

ABU DHABI COMMERCIAL BANK PJSC



Q4/FY 2021 Investor presentation

March 2022

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Section 1
About ADCB

A digitally-led growth strategy, built on a strong franchise focused on customer experience



Effective first year implementation of five-year strategy, with clear objectives set for the coming years



'Differentiation through ESG' is now a key pillar of the Bank's five-year strategy, with Board level oversight and executive management accountability



Digital transformation delivering strong results, with over 1 million subscribers to mobile and internet banking¹



Al Hilal Bank successfully launched lifestyle focused 'super app', with a fresh brand identity known as 'Al Hilal'



Continued improvement in net promoter score (NPS) to 66 in 2021, while an in-depth organisational health index (OHI) survey on culture placed ADCB in the top decile of global companies

AED 440 bn

Total assets as at
31 December 2021

3rd

Largest bank in
the UAE by assets

60.2%

Owned by Mubadala
Investment Company²

1 mn+

Customers

6,500+

Employees³

¹ As of January 2022 ² Through its wholly owned subsidiary One Hundred and Fourteenth Investment Company – Sole Proprietorship LLC

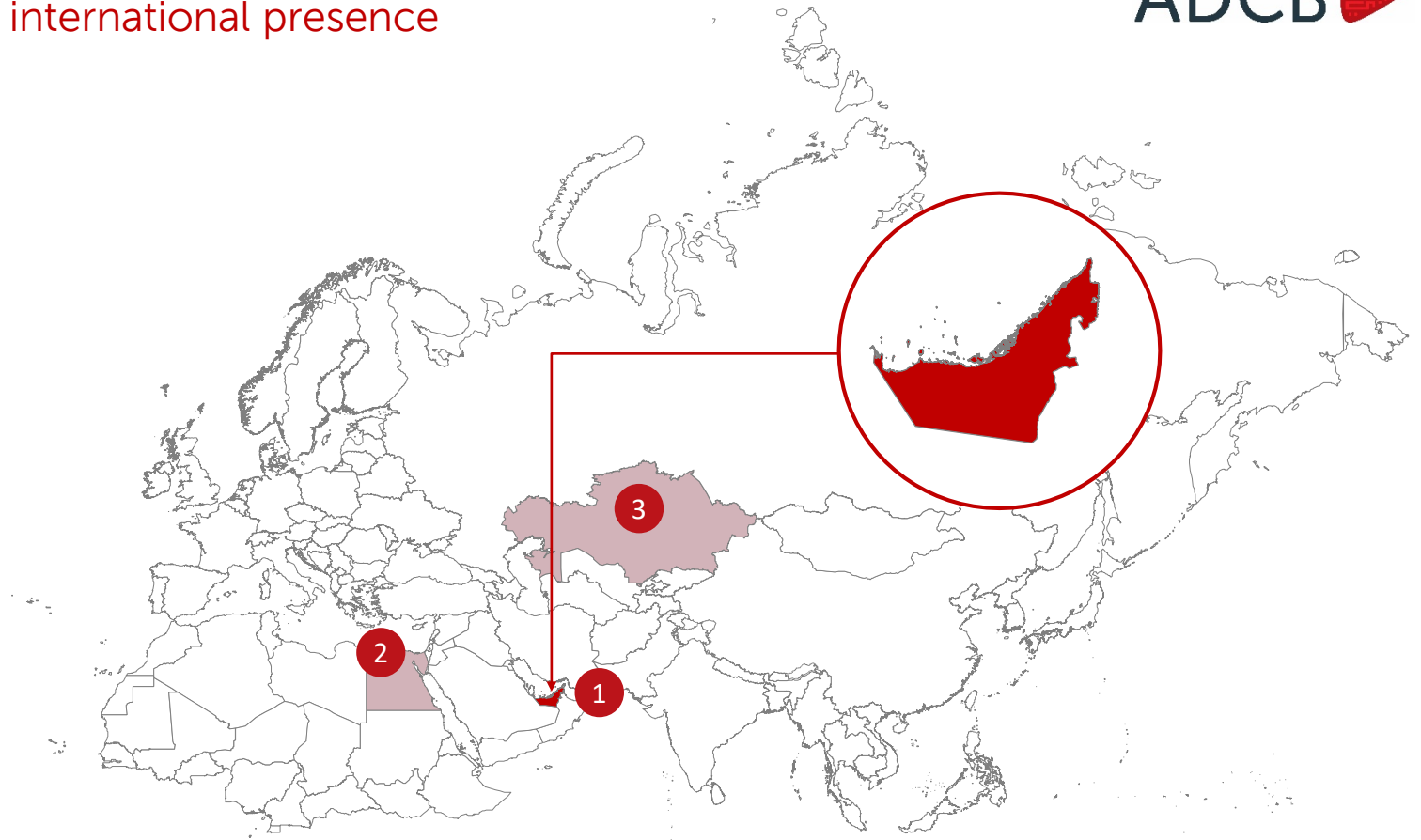
³ Including Al Hilal Bank, excluding outsourced

Focused on core UAE market with selective international presence

Solid market position in loans and customer deposits in UAE



Source: UAE Central Bank data available to end of November 2021

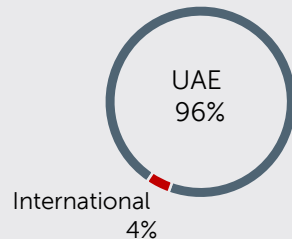


1 **بنك أبوظبي التجاري** ADCB - UAE

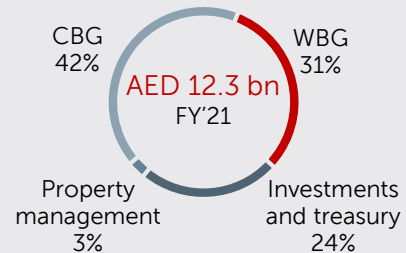
67 branches (ADCB: 54; AHB: 13)

496 ATMs (ADCB: 425; AHB: 71)

96% of FY'21 revenue derived from UAE



Revenue well-balanced across business segments



2 **بنك أبوظبي التجاري** ADCB - Egypt

46 branches

94 ATMs

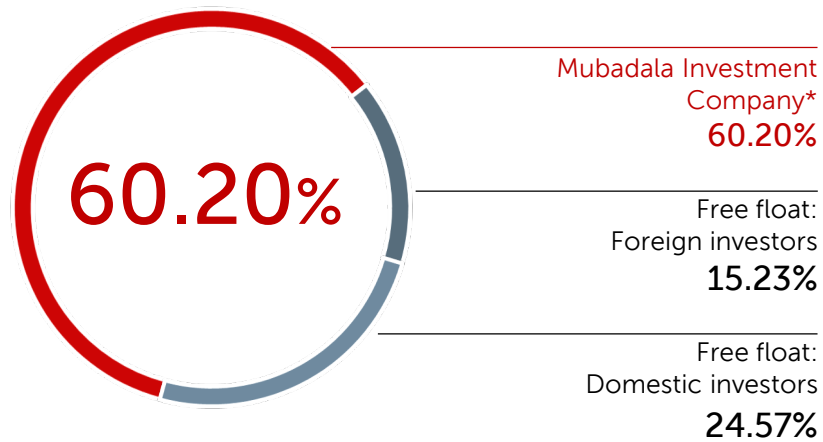
3 **مصرف الهلال** al hital bank - Kazakhstan

4 branches

~60% owned by Abu Dhabi Government; growing and diverse base of foreign institutional shareholders

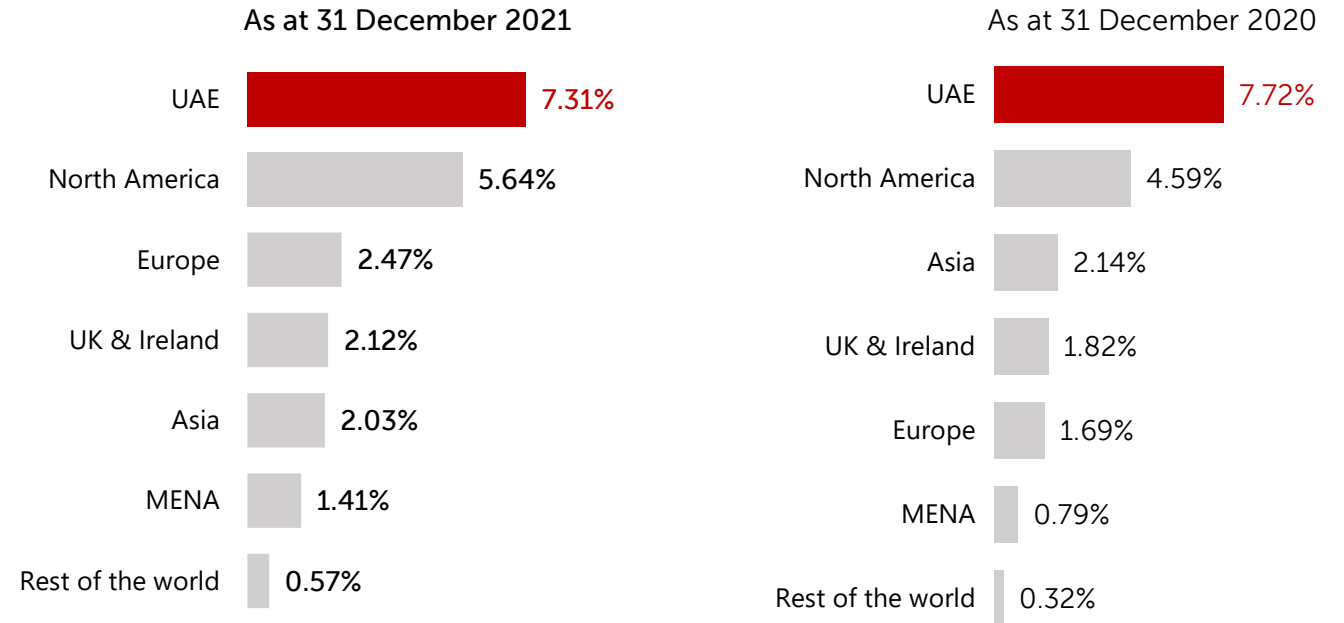
Large base of long-term strategic shareholders

(as of 31 December 2021)



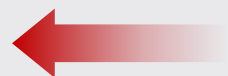
* Through its wholly owned subsidiary One Hundred and Fourteenth Investment Company – Sole Proprietorship LLC

Increasing ownership among foreign institutional investors



15.23%

Foreign ownership
Dec 2021



12.20%

Foreign ownership
Dec 2020

40%

Foreign
ownership limit

76 countries

Shareholder
origin

S&P GLOBAL RATINGS

- ▶ “We affirmed our ratings on Abu Dhabi Commercial Bank (ADCB), reflecting ADCB’s long-standing market position as one of the country’s largest banks and deep-rooted relationship with the government of Abu Dhabi, which support earnings stability and underpin the bank’s deposit-dominated funding base.”
- ▶ “The stable outlook stems from our view that ADCB’s strong capital buffers and expected stable earnings performance can absorb operating risks and further credit losses from weaker sectors of the UAE economy over the next 12-24 months.”

S&P Global
Ratings

A/A-1/Stable

20 January 2022

FITCH RATINGS

- ▶ “ADCB’s management team is experienced and has a deep understanding of the UAE market.”
- ▶ “We expect the NII to be supported by rising interest rates in 2022 as loan yields gradually increase. ADCB’s cost-to-income ratio of 35% in 2021 compares reasonably well with large, local peers and could improve further as merger related costs and synergies are fully realised.”
- ▶ “The bank’s share of low-cost CASA deposits (58% at end-2021; 51% at end-2020) is higher than peers’, reflecting its franchise, and underpins its deposit base and cost of funding.”

Fitch
Ratings

A+/F1/Stable

17 February 2022

MSCI ESG RATINGS

- ▶ “ADCB has been upgraded to ‘AA’ from ‘A’.” (Rating action date: 12 August 2021)
- ▶ “ADCB has undertaken several initiatives to support micro enterprises; this is a key driver to the upgrade.”
- ▶ “Relative to peers, ADCB has robust data protection policies, and conducts regular audits of information security practices.”
- ▶ “...ADCB has less than 5% exposure to environmentally intensive industries such as agriculture and energy. Factoring this granular breakdown of loan portfolio with low exposure leads to an improvement in the company’s Financing Environmental Impact Key Issue Score.”

MSCI
ESG RATINGS 
CCC B BB BBB A AA AAA

AA

19 November 2021



Section 2 Financial highlights

Solid Q4/FY'21 performance based on a number of underlying positive trends



Solid financial performance, with net profit up 38% YoY in FY'21 and 44% YoY in Q4



Loan growth of 2.2% in 2021 ahead of banking sector¹, with AED 40 bn in new credit extended; while CASA deposits grew AED 25.5 bn to represent 58% of total deposits



NIM declined by 34 bps YoY to 2.43% in FY'21, however risk adjusted NIM improved 30 bps YoY to 1.69% reflecting rebalancing of loan portfolio towards GREs and reduced real estate exposure



Non-interest income up 26% to account for 28% of operating income, with strong growth across all revenue streams and gain of AED 166 mn on acquisition of ADF



Synergies of AED 1.2 bn, well above 2021 target of AED 1 bn



Cost of risk halved to 77 bps in FY'21 in line with medium-term guidance of 80 bps, with successful delivery of TESS programme and NMC restructuring



Proposed dividend of AED 0.37 per share equivalent to pay-out ratio of 49%

KEY HIGHLIGHTS

Q4'21 | FY'21

NET PROFIT (AED BN)

1.448 | 5.247

QoQ: 13%
YoY: 44%

YoY: 38%

ROATE²

12.6% | 11.4%

Q3'21: 10.7%
Q4'20: 9.4%

FY'20: 8.3%

ROAA²

1.31% | 1.19%

Q3'21: 1.12%
Q4'20: 0.98%

FY'20: 0.86%

EPS (AED)

0.21 | 0.73

Q3'21: 0.17
Q4'20: 0.15

FY'20: 0.51

¹UAE CB data available to end of November 2021

²For ROATE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting interest expense on Tier I capital notes

FY'21 net profit up 38%, despite low interest rate environment, driven by higher non-interest income, efficiencies, synergies and lower cost of risk

Income statement (AED mn)	FY'21	FY'20	ΔYoY%
Total net interest income ¹	8,864	9,783	(9)
Non-interest income	3,396	2,688	26
Operating income	12,259	12,471	(2)
Operating expenses ²	(4,257)	(4,526)	(6)
<i>Integration expenses</i>	-	(153)	-
Operating profit ³	8,002	7,945	1
Net impairment charge	(2,646)	(3,993)	(34)
Net profit⁴	5,247	3,809	38

Figures may not add up due to rounding differences

Key highlights (FY'21 vs. FY'20)

- ▶ Net profit of AED 5.247 bn increased 38%, despite a low interest rate environment, driven by higher non-interest income, reduced cost of risk and greater efficiencies, with synergies well above target
- ▶ Net interest income of AED 8.864 bn declined 9% mainly on account of lower benchmark interest rates
- ▶ Non-interest income of AED 3.396 bn increased 26%, with net fee and commission income, trading income and other operating income increasing
- ▶ Operating expenses of AED 4.257 bn improved 6% as the Bank exceeded its cost synergy target for 2021 and continued to streamline its operating model
- ▶ Impairment charges of AED 2.646 bn were 34% lower primarily on account of provisioning recorded in FY'20 related to NMC, Finablr and associated companies

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

Increase in Q4'21 net profit and operating profit, with net interest income and non-interest income rising sequentially

Income statement (AED mn)	Q4'21	Q3'21	Q4'20	ΔQoQ%	ΔYoY%
Total net interest income ¹	2,250	2,179	2,362	3	(5)
Non-interest income	1,027	726	701	41	47
Operating income	3,277	2,905	3,063	13	7
Operating expenses ²	(1,128)	(1,013)	(1,073)	11	5
<i>Integration expenses</i>	-	-	74	-	-
Operating profit ³	2,149	1,892	1,990	14	8
Net impairment charge	(669)	(596)	(938)	12	(29)
Net profit⁴	1,448	1,276	1,007	13	44

Figures may not add up due to rounding differences

Q4'21 key highlights

- ▶ **Strong quarterly performance**, with a net profit of AED 1.448 bn, up 44% YoY and 13% QoQ
- ▶ **Net interest income of AED 2.250 bn increased 3% QoQ** on account of **higher interest in suspense reversals**, and was 5% lower YoY on lower benchmark rates and a change in the composition of interest earning assets
- ▶ **Non-interest income of AED 1.027 bn increased 47% YoY and 41% QoQ** with net fee and commission income and trading income increasing. Gains recorded on the acquisition of the mortgage portfolio from Abu Dhabi Finance also contributed to an increase in other operating income
- ▶ Operating expenses of AED 1.128 bn was 5% higher YoY and 11% QoQ driven by **higher accruals for compensation costs, reflecting strong performance and investment in business**
- ▶ Net impairment charges of AED 669 mn were 29% lower YoY and 12% higher QoQ mainly due to a few corporate accounts

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

Loan growth outpaced UAE banking sector driven by lending to GREs; CASA deposits continue to rise

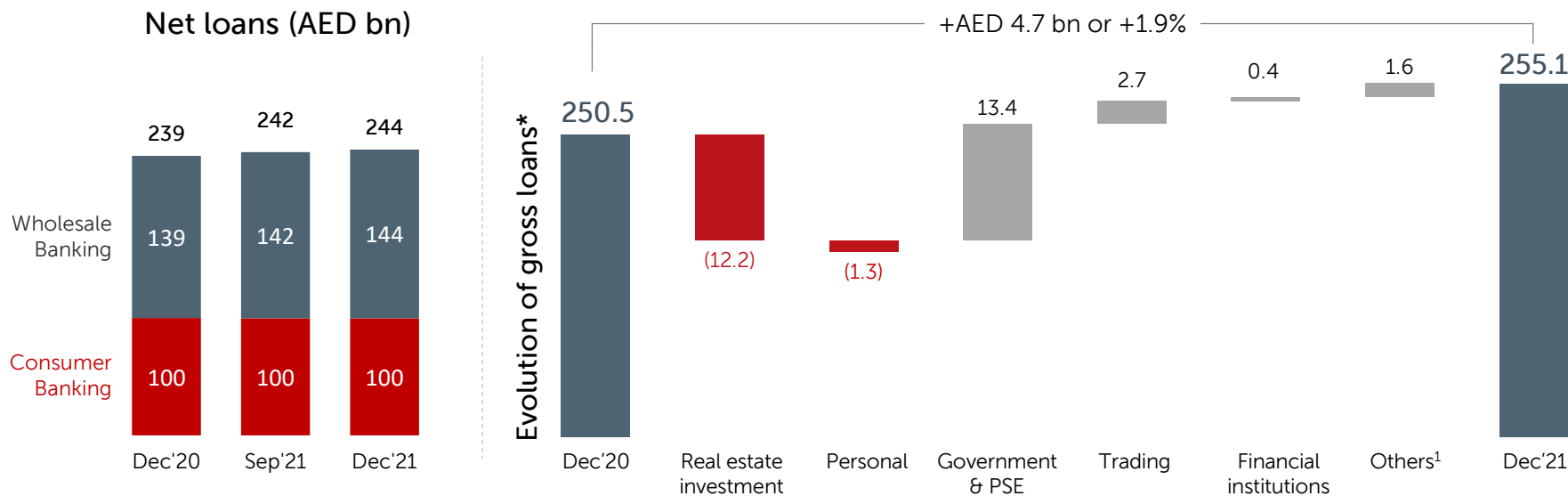
Balance sheet (AED mn)	Dec'21	Sep'21	Dec'20	ΔQoQ%	ΔYoY%
Total assets	440,278	432,061	411,156	2	7
Net loans and advances to customers	244,282	241,912	238,976	1	2
Net loans and advances to banks	20,907	18,755	10,790	11	94
Investment securities	96,513	95,482	88,206	1	9
Deposits from customers	265,052	255,753	251,395	4	5
Borrowings (including ECP)	78,698	82,643	70,150	(5)	12
Total shareholders' equity	59,360	58,161	56,597	2	5

Figures may not add up due to rounding differences

Key highlights

- ▶ Total assets at AED 440 bn were 7% higher YoY, mainly on account of **increased investment securities**, which were up 9% to AED 97 bn, and **loans to banks**, up 94% to AED 21 bn
- ▶ **Net loans** at AED 244 bn were 1% higher QoQ and **2.2% higher YoY, outpacing 0.5% growth in the overall UAE banking sector***. Loan growth was primarily driven by **increased lending to GREs**. The average customer loan balance was AED 236 bn in FY'21
- ▶ **Including loans to banks, net loan growth was 6.2% YoY**
- ▶ Borrowings (including ECP) increased 12% YoY through repurchase agreements, offset by TESS repayments
- ▶ **Deposits** of AED 265 bn were up 4% QoQ and **5% YoY**, compared to **system-wide deposit growth of 4.4%***. **CASA deposits continued to increase** during the quarter. The average deposit balance in FY'21 was AED 249 bn
- ▶ Total shareholders' equity was AED 59 bn, up 5% from a year earlier, after accounting for retained earnings and proposed dividend for 2021

Growth and rebalancing of loan portfolio in line with strategy, with increased lending to GREs and reduced exposure to real estate



▶ The Bank extended **AED 40 bn of new loans in FY'21** to targeted economic sectors in line with 5-year growth strategy

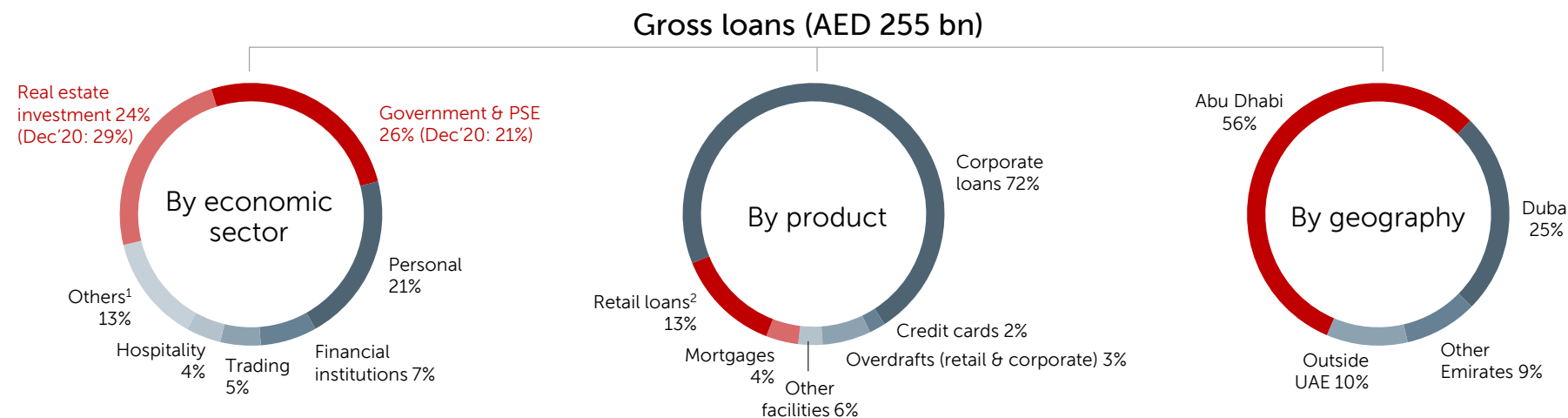
▶ **Lending to the government and public sector enterprises increased by AED 13.4 bn** during FY'21 to AED 67 bn, accounting for 26% of gross loans, up from 21% at end-2020

▶ **Exposure to real estate reduced by AED 12.2 bn** to AED 60 bn, reducing to 24% of gross loans from 29% at end-2020, 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 81% as at December-end

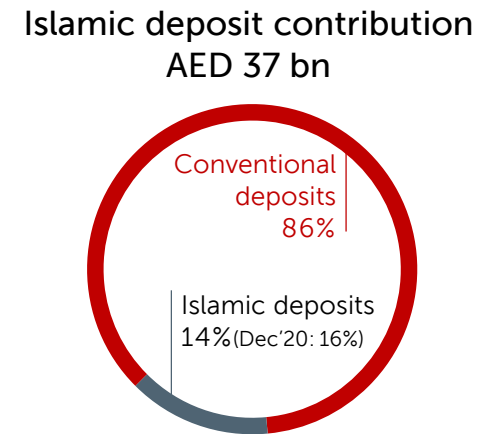
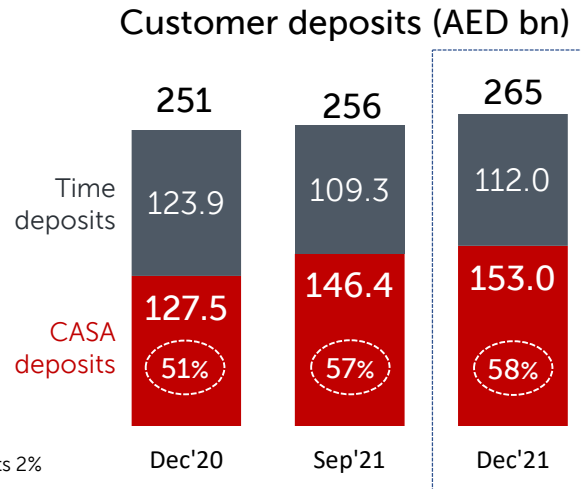
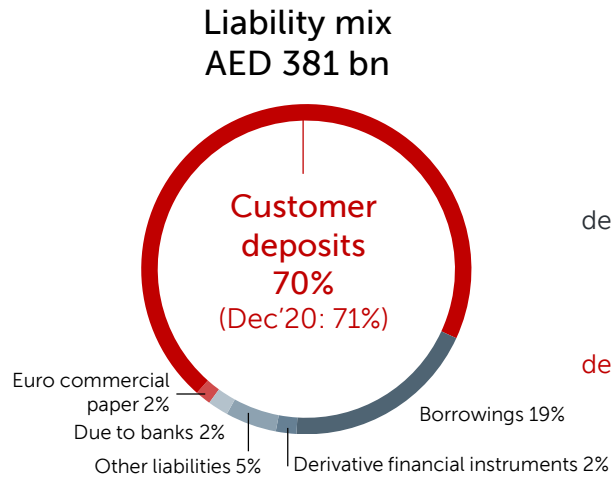
▶ **Continued commitment to SME financing** through pandemic, with AED 3.9 bn in loans to sector



Figures may not add up due to rounding differences
* Net of repayments and new credit extended

¹ Others include: Energy, Transport & Communication, Manufacturing, Services and others
² Retail loans include personal loans, auto loans and others

Continued success in attracting CASA deposits with growth of AED 6.6 bn in Q4'21, bringing total CASA growth to AED 25.5 bn in 2021



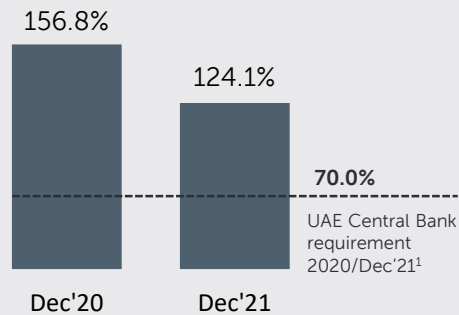
▶ **Customer deposits** comprised **70%** of total liabilities, reflecting the strength of the ADCB franchise

▶ **CASA deposits increased by AED 25.5 bn** in 2021 and **AED 6.6 bn** in Q4'21 to **AED 153 bn at December-end**, and accounted for **58%** of total customer deposits, up from 51% at end-2020

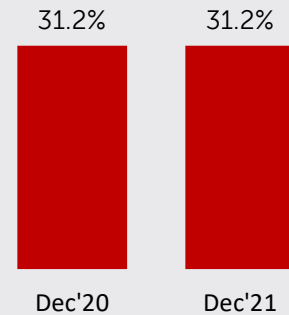
▶ **Retail CASA deposits accounted for 89%** of total retail customer deposits, versus 82% a year earlier, and **Wholesale CASA deposits accounted for 63%** of total wholesale customer deposits, up from 58% a year earlier

▶ Time deposits of AED 112 bn were 10% lower YoY

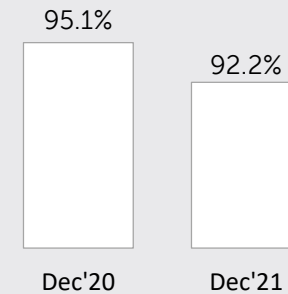
Liquidity coverage ratio (LCR %)



Liquidity ratio (%)²



Loan to deposit ratio (LTD %)³



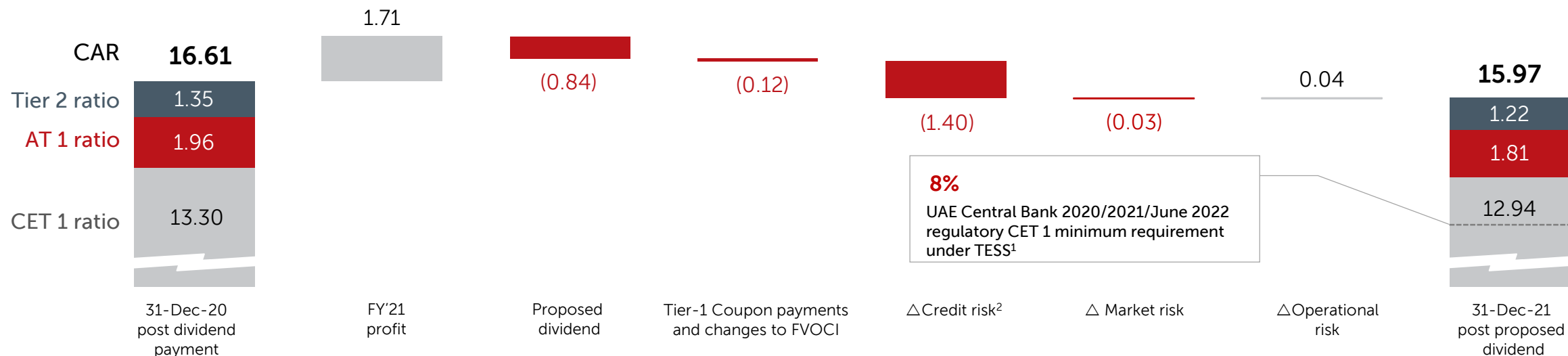
¹ Central Bank has temporarily allowed banks to have a reduced LCR of 70% without any supervisory consequences

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)

³ Not a regulatory requirement

Capital ratios remain comfortably above regulatory minimum requirements; strong CET1 of 12.94% after deducting proposed dividend for 2021

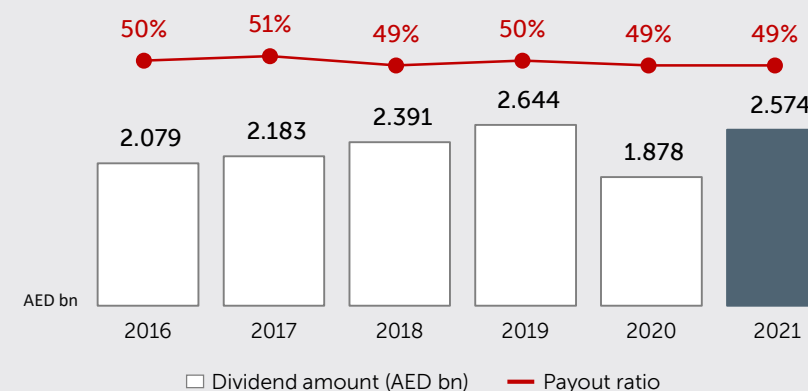
Capital adequacy ratio walkthrough (%)



Risk weighted assets walkthrough (AED bn)



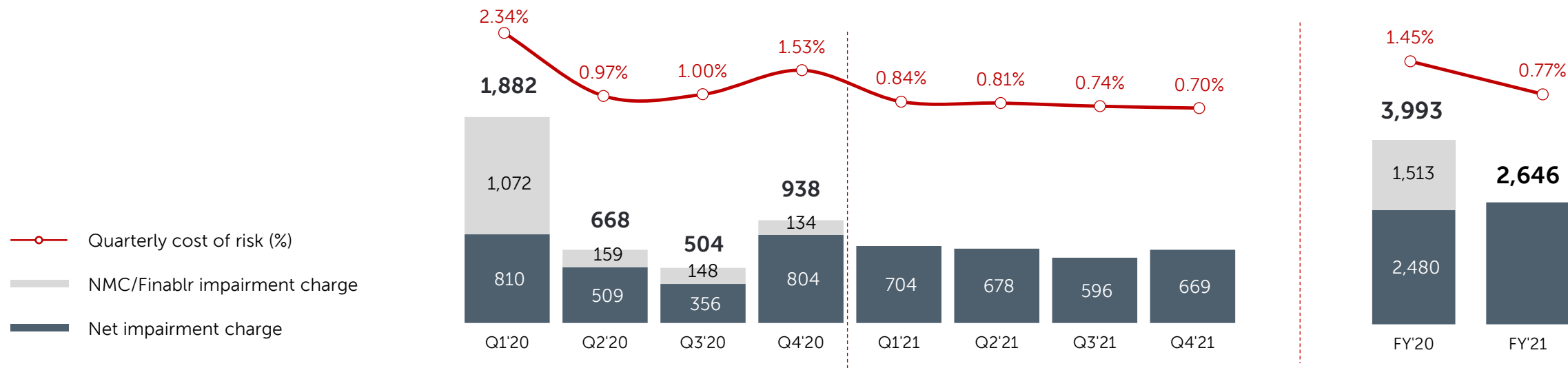
Dividend history and shareholders' returns



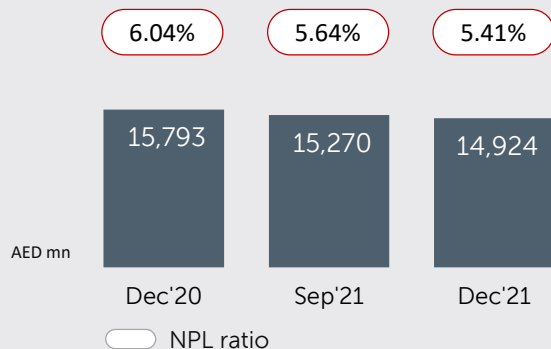
¹ Under TESS, UAE Central Bank temporarily allowed banks to use the CCF and D-SIB buffers without any supervisory consequences. Accordingly, CET1 and CAR regulatory minimum requirement reduced to 8% and 11.50% respectively until 30 June 2022.
² Change in credit and market risk weighted assets is mainly due to new regulations by the Central Bank with regards to GCC exposure

Significant improvement in cost of risk in line with guidance, successful delivery of TESS programme and NMC restructuring

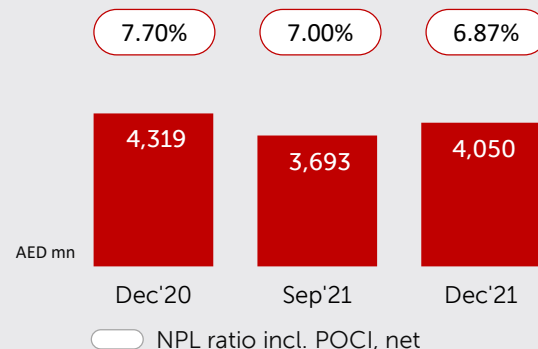
Net impairment charge (AED mn) and cost of risk (%)



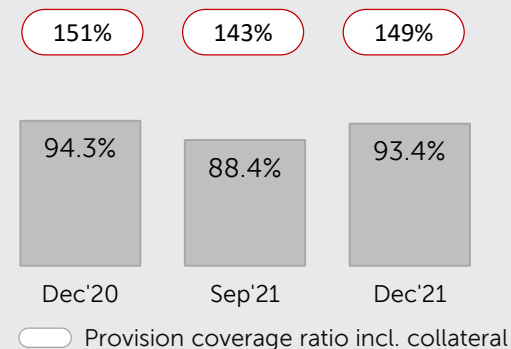
Non performing loans and NPL ratio



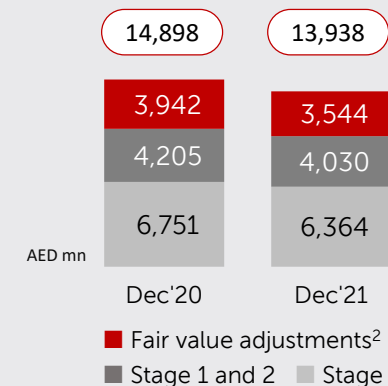
POCI assets and NPL ratio incl. POCI



Provision coverage ratio¹



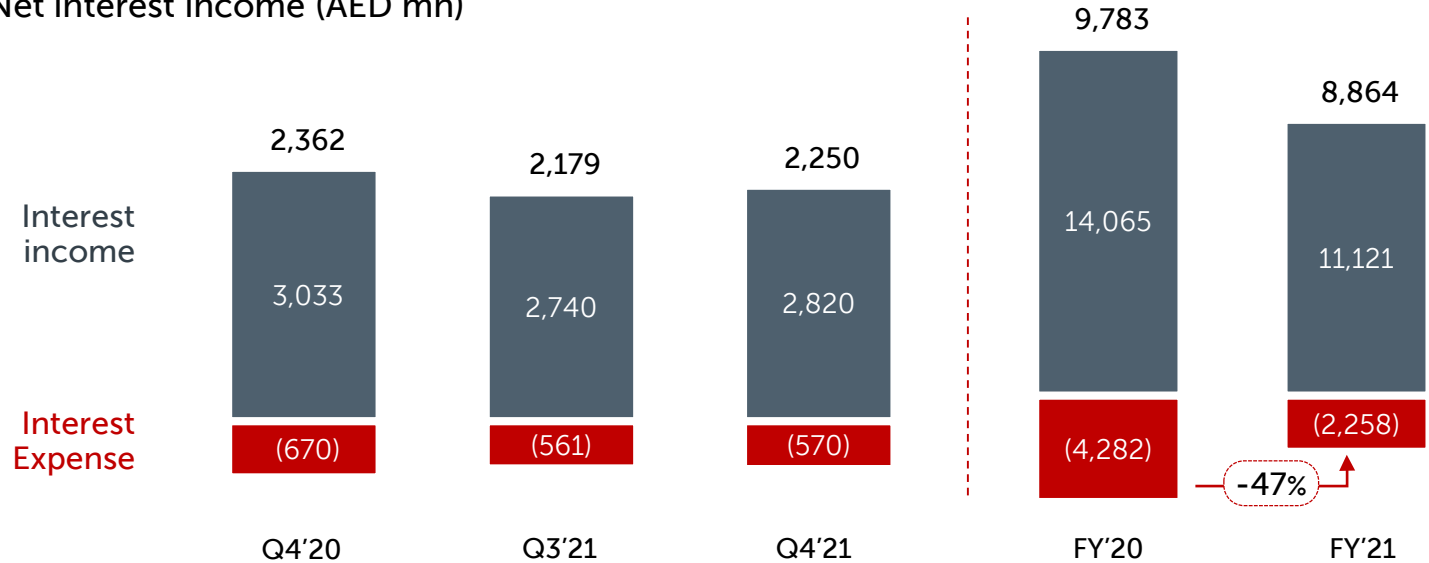
ECL by stage



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 478 mn impairment allowances on POCI

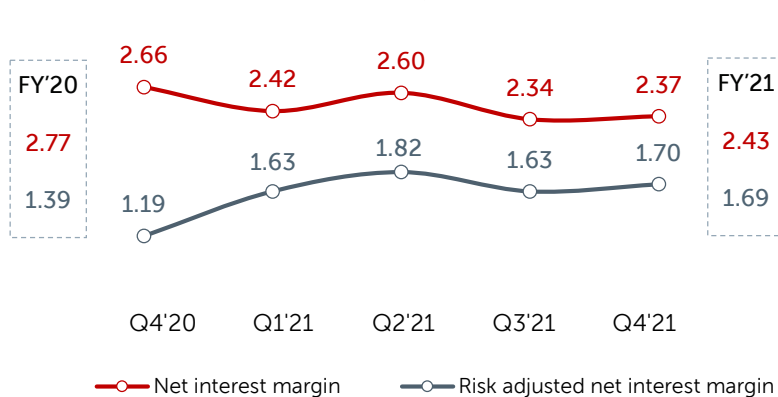
Improvement in cost of funds supported by significant increase in CASA deposits; lower benchmark rates resulting in decline in full-year NIM, while risk adjusted NIM improved 30 bps

Net interest income (AED mn)

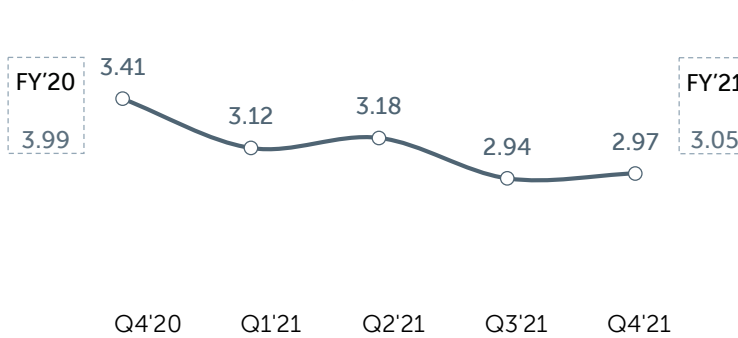


- ▶ NIM of 2.37% in Q4'21 was up 3 bps QoQ mainly due to higher interest in suspense reversals. NIM in FY'21 was 34 bps lower at 2.43% primarily due to a decline in asset yields driven by lower benchmark interest rates
- ▶ Risk adjusted NIM improved 30 bps YoY to 1.69% in FY'21, reflecting rebalancing of loan portfolio towards GREs and reduced real estate exposure
- ▶ Cost of funds was flat sequentially at 67 bps and improved by 65 bps in FY'21 supported by an increase of AED 26 bn in average CASA deposits and a reduction of AED 29 bn in average time deposits over the prior year

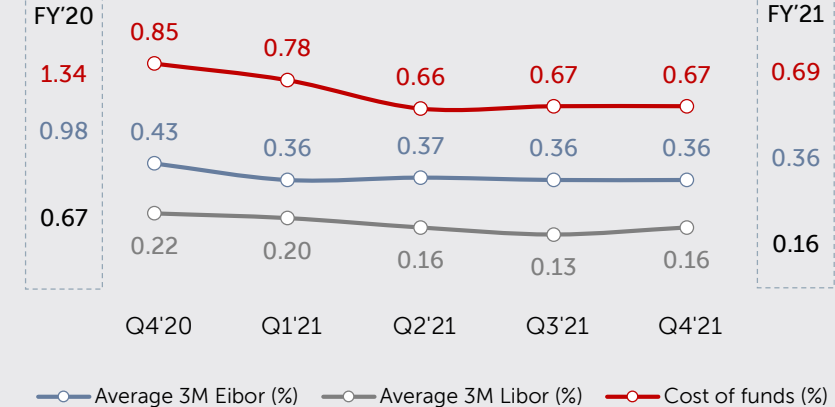
NIM and risk adjusted NIM* (%)



Asset yield (%)



Cost of funds (%)



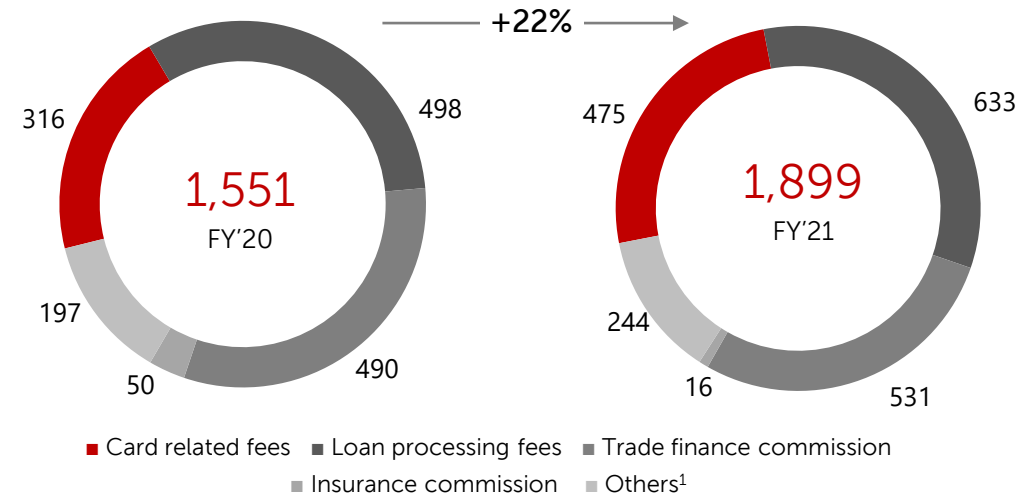
* Risk adjusted NIM: Net interest income less impairment charge on loans and advances to customers, banks, and investments securities divided by average interest earning assets

Strong growth in non-interest income driven by card-related and loan processing fees, as well as gain on acquisition of mortgage portfolio from Abu Dhabi Finance

Non-interest income (AED mn)	Q4'21	Q3'21	Q4'20	QoQ%	YoY%	FY'21	FY'20	YoY%
Net fees and commission income	519	436	434	19%	20%	1,899	1,551	22%
Net trading income	198	149	131	33%	51%	676	555	22%
Other operating income*	309	141	136	119%	127%	821	582	41%
Total non interest income	1,027	726	701	41%	47%	3,396	2,688	26%

*Includes net gains/(losses) from investments properties
Figures may not add up due to rounding differences

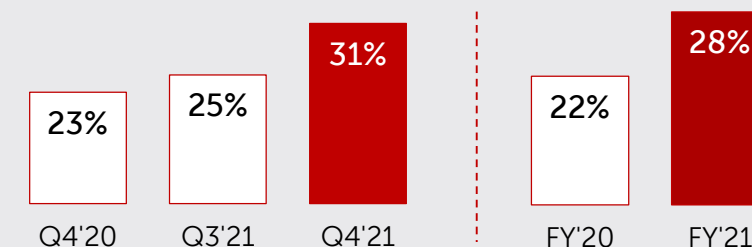
Net fees and commission income (AED mn)



Key highlights

- FY'21 non-interest income increased 26% YoY to AED 3.396 bn, representing 28% of operating income, up from 22% in 2020
- Non-interest income of AED 1.027 bn in Q4'21, was up 47% YoY and 41% QoQ, representing 31% of operating income
- Net fees and commission income of AED 1.899 billion in FY'21 was up 22%. This was mainly attributable to a 50% increase in card related fees, reflecting improving consumer sentiment, and a 27% rise in loan processing fees, mainly from early settlement and arrangement fees
- Net trading income of AED 676 mn in FY'21 was up 22% due to higher FX and derivative income
- The Bank recorded a gain of AED 166 mn during FY'21 on the acquisition of the mortgage portfolio from Abu Dhabi Finance (ADF)

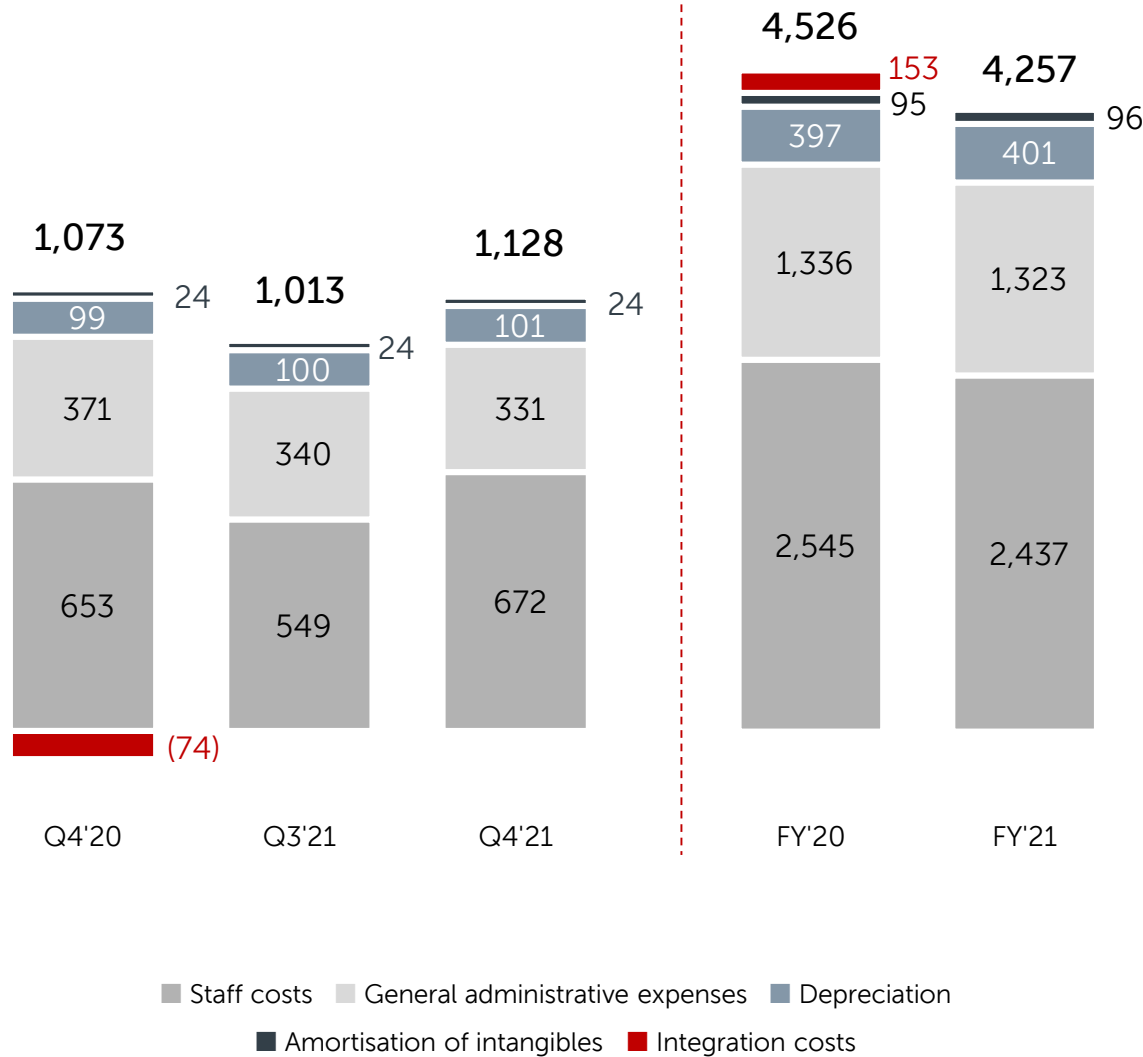
Non-interest income/total income (%)



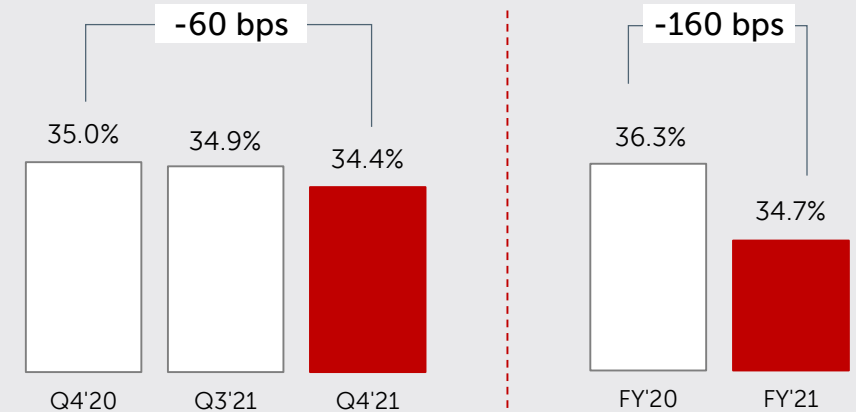
¹ Others include asset management, investment services, brokerage fees, fees from accounts related activities and other fees

Reduction in opex supported improvement in FY'21 cost to income ratio despite a 21% decline in gross interest income

Operating expenses (AED mn)



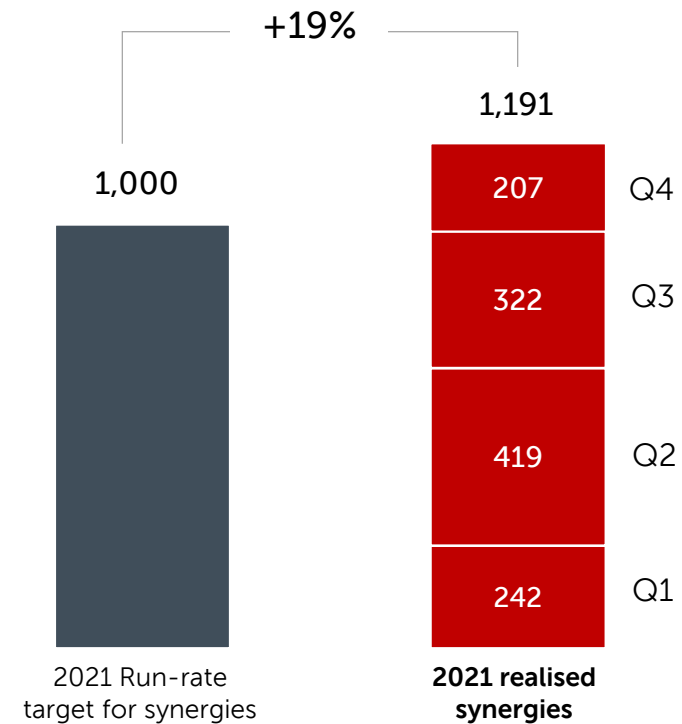
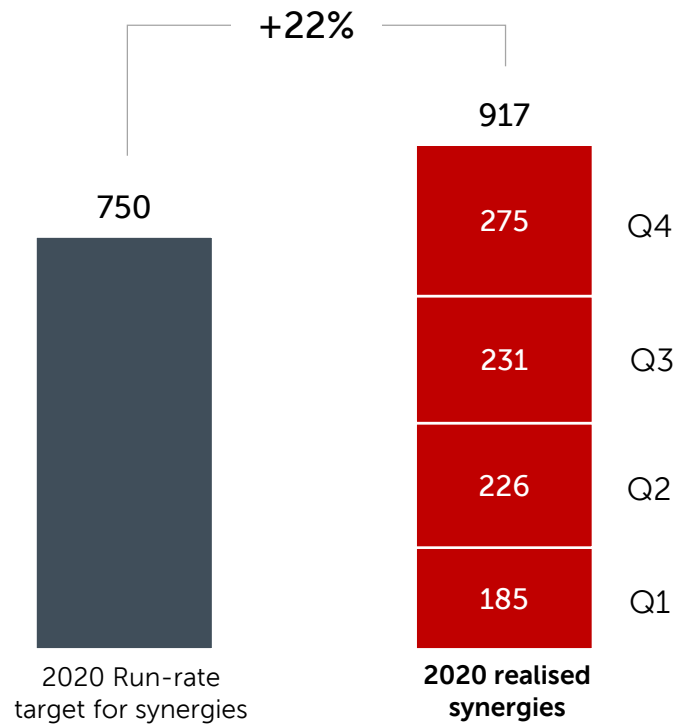
Cost to income ratio (%)



- Cost to income ratio improved 160 bps to 34.7% in FY'21, despite a 21% decline in gross interest income amid a subdued macro-economic environment and low benchmark rates
- Operating expenses in FY'21 decreased 6% to AED 4.257 bn, and were up 5% YoY and 11% QoQ at AED 1.128 bn in Q4'21, on account of higher accruals for compensation costs, reflecting strong performance and continued investment in growth of the business

Realised synergies of AED 1.2 bn in 2021 well above target

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 1.191 bn

Cost synergies realised in 2021

AED 545 mn

One-off integration costs (exc. capex) remained 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 3
Strategy, ESG & digital update

Five strategic objectives identified to accelerate growth and help the Bank navigate the evolving economic environment and changing banking landscape



1. Accelerate the core business

by focusing on growth in market share, increasing its 'share of wallet', and providing best-in class customer experience, while delivering significant efficiency gains



2. De-risking the portfolio

to reduce potential volatility in profitability stemming from areas such as underperforming assets



3. Build businesses with hyper-growth potential

in areas such as payments, digital banking, wealth and asset management



4. Differentiate through ESG


by maintaining an ESG lens in all value creation activities



5. Focusing on key enablers

such as our digital capabilities, key talent, best-in-class governance and risk management practices

Incremental profitability 

Incremental shareholder value 

Clear strategic priorities across our core businesses and subsidiaries



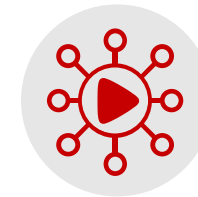
Consumer Banking Group (CBG)



Wholesale Banking Group (WBG)



Treasury



Subsidiaries



CBG will continue focusing on growth in market share, particularly through personal loans, mortgages and credit cards



WBG will focus on offering a wider range of fee-generating services, reaching new clients in a broader range of segments across the region



Treasury will continue to broaden the investment portfolio, encompassing a healthy accrual income and periodic capital gains



ADCB Egypt will continue to accelerate growth, focused on the affluent and corporate segments



CBG and WBG growth ambitions are supported by advanced analytics and digitisation



Increase secondary market trading along with DCM origination



Al Hilal is taking major steps in its strategy to become a fully digital Shari'ah compliant retail bank



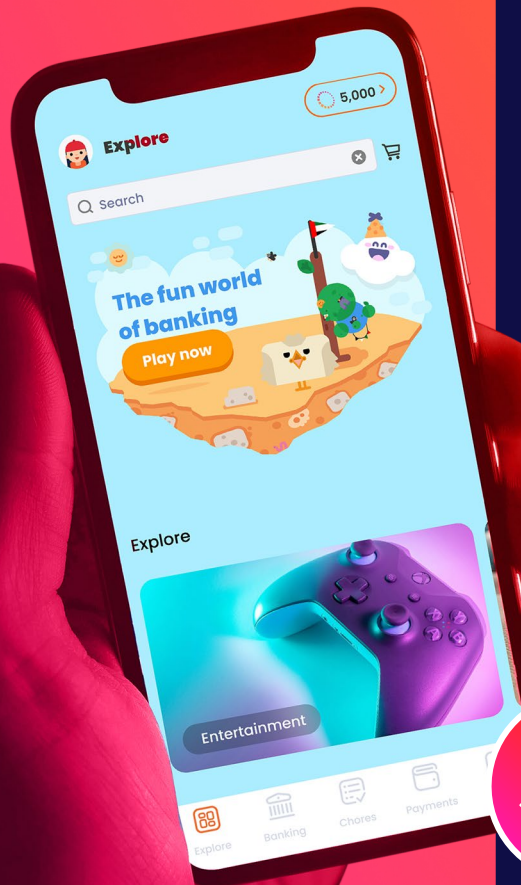
Continued growth in CASA deposits from retail and corporate customers remains a key pillar of the funding mix



Enlarge product offering by introducing repo and structured funding to improve cost of funds

Continue to evolve operating model to drive further efficiencies, while investing in technology to accelerate digital transformation

Al Hilal disruptive 'super app' launched with a fresh brand identity and a bold digital vision to provide a superior customer experience



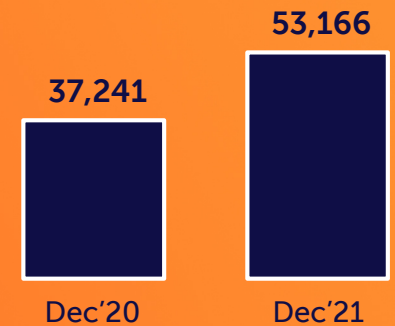
- The Shari'ah compliant app forms the core of Al Hilal's new offering, providing access to financial and non-banking products and services with a diverse digital marketplace
- The app offers families a new digital banking experience, while promoting financial literacy for children through a unique gamification proposition
- The platform provides personalised lifestyle preferences, along with the opportunity to earn loyalty rewards through a wide ecosystem of partnerships
- The highly scalable offering is built on a cloud-based platform to ensure agility, enabling the Bank to respond to evolving customer needs and pursue regional expansion, post successful launch in the UAE
- The proposition is driven by customer insight, advanced data analytics, machine learning and artificial intelligence

58%

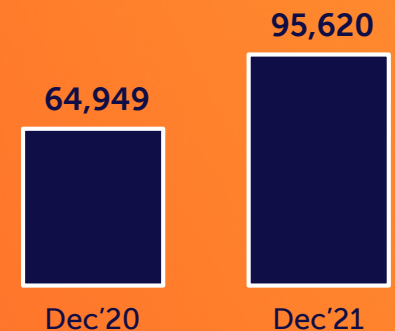
Registered customers
Digital banking (IB & MIB)

FY'21 digital metrics

Digital banking active users



Digital banking subscribers (IB/MIB)



ADCB Egypt focused on digital growth and expanding market share in the affluent and corporate segments



FY'21 financial highlights

Net profit*

EGP 413 mn +32% YoY

* Based on IFRS

ROE

9.07%

EGP
21 bn

Net loans

+28% YoY

Deposits

+42% YoY

EGP

41 bn



ADCB Egypt delivered strong performance, expanding customer base and significantly increasing loans and deposits



Growth underpinned by digital transformation, with enhanced internal systems and over 100 services digitized, including the launch of internet and mobile banking platforms for corporate and retail customers



Significant increase in subscribers to digital platforms and 51% of transfers and payments conducted digitally



ADCB Egypt continues to implement its five-year strategy through the adoption of a new operating model to accelerate growth, focused on the affluent and corporate segments



In Consumer Banking, the Bank launched multiple offerings, particularly in the affluent segment, including introduction of an "Excellency" segment



In Wholesale Banking, the Bank rapidly expanded the range of corporate clients served, with growth across diverse economic sectors, including infrastructure, manufacturing, transportation, real estate, and energy

Sustainability is integrated as a key pillar to the bank's corporate strategy

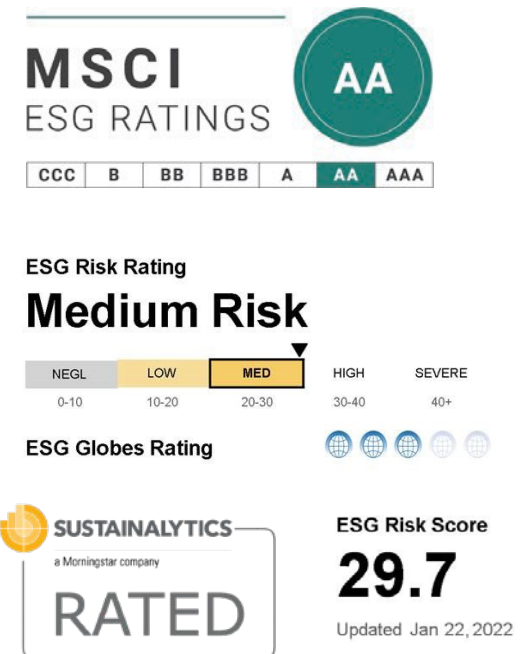
ESG – A strategic priority

Sustainability is a key priority of the Bank's strategic agenda, and we are committed to maximising our contribution to the UAE's ambition for an inclusive, net zero economy.

Through our sustainability strategy we seek to manage the business risks and opportunities across the material ESG topics that matter most to our stakeholders. This approach strengthens ADCB's business resilience and operational practices, while harnessing opportunities to support our customers to transition to an inclusive, net zero economy.

2021 highlights:

- Revamped the Group-wide sustainability governance framework with **Board oversight** and executive management accountability
- Integrated **sustainability** as a **key pillar** of the overarching **corporate strategy**
- **Linked executive remuneration** (GCEO & GCFO) to 2022 **sustainability KPIs**
- Delivered a series of workshops with Board and Management Executive Committee members to **raise awareness on the latest trends (risks and opportunities)** and market drivers of ESG
- Undertook extensive engagement with key stakeholder groups (investors, customers, employees, regulators, analysts, external experts) to review material topics for prioritisation
- **Developed a new sustainability strategy**, in accordance with international frameworks, industry best practice, and the **GRI reporting standard**,
- **A new ESG Governance structure** is being implemented with a revised Group ESG policy to be supplemented with relevant sectoral policies
- Created a **new Sustainability Team, reporting to the GCFO**, to drive the implementation of the new sustainability strategy, harness business opportunities and build the culture across the Group
- Achieved an **MSCI score upgrade** from "A" to "AA"
- **Improved Sustainalytics score** from "high" to "medium" risk



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Comprehensive stakeholder engagement undertaken to identify material ESG topics




Materiality assessment

The material topics identified informed the priorities of our sustainability strategy. We are committed to disclose our performance and progress in the management of these topics through our sustainability reports and other channels of communication.

Priorities tiered by potential business and societal impact

Priorities tiered by potential business and societal impact

ADCB Materiality Matrix

	 Environmental	 Social	 Governance
Increasing impact on business and society	Tier 1 <ul style="list-style-type: none"> Greenhouse gas emissions Climate risk 	<ul style="list-style-type: none"> Emiratisation Diversity and inclusion Fair Pricing Customer experience 	<ul style="list-style-type: none"> Leadership ethics ESG investments ESG commitments
	Tier 2	<ul style="list-style-type: none"> Data security and privacy Employee upskilling Retail financial inclusion Community philanthropy SME financial inclusion 	<ul style="list-style-type: none"> Board diversity Board policies
	Tier 3 <ul style="list-style-type: none"> Water management Waste management 	<ul style="list-style-type: none"> Employee health and safety Employee engagement Socially oriented products 	

Note: The topics were prioritised based on inputs from full set of stakeholders, including: interviews with Board and MEC members, materiality workshop results, survey of ADCB UAE employees (n=1,090), survey of ADCB Egypt employees (n=554), survey to AHB employees (n=123), press search, interviews with key analysts/investors, sustainability reports from key investors, ESG benchmark study, retail customer survey, corporate customer interviews (n=5), interviews with SCA, ADX, ADGM and the UAE Central Bank. Inputs were weighted differently, prioritising perspectives of investors, customers and the board most heavily.

Stakeholder engagement and materiality assessment

During 2021, in addition to our regular annual engagements with various stakeholder groups, we carried out a comprehensive materiality assessment exercise to review the ESG topics most relevant for ADCB. This encompassed engaging both internal and external stakeholders through:

40+ interviews with external stakeholders, including investors, analysts, corporate clients, and regulators including the UAE Central Bank, SCA, ADX, ADGM

1,750+ employee opinions captured via surveys conducted across the Group; with a separate survey rolled out to retail customers

25+ interviews with senior management and Board members

The materiality map highlights the ESG topics identified as material to ADCB based on the feedback harnessed across our stakeholder groups.

A refreshed approach to our sustainability framework and strategy

1 Purpose

Support the transition to an inclusive, net zero economy

2 Strategic priorities

1. Climate



Ambition

Support the transition to a net zero economy and manage climate change risks

Focus areas

1. Sustainable finance: Develop innovative financial products and services to help corporate and retail customers reduce their emissions and tackle climate change;
2. Environment & social risk management (ESRM): Integrate environmental and social risk management within credit and risk approval process;
3. Net zero operations: Take responsibility for our direct impacts and comply with environmental laws and regulations applicable within our operational jurisdiction;
4. Green procurement & supply chain: Integrate environmental criteria into procurement policies and processes.



2. Customers and Communities



Provide inclusive and innovative financial services to drive sustainable economic growth

1. Customer satisfaction: Provide transparent and responsible financial advice and communication to our customers to enable better financial decisions;
2. Financial inclusion: Support growth of SME's, microbusinesses, and entrepreneurs with access to finance and improve financial education and inclusion amongst retail customers;
3. Digital & innovative propositions: Equip customers with access to online banking and digital payment solutions through digital and innovative propositions;
4. Community investment: Deliver targeted activities, initiatives and sponsorships that progress socio-economic development within our local communities.



3. Employees



Create a thriving workplace that attracts and retains the most talented and committed people

1. Employee engagement & wellbeing: Enhance employee services to support our staff in the ever-evolving work environment, and ensure their safety and wellbeing within the workplace;
2. Emiratisation: Continue to be a major employer of Emiratis in the UAE banking sector and uphold our legacy of promoting local talent;
3. Learning & development: Provide ongoing training and career development for our employees to attract, recruit and retain the best talent;
4. Equality, diversity & inclusion: Respect the human rights of our employees and ensure fairness, equality and respect for all.



4. Governance



Operate a responsible business with the highest ethical standards to preserve integrity and trust

1. Corporate governance, compliance & code of conduct: Maintain our core values and operate a world-class corporate governance framework;
2. Risk management & cyber security: Ensure customer information is protected and respect the right to privacy within applicable privacy and data protection laws and regulations;
3. Financial crime & anti-corruption: Continue our zero tolerance approach to bribery and corruption and commit to highest standards of integrity in all business dealings and relationships;
4. Tax transparency: Adhere to tax laws in all jurisdictions where we operate.



3 Enablers

1. ESG GOVERNANCE & POLICIES

2. TARGETS, KPIS AND REWARDS

3. TRAINING AND UPSKILLING

4. STAKEHOLDER MANAGEMENT AND COMMUNICATIONS

5. EXTERNAL PARTNERSHIPS AND COMMITMENTS

6. REPORTING AND DISCLOSURES

Accelerated digital transformation, with over 1 mn subscribers to mobile and internet banking*

*As of January 2022

CONSUMER BANKING HIGHLIGHTS

- ▶ Launch of **ADCB WhatsApp Banking services** in November 2021
- ▶ **Launch of FlexiPay** on Mobile and Internet Banking to convert credit card balances to instalments
- ▶ Revamped payments and transfers journey on Mobile Banking
- ▶ **IPO Online Portal** launched to receive subscriptions
- ▶ **eKYC portal launched** to allow customers to update ID documentation
- ▶ Credit card loans introduced to Mobile Banking
- ▶ Enabled **credit card payment using touchpoints** through internet banking
- ▶ Personalised customer journey with tailored offerings on ADCB.com

WHOLESALE BANKING HIGHLIGHTS

- ▶ **Launch of self-onboarding to ProCash Mobile** for micro- and small businesses with '**Business Choice Accounts**'
- ▶ Additional features on ProCash Mobile help to drive **c.35% increase in users in 2021** and improved app ratings
- ▶ Over 20 enhancements to ProCash Desktop, including facilitation of cross border payments
- ▶ Enhancements to ProTrade include revamped user experience and upgraded MIS reporting
- ▶ **Virtual Accounts** offered as **automated reconciliation** tool for WBG clients, with more than 20,000 accounts opened in 2021



Key highlights

76%

Digitally onboarded customers

80%

Registered customers (Internet & Mobile Banking)

95%

Self-service customer transactions

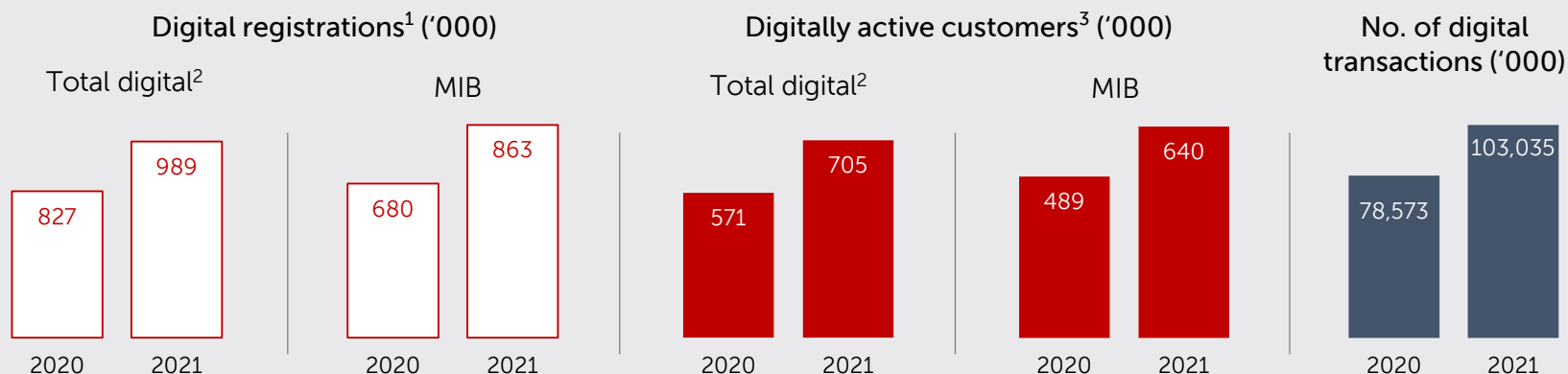
66

Improved bankwide NPS score in 2021

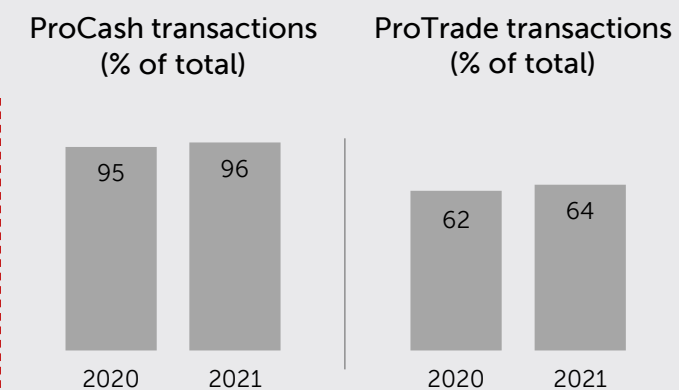
#1 App Store
Google store

ADCB Mobile app and 'Hayyak' onboarding app highest rated amongst peer group on both Apple Store and Google Play

Consumer Banking digital metrics



Wholesale Banking digital metrics



¹Registration: Registered user having at least one active product relationship ²Total digital: Internet or Mobile Banking ³Active: At least one transaction in past three months

Delivered 93 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

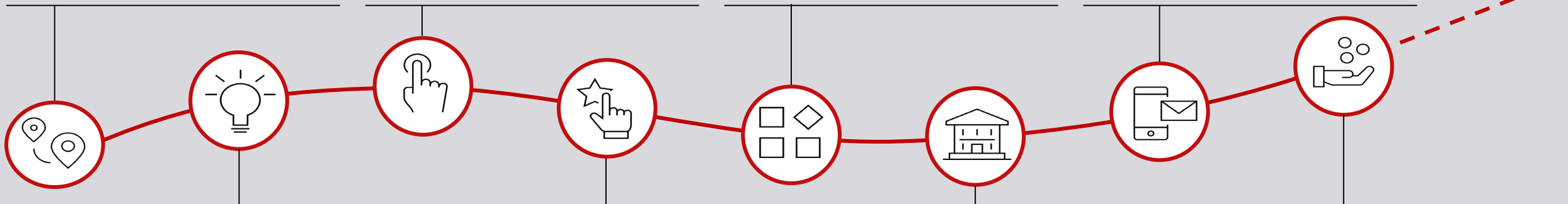
- Hayyak provision of instant account opening MIB upgrades to improve customer experience
- SME Financing customer journey
- Launch of social media presence

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

H2'21

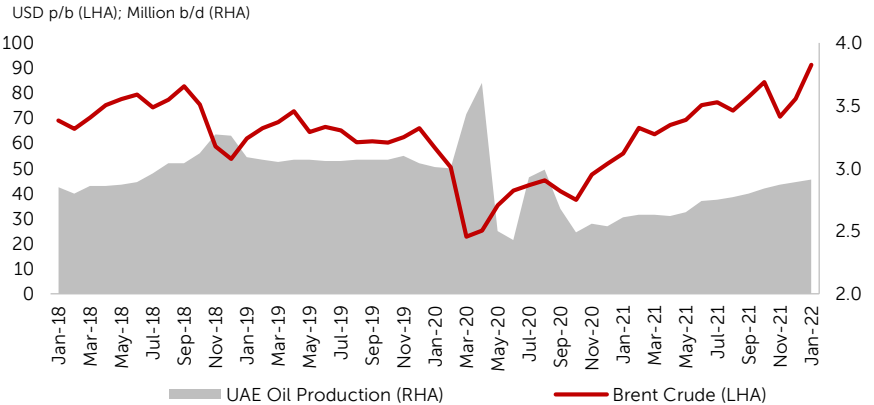
- Series of self-service capabilities on WBG digital platforms, additional security features on ProCash mobile and automated statement analysis for SMEs
- Launch of 'FlexiPay' on Internet Banking and MIB
- ADCB WhatsApp services launched for CBG customers



Section 4
Operating environment & guidance

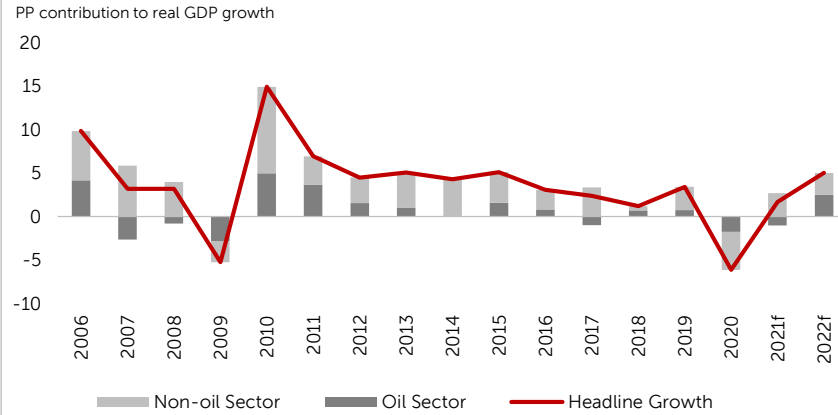
Economic recovery to continue in 2022 driven by strong oil market fundamentals and high vaccination rate in the UAE

Tight oil market fundamentals, resilient global demand, supply disruptions and dwindling global spare capacity supportive for oil price



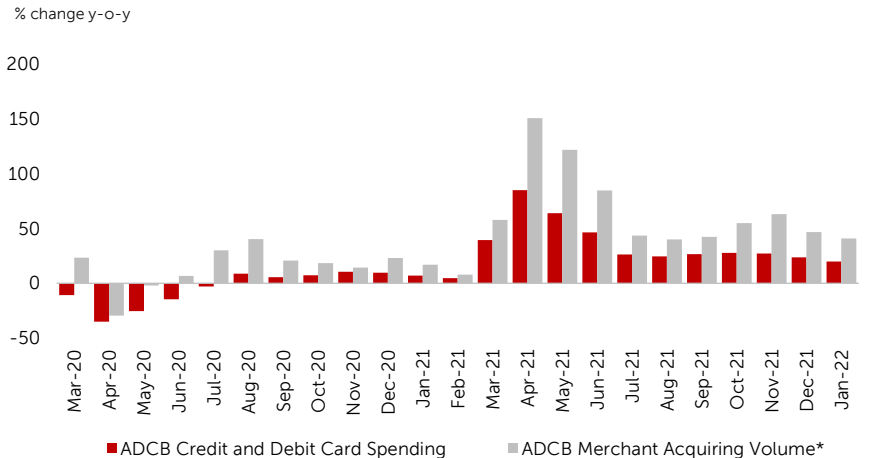
Source: OPEC, Bloomberg, ADCB calculations

Real headline GDP growth to strengthen to 5% in 2022 on the back of higher oil production and ongoing recovery in non-oil sector



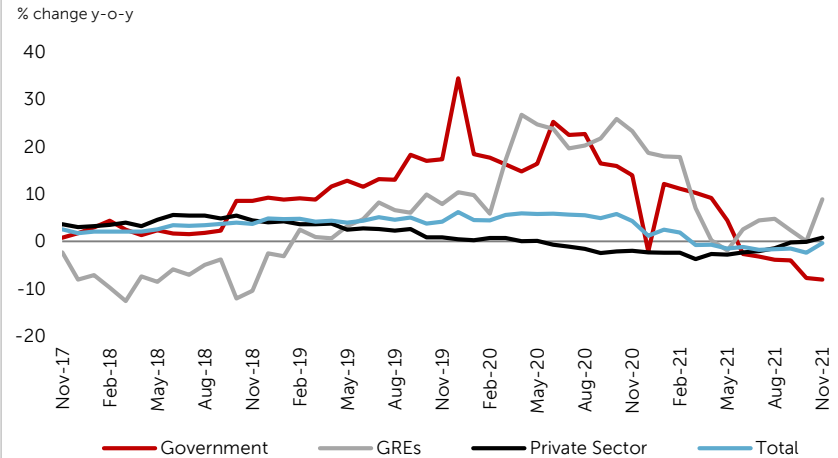
Source: Federal Competitiveness and Statistics Centre, ADCB Economic Research

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 and private sector



Source: Central Bank of the UAE, ADCB Economic Research

- ▶ UAE's economic recovery likely to continue in 2022, supported by limited restrictions and high vaccination rates; oil production to rise further with new baseline coming into effect from May 2022
- ▶ UAE has achieved among the highest vaccination rates globally, with 238 doses per 100 people as at 30 January 2022
- ▶ Recovery in externally facing services likely to continue in 2022 due to greater global vaccination, EXPO and the potential boost from Qatar hosting the FIFA World Cup. 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 return to 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

Summary and medium term guidance



Strong progress in implementation of five-year strategy



Credit growth led by increased lending to GREs and other targeted economic sectors in line with strategy



Successful delivery of synergies and continued focus on operational efficiency



Digital transformation driving customer acquisition and increased engagement

Medium term (2021 – 2023) guidance



Financial metrics



FY'21



Medium term guidance

Loan growth

2.2%

Mid-single digit

Cost to income ratio

34.7%

≈29-32%

Cost of risk*

77 bps

≈80 bps

CET1 ratio

12.94%

>12%

Dividend payout ratio

49%

50% of net profit

*CoR: Net impairment charge on loans & advances and investments divided by net average loans & advances and investments



Section 5
Appendix

Key economic indicators

UAE

Population	9.4 million (2021, IMF)
GDP per capita	US\$ 43,214 (2021, based on IMF population data)
Forecast 2022 real GDP growth	Headline – 5.0% Non-oil – 3.5% (ADCB estimate)
Current account balance / GDP	9.0% (2022 estimate ADCB)
Sovereign rating	AA- (Fitch); Aa2 (Moody's)
Global ease of doing business ranking	16 (For 2020, World Bank)
Contribution of non-oil GDP	82.8% in 2020 (Federal Competitiveness and Statistics Centre, FCSC)

Abu Dhabi

- ▶ GDP per capita: **US\$ 97,166** (SCAD, 2019)
- ▶ Sovereign rating: **AA (S&P); AA (Fitch); Aa2 (Moody's)**
- ▶ Strong fiscal position: **Government debt 22.3% of GDP** (Moody's Investor Service, 2020)
- ▶ World's 6th largest oil reserves: **111 bn barrels** (ADNOC Dec. 2021)
- ▶ Contribution of non-oil GDP: **59.2%** (SCAD, 2019)

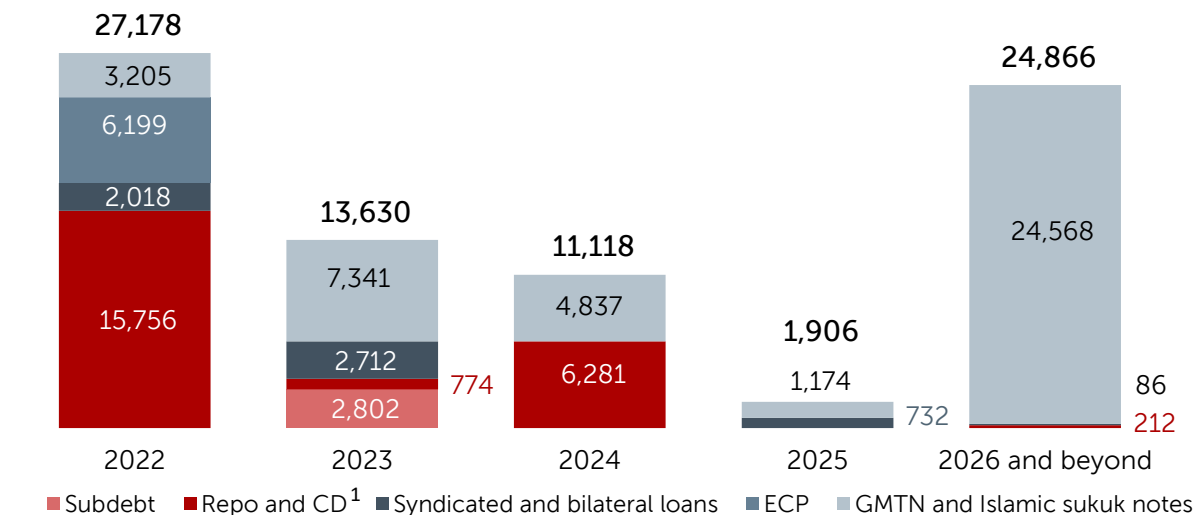


Diversified sources of funding by markets, tenors, currencies and products; manageable maturities spread over several years

Wholesale funding

As at 31 Dec 2021	AED mn
Global medium term notes (GMTN)	39,268
Repo ¹	21,780
Bilateral loans	5,549
Subordinated debt	2,802
Euro Commercial paper	6,199
Islamic Sukuk notes	1,857
Certificate of Deposits	1,244
Total	78,698

Maturity profile (AED mn)



The Bank was a net lender of AED 16 bn² in the interbank markets as at 31 Dec 2021

Main issuances in 2021

- USD 6,097 mn of Repo Issuance with fixed & floating interest rate, maturity of 3 months to 4 years
- USD 455 mn of GMTN with coupon of 1.63% to 1.72%. for maturity of 5 years
- USD 275 mn 40 year callable interest accreting notes, with IRR between 3.615% to 3.7%
- CNH 680 mn of GMTN with coupon of 3.35% to 3.38%. for maturity of 5 years

Main repayments in 2021

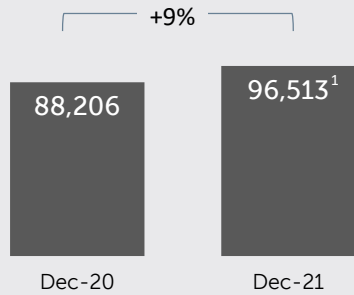
- AED 5,673 mn of TESS related Repo re-paid
- USD 2,169 mn of Repo repaid
- CHF 80 mn GMTN with an IRR of negative 0.05% p.a.
- USD 180 mn Accreting GMTNs repaid on first call date with an IRR of 4.30% to 5.10% p.a.
- USD 630 mn GMTNs with coupons at fixed range from 0.83% p.a. to 3.51% p.a.

¹ Repo includes AED 0.6 bn borrowings from CB UAE under TESS program at nil rate of interest

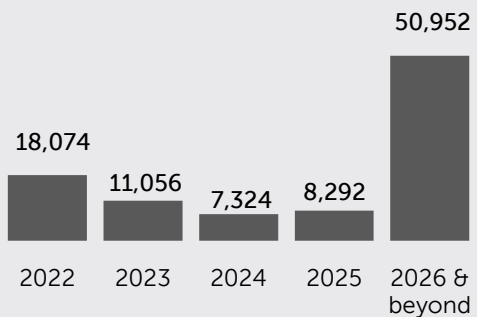
² Excludes loans to banks of AED 21 bn from deposits and balances due from banks, net, but includes AED 1.3 bn of certificate of deposits with central banks and AED 16.4 bn overnight placement with Central Bank

Investment securities increased to AED 97 bn, with 99% invested in bonds

Investment securities (AED mn)



Maturity profile³ (AED mn)



¹ Includes AED 30 bn investments carried at amortised cost (Dec 31, 2020: AED 22 bn)

² Includes equity instruments and mutual funds

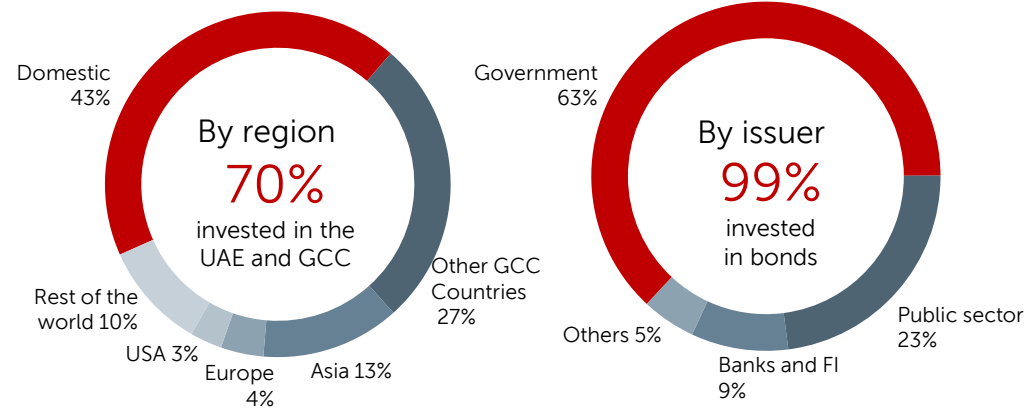
³ Excluding investments in equity and funds

⁴ Excluding trading securities

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

Investment securities²

AED 96,513 mn

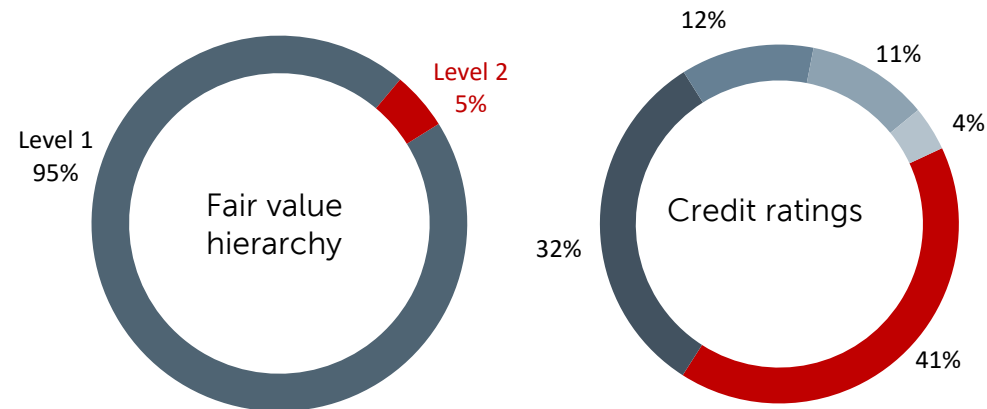


Non-Government bond portfolio:

- Rated A- or better: 83%
- Rated BBB+ to BBB-: 15%
- Rated below investment grade: (BB+ and below including unrated): 3%

Total bond portfolio⁴

Government and Non-Government bond portfolio: AED 95,697 mn



Level 1 – Quoted market prices

Level 2 – Valuation techniques using observable inputs

Credit ratings:

S&P, 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+ & unrated
- UAE Sovereign⁵

Major progress on NMC restructuring, with ADCB set to receive c.38% of \$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, scheduled for Q1'22
- ▶ 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 in Q1'22

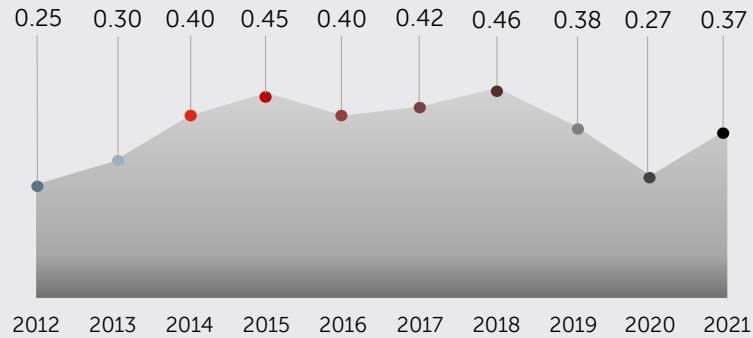


STRONG POSITION TO MAXIMISE RECOVERIES

- ▶ ADCB is expected to receive approximately 38% 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 1.142 bn as at 31 December 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

Our 10-year journey

Dividend per share (AED)

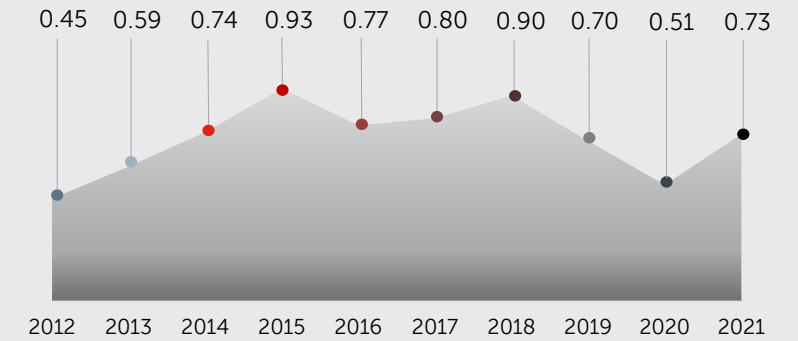


Total shareholder return (%)

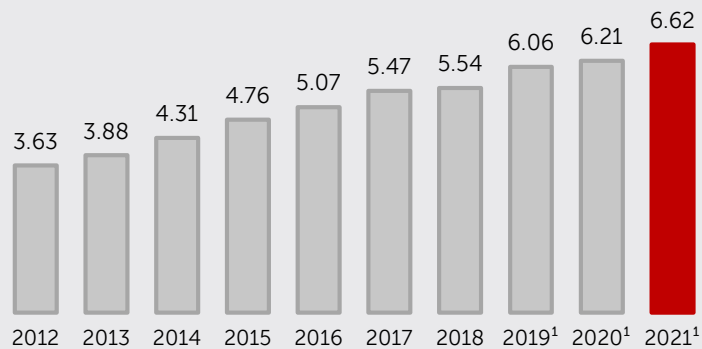
	ADCB	ADX	ADBF
5 Year	51%	114%	89%
7 Year	60%	125%	66%
10 Year	340%	343%	297%

Source: Bloomberg: ADCB, ADX: Abu Dhabi Securities Exchange, ADBF: Banking Index as at 31 December 2021

Basic earnings per share (AED)



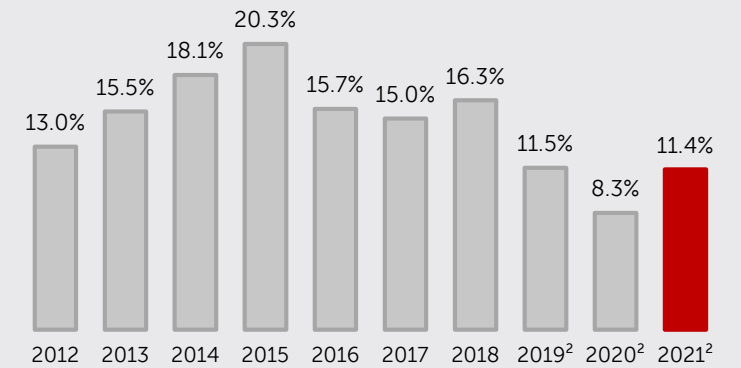
Book value per share (AED)



Cost of risk (%)



Return on average equity (%)

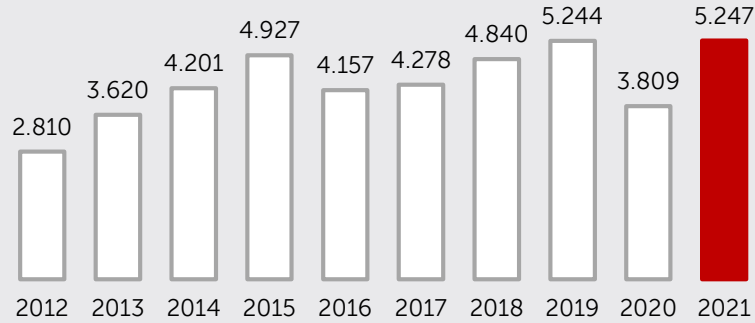


¹ Tangible book value per share ² Return on average tangible equity

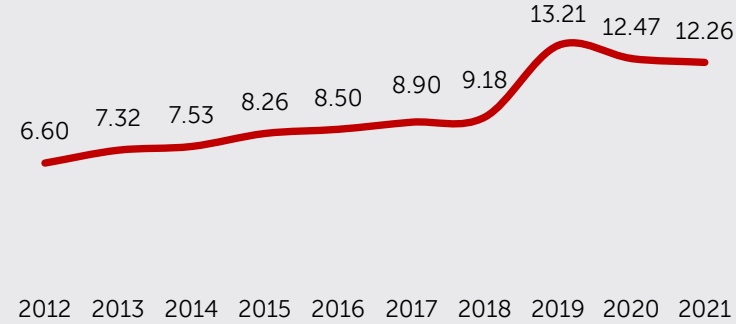
Pre-2019 data is for ADCB standalone entity, while data for 2019 onwards is pro-forma for the combined entity (ADCB, AHB, UNB)

Our 10-year journey

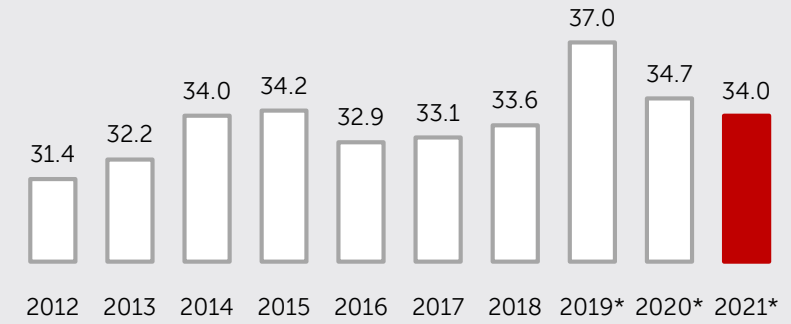
Net profit (AED billion)



Operating income (AED billion)

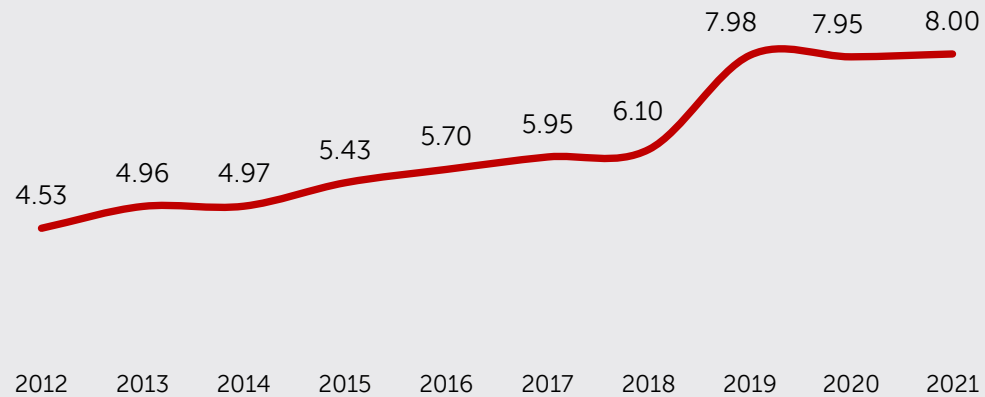


Cost to income ratio (%)

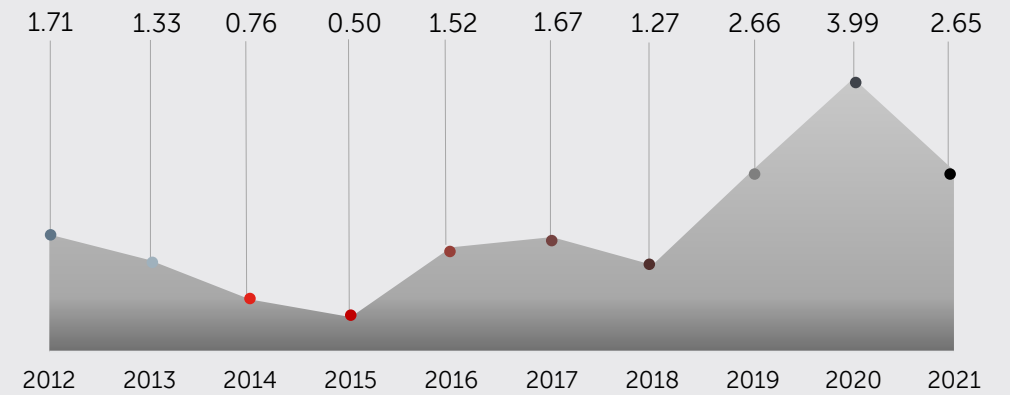


* Excluding integration and restructuring related costs

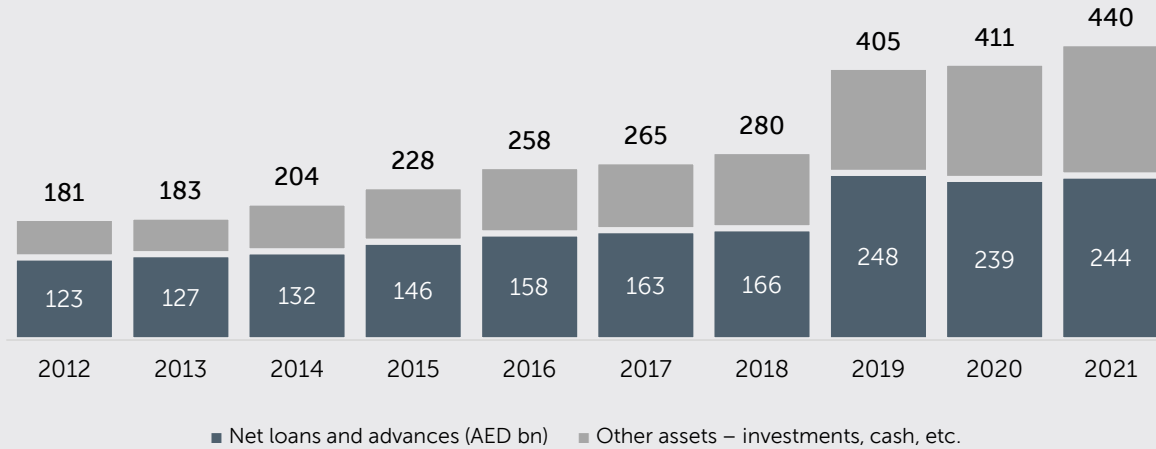
Operating profit (AED billion)



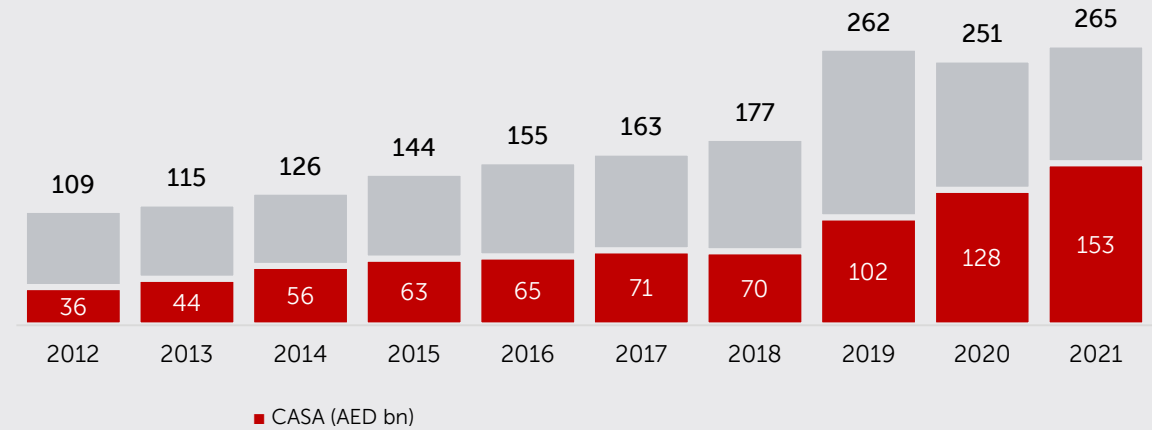
Impairment charge (AED billion)



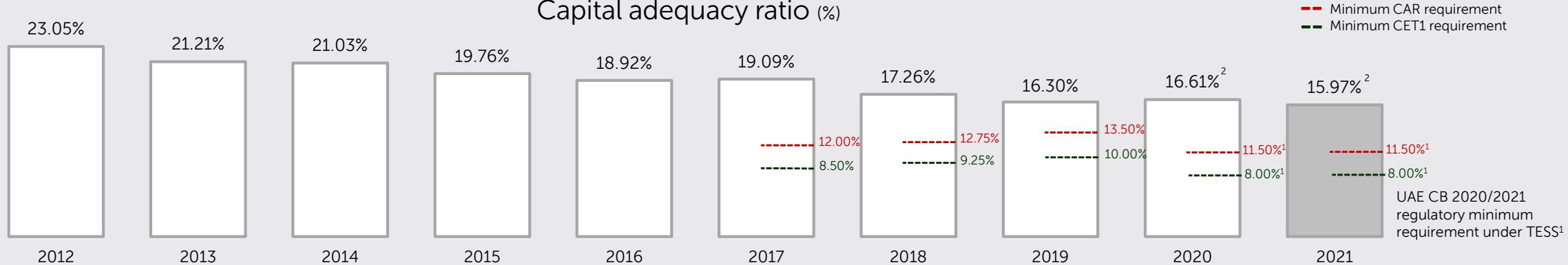
Total assets and net loans and advances (AED billion)



Customer deposits and CASA (AED billion)



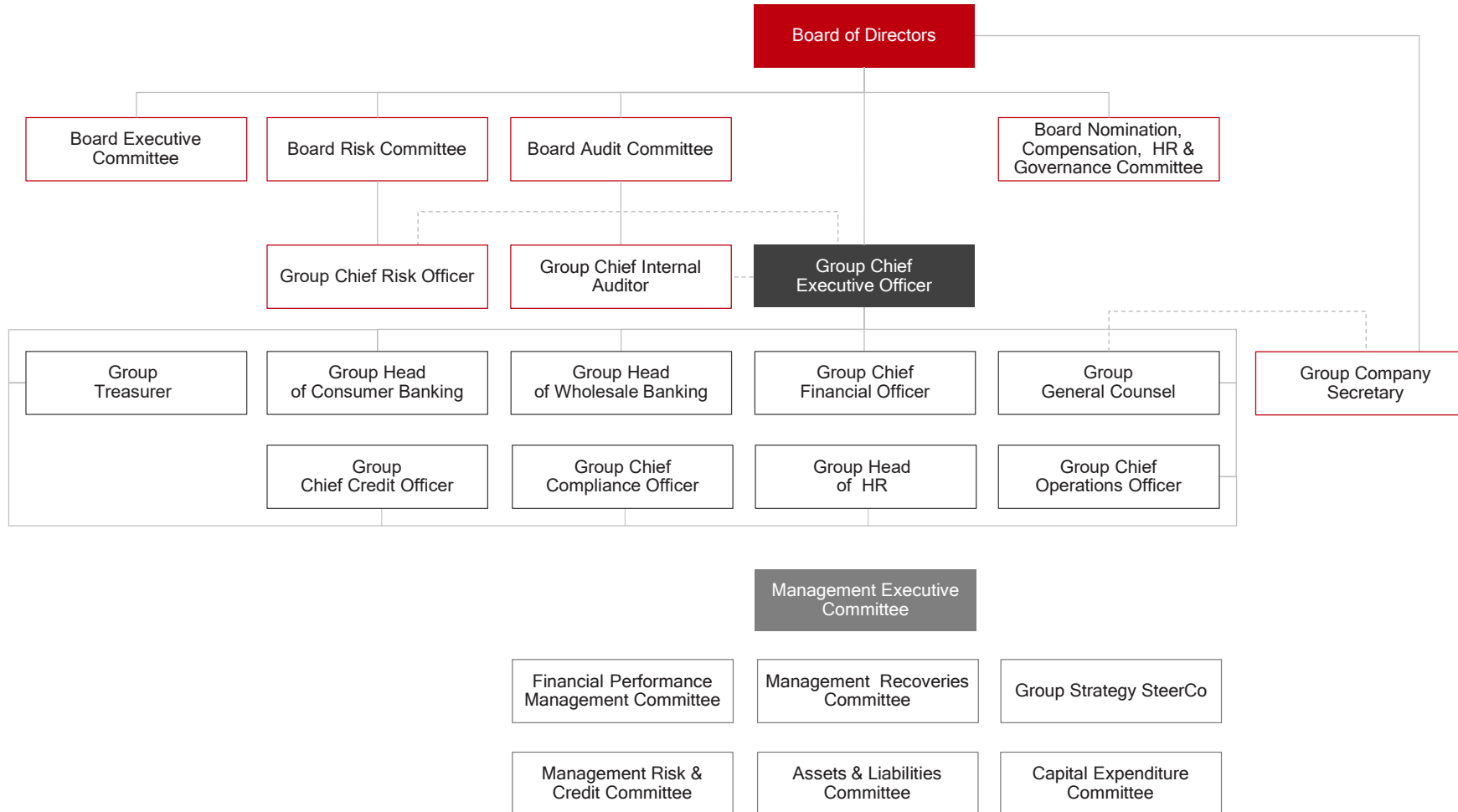
Capital adequacy ratio (%)



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 30 June 2022. ² Post proposed dividend payment

Pre-2019 data is for ADCB standalone entity, while data for 2019 onwards is pro-forma for the combined entity (ADCB, AHB, UNB)

Organisational structure



- > The Group Chief Risk Officer reports directly to the Board Risk Committee and has a dotted line to the Group Chief Executive Officer
- > The Group Chief Internal Auditor reports directly to the Board Audit Committee and has a dotted line to the Chief Executive Officer
- > The Group Chief Compliance Officer reports directly to the Group Chief Executive Officer and has direct access to the Board Audit Committee. In addition, the Group Company Secretary has a dotted line to the Group General Counsel

2021 Awards

ADCB 2021 awards

▶▶▶▶ **BEST CUSTOMER ONBOARDING APP (ADCB HAYYAK)**

ASIAN BANKER AWARDS 2021

▶▶▶▶ **CUSTOMER HAPPINESS**

GULF CUSTOMER EXPERIENCE GOLD AWARDS 2021

▶▶▶▶ **OUTSTANDING DIGITAL ACCELERATION IN RESPONSE TO COVID-19**

MIDDLE EAST AND AFRICA RETAIL BANKING INNOVATION AWARDS

▶▶▶▶ **BEST API INITIATIVE**

MIDDLE EAST AND AFRICA RETAIL BANKING INNOVATION AWARDS

▶▶▶▶ **BEST ANNUAL REPORT IN THE MIDDLE EAST (PRINT CATEGORY)**

MIDDLE EAST INVESTOR RELATIONS ASSOCIATION (MEIRA) AWARDS 2021

▶▶▶▶ **BEST TRADE FINANCE PROVIDER IN THE UAE**

Global Finance

▶▶▶▶ **MOST HELPFUL BANK DURING COVID-19 IN THE MIDDLE EAST AND UNITED ARAB EMIRATES**

ASIAN BANKER AWARDS 2021

▶▶▶▶ **CUSTOMERS AT THE HEART OF EVERYTHING**

GULF CUSTOMER EXPERIENCE GOLD AWARDS 2021

▶▶▶▶ **DIGITAL LENDING PRODUCT OF THE YEAR, VIA ADCB MOBILE BANKING APP**

MIDDLE EAST AND AFRICA RETAIL BANKING INNOVATION AWARDS

▶▶▶▶ **THE 2021 INVESTOR IN PEOPLE**

ISLAMIC RETAIL BANKING AWARDS (IRBA)

▶▶▶▶ **BRONZE AWARD BEST INTERNATIONAL ANNUAL REPORT**

ARC AWARDS 2021

▶▶▶▶ **MOST RECOMMENDED RETAIL BANK IN THE MIDDLE EAST AND UNITED ARAB EMIRATES**

ASIAN BANKER AWARDS 2021

▶▶▶▶ **CX TEAM OF THE YEAR**

GULF CUSTOMER EXPERIENCE GOLD AWARDS 2021

▶▶▶▶ **BEST FRICTIONLESS CREDIT EVALUATION**

MIDDLE EAST AND AFRICA RETAIL BANKING INNOVATION AWARDS

▶▶▶▶ **UAE DOMESTIC TRADE FINANCE BANK OF THE YEAR**

ABF WHOLESALE BANKING AWARDS 2021

▶▶▶▶ **BEST SERVICE IN THE UAE**

EUROMONEY CASH MANAGEMENT SURVEY

ADCB Egypt 2021 awards

▶▶▶▶ **BEST GRADUATE EMPLOYMENT PROGRAM FOR ADCB EGYPT'S ACADEMY**

THE DIGITAL BANKER

▶▶▶▶ **BEST FINANCIAL INCLUSION INITIATIVE FOR INTEGRATING PEOPLE WITH DISABILITIES**

THE DIGITAL BANKER

▶▶▶▶ **BEST DIGITAL TRANSFORMATION PROGRAM**

THE DIGITAL BANKER

▶▶▶▶ **OUTSTANDING IT TRANSFORMATION**

THE DIGITAL BANKER

▶▶▶▶ **FASTEST GROWING DIGITAL BANK**

GLOBAL BUSINESS OUTLOOK AWARDS

Balance sheet as at 31 December 2021

AED mn	Dec'21	Dec'20	ΔYoY%
Cash and balances with Central banks, net	33,746	29,602	14
Deposits and balances due from banks, net	26,670	21,535	24
Financial assets at fair value through profit or loss	1,707	–	NM
Derivative financial instruments	6,488	11,146	(42)
Investment securities	96,513	88,206	9
Loans and advances to customers, net	244,282	238,976	2
Investment in associates	263	256	3
Investment properties	1,675	1,644	2
Other assets, net ¹	19,575	10,342	89
Property and equipment, net	2,064	2,059	0
Intangible assets ²	7,295	7,390	(1)
Total assets	440,278	411,156	7
Due to banks	7,205	8,222	(12)
Derivative financial instruments	6,563	10,855	(40)
Deposits from customers	265,052	251,395	5
Euro commercial paper	6,199	4,754	30
Borrowings	72,499	65,396	11
Other liabilities ³	23,389	13,933	68
Total liabilities	380,908	354,555	7
Total shareholders' equity	59,360	56,597	5
Non-controlling interests	10	4	NM
Total liabilities and equity	440,278	411,156	7

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

Income statement for the year ended 31 December 2021

AED mn	Quarterly trend			Yearly trend		
	Q4'21	Q4'20	ΔYoY %	FY'21	FY'20	ΔYoY %
Interest and income from Islamic financing	2,820	3,033	(7)	11,121	14,065	(21)
Interest expense and profit distribution	(570)	(670)	(15)	(2,258)	(4,282)	(47)
Net interest and Islamic financing income	2,250	2,362	(5)	8,864	9,783	(9)
Net fees and commission income	519	434	20	1,899	1,551	22
Net trading income	198	131	51	676	555	22
Net gains/(losses) from investment properties	12	(51)	NM	11	(45)	NM
Other operating income	297	187	59	809	627	29
Non interest income	1,027	701	47	3,396	2,688	26
Operating income	3,277	3,063	7	12,259	12,471	(2)
Staff expenses	(672)	(630)	7	(2,437)	(2,552)	(5)
General administrative expenses	(331)	(316)	5	(1,323)	(1,475)	(10)
Depreciation	(101)	(103)	(2)	(401)	(404)	(1)
Amortisation of intangible assets	(24)	(24)	(0)	(96)	(95)	0
Operating expenses	(1,128)	(1,073)	5	(4,257)	(4,526)	(6)
Operating profit before impairment allowances	2,149	1,990	8	8,002	7,945	1
Impairment charge	(669)	(938)	(29)	(2,646)	(3,993)	(34)
Share of profit of associates	1	4	NM	8	18	NM
Overseas income tax expense	(29)	(32)	(9)	(100)	(120)	(17)
Loss from discontinued operations	(4)	(17)	NM	(16)	(41)	(61)
Published profit	1,448	1,007	44	5,247	3,809	38

ADCB INVESTOR RELATIONS

adcb.com/ir

Email: ir@adcb.com

