ABU DHABI COMMERCIAL BANK PJSC

adcb.com/ir

# Fourth quarter and full year 2023

## Earnings press release and management discussion & analysis

31 January 2024

بنك أبوظبي التجاري
ADCB

# ADCB reports record 2023 net profit of AED 8.206 bn, up 28%, and Q4'23 net profit of AED 2.454 bn, up 38% YoY

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

**Abu Dhabi, 31 January 2024** – Abu Dhabi Commercial Bank PJSC (ADCB) today reported its financial results for the full-year 2023 (FY'23) and the fourth quarter of 2023 (Q4'23).

## Selected financial metrics for FY'23

| | | |
|---|---|---|
| 8.206 bn<br>Net profit (AED) | 15.1%<br>Return on tangible equity | 2.83%<br>Net interest margin |
| 12.86%<br>CET1 ratio | 158.1%<br>Liquidity coverage ratio | 79 bps<br>Cost of risk |

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

### Key highlights – FY'23 vs. FY'22

- Net profit of AED 8.206 bn increased 28%
- Net interest income of AED 12.374 bn increased 21%
- Non-interest income of AED 4.493 bn increased 8%
- Operating income of AED 16.866 bn increased 18%
- Cost to income ratio of 32.3% improved by 180 bps
- Operating profit before impairment charge of AED 11.414 bn increased 21%

### Key highlights – Q4'23 vs. Q4'22

- Net profit of AED 2.454 bn increased 38%
- Net interest income of AED 3.413 bn increased 17%
- Non-interest income of AED 1.249 bn decreased 16%
- Operating income of AED 4.662 bn increased 6%
- Cost to income ratio of 32.0% increased 240 bps
- Operating profit before impairment charge of AED 3.171 bn increased 2%

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

- Total assets of AED 567 bn increased 14% YoY and 6% QoQ.
- Net loans of AED 302 bn, up 17% YoY and 6% QoQ. New credit extended totaled AED 74 bn in FY'23, while AED 37 bn in repayments were received.
- Total average interest earning assets increased 8% YoY to AED 438 bn.
- Total customer deposits of AED 363 bn were 17% higher YoY and up 10% QoQ. CASA (Current and Savings account) deposits were AED 167 bn at December-end, and comprised 46% of total customer deposits.
- Capital adequacy and CET1 ratios were 16.22% and 12.86% respectively.
- Liquidity coverage ratio (LCR) stood at 158.1%.
- Cost of risk was 79 bps for FY'23. The NPL ratio improved significantly to 3.73%, its lowest level since 2020, from 5.25% a year earlier. Including POCI, the NPL ratio was 4.20% compared to 6.07% as at December 2022.
- Provision coverage ratio was 102.5% and, when including collateral, was 168%.

## Key recent business and operational highlights

- ADCB joined the UN-convened global Net Zero Banking Alliance (NZBA) in November 2023 and tripled its sustainable finance commitment to AED 125 billion by 2030. The Bank actively participated in the COP28 climate conference hosted by the UAE to support the nation's net zero climate agenda.
- ADCB divested an 80% stake in Abu Dhabi Commercial Properties (ADCP) in December 2023 to Nine Yards Plus Holdings, a subsidiary of Ethmar International Holding. The Bank recorded a net gain of AED 490 million on this transaction including fair value gain on 20% retained interest. The transaction unlocked value for ADCB shareholders, while improving the market positioning of ADCP through a partnership with a company growing rapidly in the real estate sector.
- The Bank successfully issued USD 750 million in Additional Tier 1 (AT1) bonds in November 2023. After receiving over USD 4 billion of orders from a diverse group of global investors, the issuance was priced at 8.0% following tightening of 62.5 bps from initial pricing guidance.
- The cards business had its best year ever. In Q4'23, ADCB was the number one issuer of credit cards in the UAE with over 58,000 new cards issued. This represented 44% of new cards issued by the UAE's three largest banks, and 21% share of the total UAE market in the quarter.
- In January 2024, ADCB obtained approval from the Saudi Arabia's Council of Ministers to establish a presence in the Kingdom. The Bank intends to fulfil all technical and regulatory requirements stipulated by the Saudi Central Bank (SAMA) before commencing operations from a new branch in Riyadh. ADCB will provide a comprehensive range of services for corporate and institutional clients, including financing and working capital solutions, mandated by a Foreign Banking Branch licence.
- In January 2024, ADCB received a significant ESG rating upgrade by Sustainalytics to "low risk" with a score of 12.5. This placed ADCB as the highest ranked bank in the MENA region and in the top 6% of over 15,000 companies globally covered by the rating agency.

## H.E. KHALDOON AL MUBARAK
Chairman

"In 2023, ADCB successfully navigated a dynamic global economic landscape to deliver strong growth, further solidifying its position as a leading financial institution and a vital catalyst for the UAE's economic ambitions.

Our relentless pursuit of excellence, digital and customer experience innovation, and strategic growth has yielded significant financial achievements and resilience across all metrics, delivering value for our customers and all stakeholders.

In line with the UAE's Net Zero by 2050 commitment, ADCB is strategically positioned as a leader in financing decarbonization and transforming energy systems globally. The Bank's participation in the global Net Zero Banking Alliance (NZBA), its tripling of sustainable financing commitment, and its development of a comprehensive suite of green products and services underscore its dedication to supporting customers in their climate targets.

On behalf of the Board of ADCB, I would like to express our sincere appreciation to His Highness Sheikh Mohamed Bin Zayed Al Nahyan, the UAE President and Ruler of Abu Dhabi and His Highness Sheikh Mansour Bin Zayed Al Nahyan, UAE Vice President, Deputy Prime Minister, and Chairman of the Presidential Court, and Chairman of the UAE Central Bank, for their continued guidance and support."

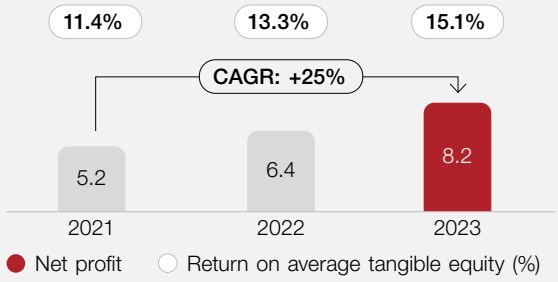
## ALA'A ERAIQAT
Group Chief Executive Officer

"ADCB has continued to successfully execute its strategy, generating strong growth in core earnings and forging progress on all fronts ahead of schedule.

The transformation of the Bank over the last three years has been remarkable in terms of the scale and strength of the business. Over this short timeframe, net profit has increased at a compounded annual growth rate (CAGR) of 25% to AED 8.206 billion in 2023, with return on average tangible equity increasing to 15.1%, from 11.4% in 2021. This has been accompanied by significant efficiency gains as the cost to income ratio improved by 240 basis points over the three year period. The balance sheet has expanded rapidly, with net loans increasing by 24% to cross the AED 300 billion milestone and deposits growing by 37% since 2021. Asset quality has also trended in a positive direction, with the NPL ratio improving to 3.73% from 5.41% in 2021.

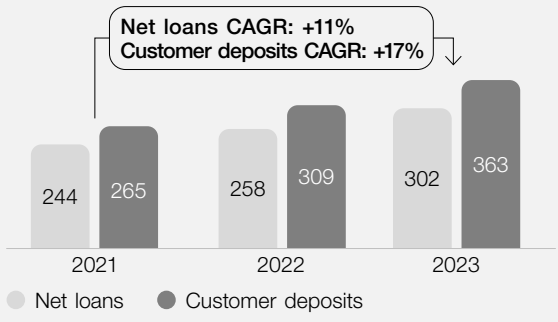
### Strong financial performance

(AED bn)




### Robust balance sheet

(AED bn)




ADCB set a new record for full-year earnings, with momentum building each quarter to reach a net profit of AED 2.454 billion in the fourth quarter, an increase of 38% year on year. Fully focused on increasing market share through unrivalled service excellence, the Bank has driven rapid progress to enhance the digital experience, expand core businesses, create platform partnerships and promote sustainability.

The Retail Banking Group experienced strong momentum, with disbursement of personal loans, mortgages and auto loans reaching their highest levels. The cards business had its best year ever and was the number one issuer of credit cards in the fourth quarter, with a 21% market share in the UAE. The Bank welcomed approximately 220,000 credit card customers, 82% higher than the previous year, driven by digital onboarding and new partnerships – including with food delivery company Talabat – that resonated with customers.

ADCB is investing significantly in digital innovation, which is driving growth, higher productivity and enhanced engagement. In a stand-out achievement, over one million customers have joined the Bank through our 'Hayyak' onboarding app since its launch in 2019. Retail customer transactions have more than doubled over the last three years in line with the Bank's growth, and in 2023 self-service transactions represented 97% of the total. Meanwhile, ADCB's Private Banking business has launched a new wealth platform to serve a customer base that grew 34% during the year.

The Corporate and Investment Banking Group has thrived across its full-service offering. The Bank extended AED 74 billion of new corporate credit in 2023 to diverse sectors. The continued de-risking of the loan portfolio resulted in government-related entities (GREs) accounting for 25% of gross loans as at December-end, up from 23% a year earlier, while exposure to real estate investment decreased to 17% from 22%. Meanwhile, ADCB's enhanced capabilities in equity capital markets, as well as its continued leadership position in debt capital markets and loan syndication drove fee income higher.

ADCB is proud to be establishing a strategic presence in Saudi Arabia, leveraging its strong balance sheet and sophisticated capabilities to support a growing client base. Having received approval in mid-January 2024 from the Kingdom's Council of Ministers, the Bank plans to open a branch in Riyadh to support corporate and institutional clients that are operating in the increasingly vibrant Saudi economy.

Our major subsidiaries also continue to perform well. Al Hilal Bank's super app is gaining strong momentum, with 130,000 new banking customers joining in 2023. ADCB Egypt reported a 126% rise in net profit to EGP 1.8 billion, a return on equity of 23.8%, demonstrating significant resilience and a capacity to adapt in the face of a challenging macro-economic environment.

In line with our strategy to focus on core businesses, ADCB unlocked significant shareholder value through the divestment of an 80% stake in Abu Dhabi Commercial Properties (ADCP) in the fourth quarter, booking a net gain of AED 490 million including fair value gain on 20% retained interest.

Looking ahead, we view alignment with the national priorities of Emiratisation and sustainability as opportunities to serve our communities and to enhance the fundamentals of our business. In 2023, we welcomed more than 300 UAE nationals to the Bank, including to key senior positions, taking the total number of Emirati employees to over 2,000. This represents 40% of the Group's employee base in the UAE, among the highest rates in the financial sector.

The Bank's prioritisation of sustainability and implementation of best practice have been recognised by independent ESG ratings agencies. A significant upgrade from Sustainalytics now ranks ADCB as the top bank in the MENA region and in the leading 6% of all companies covered globally. In the area of climate, ADCB demonstrated strong leadership by joining the UN-convened global Net Zero Banking Alliance (NZBA) in November 2023, while tripling its sustainable finance commitment to AED 125 billion by 2030.

Having accelerated implementation of its strategy, ADCB is now setting its ambition higher, adopting new five-year targets designed to increase market share further. The Bank benefits from a robust financial position, as well as a track record of innovation and strong organisational culture, giving us the confidence to press ahead to create significant shareholder value. ”

# Q4/FY 2023 Management discussion & analysis

## Q4/FY 2023 financial highlights

| Income statement highlights (AED mn) | FY'23 | FY'22 | Δ YoY% | Q4'23 | Q3'23 | Q4'22 | ΔQoQ% | ΔYoY% |
|---|---|---|---|---|---|---|---|---|
| Total net interest and Islamic financing income | **12,374** | 10,194 | 21 | **3,413** | 3,179 | 2,918 | 7 | 17 |
| Non-interest income | **4,493** | 4,151 | 8 | **1,249** | 1,054 | 1,486 | 19 | (16) |
| Operating income | **16,866** | 14,344 | 18 | **4,662** | 4,233 | 4,403 | 10 | 6 |
| Operating expenses | **(5,453)** | (4,888) | 12 | **(1,491)** | (1,412) | (1,302) | 6 | 14 |
| Operating profit before impairment charge | **11,414** | 9,456 | 21 | **3,171** | 2,822 | 3,101 | 12 | 2 |
| Impairment charge | **(3,477)** | (2,779) | 25 | **(1,162)** | (819) | (1,193) | 42 | (3) |
| Net gain on disposal of stake in subsidiary[1] | **490** | - | NA | **490** | - | - | NA | NA |
| Net profit for the period[2] | **8,206** | 6,434 | 28 | **2,454** | 1,942 | 1,784 | 26 | 38 |

| Balance sheet highlights (AED mn) | Dec'23 | Dec'22 | Δ YoY% | Dec'23 | Sep'23 | Dec'22 | ΔQoQ% | ΔYoY% |
|---|---|---|---|---|---|---|---|---|
| Total assets | **567,194** | 497,842 | 14 | **567,194** | 536,889 | 497,842 | 6 | 14 |
| Net loans and advances | **301,995** | 258,493 | 17 | **301,995** | 284,257 | 258,493 | 6 | 17 |
| Deposits from customers | **362,905** | 308,931 | 17 | **362,905** | 329,276 | 308,931 | 10 | 17 |

| Key metrics (%) | FY'23 | FY'22 | ΔYoY bps | Q4'23 | Q3'23 | Q4'22 | ΔQoQ bps | ΔYoY bps |
|---|---|---|---|---|---|---|---|---|
| CAR (Capital adequacy ratio – Basel III) | **16.22** | 15.77 | 45 | **16.22** | 16.16 | 15.77 | 6 | 45 |
| CET1 (Common equity tier 1) ratio | **12.86** | 12.96 | (10) | **12.86** | 13.46 | 12.96 | (60) | (10) |
| Liquidity coverage ratio (LCR) | **158.1** | 138.9 | 1,920 | **158.1** | 130.4 | 138.9 | 2,770 | 1,920 |
| Loan to deposit ratio | **83.2** | 83.7 | (50) | **83.2** | 86.3 | 83.7 | (310) | (50) |
| CASA/total customer deposits | **46** | 50 | (400) | **46** | 48 | 50 | (200) | (400) |
| Non-performing loan (NPL) ratio | **3.73** | 5.25 | (152) | **3.73** | 4.82 | 5.25 | (109) | (152) |
| Provision coverage ratio[3] | **102.5** | 93.0 | 950 | **102.5** | 91.4 | 93.0 | 1,110 | 950 |
| NPL ratio including POCI[4] | **4.20** | 6.07 | (187) | **4.20** | 5.36 | 6.07 | (116) | (187) |
| Cost of risk (COR)[5] | **0.79** | 0.76 | 3 | **1.02** | 0.73 | 1.21 | 29 | (19) |
| Cost to income ratio | **32.3** | 34.1 | (180) | **32.0** | 33.3 | 29.6 | (130) | 240 |
| Net interest margin (NIM)[6] | **2.83** | 2.51 | 32 | **2.93** | 2.87 | 2.72 | 6 | 21 |
| Risk adjusted NIM[6] | **2.06** | 1.81 | 25 | **1.95** | 2.17 | 1.61 | (22) | 34 |
| Return on average tangible equity (ROATE) | **15.1** | 13.3 | 180 | **18.1** | 13.3 | 15.1 | 480 | 300 |

Note: Figures may not add up due to rounding differences
(1) Net gain on disposal of stake in subsidiary and fair value gain on retained interest
(2) After share in profit of associates, overseas income tax charge, and profit/loss from discontinued operations
(3) Provisions on loans and advances, including fair value adjustments
(4) POCI: Purchased or originated credit-impaired financial assets
(5) COR: Net impairment charge on loans & advances and investments divided by net average loans & advances and investments
(6) Q3'23, Q4'23 and FY'23 NIM, risk adjusted NIM and yield exclude 'Financial assets at fair value through profit or loss' and 'Loans and advances to customers at fair value through profit or loss' from interest earning assets

## Update on guidance

| | FY'23 guidance | FY'23 actual |
|---|---|---|
| **Loan growth** | 10-12% | 17% |
| **ROATE** | 14-15% | 15.1% |
| **NIM** | c. 2.80% | 2.83% |
| **Cost of risk** | ≃80 bps | 79 bps |
| **CET1 ratio** | >12% | 12.86% |
| **Dividend payout ratio (cash)** | 50% of net profit | 50% of net profit |

| | FY'24 guidance |
|---|---|
| **Loan growth** | 8-10% |
| **ROTE** | 14-15% |
| **NIM** | c. 2.60% |
| **Cost of risk** | <80 bps |
| **CET1 ratio** | >12% |

## Record earnings driven by strong credit expansion in a higher interest rate environment and growth across diverse income streams

- Net interest income[1] increased 21% to AED 12.374 billion in FY'23 primarily driven by net loan growth of 17% in a higher interest rate environment. Net interest margin (NIM) in FY'23 improved by 32 bps YoY to 2.83% and risk adjusted NIM improved by 25 bps to 2.06%. Q4'23 net interest income of AED 3.413 billion was up 17% YoY and 7% QoQ. NIM widened to 2.93% in Q4'23 from 2.72% from a year earlier and 2.87% in the previous quarter.

- Cost of funds in FY'23 increased by 217 bps YoY to 3.85% in FY'23 due to the higher interest rate environment. This compared favourably to YoY increases of 290 bps in three-month average EIBOR and 304 bps in three-month average LIBOR/SOFR[2] in FY'23, reflecting effective management of the Bank's funding mix. Cost of funds of 4.22% in Q4'23 was 129 bps higher YoY and up 21 bps sequentially.

- The Bank continues to benefit from growth in diversified income streams, with non-interest income increasing 8% to AED 4.493 billion in FY'23. Net fees and commission income increased 16% YoY to AED 2.444 billion. Gross card-related fees increased 24% as the cards business had its strongest year ever, with c. 220,000 new credit cards issued, up 82% YoY. Gross loan processing fees were up 7% and trade finance commissions rose 11%. FY'23 net trading income rose 74% to AED 1.593 billion mainly on account of net gains from financial assets at fair value through profit or loss (FVTPL), as well as higher gains on derivatives and foreign exchange.

- Non-interest income of AED 1.249 billion in Q4'23, was 19% higher QoQ, and 16% lower YoY primarily due to gains recorded a year earlier on the sale of NPLs and lower fee and commission income.

- Cost to income ratio improved by 180 bps YoY to 32.3% in FY'23, as the Bank achieved 18% growth in operating income while maintaining disciplined cost management and enhancing productivity. Full-year operating expenses were 12% higher on account of broad-based investment in the growth of the business, including digital technology, compliance, regulatory requirements and people. In Q4'23, the cost to income ratio was 32.0% as operating income increased 6% YoY and 10% QoQ.

- Net impairment charge rose 25% YoY to AED 3.477 billion in FY'23. Q4'23 net impairment charge of AED 1.162 billion was 3% lower than a year earlier, and higher sequentially primarily due to provisioning on a few corporate accounts.

- In Q4'23, ADCB sold 80% stake in Abu Dhabi Commercial Properties (ADCP) recording a net gain of AED 490 million including fair value gain on 20% retained interest.

- The Bank reported record quarterly and full-year earnings, with net profit up 28% to AED 8.206 billion in FY'23 and up 38% YoY to AED 2.454 billion in Q4'23. Return on average tangible equity was 15.1% for FY'23 and 18.1% for Q4'23.

(1) Including Islamic financing
(2) Includes credit adjustment spread (CAS), which is the adjustment between LIBOR and the risk free rate to reduce/eliminate the economic value transfer between the lender and the borrower when the index changes from LIBOR to the replacement risk free rate

## Strong standing in the market driving 17% YoY growth in net loans and customer deposits

- Robust balance sheet, with total assets increasing 14% YoY to AED 567 billion at the end of 2023.
- Net loans and advances to customers increased 17% YoY to AED 302 billion as at December-end, with the Bank extending AED 74 billion in new corporate credit during the year and receiving AED 37 billion in repayments. 2023 was a record year for personal loans, auto loans and mortgages, while the Bank increased lending to a wide range of corporate and institutional clients, including government-related entities (GREs), trading, transport, manufacturing and financial institutions.
- The Bank continued to de-risk its balance sheet, with exposure to the real estate sector further declining to 17% in December'23 from 22% a year earlier, while lending to GREs increased to 25% from 23%. Loans outside the UAE comprised 19% of the portfolio as at December-end, mainly driven by growth in lending to corporates in the energy and trading sectors as well as financial institutions.
- Investment securities stood at AED 128 billion as at 31 December 2023, up 15% YoY, with 68% accounted for at amortised cost and 32% at fair value through other comprehensive income (FVTOCI) and marked to market on a daily basis. In the interbank markets, ADCB was a net lender of AED 21.9 billion as at the end of 2023.
- Total customer deposits were up 17% to reach AED 363 billion, with time deposits increasing 25% to AED 196 billion. Despite the higher interest rate environment, the Bank leveraged its strong franchise to attract AED 14 billion of CASA deposits during the year, bringing total CASA deposits to AED 167 billion as at December-end, representing 46% of total customer deposits.
- Total shareholders' equity stood at AED 71 billion as at 31 December 2023, compared to AED 61 billion a year earlier.
- The Bank remains well-capitalised with capital adequacy (Basel III) and CET1 ratios of 16.22% and 12.86% respectively as at 31 December 2023, versus 15.77% and 12.96% at the end of 2022. ADCB successfully issued USD 750 million in Additional Tier 1 (AT1) bonds in November 2023.
- ADCB maintains a robust liquidity position, with a liquidity coverage ratio of 158.1%, a liquidity ratio of 32.6% and a loan to deposit ratio of 83.2% as at 31 December 2023.

| Retail Banking Group[1] | % increase in acquisitions (Q4'23 vs. Q4'22) | % increase in portfolio balance (Dec'23 vs. Dec'22) |
|---|---|---|
| **Personal loans** | 33%[2] | 13% |
| **Mortgage loans** | 67%[2] | 26% |
| **Auto loans** | 16%[2] | 32% |
| **Credit cards** | 72%[3] | 14% |

(1) ADCB Group's UAE operations, including Al Hilal Bank
(2) Personal, mortgage and auto loans refer to disbursals
(3) Credit cards reflect the volume of cards issued

## FY'23 cost of risk at 79 bps remaining within medium-term guidance

- Cost of risk for FY'23 was 79 bps, remaining within medium-term guidance of 80 bps, and compared to 76 bps the previous year. Cost of risk was 102 bps in Q4'23, versus 121 bps a year earlier and 73 bps in the previous quarter, with the sequential increase due to provisioning for a few corporate accounts.
- The NPL ratio was at its lowest level since 2020, improving to 3.73% at the end of December'23 from 5.25% a year earlier and 4.82% in September'23. Including POCI (purchased or originated credit-impaired) assets, the NPL ratio was 4.20%, compared to 6.07% at the end of 2022.
- The provision coverage ratio was 102.5%, compared to 93.0% at the end of 2022, and including collateral held, the ratio was 168% compared to 144% a year earlier.

## Digital onboarding and innovative partnerships capturing market share, with a record 630,000+[1] new accounts opened in 2023

- ADCB Group's UAE operations, including Al Hilal Bank, opened a record 633,000 customer accounts in 2023, with 83% onboarded digitally.
- ADCB's onboarding app, Hayyak, has welcomed 1 million customers since its launch in 2019, and registered the highest number of customers onboarded in a quarter with over 109,000 customers in Q4'23, bringing the total to more than 401,000 new customers in FY'23.
- Digital engagement continued to accelerate, with ADCB's mobile banking subscribers growing by approximately 120,000 customers in the quarter[2]. As at December-end, digital banking subscribers (internet and mobile banking) were up 34% YoY, with active users up 39% YoY. 89% of customers are now registered for internet and mobile banking[2].
- Self-service transactions[3] continued to increase, with over 188 million retail transactions conducted electronically in FY'23, up 37% YoY, while mobile fund transfer transactions were up 63% YoY. Self-service retail transactions represented nearly 97% of all customer transactions in 2023.
- ADCB's Dream Home, UAE's first digital home ecosystem platform in partnership with Bayut crossed AED 3.9 billion instant pre-approvals and AED 1.35 billion of new mortgages in 2023, contributing to 23% of total mortgage disbursals.
- Transactions on the ProCash and ProTrade corporate banking digital platforms accounted for 97% of all cash management transactions and 65% of trade finance transactions in 2023, respectively.
- ADCB implemented 53 digital releases in FY'23. For CIBG clients, the Bank introduced a simplified solution for generating digital tokens, as well as a liquidity management solution for corporate treasurers. In addition, the Bank launched ProCash 2.0 – a refreshed platform designed for an enhanced customer experience and convenience.

(1) ADCB Group's UAE operations, including Al Hilal Bank
(2) ADCB UAE's operations only, excluding Al Hilal Bank
(3) Self-service transactions refer to transactions made on electronic channels including ATMs, excluding PoS

## Enhanced climate strategy with ADCB joining Net Zero Banking Alliance and more than tripling sustainable finance targets

- ADCB has enhanced its climate strategy to drive emission reductions across its financing, operations and supply chain, joining the global Net Zero Banking Alliance (NZBA) in November 2023. Convened by the UN Environment Programme Finance Initiative (UNEP FI), NZBA is an industry-led initiative to align lending and investment portfolios with the imperative of limiting global warming to 1.5ºC in line with the Paris Agreement.

- In Q4'23, the Bank more than tripled its sustainable finance commitment to AED 125 billion (USD 34 billion) by 2030, while setting a shorter-term target of AED 50 billion (USD 14 billion) by 2025.

- ADCB continues to expand its range of sustainable products, launching a Sustainable Call Account for corporate customers in Q4'23 and introducing the region's first Mastercard Carbon Calculator to measure the carbon footprint of corporate clients. This builds on a retail offering, which includes preferential loans for electric vehicles and green mortgages.

- As part of its climate agenda, ADCB is creating diverse partnerships to support the transition to net zero. In Q4'23, the Bank was an active participant at the COP28 global climate conference hosted by the UAE. The Bank joined the UAE Carbon Alliance, which has been convened by the UAE Independent Climate Change Accelerators (UICCA) to promote cooperation in decarbonisation by developing standards and frameworks for constructive carbon financing. ADCB is also supporting research conducted by the Harvard Kennedy School seeking to support the introduction of an effective global carbon market in line with Article 6 of the Paris Agreement.

- ADCB achieved a significant upgrade in its ESG rating from Sustainalytics to "low risk" with a score of 12.5. The upgrade recognises improvement across all ESG material issues, with notable gains in the areas of data privacy and security, business ethics and product governance. ADCB is now the highest ranked bank by Sustainalytics in the MENA region, in the top 7% of banks globally and top 6% of over 15,000 companies under coverage.

- A comprehensive ESG e-learning module was launched for all employees in November 2023, while role-specific 'net zero' and in-depth ESG training courses are being prepared for roll-out in 2024.

- During 2023, the Bank made strong progress in a number of areas, including incorporation of environmental and social considerations into lending decisions, completion of a baseline assessment of scope 3 financed emissions in accordance with Partnership for Carbon Accounting Financials (PCAF) standards, issuance of a second green bond and publication of a detailed Impact and Allocation Report.

## Resilient performance of ADCB Egypt with digital innovation enhancing customer experience

- ADCB Egypt delivered a strong financial performance despite a backdrop of macroeconomic challenges.

  Net profit(1) in FY'23 increased 126% YoY to EGP 1.8 billion, representing a return on equity of 23.8%.

  Net profit(1) in Q4'23 increased 108% YoY to EGP 625 million, representing a return on equity of 30.2%.

  Net loans increased 21% during FY'23 to EGP 35.9 billion as at 31 December 2023.

  Total deposits increased 15% to EGP 86.4 billion as at 31 December 2023.

- The Bank continued to accelerate its digital transformation with the launch of a flagship e-branch.
- Subscribers to digital banking platforms were 51% higher YoY, with digital transactions up 420% in FY'23.
- The Bank continued to make progress on its ESG agenda, announcing a target for sustainable finance to reach 15% of the total loan portfolio by end of 2030. ADCB Egypt also launched a Sustainable Call Account for corporate clients as well as preferential loans to individuals for the purchase of electric vehicles.
- ADCB Egypt launched a loyalty programme designed to reward customers across credit and debit cards, as well as digital channels.

## Al Hilal Bank's super app attracted 130,000 new banking customers in FY'23, supported by enhanced marketplace ecosystem

- Al Hilal Bank's cloud-based super app is making strong progress, acquiring approximately 654,000 registered users since its launch in early 2022, with more than 64,000 joining the platform in Q4'23 and 294,000 in FY'23.
- Over 39,000 new banking customers were onboarded by the app during the quarter and 130,000 in FY'23, bringing the total to c. 262,000 since the app's launch.
- In Q4'23, Al Hilal bank added an incremental 940+ family accounts bringing the total number of family accounts to over 16,490 accounts.
- In Q4'23, an average of c.24,600 daily transactions were conducted on the app, with an average engagement time of approximately 20 minutes.
- Al Hilal Bank also launched its first straight through processing for credit card and personal finance cash out for its existing customers. This feature includes automated credit decision making and product disbursement.
- Through the app, Al Hilal Bank is extending its reach beyond its core Abu Dhabi market. Abu Dhabi residents account for 43% of banking customers, while Dubai and Northern Emirates represent 32% and 25%, respectively.

(1) Based on IFRS

## ADCB FY 2023 awards and recognition

### Euromoney Cash Management Survey 2023

- Best Service in Cash Management in the UAE

### Asian Banking & Finance

- UAE Domestic SME Partnership Initiative of the Year
- SME Bank of the year in UAE
- New SME Lending Product of the year UAE
- UAE Domestic Customer Service Initiative of the Year – ProCash Mobile App

### Business Continuity Awards 2023

- Global Award Category

### Recognition by the UAE Federal Government through the Majra (National CSR Fund)

- Impact Seal – Platinum Tier

### The Digital Banker – Digital CX Awards 2023

- Outstanding Digital CX – Cash Management Platform
- Outstanding Digital CX – Trade Finance Initiative

### The Digital Banker Award – Middle East & Africa Innovation Awards 2023

- Best Bank for Cash Management
- Best Mobile App for Corporates
- Outstanding Client Onboarding & Account Opening

### International Financial – International Finance Awards 2023

- Best Corporate Customer Service Bank – UAE 2023

### The Asian Banker Excellence in Retail Financial Services Awards 2023

- Best Retail Bank in Middle East
- Best Retail Bank in UAE
- UAE Domestic SME Partnership Initiative of the Year
- SME Bank of the Year in UAE
- New SME Lending Product of the Year UAE
- UAE Domestic Customer Service Initiative of the Year – ProCash Mobile App

### The International ARC Awards – Annual Report

- Interior Design, Cover Page, Written Content, Print Production – Gold
- Best Annual Report – Silver

## ADCB Egypt FY 2023 awards and recognition

### World Business Outlook

- Best New Bank Egypt 2023
- Fastest Growing Retail Bank Egypt 2023
- Fastest Growing Corporate Bank Egypt 2023
- Fastest Growing Bank Egypt 2023
- Best Digital Banking Services Provider Egypt 2023

### International Business Magazine

- Best New Bank Egypt 2023
- Most Innovative Digital Bank 2023
- Best Internet Banking Egypt 2023

### International Finance Magazine

- Most Innovative New Digital Bank – Egypt 2023
- Best Financial Inclusion Package Towards People with Disabilities – Erada – Egypt 2023

### The Digital Banker

- Best New Wealth Management Product of the Year
- Credit Card of The Year – Egypt
- Excellence in Digital innovation – Highly Acclaimed
- Best Financial Inclusion Initiative

# Further information on ADCB can be found at adcb.com/ir or by contacting:

**Investor Relations**
Harsh Vardhan
Email: ir@adcb.com

**Corporate Communications**
Majdi Abd El Muhdi
Email: majdi.a@adcb.com

**Abu Dhabi Commercial Bank**
Sheikh Zayed Bin Sultan Street
PO Box: 939, Abu Dhabi
adcb.com

This document has been prepared by Abu Dhabi Commercial Bank PJSC ("ADCB") for information purposes only. The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. This document is not intended for distribution in any jurisdiction in which such distribution would be contrary to local law or reputation.

The material contained in this press release is intended to be general background information on ADCB and its activities and does not purport to be complete. It may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. It is not intended that this document be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending on their specific investment objectives, financial situation or particular needs.

This document may contain certain forward-looking statements with respect to certain of ADCB's plans and its current goals and expectations relating to future financial conditions, performance and results. These statements relate to ADCB's current view with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond ADCB's control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon ADCB.

By their nature, these forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond ADCB's control, including, among others, the UAE domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact and other uncertainties of future acquisition or combinations within relevant industries.

As a result, ADCB's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in ADCB's forward-looking statements and persons reading this document should not place reliance on forward-looking statements. Such forward-looking statements are made only as at the date on which such statements are made and ADCB does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.