

ABU DHABI COMMERCIAL BANK PJSC

adcb.com/ir

40th Annual General Meeting

07 March 2024

Date: 3 March, 2024

ADCB's Board of Directors Report

As the 3rd largest bank by assets and a domestic systemically important bank in the UAE, ADCB has continued to deliver on its ambitious growth strategy against a positive economic backdrop in the UAE, marked by robust consumer and business confidence. The UAE is establishing itself as a global business and lifestyle center, benefiting from its fiscal strength to implement major strategic projects. This dynamism of the UAE economy continues to provide opportunities for ADCB's future growth trajectory.

ADCB's outstanding financial performance over the years provides a strong platform for further investment to expand its market share, through digital innovation, transformation of the customer experience with a particular emphasis on sustainable financing initiatives. We are pleased to continue to reward our shareholders for their confidence in ADCB. Accordingly, the Board of Directors proposed a cash dividend of 56 fils per share for the 2023 financial year, for a total payout of AED 4.099 billion representing an amount equivalent to 50% of the net profit, subject to the shareholders' approval at the forthcoming Annual General Assembly.

ADCB Board supports the UAE economic diversification efforts and its 'Net Zero by 2050 Strategic Initiative', which represents a significant opportunity for major banking institutions, including ADCB. Furthermore, ESG considerations are now embedded into the Bank's corporate strategy with full Board oversight. This encompasses taking environmental and social risks into consideration when awarding credit facilities.

In light of the UAE's clear policy direction on climate, ADCB joined the Industry-led and UN-convened, the Net Zero Banking Alliance and tripled its sustainable financing commitment to AED 125 billion by 2030. This was supported by the publication of our Board-approved 'Sustainable Finance Framework', providing transparency of our approach to governance and reporting criteria related to ADCB's commitment to sustainable financing.

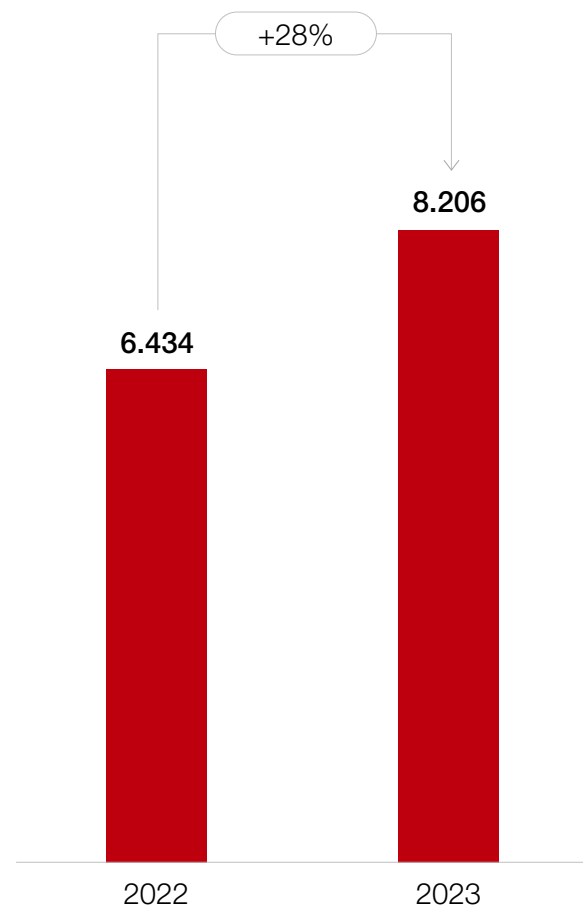
ADCB is taking a prudent approach, ensuring that delivery of its growth agenda is accompanied by a robust balance sheet and best practice governance. ADCB is already recognized by ratings agencies for its leadership in the areas of product governance, data privacy and security, and business ethics. Further investment in technology enhanced the risk management and compliance functions' ability to navigate a rapidly changing market and regulatory environment.

Finally, we would like to express our sincere appreciation to His Highness Sheikh Mohamed Bin Zayed Al Nahyan, the UAE President and Ruler of Abu Dhabi, His Highness Sheikh Mansour Bin Zayed Al Nahyan, the UAE Vice President, Deputy Prime Minister, and Chairman of the Presidential Court, and Chairman of the UAE Central Bank and His Highness Sheikh Khaled Bin Mohamed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Chairman of the Abu Dhabi Executive Council for their continued guidance and support.

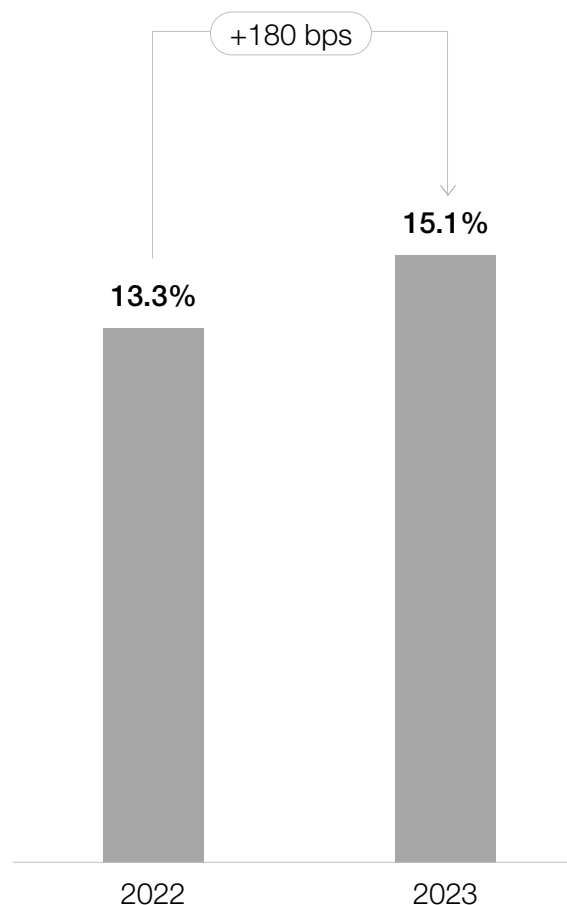
Board of Directors
Abu Dhabi Commercial Bank PJSC

Record earnings driven by strong fundamentals, significant advancements made in delivering strategic priorities

Net profit (AED bn)



ROATE⁽¹⁾



3-year TSR (Total Shareholder Return)

70%



Earnings per share⁽²⁾

AED 1.07



- ADCB set a new record for full-year earnings, with net profit up 28% to AED 8.206 billion in 2023
- Fully-focused on increasing market share, the Bank has driven rapid progress to enhance the digital experience, expand core businesses, create platform partnerships and promote sustainability

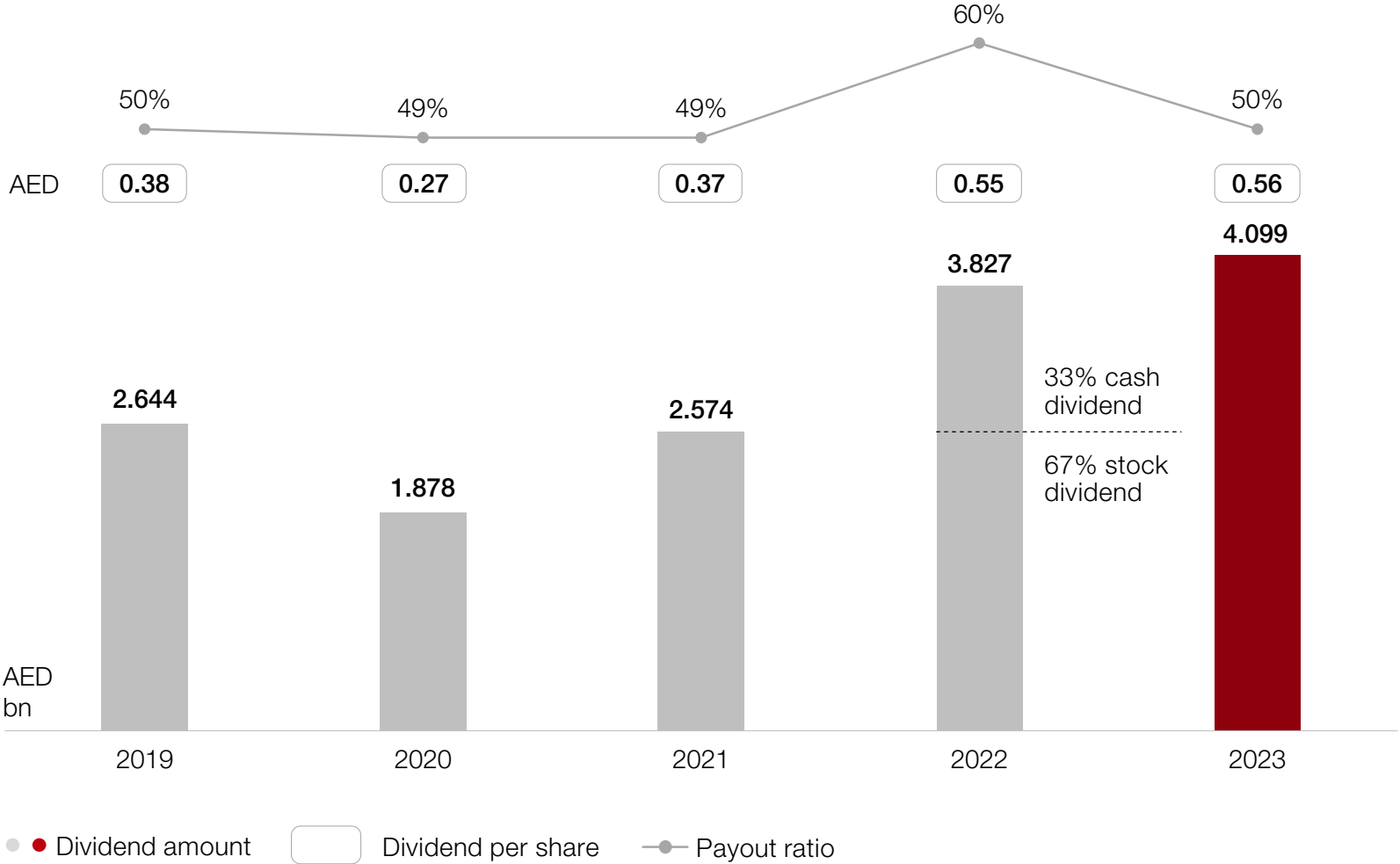
Note: Figures may not add up due to rounding differences

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

(2) Diluted earnings per share for FY'23 is AED 1.07 and FY'22 is AED 0.85

Creating long-term value for shareholders

Dividend history and shareholders' returns

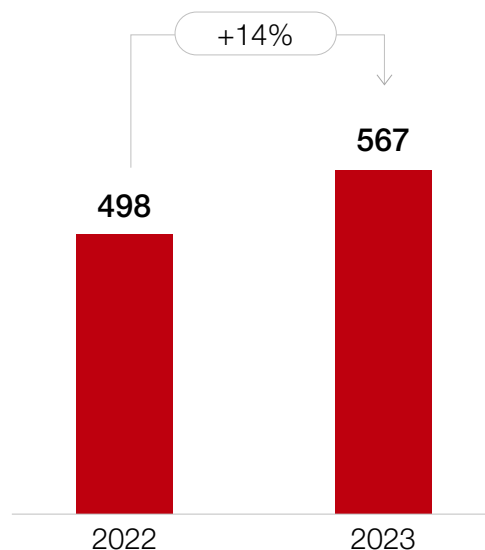


Proposed dividend for 2023

- Recommended dividend of AED 0.56 per share, representing a total payout of AED 4.099 billion and equivalent to 50% of net profit

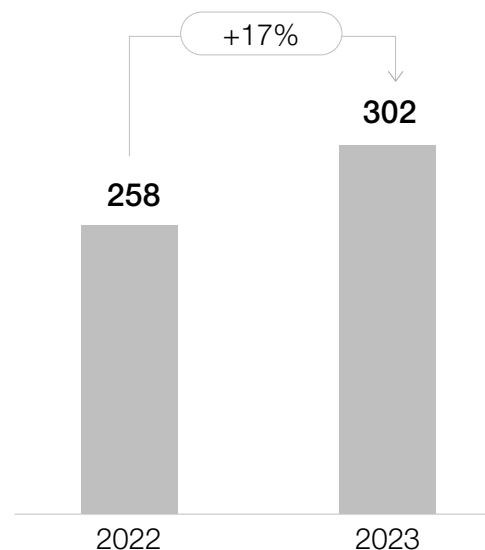
Franchise strength driving significant growth in net loans and deposits of 17% YoY

Total assets (AED bn)



Total assets of AED 567 bn increased 14%

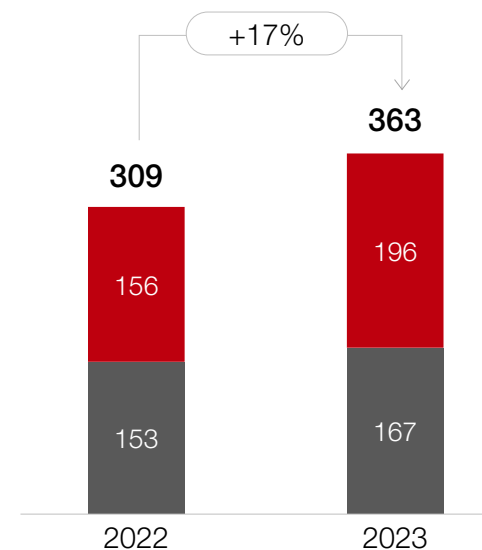
Net loans (AED bn)



Net loan growth of 17% driven by both Retail and Corporate Banking, with AED 74 bn of new corporate credit extended in 2023

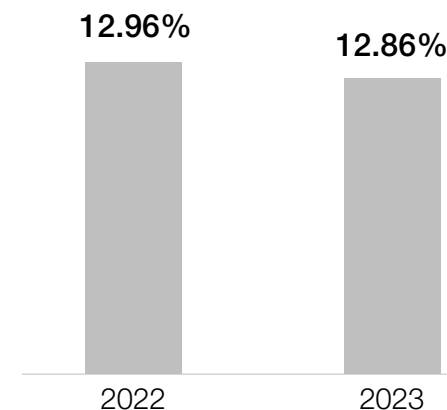
Deposits from customers (AED bn)

● Time deposits ● CASA deposits⁽¹⁾



Customer deposits increased 17% in 2023, with the Bank attracting AED 14 bn of CASA deposits despite the higher interest rate environment

Common equity tier 1 (CET1) ratio (Post proposed cash dividend)



Maintained strong capital ratios after 17% growth in net loans and higher cash dividend in 2023

S&P Global
Ratings

A/A-1/Stable
11 October 2023

Fitch
Ratings

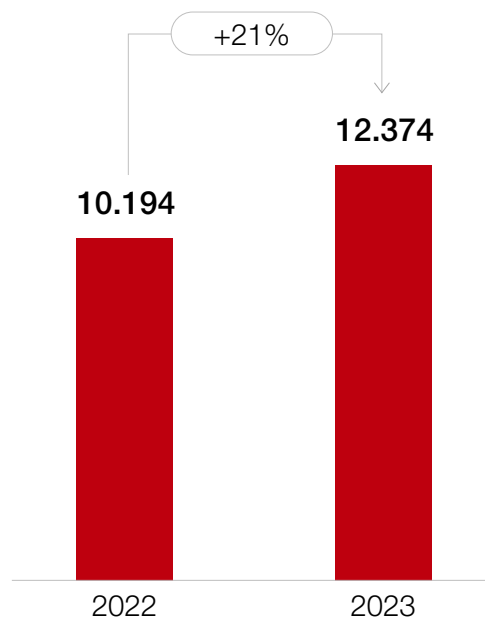
A+/F1/Stable
24 October 2023

158.1% Liquidity
coverage ratio

16.22% Capital
adequacy ratio

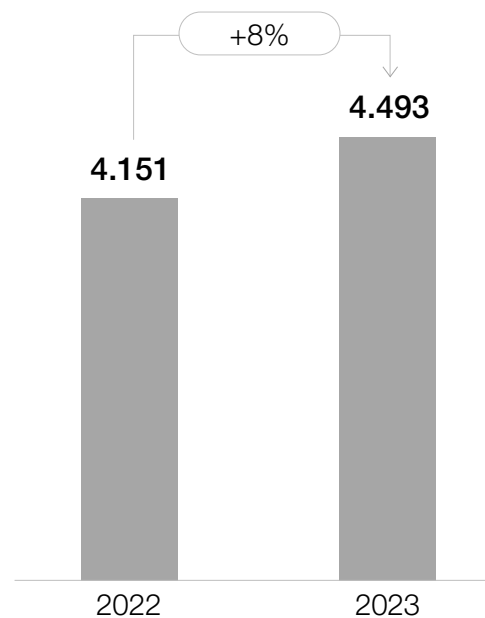
Strong growth in diverse income streams amid positive UAE consumer and business sentiment

Net interest income (AED bn)



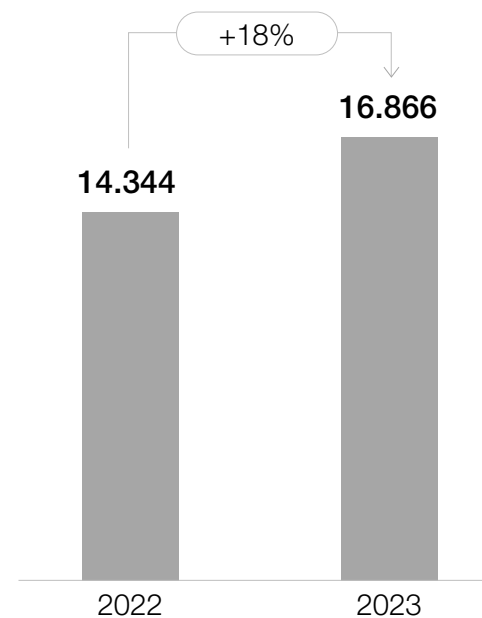
Net interest income increased 21% to AED 12.374 billion in 2023 primarily driven by strong loan growth in a higher interest rate environment

Non-interest income (AED bn)



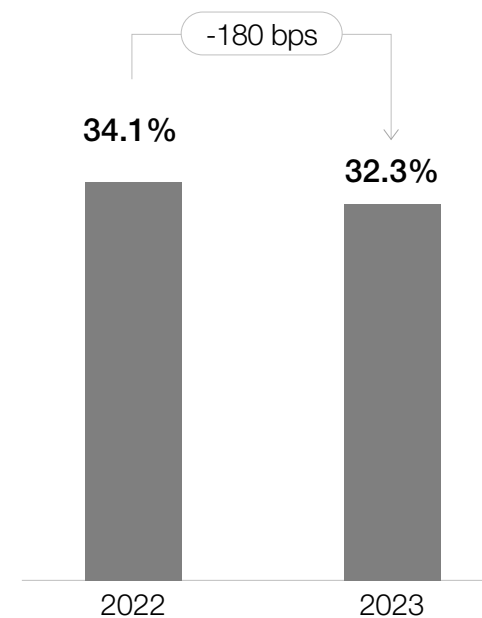
2023 non-interest income up 8% with increased trading and fee income supported by a stand-out year in cards business

Operating income (AED bn)



Strong growth in diverse income streams amid positive UAE consumer and business sentiment

Cost to income ratio



Improvement of 180 bps in 2023 cost to income ratio as the Bank achieved efficiencies alongside growth in operating income

Digital platforms and partnerships driving customer growth, with Hayyak onboarding app reaching 1 million customer milestone

79%

Retail customers onboarded digitally through Hayyak



97%

Digital retail customer financial transactions



89%

Registered customers (internet & mobile banking)



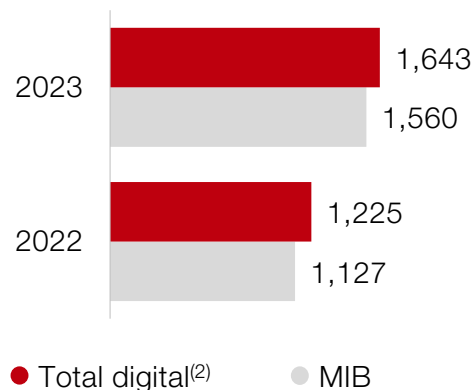
73

Improved bankwide NPS score in 2023

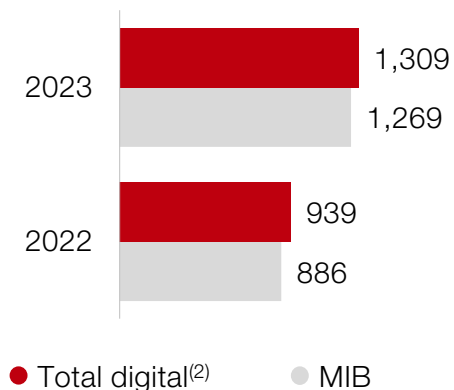


Retail Banking Digital metrics⁽¹⁾

Digital subscribers⁽¹⁾
(‘000)

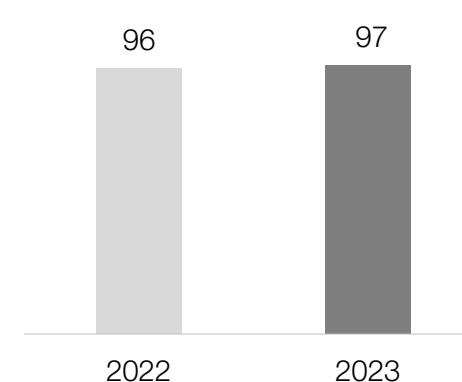


Digitally active customers⁽¹⁾
(‘000)

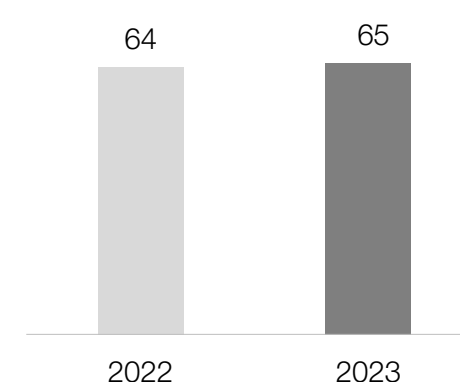


Corporate & Investment Banking digital metrics⁽¹⁾

ProCash transactions
(% of total)



ProTrade transactions
(% of total)



(1) ADCB UAE operations only
(2) Total digital: Internet or Mobile Banking

A responsible Bank driving strong progress on sustainability

Climate



Joined UN NZBA

Became 3rd bank in MENA to join UN Net Zero Banking Alliance (NZBA)



AED 125 bn target

Tripled sustainable finance target to AED 125 bn by 2030



USD 650 mn Green Bond

Successful issuance of 2nd Green Bond 2.9x oversubscribed



Customers and communities



280,000+

Accounts to unbanked or underbanked customers⁽¹⁾



1.3 mn+

Number of participants in financial literacy initiatives⁽¹⁾



110,000+

Active SME and microbusiness clients⁽¹⁾



Employees



45%

Female employees⁽¹⁾



40%

Emirati representation in ADCB Group⁽²⁾



300,000+

Employee learning hours in 2023⁽³⁾



Governance



18%

Female representation at the Board level⁽⁴⁾



94%

Employees formally trained on information security, data privacy and protection



100%

Compliance with the UAE Information Assurance Standard, which comprises of 698 information security related controls



(1) ADCB UAE only
(2) As per UAE CB definition, the Emiratisation ratio excludes non-financial entities, such as ITMAM, ADCP, ADCE and outsourced employees
(3) UAE operations only
(4) ADCB ranked highest among major GCC banks for female board representation based on S&P Global Market Intelligence, September 2022

Strong progress on Emiratization, creating highly-skilled career opportunities and recruitment/promotions to senior positions

- Continuous development and **career progression of Emirati talent** represents important element of the Bank's strategic agenda
- **Additional 316 UAE nationals recruited in 2023, bringing total Emirati employees to 2,096**, representing 40% of total employee base
- Emiratis have taken **key roles in senior positions across core businesses**, as well as in areas such as digital partnerships, compliance, finance, human resources, sustainability, credit risk and liquidity management
- **Female representation at 78%** of total Emirati employees
- ADCB provides clear pathway for UAE national talent to accede to senior positions. **Over 1,000 UAE nationals were promoted this year**, and recent promotions elevated Emiratis to positions of significant responsibility
- ADCB is committed to providing best-in-class training and career opportunities to all Emirati employees
- The Bank's approach is attracting high-calibre graduates and resulting in high retention rates, **with 48% of Emiratis counting ADCB as their first employer**

Key Emiratization metrics

316

UAE nationals
recruited in 2023



1,000+

Emirati employees
promoted in 2023



40%

Emirati representation
in employee base



483

Emiratis in management
positions



93%

of branch managers
are UAE nationals



78%

female representation
among Emirati
employee base

