

EMERGING STRONGER

ABU DHABI COMMERCIAL BANK PJSC



Q3/9M 2021 Earnings presentation

October 2021

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Section 1

Financial highlights

Solid Q3/9M performance based on a number of underlying positive trends



Solid Q3/9M performance, with sustained reduction in opex driving 200 bps YoY improvement in Q3'21 cost to income ratio



Loan growth outpacing UAE banking sector*; extended AED 28 bn in new credit in 9M'21; rebalancing of portfolio towards GREs and reduced exposure to real estate



Net fee income up 24% in 9M'21 driven by higher loan processing and card-related fees amid improved consumer sentiment



Significant growth in CASA deposits, up AED 19 bn year to date and AED 4.5 bn QoQ



On track to exceed 2021 cost synergy target of AED 1 bn by a significant margin



Cost of risk of 79 bps in 9M'21 remains in line with medium-term guidance of 80 bps



Major developments at NMC Group, with creditors voting in favour of restructuring plan

KEY HIGHLIGHTS

Q3'21 | 9M'21

NET PROFIT (AED BN)

1.276 | 3.800

QoQ -9%
YoY -7%

YoY +36%

ROATE¹

10.7% | 11.0%

Q2'21: 13.1%
Q3'20: 12.0%

9M'20: 8.0%

ROAA¹

1.12% | 1.15%

Q2'21: 1.39%
Q3'20: 1.20%

9M'20: 0.82%

EPS (AED)

0.17 | 0.52

Q2'21: 0.20
Q3'20: 0.18

9M'20: 0.36

*UAE CB data available to end of August 2021

¹ For ROATE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting interest expense on Tier I capital notes

Diversified income streams, significant efficiencies and lower cost of risk drive 36% rise in 9M'21 net profit

Income statement (AED mn)	9M'21	9M'20	ΔYoY%
Total net interest income ¹	6,614	7,421	(11)
Non-interest income	2,369	1,987	19
Operating income	8,982	9,408	(5)
Operating expenses ²	(3,129)	(3,453)	(9)
<i>Integration expenses</i>	-	(227)	NA
Operating profit ³	5,853	5,955	(2)
Net Impairment allowances	(1,978)	(3,055)	(35)
Net profit⁴	3,800	2,802	36

Figures may not add up due to rounding differences

¹ Including Islamic financing

² Operating expenses include non-recurring expenses pertaining to integration-related and restructuring costs

³ Before impairment allowances

⁴ After share in profit of associates, overseas income tax charge, and profit/loss from discontinued operations

Key highlights (9M'21 vs. 9M'20)

- ▶ **Net profit of AED 3.800 bn increased 36%** driven by higher non-interest income, continued reduction in operating expenses, and lower impairment charges
- ▶ Net interest income of AED 6.614 bn declined 11% mainly on account of lower benchmark rates and subdued macro-economic conditions
- ▶ Non-interest income of AED 2.369 bn increased 19% driven by **higher net fee and commission income, increased trading income** and higher other operating income
- ▶ Operating expenses of AED 3.129 bn improved 9% as the Bank **recorded significant cost synergies and continued to streamline its operating model**
- ▶ Impairment charges of AED 1.978 bn were 35% lower primarily on account of provisioning recorded in 9M'20 related to NMC, Finablr and associated companies

Sustained reduction in cost base cushions impact of lower net interest income in Q3'21

Income statement (AED mn)	Q3'21	Q2'21	Q3'20	ΔQoQ%	ΔYoY%
Total net interest income ¹	2,179	2,315	2,285	(6)	(5)
Non-interest income	726	840	706	(14)	3
Operating income	2,905	3,155	2,991	(8)	(3)
Operating expenses ²	(1,013)	(1,055)	(1,102)	(4)	(8)
<i>Integration expenses</i>	-	-	(62)	NA	NA
Operating profit ³	1,892	2,100	1,888	(10)	0
Net Impairment allowances	(596)	(678)	(504)	(12)	18
Net profit⁴	1,276	1,402	1,366	(9)	(7)

Figures may not add up due to rounding differences

¹ Including Islamic financing

² Operating expenses include non-recurring expenses pertaining to integration-related and restructuring costs

³ Before impairment allowances

⁴ After share in profit of associates, overseas income tax charge, and profit/loss from discontinued operations

Q3'21 key highlights

- ▶ Net profit of AED 1.276 bn declined 7% YoY and 9% QoQ with Bank-wide efficiencies cushioning the impact of lower operating income
- ▶ Net interest income of AED 2.179 bn declined 5% YoY and was 6% lower QoQ due to higher interest in suspense reversals and fair value unwinds recorded in Q2'21
- ▶ Non-interest income of AED 726 mn increased 3% YoY and was 14% lower QoQ mainly on account of higher loan processing fees in Q2'21 related to large corporate repayments
- ▶ Operating expenses of AED 1.013 bn improved 8% YoY and 4% QoQ driven by strong progress on cost synergies and additional efficiencies from digital transformation and disciplined cost management
- ▶ Net impairment charges of AED 596 mn were 18% higher YoY on account of higher releases recorded in Q3'20 and were 12% lower QoQ

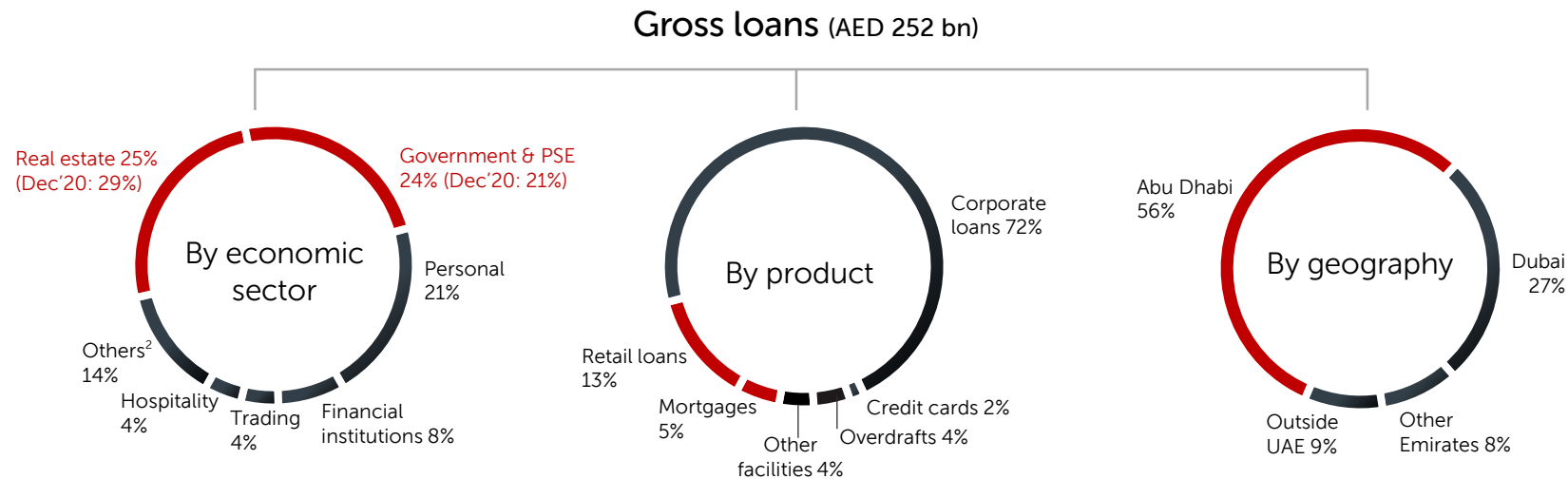
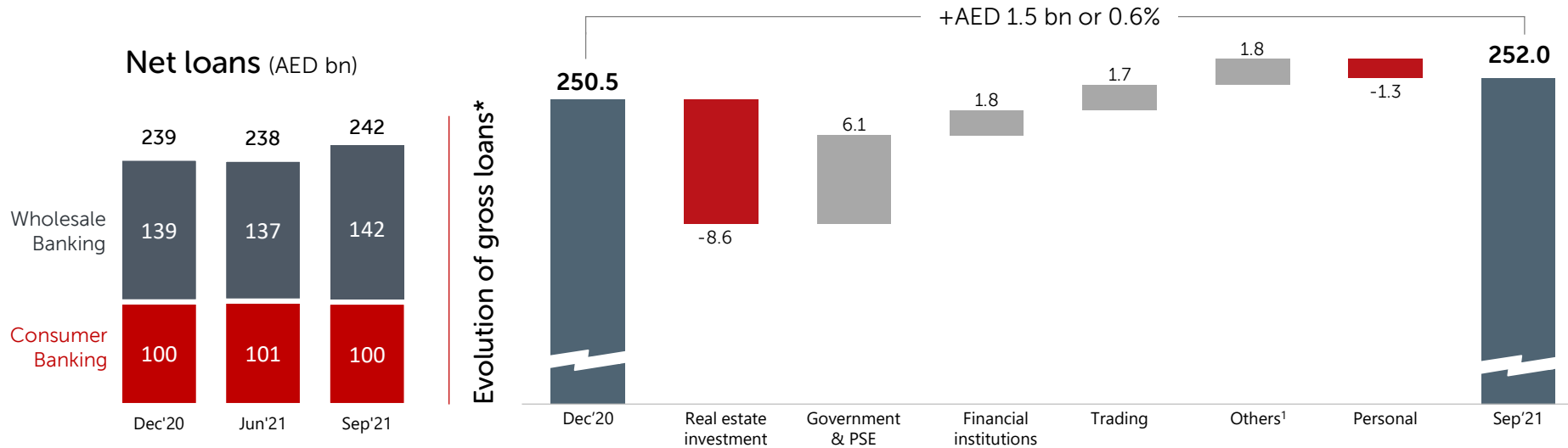
Loan growth driven by lending to GREs, CASA deposits continue to rise

Balance sheet (AED mn)	Sep'21	Jun'21	Dec'20	ΔQoQ%	ΔYTD%
Total assets	432,061	416,290	411,156	4	5
Net loans and advances	241,912	237,814	238,976	2	1
Net loans and advances to banks	18,755	16,664	10,790	13	74
Investment securities	95,482	93,897	88,206	2	8
Deposits from customers	255,753	250,564	251,395	2	2
Borrowings (including ECP)	82,643	74,362	70,150	11	18
Total shareholders' equity	58,161	57,104	56,597	2	3

Key highlights

- ▶ Total assets at AED 432 bn were 5% higher YTD, mainly on account of **increased investment securities**, which were up 8% to AED 95 bn, and **loans to banks**, up 74% to AED 19 bn
- ▶ Net loans and advances at AED 242 bn were 2% higher QoQ and **1.2% higher YTD, outpacing a -0.7% contraction in the overall UAE banking sector***. Loan growth was primarily driven by **increased lending to government and public sector entities**, with the average loan balance in 9M'21 at AED 236 bn
- ▶ Including lending to banks, net loan growth was 4.4% year to date
- ▶ Borrowings (including ECP) increased 18% YTD through repurchase agreements and CDs, offset by TESS repayments
- ▶ **Customer deposits of AED 256 bn, up 2%** from both June-end and December-end, compared to **system-wide deposit growth of 2.3%***. **CASA deposits continued to increase** during the quarter. The average deposit balance in 9M'21 was AED 247 bn
- ▶ Total shareholders' equity of AED 58 bn, up 3% from year-end after accounting for retained earnings and the dividend pay-out in Q1'21

Active lending pipeline, with AED 28 bn of new loans disbursed in 9M'21, while real estate exposure reduced



▶ The Bank extended **AED 28 bn of new loans in 9M'21** to targeted economic sectors in line with 5 year growth strategy

▶ **Lending to the government and public sector enterprises increased by AED 6.1 bn** during 9M'21 to AED 60 bn, accounting for 24% of gross loans, up from 21% in December

▶ **Exposure to real estate reduced by AED 8.6 bn** to AED 64 bn, reducing to 25% of gross loans from 29% in December, mainly driven by corporate repayments

▶ **Acquisition of mortgage portfolio from Abu Dhabi Finance completed in Q2'21** resulted in an increase of AED 1.077 bn in mortgage loan book

▶ Well diversified real estate portfolio with LTV of 79% as at September-end

▶ **Continued commitment to SME financing** through pandemic, with AED 4 bn in loans to sector

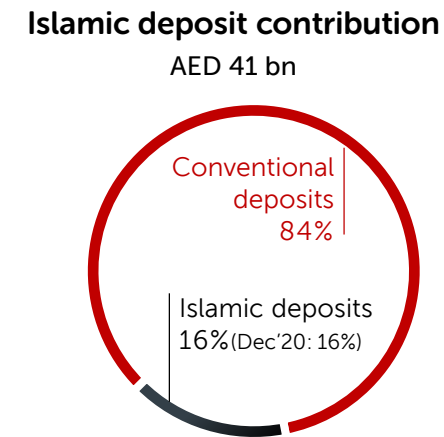
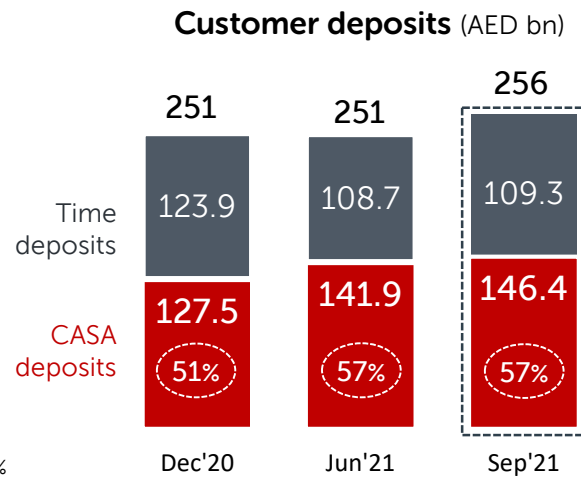
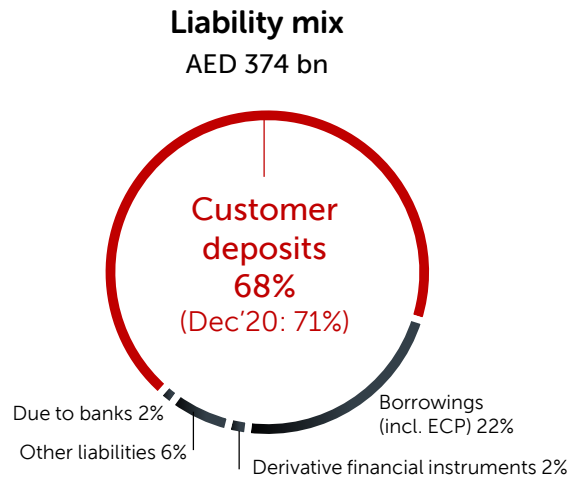
* Net of repayments and new credit extended

¹ Others include: Agriculture, Energy, Transport and communication, Hospitality, Manufacturing, Services and others

² Others include: Agriculture, Energy, Transport and communication, Manufacturing, Services and others

Figures may not add up due to rounding differences

CASA deposit growth of AED 19 bn YTD and AED 4.5 bn in Q3'21



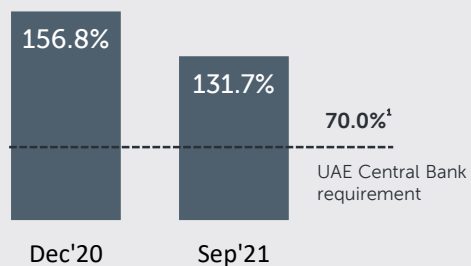
▶ **Customer deposits** comprised **68%** of total liabilities, reflecting the strength of the ADCB franchise

▶ **CASA deposits increased by AED 19 bn YTD and AED 4.5 bn QoQ to AED 146 bn**, and accounted for **57%** of total customer deposits, up from 51% at year-end

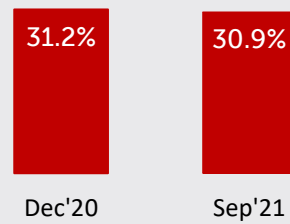
▶ **Retail CASA deposits accounted for 88%** of total retail customer deposits, versus 79% a year earlier, and **Wholesale CASA deposits accounted for 62%** of total wholesale customer deposits, up from 50% a year earlier

▶ Time deposits of AED 109 bn were 12% lower YTD, while Islamic deposits of AED 41 bn were up 5%

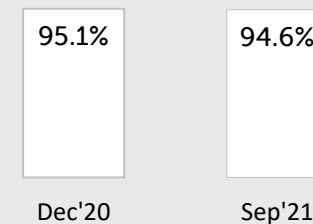
Liquidity coverage ratio (LCR %)



Liquidity ratio (%)²



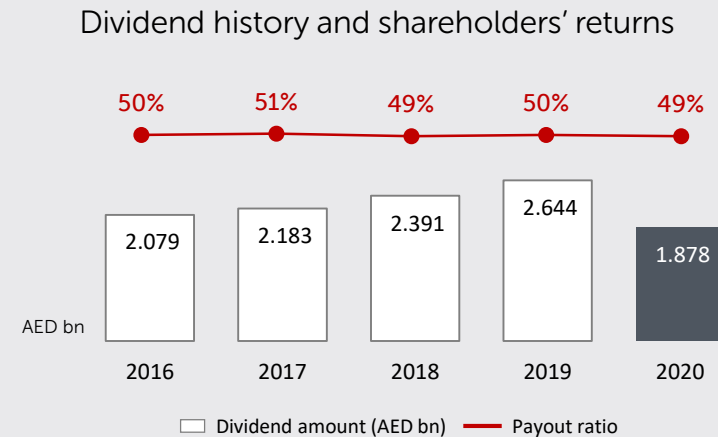
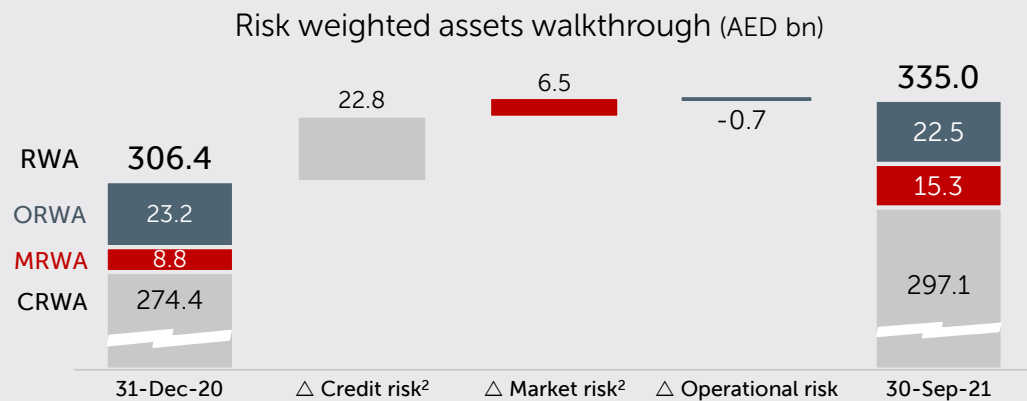
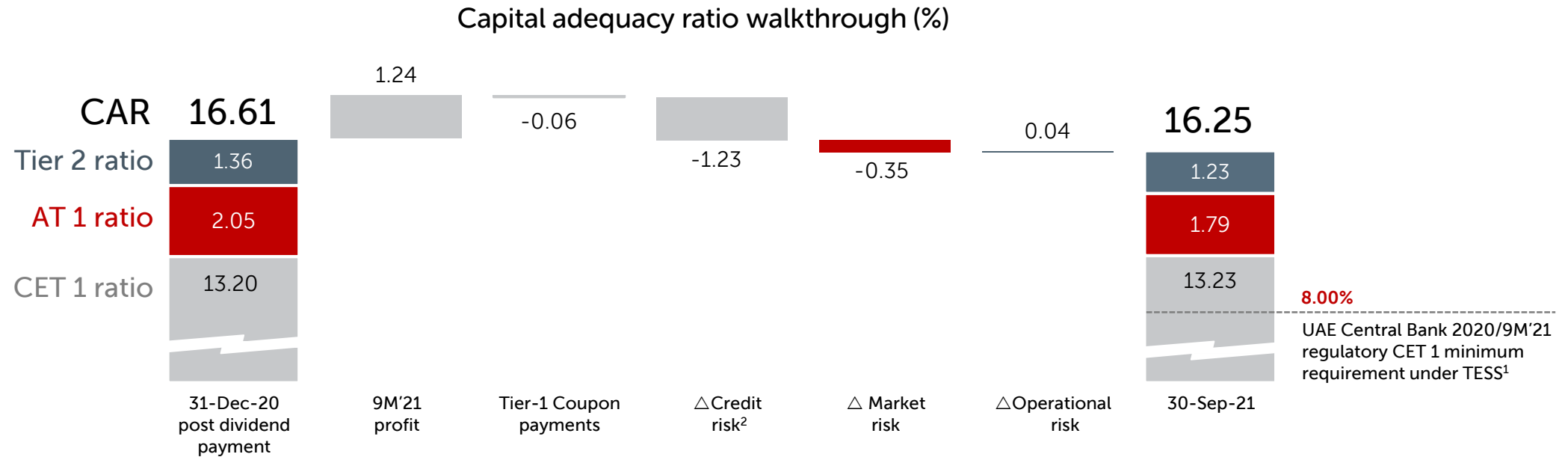
Loan to deposit ratio (LTD %)



¹ Central Bank has temporarily allowed banks to have a reduced LCR of 70% without any supervisory consequences until 31 December 2021

² Liquidity ratio: liquid assets/total assets. Liquid assets include cash and balances with Central Banks, deposits and balances due from banks (excluding loans to banks), reverse repo placements, trading securities, and liquid investments (excluding unquoted investments)

Capital ratios remain comfortably above regulatory minimum requirements



Dividend payout ratio guidance:
50% of net profit

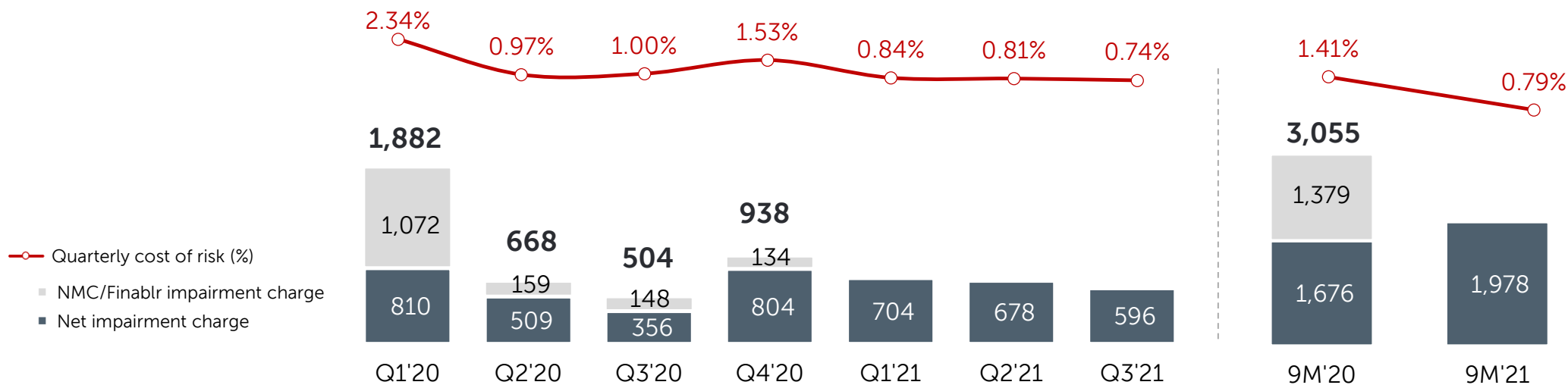
¹ Under TESS, UAE Central Bank has temporarily allowed banks to use the CCF and D-SIB buffers without any supervisory consequences.

Accordingly, CET1 and CAR regulatory minimum requirement has reduced to 8% and 11.50% respectively until 31 December 2021

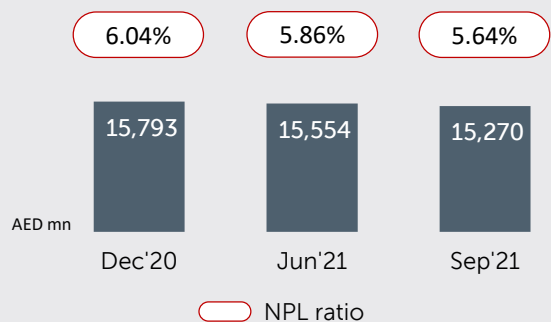
² Change in credit and market risk weighted assets is mainly due to new regulations by the Central Bank with regards to GCC exposure

Lower cost of risk as economic conditions improve, while Bank continues prudent approach to provisioning for sectors vulnerable to long-term impact of pandemic

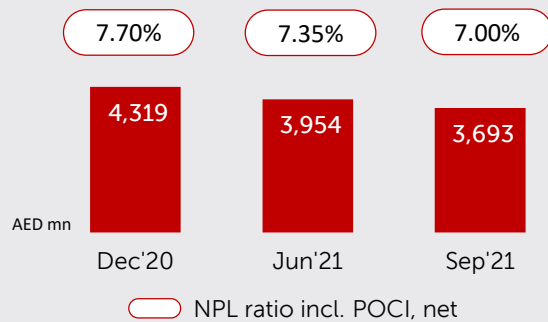
Net impairment charge (AED mn) and cost of risk (%)



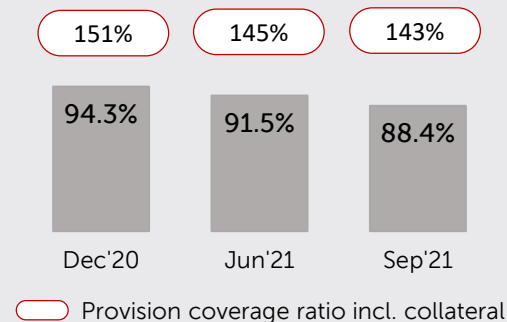
Non performing loans and NPL ratio



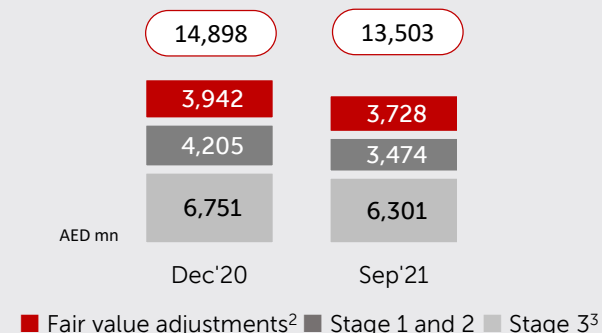
POCI assets and NPL ratio incl. POCI



Provision coverage ratio¹



ECL by stage



POCI: Purchase or originated credit-impaired financial assets ¹ Provisions on loans and advances, including fair value adjustments
² Fair value adjustments on loans include the historical ECL carried in books of AHB and ex-UNB (excluding POCI) ³ Excludes AED 438 mn impairment allowances on POCI

Decisive steps taken to place NMC Group into smooth and orderly restructuring process

2020

2021



NMC restructuring approved by creditors; ADCB expected to receive approximately 39% of exit instruments in \$2.25 bn facility

NMC RESTRUCTURING APPROVED BY CREDITORS

- ▶ On 1 September 2021, **NMC Group creditors voted overwhelmingly in favour of a debt restructuring plan**, which will see NMC exit administration over the next 3-5 months
- ▶ Creditors will receive **"exit instruments" in a US\$ 2.25 bn "Holdco facility"**, a debt claim sized to the expected future value of NMC
- ▶ All **net proceeds from a future sale of the business** will return to holders of exit instruments, including value in excess of US\$ 2.25 bn
- ▶ There are further possibilities to benefit from any recoveries from ongoing litigation
- ▶ Participants in exit instruments will benefit from a cash margin of 0.5% per annum, as well as payment in kind of 2% per annum (paid along with principal), which will accrue from the date of the signing of the facility document, expected during Q4 2021

STRONG POSITION TO MAXIMISE RECOVERIES

- ▶ ADCB is expected to receive approximately **39% of the US\$ 2.25 bn exit instruments**, which will be treated as a loan in the Bank's asset book
- ▶ The Bank participated in a US\$ 325 mn "Administration Funding Facility" (AFF), **which granted elevation and conversion rights** in the new Holdco Facility. As part of restructuring, the AFF will be repaid in full through the proceeds already generated from the sale of non-core assets and partially from the proceeds of a new USD 350 mn facility extended to NMC Group on the effective date of restructuring. ADCB has offered to underwrite up to USD 165 mn of this new facility.
- ▶ Given this material progress in restructuring, the Bank considers the **provisions and interest in suspense for NMC recorded to date to be at an appropriate level** (AED 1.110 bn as at 30 September 2021)
- ▶ **ADCB will appoint three** of the seven **non-executive directors** that participants in the exit instruments will select to the new Holdco's BoD

NMC PERFORMANCE REMAINS AHEAD OF BUSINESS PLAN

- ▶ NMC is one year into a three-year business plan and has been **outperforming its financial projections** on revenue and EBITDA metrics*
- ▶ Gross revenues for the year to July 2021 period were 9% ahead of business plan and up 16% on the corresponding period in 2020 and 3% on 2019
- ▶ EBITDA for the same year to July 2021 period was US\$ 120 mn, which is 44% ahead of business plan, 91% up on 2020 and 15% up on 2019
- ▶ Restructuring will enable NMC to create **maximum value for creditors** while ensuring operational continuity for patients, healthcare workers and other stakeholders

* Source: NMC website; <https://cf-cdn.nmc.ae/Uploads/InvestorRelations/nmc-july-year-to-date-results-29-aug-2021-ab0aa368-1b82-4c72-ba05-7fafc7e1140a.pdf>
Further information on the restructuring process, financial performance and projections is available in the Investor Relations section of the NMC website – nmc.ae

Well collateralized TESS exposure, active customer engagement has resulted in a reduction of AED 10 bn in deferrals

Deferrals by group and business segment

Segment (AED mn)	Deferrals	Exposure	Provisions	Collaterals
Group 1				
Wholesale Banking ¹	2,918	22,874	167	32,888
Retail Banking	9	115	0.3	52
Group 1 total	2,927	22,989	167	32,940
Group 2				
Wholesale Banking ¹	1,516	5,604	735	4,731
Retail Banking	10	115	38	106
Group 2 total	1,526	5,719	773	4,837
Total	4,454	28,708	941	37,777

Components may not sum exactly to totals because of rounding

Group 1 - Customers that are temporarily and mildly impacted by the Covid-19 crisis

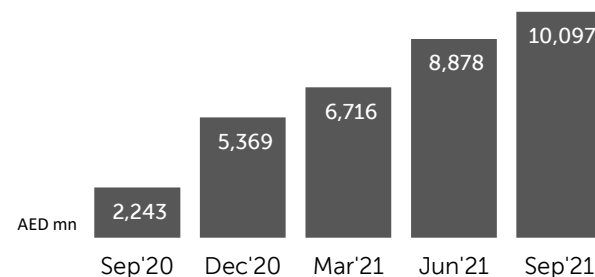
Group 2 - Customers that are expected to face substantial changes in their credit worthiness beyond liquidity issues

TESS and other payment deferrals

AED mn	Wholesale Banking	Retail Banking	Total
TESS deferrals	10,825	1,270	12,095
Other deferrals	2,456	0.4	2,456
Total deferrals	13,280	1,271	14,551
Settled deferrals	(8,846)	(1,251)	(10,097)
Outstanding deferrals	4,434	20	4,454

Payment deferrals settled

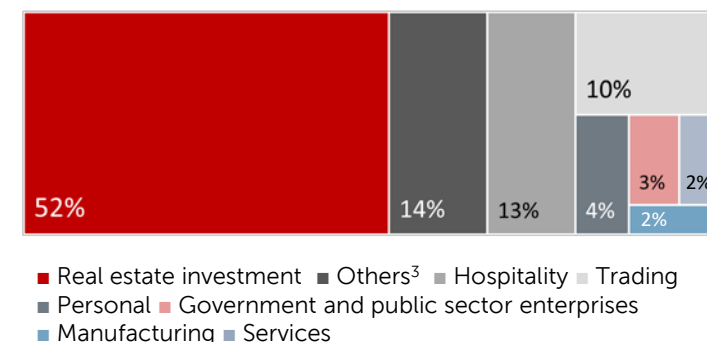
(TESS and other deferrals)²



Key highlights

- Reduction of AED 10.097 bn in TESS and other deferrals brings total outstanding deferrals to AED 4.454 bn at September-end
- Collateral of AED 37.777 bn held against the total exposure of AED 28.709 bn to customers benefitting from deferrals
- AED 2.927 bn classified as "Group 1", representing 66% of total outstanding deferrals and 80% of exposure to all customers benefitting from deferrals

Deferrals by economic sector



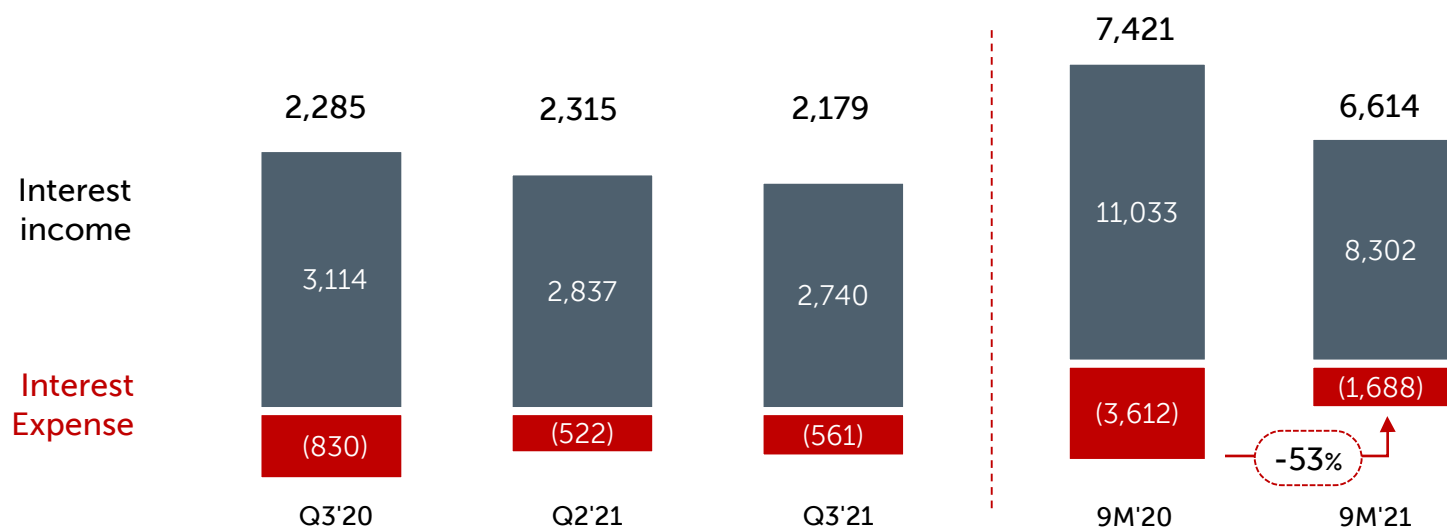
¹ For the purpose of this disclosure, high net worth clients are included in Wholesale Banking

² Sept'20 repayments are for TESS only, whereas Dec'20, Mar'21, Jun'21 and Sep'21 include TESS and other deferrals

³ Others include: Energy, Transport and communication, investment companies, agriculture and others

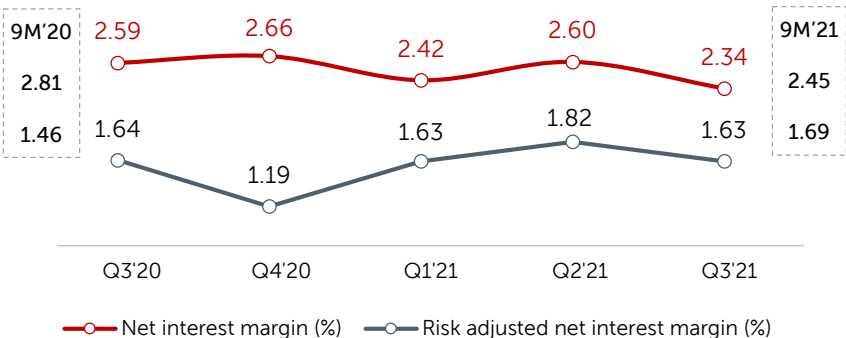
Improvement in cost of funds supported by significant increase in CASA deposits;
lower benchmark rates resulting in decline in NIM

Net interest income (AED mn)

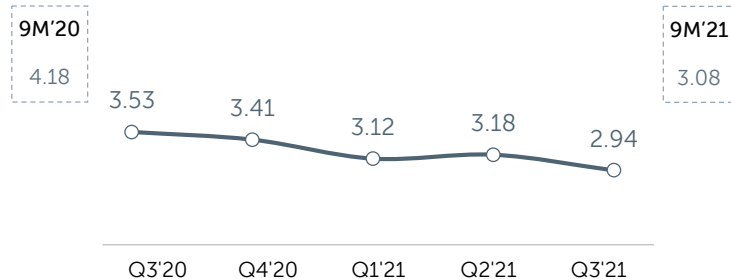


- ▶ NIM of 2.34% in Q3'21 was 26 bps lower QoQ mainly due to higher interest in suspense reversals and fair value unwinds in Q2'21. NIM in 9M'21 was 36 basis points lower YoY primarily due to a decline in asset yields driven by lower benchmark interest rates
- ▶ Cost of funds was flat sequentially at 67 bps and improved by 80 bps in 9M'21 supported by an increase of AED 26 bn in average CASA deposits and a reduction of AED 34 bn in average time deposits over the prior year

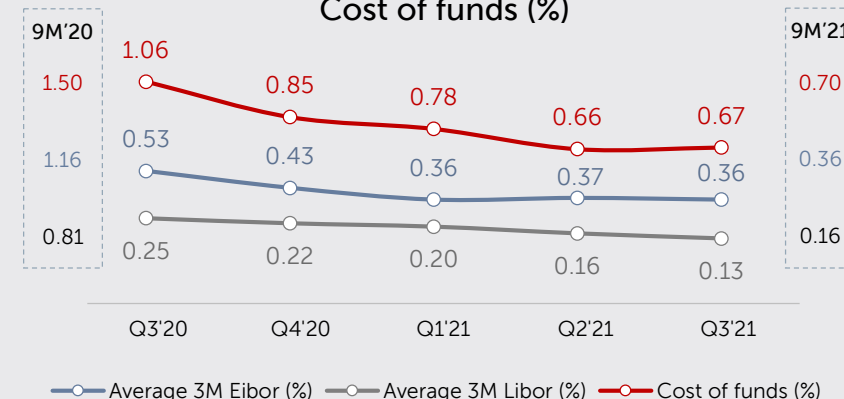
NIM and risk adjusted NIM* (%)



Asset yield (%)



Cost of funds (%)



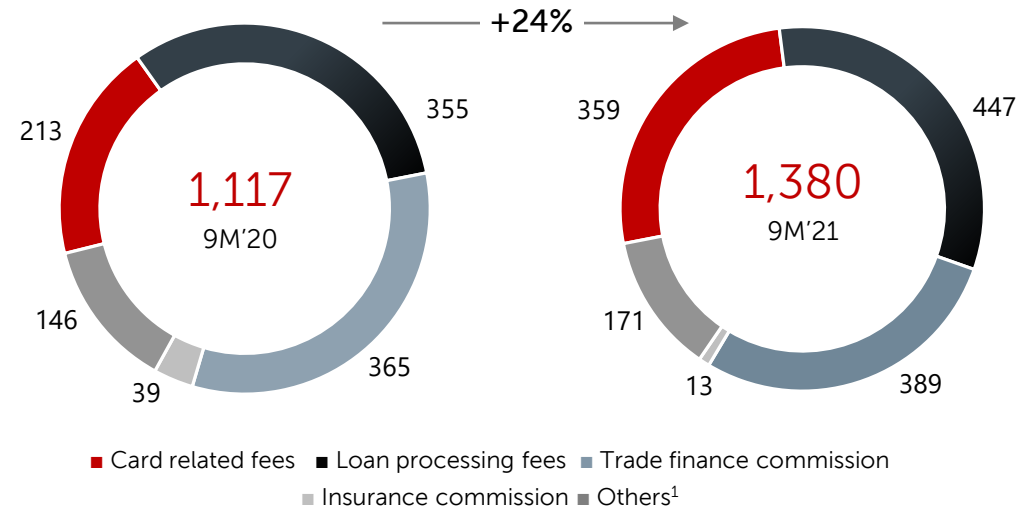
* Risk adjusted NIM: Net interest income less impairment charge on loans and advances to customers, banks, and investments securities divided by average interest earning assets

Growth in non-interest income in 9M'21 driven by higher card-related and loan processing fees

Non-interest income (AED mn)	Q3'21	Q2'21	Q3'20	QoQ%	YoY%	9M'21	9M'20	YoY%
Net fees and commission income	436	501	375	(13)	16	1,380	1,117	24
Net trading income	149	174	130	(14)	15	477	424	13
Other operating income	141	165	202	(15)	(30)	511	446	15
Total non interest income	726	840	706	(14)	3	2,369	1,987	19

Components may not sum exactly to totals because of rounding

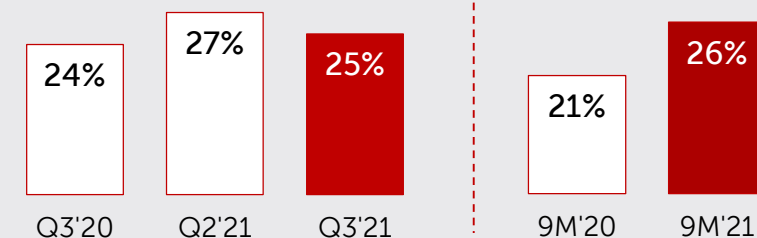
Net fees and commission income (AED mn)



Key highlights

- 9M'21 non-interest income increased 19% YoY to AED 2.369 bn, representing 26% of operating income, up from 21% in the same period last year
- Non-interest income of AED 726 mn in Q3'21, was up 3% YoY driven by higher card-related fees amid a rebound in consumer spending, and declined 14% QoQ mainly on account of higher loan processing fees in Q2'21 due to large corporate repayments
- Net fee income of AED 1.380 bn in 9M'21 was 24% higher YoY, mainly attributable to a 69% increase in card related fees (net) and a 26% rise in loan processing fees (net)
- Net trading income of AED 477 mn in 9M'21 was up 13% on account of higher FX and derivative income. Other operating income in 9M'21 increased 15% to AED 511 mn due to higher gains from disposal of investment securities, higher property management income and retirement of hedges

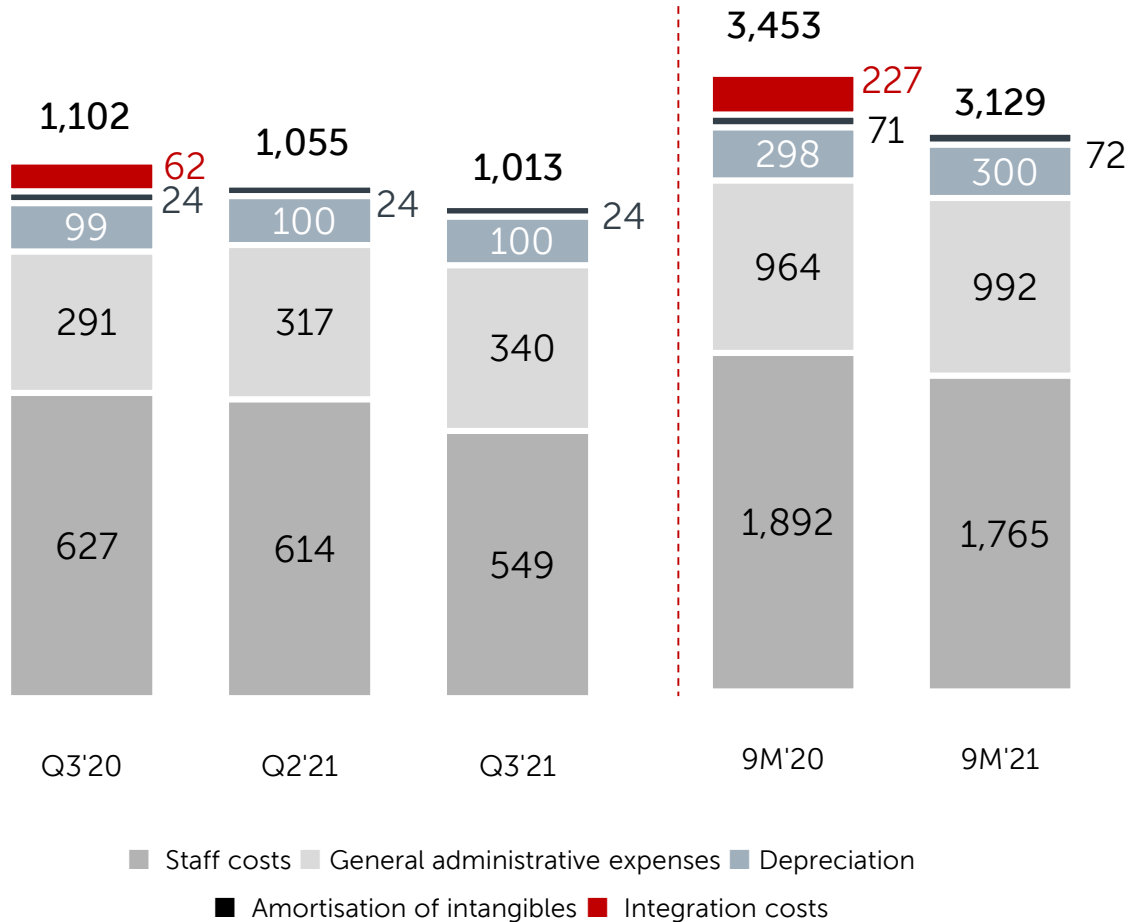
Non-interest income/total income (%)



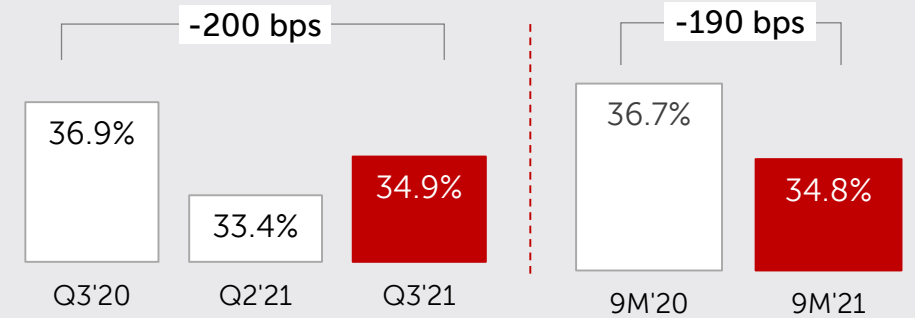
¹ Others include asset management, investment services, brokerage fees, fees from accounts related activities and other fees

Continued reduction in opex supports improvement in cost to income ratio despite a 25% decline in gross interest income

Operating expenses (AED mn)



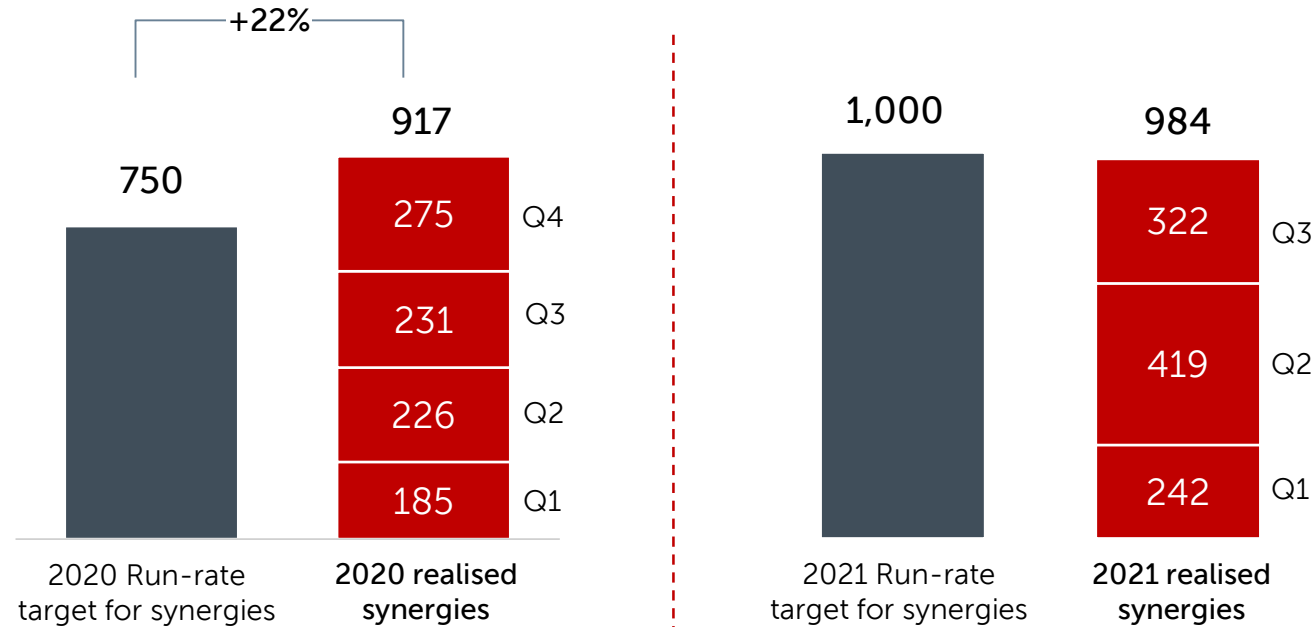
Cost to income ratio (%)



- Cost to income ratio improved 200 bps YoY to 34.9% in Q3'21 and 190 bps to 34.8% in 9M'21, despite a 25% decline in gross interest income in the nine-month period amid a subdued macro-economic environment and low benchmark rates
- Operating expenses in 9M'21 decreased 9% to AED 3.129 bn, and were down 8% YoY and 4% QoQ at AED 1.013 bn in Q3'21. The improvement was driven by strong progress in cost synergies and additional cost control measures
- On track to exceed AED 1 bn cost synergy target for 2021 and on course to realise over AED 600 mn in additional cost savings through initiatives to ensure a streamlined, technology-enabled organisation

On track to exceed AED 1 bn synergy target by a significant margin

Realised synergies (AED mn)



Figures may not add up due to rounding differences

Integration journey in numbers

AED 1 bn

Cost synergy annual target to be achieved by 2021, up from initial target of AED 615 mn

AED 984 mn

Cost synergies realised in 9M'21

AED 545 mn

One-off integration costs (exc. capex) remain below budget of AED 980 mn

Full integration of UNB and Al Hilal Bank into ADCB was completed in April 2020, in an accelerated time frame of **11 months, less than half the initial target and below budget**



Section 2
Subsidiaries & digital update

Subsidiaries – Strong progress in digital initiatives to drive growth at ADCB Egypt and Al Hilal Bank

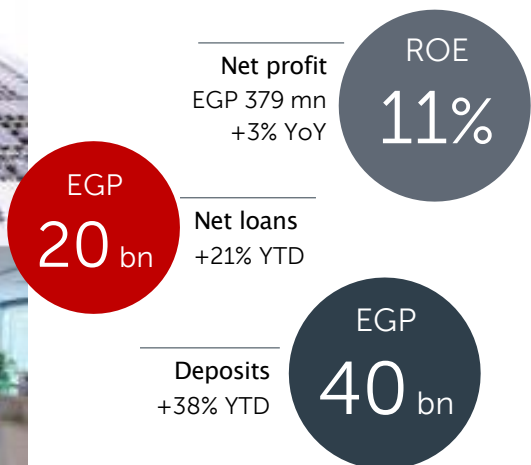


- ▶ ADCB Egypt, which targets the affluent segment, large corporates and SMEs, has **successfully driven significant growth in digital banking**, with digital subscribers at the end of September up **63% QoQ and 320% higher YoY**
- ▶ The Bank has seen strong growth in net loans and deposits in 9M'21

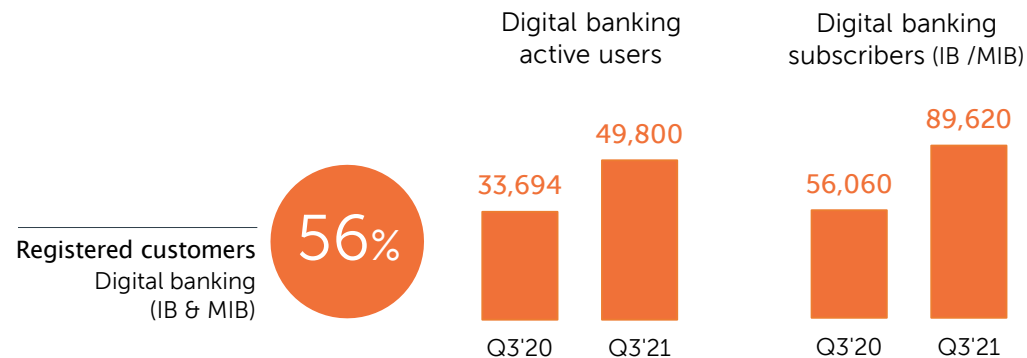


- ◻ Al Hilal Bank is **on course to launch a new cloud-based digital platform in Q4'21** that will offer seamless Shari'ah-compliant financial solutions for individual customers and their families
- ◻ The value proposition has received positive feedback during testing by a community of potential customers. In addition to regular banking products, the digital platform will also provide access to a range of non-banking financial solutions through a wide ecosystem of partnerships

9M'21 financial highlights



Q3'21 digital metrics



Acceleration of digital transformation: Q3'21 update

KEY ENABLERS

- ▶ Leveraging advanced analytics to promote efficiency and empower support functions
- ▶ Introduced **AI-powered customer profiling** model to help **minimize credit card-related delinquencies**
- ▶ Introduced **a new analysis tool** to further enhance **anti-money laundering screening**
- ▶ Continued to develop suite of **API products and services**, resulting in enhanced efficiency for customers

CONSUMER BANKING

- ▶ ADCB Mobile Banking App - **800K subscription** milestone crossed in September'21
- ▶ ADCB Hayyak wins **Best Customer On-Boarding Initiative** in the **Middle East Award by The Asian Banker**
- ▶ Launched **FlexiPay on Internet Banking in July'21** - Convert your full Credit Card retail outstanding balance into installments

WHOLESALE BANKING

- ▶ Enabled **beneficiary management** on **ProCash mobile**
- ▶ Continued to enhance **self service capabilities** for customers
- ▶ **Account Statement** and **Payment notification APIs** released



Key digital metrics

86

Digital customer releases

78%

Registered customers digital banking (IB & MIB)

67%

Customers onboarded via 'Hayyak' (Q3'20:70%¹)

95%

Self-service customer transactions

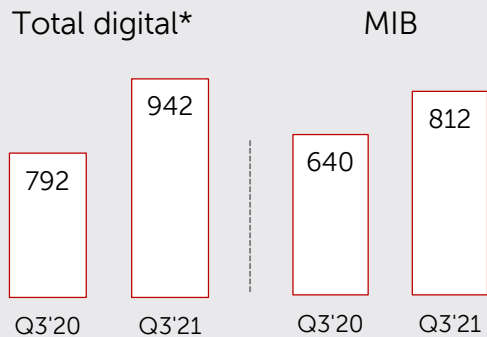
MIB trends

Fund transfer beneficiary setup **+85% YoY**

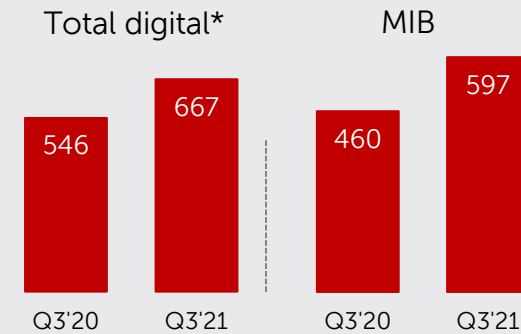
Fund transfer transactions **+79% YoY**

Consumer Banking digital metrics

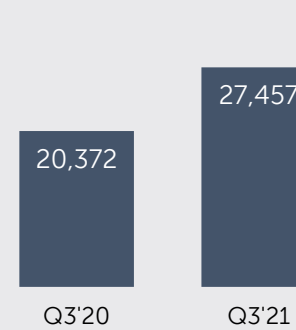
Digital registrations² ('000)



Digitally active customers³ ('000)

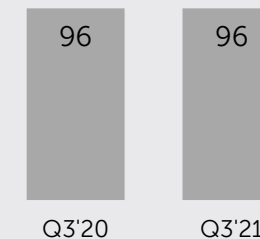


No. of digital transactions ('000)

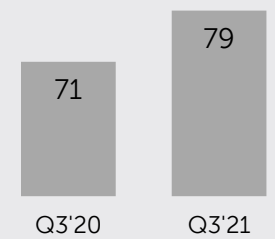


Wholesale Banking digital metrics

ProCash transactions (% of total)



ProTrade transactions (% of total)



*Total digital: IB or MIB ¹Due to lower physical acquisition during the lockdown in the same period last year

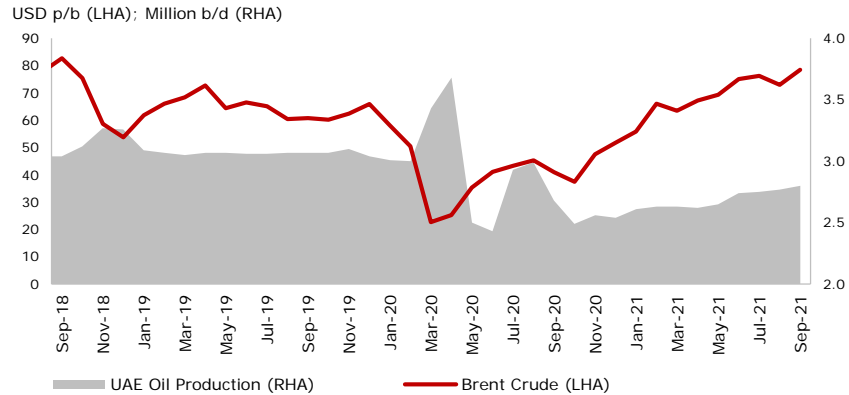
²Registration: Registered user having at least one active product relationship ³Active: At least one transaction in past three months



Section 3
Operating environment & guidance

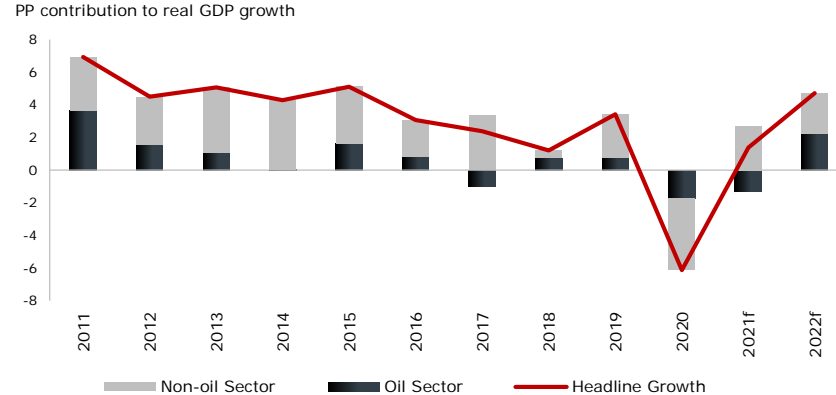
Economic recovery driven by stronger oil price, consumer spending and credit growth led by GREs

Strong rebound in oil price with OPEC+ supply restraint and recovering demand



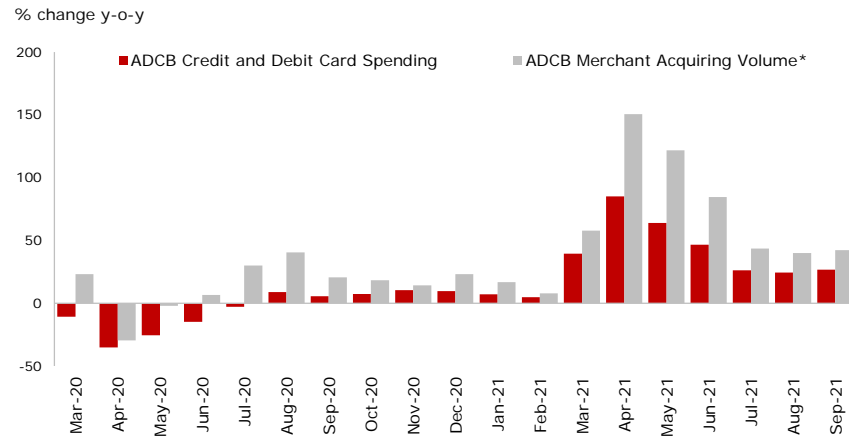
Source: OPEC, Bloomberg, ADCB calculations

Non-oil activity to strengthen in 2021; headline GDP growth to reflect tight oil policy



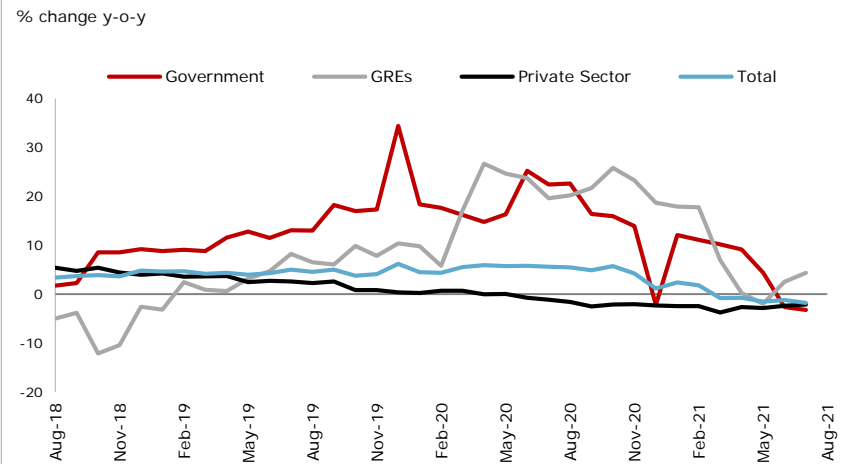
Source: Federal Competitiveness and Statistics Centre, ADCB calculations

Card spending data reflects limited restrictions, stronger sentiment and low base



*y-o-y growth only available from March 2020 Source: ADCB proprietary data

Yearly credit demand driven by GREs



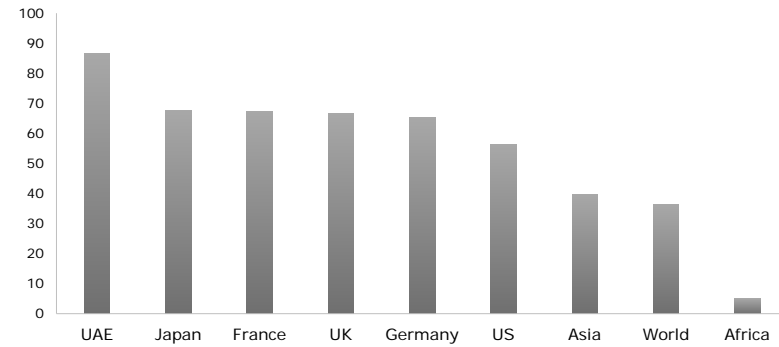
Source: Central Bank of the UAE, ADCB Calculations

- ▶ UAE's economic recovery gathering pace, supported by reduced Covid-19 impact domestically and globally, stronger oil prices and production volumes
- ▶ UAE has achieved among the highest vaccination rates globally, with 213 doses per 100 people as at 29 Oct 2021
- ▶ Significant reduction in domestic restrictions, with UAE leadership declaring on October 6 that the country had "overcome the Covid-19 crisis"
- ▶ Recovery in externally facing services likely to gather pace from Q4'21 due to greater global vaccination, EXPO and the peak travel season for the region. This should support population growth, though corporate focus will remain on labour force efficiency
- ▶ Some sectors, such as aviation, are expected to take a number of years to reach pre-COVID levels
- ▶ Maturity of the non-oil investment programme to be a key headwind, due to oversupply in various areas including real estate and hospitality

Economic backdrop – Aftershocks of COVID-19

Strong vaccination programme in the UAE with 86.5% of the population fully vaccinated as of 19 October

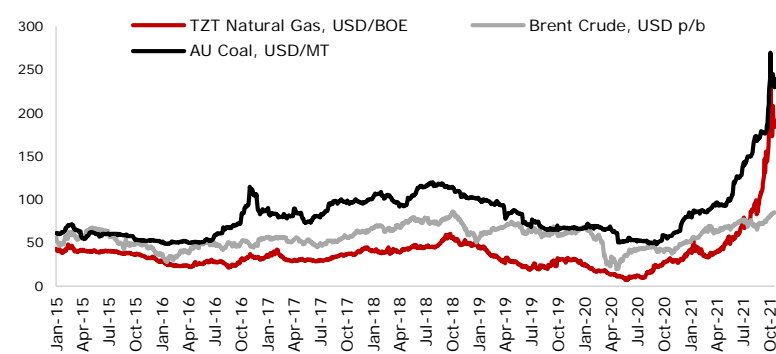
People fully vaccinated per hundred



Source: Ourworldindata.org, ADCB Economic Research

Sharp surge in energy prices likely to impede global economic recovery

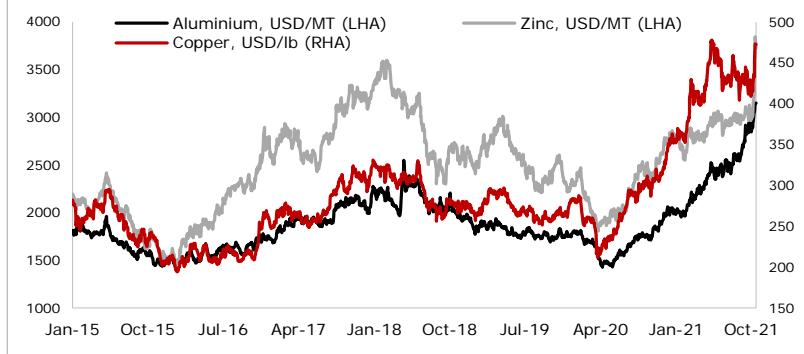
USD p/b and equivalent; USD/MT



Source: Bloomberg, ADCB Economic Research

Industrial commodity prices have also risen sharply, resulting in increased input costs for manufacturing

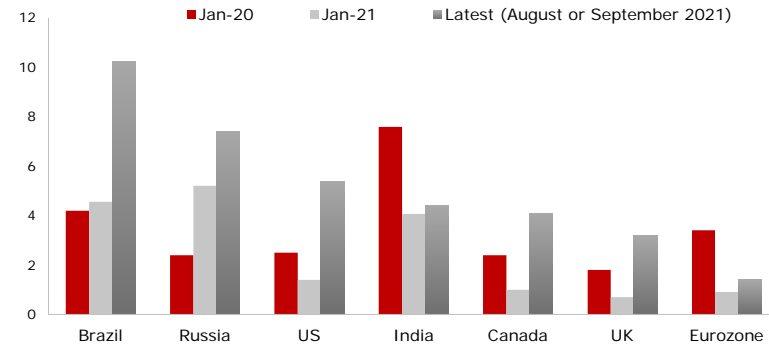
USD/MT, USD/lb



Source: Bloomberg, ADCB Economic Research

Inflation pressure building amidst rising energy and food prices and prevailing supply bottlenecks

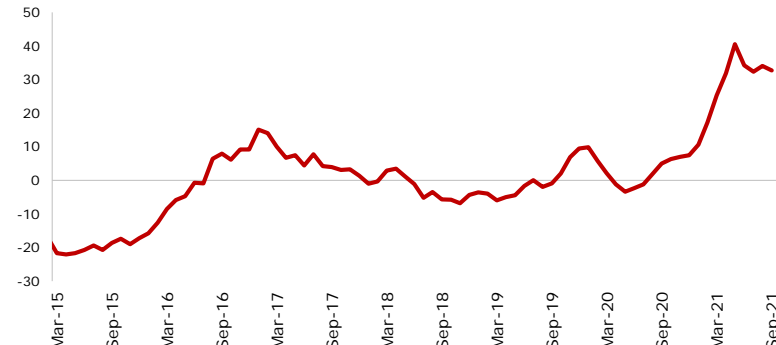
% change y-o-y



Source: National Statistical Offices, Bloomberg, ADCB Economic Research

UN food index up by 32.8% y-o-y in September, with wildfires and droughts affecting output in early 2021

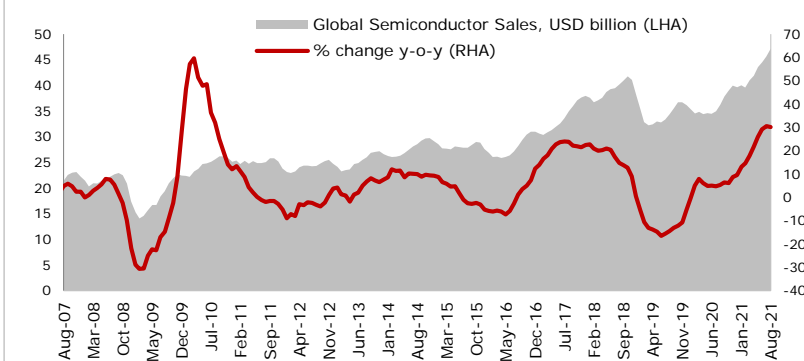
% change y-o-y



Source: Food and Agriculture Organization of the United Nations, ADCB Economic Research

Supply-chain bottlenecks to feed into various industries, including smartphones and automobiles

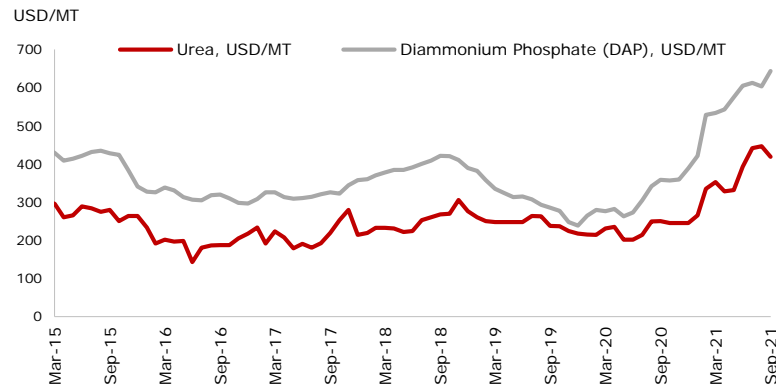
USD billion (LHA); % change y-o-y (RHA)



Source: Semiconductor Industry Association (SIA), ADCB Economic Research

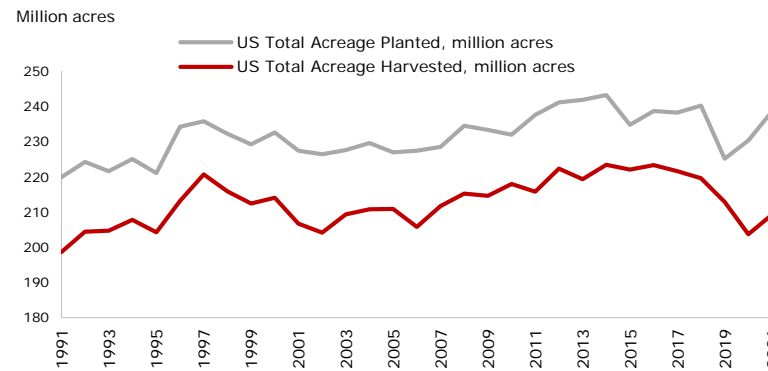
Economic backdrop – Impact of higher energy prices

Higher gas prices feeding into fertiliser industry; upside risks to food prices



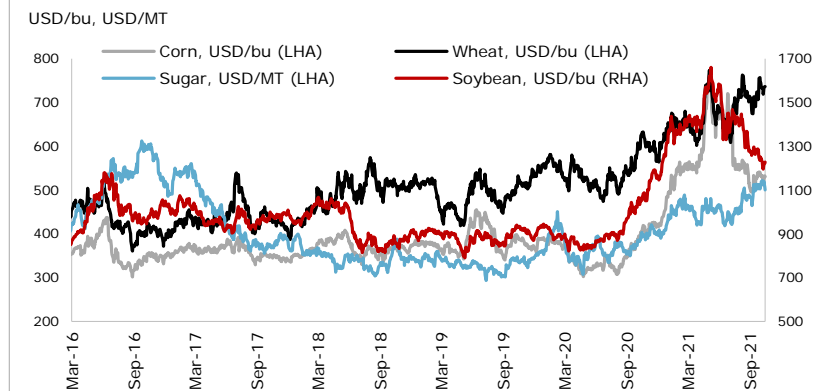
Source: World Bank Commodity Markets prices, Bloomberg, ADCB Economic Research

US: Decline in total acreage harvested, resulting in increased food shortages and price hikes



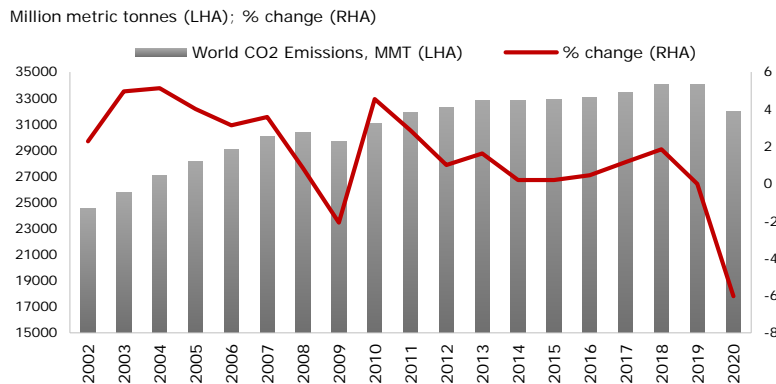
Source: United States Department of Agriculture, Bloomberg, ADCB Economic Research

Food staples prices have risen significantly since 4Q; some moderation in soybean and corn prices recently



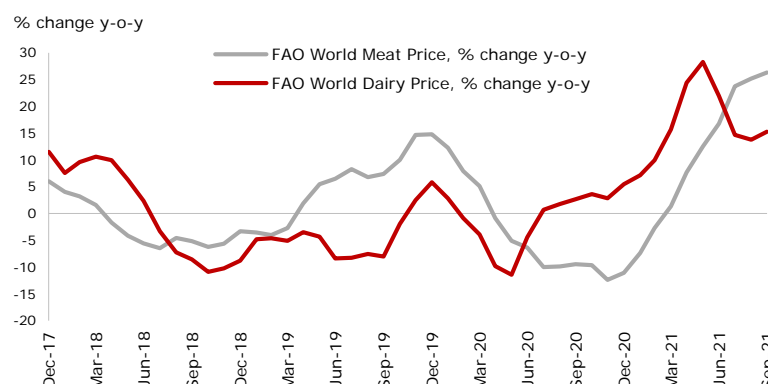
Source: Bloomberg, ADCB Economic Research

Carbon dioxide emissions dropped by 6.0% in 2020 with the pandemic



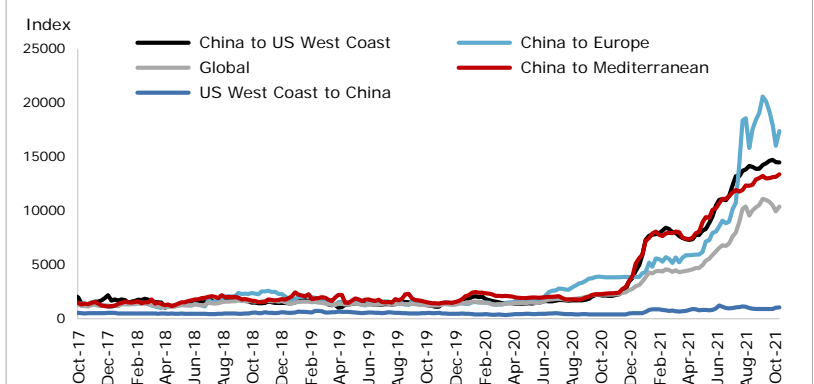
Source: British Petroleum Statistics, Bloomberg, ADCB Economic Research

Lower fertiliser production and resultant high costs could lead to a decrease in animal products








Source: Food and Agriculture Organization of the United Nations, ADCB Economic Research

Shipping costs are elevated and are expected to remain high in 2022 and 2023



Source: Freightos Baltic Index, ADCB Economic Research

Summary

-  ADCB in strong position as UAE economy continues recovery
-  Loan growth led by GRE sector; significant corporate repayments resulted in reduced real estate exposure
-  Streamlined and efficient operating model delivering significant opex savings
-  Cost of risk in line with guidance of 80 bps
-  Digital transformation resulting in strong customer engagement

Medium term (2021 – 2023) guidance



Financial metrics



Medium term guidance

Loan growth

Mid-single digit

Cost to income ratio

≈29-32%

Cost of risk*

≈80 bps

CET1 ratio

>12%

Dividend payout ratio

50% of net profit



Section 4
Appendix

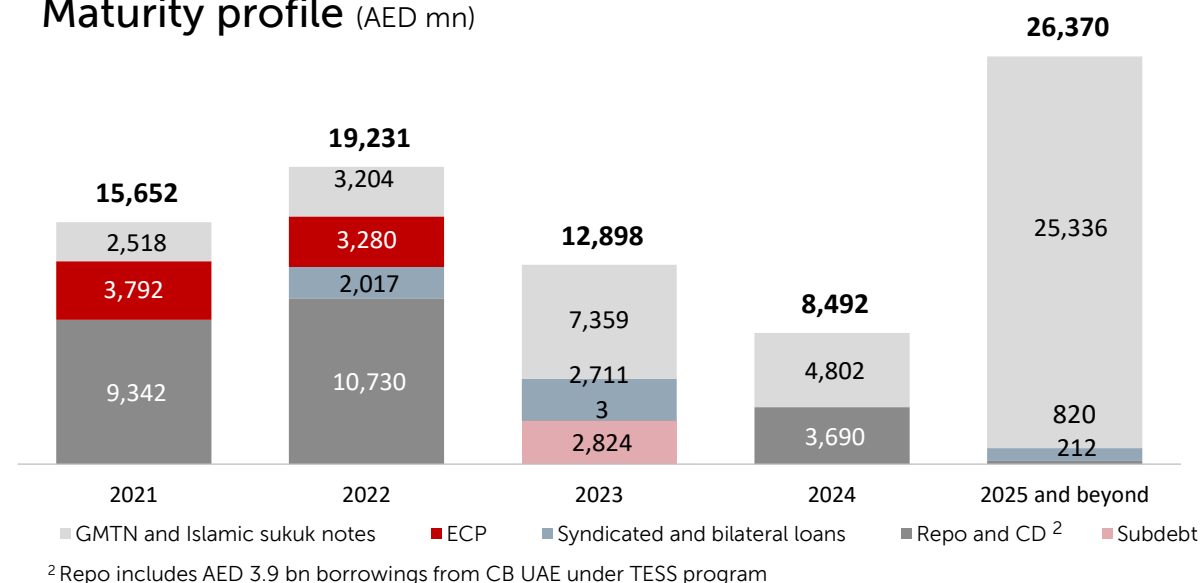
Diversified sources of funding by markets, tenors, currencies and products; manageable maturities spread over several years

Wholesale funding

As at 30 Sep 2021	AED mn
GMTN	41,360
Repo ¹	21,410
Bilateral loans	5,550
Subordinated debt	2,824
Euro Commercial paper	7,072
Islamic Sukuk notes	1,860
Certificate of Deposits	2,567
Total	82,643

¹Repo includes AED 3.9 bn borrowings from CB UAE under TESS program at nil rate of interest

Maturity profile (AED mn)



The Bank was a net lender of AED 16 bn³ in the interbank markets as at 30 September 2021

Main issuances in 2021

- USD 3,582 mn of Repo Issuance with fixed & floating interest rate, maturity of 3mths to 4yrs
- USD 925 mn of CD issued with an IRR between 0.18% to 0.396%
- EUR 336 mn of CD issued with an IRR between negative 0.53% to negative 0.44%
- USD 455 mn of GMTN with coupon of 1.63% to 1.72%. for maturity of 5 years
- USD 175 mn callable interest accreting notes, with IRR of 3.62% for maturity of 40 years
- CNH 680 mn of GMTN with coupon of 3.35% to 3.38%. for maturity of 5 years

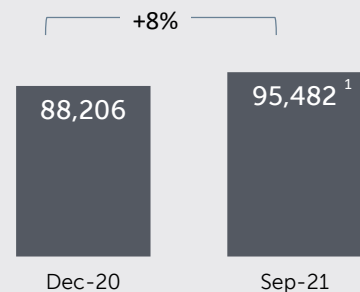
Main repayments in 2021

- AED 2,440 mn of TESS related Repo re-paid during the period
- USD 641 mn of Repo repaid during the period
- USD 718 mn of CD repaid during the period
- CNH 240 mn GMTNs with coupons at fixed range from 4.85% p.a. to 5.02% p.a.
- HKD 320 mn GMTNs with coupons at fixed range from 2.69% p.a. to 2.86% p.a.
- USD 80 mn Accreting GMTNs repaid on first call date with an IRR of 5.00% to 5.10% p.a

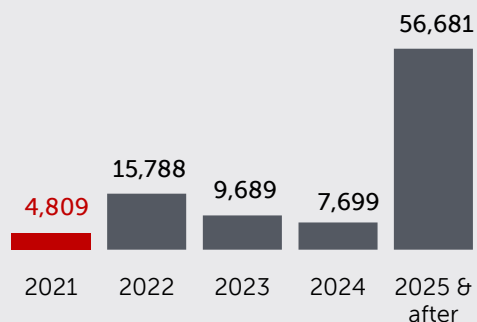
³Excludes loans to banks of AED 19 bn from deposits and balances due from banks, net, but includes AED 1,048 mn of certificate of deposits with central banks and AED 8.4 bn overnight placement with central bank

Investment securities increased to AED 95 bn, with 99% invested in bonds

Investment securities (AED mn)

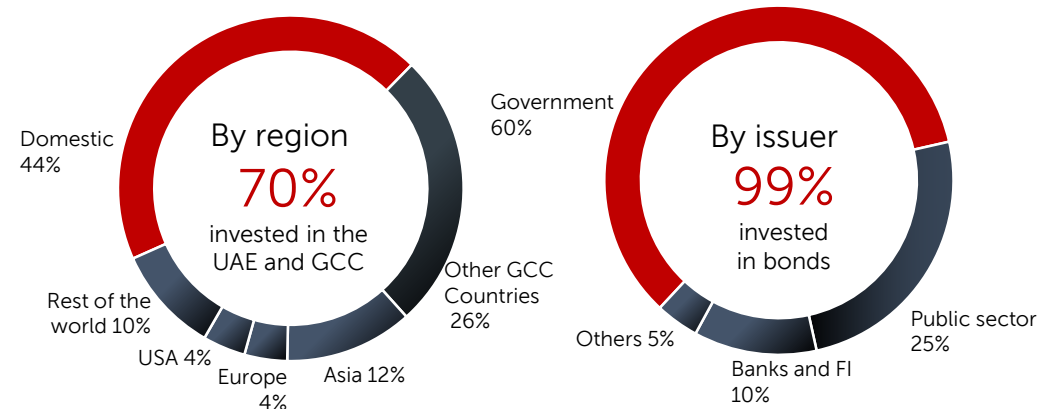


Maturity profile³ (AED mn)



Investment securities²

AED 95,482 mn

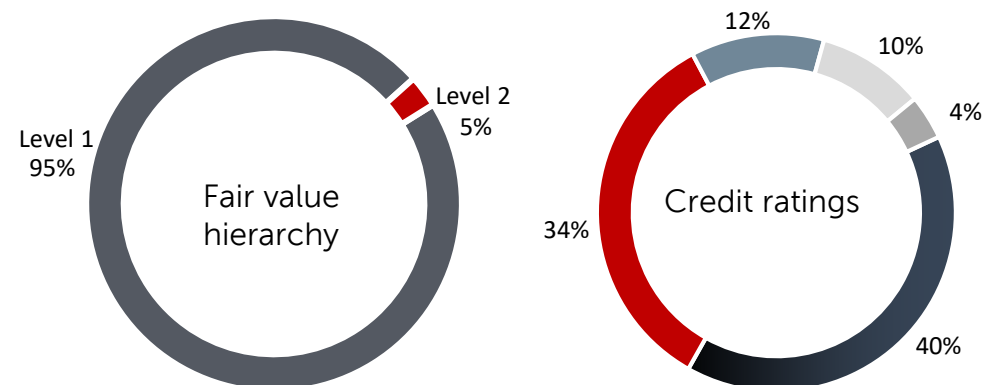


Non-government bond portfolio:

- Rated A- or better: 84%
- Rated BBB+ to BBB-: 14%
- Rated below investment grade: (BB+ and below including unrated): 2%

Total bond portfolio⁴

Government and Non-government bond portfolio: AED 94,666 mn



Credit ratings:

Standard & Poor's, or equivalent of Fitch or Moody's. Issuer/ guarantor's based ratings are used, where bonds are unrated

- AAA to AA-
- A+ to A-
- BBB+ to BBB-
- BB+ & unrated⁵
- UAE Sovereign

Level 1 - Quoted market prices
Level 2 - Valuation techniques using observable inputs

¹ Includes AED 26.0 bn investments carried at amortized cost (Dec 31, 2020 : AED 21.7 bn)

² Includes equity instruments and mutual funds

³ Excluding investments in equity and funds

⁴ Excluding trading securities

⁵ UAE Sovereign internal rating in Grade 2 to 3 and maps to external rating between AA to A

Delivered 86 digital customer releases across all businesses since the launch of our digital transformation programme

Key highlights

H1'18 releases

- Digital transformation roadmap defined and execution commenced
- Digital Studio completed as a workplace for innovation
- MyChoice roll out to customers packaging products as financial solutions

H1'19

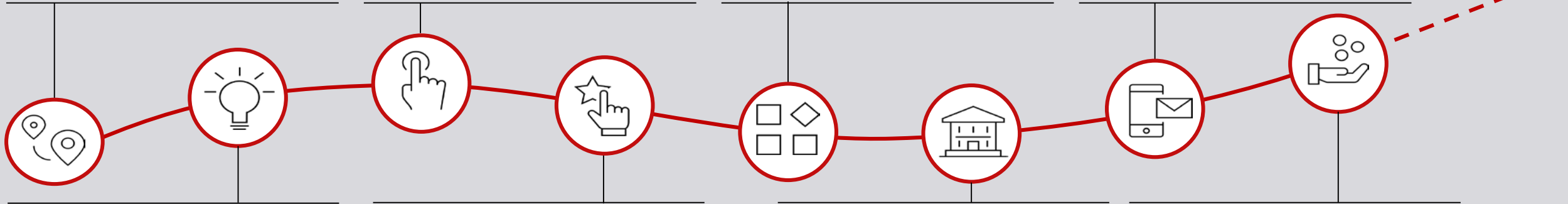
- Hayyak provision of instant account opening
- MIB upgrades to improve customer experience
- SME Financing customer journey
- Launch of social media presence

H1'20

- Personal loans top-up on MIB
- IB technical upgrade
- MCD account opening
- SME Financing
- Virtual Accounts API for Noqoodi

H1'21

- Cloud environment for KYC Blockchain
- Virtual Accounts API for additional customers
- ProCash Mobile & Protrade enhancements
- Advanced Analytics use cases in Personal Loan pricing and collections
- MIB enhancements on privacy, payments and personal loan journeys
- Hayyak onboarding app introduced uBank as delivery channel
- ADCB.com enhancements with tailor made offers



H2'18

- SME account opening Digital onboarding journey
- ProCash Mobile banking on the go
- Samsung & Apple Pay enablement
- Trade workflow enhancement to improve TAT

H2'19

- Enhancements across MIB, Hayyak, ProCash Mobile, Trade Workflow
- MyChoice upgrades
- Partnership with Cleartrip

H2'20

- Personal Loan on Hayyak
- High value added features on ProCash Mobile
- Virtual Account API for RERA
- Data & Analytics use cases release (incl. campaign automation, email spam filter for call center)
- Instant Personal Loan on MIB
- Mortgage Digital Pre-approval with Bayut
- InstaPay

Q3'21

- Beneficiary management on ProCash mobile
- Self service capabilities enhancements for WBG customers
- Account Statement and Payment notification APIs released for WBG customers
- Launched FlexiPay on Internet Banking
- MIB new UX/UI launched
- Advanced analytics to promote efficiency and empower support functions

9M'21 awards

Digital Lending Product of the Year, via ADCB Mobile Banking app

Middle East and Africa Retail Banking Innovation Awards

Outstanding Digital Acceleration in Response to COVID-19

Middle East and Africa Retail Banking Innovation Awards

UAE Domestic Trade Finance Bank of the Year

ABF Wholesale Banking Awards 2021

Customer Happiness

Gulf Customer Experience Gold Awards 2021

Customers at the Heart of Everything

Gulf Customer Experience Gold Awards 2021

CX Team of the Year

Gulf Customer Experience Gold Awards 2021

Best Customer Onboarding app (ADCB Hayyak)

Asian Banker Awards 2021

Best Annual Report in the Middle East (Print Category)

Middle East Investor Relations Association (MEIRA) Awards 2021

Bronze Award Best International Annual Report

ARC Awards 2021

Published balance sheet as at 30 September 2021

AED mn	Sep'21	Dec'20	△YTD %
Cash and balances with Central banks, net	25,103	29,602	(15)
Deposits and balances due from banks, net	30,606	21,535	42
Financial assets at fair value through profit or loss	1,318	0	NM
Derivative financial instruments	7,642	11,146	(31)
Investment securities	95,482	88,206	8
Loans and advances to customers, net	241,912	238,976	1
Investment in associates	262	256	2
Investment properties	1,668	1,644	1
Other assets, net ¹	18,725	10,342	81
Property and equipment, net	2,024	2,059	(2)
Intangible assets ²	7,319	7,390	(1)
Total assets	432,061	411,156	5
Due to banks	5,725	8,222	(30)
Financial liabilities at fair value through profit or loss	45	0	NM
Derivative financial instruments	7,634	10,855	(30)
Deposits from customers	255,753	251,395	2
Euro commercial paper	7,072	4,754	49
Borrowings	75,571	65,396	16
Other liabilities ³	22,095	13,933	59
Total liabilities	373,894	354,555	5
Total shareholders' equity	58,161	56,597	3
Non -controlling interests	5	4	26
Total liabilities and shareholders' equity	432,061	411,156	5

¹ Other assets include assets held for sale

² Intangible assets include goodwill

³ Other liabilities include liabilities directly related to assets held for sale
Components may not sum exactly to totals because of rounding

Income statement for the nine month period ended 30 September 2021

AED mn	Quarterly trend			9 month trend		
	Q3'21	Q3'20	ΔYoY %	9M'21	9M'20	ΔYoY %
Interest and income from Islamic financing	2,740	3,114	(12)	8,302	11,033	(25)
Interest expense and profit distribution	(561)	(830)	(32)	(1,688)	(3,612)	(53)
Net interest and Islamic financing income	2,179	2,285	(5)	6,614	7,421	(11)
Net fees and commission income	436	375	16	1,380	1,117	24
Net trading income	149	130	15	477	424	13
Other operating income	141	202	(30)	511	446	15
Non interest income	726	706	3	2,369	1,987	19
Operating income	2,905	2,991	(3)	8,982	9,408	(5)
Staff expenses	(549)	(651)	(16)	(1,765)	(1,922)	(8)
General administrative expenses	(340)	(326)	4	(992)	(1,159)	(14)
Depreciation	(100)	(101)	(1)	(300)	(301)	(0)
Amortisation of intangible assets	(24)	(24)	0	(72)	(71)	1
Operating expenses	(1,013)	(1,102)	(8)	(3,129)	(3,453)	(9)
Operating profit before impairment allowances & taxation	1,892	1,888	0	5,853	5,955	(2)
Impairment charge	(596)	(504)	18	(1,978)	(3,055)	(35)
Share of profit of associates	1	14	(90)	7	14	(51)
Overseas income tax expense	(24)	(28)	(14)	(71)	(89)	(20)
Loss from discontinued operations	2	(4)	NM	(12)	(24)	(48)
Published profit	1,276	1,366	(7)	3,800	2,802	36

ADCB INVESTOR RELATIONS

adcb.com/ir

Email: ir@adcb.com



Scan to view our Annual
Report or please visit
adcb.com/annualreport

