

ABU DHABI COMMERCIAL BANK PJSC

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Second quarter 2023

Earnings presentation

20 July 2023

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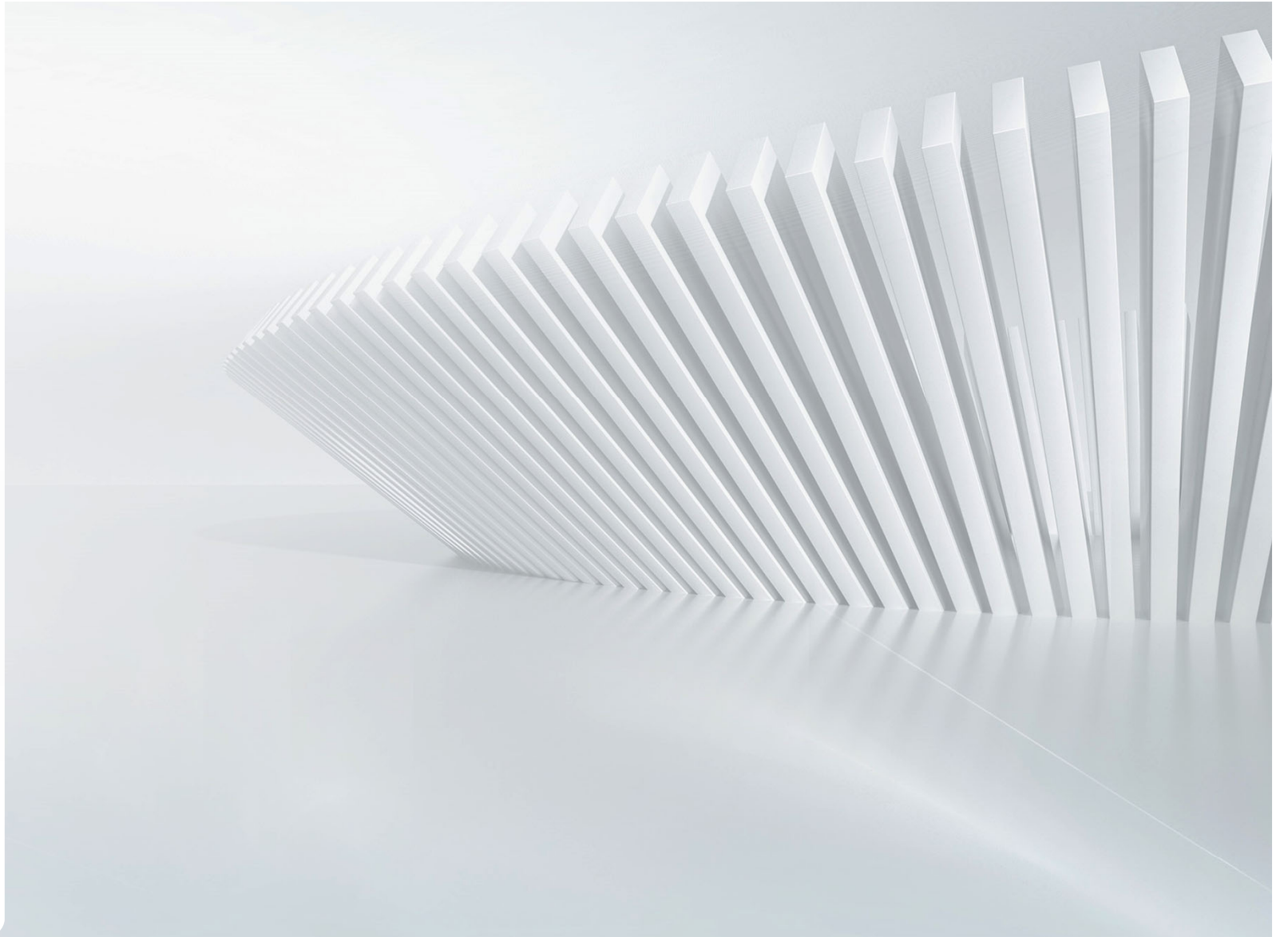
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1. Financial highlights

Record earnings driven by broad-based revenue growth, with improved efficiency metrics and capital position

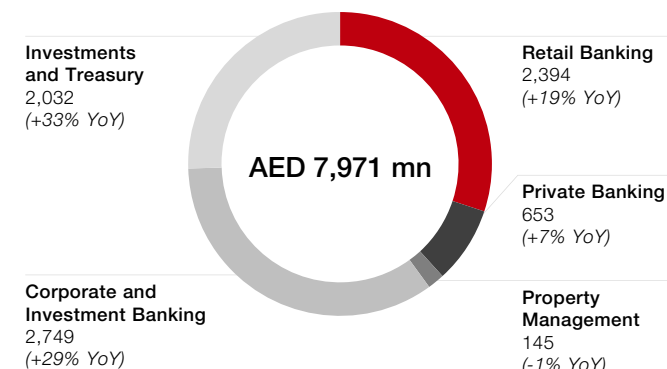
Highlights

- **Record half-year net profit of AED 3.811 bn, up 25% YoY**, and Q2'23 net profit of AED 1.932 bn, up 23% YoY
- **Solid loan growth**, coupled with rising benchmark rates, have driven a 14% YoY increase in Q2'23 net interest income
- **Strong rise in fee and trading income** contributed to a 22% YoY increase in Q2'23 non-interest income
- **Improvement of 450 bps in cost to income ratio to 32.0%** in H1'23, within medium term guidance
- **Healthy asset quality metrics**; NPL ratio of 5.10% at its lowest level since December 2020, while provision coverage ratio (including collateral held) increased to 150%
- Net loans up 5% YTD primarily **driven by GREs and lending to retail customers**, while real estate exposure continued to decline. **AED 38 bn of new credit** extended during H1'23
- **Sustained momentum across businesses**. Cards business, mortgages, personal and auto loans delivered a combined growth⁽¹⁾ of 15% YoY, while CIBG continued to attract major GRE and corporate clients regionally, reporting 15% YoY growth in gross loans
- Significant improvement in capital position, **with CET1 ratio at 13.39%**
- ADCB welcomed a **record of over 260,000 new retail customers⁽¹⁾** through its UAE operations, and **over 3,500 new corporate clients** in H1'23
- **Digital engagement has continued to accelerate** in Q2'23, with digital banking subscribers up 31% YoY and active users up 38%
- **Effective execution of ESG strategy**, with progress on a new climate agenda. **2022 ESG Report** published in May

Key highlights

Diversified growth by business streams

H1'23 operating income (AED mn)



Q2'23 net profit

+23% YoY

H1'23 loan growth (AED)

+29 bn YoY

H1'23 net profit

+25% YoY

H1'23 deposit growth (AED)

+24 bn YoY

(1) ADCB Group's UAE operations, including Al Hilal Bank

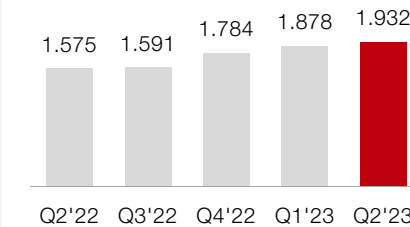
Solid growth in Q2'23 net profit driven by diversified revenue streams and disciplined cost management

Income statement (AED mn)	Q2'23	Q1'23	Q2'22	ΔQoQ	ΔYoY
Total net interest income ⁽¹⁾	2,930	2,851	2,571	3%	14%
Non-interest income	1,129	1,061	924	6%	22%
Operating income	4,059	3,912	3,495	4%	16%
Operating expenses	(1,319)	(1,231)	(1,227)	7%	8%
Operating profit	2,740	2,681	2,268	2%	21%
Impairment charge	(748)	(748)	(655)	(0%)	14%
Net profit⁽²⁾	1,932	1,878	1,575	3%	23%

Q2'23 net profit (AED)

1.932 bn

(AED bn)



ROATE⁽³⁾

15.6%

Q2'22: 14.2%

ROAE⁽³⁾

13.7%

Q2'22: 12.2%

ROAA⁽³⁾

1.52%

Q2'22: 1.37%

Earnings per share (AED)

0.26

Q2'22: AED 0.22⁽⁴⁾

Note: Figures may not add up due to rounding differences

(1) Including Islamic financing

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

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

(4) Restated based on revised share capital post stock dividend

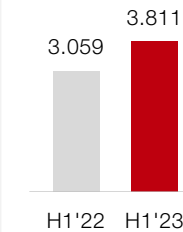
Strong half-year performance delivered amid positive UAE economic environment and consumer sentiment

Income statement (AED mn)	H1'23	H1'22	ΔYoY
Total net interest income ⁽¹⁾	5,782	4,718	23%
Non-interest income	2,190	1,713	28%
Operating income	7,971	6,431	24%
Operating expenses	(2,550)	(2,345)	9%
Operating profit	5,421	4,086	33%
Impairment charge	(1,496)	(950)	57%
Net profit⁽²⁾	3,811	3,059	25%

H1'23 net profit (AED)

3.811 bn

(AED bn)

ROATE⁽³⁾**14.8%**

H1'22: 13.2%

ROAE⁽³⁾**13.0%**

H1'22: 11.4%

ROAA⁽³⁾**1.44%**

H1'22: 1.31%

Earnings per share (AED)

0.50H1'22: AED 0.41⁽⁴⁾

Note: Figures may not add up due to rounding differences

(1) Including Islamic financing

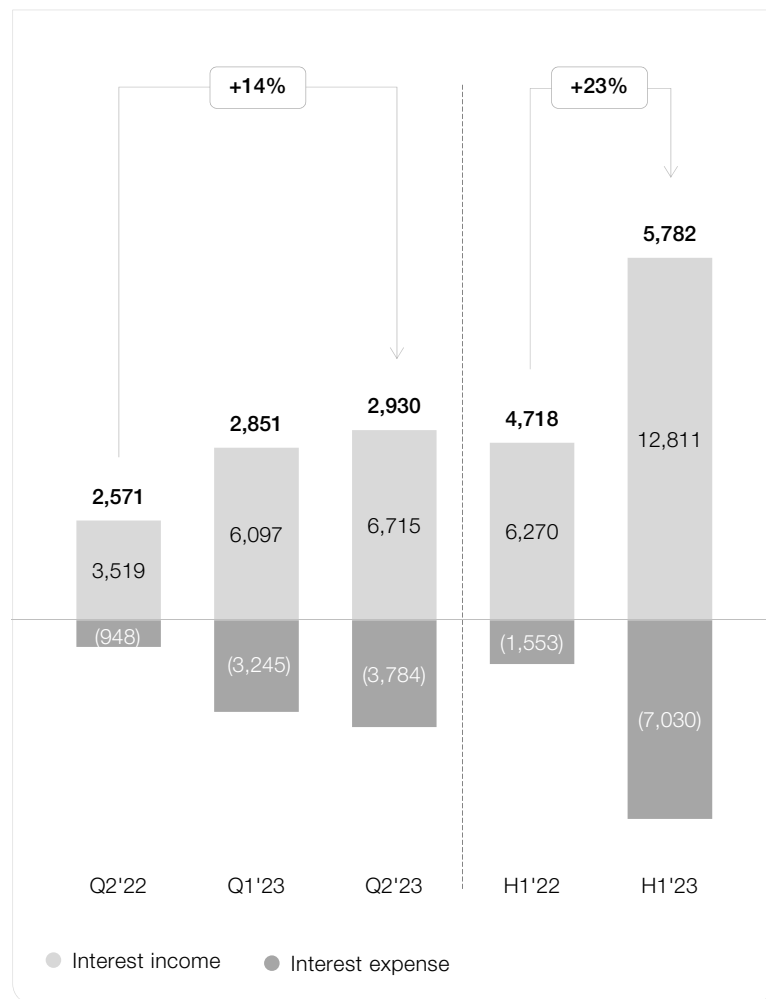
(2) After share in profit/loss of associates, overseas income tax charge, and profit/loss from discontinued operations

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

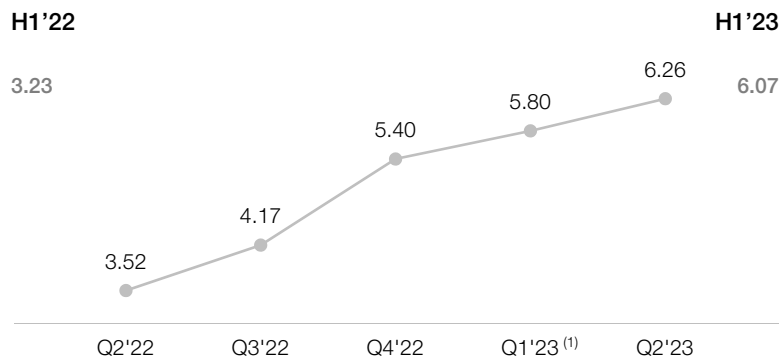
(4) Restated based on revised share capital post stock dividend

Growth in net interest income supported by higher volumes and rising benchmark rates, with H1 '23 NIM improving by 31 bps

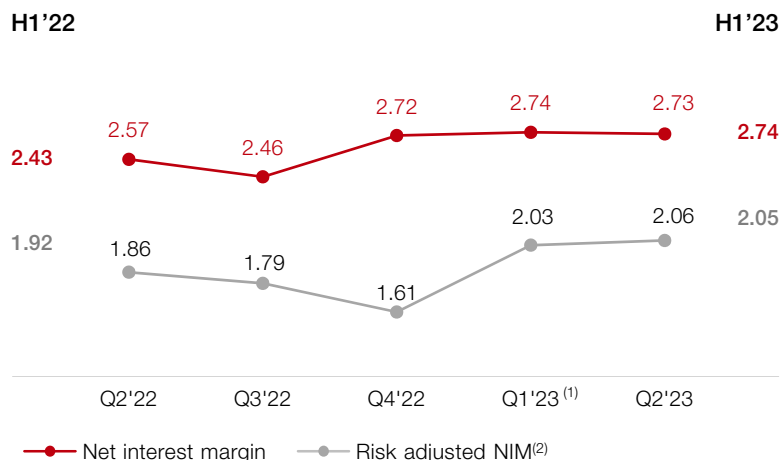
Net interest income (AED mn)



Asset yield (%)



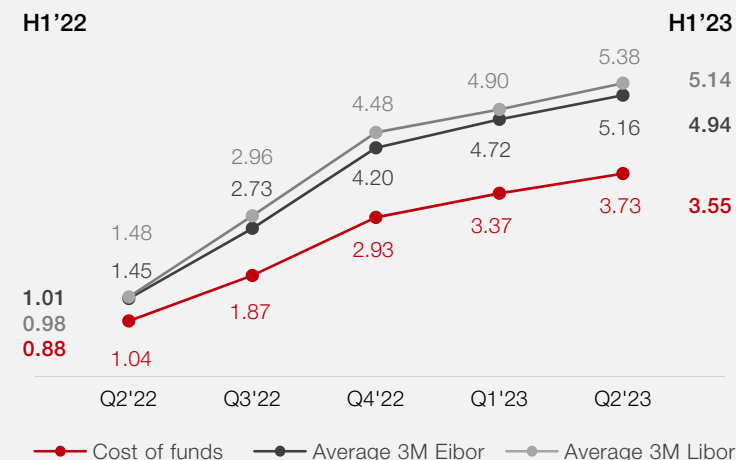
NIM and risk adjusted NIM (%)



Key highlights

- Q2'23 NIM was 16 bps higher YoY at 2.73%, while risk-adjusted NIM increased 20 bps YoY to 2.06%, with both metrics broadly stable on a sequential basis
- H1'23 NIM was 31 bps higher YoY at 2.74%, and risk-adjusted NIM rose 13 bps to 2.05%
- Higher benchmark rates resulted in a rise in CoF to 3.73% in Q2'23 compared to 3.37% in Q1'23 and 1.04% in Q2'22
- CoF in H1'23 rose by 267 bps YoY to 3.55%, below the increases of 393 bps in 3M EIBOR and 416 bps in 3M LIBOR, reflecting effective management of the Bank's funding

Cost of funds (%)



(1) Q1'23, Q2'23 and H1'23 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
 (2) Risk adjusted NIM: Net interest income less impairment charge on loans and advances to customers, banks, and investments securities divided by average interest earning assets

Growth in non-interest income supported by strong YoY increases in net fees and trading income

Non-interest income (AED mn)	Q2'23	Q1'23	Q2'22	ΔQoQ	ΔYoY	H1'23	H1'22	ΔYoY
Net fees and commission income	724	533	505	36%	43%	1,256	992	27%
Net trading income	383	455	259	(16%)	48%	838	376	123%
Other operating income ⁽¹⁾	22	73	160	(70%)	(86%)	95	346	(73%)
Total non-interest income	1,129	1,061	924	6%	22%	2,190	1,713	28%

Key highlights

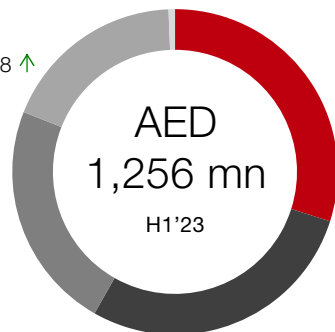
- Q2'23 non-interest income increased 22% YoY, largely driven by a 43% rise in net fees and commission income and a 48% jump in net trading income
- Growth in net fees and commission income was supported by strong increases in card-related fees and loan processing fees. Q2'23 was the most successful quarter for the cards business, with 50k+ cards issued. CIBG reported record fee income in Q2'23 driven by an enhanced product and service offering

+51% YoY
Q2'23 card-related fees (gross)

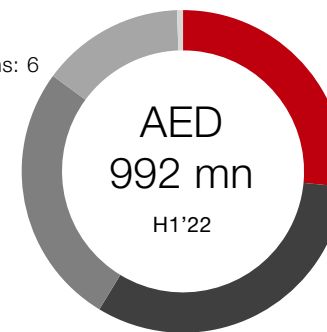
+17% YoY
Q2'23 loan processing fees (gross)

Net fees and commission income⁽²⁾ (AED mn)

- Card related fees: 376 ↑
- Loan related fees: 356 ↑
- Trade finance commissions: 286 ↑
- Others⁽³⁾: 231 ↑
- Insurance commissions: 8 ↑



- Card related fees: 263
- Loan related fees: 319
- Trade finance commissions: 262
- Others⁽³⁾: 142
- Insurance commissions: 6

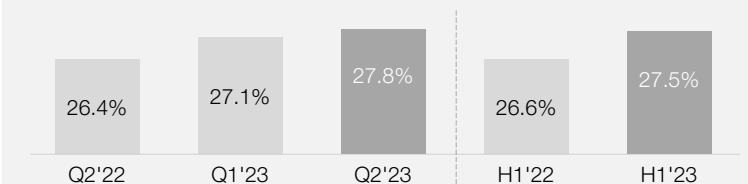


← **+27%**

Note: Figures may not add up due to rounding differences
 (1) Includes net gains/(losses) from investment properties
 (2) All figures are net of related expenses

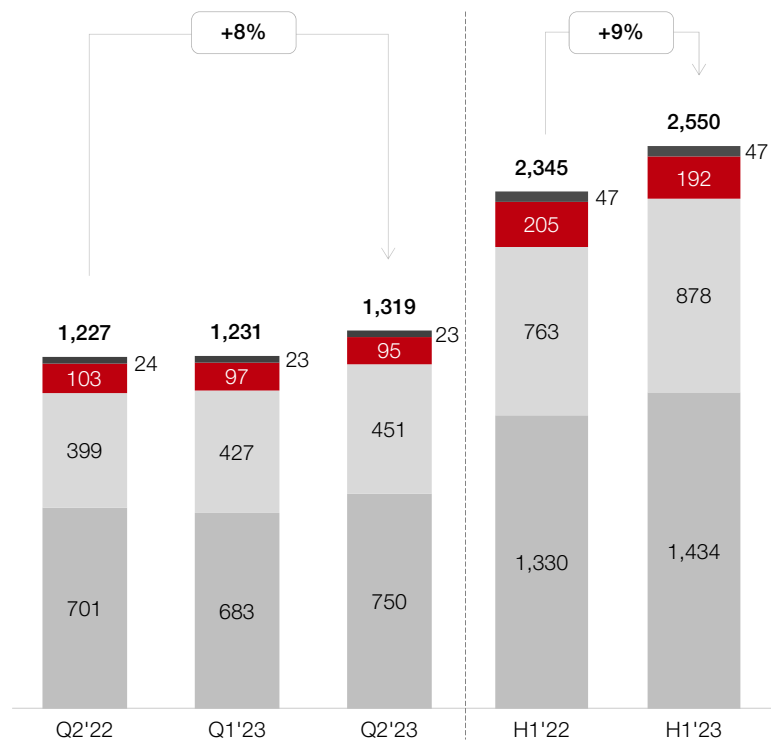
(3) Others include asset management and investment services, brokerage fees, accounts related fees and other fees

Non-interest income/total income



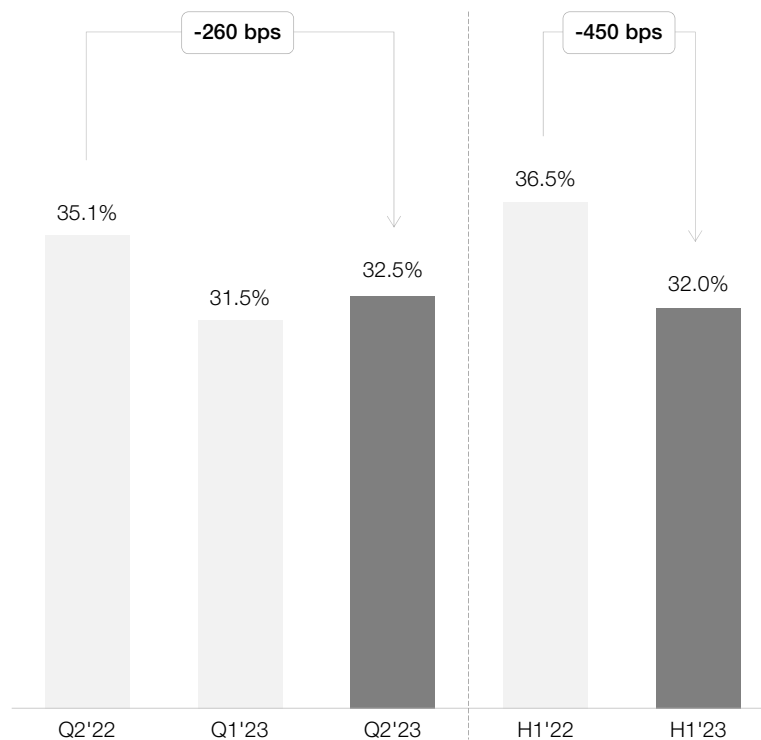
Improved cost to income ratio driven by higher operating income and effective cost management amid an inflationary environment

Operating expenses (AED mn)



● Staff costs ● General administrative expenses ● Depreciation
● Amortisation of intangible assets

Cost to income ratio



Key highlights

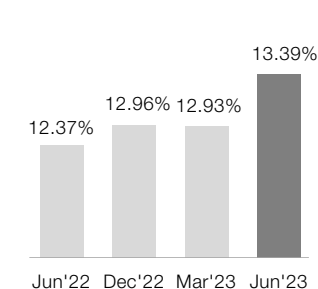
- **Cost to income ratio was 32.0% in H1'23, 450 bps lower YoY**, and in line with medium-term guidance. This was primarily driven by a 24% increase in operating income, while the Bank maintained cost discipline amid an inflationary environment
- **Cost to income ratio was 32.5% in Q2'23, an improvement of 260 bps YoY and 100 bps higher sequentially**
- Operating expenses in Q2'23 were 8% higher YoY and up 7% QoQ at AED 1.319 billion on the back of **continued investment in people and technology to support future growth**

Resilient balance sheet marked by healthy growth in loans and deposits, and proactive liability management

Balance sheet (AED mn)	Jun'23	Mar'23	Dec'22	Jun'22	ΔQoQ	ΔYTD	YoY
Total assets	521,301	501,423	497,842	476,093	4%	5%	9%
Net loans and advances to customers	271,960	263,533	258,493	242,913	3%	5%	12%
Net loans and advances to banks	26,430	26,038	26,436	24,520	2%	(0%)	8%
Investment securities	122,038	117,957	112,011	108,914	3%	9%	12%
Deposits from customers	315,908	310,587	308,931	292,262	2%	2%	8%
CASA	150,373	157,681	153,018	158,851	(5%)	(2%)	(5%)
Time deposits	165,535	152,906	155,913	133,412	8%	6%	24%
Borrowings (including ECP)	88,685	79,824	75,870	80,393	11%	17%	10%
Total shareholders' equity	63,705	61,760	61,418	57,857	3%	4%	10%

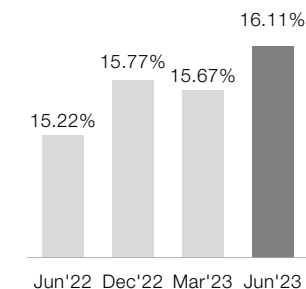
CET1 ratio

13.39%



CAR

16.11%



LCR

130.4%

Dec'22: 138.9%

Liquidity ratio⁽¹⁾

32.6%

Dec'22: 33.0%

LTD ratio

86.1%

Dec'22: 83.7%

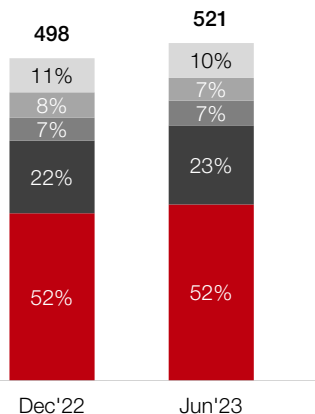
Note: Figures may not add up due to rounding differences

(1) 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)

Strong credit pipeline with AED 38 bn of new credit extended in H1, with GREs and retail customers driving demand

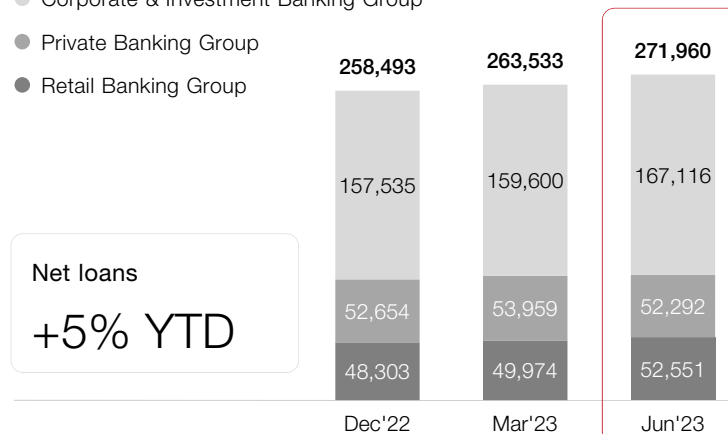
Asset mix (AED bn)

- Other assets⁽¹⁾
- Cash and balances with CB
- Deposits and balances due from banks
- Investment securities
- Net loans and advances



Net loans⁽²⁾ (AED mn)

- Corporate & Investment Banking Group
- Private Banking Group
- Retail Banking Group

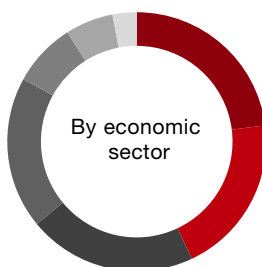


Key highlights

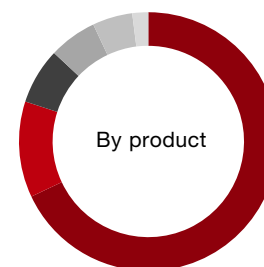
- Robust credit pipeline, with demand from GREs, retail customers, trading, energy, financial institutions and manufacturing, while real estate exposure declined to 20% from 22% in Mar'23 and Dec'22
- Cards, personal and auto loans and mortgages provided combined asset growth⁽³⁾ of 15% YoY in H1'23, while CIBG continued to attract major GRE and corporate clients regionally, reporting 15% YoY growth in gross loans
- Extended AED 38 bn in new credit in H1'23, with repayments of AED 27 bn
- Loans outside the UAE comprised 18% of the portfolio, mainly driven by growth in lending to GREs in regional markets
- Floating interest rate loans represented 74% of total loans

Gross loans⁽²⁾: AED 285,014 mn

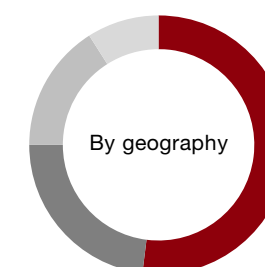
- Government & PSE 23%
Dec'22: 23%
Dec'21: 26%
- Real estate investment 20% ↓
Dec'22: 22%
Dec'21: 24%
- Personal 21%
- Others⁽⁴⁾ 19%
- Financial institutions 8%
- Trading 6%
- Hospitality 3%



- Corporate loans 68%
- Retail loans⁽⁵⁾ 12%
- Other facilities 7%
- Overdrafts (retail & corporate) 6%
- Mortgages 5%
- Credit cards 2%



- Abu Dhabi 51%
- Dubai 23%
- Outside UAE 18%
- Other Emirates 8%



Note: Figures may not add up due to rounding differences

(1) Other assets include financial assets at fair value through profit or loss (Jun'23: AED 8.5 bn; Dec'22: AED 4.6 bn), derivative financial instruments, investment in associates, investment properties, property and equipment (net), intangible assets and assets held for sale

(2) Includes loans and advances at FVTPL (NMC loan)

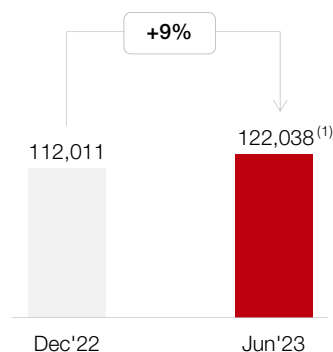
(3) ADCB Group's UAE operations, including Al Hilal Bank

(4) Others include: Agriculture, Energy, Transport, Manufacturing, Services and others

(5) Retail loans include personal loans, auto loans and others

Investment securities increased 9% YTD to AED 122 bn, with 99% invested in bonds

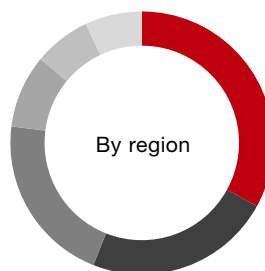
Investment securities (AED mn)



Investment securities: AED 122,038 mn⁽²⁾

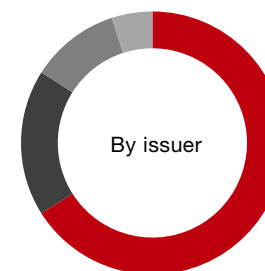
- Domestic 33%
- Other GCC countries 23%
- Asia 21%
- USA 9%
- Europe 7%
- Rest of the world 7%

56%
Invested in the UAE and GCC (Dec'22: 60%)

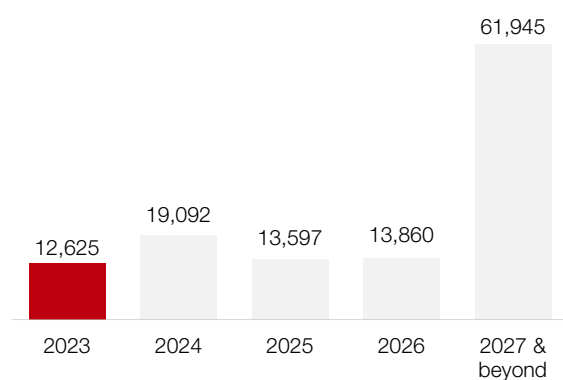


- Government 66%
- Public sector 18%
- Banks and FI 11%
- Others 5%

99%
Invested in bonds



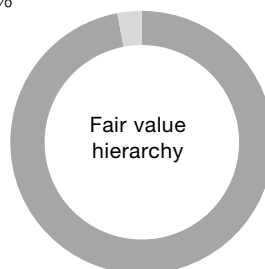
Maturity profile (AED mn)⁽³⁾



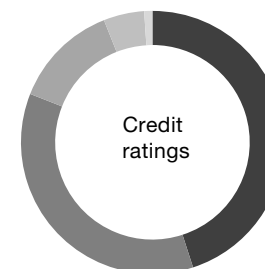
Total bond portfolio

Government and Non-Government bond portfolio: AED 121,144 mn

- Level 1
Quoted market prices 98%
- Level 2
Valuation techniques using observable inputs 2%



- AAA to AA- 47%
- A+ to A- 35%
- BBB+ to BBB- 12%
- BB+ to unrated 5%
- UAE Sovereign⁽⁴⁾ 1%



Key highlights

- Investment securities totalled AED 122 bn, +9% YTD and +12% YoY
- 63% were accounted for at amortised cost and 37% at fair value through other comprehensive income (FVTOCI) and mark to market on a daily basis

Non-Government bond portfolio

- Rated A-or better: 86%
- Rated BBB+ to BBB-: 12%
- Rated below investment grade: (BB+ and below including unrated): 2%

Credit ratings

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

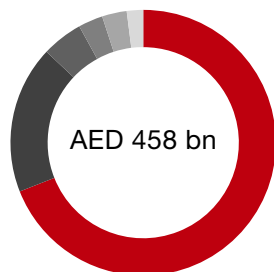
Note: Figures may not add up due to rounding differences
 (1) Includes AED 77 bn investments carried at amortised cost (31 Dec 2022: AED 56 bn)
 (2) Includes equity instruments and mutual funds

(3) Excluding investments in equity and funds
 (4) UAE Sovereign internal rating in Grade 3- and maps to external rating between AA to A-

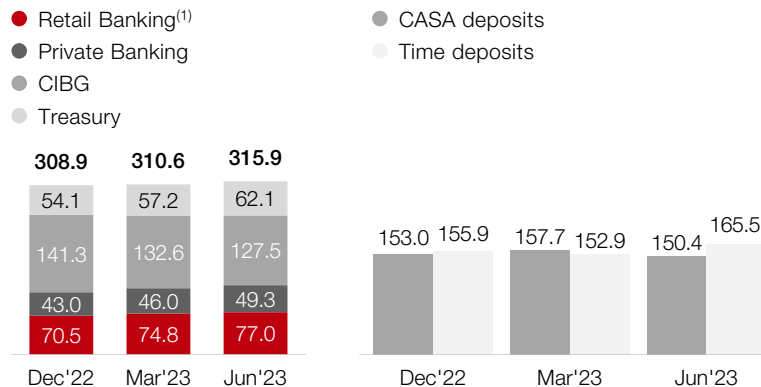
Customer deposits up 8% YoY reflecting ADCB's strong franchise, with time deposits rising amid higher interest rates

Liability mix

- Customer deposits 69%
- Borrowings 18%
- Other liabilities 5%
- Derivative financial instruments 3%
- Due to banks 3%
- Euro commercial paper 2%



Customer deposits (AED bn)



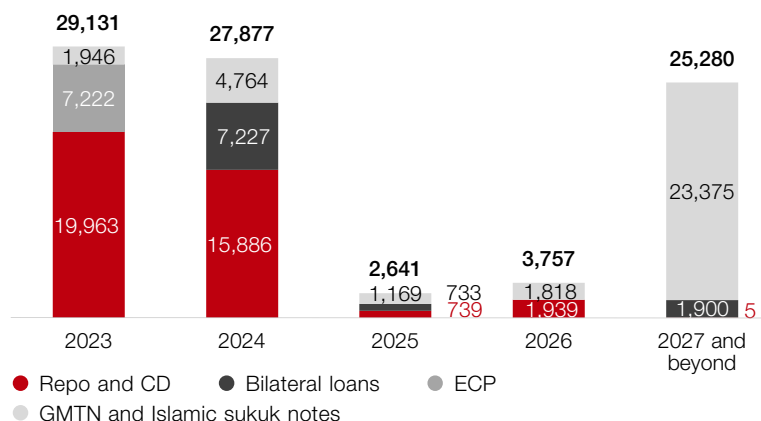
CASA split by business (AED mn)

As at 30 Jun 2023	Total deposits	CASA	CASA %	Contribution to Group's CASA %
Commercial	21,223	17,301	82%	12%
CIBG ⁽²⁾	106,325	59,481	56%	40%
PBG	49,266	13,467	27%	9%
RBG	76,120	59,189	78%	39%
Subtotal	252,934	149,438	59%	99%
Treasury	62,113	74	0%	0%
Property Management	861	861	100%	1%
ADCB Group	315,908	150,373	48%	100%

Wholesale funding

As at 30 Jun 2023	AED mn
Global medium term notes (GMTN)	31,233
Repo	36,988
Euro commercial paper	7,222
Bilateral loans	9,861
Islamic Sukuk notes	1,839
Certificate of Deposits	1,543
Total	88,685

Maturity profile (AED mn)



Key highlights

- Total customer deposits of AED 316 bn, up 8% YoY and 2% YTD mainly driven by Retail Banking (AED 6.5 bn) and Private Banking deposits (AED 6.3 bn)
- Amid rising rates, CASA deposits decreased 2% in H1 to AED 150 bn, while time deposits were up 6% at AED 166 bn
- CASA deposits accounted for 48% of total customer deposits
- CASA deposits were well balanced across the business, with CIBG accounting for 52%, and Retail and Private Banking representing 48%
- Net lender of AED 11 bn in the interbank markets⁽³⁾

Note: Figures may not add up due to rounding differences

(1) Includes Property Management
(2) Excludes Commercial

(3) Excludes loans to banks of AED 26.4bn from deposits and balances due from banks, net, but includes AED 1.5 bn of certificate of deposits with central banks and AED 11 bn overnight placement with Central Bank

Significant improvement in capital position, with CET1 at 13.39%

Capital adequacy ratio walkthrough (%)

CAR⁽¹⁾

- Tier 2 ratio
- AT1 ratio
- CET1 ratio



Risk weighted assets walkthrough (AED bn)

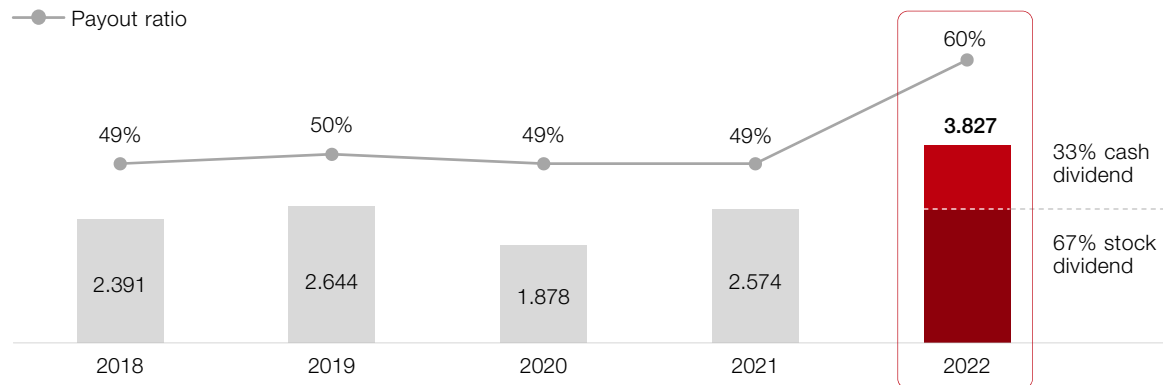
RWA

- ORWA
- MRWA
- CRWA



Dividend history and shareholders' returns (AED bn)

- Dividend amount
- Payout ratio



Note: Figures may not add up due to rounding differences

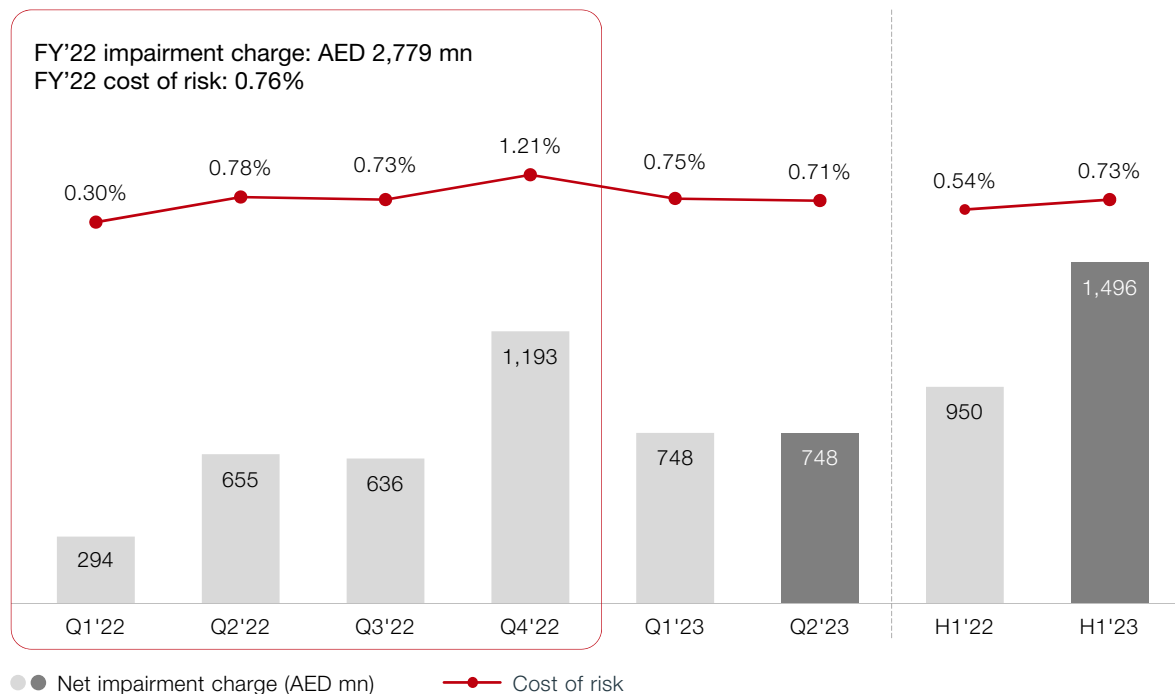
(1) UAE CB minimum CET1, Tier 1 and CAR requirements: 10%, 11.50% and 13.50% (13.54% including Credit Countercyclical Buffer regulatory requirement for Q2'23, subject to change every quarter)

(2) Includes credit valuation adjustment risk

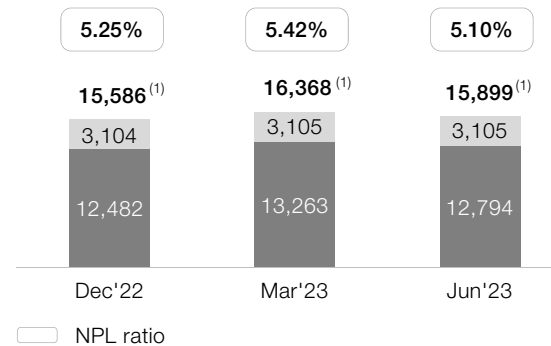
NPL ratio lowest since Dec'20 despite rising interest rates, with cost of risk in line with medium term guidance

Cost of risk

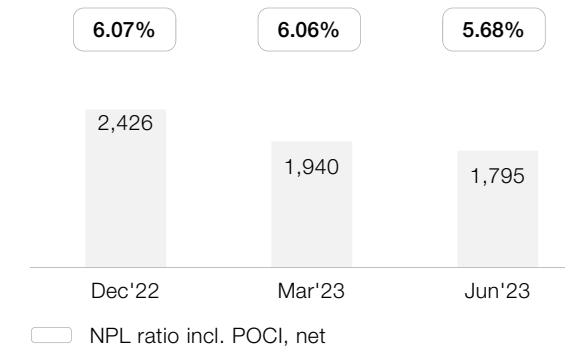
- Q2'23 impairment charges were steady on a sequential basis and 14% higher YoY at AED 748 million due to provisioning on a few corporate accounts
- H1'23 cost of risk increased to 73 bps, from 54 bps a year earlier when significant releases were recorded



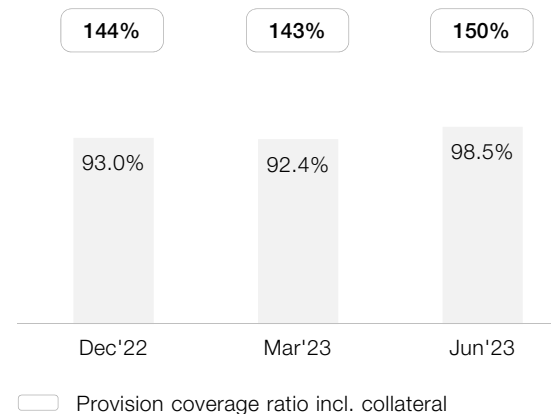
Non-performing loans (AED mn) and NPL ratio



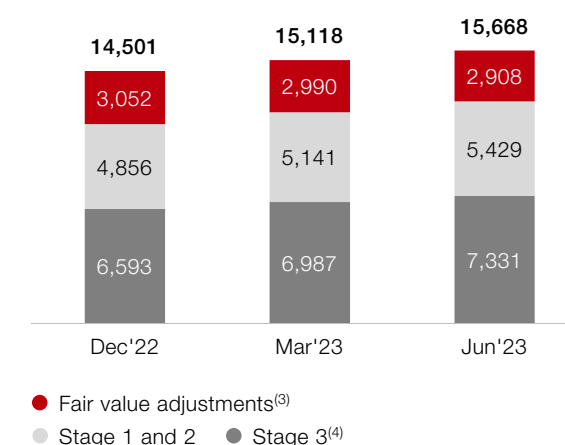
POCI assets (AED mn) and NPL ratio incl. POCI



Provision coverage ratio⁽²⁾



ECL by stage (AED mn)



Note: POCI: Purchased or originated credit-impaired financial assets
CoR: Net impairment charge on loans & advances and investments divided by net average loans & advances and investments
(1) Includes NMC Holdco loan of AED 3.1 bn which has been classified as loans and advances at FVTPL
For further information please refer to Note 11 of the Financial Statements

(2) Provisions on loans and advances, including fair value adjustments
(3) Fair value adjustments on loans include the historical ECL carried in books of AHB and ex-UNB (excluding POCI)
(4) Excludes AED 400 mn impairment allowances on POCI

Al Hilal super app continues to enhance data security and personalisation, attracting 30,000 new banking customers in Q2'23



- Since launch in Feb'22, Al Hilal Bank's new cloud-based super app featuring a virtual marketplace has **acquired approx. 510,000 registered users**. Momentum continues to grow, with more than 85,000 joining the platform in Q2'23. **Over 30,000 new banking customers were onboarded by the app in Q2'23**, bringing the total to c.190,000 since launch of the app
- An average of **c.8,000 daily transactions** were conducted during the quarter, with average engagement time at c.25 minutes per visit
- **New anchor partners were introduced** to the marketplace in Q2'23 and the product suite was widened to include Islamic insurance products, while the range of instant bill payments was expanded
- **Emirates Face Recognition authentication was introduced** to provide best-in-class biometric security for onboarding and digital transactions

- The Bank has **invested in a hyper-personalisation solution based on artificial intelligence (AI)**, which provides customers with products and services based on past behaviour and engagement
- Through the app, Al Hilal Bank is extending its **reach beyond its core Abu Dhabi market**, with residents of Dubai and the Northern Emirates accounting for 28% and 23% of customers respectively



Customers registered on digital platforms

81%

Q2'22: 67%



Digital subscribers⁽¹⁾ (IB/MIB)

266,191

Q2'22: 119,797

Digitally active customers

144,548

Q2'22: 58,367



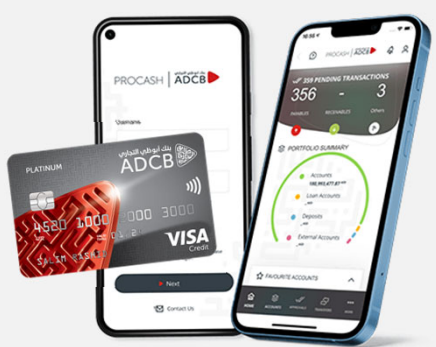
(1) Banking customers only

Strong financial performance by ADCB Egypt with digital transformation gaining traction



- ADCB Egypt delivered a **strong financial performance** despite macro-economic challenges and continued to **drive digital transformation** across the Bank
- **Net profit⁽¹⁾ in Q2'23 increased 93% YoY to EGP 414 million**, representing a return on equity of 23.7%
- **Net profit⁽¹⁾ in H1'23 increased 92% YoY to EGP 777 million**, representing a return on equity of 22.7%
- **Net loans increased 4% during H1'23 to EGP 31 billion** as at 30 June 2023
- **Total deposits decreased 2% to EGP 74 billion** as at 30 June 2023

- Subscribers to digital banking platforms were 53% higher than a year earlier, **supported by digital enhancements**, including facilitation of sub-account openings and personal data updates
- **Strong growth of the affluent segment and cards business**, driven by further development of premium products and services
- **Alignment with Group ESG strategy** through the launch of the ADCB Egypt ESG Committee to implement a sustainability roadmap. The Bank also sponsored Egypt ClimAccelerator to support clean technology start-ups



H1'23 net profit (EGP)⁽¹⁾	ROE
777 mn	22.7%
92% YoY	H1'22: 16.3%

Q2'23 digitally active customers	Q2'23 digital subscribers
+55% YoY	+53% YoY



(1) Based on IFRS



2. Digital & ESG highlights

Quarterly record of 147,000+ new retail customers⁽¹⁾ as digital drives growth, accounting for 86% of onboarding

Retail Banking Group (RBG)

- ADCB's UAE operations and Al Hilal Bank welcomed a quarterly record of 147k+ new retail banking customers in Q2, with 86% onboarded digitally. **ADCB's onboarding app, Hayyak, welcomed a record 98,000 new customers in Q2**
- **ADCB FacePass, a facial recognition security feature, was introduced** to enhance data security and streamline services. 62k+ customers used FacePass for digital onboarding since its May launch, with 286k enrolments and 953k+ transactions within one month of introduction on digital channels
- **5,200+ applications** (AED 398 million of demand) received through **digital IPO portal** for the ADNOC Logistics and Services offering, accounting for 90% of subscriptions received by ADCB

Corporate & Investment Banking Group (CIBG)

- The Bank introduced new alerts to allow users to effectively monitor transactions in real time on the ProCash platform
- **Upgrades to the ProCash Mobile app streamlined the onboarding process for SMEs** and enhanced the transaction experience through the introduction of real-time validation of beneficiaries
- **ADCB launched the Virtual Corporate Credit Card**, a digital payment solution that provides greater efficiency, security and convenience

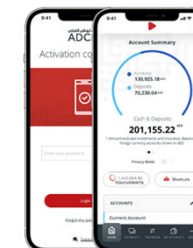
Q2'23 digital highlights⁽²⁾

Retail customers onboarded digitally through Hayyak

80%

Digital retail customer transactions

97%



Digital retail transactions ('000)

44,927

+32% YoY



Customers are registered on Internet & Mobile Banking

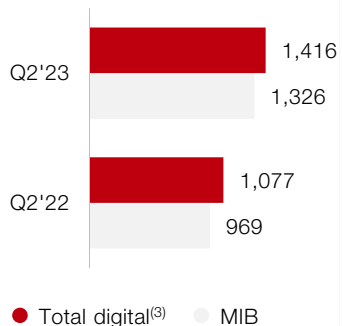
87%



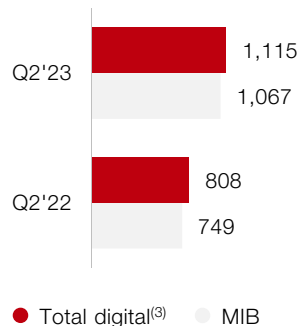
Mobile fund transfer transactions

+62% YoY

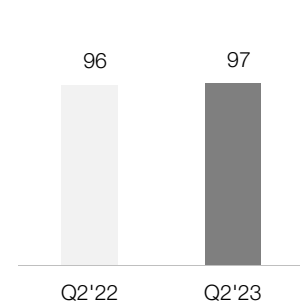
Digital subscribers⁽²⁾ ('000)



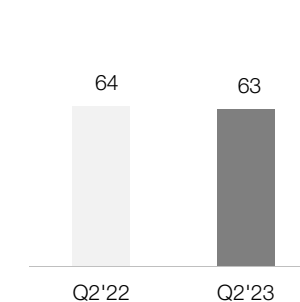
Digitally active customers⁽²⁾ ('000)



ProCash transactions (% of total)



ProTrade transactions (% of total)



(1) ADCB UAE operations and Al Hilal Bank
 (2) ADCB UAE operations only
 (3) Total digital: Internet or Mobile Banking

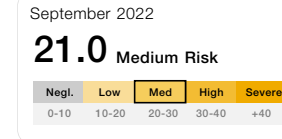
Subscribers: Registered user having at least one active product relationship
 Active: At least one transaction in past three months

Effective execution of ESG strategy, with progress on climate agenda and assessment of financed emissions

- In Q2, the Group Sustainability Committee approved a project to **develop ADCB's climate strategy in line with the UAE's Net Zero by 2050 Strategic Initiative**. Project working groups have been established to set the Bank's ambition level, define strategic activities, identify partnerships and commitments
- **A baseline assessment of financed emissions covering ADCB's lending portfolio** is being carried out in accordance with **Partnership for Carbon Accounting Financials (PCAF) standards**
- **The Bank has undertaken its first climate stress test and scenario analysis**, and incorporated climate-related qualitative responses within its Internal Capital Adequacy Assessment Process (ICAAP) submission to the Central Bank of the UAE
- **ADCB published its 2022 ESG Report in May** in accordance with international and national reporting standards and guidelines
- **ADCB was recognised for its positive social impact by the UAE's Federal Government**, which awarded the Bank the **'Impact Seal – Platinum Tier' under the Majra (National CSR Fund)**. Criteria were based on the UN Sustainable Development Goals and national strategic priorities

Key highlights

Highest regional ESG rankings⁽¹⁾



Highest ranked diversified bank in the GCC



Highest ranked diversified bank in MENA

Among

Top 5 brands

In the UAE for customer experience



'2022 ESG Report' published with third party assurance by Deloitte

adcb.com/esgreport

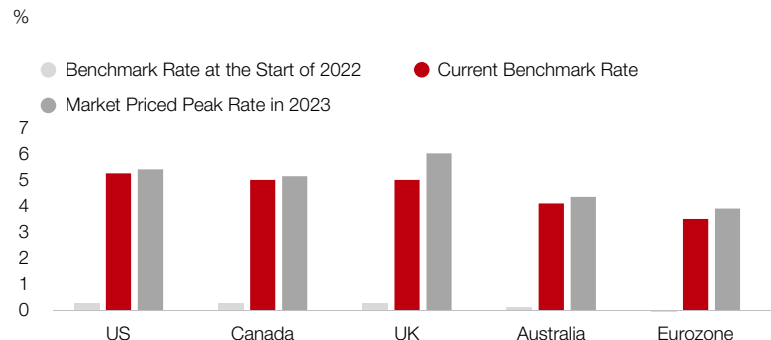


(1) ADCB is the highest ranked diversified bank in the GCC by Sustainalytics as at 12 July 2023 Source: Sustainalytics Ratings Portal
ADCB is the highest ranked diversified bank in MENA by MSCI as at 12 July 2023 Source: MSCI Ratings Portal

3. Operating environment & guidance

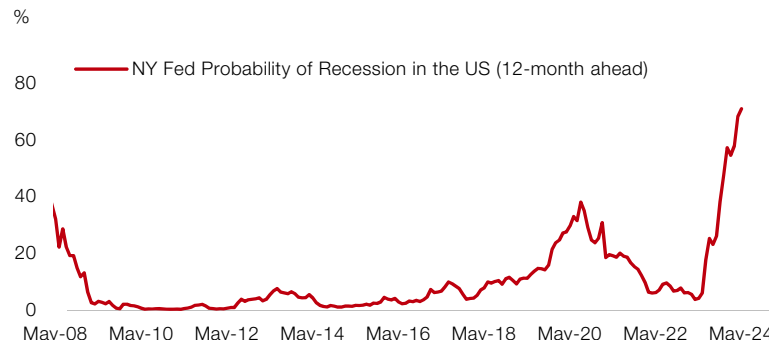
Resilient UAE economy despite heightened global uncertainty

Global: Central banks hiking interest rates to tame decade high inflation levels



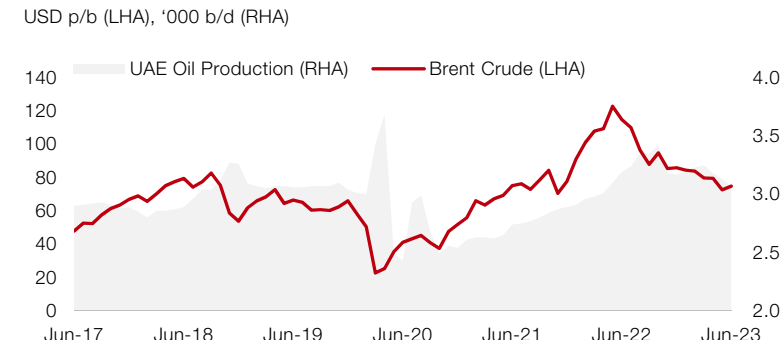
Source: Bloomberg, Federal Reserve, BoE, ECB, RBA, BoC, ADCB Economic Research

US: Probability of a recession in the next 12 months has risen significantly as the Fed hikes interest rates



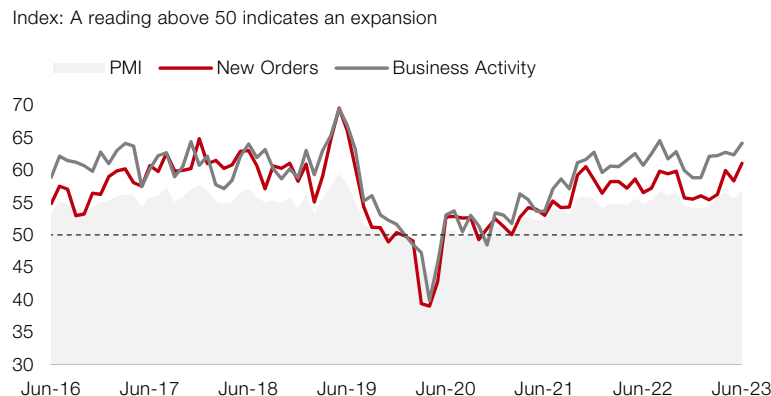
Source: NY Federal Reserve, Bloomberg, ADCB Economic Research

Global: Oil price softened in 2023 amidst global demand concerns; OPEC+ reducing supply



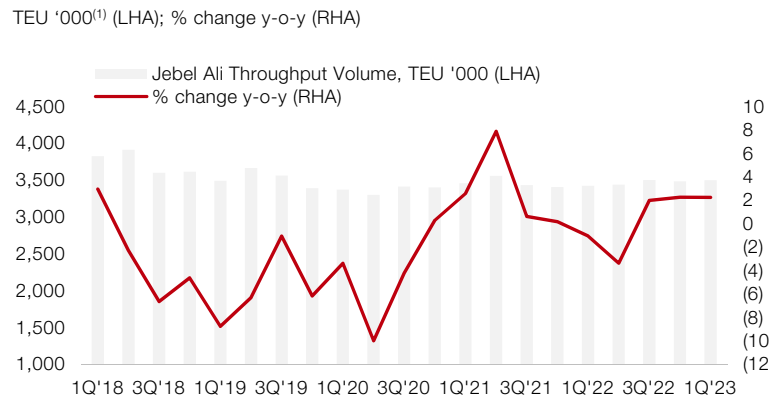
Source: Bloomberg, ADCB Economic Research

UAE: PMI data shows solid business activity with strong domestic demand



Source: S&P Global, ADCB Economic Research

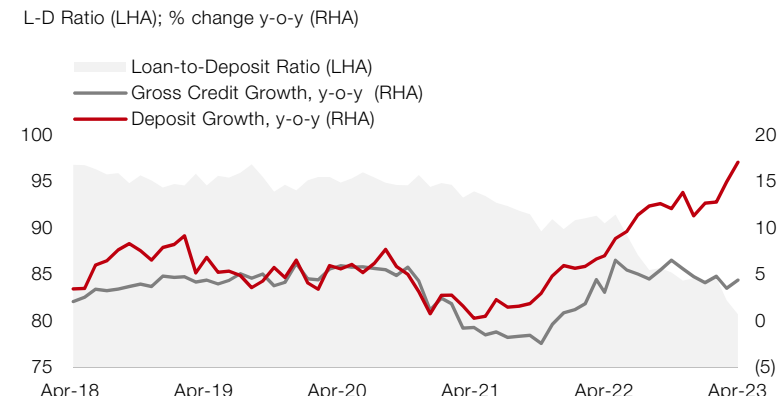
UAE: Externally facing service sector to face headwinds from global slowdown in 2023



(1) Twenty-foot equivalent units

Source: DP World, ADCB Economic Research

UAE: Banking sector liquidity remains comfortable with deposit growth outpacing credit growth in yearly terms



Source: Central Bank of the UAE, ADCB Economic Research

Summary and medium-term guidance

Closing remarks

**Strong financial performance
enhancing ADCB's resilience**



**Continued diversification
of revenues across
business segments**



**Robust capital position
and liquidity profile**



**Momentum in loan growth
primarily driven by GREs
and retail customers**



**Digital and ESG key to
successful delivery of
growth strategy**



Medium-term (2021–2023) guidance

Loan growth Mid-single digit

**Cost to
income ratio** ≈29–32%

Cost of risk⁽¹⁾ ≈80 bps

CET1 ratio >12%

**Dividend payout
ratio** 50% of net profit

(1) CoR: Net impairment charge on loans & advances and investments divided by net average loans & advances (excluding loans and advances at FVTPL) and investments

4. Appendix

The background features a complex, abstract pattern of light gray lines that create a sense of depth and movement, resembling a tunnel or a series of overlapping planes. The lines are most dense on the right side and become more sparse towards the left, where they meet the text. The overall color palette is a range of light grays, from off-white to a very pale blue-gray.

Balance sheet as at 30 June 2023

AED mn	Jun'23	Dec'22	ΔYTD
Cash and balances with Central banks, net	35,195	39,429	(11%)
Deposits and balances due from banks, net	38,258	35,339	8%
Financial assets at fair value through profit or loss	8,505	4,642	83%
Derivative financial instruments	15,914	15,183	5%
Investment securities, net	122,038	112,011	9%
Loans and advances to customers, net	271,960	258,493	5%
Investment in associates	254	253	0%
Investment properties	1,688	1,692	(0%)
Other assets, net ⁽¹⁾	18,513	21,711	(15%)
Property and equipment, net	1,887	1,938	(3%)
Intangible assets	7,089	7,152	(1%)
Total assets	521,301	497,842	5%
Due to banks	13,612	9,719	40%
Derivative financial instruments	15,509	16,225	(4%)
Deposits from customers	315,908	308,931	2%
Euro commercial paper	7,222	5,994	20%
Borrowings	81,464	69,876	17%
Other liabilities ⁽²⁾	23,875	25,671	(7%)
Total liabilities	457,589	436,416	5%
Total shareholders' equity	63,705	61,418	4%
Non-controlling interests	6	8	NM
Total liabilities and shareholders' equity	521,301	497,842	5%

Note: Figures may not add up due to rounding differences

(1) Other assets include assets held for sale

(2) Other liabilities include liabilities related to assets held for sale

Income statement for the six month period ended 30 June 2023

AED mn	Quarterly trend			Half-yearly trend		
	Q2'23	Q2'22	ΔYoY	H1'23	H1'22	ΔYoY
Interest and income from Islamic financing	6,715	3,519	91%	12,811	6,270	104%
Interest expense and profit distribution	(3,784)	(948)	299%	(7,030)	(1,553)	353%
Net interest and Islamic financing income	2,930	2,571	14%	5,782	4,718	23%
Net fees and commission income	724	505	43%	1,256	992	27%
Net trading income	383	259	48%	838	376	123%
Other operating income	22	160	(86%)	95	346	(73%)
Non-interest income	1,129	924	22%	2,190	1,713	28%
Operating income	4,059	3,495	16%	7,971	6,431	24%
Staff expenses	(750)	(701)	7%	(1,434)	(1,330)	8%
General administrative expenses	(451)	(399)	13%	(878)	(763)	15%
Depreciation	(95)	(103)	(8%)	(192)	(205)	(6%)
Amortisation of intangible assets	(23)	(24)	(1%)	(47)	(47)	(2%)
Operating expenses	(1,319)	(1,227)	8%	(2,550)	(2,345)	9%
Operating profit before impairment charge & taxation	2,740	2,268	21%	5,421	4,086	33%
Impairment charge	(748)	(655)	14%	(1,496)	(950)	57%
Share in (loss)/profit of associates	0	(5)	NM	1	(3)	NM
Overseas income tax charge	(60)	(35)	70%	(116)	(64)	80%
Gain/(loss) from discontinued operations	-	3	NM	-	(11)	NM
Profit for the period	1,932	1,575	23%	3,811	3,059	25%

H1 2023 awards

ADC B H1 2023 awards and recognition

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

International Financial - International Finance Awards 2023

- Best Corporate Customer Service Bank – UAE 2023

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

ADC B Egypt H1 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

ADCB Investor Relations

Contact information

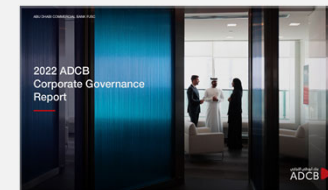
For more information, please visit adcb.com/ir
or contact ADCB Investor Relations at ir@adcb.com

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2022 Annual Report
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2022 Corporate
Governance Report
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2022 ESG Report
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