance in a rapidly changing business environment. Our strategic pillars have been in place since 2009 and are continually refined to ensure that they remain relevant and effective in a dynamic global financial marketplace. The effectiveness of our strategy is closely monitored by the Board of Directors using a range of performance measures and key financial gauges.

As we look ahead, we remain focused on creating the most valuable bank in the UAE by continuing to build our retail operations, growing our wholesale franchise in select segments, maintaining our emphasis on shareholder value, pursuing a disciplined risk management approach, and delivering a customer experience that is second to none.

Our ambition

To create the most valuable bank in the UAE

Our strategy

- 1 Growth through a UAE-centric approach with controlled internationalisation
- 2 Sustainability through liability growth
- 3 Maintain a culture of service excellence and efficiency
- 4 Manage our risk in line with a predefined risk strategy
- 5 Success through staff

The Difference Is...

Sustainable Growth

ADCB delivered a year of record financial results in 2015. The consistent application of our strategies, as well as significant contributions by each of the Bank's businesses, enabled ADCB to achieve profitable growth and maintain a prudent risk-reward balance, despite an environment characterised by increasingly challenging economic headwinds.

Amongst the highlights of our 2015 performance, net profit was a record AED 4,927 mn, rising 17% from the prior year. Net profit attributable to equity shareholders increased 22% from a year ago to AED 4,924 mn. Basic earnings per share for 2015 were AED 0.93, growing 26% from 2014. The primary factors resulting in this strong performance were: record operating income, driven by increases in net interest and Islamic financing income and non-interest income; well-controlled operating expenses, which were stable as a percentage of income; and lower net impairment allowances, reflecting continued improvement in asset quality.

Total assets increased 12% over 2014, to AED 228 bn at 31 December 2015. ADCB's sustained growth is reflected in the 9% increase in net loans and advances, with both Wholesale Banking and Consumer Banking contributing to the increase, whilst total customer deposits were up 14% over the prior year.

12%

increase in
ROAE over 2014

14%

increase in customer
deposits over 2014

9%

increase in net
loans over 2014

10%

increase in total
operating income
over 2014

17%

increase in net profit
over 2014

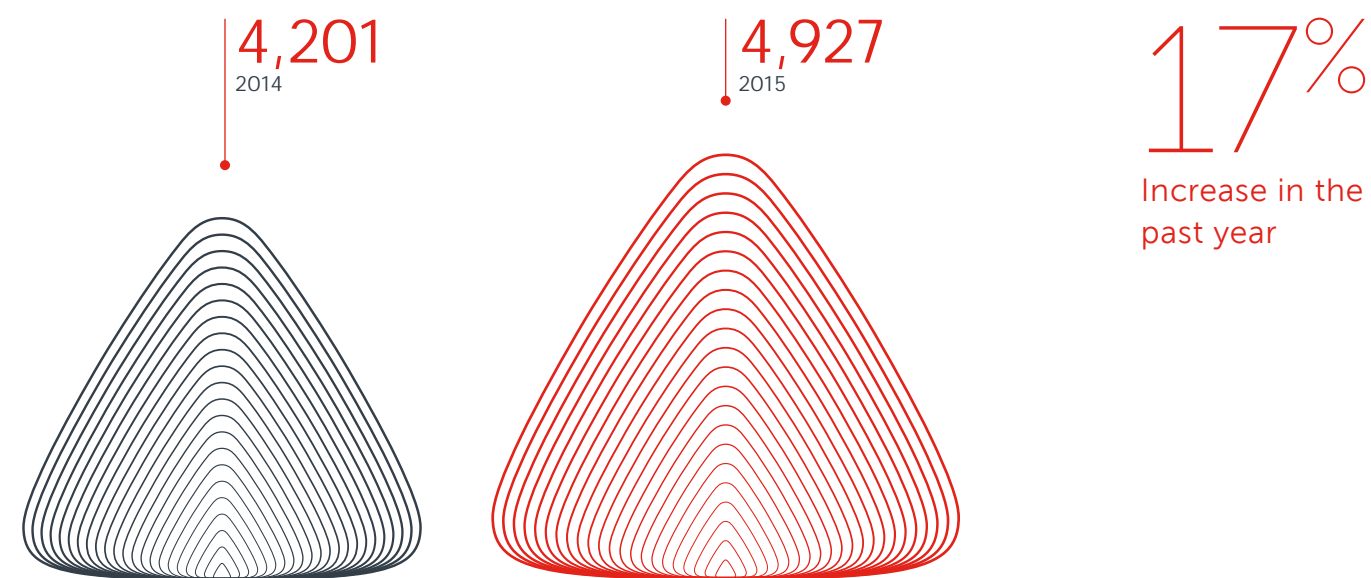
Management's Discussion & Analysis (continued)

Income statement highlights (AED mn)	Year-on-year trend			Quarterly trend				
	2015	2014	Change %	Q4'15	Q3'15	Q4'14	Q4'15 Change %	
			YoY				QoQ	YoY
Total net interest and Islamic financing income	6,206	5,585	11	1,476	1,545	1,392	(4)	6
Non-interest income	2,055	1,945	6	539	466	493	16	9
Operating income	8,260	7,529	10	2,016	2,011	1,885	0	7
Operating expenses	(2,827)	(2,563)	10	(715)	(740)	(709)	(3)	1
Operating profit before impairment allowances	5,434	4,966	9	1,301	1,271	1,176	2	11
Net impairment allowances	(502)	(762)	(34)	(110)	(66)	(154)	67	(28)
Overseas income tax expense	(6)	(3)	100	(1)	(1)	1	NA	NA
Net profit for the period	4,927	4,201	17	1,191	1,204	1,023	(1)	16
Net profit attributable to equity shareholders	4,924	4,050	22	1,190	1,203	1,022	(1)	16

Balance sheet highlights (AED mn)	2015	2014	Change	Dec'15	Sep'15	Dec'14	Change %	
			%				QoQ	YoY
Total assets	228,267	204,019	12	228,267	215,329	204,019	6	12
Net loans and advances	153,677	140,562	9	153,677	150,653	140,562	2	9
Deposits from customers	143,526	126,011	14	143,526	130,009	126,011	10	14
Ratios (%)	2015	2014	bps	Dec'15	Sep'15	Dec'14	bps	bps
CAR (capital adequacy ratio)	19.76	21.03	(127)	19.76	19.68	21.03	8	(127)
Tier 1 ratio	16.29	17.01	(72)	16.29	16.14	17.01	15	(72)
Advances to stable resources	88.2	88.5	(30)	88.2	92.9	88.5	(470)	(30)

Figures may not add up due to rounding differences.

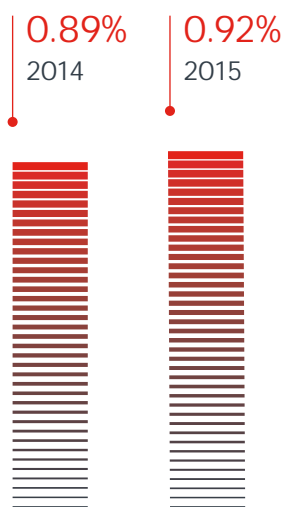
Net Profit (AED mn)



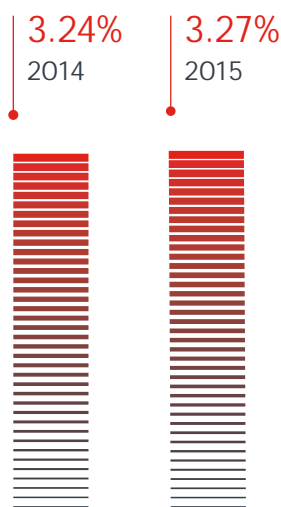
RECORD LEVEL OF NET PROFIT DESPITE A CHALLENGING BUSINESS ENVIRONMENT

- The Bank reported a record net profit of AED 4,927 mn compared to AED 4,201 mn in 2014, an increase of 17% year on year. Net profit attributable to equity shareholders was AED 4,924 mn, an increase of 22% over 2014.
- Basic earnings per share were AED 0.93 compared to AED 0.74 in 2014, an increase of 26% year on year.
- Despite maintaining a high level of capital and a higher equity base, the Bank delivered a strong return on average equity (ROAE) of 20.3% compared to 18.1% in 2014.
- Return on average asset (ROAA) for 2015 was 2.22% compared to 2.00% in 2014.
- Operating income in 2015 reached a record AED 8,260 mn, an increase of 10% year on year. Total net interest and Islamic financing income for 2015 was

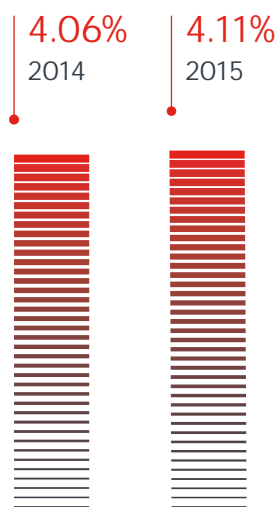
Cost of Funds (%)



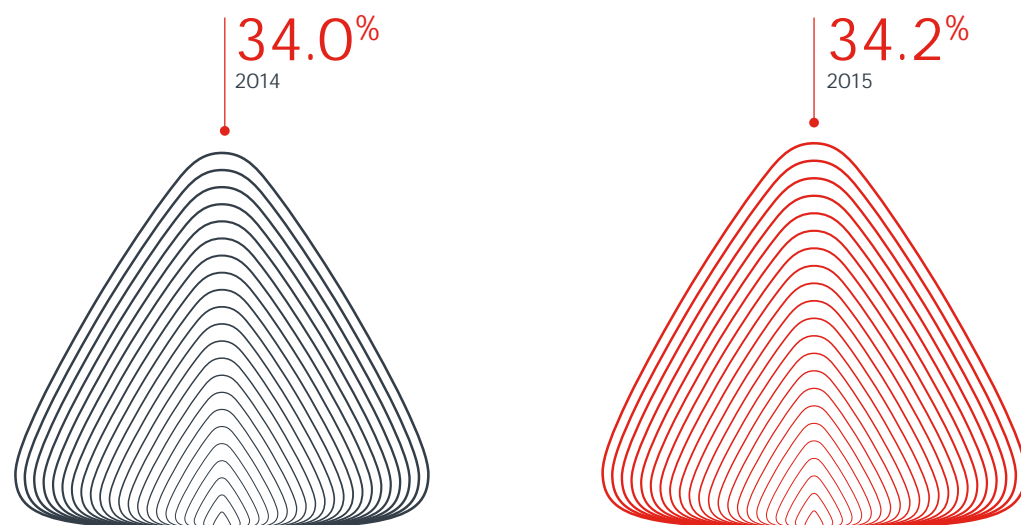
Net Interest Margin (%)



Asset Yield (%)



Cost to Income Ratio (%)



AED 6,206 mn, up 11% over the prior year. This was mainly on account of increased volumes and a shift in our asset mix towards higher yielding interest earning assets combined with improved recoveries and higher interest in suspense reversals. As a result, the Bank was able to improve its margins in 2015 to 3.27% from 3.24% in 2014. Interest expense for 2015 was AED 1,591 mn, increased 14% over 2014 due to an increase in liabilities volume. Cost of funds increased slightly from 0.89% in 2014 to 0.92% in 2015, primarily on account of higher EIBOR/LIBOR and higher spreads on time deposits gathered in the fourth quarter of 2015. The increase in customer deposits resulted in an improvement of the Bank's loan to deposit ratio from 111.5% in 2014 to 107.1% in 2015, whilst the Bank's current account and savings account (CASA) deposits remained stable year on year comprising 44% of total customer deposits as at 31 December 2015.

- Non-interest income for 2015 was AED 2,055 mn, up 6% year on year, mainly on account of higher fees and commission income, which was offset by lower

trading income. Net fees and commission income grew 16% year on year to AED 1,438 mn in 2015, primarily attributable to higher retail and corporate banking fees combined with higher gains from trust and fiduciary fees. Net fees and commission income accounted for 70% of total non-interest income in 2015, compared to 64% in 2014. Net trading income for 2015 was 14% lower year on year, on account of funds de-consolidation on 31 March 2014. Excluding the impact of the funds de-consolidation in 2014, net trading income increased 37% year on year, whilst non-interest income was up 14% over the prior year.

- Cost to income ratio for 2015 was 34%, remaining stable over 2014. Ongoing Bank-wide cost management initiatives enabled the Bank to maintain a cost to income ratio within our target range. Operating expenses for 2015 were AED 2,827 mn, an increase of 10% year on year. The increase in staff costs reflected increases in the personnel needed to support our more granular approach to growth.

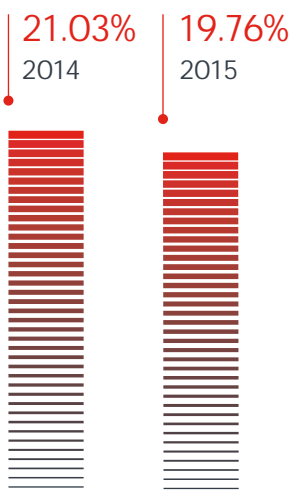
MEASURED AND SUSTAINABLE GROWTH, ROBUST CAPITAL POSITION AND CONTINUED FOCUS ON LIQUIDITY

- Total assets reached AED 228 bn as at 31 December 2015, an increase of 12% over the prior year. Net loans and advances were AED 154 bn, up 9% over 2014. 90% of loans (gross) were within the UAE, in line with the Bank’s UAE-centric strategy. Wholesale Banking loans (gross) were up 7%, whilst Consumer Banking loans (gross) were up 10% year on year.
- As at 31 December 2015, investment securities totalled AED 21 bn and the Bank was a net lender of AED 22 bn in the interbank markets, whilst the liquidity ratio was 25.8% compared to 25.2% as at 31 December 2014, providing a further source of liquidity for the Bank.
- Total customer deposits were AED 144 bn as at 31 December 2015, up 14% over the prior year. As at 31 December 2015, advances to stable resources ratio was 88.2% compared to 88.5% as at 31 December 2014.
- As at 31 December 2015, the Bank’s capital adequacy ratio was 19.76%, and Tier 1 ratio was 16.29% compared to 21.03% and 17.01%, respectively, as at 31 December 2014. The reduction in capital adequacy ratio was on account of higher risk weighted assets which totalled AED 176 bn as at 31 December 2015. The capital adequacy ratio minimum requirement stipulated by the UAE Central Bank is 12% and Tier 1 minimum requirement is 8%.

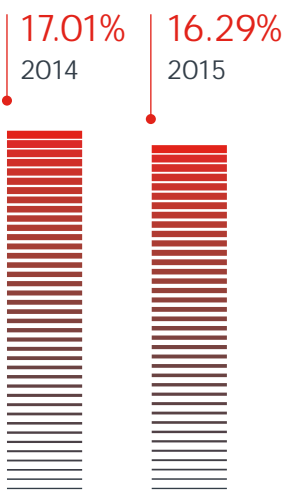
CONTINUED IMPROVEMENT IN ASSET QUALITY, COST OF RISK AT RECORD LOW LEVELS

- As at 31 December 2015, non-performing loan and provision coverage ratios were 3.0% and 128.5%, respectively, whilst cost of risk improved to 29 bps from 48 bps as at 31 December 2014. As at 31 December 2015, non-performing loans were AED 4,834 mn compared to AED 4,611 mn as at 31 December 2014.
- Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 500 mn in 2015 compared to AED 811 mn in 2014, 38% lower year on year.
- As at 31 December 2015, the Bank’s collective impairment allowance balance was AED 2,969 mn, 1.89% of credit risk weighted assets and the individual impairment balance stood at AED 3,376 mn.

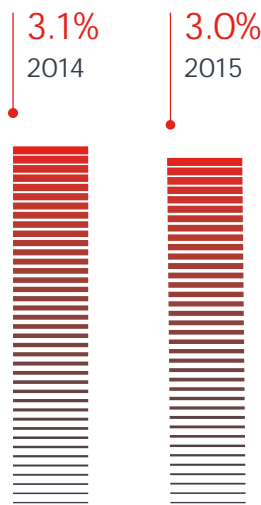
Capital Adequacy Ratio (%)



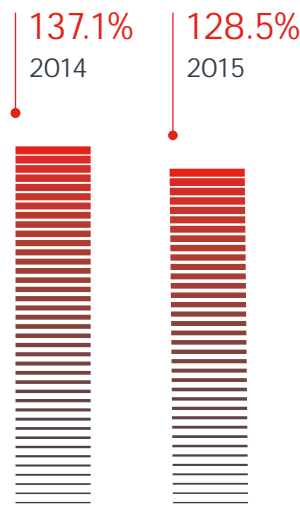
Tier 1 Ratio (%)



NPL Ratio (%)



Provision Coverage Ratio (%)



Making a Difference

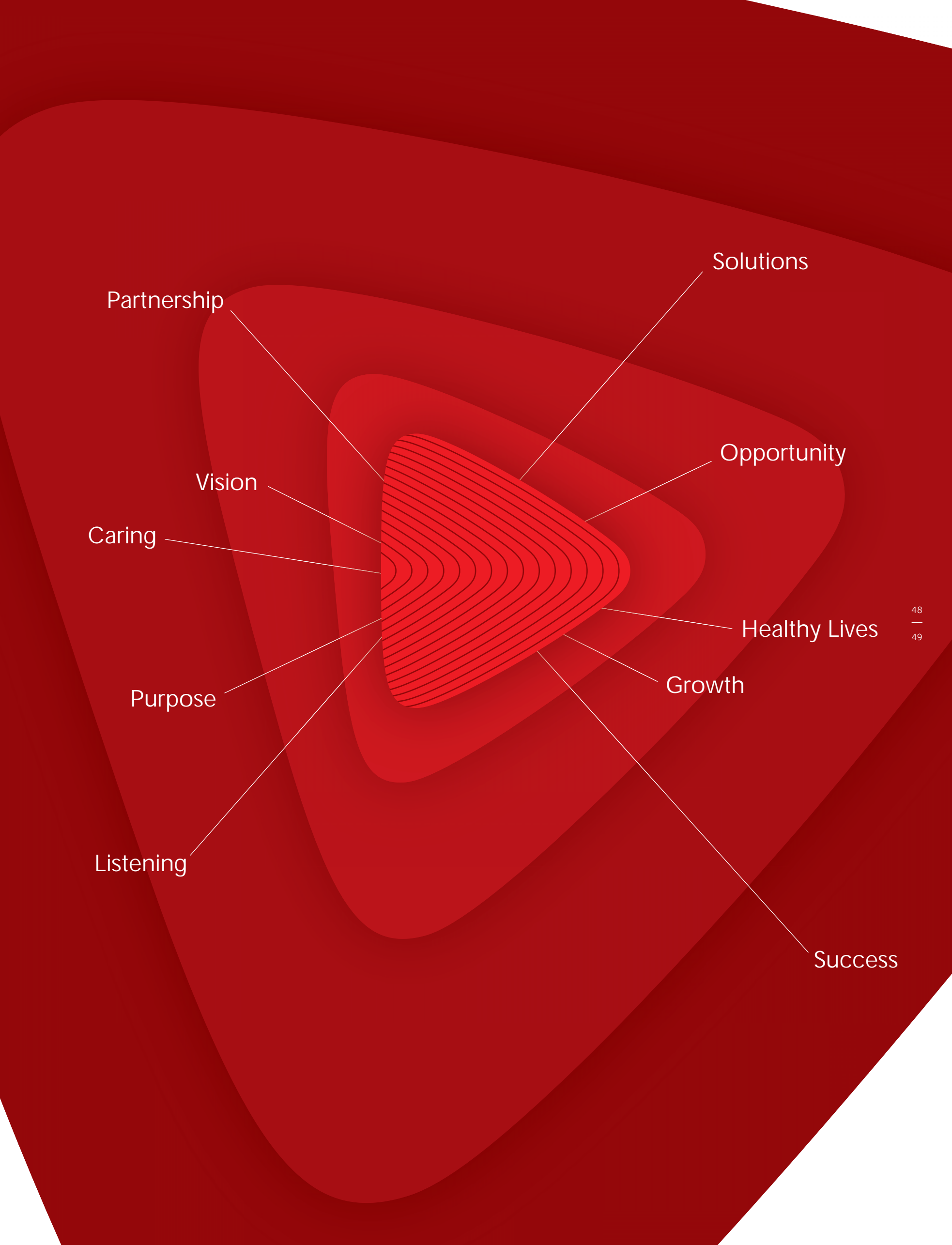
The Difference Is...

Engagement

At ADCB, we are deeply engaged with our customers, our communities and our employees — and committed to making a difference in their lives.

We offer our customers a broad portfolio of products and services — along with attentiveness to their needs and sound advice — to help individuals and families attain their financial goals and to enable businesses to grow and thrive. For our communities, we provide vital support for worthy causes in areas such as culture, the environment, health and wellbeing. And for our employees, we provide opportunities for professional and personal development.

ADCB's efforts to make a difference in the lives of our customers, community and employees are discussed on the following pages.



Partnership

Solutions

Opportunity

Vision

Caring

Healthy Lives

Growth

Purpose

Success

Listening

simplylife

بنك أبوظبي التجاري

ADCB



The Difference Is Listening

simplylife

At ADCB, we know that listening and responding to the needs of customers is the key to delivering a better customer experience — and to creating new growth opportunities for our business.

Listening to our customers, and learning from their needs, led ADCB to create an entirely new and differentiated suite of services tailored to the mass market segment in the UAE. Thus, in 2014 ADCB launched the simplylife sub-brand, catering to those salaried between AED 5,000 and AED 15,000 per month.

Simplylife, true to its name, differentiates itself by offering financial solutions that are simple, fast and accessible. Its portfolio of products and services ranges from personal and auto loans, to cash-back credit cards, to financing for business owners.

The common thread in all simplylife products is the belief that realising one's financial ambitions should be uncomplicated and hassle-free. A team of 350 dedicated sales professionals are the face of the brand, responsible for delivering our brand promise to customers every day.

Technology is also a big part of the simplification equation. For example, a "Click to Talk" facility enables a simplylife team member to respond to a customer's request in around 30 seconds. Customers can also use an online calculator to find out about their eligibility for loans and the applicable pricing.

To make the brand even more accessible to customers, in 2015 we launched a state-of-the-art simplylife Sales and Service Centre inside the BurJuman Metro Station in Dubai. The centre is equipped with interactive self-service zones and multimedia touchscreens which empower customers to learn more about available products and services.

2015 was a year of significant progress for the simplylife brand, which has attracted 35,000 new customers to ADCB. We were also awarded the "Best Brand Building Exercise in 2015 in the Middle East" by the prestigious *Asian Banker* publication.

The Difference Is Partnership

Al Maryah Central

The collaborative nature of ADCB means we appreciate that very often a great partner is the key to success when it comes to bringing a big idea to life. ADCB's relationship teams treat their clients like partners: understanding the nuances of their business, the breadth of their capabilities, the specifics of their cultural sensitivities and, most importantly, the nature of their goals.

When Gulf Related, a joint venture between the UAE's Gulf Capital and the US-based Related Companies, sought to secure financing for the mixed-retail development in Al Maryah Central, they turned to ADCB. In September 2015, Gulf Related announced ADCB's commitment to provide senior debt project financing of AED 2.3 bn (US\$626 mn) for the completion of the 2.3-million-square-foot mall.

Al Maryah Central, which is scheduled to open in March 2018, will be a unique development for the UAE and the wider Middle East. Consumers will find 400 retail locations, 145 restaurants and cafés, as well as a 20-screen cinema complex. The super-regional mall development will have significant dedicated parking, excellent road connectivity and will be anchored by the first Macy's outside the United States and the first Bloomingdale's in Abu Dhabi. At the same time, the mall will have great community oriented amenities such as a medical centre, crèche, health club, public library and food market. Al Maryah Central mall will connect directly to adjacent properties, housing a collection of high-end boutique retail stores and hotels.

"With ADCB, we have a bank that has the respect of the community and a major position in the marketplace. So everyone we do business with can have confidence that we have a bank that can deliver."

*Kenneth Himmel
Co-Managing Partner, Gulf Related*

Gulf Related partnered with ADCB in large part due to our positive track record of structuring selective large ticket financing for major real estate investments, our local expertise and the competitiveness of our terms compared to other local and international financing providers. The partnership between ADCB and Gulf Related is bringing to life a grand vision for the future of UAE and we are honoured to be able to play our part in bringing that vision into reality.







The Difference Is Shared Vision

Bin Touq Fire & Safety



At ADCB, we know that small and medium-size enterprises (SMEs) are the lifeblood of the UAE economy, driving economic activity, creating employment, and diversifying the region's business base. That is why, as part of a commitment to the growth of the UAE, the Bank has a special focus on meeting the financial needs of SMEs — thus contributing to our own growth as well.

This requires a willingness to provide exceptional customer service through long-term relationship focus, attention to detail, and creative solutions to help SMEs overcome challenges and capture opportunities. More importantly, it takes an ability to share the vision and passion of the business owners.

ADCB's relationship with Bin Touq Fire & Safety (BTFS) is a clear example of the Bank's dedication to supporting the growth of SMEs. BTFS is a leading fire protection, engineering, supply and service company. Established in 2009, BTFS offers a full range of fire protection services and products across the UAE, Oman and Qatar.

BTFS has successfully completed projects for Abu Dhabi International Airport, Dubai International Airport, Masdar City and many other commercial, transportation, retail, industrial and government facilities. A deep commitment to customer satisfaction and strong performance has enabled BTFS to win numerous SME-related awards in the region.

"The key to our relationship with ADCB is confidence and trust. They stand behind us with support and advice. Whatever our requirement is, they will come back to us immediately with a solution."

*Obaid Khadim
CEO, Bin Touq Fire & Safety*

BTFS has been a customer of ADCB since 2013. Since that time, ADCB has provided such services as lines of credit and cash management to the company. ADCB is proud to have done its part in providing the resources and financial expertise to help BTFS realise its potential, growing revenue by 300%, adding over 250 employees and expanding its regional footprint in the past two years.

The Difference Is Purpose

Tamooha

When a group of people share a purpose, it connects them and drives them in the common pursuit of success. A year after starting Tamooha, a first-of-its-kind programme designed to bring more Emirati women into the workforce in a manner consistent with their cultural traditions and values, ADCB is seeing excellent results.

Tamooha's success is reflected in the increasing number of women joining our workforce — 143 in total since the launch of the programme, of which 58 joined in 2015; in the awards it has received; and, equally important, in the high Net Promoter Score the participants awarded to the programme.

In the year since Tamooha's inception, ADCB has dedicated significant resources and hundreds of hours to training the employees in the programme, with plans to further build on this robust foundation. This emphasis on learning has allowed us to enhance the Tamooha programme from being primarily focused on data-entry roles, to include more sophisticated jobs and individual competencies. Participants now have opportunities for customer interaction, through conducting survey calls aimed at assessing the level of service delivered by ADCB.

Tamooha is one of ADCB's core Emiratisation initiatives. By continuing to focus on and invest in Tamooha, we are honouring our commitment to providing innovative opportunities for Emirati women to fulfil their professional aspirations, to become role models and to give back to their communities.

In the coming year, ADCB will continue to look for novel ways to enhance the effectiveness of the Tamooha programme and provide increasingly complex and meaningful opportunities for its participants, thus securing a growing pool of well-trained and motivated Emirati women for the Bank, whilst also contributing to the economic growth of the UAE.







The Difference Is Caring

A Commitment to Women's Health

ADCB's engagement in our community extends beyond simply promoting healthier financial habits. It also involves a concern for healthier lifestyles and wellbeing. A concerted focus on breast cancer awareness, education and screening is a vital part of our health and wellness commitment.

Breast cancer is a major health concern in the UAE, where incidents of breast cancer are detected at an earlier age than in other regions of the world. At ADCB, we strive to redress this problem by supporting the dissemination of breast cancer information that is medically sound, current and meets international standards — with the aim of improving the detection, treatment and care of breast cancer. We have a long-term commitment to combat breast cancer and have continually enhanced our initiatives, expanded our partnerships, and extended our outreach to make a difference for more members of our community.

In 2015, the Bank continued its commitment to raise awareness of breast cancer. In partnership with Medeor 24x7 Hospital in Abu Dhabi, we offered free mammogram screenings through the ADCB Wellness-on-Wheels Mobile Mammogram unit. This mobile unit was available at all of ADCB's sponsored events during "ADCB Pink Month," the annual period in which we focus on addressing breast cancer through a range of public activities.

Over 300 women received Wellness-on-Wheels screenings in 2015. The free service offers a significant savings over the typical AED 900 to AED 1,500 cost of a mammogram, enabling members of our community to get life-saving information that may enable cancer to be detected sooner and improve their chances of survival.

ADCB also supports breast cancer awareness through a variety of other channels. Customers can use our ATMs to donate one dirham per transaction to the Al Jalila Foundation, which promotes medical research and education in the UAE. Our community was also able to partake in our Breast Cancer Awareness campaign through sponsored charitable events, build awareness through the ADCB *Think Pink* magazine, and contribute messages of hope through the ADCB Tree of Hope. Our efforts and customers' contributions helped raise donations of AED 239,913 in 2015 for the Al Jalila Foundation.

Her Highness Sheikha Maitha
bint Mohammed bin Rashid Al Maktoum
leading the ADCB Pink Polo team

The Difference Is...

Performance

ADCB's business groups enable our clients and customers to prosper by helping them to achieve their financial goals and objectives whilst also driving sustainable and profitable growth for the Bank. Our business groups provide a differentiated, diverse range of excellent, customer-centric services to individuals, businesses and government institutions.

Consumer Banking, Wholesale Banking, Treasury & Investments, and Property Management comprise our four business groups. Within these groups, we offer a range of world-class products and services, including retail banking, wealth management, private banking, Islamic banking, corporate banking, trade finance, cash management, investment banking, corporate finance, foreign exchange, interest rate and currency derivatives, and project finance.

ADCB's strong financial performance in 2015 was driven by important contributions from these four groups. As a result of this teamwork and agility, the Bank achieved strong results in all major business segments, strengthened service to and relationships with our customers, introduced new product lines, and implemented several digitisation and other technological initiatives to operate more efficiently and better serve our customers.



Excellence
for Customers

Strong
Shareholder
Returns

Products
& Services

Dynamic
Innovations

Consumer Banking Group

Our Consumer Banking Group (CBG) provides world-class financial services that help the people of the UAE realise their financial goals and life ambitions. Despite a challenging and competitive environment, CBG continued to grow profitably in 2015. Operating income rose 16% over the prior year, and net profit increased 36% year-on-year. Customer acquisition momentum was strong, with healthy loan growth (gross) of 10%. An increase in the customer base led to a 21% growth in the retail asset book, which comprises personal loans, auto loans, mortgages, credit cards and overdrafts to individuals. A 19% increase in credit card spend drove a 23% increase in outstanding balances.

CBG offers a comprehensive suite of conventional and Shari'ah-compliant banking products and services tailored to meet the needs of distinct customer segments that make up the diverse community of the UAE. Our broad array of banking solutions includes deposit and transactional accounts; personal and auto loans; mortgages; credit cards; and a wealth management platform covering proprietary and third-party investment products, third-party insurance, and brokerage services for local and international capital markets.

CBG's banking platform offers customers the convenience of a broad, sophisticated multi-channel distribution network. This includes 49 branches and three pay offices in the UAE, 304 ATMs, a 24/7 Contact Centre and leading online banking and mobile applications, tele-sales, and a feet-on-the-street direct sales force.

ADCB's proven, customer-centric strategy has helped build a sustainable and profitable Consumer Banking business. This includes the successful 2014 launch of simplylife, a unique value proposition for the mass-market segment, with a focus on making banking easier and more accessible. We opened the first simplylife Sales and Service Centre in the BurJuman Dubai Metro station. Its open layout offers multiple interactive self-service zones equipped with multimedia touch screens that enable customers to browse through product information and demonstration videos, and also to interact with ADCB relationship officers.

CBG also extended its offerings for high-net-worth individuals and families through the launch of ADCB Private at the end of 2015. ADCB Private offers holistic financial and succession-planning solutions, access to sophisticated global investment and capital market opportunities, tailored lending solutions, and bespoke services. ADCB Private Banking customer relationships are managed by qualified private bankers who have in-depth, multi-disciplinary experience supported by strong in-house research capabilities and a team of experienced analysts, product specialists and portfolio managers.

The biggest challenges in 2015 were a tough economic and operating environment, increased competition and rising credit costs. We effectively addressed these challenges through a focus on service excellence, driving volume growth in select customer segments, using technology innovations to make banking with ADCB even simpler and more convenient, and investing in risk-management capabilities and infrastructure.

In 2015, we continued to further improve our service excellence through the implementation of fast feedback loops. We listened to what customers said about their experiences with ADCB and then acted on this information to drive improvements in business performance and customer experience through a careful blend of people, processes, technology and marketing initiatives.

Our 2015 service initiatives included product-return policies for loans and cards, proactive customer alerts by email/sms regarding application status, process optimisation, and service-excellence training, all resulting in reduced process-turnaround times. These initiatives resulted in improvements to our Net Promoter Score (NPS) across customer segments.

Internet and mobile banking continued to grow, with the percentage of registered users reaching 55% for Internet banking and 29% for mobile banking. In 2015, we also launched a key technological innovation — instant, paperless, pre-approved personal loans, available online for existing customers from anywhere in the world.

Our online and mobile banking offer a user-friendly functionality and a superior service experience. Rather than having a product focus, we take a customer-oriented, needs-based focus, with menus that let consumers choose from a full array of options. Our strong and leading retail franchise in the UAE has been acknowledged and honoured by awards and accolades from eminent independent industry observers and authorities worldwide.



The Difference Is Tradition

Islamic Banking forms an integral part of ADCB's offering, providing customers with fully Shari'ah-compliant financial solutions that are convenient and of the highest service quality, and which address a range of diverse banking needs. Whilst Islamic Banking offers our customers outstanding banking services consistent with their values, ethics and traditions, it is also a prime driver of growth for the Bank.

Islamic banking is growing worldwide and in the UAE, which has become the world's third largest Islamic Banking market. ADCB offers the largest Islamic Banking window in the UAE, with its size and growth comparable to many stand-alone Islamic banks. Our Islamic Banking business caters to the entire breadth of clientele, from large corporates to individuals. Our offering includes Islamic Active Saver Accounts, globally accepted

debit cards, auto finance, home finance services and offshore banking.

Our Islamic Banking team remains focused on developing innovative products and services to meet customers' many and changing needs, whilst also staying true to the principles of Shari'ah, including transparency and integrity. To further grow Islamic Banking, we have been strengthening our sourcing teams. ADCB Islamic Banking also has strong social programmes, including support for many charitable causes.

Islamic Banking is a vital element of ADCB's offering to our customers and of our long-term growth plans. We are committed to providing superior, innovative Islamic Banking services for this growing marketplace in 2016 and beyond.

Business Review (continued)

ADCB continues to offer many noteworthy and distinctive advantages for consumers. For example, we are the only local bank that offers 'Free Banking' services to qualified customers. Our customer loyalty programme offers miles on both Etihad Airways (a co-branded programme) and Emirates Airlines (through conversion of TouchPoints, in addition to several other lifestyle benefits through TouchPoints).

As consumer behaviour continues to evolve and consumers' expectations continue to rise, we will continue to offer the highest standards of service and customer-centricity. We are committed to deepening customer relationships through service excellence, increasing our portfolio of products, and digitising our offerings to enhance convenience and efficacy. We are committed to building on our strong and established relationships with existing customers whilst also attracting new customers, to deliver greater value to customers and drive continued growth.

Wholesale Banking Group

Our Wholesale Banking Group (WBG) plays a vital role in the UAE's diversifying and growing economy, and in the performance of ADCB. WBG delivered year-on-year growth of 26% in operating income and an increase of 65% in net profit boosted by continuing improvement in cost of risk. WBG's net loans and advances (gross) increased 7% year-on-year to AED 89 bn as at 31 December 2015, with stronger percentage growth coming from small and medium-size enterprises (SMEs) and mid-corporate lending.

WBG serves SMEs, mid-corporates, large corporations, financial institutions, public enterprises and government institutions. Our high-quality services include cash management, transaction management, trade finance, corporate finance and investment banking. WBG is also responsible for ADCB's Indian branches and has representative offices in London and Singapore, as well as a selected offering through ADCB's Jersey branch.

Service is the hallmark of the WBG experience. In fact, it is a differentiating strength. We continually seek to improve turnaround time on lending requests and processing efficiency, including expanding the use of electronic channels. WBG's risk management approach is conservative and disciplined in terms of counterparty risk, lending structure and risk-return balance.

ADCB's cash management and client services are the key enablers for strong current account and savings account (CASA) growth. We have a record number of cash management clients across all segments, with payment automation now at 85% of all payment activity. Pro-Cash, our award-winning online transaction banking platform, saw a 39% increase in transactions in 2015, and has a record number of clients using the system. Much of our payments processing is straight-through, which reduces error rates and lowers the cost of doing business for both the Bank and our clients. World-class cash management capabilities contribute to our ever-increasing and low-cost book of CASA deposits to support ADCB's funding needs. In growing CASA deposits, we have focused on attracting liabilities that will not be rate-sensitive.

We have earned the loyalty of our cash management clients. More than 97% of the cash management clients who banked with us in 2011 are still customers today. We have also been able to grow deposits and attract new customers as part of our focused, proven business strategy. ADCB has also received numerous prestigious cash management awards over the years. In 2015, ADCB continued to benefit from its strategic banking relationships with Bank of America Merrill Lynch and Banco Santander. These institutions' clients who require services in the region can access ADCB's cash management and transaction banking services. This also provides access to a global network for our clients.

In 2015, WBG's investment banking unit helped close 22 transactions. Of particular note, ADCB is providing AED 2.3 bn in senior-debt project financing to Gulf Related for the Al Maryah Central mixed-use retail development scheduled to open in March 2018. This is a significant project for the UAE. The 2.3-million-square-foot regional mall will feature the first Macy's outside of the United States and the first Bloomingdale's in Abu Dhabi, along with other reputable retail outlets.



Gulf Related and ADCB senior management at ADCB head office

Trade finance had another good year, despite margin pressures. In 2015, we saw encouraging growth in the number of transactions and corporate clients served. Through diligent and meticulous work, we have re-engineered a number of processes to improve efficiencies and margins, whilst also further strengthening customer service. In addition, we have introduced new services, such as document preparation, to help serve our clients and grow our business.

We continue to grow in our mid-size corporate and SME businesses. Our team of dedicated relationship managers builds deep and long-lasting relationships with SME clients to comprehensively address their diverse needs. Through this approach, our loans to mid-size corporate clients increased by 42% whilst loans to SME clients increased by 21% in 2015.

We are building upon our excellent service to SME clients. We are increasing the number of cash-deposit machines and providing dedicated, branch-based SME staff in key locations. In May, we launched Purely Business, a public Web portal that offers expert advice to entrepreneurs on starting, financing and managing a business, and we launched a media campaign at the end of the year emphasising that ADCB remains open for business to SMEs in the UAE. We also have a dedicated SME call centre and a trade helpline staffed by a specialist team. As our SME clients grow, they are migrated to specialist mid-corporate relationship managers in a seamless process.

Business Review (continued)

The challenges that ADCB's corporate clients face include the decline in oil prices and tighter credit and liquidity conditions in the UAE market. We have consistently and thoroughly monitored challenges whilst taking a number of steps to address them, including focusing on quality small- and middle-market lending whilst also materially reducing our exposure to corporate revolving-credit positions and exiting certain relationships. The decline in oil prices has also corresponded with a decline in pre-payments, helping to improve our return on assets. In 2015, we also realised improved recoveries, which helped us to improve our impairment position.

We believe maintaining delivery through our focused strategy, as well as our strong, established WBG operations and service levels, will enable us to sustain growth in 2016.

Treasury & Investments Group

The Treasury & Investments Group (Treasury) provides clients with tailor-made financing and risk-management solutions that facilitate access to local and international capital markets, as well as investment solutions and structured products that meet clients' needs. With an experienced team of specialists equipped with advanced systems and technology, ADCB provides world-class service and a comprehensive product range. It also manages the liquidity of ADCB to international standards.

Treasury continued its strong performance in 2015, with a net profit of AED 1,488 mn.

Working in close collaboration with external clients and ADCB business groups, Treasury continues to address challenges through creative and effective solutions. Treasury acts as the gateway for all financial-market transactions between ADCB and many regional central banks, sovereign wealth funds, and other banks and financial institutions. Treasury continues to diversify revenues through increased cross-sell activities.

Treasury provides clients with solutions in the following areas: foreign exchange, money markets, interest rate derivatives, fixed income, equity derivatives, commodity derivatives, structured products, structured treasury solutions, investment, and capital markets advisory services. In foreign exchange (FX), Treasury is a leading

regional provider of FX Spot, Options, Forward, NDF and Swaps on G10 and GCC currencies.

Treasury also specialises in providing pricing and liquidity to ADCB's clients on all investment-grade bonds and Sukuks (Shari'ah-compliant financing instruments) in the secondary markets. It also facilitates bespoke solutions for asset-liability management, risk management and yield enhancement.

Treasury has been effective in helping to ensure that ADCB has a high-quality and liquid investment portfolio. As at 31 December 2015, the investment securities portfolio totalled AED 21 bn, out of which, the bond portfolio was AED 20.3 bn. Of the total bond portfolio, 88% was invested in investment-grade or better-rated bonds, and 64% of these bonds were rated A- and above by Standard & Poor's. Bonds amounting to AED 6.8 bn were scheduled to mature in 2016.

In 2015, ADCB issued AED 4.5 bn of bonds in the capital markets and concluded bilateral loan facilities of AED 2.9 bn along with structured financing of AED 1.4 bn, making it the most productive year for wholesale funding in the last five years. This also includes a very well received March 2015 transaction that raised USD 750 mn.

Treasury continues to introduce more effective and convenient ways to conduct business. In 2015, it launched FX-E-Commerce Portal, a pioneering e-commerce platform for foreign exchange that is already in use in 16 institutions, providing market-leading prices via Bloomberg and 360T.

Treasury has also enabled ADCB to manage its liquidity to high international standards for International Settlements and Basel III. ADCB maintains an adequate liquidity buffer over a 60-day stress horizon, twice the level prescribed by Basel III standards. In addition, Treasury continues to conduct regular and extensive stress tests for liquidity centred on capital and credit risk. We will continue to place extensive emphasis on these tests in 2016.

Property Management

Our Property Management business provides much needed services to the real estate sector of the UAE's economy. The Property Management business stands

at the forefront of the Abu Dhabi real estate market and comprises the property management and engineering service operations of our wholly owned subsidiaries, Abu Dhabi Commercial Properties (ADCP) and Abu Dhabi Commercial Engineering Services (ADCE), as well as the investment properties and rental income of ADCB.

ADCP manages more than 2,100 buildings, comprising more than 53,000 residential and commercial units throughout the UAE on behalf of the Department of Finance of the Government of Abu Dhabi, and others. In addition, ADCP manages a rapidly growing private portfolio.

The units managed on behalf of the Department of Finance are part of a Government-sanctioned initiative whereby Abu Dhabi nationals are granted plots of land for the development of commercial or residential buildings.

ADCE oversees the construction of those buildings, and upon their completion, ongoing facilities-management services are provided by ADCP.

ADCE provides a full range of building-design and construction property-development services, with a focus on high-efficiency and exceeding customer requirements for both the Bank's borrowing clients and external parties. This approach has helped make ADCE the partner of choice for complex medium- and large-size regional development projects.

In 2015, the Property Management business had a net profit of AED 208 mn. The Property Management business collected more than AED 3,110 mn in rent for its clients in 2015. It also addressed more than 105,000 service requests and resolved 230 landlord-tenant queries.







World-Class Support Structure Sustains ADCB's Success

ADCB's business groups are supported by a strong technology and operational platform run by a skilled group of professionals who provide a range of technical, processing and other support services. Those who serve our business groups have the same high standards and commitment to excellence when serving our customers through any number of channels.

GROUP BUSINESS SERVICES

Group Business Services (GBS) acts like the nervous system for ADCB's customer service and business performance. GBS comprises a number of key 'run the bank' and 'change the bank' support functions that keep ADCB's multi-faceted, complex operations functioning with reliability and agility so that the Bank can enter new service frontiers. Support functions include Group Strategy and Change, Technology Services, Group Operations, Corporate Services, Workplace Protection Services and the Itmam shared services centre.

GBS responsibilities include: managing ADCB's ATM network; providing teller services; managing investments in and the implementation of new technology platforms; keeping technology systems operating and agile; helping to protect stakeholders from fraud; operational risk management; safeguarding physical security; providing facilities and workplace management solutions; payment processing; and providing comprehensive online and mobile services to ADCB's customers. GBS consistently and effectively supports high operational volumes for one of the largest customer bases in the UAE banking sector.

GBS helped ADCB bring to market many exciting innovations, such as fully digitised in-branch account opening and biometric authentication, whilst also helping to streamline and simplify many procedures such as branch openings. ADCB's continuing investments in GBS have supported the creation of an in-house innovation laboratory and enabled the Bank to become a leader in mobile and digital banking, which is the preferred way of banking for our customers and a very cost-effective way for us to conduct business.



GBS continues to innovate. We are providing our staff with tools that enhance productivity, including an app for our Direct Sales Agents that makes their work more efficient and better harmonised with the Bank's branches and back office. We have also implemented secure mobile workplace solutions, allowing increased flexibility and productivity for our staff. GBS will continue to harness the dedication of our staff as well as technological and process innovations to help ensure the continued success of ADCB.

HUMAN RESOURCES

ADCB employees embrace the Bank's commitment to ambition, discipline, customer-first service and excellence at all times. Our employees share a commitment to hard work and to the highest standards of integrity. We are continuous learners who grow professionally, supported

by our culture of innovation, which we believe is essential for superior customer service. Our employees are also dedicated team players who work closely together in branches, business units and across the Bank.

Attracting, developing and motivating such talent is vital to customer service and the Bank's success. Towards that end, Human Resources (HR) continues to be an integral partner with the Bank's business groups. HR strives continuously to strengthen ADCB's high-performance culture as a key to delivering the Bank's value proposition to customers, employees and other stakeholders.

We diligently attract and select the best available talent from diverse backgrounds. Currently we employ over 5,000 professionals and our diverse workforce includes over 70 nationalities. UAE nationals represent 40% of the workforce.

In 2015, we implemented two significant initiatives. We enhanced our performance-management process by incorporating an appraisal rating scale that is more effective in differentiating and rewarding high-performing team members. Second, we implemented a Bank-wide project that consolidated our grading structure into a reduced number of job bands, including the introduction of the “job-family” concept, which led to greater simplicity and operational efficiencies.

These strategic initiatives empower our people to take charge of their development and careers, whilst also ensuring more targeted and structured assessments at career transition points. The result is a stronger link between performance and rewards.

HR maintains its high standards by constantly monitoring its service levels using the same Net Promoter Score (NPS) methodology that the Bank uses to measure external customer service. In recruiting and selecting talent, for example, the department functions like a recruitment agency. HR has a dedicated key account manager and a supporting team responsible for serving each major business group. This allows our talent needs to be addressed by teams that are fully conversant with our business objectives and culture, whilst also keeping recruitment costs under control.

HR has proactively implemented systems and practices that help the Bank retain and develop our talented and hardworking people. As part of our culture of openness and transparency, employees receive a comprehensive Total Rewards Statement that shows the many benefits available to our employees and the related investments made by ADCB on their behalf.

In addition to helping attract and retain quality professionals, HR plays an important role in facilitating smooth leadership transitions. This helps to minimise business disruption and to maintain exceptional customer service.

Executive continuity has been a hallmark of ADCB. At the end of 2015, the average time of service of an executive manager was nine years. These executives also have an average of more than 20 years of banking industry experience.

HR is also helping our business units work better together. It is training employees in cross-functional skills so that business units can interact more and customers can be better served.

Our Tamooha programme takes an innovative approach to advancing the goals of our Emiratisation initiatives. The programme broadens the career horizons of Emirati women, whilst also expanding the pool of available talent for ADCB. It offers Emirati women a part-time, highly digitised, women-only work group, along with the opportunity to work from home. Tamooha provides the dual benefit of providing employment opportunities for Emirati women in a manner consistent with their values whilst also developing a new source of talented and motivated employees for the Bank.

In the past year, we have enhanced the Tamooha programme, expanding its original primary focus on data-entry roles to include more sophisticated jobs and individual competencies. Participants now have opportunities for customer interaction through survey calls aimed at assessing the level of service delivered by ADCB. Tamooha now has a workforce of 143 women, 58 of whom joined in 2015.

Through Tamooha and many other programmes, ADCB has cultivated high-calibre, customer-centric staff throughout the Bank. This results in excellent customer service, innovation and collaboration on the best ways to get things done for customers — and enduring, sustainable value for all our stakeholders.

The Difference Is...

Commitment

ADCB differentiates itself by a deep commitment to fostering long-term economic opportunity and growing value for stakeholders. That commitment has led us to focus on several key drivers of sustainable growth and value-creation. We contribute to the UAE's economic growth by helping individuals and organisations to attain their financial goals whilst also generating strong performance for the Bank. We manage our business in a responsible, ethical manner, and we invest in our communities and their people.

ADCB is also committed to transparency and accountability in the areas of corporate, social and environmental responsibility. In that regard, our 2015 achievements are summarised in the following pages. We also have launched a sustainability page on our website, at <http://www.adcb.com/about/sstanrprt/sustainability.aspx>, which is one of our primary tools for reporting on related activities.

We are proud that ADCB has been included in the Standard & Poor's/Hawkamah ESG Pan Arab Index, which ranks 50 of the best-performing stocks in the pan-Arab region based on nearly 200 environmental, social and governance (ESG) metrics. ADCB ranked #2 in the Index in 2015, up from #4 in 2013 and 2014 and #6 in 2012.





143

Employees joined the
Tamooha programme
since the launch



305

Breast cancer screenings
in 2015



17.24

Tons of carbon emissions
avoided through ADCB Bikeshare
in 2015



In 2015, ADCB partnered with the Al Jalila Foundation to support breast cancer research. A total of AED 239,913 was raised for the Foundation through the ADCB Breast Cancer Awareness campaign.

Emirati Graduate Development Programme

14,700+ training hours

The Emirati Graduate Development Programme is our flagship initiative to develop the career potential of UAE nationals. Extensive training, job rotations, reviews and feedback give trainees an understanding of our business drivers and encourage them to achieve high standards of professionalism and contribute to the Bank's success. Programme participants logged over 14,700 training hours in 2015.



We are proud that ADCB's Tamooha initiative has been recognised by the Abu Dhabi Sustainability Group. Tamooha provides a unique career structure that adds value to our community by giving Emirati women the opportunity to join the workforce whilst meeting their everyday life responsibilities. Tamooha is a sustainable and innovative way to contribute to the UAE's economic development whilst advancing employment and diversity. This recognition reflects our keen enthusiasm to support the UAE's vision and to build a bright and ambitious future by providing career opportunities to Emirati women in harmony with cultural traditions and values.



We contribute to UAE economic growth.

STRATEGY

- Our strategic pillars support sustainable growth, demonstrated through our financial performance year on year.

SMEs

- We support SMEs by providing the necessary finance and advisory tools needed for success.

ISLAMIC FINANCE

- Our Shari'ah-compliant financial solutions support financial stability and corporate social responsibility, to serve the best interests of all our stakeholders whilst also allowing them to stay true to their values, traditions and ethics.

TRADE FINANCE

- We support trade in the region through tailored financing solutions that meet our customers' needs.



We responsibly manage our business practices.

GOVERNANCE

- We have a clear and well-understood corporate governance framework to monitor strategic direction, adjust our risk profiles and engage our stakeholders.

ETHICAL BANKING

- Our policies and internal practices mandate the highest standards of integrity in the way we conduct our business.

OUR PEOPLE

- We empower and help our people to grow and succeed, thus ensuring we can deliver on our promises.

ENVIRONMENTAL STEWARDSHIP

- We seek to minimise the environmental impact of our operations.

CUSTOMER SERVICE

- We listen to our customers and constantly strive to deliver excellent services.



We invest in our communities.

UAE CULTURE

- We promote our nation's values, culture, heritage and people.

COMMUNITY OUTREACH

- Our strategic partnerships seek to deliver maximum benefits for important social, cultural and environmental causes.

FINANCIAL CONTRIBUTIONS

- We give back to the community by facilitating and donating to local charities and organisations.

We Contribute to UAE Economic Growth

Growth is at the heart of UAE Vision 2021 and Abu Dhabi Economic Vision 2030. ADCB contributes to these visions through a sustainable growth strategy which delivers consistent and long-term value to our stakeholders. Our contribution to economic impact is both direct and indirect, through our financing activities and our business growth strategy and scope.

ADCB promotes economic opportunity in our communities by responsibly addressing our stakeholders' needs: opening

new offices and branches; expanding the markets for which we deliver financial services; financing individuals buying their own homes; enabling businesses to grow; facilitating trade and investment; creating new products to support business; and raising our standards of service excellence. A number of our recent growth initiatives are described below.

SUPPORTING SMEs

With small and medium-size enterprises (SMEs) contributing significantly to the UAE economy, our focus on serving this customer segment is an important part of

Sustainability (continued)

ADCB's commitment to sustainable growth. We have enhanced our services to provide tools and support to help address some of the common challenges faced by SMEs, such as managing finances.

In 2015, we launched the Purely Business Web portal to meet the needs of the SME business community. Purely Business offers access to a support network that provides expert knowledge, management solutions, financing advice and other resources that are valuable to anyone seeking to start, maintain or grow a business.

FACILITATING TRADE FINANCE

Trade financing is well-recognised as an important sector expected to drive economic growth in the UAE. As a leading bank in the UAE, ADCB plays a key role in supporting trade in the region. Our dedicated Trade Finance team caters to the advisory needs of our customers whilst our specialist trade expertise and global reach enable customers to develop and implement tailored solutions across supplier/buyer networks, resulting in significant cost savings and increased resource flexibility and efficiency. Over the last few years, our trade financing activities have increased year over year, and continue to contribute to the UAE's economic growth.

LISTENING TO OUR CUSTOMERS' NEEDS

We continually introduce new and innovative products that address important customer needs and responsibly expand our customers' financial options.

For customers who require loans for urgent matters, such as a medical emergency, ADCB introduced paperless, pre-approved personal loans in 2015. Pre-approved customers can now apply for a personal loan online, quickly and conveniently, with funds instantly credited to their account.

In 2015, we launched Critical Guard Insurance, an insurance product for critical needs. Underwritten by insurance providers, Critical

Guard provides coverage against 37 relatively common critical illnesses. This product helps safeguard our customers' families against financial difficulties arising from unexpected health expenses.

PROMOTING SOUND FINANCIAL VALUES

We offer various Shari'ah-compliant financial solutions to individuals and corporate customers. With AED 14,542 mn in assets and AED 10,222 mn in deposits at the end of 2015, our Islamic Banking operation plays a major role in helping customers meet their financial goals consistent with their values, ethics and traditions. For example, our Islamic Banking Emirati Millionaire Savings Account encourages Emiratis to save by offering prizes for maintaining specific savings account balances. The 17% increase in such savings accounts in 2015 shows how this programme is encouraging sound personal financial literacy and management practices.

We Responsibly Manage Our Business Practices

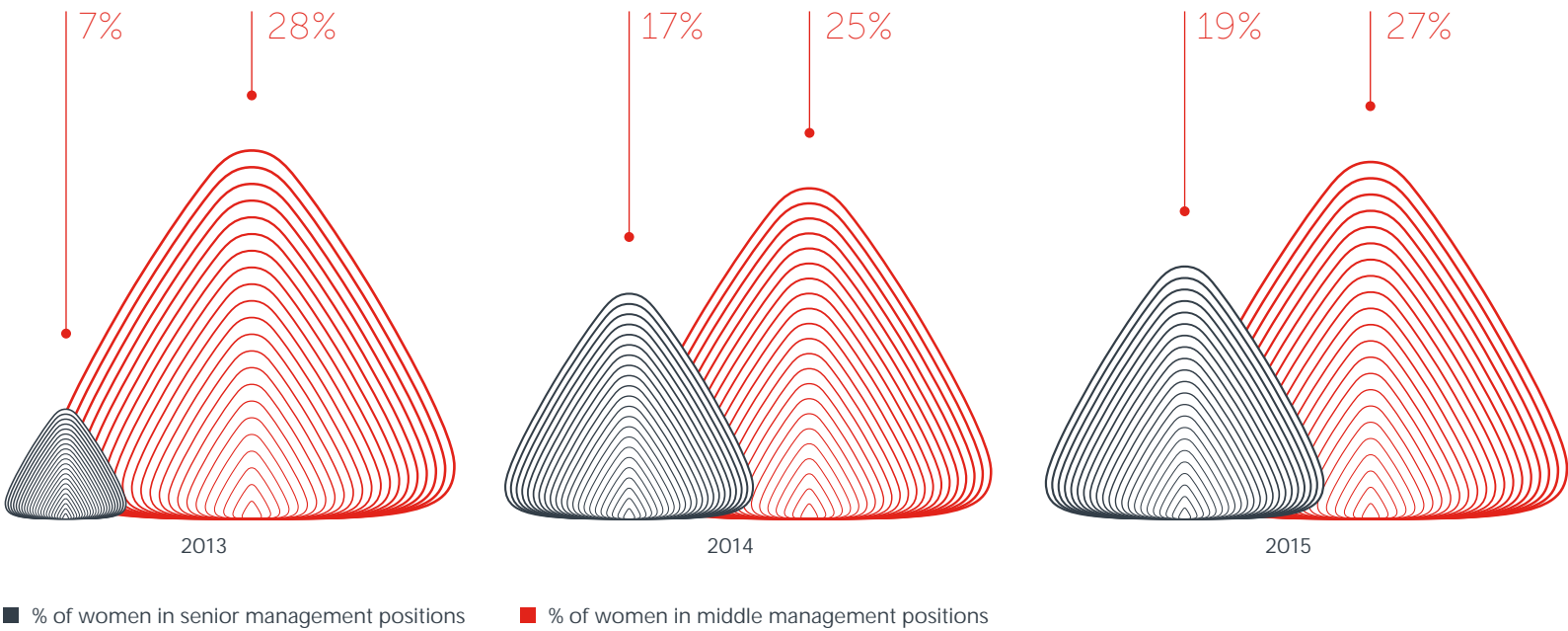
To ensure sustainable growth and long-term value for our stakeholders, we emphasise disciplined and responsible business conduct. We have embedded rigorous, well-developed policies and practices throughout our governance framework, which are supported by internal communications, training and development, and internal controls.

EXCELLING IN GOVERNANCE PRACTICES

At ADCB, we know that excellent corporate governance is vital to our commitment to be a responsible bank. We continuously evolve our approach to our governance framework and principles, with an emphasis on transparency, integrity, accountability and fairness, which serve as the foundation for honouring the trust of our stakeholders.

For more information, please refer to the Corporate Governance section of this annual report.

Promoting women in management



COMMITTING TO THE HIGHEST ETHICAL BANKING STANDARDS

The highest standards of integrity and ethical conduct in our banking practices are critical to our long-term viability and are expected by our stakeholders. Accordingly, our employees are responsible for complying with the ADCB Code of Conduct and applicable regulations. We have processes in place to ensure enterprise-wide awareness and implementation of our policies and control procedures. In order to protect our clients and operations against financial crime, we have continued our mandatory Bank-wide staff e-learning training programmes which address compliance, anti-money laundering, sanctions, operational risk, fraud prevention and information security. We also have conducted internal reviews of our policies to enhance and/or introduce protections against

the risk of fraud and strengthen internal controls. Our commitment is ongoing.

INVESTING IN OUR PEOPLE

As a business that has been built upon the knowledge, experience and energy of our people, ADCB recognises the importance of investing in our employees. We facilitate employee development through a comprehensive suite of professional training and learning programmes provided under the umbrella of Ambition University, with a particular focus on identifying and fast-tracking UAE national talent. We monitor our employee engagement annually in order to evaluate our success and ensure that our staff understands our strategy and goals and are committed to meeting them. Our 2015 results showed greater effectiveness and enablement than in prior years. We also promote diversity

through a range of initiatives and have actively advocated numerous health and safety efforts.

REDUCING OUR ENVIRONMENTAL IMPACT
ADCB actively seeks to minimise the impact of its operations on the environment by being a responsible environmental steward. We view this as essential to protecting the resources needed for the future, better managing climate change risks, and enhancing the quality of life for our customers, employees, shareholders and fellow citizens. Some of the conservation steps we have undertaken in recent years include the transition to paperless statements, more efficient use of electricity, and a waste recycling programme for paper, cans, glass and general waste.

We have continued to raise awareness of important environmental issues in collaboration with our partner Emirates Wildlife Society in association with World Wildlife Fund (EWS-WWF) and have facilitated raising significant donations for related causes through our ATM and Internet banking platforms. ADCB has supported Earth Hour since its inception, and in 2015 we expanded our support by turning off the lights at each of our four main office locations. We also conducted internal campaigns to promote the recycling of paper, cardboard, plastics and electronic waste.

ADCB continues to encourage environmental and social responsibility throughout our supply chain through our procurement management system. During the registration process, a vendor is required to answer questions about its commitment to sustainability. This process was initiated in 2014, and by the end of 2015, vendors representing over 90% of our spend had registered on our system. ADCB will require all vendors to register on our procurement system by end of 2016 and will use the results to assess vendors' compliance with sustainability and assign weightings to their sustainability performance.

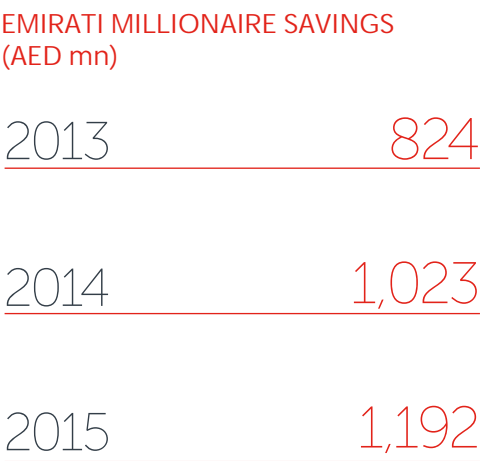
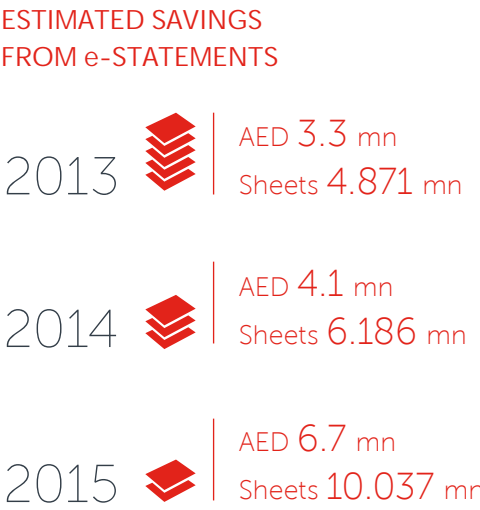
FULFILLING CUSTOMER SERVICE EXPECTATIONS
Delivering excellent customer service, with solutions that anticipate and satisfy our customers' evolving needs, is a keystone of our responsible business practices.

In 2015, such service and product innovations included paperless personal loans, the simplylife Service Centre that is revolutionising access to banking in the mass-market segment, and our Apple Watch banking app. These are just some examples of the way we listened and responded to ADCB customers last year.

For further details on our customer service initiatives, please refer to the Business Review section of this annual report.

We Invest in Our Communities
Investing in the wellbeing of our communities is a fundamental pillar of our approach to delivering sustainable economic growth. We have continued to contribute to our communities through measures that promote UAE culture and heritage, encourage health and wellness, and provide financial support for worthy organisations.

PROMOTING UAE CULTURE, HERITAGE AND PEOPLE
ADCB supports a range of activities that celebrate the culture, heritage and values of the UAE, and we promote positive social and economic outcomes for the people in our communities. ADCB was among the first private-sector organisations to provide employment opportunities for UAE national talent in collaboration with the Abu Dhabi Tawteen Council. With at least 40% of our staff consistently represented by UAE nationals, ADCB's Emiratisation strategy has been recognised with "Best Emiratisation" awards for the past four years. To support our commitment to UAE nationalisation, ADCB's Emirati Committee has held several forums within the past year to expand the lines of



communication between UAE nationals, committee members, and the Bank's senior management.

ADCB also has sponsored the Sheikh Zayed Heritage Festival each year for the past three years. The festival pays homage to the late Sheikh Zayed bin Sultan Al Nahyan, the founding father of the UAE, and honours the rulers of the seven Emirates. Located at the Al Wathba Desert Camp, the festival celebrates UAE culture through folklore dances, traditional shopping, horse and camel riding, regional cuisine and many other activities.

POSITIVELY IMPACTING OUR COMMUNITY

ADCB aims to contribute positively to our communities through vital health and wellness partnerships and programmes, as well as by providing and facilitating financial support to non-profit organisations.

Breast Cancer Awareness (BCA)

An important way that we contribute to the wellbeing of our communities is through our dedication to breast cancer awareness. ADCB's flagship BCA programme seeks to help reduce the incidence of breast cancer — one of the most significant health issues facing our society — through many initiatives aimed at increasing understanding of the disease, promoting medical screening, helping to fund research and offering hope.

In 2015, for example, ADCB partnered with the Al Jalila Foundation to support breast cancer research. AED 239,913 was raised for the Foundation through the ADCB BCA campaign.

In order to maximise visibility, many of our initiatives are concentrated during the month of October, known as ADCB Pink Month. Initiatives undertaken in 2015 included the following:

- ▶ ADCB's *Think Pink* breast cancer magazine, an informative booklet, was distributed at all ADCB Pink events and also was distributed with *Emirates Woman* magazine to various commercial outlets.
- ▶ Wellness-on-Wheels Mobile Mammogram Unit is a partnership between ADCB and Medeor 24x7 Hospital in Abu Dhabi. The initiative offers free mammogram screenings (and a significant cost savings) to the public through the mobile unit, which appeared at all of ADCB's sponsored Pink Month events. We were able to provide 305 free screenings throughout the month of October 2015.
- ▶ ATM Donations are an easy way to support breast cancer-related charities. ADCB ATM users had the opportunity to take part in the campaign by donating one dirham to the Al Jalila Foundation at the end of each transaction throughout the month of October.
- ▶ ADCB Pink Polo is a family-friendly day organised around a charity polo match at Ghantoot Polo Club in support of breast cancer awareness, held in conjunction with the Abu Dhabi Health Authority. In 2015, we marked our sixth consecutive year sponsoring this event, which raises awareness about breast cancer in the UAE.
- ▶ Pink Golf Day is an event supported by ADCB at the Abu Dhabi Golf Club which raised funds for the Al Jalila Foundation and Breast Cancer Research UK. Around 100 women participated, proudly displaying their commitment to the cause by wearing pink golfing attire.

Over 1,000
people participated
in the Pink Run

ADCB's
Breast Cancer
Awareness
programme was
recognised by
Daman as the best
corporate health
and wellness
initiative in the UAE

Sustainability (continued)

- ▶ ADCB Zayed Sport City (ZSC) Pink Run attracted over 1,000 people to join the popular 5K and 10K runs sponsored by ADCB and organised by Abu Dhabi Striders at Zayed Sport City. The ADCB ZSC Pink Run is more than just a running event, with people of different abilities coming together to show their support for breast cancer research.
- ▶ BCA Seminars are provided free of charge to ADCB staff to enable them to learn about breast cancer. Through the seminars, organised in Abu Dhabi and Dubai, medical, health and wellbeing experts provided staff with a holistic understanding of breast cancer facts and risks, the importance of early detection, different screening methods, prevention tips and the importance of support groups.

The success of our Pink Month programme was recognised with the prestigious “Daman Award for Corporate Health and Wellness Initiative.” Pink Month was also cited as one of the 10 great breast cancer awareness campaigns in the Middle East by Step Feed, a Middle East-focused news site.

ADCB Bikeshare

ADCB launched the UAE’s first public bicycle-sharing system, ADCB Bikeshare, in December 2014. In partnership with Cyacle, a private bike-sharing venture of the Khalifa Fund for Enterprise Development, we introduced the Nation’s capital to a cost-effective and energy-saving method of transport for recreational and leisure purposes. ADCB Bikeshare offers both transportation benefits and support for a healthier and more sustainable lifestyle. There are currently 75 bicycles for hire at 11 locations including Yas Island and Al Raha Beach in Abu Dhabi. As at 31 December 2015, over 2.75 million kcal had been burned since launch and more than 17.24 tons of carbon emissions had been avoided through ADCB Bikeshare.

Health and Wellness

At ADCB, we believe that our commitment to our customers, employees and communities must extend beyond helping to meet financial needs. This leads us to invest in programmes that promote health and wellness. These programmes are carried out in conjunction with our product and service offerings, sending the clear message that a healthy financial position goes hand in hand with a healthy lifestyle. Our Health & Wealth Roadshows, comprehensive insurance proposition and employee wellness initiatives are solid examples of the intersection of good business and good health.

- ▶ Health & Wealth Roadshows. ADCB promotes good health in the community through our Health & Wealth Roadshows, organised through our Wealth Management Bancassurance department. Select ADCB branches and sales centres throughout the UAE hosted the roadshows in 2015, which provided basic medical testing (blood pressure, BMI and blood sugar, and complimentary cholesterol check-up vouchers) to over 2,000 participants. We also offered free Wealth Check-Ups, during which customers were given the opportunity to meet with dedicated Relationship Managers and have their current financial circumstances, liquidity position, and short-term as well as long-term plans reviewed, and to explore how ADCB might help them address their financial needs.
- ▶ Staff Wellness Event. We also held an internal staff Health & Wellness event to address some of the key health issues faced in the UAE. The event sought to facilitate healthier lifestyle habits and a better work-life balance for all staff through awareness, testing and special promotions to encourage beneficial changes. Approximately 500 staff participated, receiving basic medical testing and attending seminars by medical experts on stress management, nutrition, dental hygiene, computer vision syndrome and smoking cessation.

11,685 mn

Total community investments
and collections (AED)



CONTRIBUTING FINANCIALLY TO OUR COMMUNITIES

ADCB invests in communities through donations to and sponsorships of organisations that address a range of social, cultural and environmental concerns. In addition to our financial support for the Al Jalila Foundation in the area of breast cancer, other partnerships and charitable contributions include the following:

- Emirates Foundation. ADCB has partnered with the Emirates Foundation for Youth Development to support programmes that improve the welfare of UAE youth. These programmes focus on social inclusion,

leadership, empowerment and community involvement. Partnership programmes also address material issues, such as financial literacy, as well as specific cultural and social issues.

- EWS-WWF. To help protect the biodiversity of species and ecosystems across the UAE, we are Pearl Member partners of EWS-WWF. ADCB customers are encouraged to donate to EWS-WWF via our ATM screens and online banking platform to support environmental preservation efforts. In 2015, these channels raised AED 285,348 for EWS-WWF.

The Difference Is...

Recognition

ADCB is widely recognised for its outstanding service to customers and the UAE and for its broader standing as a committed corporate citizen.

The awards we received in 2015 are a testimony to ADCB's culture and the hard work and dedication of all our employees. Even more importantly, they are a reminder that we can and must build upon our excellent practices, and that our customers and other stakeholders expect and deserve nothing less than our absolute best.

"UAE Trade Finance Firm of the Year"

Finance Monthly's Global Awards

"Best Bank for Cash Management in the Middle East"

Global Finance Magazine

"Best Trade Finance Provider in the UAE"

Euromoney Award

"Best Trade Finance Offering"

Banker Middle East

"Best for Cash Management in the UAE"

Euromoney Award

"Best Islamic Banking Window in the UAE"

International Finance Magazine, London

"Business Leader of the Year"
Ala'a Eraiqat, CEO of ADCB Group

Gulf Business Industry Awards 2015

"SME Banking Innovation Award"

Enterprise Agility Awards 2015

"Best Trade Finance Bank in MENA"

GTR Leaders in Trade Awards

"UAE Domestic Trade Finance Bank of the Year"

Asian Banking and Finance's Wholesale Banking Awards

"Trade Finance — Overall Quality of Service, Global — 2nd Place"

Euromoney Award

"Best Islamic Retail Bank in the UAE and Islamic Bank of the Year in the UAE"

The Asset — Hong Kong

"Best Corporate Governance Award 2015"

World Finance Magazine

"Daman Award for Corporate Health and Wellness Initiative"

Daman Corporate Health Awards

"Trade Finance — Overall Quality of Service in Middle East"

Euromoney Award

"Best Human Capital Development Initiative" to Islamic Banking Academy

Global Islamic Finance Awards, London



"Sharia Lawyer of the Year"
Kamran Sherwani, Head of ADCB Sharia Advisory

Global Islamic Finance Awards, London

"Best Supply Chain Finance Provider Award — Middle East"

Global Finance Magazine

"Best Local Bank in the UAE"

GTR MENA's Leaders in Trade Awards

"Bank of the Year"

Gulf Business Industry Awards 2015

"Best Cash Management"

Banker Middle East

"Most Innovative Product (Salam Personal Finance)"

International Finance Magazine, London

"Best Customer Service — Corporate Banking"

Banker Middle East

"Best Brand-Building Initiative in the Middle East Award"

The Asian Banker Magazine

"Best Fund over 3 Years, Equity UAE" for Al Nokhitha Fund

Thomson Reuters Lipper Fund Awards 2015

"Best Affinity Credit Card in the Middle East & Asia/Oceania 2015"

Annual Freddie Awards

"Best Islamic Trade Finance Bank" and "Best Trade Finance Bank in the UAE"

GTR Leaders in Trade Awards

Board of Directors Profiles



Eissa Mohamed Al Suwaidi

Chairman

Non-Executive Director

Eissa Mohamed Al Suwaidi was appointed by the Government of Abu Dhabi to join the ADCB Board of Directors and was elected as Chairman of ADCB in September 2008. Eissa Mohamed Al Suwaidi has more than 20 years of experience in asset management and banking.

Bachelor of Economics
(Northeastern University, USA)

ADCB Committee Memberships:

Chairman – Risk & Credit Committee

Member – Nomination, Compensation & HR Committee

External Appointments:

Chairman – Emirates Telecommunications Group Company PJSC (Etisalat Group)

Vice Chairman – Maroc Telecom

Managing Director – Abu Dhabi Investment Council

Board Member – Abu Dhabi National Oil Company for Distribution, International Petroleum Investment Company, Abu Dhabi Fund for Development, Emirates Investment Authority



Mohamed Sultan Ghannoum Al Hameli

Vice Chairman

Non-Executive Director

Prior to joining the Department of Finance – Emirate of Abu Dhabi, Mohamed Sultan Ghannoum Al Hameli was the Assistant Director of the European Equities Department of Abu Dhabi Investment Authority (ADIA). He was appointed by ADIA to join the ADCB Board of Directors in October 2004.

Bachelor of Finance
(Boston University, USA)

General Manager Program, Strategic IQ:
Creating Smarter Corporations
(Harvard Business School)

Chartered Financial Analyst
(CFA Institute)

ADCB Committee Memberships:

Chairman – Nomination, Compensation & HR Committee

Member – Risk & Credit Committee

External Appointments:

Director General – Abu Dhabi Finance Department

Chairman – National Health Insurance Company (DAMAN)

Board Member – Abu Dhabi Public Service Co. (Musanada), Social Welfare & Minor Affairs Foundation, Emirates Telecommunications Corporation (Etisalat Group)



Ala'a Eraiqat

Group Chief Executive Officer

Executive Director

Ala'a Eraiqat joined ADCB in January 2004 and held various senior posts before taking over as Chief Executive Officer and also becoming a member of ADCB's Board of Directors in February 2009. He has been a banker since 1991 and previously held senior positions at Citibank and Standard Chartered Bank, among others.

His responsibilities extend to chairing the following subsidiaries and committees of ADCB, among others: Abu Dhabi Commercial Properties, Abu Dhabi Commercial Engineering Services, ADCB Securities, Itmam Services, the ADCB Management Executive Committee, and the ADCB Management Risk & Credit Committee.

External Appointments:

Board Member – Abu Dhabi National Hotels PJSC (ADNH); MasterCard Asia/Pacific, Middle East & Africa Regional Advisory Board; and Mubadala Infrastructure Partners Advisory Board

Personal Awards:

Named in 2015 as the Banking Business Leader of the Year by Gulf Business Industry Awards; named in 2011 as the No. 1 CEO among the Top 50 CEOs from 300 companies in Saudi Arabia and the UAE by *Trends*, an international magazine on Arab affairs; received *The Asian Banker* "Promising Young Banker Award" for the Gulf region in 2007; and in 2009, chosen by *Arabian Business* as one of the GCC's "Most Admired Executives."



Mohamed Darwish Al Khoori
Non-Executive Director

Mohamed Darwish Al Khoori has 27 years of experience in asset management and its related disciplines. Mr. Al Khoori is Executive Director of the Operations Department of the Abu Dhabi Investment Authority (ADIA) since 31st May 2015. Since 2008, he has been the Executive Director of the Internal Equities Department at Abu Dhabi Investment Authority.

In May 2004, Mohamed Darwish Al Khoori was nominated by the Government of Abu Dhabi to join the ADCB Board of Directors, and in April 2006, he was elected by the ADCB shareholders to be an ADCB Director. He was subsequently nominated to be an ADCB Director by the Government of Abu Dhabi in March 2009, and in March 2015, he was again nominated and elected to be an ADCB Director.

Bachelor of Business Administration
(Siena Heights University, Michigan, USA)

General Manager Program
(Harvard Business School)

ADCB Committee Memberships:

Chairman – Audit & Compliance Committee

Member – Nomination, Compensation & HR Committee

External Appointments:

Vice Chairman – Oman & Emirates Investment Holding Company

Member – The Financial Corporation (FINCORP) Board

Member – The Financial Corporation (FINCORP) – Audit Committee

Member – Abu Dhabi Global Market Board

Executive Director – Abu Dhabi Investment Authority (ADIA) – Operations Department

Member – ADIA's Investment, Alpha and Management Committees



Khalid Deemas Al Suwaidi
Non-Executive Director

Khalid Deemas Al Suwaidi was appointed by the Abu Dhabi Investment Council to join the ADCB Board of Directors in March 2009. In 2012, he was nominated and elected by ADCB shareholders to act as a Director, and in March 2015, he was again nominated and elected by the ADIC to act as a Director.

Khalid Deemas Al Suwaidi has approximately 15 years of banking experience, having held senior management positions with National Bank of Abu Dhabi and First Gulf Bank.

Master of Business Administration, minor in Management Information Systems and Strategic Planning (Widener University, USA)

Bachelor of Science/Computer Information Systems (Bethune Cookman College, USA)

ADCB Committee Memberships:

Member – Corporate Governance Committee

Member – Audit & Compliance Committee

External Appointments:

Chairman – Emirates & Morocco Trading & General Investment, United Tina

Vice Chairman – Manazel Real Estate Company and Abu Dhabi National Takaful Company

Chief Executive Officer – Das Holding

Board Member – Citiscape Group Company



Mohamed Ali Al Dhaheri
Non-Executive Director

Mohamed Ali Al Dhaheri was appointed by the Abu Dhabi Investment Council (ADIC) to join the ADCB Board of Directors in May 2007. Prior to joining ADIC, Mohamed Ali Al Dhaheri was the Chief Operating Officer of the Treasury Department in Abu Dhabi Investment Authority.

Bachelor of Business Administration
(International University of America)

ADCB Committee Memberships:

Chairman – Corporate Governance Committee

Member – Audit & Compliance Committee

External Appointments:

Deputy Chairman – Al Hilal Bank

Chairman – Al Hilal Takaful

Chairman – Abu Dhabi Investment Company

Board of Directors Profiles (continued)



Abdulla Khalil Al Mutawa

Non-Executive Director

Abdulla Khalil Al Mutawa is a skilled and dedicated investment professional with more than 30 years of experience and a comprehensive background in finance and administration. He was nominated by ADCB shareholders to join the ADCB Board of Directors in March 1997.

Bachelor of Business Administration
(University of North Carolina, USA)

ADCB Committee Memberships:

Member – Nomination, Compensation & HR Committee

Member – Risk & Credit Committee

External Appointments:

General Manager – Office of Sheikh Suroor bin Mohammed Al Nahyan

Board Member – Alfalah Exchange Company, Abu Dhabi, UAE; UAE Banks Federation; Wateen Telecom Limited, Pakistan; Al Falah Limited; Makhazen Investment Company (Chairman)

Bank Alfalah:

Chairman – Board Strategy & Finance Committee

Chairman – Board Human Resources & Nomination Committee

Member – Board Audit Committee

Member – Board Risk Management Committee

Member – Board Compensation Committee

Former Director – Warid Telecom (Pvt) Limited



Sheikh Sultan bin Suroor Al Dhahiri

Non-Executive Director

Sheikh Sultan bin Suroor Al Dhahiri was elected by ADCB shareholders to join the ADCB Board of Directors in March 2009.

Master of Business Administration
(Abertay Dundee University, UK)

Bachelor in Business & Marketing
(Middlesex University, London, UK)

ADCB Committee Memberships:

Member – Corporate Governance Committee

External Appointments:

Chairman – SSD Group, Abu Dhabi Maritime & Mercantile International Co.

Chairman – Al Dhaana Holding



Omar Liaqat

Non-Executive Director

Omar Liaqat is the Chief Operating Officer at Abu Dhabi Investment Council (ADIC). He is an experienced professional with more than 30 years of experience in a wide range of industries in the financial, auditing and management areas. He was a member of the founding team of the ADIC, prior to which he worked at Abu Dhabi Investment Authority for 19 years. At the onset of his career, he worked in the auditing profession with a host of high-profile clients in the UK and US. Omar Liaqat was elected by the ADIC to join the ADCB Board of Directors in April 2013.

Chartered Accountant (Fellow) from England & Wales Institute

ADCB Committee Memberships:

Member – Audit & Compliance Committee

Member – Corporate Governance Committee

External Appointments:

Chief Operating Officer – Abu Dhabi Investment Council

Member – Audit Committee – Abu Dhabi National Insurance Company

Member – Audit Committee – Abu Dhabi Fund for Development



Aysha Al Hallami

Non-Executive Director

Aysha Al Hallami is currently a Research Manager in the Strategy Unit of H.H. the Managing Director's Office at Abu Dhabi Investment Authority (ADIA). She is part of the Strategic Research team that is responsible for ADIA's portfolio construction, as well as strategic and tactical asset-allocation decisions. Aysha Al Hallami was elected by Abu Dhabi Investment Council to join the ADCB Board of Directors in April 2013.

Chartered Financial Analyst, CFA Institute

Master of Sciences in Finance & Banking, British University in Dubai in association with Cass Business School, City University, London

Bachelor of Science in Business Sciences: major in Finance, Zayed University, Abu Dhabi

ADCB Committee Memberships:

Member – Audit & Compliance Committee

Member – Risk & Credit Committee



Khaled H Al Khoori

Non-Executive Director

Khaled H Al Khoori was elected by ADCB shareholders to join ADCB's Board of Directors in April 2012. Since January 2006, he has been the Chairman of Orient House for Development & Construction.

Bachelor of Civil Engineering
(Northeastern University, USA)

Master of Civil Engineering
(Northeastern University, USA)

ADCB Committee Memberships:

Member – Risk & Credit Committee

Member – Corporate Governance Committee

External Appointments:

Chairman – Orient House for Development & Construction

Board Member & Chairman – Capital Expenditure Committee – Abu Dhabi National Hotels (ADNH)



Sir Gerry Grimstone

Adviser

ADCB appointed Sir Gerry Grimstone as Adviser to its Board of Directors in January 2013. He brings significant international expertise and experience in investment banking and the financial services industry, and serves on the boards of several high-profile public- and private-sector companies.

Sir Grimstone was previously Chairman of TheCityUK, a senior investment banker at Schroders, and an official in the UK's HM Treasury. He was responsible for privatisation and policy for state-owned enterprises and helped oversee HM Treasury's Operational Efficiency Programme. He has also served as one of the UK's business ambassadors.

External Appointments:

Chairman – Standard Life

Deputy Chairman – Barclays PLC

Lead Non-Executive Director – UK Ministry of Defence

Independent Non-Executive Director – Deloitte LLP

Board Member – UK Government's The Shareholder Executive

Executive Management Profiles*

(left to right)

Ali Darwish

Group Head of Human Resources

Ali Darwish is the Head of Human Resources for ADCB and is an experienced banking professional who has worked at senior executive levels since 1998. A combination of interests in operational excellence, talent engagement and business strategy has accelerated Ali's career through diverse positions in top financial institutions such as Tamweel, Dubai Islamic Bank and ABN AMRO. His particular focus on human capital strategy enables Ali to transform talent into tangible assets for organisations. His in-depth understanding of strategy, performance objectives and drivers enables him to optimise capacity and capability across all business areas of the Bank. Ali's achievements have been recognised through various awards, particularly within the area of Emiratisation.

Arup Mukhopadhyay

Group Head of Consumer Banking

Arup joined ADCB in 2005 and is Head of the Consumer Banking Group. He had previously spent seven years with Citibank, becoming Head of Wealth Management products and Marketing Director for its UAE Consumer business. Before that, he worked with Unilever in India in several sales and marketing roles. Arup is a mechanical engineering graduate and holds an MBA from the Indian Institute of Management, Lucknow.

Simon Copleston

Group General Counsel and Board Secretary

Simon has been General Counsel and Board Secretary at ADCB since 2008. After graduating from Durham University in the UK, he practised corporate law in the City of London for eight years. He joined Abu Dhabi Investment Authority in 2006, acting as a lawyer to the Emerging Markets department and the Strategic Investment and Infrastructure teams. He has more than 18 years of experience in banking, finance and corporate law. Simon is a UK-qualified solicitor and has been highly instrumental in the Bank's recent recognition as a regional leader in corporate governance.

Abdirizak Mohamed

Group Chief Internal Auditor

Abdirizak has been the Group Chief Internal Auditor at ADCB since 2006, having previously worked at the NASDAQ Stock Market, NASD (FINRA) and OFHEO (FHFA). He has more than 20 years of financial industry experience that spans capital markets management, accounting policy/applications, examinations and auditing, risk management, regulatory oversight, and corporate governance. Currently, he serves as an Audit Committee member of various Abu Dhabi-based companies. Abdirizak is a Certified Public Accountant and holds a Bachelor's degree from the University of Washington in Seattle and a Master's degree from The George Washington University in Washington, DC.

Deepak Khullar

Group Chief Financial Officer

Deepak was appointed Group Chief Financial Officer in 2008 and is responsible for Group finance, investor relations and strategic sourcing. He previously spent 15 years with Standard Chartered Bank in the Middle East and in Korea. Before joining Standard Chartered, he worked for 12 years with Ernst & Young and Price Waterhouse & Co. (now PricewaterhouseCoopers) in the Middle East and India. Deepak is an Associate of the Institute of Chartered Accountants of India and an Associate Member of the Association of Corporate Treasurers (UK).



Ala'a Eraiqat

Group Chief Executive Officer, Executive Director

Ala'a Eraiqat joined ADCB in January 2004 and since then has held various senior posts before taking over as Chief Executive Officer and also becoming a member of ADCB's Board of Directors in February 2009. He previously held senior positions at Citibank and Standard Chartered Bank, amongst others. His responsibilities extend to chairing the following subsidiaries and committees of ADCB, amongst others: Abu Dhabi Commercial Properties, Abu Dhabi Commercial Engineering Services, ADCB Securities, Itmam Services, the ADCB Management Executive Committee and the ADCB Management Risk & Credit Committee.

Kevin Taylor

Group Treasurer

Kevin joined ADCB in 2009 as Head of the Treasury & Investments Group. He has held significant treasury and risk positions in global organisations such as ALICO, Citigroup, Westpac Bank and Merrill Lynch. At ADCB, he is responsible for a front office staff of 40, including FX trading and sales, derivative trading and sales, and fixed income and investments personnel, along with money market and balance sheet analytics teams. Kevin is the Chairman of the UAE Banks Federation Financial Markets Committee and is a member of the Board of Directors of Gulf Capital. He holds an MBA from Macquarie University in Australia.

Jerry Möllenkramer

Group Chief Operating Officer

Jerry was appointed Group Chief Operating Officer following ADCB's acquisition of the Royal Bank of Scotland's retail banking business in the UAE in 2010. He was previously Chief Operating Officer for Royal Bank of Scotland's Middle East and Africa franchise, a position he held from 2008. He also served as an Executive Director for ABN AMRO's Group Services Division, and before that fulfilled various directorships within ABN AMRO's Wholesale Banking Division. Jerry holds a BA from the University of California and an MBA and a Master's degree in Business Informatics from the Rotterdam School of Management.

Colin Fraser

Group Head of Wholesale Banking

Colin completed his Master of Arts in Financial Economics at the University of Dundee, receiving the Bowie Memorial Prize for top economics graduate. He is an Associate of the Chartered Institute of Bankers and a Fellow of the Royal Society for the Arts. Colin joined Barclays Bank in 1992 and undertook various roles as an international banker. In 2007, he was appointed Barclays' Corporate Banking Director, GCC, joining ADCB a year later as Head of the Wholesale Banking Group.

Kishore Rao Naimpally

Group Chief Risk Officer

Kishore took over as ADCB's Group Chief Risk Officer in July 2009. He has more than 35 years of experience across various international and regional banks, spanning multiple geographies and a variety of roles across the business, credit and risk spectrum. He commenced his banking career with State Bank of India, where he spent over 12 years in diverse roles domestically as well as internationally. He also spent over 13 years at ABN AMRO, handling various assignments across Asia, Europe and North America. His last assignment prior to ADCB was as Group Chief Credit & Risk Officer at Arab Banking Corporation BSC. As the Bank's first CRO, Kishore has steered the Bank's implementation of an Enterprise-Wide Risk Framework and has played a key role in shaping the Bank's risk strategy. He is a qualified Cost Accountant and Corporate Secretary and additionally holds a degree in physics.

*The titles above were changed in 2014 to include the "Group" designation.



Corporate Governance Report

ADCB adheres to the highest standards of corporate governance. In many respects, we are pioneers in our geographic region: We have voluntarily adopted practices above and beyond those mandated by law. We continuously enhance and improve our governance principles and framework, emphasising transparency, integrity, accountability and fairness.

We believe high standards of corporate governance will contribute to our long-term success, encourage trust and engagement with our stakeholders, and reinforce our risk management culture. To that end, the Bank and all of its business units have clear, well-understood governance policies, procedures and practices. We regularly review and adjust our governance framework to reflect changes in the Bank's businesses, best practices and the external environment.

The Board

Membership, Committees and Meetings

The Board, which consists of 11 experienced professionals, met eight times in 2015. Directors received information between meetings about the activities of Board and management committees and developments in the Bank's business. In addition, the Board held an off-site meeting in October to debate, refine and reiterate the Bank's strategy. Members of senior management were invited to all these meetings to enhance the Board's engagement with management and understanding of the business. In addition, Board members

regularly visited divisions and branches of the Bank to enrich their knowledge of our operations.

The Board has four standing Committees: Audit & Compliance; Corporate Governance; Risk & Credit; and Nomination, Compensation & Human Resources. Each member of the Board, with the exception of Ala'a Eraiqat, the Group Chief Executive Officer, serves on at least one standing Committee. The Board Committees held a total of 51 meetings in 2015. Memberships and chairmanships of the Board Committees are reviewed on a regular basis to ensure suitability and are rotated as needed.

The table below gives details of each Director's attendance at meetings of the Board and standing Board Committees in 2015.

Name	Status	Year of appointment	Expiration of current term of office	Board		Audit & Compliance Committee		Corporate Governance Committee		Risk & Credit Committee		Nomination, Compensation & HR Committee	
					Meetings: 8		Meetings: 11		Meetings: 6		Meetings: 28		Meetings: 6
Eissa Mohamed Al Suwaidi	Non-Executive Director ¹	2008	2017	C	6					C	21	M	4
Mohamed Sultan Ghannoum Al Hameli ²	Non-Executive Director ¹	2004	2016	M	8					M	23	C	6
Ala'a Eraiqat	Executive Director	2009	N/A	M	8								
Mohamed Darwish Al Khoori ²	Non-Executive Director	2004	2018	M	7	C	11					M ⁴	4
Khalid Deemas Al Suwaidi ²	Non-Executive Director ¹	2009	2018	M	6	M ⁴	6	M	5				
Mohamed Ali Al Dhaheri	Non-Executive Director ¹	2007	2016	M	8	M ⁴	5	C	6			M ³	2
Abdulla Khalil Al Mutawa ²	Non-Executive Director	1997	2018	M	6	M ³	3			M ⁴	20	M	6
Sheikh Sultan bin Suroor Al Dhahiri ²	Non-Executive Director	2009	2018	M	6			M	3				
Omar Liaqat	Non-Executive Director ¹	2013	2017	M	7	M	10	M	6				
Aysha Al Hallami ²	Non-Executive Director ¹	2013	2016	M	7	M	10			M	22		
Khaled H Al Khoori ²	Non-Executive Director	2012	2018	M	6			M ⁴	3	M	24		

C Chairman M Member 1 Elected by Abu Dhabi Investment Council. 2 Independent (assessed as per Bank policies).
3 Ceased to be a Member of the Committee effective 21 March 2015. 4 Started to be a Member of the Committee effective 21 March 2015.

Directors’ Independence

During 2015, more than one-third of the Directors were considered independent. In addition, a majority of the members of the Audit & Compliance Committee were independent. On the management side, the Group Chief Internal Auditor reports to the Board’s Audit & Compliance Committee and the Group Chief Risk Officer reports to the Board’s Risk & Credit Committee.

To ensure that the Board has the benefit of a range of independent thinking, the Bank appointed Sir Gerry Grimstone as an independent Board Adviser in January 2013. In 2015, Sir Grimstone attended five Board meetings, three Board Committee meetings (NCHR), and the Board strategy sessions. His background and lengthy experience enriches the Board’s deliberations, particularly in the areas of strategy; Board reporting and effectiveness; performance assessments for senior management; and assessments of risk appetite and rewards.

The Board’s Agenda in 2015

The Board of Directors regularly discusses certain items that are fundamental to the direction of the Bank, such as business performance, long-term planning, strategy, risk appetite and management, succession planning, and human resources. In 2015, the Board paid particular attention to the following:

- developing strategies for pursuing sustainable growth and profitability;
- enforcing conservative underwriting principles to ensure the Bank maintains a strong risk position;
- integrating an internal audit mindset into all of the Bank’s business groups to facilitate regular monitoring of systems and risks and proactive information-sharing and problem-solving;
- monitoring regulatory developments and best practices, both in the UAE and elsewhere;

- monitoring the results of the Bank’s focus on customer service;
- monitoring the Bank’s initiatives to control costs and improve efficiencies;
- monitoring the Bank’s digitisation initiatives;
- understanding market trends and developments and studying new business opportunities;
- assessing each Bank division, its strategic initiatives and its performance against strategic targets; and
- improving governance structures and processes, and maintaining a governance framework that adds value to the business and reinforces our culture of governance and prudent risk management.

Reporting Principles

This Corporate Governance Report outlines some key aspects of the Bank’s corporate governance framework. We focus here only on the information we think is most important to our shareholders. If you are interested in more detail, you can find the following documents on the Bank’s website (<http://www.adcb.com>):

- Articles of Association
- Code of Corporate Governance
- Codes of Conduct for our employees and our Directors
- Board Performance Evaluation policy
- Procedures for selecting and appointing the Bank’s Directors
- Conflicts of Interest policy for Directors
- Dividend policy

The website also contains information about the following subjects:

• Our disclosure standards, communication with shareholders, and investor relations	• Remuneration of Directors for service on the Board and Board Committees
• Our strategy-setting process	• The Board’s Adviser
• The structure and composition of our Board	• Directors’ independence
• Board oversight of risk management	• Management committees
• Our process for initiating new Directors and ensuring the professional development of all Board Members	• Internal controls
• Matters reserved for the Board	• Audit arrangements
• How we ensure Board Members have continuous access to critical information	• Internal audits, regulation and supervision
• Retirement and re-election of Directors	• Diversity
	• Succession planning
	• Codes, standards and communications
	• Our variable pay framework

Board Oversight of Risk Management

Risk management is a key part of ADCB's corporate governance framework.

The Board of Directors has overall responsibility for setting our risk appetite and for ensuring risk is effectively managed. The Board Risk & Credit Committee (BRCC) oversees risk monitoring and management, and works with management to refine practices as appropriate for particular sectors, geographic regions and customer types. The BRCC also reviews the suitability and effectiveness of the Bank's management systems and controls, reviews stress tests and the Bank's stress-testing methodology, oversees the management risk committees, and ensures that our risk governance supports prudent risk-taking at all levels in the Bank. Please see further details in the Risk Management section of this annual report.

The Board and management also foster a compliant culture. They have created an environment where employees at all levels are empowered to confront improper behaviour, raise grievances and suggest better ways to pursue the Bank's strategic goals.

Performance Evaluations

The Board undergoes a rigorous in-house performance evaluation annually, and, in line with global standards, regularly engages an independent external consultant to conduct a performance evaluation. The next independent performance evaluation will take place in 2016.

The process and goals for the Bank's in-house evaluations can be found in the Board Performance Evaluation policy on our website. When the most recent evaluation was completed in early

2015, the Board Corporate Governance Committee recommended certain actions, which were implemented during 2015. Specifically, we enhanced the Board's strategy-setting and oversight process, and we enhanced the Board's discussions on changing consumer behaviour and the evolution of technology.

Appointment, Retirement and Re-Election

All Directors are required to seek re-election by shareholders every three years, and one-third of the Board must seek re-election each year. The Abu Dhabi Investment Council has the right to elect a percentage of the Board that is proportionate to its holdings of the Bank's share capital. As of year-end 2015, the ADIC held 58.08% of the Bank's stock and had the right to elect six Directors.

Other Practices and Policies

Management Committees

Management has established the following committees:

Committee name	Number of meetings held in 2015	Responsibilities of the committee
Management Executive (MEC)	43	Most senior management committee; oversees all Bank businesses and operations
Senior Management (SMC)	4	Responsible for administration, governance, change management, strategy, and project updates and dissemination of other information; pre-screens certain matters before MEC review
Assets & Liabilities (ALCO)	4	Formulates the Bank's overall assets and liabilities strategy. Makes investments and executes asset/liability transactions within delegated limits; guides the MEC and the Board on investments and asset/liability transactions above those limits
Management Risk & Credit (MRCC)	52 (48 regular MRCCs and 4 Strategic MRCCs)	Approves credits within delegated limits; considers risk appetite and strategy issues; sets and recommends risk policies; guides the Board Risk & Credit Committee and the Board on credits above delegated limits and on general risk and risk policy issues
Management Recoveries (MRC)	5	Approves recoveries within delegated limits, and guides the MEC and the Board on recoveries above those limits
Capital Expenditure (CEC)	10	Reviews and approves project capital expenditures within delegated limits, and guides and advises the MEC and the Board on project capital expenditures above those limits
Liabilities & Initiatives (LICO)	7	Formulates the Bank's tactical liabilities initiatives at the business/product levels with ongoing monitoring of achievements of different product groups; responsible for cross-selling initiatives, monitoring product performance, and approving pricing and marketing of products to ensure a focused approach to the market on initiating liabilities
Management HR (MHRC)	3	Acts as a forum for prior screening, discussion and recommendation of all human resources-related matters that ultimately appear before the MEC
Financial Performance Management (FPMC)	7	Monitors financial performance of the Bank's business lines
International Operations & Alliances (IO&AC)	5	Supports the MEC in its responsibility to oversee and manage the Bank's international operations and alliances (excluding the Bank's Jersey branch), including the India branch, the UK representative office, the Singapore representative office, and alliances in place from time to time

In addition, management has established several working groups that cover, amongst other things, customer experience and compliance.

Internal Controls

In 2015, the Board Audit & Compliance Committee reviewed the effectiveness of the Bank's systems of internal control, including financial, operational and compliance controls and risk-management systems. The Board has received confirmation from the Bank's Internal Audit Group that the internal controls have been assessed to be effective and operating as designed, and that management has taken or is taking the necessary action to remedy any failings or weaknesses identified.

Audit Arrangements

Deloitte & Touche, the external auditors, were appointed at the 2015 Annual General Meeting (AGM). Bank policy restricts the external auditors' tenure to no more than three consecutive years and also restricts the tenure of any individual audit partner to no more than three consecutive years, unless approved by the Board Audit & Compliance Committee.

Deloitte & Touche is paid on a fixed annual fee basis, as approved by the shareholders at the AGM. In 2015, the audit fees for the Bank and its subsidiaries excluding India operations amounted to AED 917,500, and fees for non-audit work amounted to AED 45,810. During the period from 1 January to 3 March 2015, PricewaterhouseCoopers were the Bank's external auditors. The fees paid to PricewaterhouseCoopers for their audit work for the 2014 year was AED 1,496,080 and fees for non-audit work for the period 1 January–3 March 2015 amounted to AED 308,388.

The Bank's Approach to Disclosure

The Bank is committed to high standards of transparency and to enhancing our disclosures regularly to reflect local and international best practice. In this year's annual report, we have focused on giving readers a clearer picture of our performance, business model and strategy. In addition, we have refined and streamlined our risk disclosures.

In keeping with our leadership role on governance matters, we are confident the Bank is one of the most transparent institutions in the region. We publicly communicate relevant financial and non-financial information in a timely manner through this annual report, our quarterly market updates, our press releases, the Bank's website and the Abu Dhabi Securities Market (ADX). The Bank has an Investor Relations department whose role is to ensure strong communication with our investors and potential investors. Finally, we take internal communications extremely seriously: Staff are kept aware of all new developments — including the Bank's strategic direction, objectives, ethics, risk policies, general policies and procedures, new regulations, and other relevant information — via numerous internal channels.

Diversity

In 2013, Aysha Al Hallami became the first woman on the Bank's Board of Directors. This is in line with international trends and the Bank's efforts to promote greater diversity at the Board level, and it also corresponds with the Government's efforts to empower Emirati women.

The Bank's Board is aware of the advantages of all types of diversity. A diverse Board is likely to make better decisions.

Reports of the Board Committee Chairmen

01

Audit & Compliance Committee

Composition as at 31 December 2015:

Mohamed Darwish Al Khoori (Chairman), Aysha Al Hallami, Omar Liaqat, Khalid Deemas Al Suwaidi, Mohamed Ali Al Dhaheri

Secretary: Rami Raslan

Statement from the Chairman of the Audit & Compliance Committee

Dear Shareholders,

During 2015, the Audit & Compliance Committee focused, as always, on ensuring the integrity and transparency of the Bank's financial statements and the effectiveness of the Bank's internal audit activities and Internal Controls and Compliance functions. We also reviewed the work carried out by the Bank's statutory auditors, Deloitte & Touche. The Committee held 11 meetings in 2015, during which the Committee discussed, reviewed and worked on a number of matters, including the following:

- the tendering process for the Bank's external audit;
- the transition between the previous and newly selected auditors;
- the continuous assessment of the effectiveness of the financial reporting and disclosure process;
- the continuous assessment of the effectiveness of the external audit process;
- the activities of the Bank's Compliance function; and
- the performance and activities of the Bank's Internal Audit function, including the Internal Audit function's budgeting, staffing and training activities and delivery against the approved plan.

In addition, the Audit & Compliance Committee was actively involved in:

- coordinating its activities with those of the Board Risk & Credit Committee and other Board Committees;
- monitoring the choice of accounting policies, principles and judgments;
- reviewing and ensuring the existence of an effective overall system of internal controls;

- discussing the annual audited financial statements with management and the external auditors, and, in particular, considering the soundness of the Bank's specific and general provisions;
- reviewing audit observations raised by the internal and external auditors, the Central Bank, the Abu Dhabi Accountability Authority and other regulators, and management's responses to such observations;
- ensuring that the Internal Audit function is providing independent assurance to the Board in promoting effective governance processes;
- evaluating the external auditors' qualifications, performance and independence, including overseeing all of the external auditors' non-audit activities to ensure independence is not compromised, and reviewing the scope of work proposed by the external auditors for the year;
- reviewing the Committee's terms of reference and other policies sponsored by the Committee, such as the Bank's audit rotation policy and external auditor selection policy;
- discussing risk management policies and practices with management; and
- reporting regularly to the Bank's Board of Directors.

The Committee regularly met with the external auditors and internal auditors without the presence of the Bank's management. In addition, the Committee members attended joint meetings with the members of the Risk & Credit Committee to discuss risk-related issues.

The Audit & Compliance Committee has received confirmation from management

that the Bank's internal controls have been assessed to be effective and are operating as designed, and the Committee is confident that management has taken or is taking the necessary action to remedy any failings or weaknesses identified. The Committee considered, among other things, the correct approach to specific and collective impairment provisions. The Board approved the 2015 annual accounts at the Committee's recommendation based on the external auditors' report and the Committee's view that these accounts are fair and balanced and provide the information required by shareholders to assess the Bank's performance.

The Committee considers that it made positive progress during 2015 towards meeting its responsibilities.

Looking at 2016

Late in 2015, the Committee approved its schedule for 2016. The 2016 schedule envisages continued focus on the activities of the Internal Audit and Compliance functions and ensuring the adequacy of the Bank's internal controls and compliance activities. In particular, amongst other things, the Committee will oversee the adoption of IFRS9 and assess its implications for the Bank's financials. The Committee will continue to coordinate its activities with those of the Board Risk & Credit Committee.

Mohamed Darwish Al Khoori
Chairman of the Board's Audit & Compliance Committee

Statement from the Chairman of the Corporate Governance Committee

Dear Shareholders,

During 2015, the Corporate Governance Committee continued to oversee the development of the Bank's governance framework. In particular, the Committee reviewed the Bank's governance framework against the Basel Committee's Guidelines on Corporate Governance (the "**Basel Guidelines**"). We are pleased to report that the Bank's governance framework is substantially in line with the Basel Guidelines. The Committee initiated several actions to address areas in which our governance practices are not consistent with the Basel Guidelines and will continue to address these inconsistencies in the future. The Committee believes the Bank has developed a robust governance framework, appropriate for its size and status, but there remains room for improvement.

The Committee also continued to assess the Bank's development in certain key governance areas, such as subsidiary governance, ethics and compliance, strategy governance and risk strategy, complaints-handling processes, and sustainability and corporate social responsibility. As a result of that evaluation, we oversaw the Board's implementation of necessary policy adjustments.

The Committee held six meetings over the course of 2015. Among other things, in 2015 the Corporate Governance Committee worked on the following matters:

- reviewing the Bank's governance framework against the Basel Guidelines and implementing policy adjustments resulting from that review;

- reviewing the results of the 2014 Board evaluation and the adoption and monitoring of the action plan arising from it;
- preparing for the Board's evaluation for 2015;
- reviewing and recommending amendments to Board and management committees' terms of reference;
- reviewing and recommending amendments to the Bank's governance policies;
- engaging the Bank's divisions and various businesses on the governance framework and providing guidance on enhancing governance practices, with particular focus on subsidiary governance, ethics and compliance, complaints-handling processes, retail investment advice, and strategy governance and risk strategy;
- reviewing the Bank's sustainability activities;
- outlining the Directors' professional development programmes for 2015;
- considering corporate governance sponsorships;
- publishing corporate governance information, including information included in the Bank's annual reports and on the Bank's website;
- monitoring for conflicts of interest; and
- monitoring best practices in corporate governance and making recommendations to the Board and Board Committees on governance matters.

The Committee considers that positive progress was made during 2015 in the implementation of the Bank's corporate governance initiatives. The Bank's ongoing achievements in corporate governance

earned us the "Corporate Governance Award – UAE" from *World Finance* magazine in 2015. The Committee believes that all levels of the Bank, including the Chairman, Board Members, Group Chief Executive Officer, senior management and staff, remain committed to continuous improvement of the Bank's governance framework.

Looking at 2016

The Committee's agenda for 2016 reflects our ongoing commitment to raising governance standards across the Bank. The Committee will continue to focus on key governance areas, such as subsidiary governance, and will manage the Bank's evaluation for 2015, review the results, and initiate any remedial actions that seem warranted. We also will continue to assess the Bank's framework against the Basel Guidelines and take steps to ensure that any necessary policy adjustments are implemented.

Mohamed Ali Al Dhaheri

Chairman of the Board's Corporate Governance Committee

Reports of the Board Committee Chairmen

03 **Nomination, Compensation & HR Committee**

Composition as at 31 December 2015:

Mohamed Sultan Ghannoum Al Hameli (Chairman), Eissa Mohamed Al Suwaidi, Abdulla Khalil Al Mutawa, Mohamed Darwish Al Khoori
Joint Secretaries: Ali Darwish, Rami Raslan

Statement from the Chairman of the Nomination, Compensation & HR Committee

Dear Shareholders,

During 2015, the Nomination, Compensation & HR Committee continued to focus on the Bank's Human Resources strategy and policies, remuneration schemes, Board retirements and re-appointments, Emiratisation and succession planning. The Committee met six times during 2015. Among other things, the Committee considered the following:

- regular updates from the Bank's Human Resources team;
- the Bank's Human Resources strategy;
- the Board's composition, including nomination and appointment of Directors, review of the Board election process and a review of Directors' independence;
- benchmarking of Directors' remuneration and fees;
- CEO performance evaluation and remuneration;
- the Bank's remuneration framework, including fixed and variable pay, retention awards and performance recognition awards;
- succession planning;
- an overview of the Bank's key Human Resources policies;
- the Bank's Emiratisation strategies, including case studies and presentations and meetings with emerging UAE national staff; and
- contributions of the Board Adviser.

The Bank's Emiratisation strategy and variable remuneration remained key focus areas.

The Committee spent considerable time on the matter of management remuneration. In particular, the Committee considered external benchmarking, reviewed variable pay schemes for effectiveness and risk, reviewed the Bank's public reporting on remuneration practices, provided guidance for pay reviews, and reviewed awards under the Bank's performance recognition and retention schemes. In addition, the Committee commissioned a consultant to review the Bank's remuneration policies in light of emerging global trends. As a result of that review, the Committee believes the Bank's remuneration policies remain appropriate for the Bank's current size and status, and that our remuneration governance adheres to global best practices. In particular, the Committee continues to believe the remuneration framework has been effective in attracting and retaining talent; is effectively linked (in both design and scale) to the Bank's long-term performance, KPIs and strategy; and is likely to continue to be effective. Although management has some limited discretion to distribute variable pay, this is exercised only within and following the Committee's oversight of allocations amongst business groups, staff grades, risk-takers and control staff. Overall, the Committee aspires to ensure that payments reward Bank-wide and Group-wide performance, and do not reward under-performance.

The Committee also considered:

- policies to ensure full support of Government-sponsored initiatives, such as National Service;
- improvements to the Bank's talent-acquisition model; and

- the development of the Bank's learning and development programmes, including Ambition University and the Emirati Graduate Development Programme.

The Committee was fully supportive of the steps taken to guarantee the performance ratings and benefits of employees who are enlisted for National Service.

The Committee considers that it made positive progress during 2015 towards meeting its responsibilities.

Looking at 2016

In 2016, the Committee shall continue to fulfil its governance responsibilities. Among other things, we will continue to focus on the Bank's Emiratisation strategy, the design and effectiveness of the Bank's remuneration schemes, and HR policies and activities.

Mohamed Sultan Ghannoum Al Hameli
Chairman of the Board's Nomination, Compensation & HR Committee

04

Risk & Credit Committee

Composition as at 31 December 2015:

Eissa Mohamed Al Suwaidi (Chairman), Mohamed Sultan Ghannoum Al Hameli, Khaled H Al Khoori,

Aysha Al Hallami, Abdulla Khalil Al Mutawa

Secretary: Rami Raslan

Statement from the Chairman of the Risk & Credit Committee

Dear Shareholders,

During 2015 the Risk & Credit Committee had a slightly different focus than in 2014. We spent more time considering risk strategy, risk appetite and risk analysis, and less time reviewing credit decisions. In particular, the Committee discussed risk strategies on both an aggregated level and by type of risk; considered credit concentrations, liquidity, asset quality and the Bank's performance against its risk appetite; and reviewed risk-related policies, procedures and tolerances. The Committee continued to play a role in evaluating high-level credit decisions, but spent less time making credit decisions overall because the Board extended management's authority to make such decisions. Whilst focusing on the Bank's current and future risk appetite and overseeing senior management's implementation of the risk strategy, the Committee recognises that it will need to retain some involvement with credit decisions on an ongoing basis.

The Committee held 28 meetings in 2015, during which it:

- reviewed risks in the Bank's asset portfolios;
- considered various risk policies, including policies relating to Islamic lending, real estate lending, mortgages, credit ratings, syndications, liquidity, leveraged investments, compliance risk, fraud risk and market risks;
- considered the Bank's operational risks and operational risk reporting;

- considered the outcome of stress tests conducted on various key portfolios, and ensured that those outcomes are incorporated into risk-appetite reviews, capital adequacy assessments, budgets, and capital and liquidity planning;
- examined the actual risks and control deficiencies in the Bank;
- analysed the formulas, inputs and assumptions used for various risk metrics;
- considered the Bank's appetite for risk, concentration limits and tolerances in various sectors (such as GREs in Abu Dhabi, Dubai and the region) and countries, and in foreign exchange and derivative transactions;
- assisted the Board in defining the Bank's risk appetite and risk strategy, and monitored the independence and effectiveness of the Bank's risk management functions;
- ensured that management has implemented processes to promote the Bank's adherence to the approved risk policies;
- monitored the Bank's liquidity;
- ensured the adequacy of infrastructure, resources and systems to maintain a satisfactory level of risk-management discipline;
- considered the Bank's capital adequacy assessment process, including its ICAAP methodology; and
- considered its agenda for 2016.

The Committee considers that it made positive progress during 2015 towards meeting its responsibilities.

Looking at 2016

The Committee's schedule in 2016 contemplates a continuing focus on risk strategy, appetite and analysis to take into account prevailing economic, financial and political circumstances. The 2016 schedule contemplates nine meetings focused exclusively on risk strategy and policy issues. As noted above, the Committee expects to retain some involvement in credit decision making in view of the nature of the local market as well as certain regulatory requirements. However, the primary focus in 2016 will continue to be on oversight of the Bank's risk governance framework, risk appetite and strategy, and review of the Bank's risk policies and practices.

Eissa Mohamed Al Suwaidi

Chairman of the Board's Risk & Credit Committee

Directors' Shareholdings as at 31 December 2015

	Shareholding in ADCB		Change in shareholding
	As at 31 December 2014	As at 31 December 2015	
Abdulla Khalil Al Mutawa	2,347,277	2,347,277	0
Ala'a Eraiqat*	2,200,000	2,624,871	424,871
Aysha Al Hallami	0	0	0
Eissa Mohamed Al Suwaidi	0	0	0
Khalid Deemas Al Suwaidi	0	0	0
Khaled H Al Khoori	0	0	0
Mohamed Ali Al Dhaheri	0	0	0
Mohamed Darwish Al Khoori	91,892	91,892	0
Mohamed Sultan Ghannoum Al Hameli	0	0	0
Omar Liaqat	0	0	0
Sheikh Sultan bin Suroor Al Dhahiri	2,835,147	2,835,147	0

*Excluding: 740,975 restricted units in the Bank's LTIP scheme of which (1) 241,556 vested on 31 December 2015, (2) 150,320 will vest on 31 December 2016 subject to early vesting, and (3) 349,099 will vest on 31 December 2017 subject to early vesting.

Board Remuneration

Directors' remuneration is set annually by the Bank's shareholders. Any proposals for changes are considered by the Nomination, Compensation & Human Resources Committee prior to obtaining Board and shareholder approvals. According to federal laws and the Bank's articles of association, Directors may not receive any remuneration in years when the Bank does not achieve net profits.

As at 31 December 2015, the Bank's Directors were not eligible for any bonus, long-term or other incentive schemes. Directors do not receive any pension benefits from the Bank.

The following table shows the amounts paid to the Directors for their service on the Board and its Committees in 2015.

Members	Nomination, Compensation & HR Committee		Board Risk & Credit Committee		Audit & Compliance Committee		Corporate Governance Committee		Board Committee meeting fees	Board Member remuneration (AED, paid in 2015 for the year 2014)	Total (AED)
	Sessions attended	Amount (AED)	Sessions attended	Amount (AED)	Sessions attended	Amount (AED)	Sessions attended	Amount (AED)	(2015, AED)		
Eissa Mohamed Al Suwaidi	4	16,000	21	105,000					121,000	1,000,000	1,121,000
Mohamed Sultan Ghannoum Al Hameli	6	30,000	23	92,000					122,000	750,000	872,000
Khaled H Al Khoori			24	96,000			3**	12,000	108,000	600,000	708,000
Mohamed Darwish Al Khoori	4**	16,000			11	82,500			98,500	600,000	698,500
Abdulla Khalil Al Mutawa	6	24,000	20**	80,000	3*	18,000			122,000	600,000	722,000
Mohamed Ali Al Dhaheri	2*	8,000			5**	30,000	6	30,000	68,000	600,000	668,000
Sheikh Sultan bin Suroor Al Dhahiri							3	12,000	12,000	600,000	612,000
Khalid Deemas Al Suwaidi					6**	36,000	5	20,000	56,000	600,000	656,000
Aysha Al Hallami			22	88,000	10	60,000			148,000	600,000	748,000
Omar Liaqat					10	60,000	6	24,000	84,000	600,000	684,000
Total		94,000		461,000		286,500		98,000	939,500	6,550,000	7,489,500

1. (*) Ceased to be a Member of the Committee effective 21 March 2015.

2. (**) Started to be a Member of the Committee effective 21 March 2015.

3. Board Member remuneration paid during 2015 (for the year 2014): (i) Chairman of Board: AED 1,000,000, (ii) Vice-Chairman: AED 750,000, and (iii) Director: AED 600,000.

4. Board Committee meeting fees paid during 2015 (per meeting): (i) Fees for attendance at Committee meetings (NCHR, BRCC and CGC): Chairman: AED 5,000, Member: AED 4,000; and (ii) Fees for attendance at BACC: Chairman: AED 7,500, Member: AED 6,000.

5. In addition to the remuneration set out above, in 2015, the Bank provided a gift to each Board Member to a value of approximately AED 30,000–40,000.

Note: Ala'a Eraiqat (Board Member and Group Chief Executive Officer) has waived his right to receive Board fees.

Remuneration and Reward

Guiding Principles

ADCB supports levels of remuneration necessary to attract, retain and motivate employees capable of leading, managing and delivering quality service in a competitive environment. However, our remuneration structure is conservative, and we have practices and policies that promote effective risk management. To that end, ADCB structures remuneration

packages so they reflect duties and responsibilities, are fair and equitable, and incorporate clear and measurable rewards linked to corporate and individual performance. Rewards are based only on the results of a rigorous performance appraisal system with a robust management decision-making, review and approvals process.

As far as possible, bearing in mind market trends and constraints, our remuneration

programme incorporates both short- and long-term incentives that align the interests of ADCB’s employees with the interests of shareholders and other stakeholders. Performance-related elements are designed to minimise employee turnover and to inspire employees to perform at the highest levels, consistent with effective risk management.

Total Reward — Key Components

As shown in the following table, employees potentially can receive three types of reward at ADCB: fixed pay, variable pay and retention scheme.

<p>Fixed Pay</p> <p>Fixed pay is based on the market rate for each role and is impacted by the employee’s contributions over time. Fixed-pay reviews depend on whether the employee achieved specific and measurable objectives and delivered a prescribed performance level.</p>	<p>Components</p> <p><i>Basic Salary</i></p> <p><i>Allowances</i></p> <ul style="list-style-type: none">• Social allowance (UAE nationals)• Job-specific allowances (such as a teller allowance, remote-area allowance or shift allowance) <p><i>Benefits based on band</i>, such as:</p> <ul style="list-style-type: none">• Leave fare• Private medical insurance• Life insurance coverage• Education allowance• Annual leave	<p>2015 Key Management Fixed Pay</p> <p>In 2015, Key Management (defined as the Group CEO and his direct reports) received fixed pay and cash benefits in an aggregate amount of AED 25.536 mn.</p>
<p>Variable Pay</p> <p>Employees may receive variable pay based on their performance over the year. Because it is performance-based, variable pay is at risk, and the amount received, if any, may change each year.</p>	<p>Performance Criteria</p> <p>Individual award amounts are dependent on three things:</p> <ul style="list-style-type: none">• Individual performance• Business function performance• Bank overall performance <p>For more information, see “ADCB’s Variable Pay Framework & Governance — Key Facts,” on page 100.</p>	<p>2014/15 Variable Pay Awards</p> <p>For performance in 2014, awards to employees in 2015 consisted of cash variable pay awards of AED 150.081 mn and deferred compensation plan awards of AED 57.981 mn.</p> <p>Key Management received AED 30.375 mn in cash and AED 27.625 mn in deferred compensation from the amounts set forth above.</p>
<p>Retention Scheme</p> <p>In 2014, ADCB introduced a share-based Retention Scheme for incumbents in key positions deemed ‘mission critical’ and for UAE nationals deemed to have exceptional growth potential. The Retention Scheme, which is independent of variable pay awards, is designed to ensure business continuity by mitigating turnover risk and the related operational risk. Invitations to join the Retention Scheme are at the sole discretion of the NCHR Committee; members of the Management Executive Committee are not eligible to participate. Retention Scheme awards vest after four years of service for employees with continued service.</p>	<p>Selection Criteria</p> <ul style="list-style-type: none">• Incumbents in ‘mission critical’ positions• UAE nationals with exceptional growth potential	<p>2015 Retention Scheme Awards</p> <p>In 2015, we awarded 1,795,000 shares with an aggregate value of AED 12.619 mn. Awards were made to 55 employees, of whom 71% are UAE nationals.</p>

ADCB's Bank-Wide Variable Pay Framework

The NCHR Committee oversees the allocation of variable pay awards and retention awards, including overall amounts, distribution amongst business groups and actual awards to senior management (including senior material risk-takers and senior members of the Bank's control functions). The Bank's Finance & Risk groups are involved in setting and reviewing the criteria used to measure performance. Formula-based awards rely on adjusted revenues and may be fine-tuned based on risk assessments as well as the source, quality and sustainability of revenues generated.

ADCB's Variable Pay Framework & Governance — Key Facts

Reflects individual, business function and Bank-wide performance	Yes
Distinguishes amongst different functions of the Bank to ensure alignment to the relevant market	Yes
Includes a deferred compensation plan	Yes
Currency of deferred compensation	Cash and shares
Duration of deferred compensation plan	3 years
Awards subject to thresholds, caps, clawback rules, malus clause, and deferral and retention provisions	Yes
Managed by remuneration professionals experienced in the governance of all types of compensation and benefits	Yes

Designed in conjunction with, and reviewed by, independent external advisors reporting directly to the Nomination, Compensation & Human Resources Committee	Yes
Relies on regular external benchmarking to ensure alignment with evolving global best practices	Yes
Incorporates constant monitoring of developments in remuneration governance to ensure all variable pay plans evolve in line with the Bank's needs and external developments	Yes
Designed to avoid excessive risk-taking	Yes
Actively monitored by the Board's Risk & Credit Committee	Yes
Includes a minimum shareholding rule for Key Management	Yes
Aligns employee interests with the long-term interests of the Bank's shareholders	Yes

Islamic Banking Governance

ADCB Islamic Banking is the brand under which we offer retail and corporate Shari'ah-compliant financial solutions to our Consumer, Wholesale and Treasury clients.

Abu Dhabi Commercial Islamic Finance PJSC (ADCIF) is a wholly owned subsidiary of ADCB that complements ADCB Islamic Banking by providing Islamic banking products and services.

Both ADCB and ADCIF are regulated by the Central Bank of the UAE, and their Islamic banking activities are supervised by an independent Fatwa & Shari'ah Supervisory Board (FSSB). The FSSB operates in accordance with the standards and guidelines issued by the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI) and Islamic Financial Services Board (IFSB), and is the final authority within ADCB regarding all Shari'ah-related matters. ADCB Islamic Banking's Shari'ah governance is implemented and overseen by the Head of Shari'ah Advisory, Compliance and Quality Control.

Fatwas (pronouncements and approvals) are issued by the FSSB to certify compliance with principles of Shari'ah for all products and services as well as for bespoke structured deals. The FSSB's comprehensive review covers the product structure, the underlying Shari'ah contract, legal documentation, operational process flow and all associated product literature. Fatwas issued by the FSSB are published on the Bank's website and are available at all branches.

ADCB Islamic Banking maintains a separate set of financial records to ensure that the accounts for the Islamic business are completely segregated from ADCB's conventional funds. The Bank's consolidated accounts include the results of ADCB Islamic Banking along with ADCIF, and these items are separately disclosed in the notes.

The respected Shari’ah scholars in Islamic banking and finance introduced below make up the FSSB of ADCB Islamic Banking.

**Professor Jassem Ali Al Shamsi,
Chairman**

Professor Jassem is the first Emirati Shari’ah scholar to lead the FSSB of ADCB Islamic Banking. He previously served as Dean of the College of Shari’ah and Law, UAE University. In addition, he chairs or is a member of many other FSSBs for Islamic banks/windows and financial institutions (FIs).

**Sheikh Dr. Nizam Yaqubi,
Executive Member**

Sheikh Dr. Nizam is one of the most prominent Shari’ah scholars in the world, and is recognised globally since he chairs or is a member of the FSSB at several regional and global Islamic banks and FIs. He is known for his profound knowledge of banking and Shari’ah coupled with a progressive approach towards modern banking solutions.

Dr. Humayon Dar, Member

Dr. Dar holds a PhD in Economics from the University of Cambridge, UK, and is an expert in the field of Islamic banking and finance. He is a member of the FSSB at several Islamic banks and FIs.

Mr. Kamran Khalid Sherwani, Secretary

Mr. Kamran is Head of Shari’ah Advisory, Compliance and Quality Control at ADCB Islamic Banking. He provides Shari’ah guidance on all day-to-day Shari’ah-related matters and obtains FSSB guidance and approvals in respect of each product, service, process and transaction and other Shari’ah-related matters. Mr. Kamran received a degree in Shari’ah and Law from the International Islamic University, and he has served as Shari’ah advisor to several major Islamic banks and FIs.

Risk Management

Risk Performance Overview 2015

ADCB's investment in risk infrastructure and focus on disciplined risk management continued to pay off and impact ongoing results in 2015.

2015 was a challenging year in terms of market conditions: the year was characterised by sustained low oil prices, increased geopolitical tensions, weakening credit performance in certain parts of the market, well-publicised problems in SMEs' credit quality accompanied by tightening liquidity, and pressures on funding costs. However, ADCB's balance sheet and P&L continued to demonstrate resilience. Some 31 December 2015 highlights include:

- NPL rate of 3%; lower than last year's
- Provision coverage of 128.5% remained conservatively cushioned
- Average portfolio quality has remained stable, notwithstanding a negative trend in credit conditions
- Capital adequacy ratio of 19.76%, which is robust by international and regional standards
- LCR is well above BCBS standard requirements at this time
- Concentration reduction by name and sector

With a continued focus on risk management practices alongside enhanced monitoring, ADCB has managed to improve credit quality whilst also maintaining balance sheet growth.

We continue to invest in our risk management capabilities through expanded portfolio-exposure reporting and analytics techniques, standardised stress tests, assessments of ratings migration, lessons-learned coaching, technical training, model-development

capabilities, and tuning/calibration. Strict enforcement of discipline is also applied on the business side using tools such as RAROC (Risk Adjusted Return on Capital), economic capital computation, cross-selling, and portfolio-level returns.

We continue to monitor the impact of international developments and domestic challenges on our portfolio and to make changes as appropriate to our underwriting and policy measures. Continued work on automation and information management will improve both the quality and speed of risk reporting to help ADCB prepare for the anticipated Basel III requirements that the Central Bank of the UAE may implement in the future. ADCB is also continually upgrading its risk infrastructure and recently embarked on projects such as the digitisation of credit approvals and the rollout of a fraud management system to ensure that our risk management practices remain best-in-class.

We track emerging risks closely and have augmented our related IT risk infrastructure accordingly. We also hired a Chief Economist to help ADCB stay attuned to and on top of ever-changing macroeconomic conditions.

Emerging Risk Scenarios

As part of our risk management strategy, we regularly identify and monitor "emerging risks." These are events that could lead to a significant unexpected negative outcome that could cause the Bank or one of its divisions to fail to meet a strategic objective. When we assess the potential impact of an emerging risk, we consider both financial and reputational implications.

This section describes the categories of emerging risks that could materially affect the UAE banking system and ADCB: macroeconomic conditions, geopolitical risks, the additional rigours imposed by enhanced regulatory requirements, risks related to information technology and data security, and concentration risks.

Emerging risk: Macroeconomic conditions in the operating markets.

Definition and potential impact:

Prolonged low oil prices will have an impact on the UAE economy and the GCC countries' economies. Most analyst reports forecast a slowdown in the GDP growth rates and an associated period of lower credit growth and tighter liquidity conditions.

Mitigation strategy: The UAE economy in general and the Dubai economy in particular are well-diversified away from oil into non-oil sectors, and this will help partially mitigate the impact of lower oil prices across the banking system. ADCB has over 90% of loans in the UAE and therefore expects to be a key beneficiary of this natural mitigant compared to peer banks with more geographically diverse asset books within the MENA region. ADCB's portfolio diversification in terms of investment in non-GCC bonds, lending to diversified industry groups, and focus on granular and well-structured lending is expected to help soften the impact of macroeconomic conditions.

ADCB is well-capitalised in terms of capital adequacy and regularly runs stress tests to ensure sufficient capital coverage at all times. ADCB also has a proactive approach to liquidity risk, which includes monitoring of positions, regular stress testing, and buffers in excess of the Basel requirements.

Emerging risk: Geopolitical risk

Definition and potential impact: This risk could stem from one of many sources unrelated to the Bank and its business. Geopolitical tension has been a persistent issue in the region.

Mitigation strategy: The Bank regularly monitors geopolitical and economic situations around the world. In particular, ADCB's Chief Economist centrally assesses the economic impact of changing geopolitical risks and provides key inputs to drive the Bank's strategy. Where necessary, we adjust our country limits and exposures to reflect our appetite and to mitigate these risks.

Emerging risk: Regulatory and legal risks to our business model.

Definition and potential impact: Governments and regulators often develop policies that impose new requirements, including in the areas of capital and liquidity management, operational risk, central counterparty exposures, and business structure. These developments may affect our business model and profitability. Should a regulatory change reduce the Bank's ability to respond to all of our customers' needs or to achieve fair customer outcomes, we may experience increased costs and reputational damage. Moreover, inability to satisfy our customers would cause the Bank to fall short of strategic objectives, which could have an adverse effect on earnings, liquidity, capital and shareholder confidence. The risk of failure due to emerging unanticipated regulatory and legal changes affects all of our businesses.

Mitigation strategy: ADCB strives to ensure that the Bank's views are considered when UAE regulatory policy is developed. ADCB either chairs or is a key member of several UAE Banks Federation forums. Internally, we analyse all new pipeline requirements, regulatory consultation, and draft regulations or circulars to measure their impact qualitatively and quantitatively as well as to ensure they can be implemented effectively. We also confirm that our capital and liquidity plans anticipate the potential effects of any changes. We constantly monitor and expand our capital allocation and liquidity management disciplines to incorporate future increased capital and liquidity requirements and to drive appropriate risk management and mitigating actions.

In the past few years, the Bank has launched several initiatives to reduce risk to our business model. For example, our Customer Experience Committee ensures that customers enjoy a superior and consistent experience. We have well-developed policies and procedures to deal with customer complaints, and all front office staff and officers are trained to deal with customer concerns in a timely manner.

Emerging risk: Risks related to information technology and data security.

Definition and potential impact: Cyberattacks are increasing in frequency and severity across the globe. This risk affects all of our businesses. A successful cyberattack could lead to fraudulent activity or the loss of customer data, leading to adverse business, financial and reputational consequences. The Bank could experience significant losses as a result of the need to reimburse customers, pay fines or both. Furthermore, a successful cyberattack could cause significant damage to the Bank's reputation.

Mitigation strategy: The Bank has in place a constantly evolving and expanding large-scale programme to improve controls over user access security as well as hardware and data integrity and protection. In addition, we have implemented additional anti-virus protection and engage in regular penetration testing and unusual-activity detection, mitigation and elimination. We are insured against data-security risk and consequential risks and conduct ongoing user and customer education on information protection.

Principal Risks Affecting ADCB and Risk Coverage

The principal risks faced by ADCB are presented in the following pages, together with a summary of the key areas of focus and how the Bank managed these risks in 2015.

Credit Risk

Definition	<p>Credit risk reflects the risk of loss if one or more counterparties fails to meet all or part of their obligations to the Bank. Credit risk also includes concentration risk.</p> <p>Concentration risk derives from increased exposure to large client groups.</p>
Sources	<p>Deteriorating macroeconomic conditions can affect ADCB’s performance and credit risk profile.</p> <p>ADCB’s credit portfolio can worsen due to quality of bookings and increased exposure to particular economic sectors or large client groups.</p>
Character and impact on ADCB	<p>Losses can vary materially across portfolios. Problems may include the risk of loss due to the concentration of credit risk related to a specific product, asset class, sector or counterparty. Credit risk has the potential to damage ADCB’s financial performance and capital.</p>
How we fared in 2015	<p>During 2015, our collective loan-impairment allowance balance was AED 2.97 bn and 1.89% of credit-risk-weighted assets, in excess of the Central Bank of the UAE’s mandated collective impairment allowance of 1.50%. Credit quality continued to improve during most of 2015, as the overall financial condition of businesses and consumers strengthened and the economic sectors affected by the economic downturn improved. The non-performing loan ratio dropped to 3.0% (compared with 3.1% in 2014), and provision coverage remained at a healthy 128.5% (from 137.1% in 2014). Total impairment charges were 27.65% lower year on year in 2015.</p> <p>In 2015, the 20 largest customer exposures constituted 35.26% of gross loans (compared to 37.04% in 2014).</p>
Specific risk-management process	<p>Measurement — We measure the amount that could be lost if a customer or counterparty fails to make repayments.</p> <p>Monitoring — The Bank monitors concentrations on a continuous basis by customer group, by industry, by geography and by credit risk profile. We strictly enforce Risk Adjusted Return on Capital when screening proposed new business to ensure that all facilities are appropriately structured and that the expected income justifies the expected risk weight of assets to be booked.</p> <p>Management — ADCB attempts to mitigate this risk by diversifying our portfolio, managing concentrations and adhering to disciplined credit review and underwriting guidelines. ADCB’s risk strategy focuses on growth of granular exposures, and risk parameters are set to encourage granular growth with an improvement in average portfolio quality. ADCB’s underwriting guidelines and minimum credit acceptance criteria ensure that new bookings improve portfolio quality. Our disciplined credit process caused the portfolio rating to improve by one notch in 2015.</p> <p><i>Refer to Note 43 of the audited financial statements and the Pillar 3 report for further details.</i></p>

Market Risk

Definition	Market risk is the risk that the Bank's income or the valuation of financial instruments will fluctuate because of changes in external market factors that affect pricing.														
Sources	Changes in interest rates, credit spreads, exchange rates, commodity prices and equity prices														
Character and impact on ADCB	<p>The traded market risk exposure arises in transactions in financial instruments such as debt securities, loans, deposits and equities, as well as in transactions in securities financing and derivatives.</p> <p>The majority of the non-traded market risk exposure arises from retail and commercial banking activities in all franchises from assets and liabilities that are not classified as held-for-trading.</p>														
How we fared in 2015	<p>During 2015, average trading value-at-risk (VaR) remained fairly stable from December 2014.</p> <table><tr><th>Metrics</th><th>31/12/2015 (AED)</th></tr><tr><td>VaR 1d 99% Confidence Level</td><td>(3,227,787)</td></tr><tr><td>SVaR 1d 99% Confidence Level</td><td>(15,132,604)</td></tr><tr><td>Expected Shortfall (1d)</td><td>(11,044,831)</td></tr><tr><td>Credit Value Adjustment (CVA)</td><td>(36,666,187)</td></tr><tr><td>Earnings at Risk (EaR)</td><td>(367,676,528)</td></tr><tr><td>Economic Value of Equity (EVE)</td><td>(1,989,961,044)</td></tr></table>	Metrics	31/12/2015 (AED)	VaR 1d 99% Confidence Level	(3,227,787)	SVaR 1d 99% Confidence Level	(15,132,604)	Expected Shortfall (1d)	(11,044,831)	Credit Value Adjustment (CVA)	(36,666,187)	Earnings at Risk (EaR)	(367,676,528)	Economic Value of Equity (EVE)	(1,989,961,044)
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Specific risk-management process	<p>Measurement — Our Market Risk function implements valuation and risk policies for all Level 1 and Level 2 financial instruments in the trading book. All valuation models are independently vetted and approved for mathematical integrity and suitability. We use these models to measure market risk within a 99% confidence level through value at risk (VaR), stressed value at risk (SVaR), Expected Shortfall, and First Order Greeks (Delta and Vega). VaR and SVaR are used to estimate potential valuation losses on risk positions due to movements in market rates and prices over a specified time horizon and to a given level of confidence, augmented with stress/sensitivity testing to evaluate the potential impact on valuations of more extreme, though plausible, events or movements in a set of financial variables (non-statistical measures).</p> <p>Monitoring — We apply the sensitivity of net interest income and the sensitivity of structural foreign exchange to the market risk positions within each risk type using measures including the valuation of interest rate, foreign exchange rate, fixed income and commodity derivatives.</p> <p>Management — Using risk limits approved by the MRCC, all limit breaches are reported according to their materiality to appropriate levels of authorities.</p> <p><i>Refer to Note 47 of the audited financial statements for further details.</i></p>														

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Liquidity and Funding Risk

Definition	Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when financial liabilities fall due or unable to replace funds when they are withdrawn. Funding risk is the risk that the Bank will be unable to achieve its business plans due to its capital position, liquidity position or structural position.
Sources	<p>Liquidity risk arises from mismatches in the timing of cash flows such as when the cash needed to fund lending commitments exceeds deposits and other available liquid assets.</p> <p>Funding risk arises when the Bank cannot obtain the funds needed to meet current and future cash flow and collateral requirements at the expected terms and when required.</p>
Character and impact on ADCB	Liquidity and funding risk varies based on company-specific factors such as maturity profile, the composition of sources and uses of funding, and the quality and size of the liquid asset buffer. Broader market factors, such as wholesale market conditions and depositor and investor behaviour, also play a role. This type of risk can cause the Bank to fail to meet regulatory liquidity requirements, become unable to support normal banking activity or, at worst, cease to be a going concern.
How we fared in 2015	Survival horizons under stressed conditions and further drawdown of liquidity facilities was at 11 months at the end of December 2015. The Bank manages its LCR at levels higher than mandated by the Basel Committee.
Specific risk-management process	<p>Measurement — This risk is measured using metrics related to Basel III liquidity ratios and survival horizons under liquidity stress tests and contingency funding plans. Liquidity stress tests are carried out using contractual, behavioural and stressed conditions coupled with contingency funding facilities.</p> <p>Monitoring — The Asset and Liability Management Committee (ALCO) and the MRCC oversee the Bank's liquidity and funding risk, stress-test-management process and corrective actions.</p> <p>Management — Funding is diversified and raised through both retail and wholesale operations. In addition, businesses are required to self-fund all new operations. We strive to maintain a large portion of our funding as sticky deposits. Our Treasury department ensures access to diverse sources of funding, ranging from local customer deposits (from both retail and corporate customers) to long-term funding, such as debt securities and subordinated liabilities. Further, the Bank has borrowing facilities from the Central Bank of the UAE to manage liquidity risk during critical times.</p> <p><i>Refer to Note 45 of the audited financial statements for further details.</i></p>

Risk Management (continued)

Capital Risk

Definition	Capital risk is the risk that the Bank will have inadequate resources to meet regulatory capital requirements, to safeguard the Bank’s ability to continue as a going concern and increase returns for shareholders, or to maintain a strong capital base to support the development of the business.
Sources	Inefficient management of capital resources
Character and impact on ADCB	Capital risk can disrupt the business if there is insufficient capital to support business activities. It also has the potential to cause the Bank to fail to meet regulatory requirements. Bank capital and earnings may be affected, impairing the activities of all divisions.
How we fared in 2015	The quality of capital remained stable in 2015. Our capital adequacy ratio was 19.76% at 31 December 2015 in spite of an increase in risk-weighted assets by AED 22.6 bn due to increase in loan volumes in 2015.
Specific risk-management process	<p>Measurement — Capital adequacy is measured using core Tier 1 and total capital adequacy ratios following the standardised approach (Basel II). Market and operational risk are measured by calculating capital requirements using the standardised approach (Basel II).</p> <p>Monitoring — The Bank regularly conducts a process of forecasting capital to ensure our capital position is controlled within the agreed parameters. If the projected position might deteriorate beyond acceptable levels, the Bank would issue further capital, revise business plans or do both.</p> <p>Management — We manage capital adequacy and the use of regulatory capital on a regular basis, employing techniques based on the guidelines developed by the Basel Committee and the Central Bank of the UAE. Prescribed information is filed with regulators as required under Basel II standards. The Bank also prepares an annual comprehensive ICAAP document, which is a detailed assessment of the Bank’s risk profile, approaches to assessing and measuring various material risks, and capital planning under regular and stress scenarios.</p> <p><i>Refer to the Capital Risk Management section within this section, Note 52 of the audited financial statements and the Pillar 3 disclosures for further details.</i></p>

Operational Risk

Definition	Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. Operational risks have many possible repercussions, including damage to the Bank’s reputation, legal or regulatory implications, and financial losses.
Sources	Day-to-day operations, potentially in any aspect of the Bank’s business
Character and impact on ADCB	Losses may be financial in nature (characterised by either frequent small losses or infrequent material losses), or may lead to direct customer or reputational impact (for example, a major breach of customer data leading to use of information for fraudulent activity). Operational risk has the potential to affect the Bank’s profitability and capital requirements directly and to impair stakeholder confidence.
How we fared in 2015	There were no material operational losses in 2015.
Specific risk-management process	<p>Identification & Assessment — Operational risk is identified using both the top risk analysis process and the risk and control assessment process. These tests/reviews/measures assess the level of exposure to risk and the effectiveness of controls.</p> <p>Measurement — Operational risk is measured using the standardised approach prescribed by the Central Bank of the UAE (CBUAE). Reports are submitted to the CBUAE per its reporting timelines.</p> <p>Monitoring — The Bank uses key indicators, risk thresholds, expected loss and other internal control activities to monitor operational risk.</p> <p>Management — ADCB’s operational risk-management process prescribes the escalation of issues and events, leading to greater risk transparency across the organisation. All employees are responsible for identifying and assessing risks, implementing controls to manage them, and monitoring the effectiveness of those controls using the operational risk-management framework.</p> <p><i>Refer to the Pillar 3 disclosures for further details.</i></p>

Regulatory Risk

Definition	Regulatory risk refers to risk the Bank will be exposed to regulatory sanctions or fines due to a failure to comply with regulatory guidelines or with laws.
Sources	Changes in the regulatory environment in which ADCB functions and our response to new requirements
Character and impact on ADCB	Regulatory defaults or non-compliance can have an adverse effect on the Bank’s customers, strategy, business, financial condition or reputation, primarily due to the threat of regulatory enforcement or other interventions.
How we fared in 2015	There were no material incidents of regulatory non-compliance in 2015.
Specific risk-management process	<p>Monitoring — We closely watch and actively try to influence key regulatory developments. In particular, ADCB participates in regulatory consultative meetings and is an active member of various forums, such as the UAE Banks Federation. Regulatory compliance is closely monitored by the Risk and Audit areas under the oversight of the Board-level Committees.</p> <p>Management — We allocate capital to cover any unforeseen sanctions or fines that may arise from changes in the Bank’s internal and external regulatory environment. Based on the peer group experience, and taking into account our own complexity, the Bank sets aside capital commensurate with regulatory risk as part of its ICAAP process.</p>

Information Security Risk

Definition	Information security risk is the risk of loss of confidential information or the disruption of processes because IT systems are not available for normal operations, and the risk that this loss or disruption may cause financial damage.
Sources	Information security risk arises from information leakage, loss or theft.
Character and impact on ADCB	Information security risk gives rise to potential financial loss and reputational damage, which could adversely affect customer and investor confidence. Loss of customer data also constitutes a regulatory violation that could result in the imposition of fines and penalties.
How we fared in 2015	No material loss of confidential data or disruption of processes due to unavailability of our IT system was reported in 2015.
Specific risk-management process	<p>Identification & Assessment — ADCB proactively identifies top organisational information security risks by continuously evaluating threats and by benchmarking information security controls against leading industry standards.</p> <p>Monitoring — We maintain and continually update an information-risk heat map that plots the Bank’s protection mechanisms against ever-evolving cyberthreats. We use knowledge from a variety of sources, such as published research, security forums and regional events, to keep these mechanisms relevant.</p> <p>Management — The Bank’s comprehensive technology-risk-management programme covers classification of assets, identification of vulnerabilities and assessment of the risks of all internal assets, which enables management to prioritise and mitigate internal risks. All internal systems and applications undergo regular security testing to ensure effectiveness.</p>

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Reputational Risk

Definition	Reputational risk refers to the potential adverse effects that can arise if the Bank’s reputation is sullied due to factors such as unethical practices, regulatory actions, customer dissatisfaction and complaints, or adverse publicity.
Sources	Reputational risk could arise from the failure of the Bank to effectively mitigate the risks described above in any of our businesses.
Character and impact on ADCB	Damage to ADCB’s reputation could cause existing clients to reduce or eliminate their business with us and discourage prospective clients from forming business relationships with ADCB.
How we fared in 2015	There were no material reported incidents in 2015 that could lead to reputational risk to ADCB.
Specific risk-management process	<p>Identification & Assessment — All employees are responsible for identifying and managing reputational risk in their daily activities. These responsibilities form part of ADCB’s Code of Conduct and are further embedded through values-based performance assessments.</p> <p>Monitoring — Reputational risk management is aligned with our focus on creating the most valuable bank in the UAE, our strategic objectives and our risk-appetite goal of maintaining shareholder confidence.</p> <p>Management — ADCB’s Risk Management function addresses the reputational risk associated with the clients with which the Bank chooses to do business. It sets policy and provides guidance to avoid reputational risk relating to business engagements with, and lending to, clients in sensitive industry sectors.</p>

Capital Position as at 31 December 2015

The Bank's capital position applying prevailing rules as at 31 December 2015 is set out in Note 52 of the audited financial statements.

Leverage Ratio

The Basel III reforms include the introduction of a leverage ratio framework designed to reinforce risk-based capital requirements with a simple, transparent, non-risk-based 'backstop' measure. The leverage ratio is defined as Tier 1 capital divided by the exposure measure. The BCBS will test the proposed 3% minimum requirement for the leverage ratio, and expects that final calibrations and any further adjustments to the definition of the leverage ratio will be completed by 2017. Disclosure of this measure may be required as of 1 January 2018.

Liquidity Coverage Ratio

During the crisis of 2008, many global banks experienced severe funding difficulties despite maintaining adequate capital levels because they did not manage their liquidity in a prudent manner. Consequently, the BCBS developed two minimum standards for funding liquidity. The proposed Liquidity Coverage Ratio (LCR) will require banks to have sufficient high quality liquid assets to withstand a 30-day stressed funding scenario that is specified by supervisors. The proposed Net Stable Funding Ratio (NSFR) addresses longer-term liquidity mismatches. These ratios cover the entire balance sheet and will provide incentives for banks to use stable sources of funding. In May 2015, the Central Bank of the UAE published "Regulations Relating to Liquidity at Banks." Starting

1 January 2016, the minimum LCR is 60%. This coverage will increase by 10% each year to reach 100% by 1 January 2019. The NSFR requirement to be introduced in January 2018 is 100%. The methodology for estimating the LCR and NSFR is based on an interpretation of the Basel standards and includes a number of assumptions that are subject to change. ADCB monitors its position against the anticipated LCR and NSFR requirements to ensure the Bank's ability to comply with these standards.

