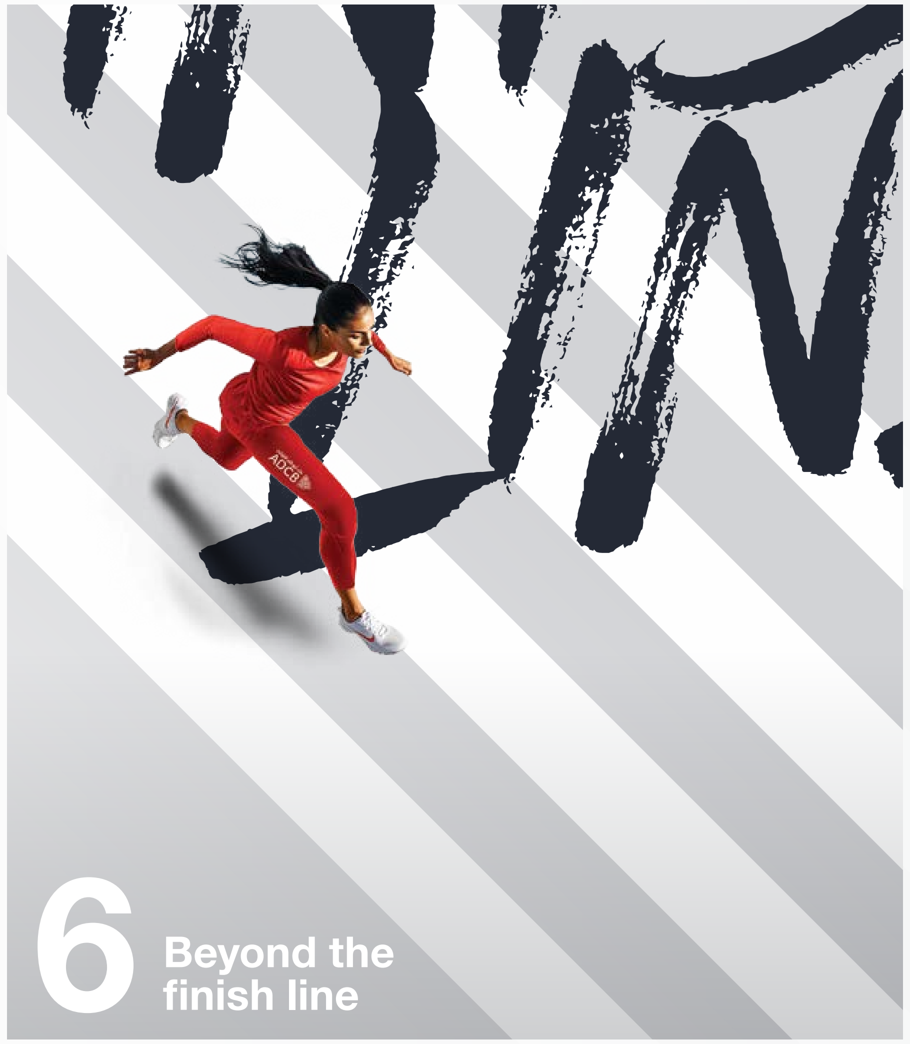
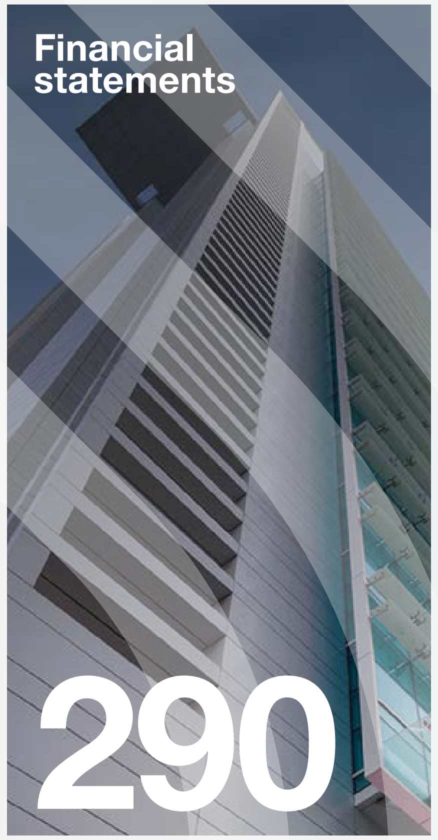
Beyond the Finish Line

ABU DHABI COMMERCIAL BANK PJSC / 2024 ANNUAL REPORT

بنك أبوظبي التجاري
ADCB

Table of contents





HIS HIGHNESS SHEIKH MOHAMED BIN ZAYED AL NAHYAN

PRESIDENT OF THE UNITED ARAB EMIRATES AND RULER OF ABU DHABI
SUPREME COMMANDER OF THE UAE ARMED FORCES

HIS HIGHNESS SHEIKH MANSOUR BIN ZAYED AL NAHYAN

UAE VICE PRESIDENT
DEPUTY PRIME MINISTER AND CHAIRMAN OF THE PRESIDENTIAL COURT

HIS HIGHNESS SHEIKH KHALED BIN MOHAMED BIN ZAYED AL NAHYAN

CROWN PRINCE OF ABU DHABI
CHAIRMAN OF THE ABU DHABI EXECUTIVE COUNCIL

Reaching AED 10 billion and setting a new ambition

The theme of the 2024 Annual Report, 'Beyond the finish line,' celebrates the Olympic spirit and the dedication of athletes to push their limits and reach new heights. It reflects ADCB's successes in achieving rapid growth over the last five years to reach an internal target of AED 10 billion in profit before tax in 2024, and the Bank's continuous pursuit of excellence through a new strategy that sets more ambitious goals.

As we target a doubling of profit within the next five years, ADCB is driven by the core values that underpin the success of elite athletes: ambition, discipline, respect, care and integrity.

10.585 bn

+26% YoY

Profit before tax (AED)

FAST TRACK to the FUTURE

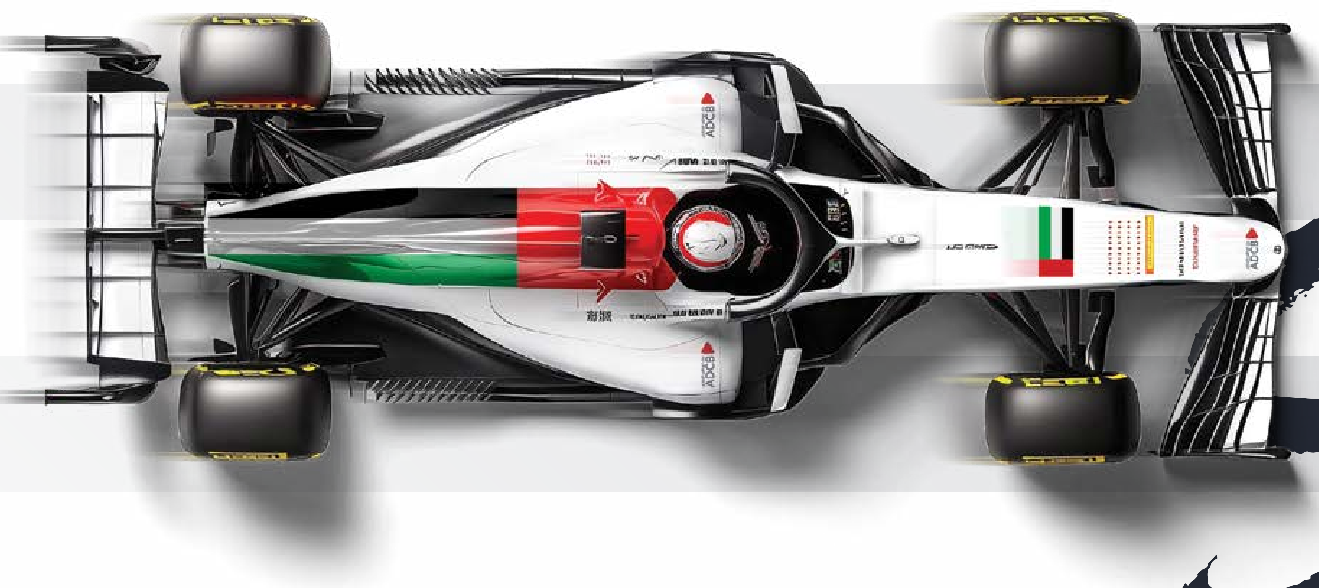
At the heart of the UAE economy

ADCB's ambitious new growth strategy is inspired by the UAE's bold vision for a diversified, net zero economy. Structural reforms and major investments are accelerating non-oil GDP growth, attracting entrepreneurs and substantial FDI. The UAE is rapidly advancing in industries of the future — from renewable energy to space exploration, AI and blockchain — positioning itself as a global leader in innovation.

As a leading financial institution, ADCB is at the heart of this dynamic transformation, actively supporting the country's rapid economic expansion and growing global investments. With a strong balance sheet, deep financial expertise, and a commitment to innovation, we empower individuals and businesses to seize new opportunities and drive sustainable prosperity.

335 bn

UAE forecast for additional AI-driven output by 2031 (AED)



SETTING the PACE

Digital and AI drive customer experience

Digital transformation is the driving force behind ADCB's success in growing market share, increasing customer engagement, and delivering service excellence. This has been supported by a partnership ecosystem that extends the Bank's reach into lifestyle offerings.

In line with the country's ambition to lead globally in artificial intelligence, ADCB is making strategic investments in technology, including the responsible deployment of AI, which will play a pivotal role in scaling our business, enhancing productivity and delivering a superior customer experience.

91%

Customers registered on internet and mobile banking

the COMPETITIVE EDGE

Nurturing a high-performance culture

We are committed to building a high-performance culture that empowers employees to excel. With a structured approach to career development and measurable KPIs, we create an environment where talent is recognised and nurtured. ADCB's top-quartile global ranking in the Organisational Health Index (OHI)[1] reflects a workplace that values collaboration, accountability and continuous growth.

We are also setting the pace on Emiratisation to promote the long-term success and sustainability of ADCB and the wider financial services industry. UAE nationals account for approximately 40% of the employee base. Seasoned Emirati leaders are integral to ADCB's strategic vision, and are strongly represented on the Bank's key decision-making committees.

Top quartile

Against the global banking benchmark and all companies globally in the Organisational Health Index[1]

(1) The Organisational Health Index is a survey conducted by a leading global management consultancy firm to assess and determine an organisation's ability to achieve sustained improvements in performance

Enabling a sustainable future

ADCB is proud to support the UAE's commitment to achieving net zero carbon emissions by 2050, a goal that requires the mobilisation of significant financial resources and a collective effort to drive the economic transition. As a member of the UN-convened Net Zero Banking Alliance, ADCB is supporting customers in their decarbonisation journey and has pledged AED 125 billion in sustainable finance activities by 2030.

We are also expanding our suite of green products and services to further enable this transition and contribute to a sustainable future.

Fit for THE FUTURE

OVERVIEW

January

Strategic expansion in Saudi Arabia

ADCB obtained approval from the Saudi Council of Ministers for a license to operate a banking business in the Kingdom of Saudi Arabia. The Bank is establishing a strategic presence in the Kingdom, leveraging its strong balance sheet and advanced corporate banking capabilities to support a growing client base and contribute to the deepening of regional economic relationships.

2024

April

Brand value reaches AED 10.5 billion

Brand Finance's 'Banking 500' report showed that ADCB's brand value increased by 8.7% over the previous year to AED 10.5 billion, with the Bank rising four places to rank 109th globally among the top 500 banking brands.

May

Nafis award for Emiratisation

ADCB received a high-profile 'Nafis' award for Emiratisation in a ceremony presided over by H.H. Sheikh Mansour Bin Zayed Al Nahyan. The Bank is ranked in first place among large enterprises in the banking sector by Nafis, a federal government programme aimed at empowering Emirati talent in the UAE's private sector.

Top UAE Bank for Customer Experience — KPMG

ADCB became the highest-ranked bank in the UAE and the second across all sectors in KPMG's UAE Customer Experience Excellence Report, reflecting the Bank's commitment to superior service and innovation.

June

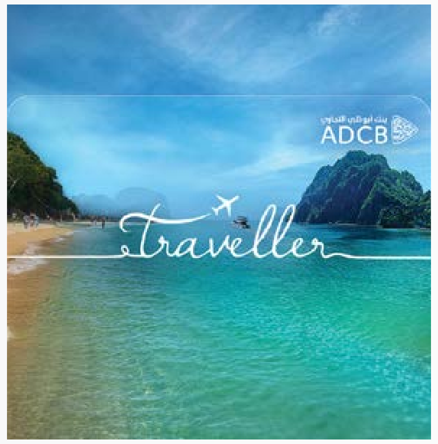
10th anniversary of Tamooha Programme

ADCB celebrated the 10th anniversary of its Tamooha programme, a pioneering initiative dedicated to empowering Emirati women in the workforce. Since its inception, the programme has supported career development, flexible work arrangements, and leadership opportunities, enabling hundreds of women to contribute to the economy while balancing personal commitments.

July

Enhanced Traveller Credit Card

ADCB launched its enhanced Traveller Credit Card offering exclusive benefits designed to elevate the travel experience. The card provides perks such as travel insurance and accelerated rewards on travel-related spending, catering to frequent travellers seeking convenience and value.



Landmark AED 6 billion interest rate hedge for GEMs

ADCB was awarded a mandate by GEMs education as sole hedging coordinator and market hedge provider for c. AED 6 billion 5-year interest rate hedging execution following a competitive process that included regional and global financial institutions. This transaction represented one of the largest local currency interest rate hedges in the UAE and followed ADCB's participation in an AED 12 billion syndicated loan for GEMS.

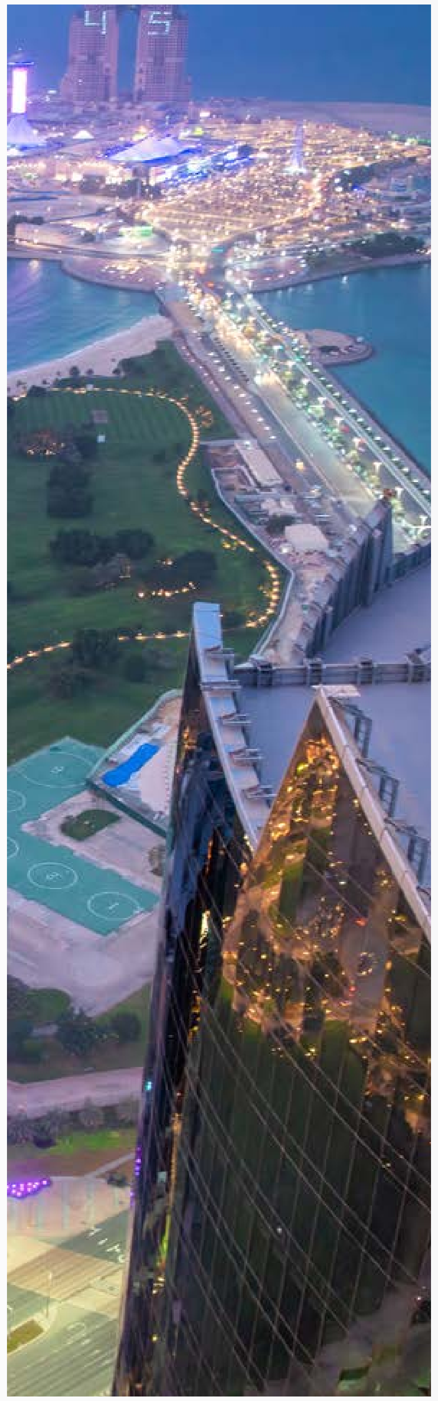
Corporate banking hub in Kazakhstan

Announcement of the expansion of ADCB's strategic presence in Central Asia and Caucasus through the establishment of a corporate banking hub in Kazakhstan. The ADCB Group's subsidiary in Kazakhstan, which had been known as 'Al Hilal Islamic Bank JSC', was rebranded to offer corporate financial products and services under ADCB's Islamic Banking arm.

September

Housing loan initiative

Collaboration with Abu Dhabi Housing Authority (ADHA) commenced to offer top-up on existing housing loans with interest and Murabaha options, supported by the Abu Dhabi government, to beneficiaries of ADHA's Housing Loan Programme. The initiative enables eligible citizens to secure additional financing on their original loans, helping them obtain housing that better meets their needs.



Successful tier 2 bond issuance

Successful issuance of a USD 500 million tier 2 bond, which was 7.2x oversubscribed at guidance, attracting strong demand from regional and international investors. The tier 2 issuance further reinforced ADCB's capital base to support growth as the Bank continues to take advantage of a robust credit pipeline.

Tier 2 bond issuance

USD 500 mn

7.2x oversubscribed at guidance

November

2024 Green Bond Report

ADCB published its 2024 Green Bond Report, detailing the impact of the Bank's Eligible Green Loan Portfolio, which had grown 84% year-on-year, with estimated financed emissions avoided of 1.8 million tonnes of CO_2 equivalent, annually. The report is independently assured in accordance with its Green Bond Framework, based on the International Capital Markets Association (ICMA) Green Bond Principles.

MSCI ESG rating upgrade

ADCB received MSCI ESG rating upgrade to 'AA', from 'A', reflecting the Bank's progress in sustainable finance initiatives, ESG due diligence, industry leading data privacy management and security, as well as business ethics practices. The upgrade places ADCB in the MSCI 'industry leader' category for managing ESG risks and opportunities.

MSCI ESG RATING

AA

Upgrade from 'A'

New Corporate TouchPoints Credit Card

ADCB launched a comprehensive rewards programme with its new Corporate TouchPoints Credit Card. The card offers tailored benefits for corporate clients, including enhanced rewards for business spending and exclusive access to ADCB's premium services.

December

ADCB and Ma'an strategic partnership

The Bank signed an agreement with Ma'an, the Authority of Social Contribution, to empower communities through social projects, and enable organisations to reach their social responsibility and sustainable development goals.

ADCB at a glance

Third-largest bank by total assets in the UAE

Total assets (AED)

653 bn

+15% YoY

10.585 bn
Profit before tax (AED)
+26% YoY

17.0%(1)
Market share — loans
2023: 16.0%

14.7%(1)
Market share — deposits
2023: 14.0%

2,100+
Emiratis employed

2.4 mn+
Total number of retail customers
2023: 1.9 mn+

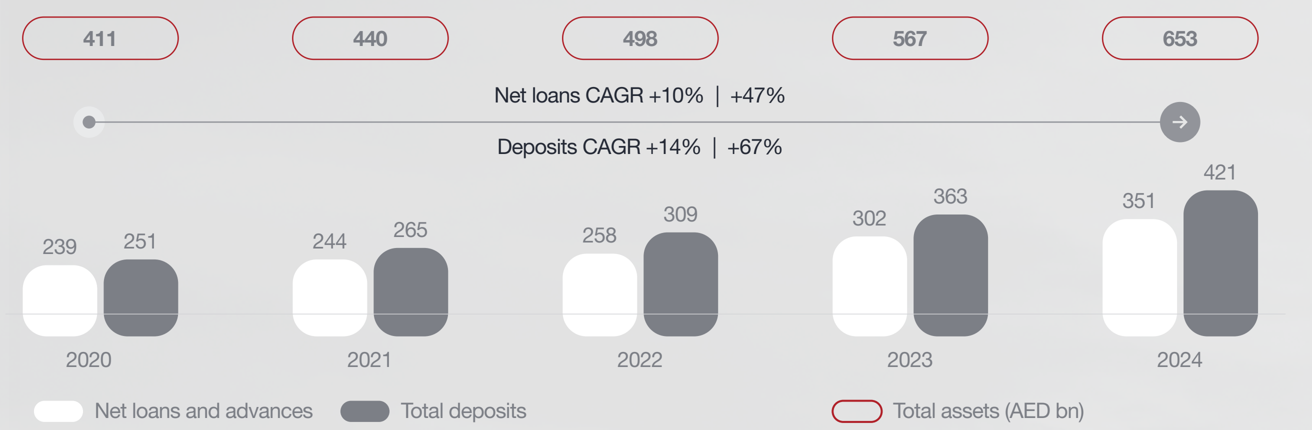
80+
Nationalities represented within the Bank

91%
Customers registered on Mobile and Internet Banking(2)

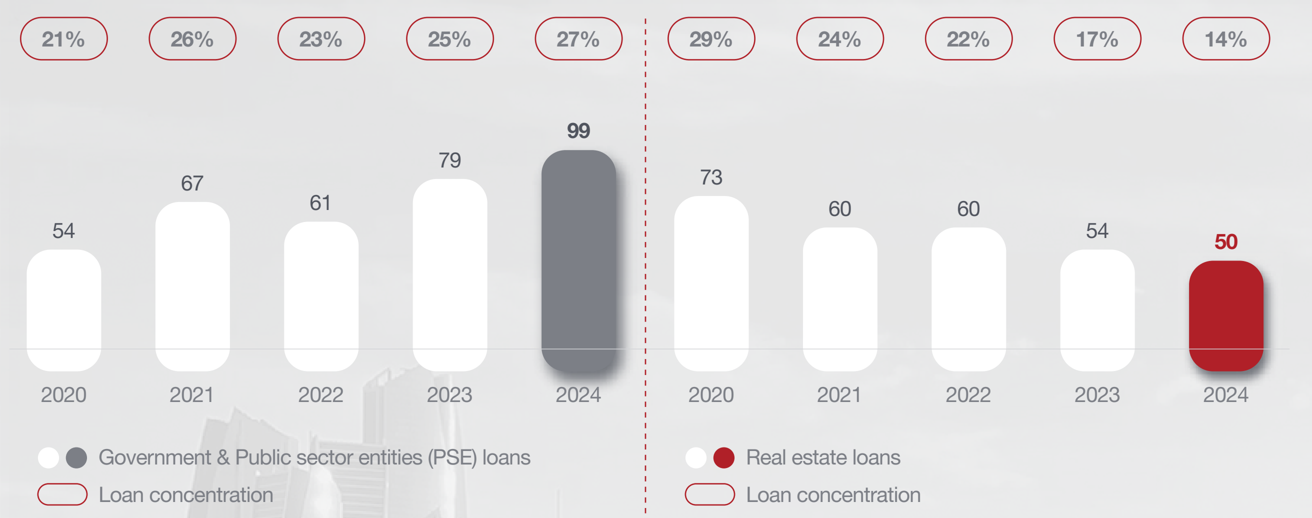
(1) Based on ADCB's FY'24 financials and latest statistics published by UAE Central Bank as at November 2024, UAE banking operations only
(2) ADCB UAE only

ADCB as an investment
ADCB 5-year journey: key financial metrics

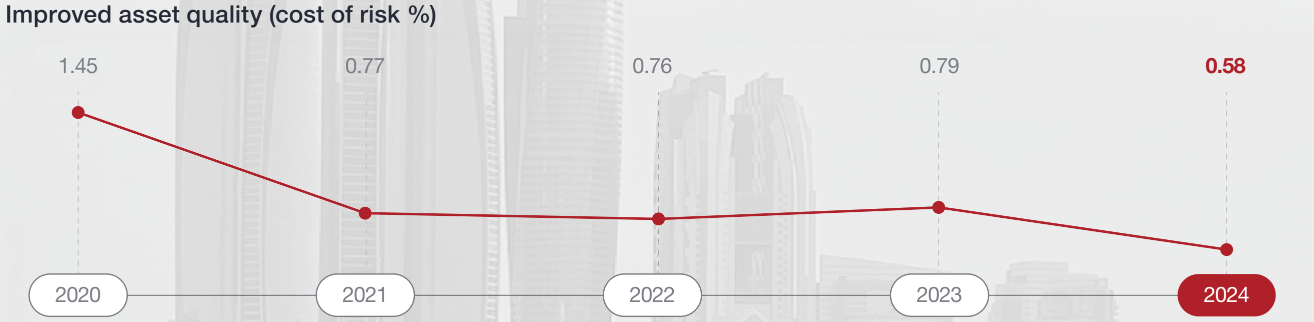
Balance sheet of AED 653 bn, reflecting robust growth in loans & deposits (AED bn)



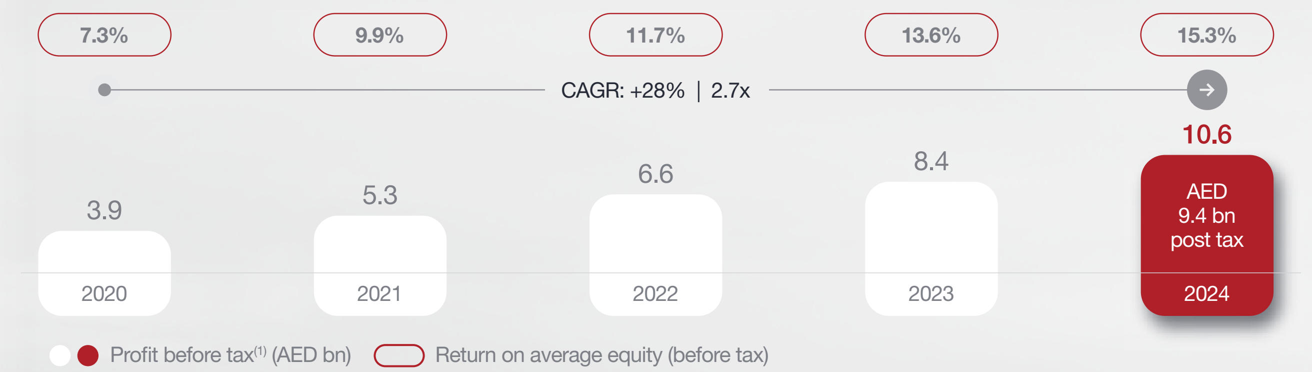
Strategic rebalancing of the loan portfolio, with increased GRE exposure (AED bn)



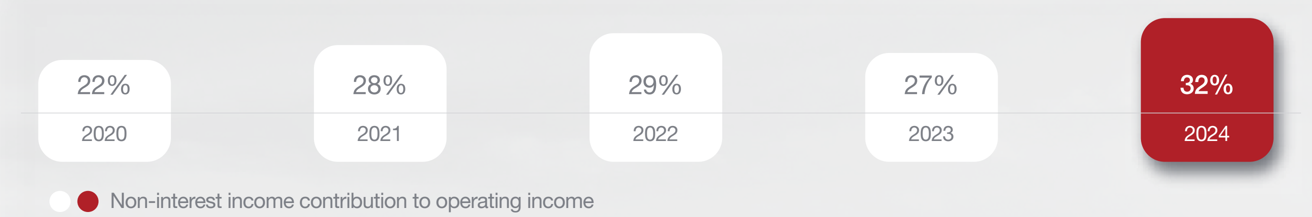
Improved asset quality (cost of risk %)



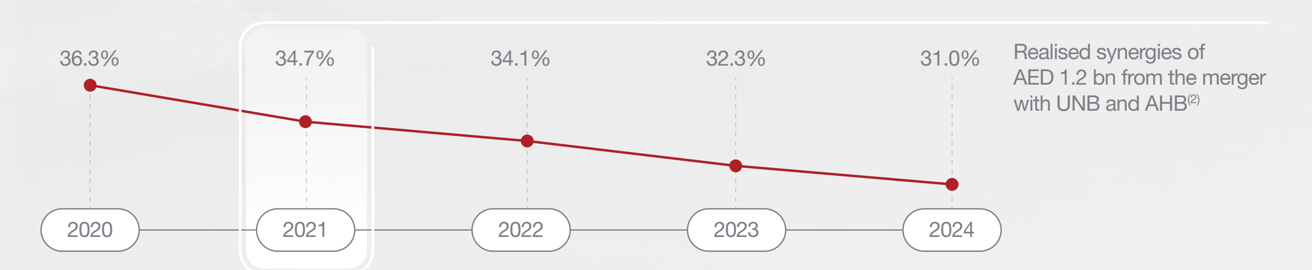
AED 10 bn milestone reached one year ahead of internal target



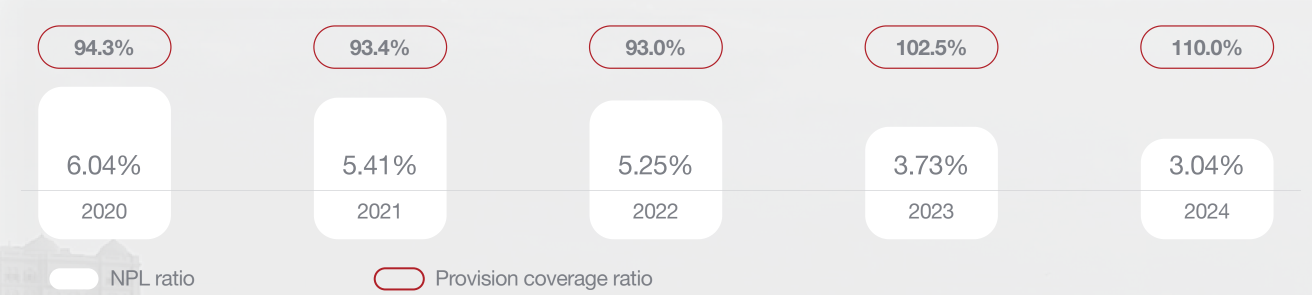
Increased non-interest income, enabling effective capital development



Disciplined cost management (530 bps decline in cost to income ratio)



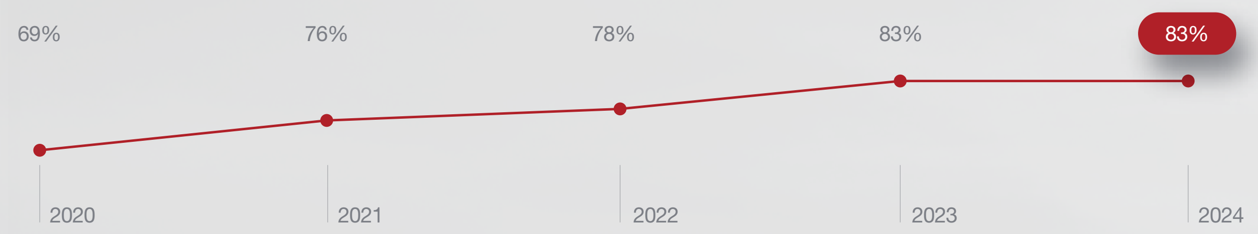
NPL ratio halved and at its lowest level since 2020



Note: CAGR calculations are from 2020 to 2024
(1) Net of loss on discontinued operations, as applicable
(2) Well above the annual cost synergy target of AED 1 bn

ADCB 5-year journey: key non-financial metrics

Record level of digitally onboarded retail customers



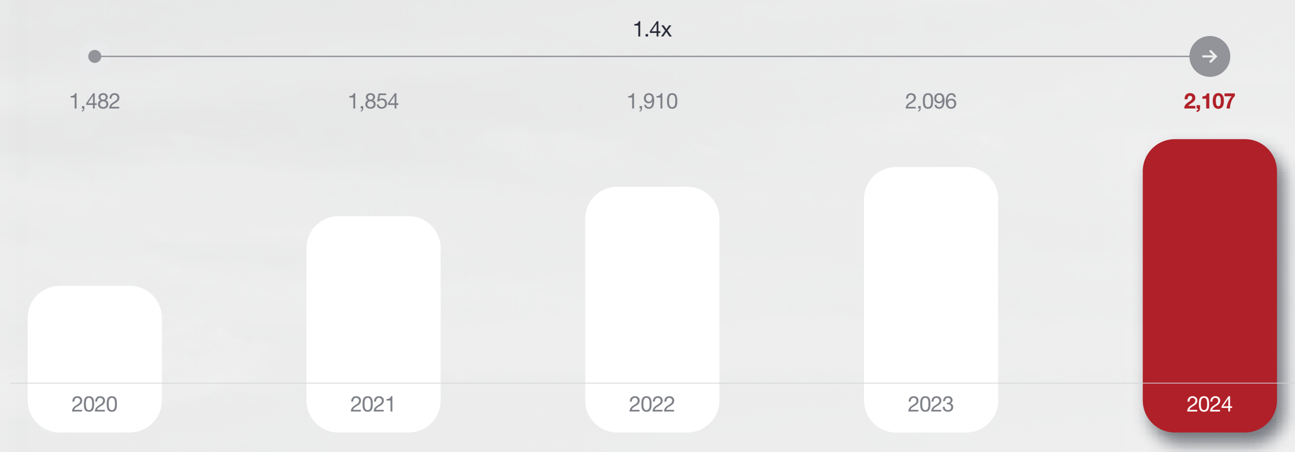
Service excellence — NPS scores[2]

Accelerated digital transformation strategy resulting in increased self-service transactions, +40% YoY

No. of digital retail transactions (mn)

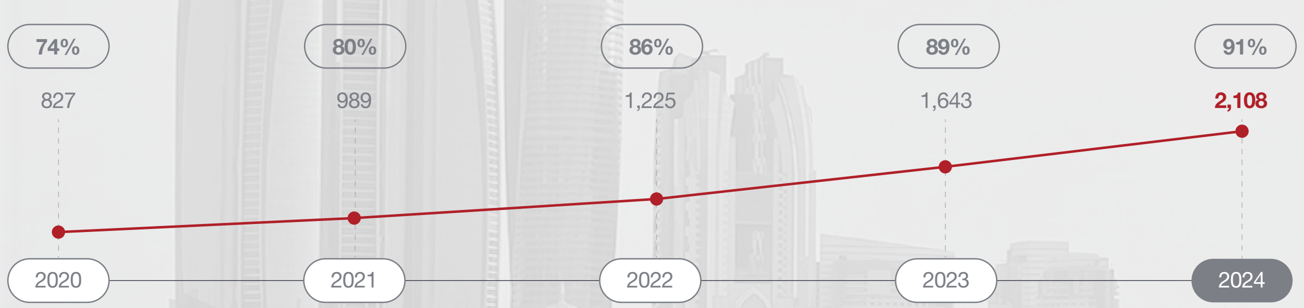
Emiratisation — a key strategic priority, 42% increase in UAE nationals since 2020

Total UAE nationals (ADCB + Al Hilal Bank)

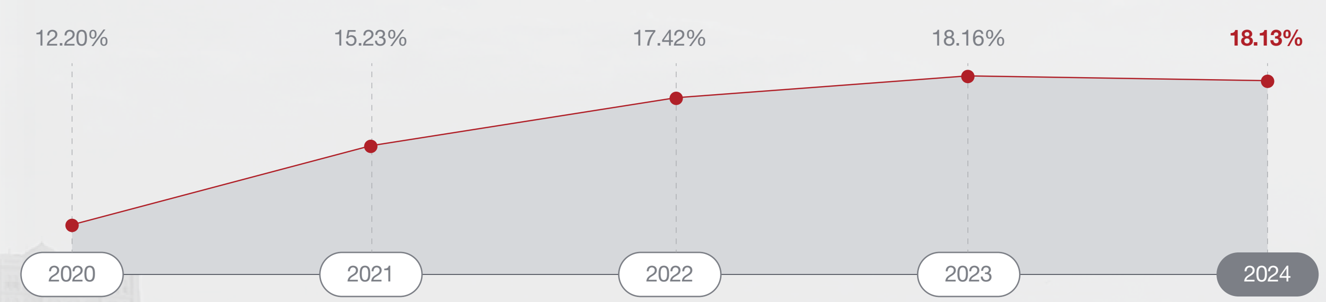


Record level of digital retail subscriptions[1] ('000)

% digital subscribers



Growing foreign shareholding

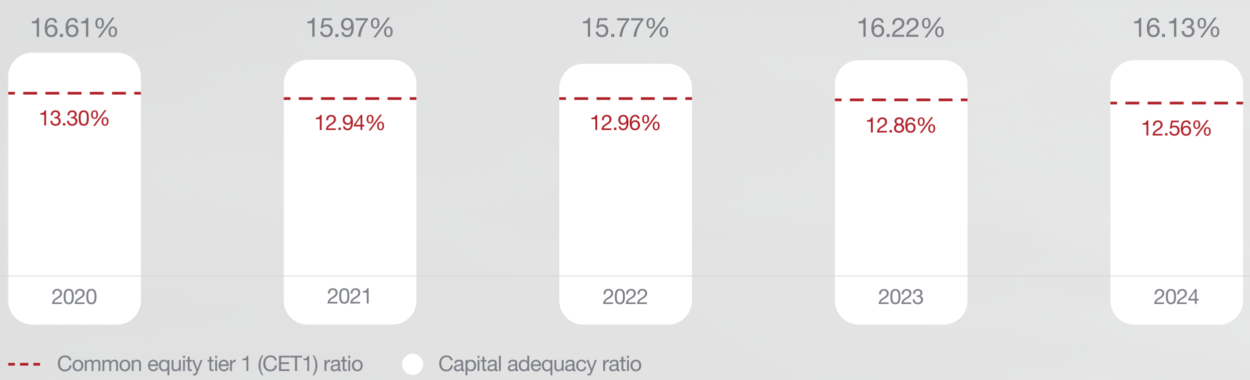


(1) Total digital subscriptions include mobile and internet banking channels

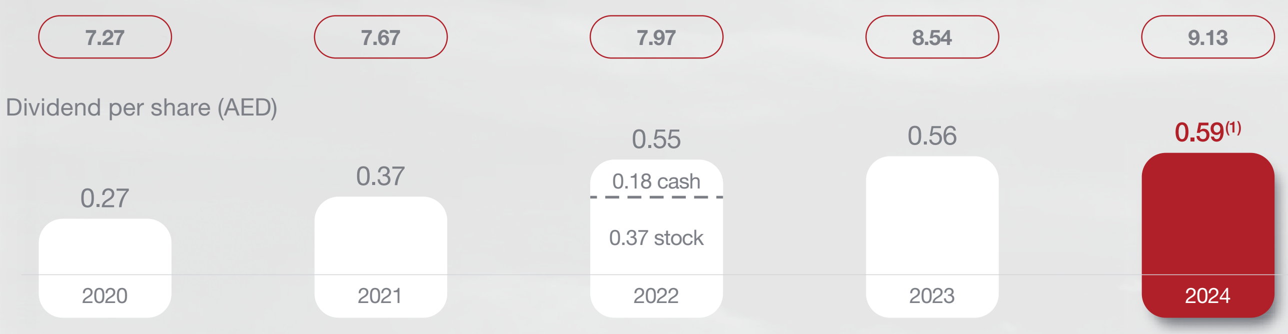
(2) NPS: Net promoter score is based on the likelihood that customers will recommend ADCB to family or a friend. NPS is calculated as the percentage of customers who are promoters, rating ADCB a 9 or a 10 on a 0 to 10 point scale, minus the percentage who are detractors, rating it a 6 or lower

ADCB 5-year journey: creating long-term value for shareholders

Robust capital ratios



Creating significant shareholder value

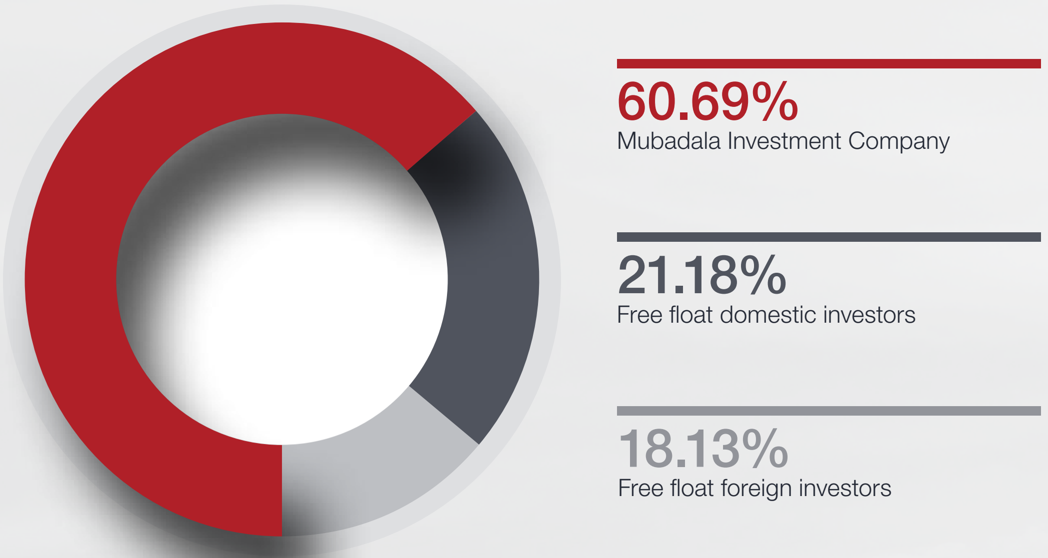


5 Year TSR[2] of 75% with share price +38%

Total shareholder return (TSR) is the total return of a stock to an investor, reflecting the share price movement and dividends received

1-year TSR: 21%
3-year TSR: 45%
5-year TSR: 75%

Shareholding structure



UAE-centric focus with selective international presence[3]

47 ADCB UAE branches	50 ADCB Egypt branches	5 Al Hilal Bank UAE branches	3 ADCB Kazakhstan branches

Credit ratings

S&P Global Ratings: A/A-1/Positive

Fitch Ratings: A+/F1/Stable

ESG ratings

MSCI: AA

Morningstar Sustainalytics: 14.3 low risk

(1) Proposed dividend subject to approval by regulators and shareholders at the Annual General Meeting
(2) Bloomberg calculation assumes total return after investing all dividends back into the security

(3) International presence reflects number of branches. ADCB is establishing strategic presence in KSA and has received a full banking license approval and is opening a new branch in Riyadh to support a growing corporate client base

Drivers of sustained success

Our strengths

Leadership

ADCB benefits from an experienced Board of Directors supported by a highly skilled Executive Management team, who actively promote a healthy organisational culture and ensure robust operational efficiencies.

Talent

The Bank employs a diverse workforce from over 80 nations, including 2,100+ UAE nationals, united by shared values and an inclusive, high-performance culture.

Innovation and partnerships

ADCB continuously enhances its digital capabilities and partnerships, while using advanced data analytics to make banking more accessible and secure.

Service excellence

ADCB is dedicated to understanding customer needs and leverages AI and data-driven insights and innovation to provide an exceptional customer experience.

Governance

The Bank has a strong and effective governance framework, based on the highest standards of international best practice. It provides the foundation for long-term success and demonstrates the integrity and transparency our stakeholders expect.

Resilience

We are a domestic systemically important bank (D-SIB) with AED 653 billion in total assets, robust liquidity, and strong credit ratings.

A responsible bank

Sustainability is a key focus of the Bank's strategic agenda. We are committed to maximising ADCB's contribution to the UAE's ambition for an inclusive, net zero economy through a range of ESG initiatives.

Brand

ADCB maintains substantial brand value and attracts a growing base of more than 2.4 million customers. Brand Finance's(1) 'Banking 500' report shows that ADCB's brand value increased by 8.7% over the previous year to AED 10.5 billion.

Diverse ownership

ADCB is 60.69% owned by Mubadala Investment Company (through its wholly owned subsidiary, One Hundred and Fourteenth Investment Company — Sole Proprietorship LLC as well as, One Hundred and Fifteenth Investment Company — Sole Proprietorship LLC). The Bank has a growing share of foreign institutional ownership at 18.13%.

(1) The report by leading brand valuation consultancy, Brand Finance, evaluates companies against a number of metrics such as brand impact and brand strength

About ADCB

Our vision

To be the number one bank of choice in the UAE.

Our mission

To build partnerships with customers that last a lifetime by acknowledging every customer as an individual, offering innovative products and unparalleled service.

Our strategic goals

To deliver sustained, profitable growth to create long-term benefits to stakeholders.

Our values

- Integrity
- Respect
- Care
- Discipline
- Ambition

Our business segments

- Retail Banking Group
- Private Banking and Wealth Management
- Corporate and Investment Banking Group
- Treasury and Investments Group

Our key subsidiaries

ALHILAL
ADCB EGYPT
ADCB SECURITIES
ADCE
ITMAM

Delivering stakeholder value

Employees

Fulfilling careers, competitive benefits and rewards with professional development. Strongly committed to nurturing Emirati talent.

Customers

Protecting and growing the wealth of more than 2.4 million customers, from individuals, SMEs and large corporates to government entities.

Community

Playing a role in the socio-economic development of the country. Guided by the vision of the UAE leadership, the Bank is fully committed to initiatives that create a diversified and sustainable economy.

Regulators/Government

Engaging with relevant authorities to support a responsible regulatory framework.

Investors

Delivering robust returns and long-term sustainable value to shareholders.

Partners

Working with numerous suppliers, providing them with new business opportunities and timely payments.

Awards and recognition

ADCB

The Digital Banker — Digital CX Awards 2024

Outstanding Digital CX — Bank Card in Wholesale/Transaction Banking

Digital Banker's Middle East & Africa Innovation Awards 2024

Best Mobile App for Corporates

Best API Initiative of the year

Best Corporate Card Solution

Global Private Banking Innovation Awards 2024

Best Private Bank — UAE

Best Private Bank — Middle East

Best Private Bank — Private Markets

The Banker Awards

Best Bank in the UAE

Global Banking and Markets

Most Improved Bond House of the Year in CEE, CIS & Türkiye

Nafis Award

First place in the banking sector for large entities

The International ARC Awards — Annual Report 2023

Best Non-Traditional Annual Report

ADCB Egypt

World Business Outlook

Best New Bank Egypt 2024

Best Digital Banking Services Provider Egypt 2024

International Business Magazine

Best New Bank Egypt 2024

Best Bank in Corporate Governance Egypt 2024

Best ESG Integration Egypt 2024

Best Mobile Banking Egypt 2024

Most Innovative Internet Banking Egypt 2024

Most Innovative Mobile Bank Egypt 2024

Global Brands Magazine

Emerging Financial Institution — Egypt 2024

Best Green Community Development Initiative — Egypt 2024

Fastest Growing Digital Banking Platform — Egypt 2024

Private Banker International Global Wealth Awards By MEED

Outstanding Private Bank for Diversity & Inclusion

The Digital Banker

New Wealth Management Product of the Year

Best Wealth Offering

Best CSR Initiative

Best Financial Inclusion Initiative

Excellence in Digital Innovation

Global Finance

Best Online Product Offerings

Best Information Security & Fraud Management

Best Transformation Bank

International Finance Magazine

Best Corporate Governance Bank

Most Innovative ESG Integration Framework — Banking — Egypt 2024

Arab Banks Awards & Commendations of Excellence by World Union of Arab Bankers

Excellence and Achievement in Supporting Sustainable Finance and Climate Action in Egypt

STRATEGIC REVIEW

Strategic review

KHALDOON KHALIFA AL MUBARAK | Chairman

Chairman's message

In 2024, ADCB continued its strong trajectory of growth and recorded a significant milestone exceeding AED 10 billion in profit before tax for the first time. This achievement was driven by a singular focus on delivering exceptional value for shareholders while maintaining outstanding customer experience and staying true to our core values.

By fostering agility and competitiveness, the Bank seeks to increase its market share and position itself as a strong partner in advancing the UAE's economic ambitions.

The pace of change is set to intensify as ADCB embarks on a transformation in both its scale and operational framework. The Board has endorsed a strategy that sets a clear path for the rapid expansion of core businesses powered by investments in digital innovation and artificial intelligence to drive productivity and service excellence.

By fostering agility and competitiveness, the Bank seeks to increase its market share and position itself as a strong partner in advancing the UAE's economic ambitions. ADCB stands ready to deploy its financial strength and expertise to support the expansion in the country's domestic and international investments and to play a key role in Abu Dhabi's development as a major financial centre. The Bank sees significant opportunity in the UAE's commitment to build a diversified knowledge-based economy, invest significantly in clean energy and to be a global leader in AI and emerging technologies.

AED 0.59

Recommended dividend per share

As a domestic systemically important bank (D-SIB) in the UAE, ADCB is committed to anchoring its growth in robust governance, effective risk management, and prudent financial strategies to navigate a rapidly evolving global environment.

The Bank takes a holistic view of sustainability, investing in its systems, processes, and talent to drive long-term success, while prioritising responsible management of ESG risks and opportunities to foster stability and value creation for stakeholders.

As we take bold strides into the next phase of our ambitious new strategy targeting annual growth of c.20% to double our net profit in the next five years, I would like to take this opportunity to thank our shareholders and customers for their continued trust and support, and ADCB's employees for their dedication to serving their community.

On behalf of the Board, I would like to express our sincere appreciation and gratitude 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, 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.

STRATEGIC REVIEW

Economic overview

The UAE economy continued to show considerable strength in 2024, despite global economic and geopolitical uncertainty. This was driven by buoyant consumer and business confidence, high levels of domestic investment and robust demand in a number of key sectors, including real estate, travel and hospitality.

The UAE's economic performance continues to outperform the global growth trendline, with the IMF[1] forecasting real GDP growth of 5.1% in 2025, building on estimated 4.0% growth in 2024 and 3.6% expansion in 2023.

5.1%

IMF forecast for 2025 real GDP growth

(1) https://www.imf.org/en/Countries/ARE

Oil prices remained at a comfortable level for the UAE in 2024, and we continue to see healthy current account and fiscal surpluses. Government spending growth is expected to remain expansionary, with a focus on investment in infrastructure and economic diversification initiatives. This fiscal resilience is also crucial for mitigating the impact of potential external economic shocks and ensuring sustainable economic growth.

The UAE's non-oil economy exhibited robust growth, and ADCB's medium-term forecast shows continued growth of over 4.0%, supported by momentum from significant economic reforms pursued by the government in recent years to create a conducive environment for private sector growth.

This has included the roll-out of strategic initiatives, such as the 'Foreign Direct Investment Development Programme', which aims to attract further investments, particularly in high-value sectors and advanced industries.

In 2024, the public sector and government-related entities (GREs) generated a number of significant project awards as part of a broader strategy to enhance the country's infrastructure, support the development of new value-add sectors, and facilitate the transition to cleaner energy sources. The energy sector continues to be a key area of investment, with initiation of a number of hydrocarbon and renewable projects. Key projects included development of gas-fired power plants and the construction of a blue ammonia facility in Abu Dhabi.

In 2024, the finance, transport, logistics and construction sectors experienced strong growth, as the UAE solidified its leadership as both a financial and trading hub for the region. A rising population and strong inflows of capital have also contributed to strong demand for real estate cycle across all asset classes, especially in residential, commercial and logistics. Abu Dhabi and Dubai prime residential prices and rental rates continued to increase in 2024, with demand among end users and investors encouraging a strong flow of new project launches in both emirates.

Despite a challenging global growth outlook, the UAE's externally facing service sectors, such as aviation and hospitality also performed well, reaching pre-pandemic levels of activity. Dubai, in particular, saw a significant increase in international overnight visitors, supported by a broad range of source markets, ongoing infrastructure developments, and an increase in events and business activities.

Looking ahead

The UAE's economic outlook remains positive, driven by continued investment in key sectors and strategic initiatives aimed at diversification and sustainable growth. The non-oil economy is expected to maintain healthy momentum, supported by government commitments to infrastructure development and significant projects, such as the Al Maktoum International Airport and various renewable energy initiatives, which will further bolster economic activity.

Foreign Direct Investment (FDI) is anticipated to remain strong, with the UAE continuing to attract high-value investments in advanced industries and greenfield projects. The strategic focus on sectors such as logistics, financial services, and business services is likely to enhance the UAE's position as a global business hub. Consumer demand is expected to remain robust, driven by population growth and rising disposable incomes. Monetary policy easing in line with the U.S. Federal Reserve will support domestic consumption and investment.

The UAE's economic fundamentals remain solid, positioning the country for sustained growth and development in the coming years, while the country's strong fiscal position provides resilience in case of external shocks.

UAE forecast for additional AI-driven output by 2031 (AED)

335 bn

Spotlight

UAE's approach to global leadership in AI

The UAE is positioning itself as a global leader in Artificial Intelligence (AI) to drive economic diversification and long-term growth.

The country's AI Ministry expects a material boost to long-term growth from widespread adoption of AI technology, with an estimated AED 335 billion increase in output by 2031—equivalent to 17.8% of 2023 GDP. The UAE's low-cost and abundant energy sources provide an important comparative advantage.

The UAE is at the forefront of AI adoption, launching its National AI Strategy in 2017, with the aim of becoming a global leader by 2031. The strategy focuses on integrating AI into priority sectors like finance, logistics, transport, and energy, and expanding into emerging industries such as cybersecurity and healthcare.

AI integration is anticipated to yield significant gains in diverse sectors in terms of enhanced operational efficiencies, cost savings, and decarbonisation. For instance, in the energy sector gains are already visible, with Abu Dhabi National Oil Company (ADNOC) reducing CO_2 emissions by 1 million tonnes in 2023 alone through AI utilisation across its entire value chain.

Key strategic AI initiatives

1.

Operation 300 Billion

Improve capacity in the manufacture of chips, semiconductors and AI cloud capacity. This initiative's ultimate aim is to raise the GDP contribution of the UAE's industrial sector from AED 133 billion to AED 300 billion by 2031

2.

AI Innovation Programme

Provides funding for chip manufacturing start-ups

3.

Mohammed bin Rashid Innovation Fund

Provides funding for SME start-ups

4.

Dubai Universal Blueprint for AI

Boosts the assignment of land for building data centres

5.

Advanced Technology Research Council (ATRC)

Funds innovative AI projects and encourages collaboration between government, academia, and industry

6.

Mohamed bin Zayed University of Artificial Intelligence (MBZUAI)

Offers AI and advanced computing Master's and PhD programmes

7.

Falcon Foundation

A non-profit organisation aiming to develop 'open source' AI models

8.

UAE AI Camp

Offers AI courses to students and government employees

9.

1 Million Arab Coders Programme

Provides free AI and IT courses

10.

Dubai Commercial License for AI

Enhances the ease of setting up in Dubai for AI companies

ALA'A ERAIQAT | Group Chief Executive Officer

STRATEGIC REVIEW

Group CEO's message

An Olympian approach to achieving high performance

In a year defined by the Olympic spirit of excellence and ambition, ADCB delivered a formidable financial and operational performance, exceeding our AED 10 billion profit target a full year ahead of schedule.

Through rigorous execution of strategy to drive excellence on all fronts, the Bank is transforming in terms of scale, profitability and sophistication of its digital-powered offering of products and services.

Under a new Board-endorsed strategy, we are embarking on a clear path to rapidly scale up our core businesses and invest in new areas of growth. We see tremendous opportunity in the pace and promise of the UAE's economic transformation.

Having embarked on a post-merger five-year journey amid the challenges of the global pandemic in 2020, the Bank has surpassed all its ambitious goals, recording 14 consecutive quarters of core organic growth.

Profit before tax has increased at a compound average growth rate (CAGR) of 28% since 2020 to AED 10.585 billion in 2024, and AED 9.419 billion after tax, with return on average tangible equity (post tax) rising to 15.2% from 8.3% in 2020. Creation of substantial shareholder value has been crystalised through a total return of 75% over five years, supported by a dividend payout that has more than doubled to AED 0.59 per share for the 2024 financial year.

ADCB's strong franchise has been pivotal in delivering substantial balance sheet expansion, with total assets increased by 59% since the end of 2020 to exceed the AED 650 billion milestone. Our ability to attract and retain a strong and diverse customer base has also driven deposit growth of 14% CAGR over the same period. Even in a higher interest rate environment, ADCB continued to benefit from a favourable cost of funds by attracting AED 18.5 billion in current and savings account (CASA) deposits in 2024.

2024 profit before tax (AED)

10.585 bn

+26% YoY

A hallmark of this success has been the deepening and broadening of relationships across retail customers, government-related entities (GREs), and private companies in diverse economic sectors, from renewable energy to manufacturing and trading. This approach has delivered greater diversification of revenue streams, with non-interest income rising to account for 32% of operating income in 2024, up from 22% in 2020, underpinned by a doubling in fee income.

Exceptional financial performance is an important part of our story, but not the complete picture. Long-term success requires 'winning on all fronts' — from digital transformation to sustainability and Emiratisation. That is why ADCB continues to focus on nurturing a high-performance culture based on a determination to thrive in a rapidly changing economic and technological environment. Our unwavering commitment to excellence will propel the next phase of growth.

Under a new Board-endorsed strategy, we are embarking on a clear path to rapidly scale up our core businesses and invest in new areas of growth. We see tremendous opportunity in the pace and promise of the UAE's economic transformation, driven by significant investment in a knowledge-based economy and leadership in emerging technologies such as artificial intelligence (AI) and blockchain. Structural reforms have accelerated economic diversification, and the Bank expects this momentum to continue, supported by new investment programmes. ADCB will continue to be a major financial partner as the UAE invests in the industries of the future, from renewable energy to space exploration and next-generation mobility.

For more on the new strategy, please see page 46.

Retail banking growth driven by digital engagement

ADCB's approach to growth is founded on a core belief that service excellence is the key to inspiring customer trust and ultimately to gain market share. Our entire organisation is centred on cultivating a strong service culture, from each employee's KPIs to the customer experience forum that I chair to drive continuous improvement. This strategic focus has secured ADCB's position as the highest-ranked financial institution in the 2024 KPMG UAE Customer Experience Excellence Report, while also driving an 8.7% increase in our brand value.[1]

Dedication to service was vital in driving strong performance across all of the Group's businesses in 2024, setting solid foundations for future expansion.

The Retail Banking Group achieved robust loan growth in 2024, and welcomed over 740,000 new customers, with 83% joining through digital channels. ADCB's cards business is operating at twice the scale it was five years ago and ranks as the number one issuer of cards in the UAE, with 243,000 new cards issued in 2024, up 7% year-on-year.

Subscriptions to online and mobile banking passed the 2 million milestone during the year — representing 91% of retail customers. As our digital channels provide an efficient and seamless banking experience — with over 70% of all service requests now digitally enabled — customers are overwhelmingly inclined to recommend ADCB, with the net promoter score rising to 77 in 2024 from 73 the previous year.

By collaborating with leading brands across e-commerce, fintech, and lifestyle sectors, the Bank is offering a wider range of services and reaching a younger demographic, particularly millennials and Gen Z. Expanding this partnership ecosystem will remain central to our retail banking strategy, helping to create more personalised and integrated experiences for customers.

Meanwhile, ADCB's Private Banking & Wealth Management Group has doubled its client base over the last five years to become one of the country's largest home-grown private banks. We see strong potential in the business as the UAE reinforces its status as a global business and lifestyle destination.

(1) 2024 Banking 500 Report by Brand Finance, a leading brand consultancy
(2) Bloomberg 'league table' of managers of MENA G3 currency bonds and sukuks
(3) Based on IFRS

Our Islamic retail banking subsidiary, Al Hilal Bank, continues to transform under the leadership of newly appointed Chief Executive Officer, Jamal Al Awadhi, a seasoned Emirati executive who is guiding implementation of an ambitious growth strategy. Through evolution into a digital-only service, Al Hilal Bank is leveraging its cloud-based platform to attract a young demographic, with an average of over 14,000 customers onboarded per month in 2024. The Bank is focused on rolling out a self-service model to enhance digital access, service speed, and cost efficiency.

Deepening corporate relationships and regional networks

Our Corporate and Investment Banking business has undergone significant transformation in recent years and is thriving as a trusted partner for regional businesses that are expanding domestically and internationally. Notably, the Bank has enhanced its risk profile through a strategic rebalancing of its portfolio towards government-related entities, which accounted for 42% of total gross loan growth in 2024.

Corporate relationships are broadening to capital markets advisory, transaction banking and sophisticated treasury services, driving a market-leading fee-to-income ratio. In 2024, ADCB operated on par with major global investment banks in regional deals, ranking seventh[2] by the volume of bonds and sukuk issuances arranged in the Middle East and North Africa.

To support this fast-growing corporate banking business, we have built a solid regional infrastructure to complement our strong base in the UAE. In 2024, we established a presence in Saudi Arabia through a new branch and transitioned the Al Hilal Bank operations in Kazakhstan into an ADCB corporate banking hub serving Central Asia and the Caucasus.

Our ADCB Egypt subsidiary is also an important component of the regional network. The Bank has proven remarkably resilient in the face of macro-economic uncertainty in recent years and is now performing exceptionally well, doubling net profit to EGP 3.593 billion[3] and delivering a return on equity of 34% in 2024. The Bank is well positioned for further growth, having successfully developed public sector and corporate relationships, as well as a strong foothold in the affluent retail banking segment.

Meanwhile, the Treasury and Investments Group has continued to play a central role in supporting ADCB's strategic growth through maintenance of a well-diversified funding mix and proactive risk mitigation, while providing corporate clients with a range of balance sheet management solutions.

Setting the pace on culture and Emiratisation

With over 80 nationalities in its diverse workforce, ADCB's people and culture are key strengths, enabling the Bank to maintain a competitive edge. In the latest Organisational Health Index (OHI) survey, ADCB ranked in the top quartile among the global banking benchmark and all companies globally, reflecting strong employee connection to its goals, an open work environment, and high job satisfaction.

Creating rewarding career paths and maintaining a high-performance environment, through rigorous accountability on KPIs and initiatives such as 360-degree feedback, are central to ADCB's strategy to attract and retain top talent, particularly UAE nationals.

The Bank recruited approximately 400 UAE nationals in 2024 to bring the total to over 2,100. Emiratis now represent approximately 40% of the workforce — one of the highest rates in the UAE financial sector. Importantly, seasoned Emirati leaders are integral to ADCB's strategic vision, contributing as members of the Bank's senior management and driving critical decisions through majority representation on key committees.

We are particularly proud that ADCB's operations in Al Ain have now achieved 100% Emiratisation across all banking roles, setting a new benchmark for the UAE financial sector. This has been supported by our decade-old Tamooha programme, which provides career opportunity for Emirati women. Building on this success, the Bank will continue to lead the sector through plans to double the number of positions for Emiratis in Al Ain by 2026.

75%

5-year TSR

Beyond the finish line: A strategy to sustain growth velocity

Having reached our original AED 10 billion profit target, our mindset is now to go 'beyond the finish line' — to strive for further achievement, through a clear focus provided by our new strategy.

Backed by the management's proven track record of delivery, we are clearly communicating our targets — including doubling net profit to AED 20 billion within five years, while consistently delivering a return on equity above 15%. These bold and ambitious goals are driven by a bottom-up assessment of our core businesses, their growth trajectory and emerging opportunities.

As a major financial institution at the heart of the UAE and regional economy, ADCB will pursue accelerated organic growth while maintaining a prudent approach to risk management to ensure high-quality, sustainable earnings. We remain committed to the responsible management of ESG risks and opportunities, fostering long-term stability and value creation for stakeholders.

Investment in technology, including the responsible deployment of AI, will play an important role in elevating the scale of our business, enhancing efficiencies and productivity, while promoting a high-quality customer experience.

As we embark on the next phase of expansion, I would like to extend my sincere appreciation to the Board of Directors for their guidance and endorsement of the new strategy. I would also like to thank our employees for their dedication, and our customers and shareholders for their trust and continued support. We look forward to building on this year's achievements as we continue our journey of growth and success.

ADCB's new strategy for a sustained pace of growth

Core engine

Corporate & Investment Banking

Scale geographically, expand into new segments, launch innovative product offerings

Retail Banking

Digitalise, hyper-personalise propositions, build partnerships and ecosystems

Private Banking & Wealth Management

Expand geographically, augment product suite, future proof service models

Treasury

Augment offering, revamp funding/risk strategy

ADCB Egypt

Boost corridor banking, launch new products and services

Al Hilal Bank

Build innovative partnerships, drive operational efficiency

New bold moves

Create additional revenue streams

Explore carve outs, partnerships and investment to create new business opportunities

Cross-cutting themes

Accelerate digital transformation and deploy AI at scale by driving value-led innovation across AI, digital assets, and cybersecurity and cyber resilience

Embed efficiency in the organisational DNA by institutionalising pan-bank efficiency programs focused on minimising costs (operational and funding), maximising revenue and elevating customer experience

Grow talent brand and become an industry leader by instilling a culture of superior value creation and distinctive entrepreneurship while building a hub for Emirati talent

Reinforce risk and compliance by enabling a risk-empowered culture powered by advanced analytics to foster healthy and balanced growth

Drive ESG leadership, reinforcing commitment to best practice governance, social responsibility and support for the UAE's Net Zero strategy

ADCB has come a long way since 2020 under the stewardship of its Board. **As the Bank continues on this journey**, and in order to match the scale of the UAE's ambition, it is expanding rapidly and setting clear and accountable objectives to **create significant value for the shareholders.**

ADCB has embarked on a visionary growth strategy, aligning with the UAE's progressive economic trajectory and contributing to the country's position as a leading global financial powerhouse. The strategy charts a clear blueprint to support the country's ambitions through a substantial increase in the Bank's scale and reach.

ADCB is a trusted and pivotal financial partner in the UAE's reimagined future as the country targets AED 335 billion in additional growth from AI transformation and AED 1.3 trillion in foreign direct investment by 2031, while tripling its investment in clean and renewable energy by 2030.

Endorsed by the Board of Directors, ADCB's roadmap focuses on organic expansion, leveraging talent and technology to enhance customer experience and generate significant productivity gains.

Having established a proven track record of delivery, the Bank has announced ambitious targets to be achieved through the new strategy — setting out a clear direction of travel to all stakeholders and promoting accountability. The targets are driven by a bottom-up approach through an assessment by ADCB's core businesses of their growth trajectory, emerging opportunities and the positive impact of digital and AI transformation on efficiency as they scale up.

The Bank aims to double net profit to AED 20 billion within five years, targeting c.20% year-on-year net profit growth, while maintaining high-quality and sustainable earnings as well as improved efficiency across operational costs and cost of funds. ADCB also aims to consistently improve its post-tax return on equity (RoE) and sustain it above 15%.

Increased profitability will result in further returns and gains to the Bank's shareholders. Over the next five years, ADCB aims to deliver 50% growth in dividend payouts, subject to regulatory and shareholder approval, in comparison to the preceding five years. This commitment underpins ADCB's confidence in its ability to achieve sustainable growth and maximise shareholder value.

Net profit in no later than 5 years (AED)
~20 bn

Dividend payout growth vs. the preceding 5 years
50%

Summary of key targets

- Doubling net profit to AED 20 billion within the next five years, while aiming to achieve an annual growth rate of circa 20%
- Increasing year-on-year paid-out dividends over the same period, whereby ADCB aims to increase its total targeted dividend payout to approximately AED 25 billion over the next five years, up 50% compared to the total dividend payout in the preceding five-year period[1]
- Delivering annual RoE exceeding 15% each year, while maintaining healthy regulatory ratios and an adequate capital position to fuel future growth
- Maintain cost of risk below 60 bps
- Sustain CET1 ratio above 12%

(1) The statement represents a forward-looking projection and is subject to necessary approvals, including but not limited to Board, regulatory and shareholder approvals

Accelerate growth of the core businesses

ADCB will capitalise on its strong franchise and reputation for service excellence to drive growth in market share across its core businesses. The Bank aims to achieve strong loan growth, deepen customer relationships to increase non-interest income, expand its presence in key segments, and deliver best-in-class solutions tailored to the evolving needs of customers.

This focus on foundational strengths positions ADCB to maintain leadership in the UAE banking sector while achieving sustainable growth and long-term value creation.

Corporate and Investment Banking

The Corporate and Investment Banking Group (CIBG) will build broader banking relationships across a growing client base. The Bank is enhancing its client engagement network for financial market solutions and capital markets products for corporates.

ADCB is also playing an increasing role in supporting clients operating across regional economic corridors, leveraging its strong presence in the UAE and Egypt, as well as the new corporate banking presence in Saudi Arabia and remodelled operation in Kazakhstan, which has transitioned from Al Hilal Bank to an ADCB corporate banking hub.

In parallel, the Bank is accelerating its working capital proposition with a focus on current and savings accounts (CASA) and transaction banking, while remaining fully committed to serving the small and medium enterprise (SME) segment through an enhanced digital proposition.

Retail Banking

The Retail Banking Group (RBG) aims to further strengthen its position as the retail 'bank of choice', continuously delivering new innovative products and services to meet the ever-growing needs of customers.

The Bank will strengthen its focus on the high value segments as well as fast-growing Islamic market, launching tailored propositions to all customers, with a particular focus on Emiratis. The Bank is also committed to growing the micro-business landscape in the UAE and will act as the growth partner for these businesses, supporting their aspirations and offering a platform to address all their needs.

ADCB will continue to spearhead customer centricity, evolving its sales and service model to become digital-first, harness the power of data and artificial intelligence (AI) to offer hyper-personalised experiences, and differentiate through new innovations such as open banking.

Private Banking and Wealth Management

Private Banking and Wealth Management is a key growth area for ADCB. The Group's vision is to further deepen its local presence and evolve into a global private bank, offering distinct propositions, while continuing to develop a client-centric relationship model, designed to meet the needs of an expanding client base. To achieve this ambitious goal, ADCB is building a differentiated product offering by enhancing investment products and services and establishing unique partnerships with leading global asset managers.

Treasury and Investments

Treasury and Investments Group will continue to enhance sophistication to support the ADCB Group's funding, investments, and centralised risk management activities. This includes diversifying the trading desk into new areas such as ETFs and commodities, and expansion of the investment desk into a broader suite of products. The Asset-Liability Management function will further enhance the Bank's fund transfer pricing mechanism to support stable and cost-effective funding sources, effectively manage and mitigate interest rate risk, while also reviewing the bank's long-term funding plans to manage the cost of funds. For clients, the Treasury function will also work with Retail, Corporate and Private Banking to revamp value chain coverage and scale up the foreign exchange and derivatives sales business.

ADCB Egypt

ADCB Egypt is focused on driving growth and resilience by targeting the affluent segment and fostering strong relationships with major corporate and public sector entities. With a strategic emphasis on delivering tailored solutions and leveraging its expertise, the Bank aims to deepen its market presence and collaborate closely with ADCB's Corporate and Investment Banking (CIBG) business to advise on cross-border transactions and support clients operating across key regional economic corridors.

Al Hilal Bank

Al Hilal Bank is transforming into a digital-first Islamic Bank, creating a seamless, cloud-based banking experience for retail customers. By leveraging its advanced digital platform, the Bank is positioning itself as a leader in innovation, driving growth through enhanced accessibility and user-friendly Shari'ah-compliant financial solutions. This strategic shift is designed to meet the evolving needs of customers and support the Bank's vision of delivering cutting-edge, technology-driven services in the rapidly evolving financial landscape.

New bold moves

ADCB will explore bold opportunities to generate additional revenue streams, by leveraging operational and technological strengths as well as expertise from across the business. This may include investment in new ventures, spin-offs of product and service offerings, and establishment of new strategic partnerships. To support these opportunities, the Bank will also consider significant deployment of cutting-edge technology, including blockchain.

Cross-cutting strategy moves

Accelerate digital transformation and deploy AI at scale

Underpinning the new strategy is a plan to accelerate digital and AI transformation to ensure efficient delivery of exceptional service in a rapidly evolving environment. The Bank is prioritising its digital-first approach with advances such as a new cloud-based banking app, while embedding customer-focused design and automating processes.

ADCB is taking a responsible approach to AI and advanced analytics by establishing a robust framework across the organisation. The Bank is implementing several 'use cases' that generate immediate productivity gains, particularly in areas such as regulatory compliance, risk management, and customer service.

Embed efficiency in the organisational DNA

ADCB is committed to driving productivity through the institutionalisation of Group-wide efficiency programmes that optimise operational and funding costs while maximising revenue. By leveraging automated processes, including deployment of advanced AI technologies, the Bank aims to streamline tasks and enhance decision-making, enabling employees to focus on high-value, strategic initiatives. This approach not only improves operational efficiency but also elevates the customer experience, ensuring faster, more personalised services that align with ADCB's vision of delivering excellence in banking.

Attract and nurture top talent

ADCB's strategy focuses on attracting and nurturing top talent while equipping its workforce to excel in a rapidly evolving digital banking landscape in an increasingly integrated financial ecosystem. By fostering a culture of innovation and continuous learning, the Bank ensures its employees are prepared to navigate emerging trends and technologies. As part of this approach, ADCB will continue to set the benchmark for Emiratisation within the UAE banking sector, developing talent through tailored training, leadership programmes and career pathways. This forward-looking strategy ensures that ADCB's workforce remains agile, skilled and well-positioned to drive long-term success and contribute to the nation's economic growth.

Reinforce risk and compliance

ADCB is dedicated to embedding a risk-aware culture that aligns with its strategic vision for sustainable growth and resilience. By maintaining a robust governance framework and a forward-looking approach to risk management, the Bank is well-equipped to navigate an evolving risk landscape. Investments in advanced compliance capabilities and innovative tools enable ADCB to proactively adapt to emerging challenges, ensuring a balance between growth, operational resilience, and stakeholder confidence.

Drive ESG leadership and commitment

ESG is a key strategic differentiator for ADCB, embedded across all decision-making processes to support sustainable growth and long-term value. The Bank remains committed to continuous enhancement of its best practice governance framework and playing a progressive role in the community, including promoting the country's Emiratisation agenda in the financial sector. ADCB will fulfil its Net Zero Banking Alliance (NZBA) obligations, while supporting customers in their decarbonisation journey, particularly through increasing sustainable financing. With its Environmental and Social Risk Management (ESRM) framework integrated into credit assessments, ADCB ensures robust governance of environmental and social risks. This approach will continue to underscore the Bank's leadership in responsible banking to foster a sustainable financial ecosystem.

DEEPAK KHULLAR | Group Chief Financial Officer

Group CFO's message

Delivering strong growth and setting the course for the future

ADCB delivered a strong financial performance in 2024, characterised by continuation of the significant loan growth, revenue diversification and productivity gains that have driven an exceptional pace of earnings growth over the past five years.

This sustained success is anchored in effective execution of strategy and strong fundamentals. The Bank has invested prudently in digital transformation to propel customer growth and efficient service delivery, while enhancing its offering across all core businesses.

As ADCB transitions into a new five-year strategy, its growing stature ensures that the Bank will remain at the heart of the UAE's accelerated economic transformation.

In 2024, ADCB extended its strong growth trajectory through a 26% year-on-year increase in profit before tax to AED 10.585 billion, while net profit after tax grew 15% to AED 9.419 billion.

Net interest income increased 7% to AED 13.226 billion, as the Bank continued to target high-quality, low-risk credit counterparties. ADCB achieved strong net loan growth of 16%, with government-related entities (GREs) accounting for 42% of new loans disbursed.

A defining feature of ADCB's growth has been a diversification of revenue streams. Non-interest income increased 39% to AED 6.254 billion in 2024, accounting for 32% of total operating income, up from 27% the previous year. Net fees and commission income expanded 27% and net trading income increased 30% year-on-year.

15.2%

Return on average tangible equity (post-tax)

A sharp focus on efficiency and cost management reduced the cost to income ratio to 31.0% in 2024, an improvement of 130 basis points year-on-year. Supported by ADCB's rigorous approach to risk management, cost of risk improved 21 basis points year-on-year to 0.58%, with the non-performing loan (NPL) ratio standing at 3.04% at the end of 2024 — its lowest level in the last five years.

Well-balanced growth reinforces balance sheet strength

ADCB continued to achieve substantial balance sheet growth in 2024, with total assets increasing 15% to surpass the AED 650 billion milestone. The loan portfolio is well diversified, with GREs comprising 27% of total loans at the end of 2024, up from 25% a year earlier, with real estate investment representing 14%, financial institutions 9%, and trading 8%, while personal loans accounted for 21%. Exposure outside the UAE rose to 21% as the Bank continues to support UAE and Middle East clients operating regionally and internationally.

ADCB's strong franchise drove a 16% increase in deposits. Despite a higher interest rate environment, the Bank achieved an 11% rise in current and savings account (CASA) deposits, which represented 44% of total deposits at year-end, supporting optimisation of cost of funds.

The Bank continues to benefit from a strong liquidity position, with a liquidity coverage ratio of 137.3% and a loan to deposit ratio of 83.3% at December-end. Key capital ratios remain comfortably within regulatory requirements, supported by robust earnings growth, a tier-2 issuance in the third quarter of 2024 and efficient capital deployment, which enhanced the risk-weighted asset profile. The Basel III capital adequacy ratio stood at 16.13% at year-end and the CET1 ratio was 12.56%, after accounting for the proposed dividend of AED 0.59 per share for 2024.

Sustainability as a strategic differentiator

ADCB regards sustainability as a strategic differentiator. The Bank is rigorously implementing its best-practice environmental and social risk management (ESRM) framework in credit assessments to enhance risk management and to create growth opportunities in line with the Bank's target to lend, invest and facilitate AED 125 billion of sustainable finance by 2030.

As a member of the Net Zero Banking Alliance (NZBA), ADCB has formally initiated its target-setting process for carbon-intensive sectors, with completion expected by May 2025. Through such initiatives, ADCB has become a key industry interlocutor on issues such as best practice sustainability reporting, as the UAE continues to develop its ESG-related regulatory framework.

ADCB received a significant ESG rating upgrade by MSCI to 'AA' and the category of 'industry leader' in 2024 reflecting its strong record on sustainable finance, ESG due diligence, data privacy management and security, as well as business ethics. The Bank was subsequently added to the FTSE4Good Index Series following an assessment by FTSE Russell, which placed ADCB above the global financial industry average across all ESG criteria.

New strategy aligned to the pace of economic transformation

As ADCB transitions into a new five-year strategy, its growing stature ensures that the Bank will remain at the heart of the UAE's accelerated economic transformation. The economy is benefitting from business-friendly reforms and domestic investment programmes, and ADCB projects that non-oil annual GDP growth will continue to trend above 4% in the medium-term.

In this context, and with a proven track record of delivery, ADCB is confident in its ability to outperform the UAE market in terms of loan growth, while increasing international exposure further by continuing to support UAE and regional clients as they invest internationally. The Bank will also focus on increasing trading and fee income, and we expect the contribution of non-interest income to total operating income to continue on an upward trajectory.

Having set out a direction of travel to all stakeholders, the Bank looks forward to updating the market on progress against medium-term guidance. With a clear strategic roadmap, a strong financial foundation, and a proven ability to execute, ADCB is well-positioned to sustain its market leadership and deliver a new phase of significant growth.

Net loans (AED)

351 bn

+16% YoY

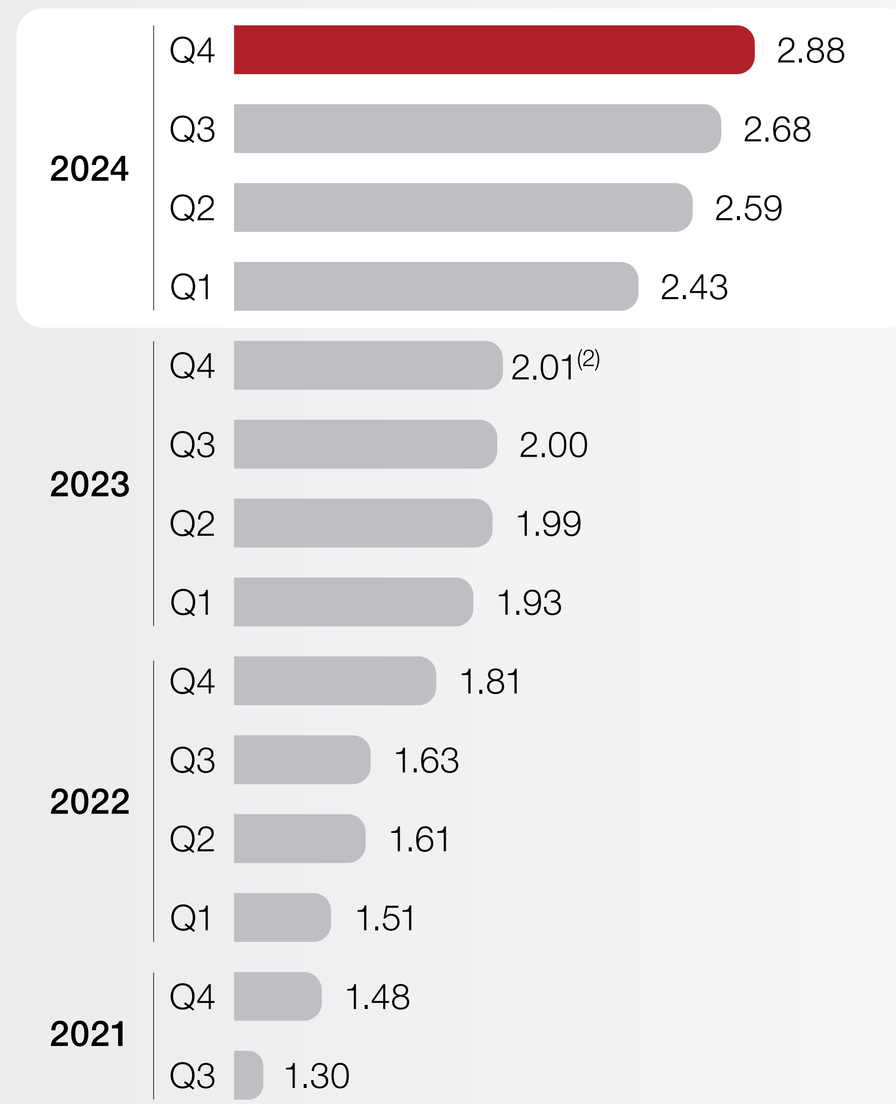
Customer deposits (AED)

421 bn

+16% YoY

14 quarters of consecutive growth in profit before tax[1]

(AED bn)



(1) Net of loss on discontinued operations, as applicable

(2) Excluding one-off gain recorded from the divestment of an 80% stake in Abu Dhabi Commercial Properties (ADCP) in Q4'23

Selected metrics

Operating income (AED)

19.48 bn

+15% YoY

Cost-to-income ratio

31.0%

-130 bps YoY

CET1 ratio

12.56%

post proposed dividend

Cost of risk

0.58%

-21 bps YoY

Financial review

FY'24 profit before tax surges through AED 10 bn milestone driven by strong, broad-based growth as core businesses support a vibrant UAE economy

Key highlights — FY'24 vs. FY'23

- Profit before tax of AED 10.585 bn increased 26%
- Net profit after tax of AED 9.419 bn[1]
- Net interest income of AED 13.226 bn increased 7%
- Non-interest income of AED 6.254 bn increased 39%, with net fees and commission income up 27%
- Operating income of AED 19.480 bn increased 15%
- Cost to income ratio of 31.0% improved by 130 basis points
- Operating profit before impairment charge of AED 13.448 bn increased 18%

Key highlights — Q4'24 vs. Q4'23

- Profit before tax of AED 2.884 bn increased 15%
- Net profit after tax of AED 2.573 bn[1]
- Net interest income of AED 3.505 bn increased 3%
- Non-interest income of AED 1.962 bn increased 57%, with net fees and commission income up 25%
- Operating income of AED 5.467 bn increased 17%
- Cost to income ratio of 28.6% improved by 340 basis points
- Operating profit before impairment charge of AED 3.902 bn increased 23%

ADCB captures greater market share, with FY'24 net loans and deposits both growing at accelerated pace of 16% YoY, while CASA[2] deposits increased AED 16.45 bn in Q4'24

- Total assets of AED 653 bn increased 15% YoY and 2% QoQ
- Net loans of AED 351 bn were up 16% (AED 49 bn) YoY and 2% (AED 7 bn) QoQ, with a CAGR of 10% since 2020
- New credit extended totalled AED 112 bn in FY'24, with AED 61 bn of repayments
- Total customer deposits of AED 421 bn increased 16% (AED 58 bn) YoY and 4% (AED 14 bn) QoQ, with a CAGR of 14% since 2020
- Current and savings account (CASA) deposits stood at AED 186 bn at December-end, following a significant increase of AED 16.45 bn (10%) during Q4'24 to account for 44% of total customer deposits versus 42% at the end of Q3'24
- Capital adequacy and CET1 ratios were at 16.13% and 12.56% respectively
- Liquidity coverage ratio (LCR) stood at 137.3%, while loan to deposit (LTD) ratio was 83.3%
- Cost of risk improved to 0.58% in FY'24 from 0.79% in FY'23
- The NPL ratio improved to 3.04%, the lowest level over the last five years, and reduced from 3.73% at the end of 2023. Provision coverage ratio was 110.0% and, when including collateral, was 188%, their highest levels in the last five years

(1) UAE corporate income tax of 9% came into effect as of 1 January 2024. Q4'23/FY'23 net profit is on a pre-UAE corporate tax basis, therefore year-on-year comparison is not on a like-for-like basis

(2) CASA: Current and savings account

Q4/FY 2024 financial highlights

Income statement highlights (AED mn)	FY'24	FY'23	ΔYoY%	Q4'24	Q3'24	Q4'23	ΔQoQ%	ΔYoY%
Total net interest and Islamic financing income	**13,226**	12,374	7	**3,505**	**3,144**	3,413	11	3
Non-interest income	**6,254**	4,493	39	**1,962**	**1,569**	1,249	25	57
Operating income	**19,480**	16,866	15	**5,467**	**4,713**	4,662	16	17
Operating expenses	**(6,031)**	(5,453)	11	**(1,565)**	**(1,515)**	(1,491)	3	5
Operating profit before impairment charge	**13,448**	11,414	18	**3,902**	**3,197**	3,171	22	23
Impairment charge	**(2,874)**	(3,477)	(17)	**(1,020)**	**(525)**	(1,162)	94	(12)
Net gain on disposal of stake in subsidiary[3]	**—**	490	NA	**—**	**—**	490	NA	NA
Profit before tax[4]	**10,585**	8,427	26	**2,884**	**2,678**	2,500	8	15
Income tax charge	**(1,166)**	(221)	NM	**(311)**	**(288)**	(47)	8	NM
Net profit for the period[5]	**9,419**	8,206	15	**2,573**	**2,390**	2,454	8	5

Balance sheet highlights (AED mn)	Dec'24	Dec'23	ΔYoY%	Dec'24	Sep'24	Dec'23	ΔQoQ%	ΔYoY%
Total assets	**652,814**	567,194	15	**652,814**	638,754	567,194	2	15
Net loans and advances	**350,638**	301,995	16	**350,638**	344,014	301,995	2	16
Net interest earning assets	**555,289**	484,972	14	**555,289**	539,197	484,972	3	14
Deposits from customers	**421,060**	362,905	16	**421,060**	406,742	362,905	4	16

Key metrics (%)	FY'24	FY'23	ΔYoY bps	Q4'24	Q3'24	Q4'23	ΔQoQ bps	ΔYoY bps
CAR (Capital adequacy ratio — Basel III)	**16.13**	16.22	(9)	**16.13**	**16.68**	16.22	(55)	(9)
CET1 (Common equity tier 1) ratio	**12.56**	12.86	(30)	**12.56**	**13.11**	12.86	(55)	(30)
Liquidity coverage ratio (LCR)	**137.3**	158.1	(2,080)	**137.3**	**136.3**	158.1	100	(2,080)
Loan to deposit ratio	**83.3**	83.2	10	**83.3**	**84.6**	83.2	(130)	10
CASA/total customer deposits	**44**	46	(200)	**44**	**42**	46	200	(200)
Non-performing loan (NPL) ratio	**3.04**	3.73	(69)	**3.04**	**3.45**	3.73	(41)	(69)
Provision coverage ratio[6]	**110.0**	102.5	750	**110.0**	**97.5**	102.5	1,250	750
NPL ratio including POCI[7]	**3.28**	4.20	(92)	**3.28**	**3.69**	4.20	(41)	(92)
Cost of risk (COR)[8]	**0.58**	0.79	(21)	**0.72**	**0.42**	1.02	30	(30)
Cost to income ratio	**31.0**	32.3	(130)	**28.6**	**32.2**	32.0	(360)	(340)
Net interest margin (NIM)[9]	**2.58**	2.83	(25)	**2.58**	**2.41**	2.93	17	(35)
Risk adjusted NIM[9]	**2.03**	2.06	(3)	**1.89**	**2.01**	1.95	(12)	(6)
Return on average tangible equity (ROATE)[4]	**15.2**	15.1	10	**16.6**	**15.3**	18.1	130	(150)

Note: Figures may not add up due to rounding differences

(3) Net gain on disposal of stake in subsidiary and fair value gain on retained interest

(4) After including share in profit of associates

(5) For the Bank, the UAE corporate tax of 9% commenced on and from 1 January 2024. Therefore 2023 comparisons are not on a like for like basis

(6) Provisions on loans and advances, including fair value adjustments

(7) POCI: Purchased or originated credit-impaired financial assets

(8) COR: Net impairment charge on loans & advances and investments divided by net average loans & advances and investments

(9) NIM and risk adjusted NIM 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

FY'24 guidance achieved on key metrics, and introduction of guidance aligned with the new five-year strategy

› ADCB has announced a new five-year strategy establishing a clear roadmap for the accelerated growth of core businesses to create significant value for shareholders. The Bank's guidance for key financial metrics, outlined below, aligns with targets set in the new strategy.

	FY'24 guidance	FY'24 actual
Loan growth	16%–17%	16%
Net interest income growth	c.8%	7%
NIM	c.2.55%	2.58%
Cost of risk(1)	<55 bps	58 bps
ROATE	14%–15%	15.2%
CET1 ratio	>12%	12.56%
Dividend payout ratio (cash)	40%–50%	46%

	5-year guidance
Profitability	Double net profit to AED 20 billion within five years; c.20% annual growth rate
Cost of risk(1)	<60 bps
CET1 ratio	>12%
ROE	>15%
Dividend payout(2)	Progressive year-on-year increase in paid-out dividends, with targeted total dividend payout of c. AED 25 billion over five-year period

Significant loan growth of 16% in FY'24 driven by increased exposure to GREs, while strong franchise drove 16% increase in deposits, with substantial inflow of CASA deposits in Q4'24

→ Robust balance sheet, with total assets increasing 15% YoY to reach AED 653 billion at the end of 2024. The Bank's total assets have expanded by AED 242 billion, or 12% CAGR, since 2020.

→ Net loans and advances to customers increased 16% YoY (AED 49 billion), in line with guidance, to AED 351 billion at the end of 2024, and have grown 10% CAGR since 2020. The Bank increased exposure to low-risk credit counterparties in FY'24, including GREs, which accounted for 42% of gross loan growth. The portfolio remains well balanced, with GREs comprising 27% of total loans, up from 25% a year earlier, and real estate investment representing 14%, financial institutions 9% and trading 8%, while personal loans accounted for 21%.

→ Investment securities stood at AED 143 billion, up 11% YoY, with 99% invested in bonds. The securities are 64% accounted for at amortised cost and 36% 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 23.8 billion as at December-end.

→ The Bank's strong franchise drove broad-based growth in customer deposits, which increased 16% YoY (AED 58 billion) to AED 421 billion at end of 2024, and have increased 14% CAGR since 2020. Time deposits increased by 20% YoY (AED 40 billion) during the year in a broadly higher interest rate environment. CASA deposits increased 11% (AED 18.5 billion) during the year to AED 186 billion, with a significant net inflow of AED 16.45 billion in Q4'24, to represent 44% of total deposits at year-end, versus 42% at the end of Q3'24.

→ Total shareholders' equity stood at AED 76 billion as at 31 December 2024.

→ ADCB remains well-capitalised, supported by robust earnings growth, a Tier 2 issuance in Q3'24 and efficient capital deployment, which has enhanced the risk-weighted asset profile. The capital adequacy ratio (Basel III) stood at 16.13% and the CET1 ratio was 12.56% as at December-end.

→ The Bank maintains a robust liquidity position, with a liquidity coverage ratio of 137.3%, a liquidity ratio of 32.4% and a loan to deposit ratio of 83.3% as at December-end.

(1) CoR: Net impairment charge on loans and advances and investments divided by net average loans and advances and investments
(2) This statement represents a forward-looking projection and is subject to necessary approvals, including but not limited to board, regulatory, and shareholder approvals

ADCB marks 14 consecutive quarters of growth in net profit before tax, with FY'24 operating income up 15% and enhanced efficiency reflected in 130 bps improvement in cost to income ratio

→ Net interest income increased 7% YoY to reach AED 13.226 billion in FY'24. The Bank has continued to strategically rebalance its loan portfolio towards high-quality and low-risk credit exposures. In this context, the risk-adjusted net interest margin (NIM) remained broadly steady YoY at 2.03%, while NIM decreased 25 bps YoY to 2.58%, in line with guidance.

→ Net interest income in Q4'24 increased 3% YoY and 11% QoQ to AED 3.505 billion. NIM for the quarter increased by 17 bps sequentially to 2.58% primarily driven by a 24 bps improvement in cost of funds to 4.04%, as the Bank attracted a significant inflow of CASA deposits during the quarter and benchmark rates decreased. The YoY decline in Q4'24 NIM of 35 bps was primarily on account of higher interest in suspense releases recorded in Q4'23.

→ Non-interest income surged 39% YoY to AED 6.254 billion in FY'24, representing 32% of total operating income compared to 27% a year earlier. Net fees and commission income was up 27% YoY to AED 3.101 billion, primarily driven by a 33% rise in loan processing fees (gross) and a 20% increase in card-related fees (gross). ADCB was the largest issuer of cards in the UAE for the year, with 243,000 new cards issued, up 7% YoY. Net trading income was up 30% to AED 2.064 billion on higher foreign exchange income, derivatives gains and a net gain from financial assets held at fair value through profit or loss (FVTPL). Other operating income increased to AED 1.089 billion from AED 456 million in FY'23.

→ Q4'24 non-interest income was AED 1.962 billion, an increase of 57% YoY and 25% QoQ, with net fees and commission income 25% higher YoY and net trading income up 10% YoY. Other operating income was AED 779 million in Q4'24 primarily on account of gains on extinguishment of corporate loans.

→ Operating income was AED 19.480 billion in FY'24, an increase of 15% over the previous year, and was AED 5.467 billion in Q4'24, up 17% YoY and 16% QoQ.

→ Cost to income ratio improved by 130 bps YoY to 31.0% in FY'24 driven by enhanced efficiencies and disciplined cost management, while the Bank continued to invest in talent and technology to drive continued growth across its core businesses. In Q4'24, strong operating income resulted in a cost to income ratio of 28.6%, an improvement of 340 bps YoY and 360 bps QoQ.

→ Net impairment charge was AED 2.874 billion in FY'24, 17% lower YoY, and was AED 1.020 billion in Q4'24, a decrease of 12% YoY and increased sequentially, partially on account of new credit risk management risk standards introduced by the Central Bank of the UAE.

→ Profit before tax was AED 10.585 billion in FY'24, up 26% YoY, and AED 2.884 billion in Q4'24, an increase of 15% YoY and 8% QoQ. Net profit after tax was AED 9.419 billion in FY'24 and AED 2.573 billion in Q4'24, representing a strong return on average tangible equity of 15.2% and 16.6% respectively.

Improved asset quality metrics with NPL ratio at lowest level in last five years

→ Cost of risk improved by 21 bps YoY to 0.58% in FY'24, and was 0.72% in Q4'24, versus 1.02% a year earlier and 0.42% the previous quarter, with the sequential increase partially on account of new credit risk management standards introduced by the Central Bank of the UAE.

→ The NPL ratio was 3.04% at December-end, its lowest level over the last five years and reduced from 3.73% at the end of 2023 and 3.45% at September-end.

→ The provision coverage ratio was at 110.0%, the highest level in the last five years, compared to 102.5% at the end of 2023 and 97.5% at September-end. Including collateral held, the ratio was 188% versus 168% a year earlier and 156% at September-end.

BUSINESS REVIEW

Retail Banking Group

The Retail Banking Group (RBG) supports retail and micro-business customers in managing their finances, through expert advice and the provision of a full suite of specialist products and services in conventional and Islamic banking. The business is committed to driving digital innovation to deliver excellence in customer service.

Key highlights

- Digitalisation and service excellence driving customer growth
- Strong loan growth and credit card acquisition
- Net promoter score increased to 77 in 2024 from 70 the prior year
- Islamic Banking continues to power retail loan growth

Contribution to operating income

27%

AED 5.322 bn | +12% YoY

Strong franchise drives substantial inflows of customer deposits

The Retail Banking Group delivered a strong performance in 2024, achieving significant growth in the customer base by increasing the pace of digital transformation with a continued focus on service excellence. The Group's profit before tax increased 26% year-on-year to AED 1.385 billion, underpinned by broad-based loan growth and solid fee income.

ADCB's strong franchise continued to drive increased market share, in terms of customer numbers, assets, deposits and card acquisition. Meanwhile, greater scale has been accompanied by a significant increase in digital engagement, resulting in enhanced productivity and efficiency across all retail banking operations.

Strong growth in loans and deposits

In the context of positive consumer confidence, with a robust UAE economy providing favourable credit conditions, RBG achieved net loan growth of 16% during the year to AED 66 billion. Personal loans grew by 6%, while mortgages increased by 21%, as the UAE housing market continued to offer a conducive environment for overseas and resident expatriate buyers. This expansive loan growth has been accompanied by disciplined risk management, ensuring a healthy, high-quality retail loan portfolio.

1

ADCB ranked number one in the UAE for card issuance in 2024

RBG net loans (AED)

66 bn +16% YoY

THE RETAIL BANKING GROUP supports retail and micro-business customers

ADCB's strong franchise continued to drive increased market share in terms of customer numbers, assets, deposits and card acquisition

ADCB Islamic Banking is contributing significantly to RBG's growth in market share, following a repositioning of the Shari'ah-compliant retail banking offering (please refer to the Islamic Banking section). Notably, new-to-bank Emirati retail customers increased by 15% from a year earlier, with banking relationships expanded through strong coordination across the Bank's core businesses.

The Bank attracted a strong inflow of retail customer deposits, which increased by 14% during the course of the year to AED 91 billion. Despite the higher interest rate environment, retail current and savings account (CASA) deposits[1] increased by AED 7 billion, or 12%, to AED 68 billion, representing 75% of total retail customer deposits and contributing to a favourable cost of funds.

In particular, the Bank's Excellency segment has been a notable source of growth for both deposits and assets. The ADCB Excellency account is a premium banking service tailored for clients who maintain a total relationship balance of AED 500,000 or more.

Customers receive personalised banking assistance from a dedicated relationship manager and can also access advice and services at exclusive Excellency Centres.

Credit cards issued in 2024

c.240,000

+7% YoY

RBG customer deposits (AED)

91 bn

+14% YoY

Surge in credit card issuance

ADCB ranked number one in the UAE for card issuance in 2024, with more than 240,000 new cards issued, up from 227,000 in 2023, representing robust growth of 7%. Meanwhile, monthly credit card spends increased by 22% to AED 41 billion, with ADCB ranking second among all banks in the GCC for credit card spend, and in the top five for combined credit and debit card spend. Growth was driven by continued product innovation and strategic partnerships that are delivering additional value to customers, such as the revamped Traveller card and the co-branded card with hypermarket chain Lulu.

Retail Banking Group[2]	% Increase in acquisitions (FY'24 vs. FY'23)	% Increase in portfolio balance (Dec'24 vs. Dec'23)
Personal loans	4%[3]	6%
Mortgage loans	12%[3]	21%
Auto loans	(5%)[3]	12%
Credit cards	7%[4]	16%

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

Digital transformation: Scalability and innovation

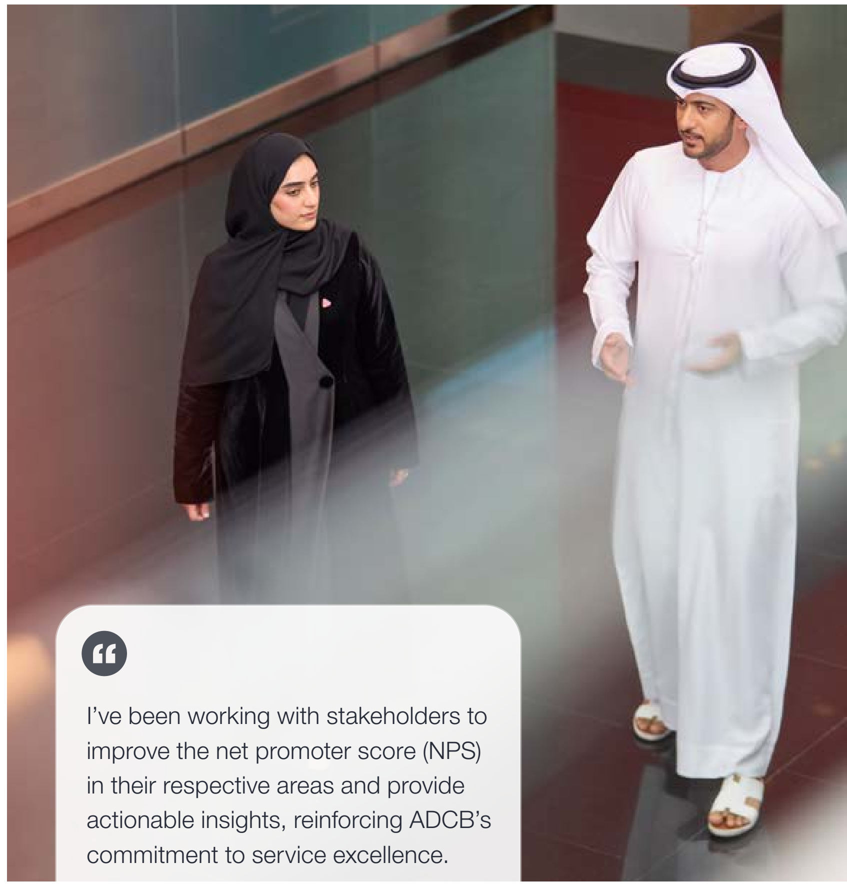
ADCB achieved the significant milestone of over 2 million digital banking subscribers in 2024, representing 91% of retail customers. The Bank's digital channels drove a significant expansion of the customer base in 2024, accounting for 83% of the 741,000 new customers onboarded by ADCB Group's UAE operations, including Al Hilal Bank.

Increased digital engagement is driving significant productivity gains. Digital users active in a 90-day period increased 30% year-on-year and self-service transactions were up 40%. In 2024, 97% of all retail banking transactions were completed through self-service or digital channels. Meanwhile, WhatsApp banking also continued to gain traction, with registered customers rising to 517,000 by the end of 2024, and 422,000 interactions facilitated during the year.

There was also a significant increase in digital adoption of products, with 14% of personal loan applications conducted digitally in 2024, up from 2% the previous year. ADCB also introduced innovative solutions such as self-service credit card applications via the mobile app and website, with straight-through processing enabling customers to receive operational digital cards within seconds. In 2024, 10% of all credit card applications were via digital channels, with same-day credit card approvals up 65% year-on-year.

Durgesh Mirchandani
Relationship Manager, Excellency Acquisition

"I help to enhance customer experience and ensure operational excellence. One of my most significant achievements last year was to strengthen my engagement with stakeholders across ADCB. This helped me to improve my understanding and build stronger relationships with colleagues in diverse functions in the Bank, which in turn will help to enhance my performance in the future. With ADCB growing at a rapid pace, I see lots of opportunities for development and further growth in my career."



"I've been working with stakeholders to improve the net promoter score (NPS) in their respective areas and provide actionable insights, reinforcing ADCB's commitment to service excellence."

Arwa Alblooshi
Senior Specialist, Customer Experience and Research

ADCB's digital platforms, in conjunction with a strong culture of personal service, are enhancing the Bank's user-friendliness. The Bank was rated the leading financial institution for customer experience in the UAE, and second among companies in all sectors, in the 2024 KPMG Customer Experience Survey. ADCB's mobile banking app also commands a high rating in the Apple store, underscoring its high customer satisfaction levels.

This high level of digital engagement is reflected in the growing proportion of transactions and account servicing that is now managed entirely online. This has enabled the Bank to service a significantly increased volume of customers without expanding the number of ADCB branches.

Note: Digital figures refer to ADCB UAE only, unless otherwise stated

Spotlight

Strengthening partnerships and TouchPoints expansion

Strategic partnerships are a critical driver of success of ADCB's product suite, with collaboration playing a significant role in customer acquisition and brand positioning.

In the mortgage space, ADCB's Dream Home Platform, launched in partnership with Bayut in 2020, issued over AED 3.7 billion in mortgage pre-approvals in 2024, with AED 1.9 billion in loans disbursed.

Additionally, the ADCB talabat credit card, launched in 2023 in collaboration with the talabat food delivery platform, continued to go from strength to strength. Customers of talabat can apply directly for the credit card on the company's mobile app, gaining a range of benefits including AED 500 of credit and a 35% reduction on the first 10 orders each month. Similarly, long-standing co-branded partnerships with Lulu Hypermarkets and Etihad Airways continued to deliver value through relevant offers and promotions, further cementing ADCB's reputation for building and maintaining strong, long-term partnerships.

Meanwhile, the TouchPoints loyalty programme continues to thrive, achieving a 155% increase in e-commerce redemptions and 164% growth in digital redemptions. With the addition of partners such as online shopping portal Noon, the programme further strengthened its leadership position in the UAE loyalty market. The TouchPoints ecosystem now includes more than 8,600 merchant partnerships and instant redemption at 21,000 point-of-sale and more than 20 e-commerce partners.

Supporting inclusion and enterprise

ADCB remains fully committed to strengthening financial inclusion, with a new package designed for lower-income groups that includes life insurance, free ATM cash withdrawals from non-ADCB terminals and reduced fees for certain transactions.

The Bank strongly supports the UAE's dynamic base of micro-businesses, defined as companies with an annual turnover of up to AED 5 million. Retail Banking is targeting further growth in this fast-growing segment with the launch of a micro-lending capability on the digital banking platform. The Bank is aiming for double digit growth in this area over a three-year period, providing new revenue lines and supporting the expansion of the UAE's micro-business base.

ADCB also has a strong focus on the micro-business segment, with its Business Choice Account (BCA). This is part of a broader strategy to cater to startups and small businesses, contributing to the Bank's focus on financial inclusion. BCA is specifically aimed at entrepreneurs and small businesses looking for day-to-day business banking services through three packages — Gold, Silver and Platinum. The number of Business Choice accounts increased by 24% year-on-year.

Raising awareness

To promote responsible management of personal finances, ADCB launched a 'Customer Education & Awareness' digital platform and added significant content throughout 2024, including 52 educational videos, articles and infographics in English and Arabic. In the fourth quarter, the Bank launched an equivalent Islamic finance educational platform. The initiative gained strong traction during the year, with over 200,000 unique users spending an average of 4.40 minutes on a page, and over 110,000 users returning to the platform for further information.

Empowering merchants

ADCB has also continued to expand its merchant footprint, with total merchants growing by 20% year-on-year. The innovative PacePay platform, which enables micro-businesses to accept payments via their smartphone, also continued to gain traction, with its merchant base expanding by 12% and transaction volumes growing 31% in 2024.

Advancing sustainability

RBG continues to advance its sustainability proposition, with the business already offering preferential loans for the purchase of electric and hybrid vehicles and mortgages for energy-efficient homes, as well as opportunities for socially responsible investing.

More than 78% of cards issued are made from recycled plastic, with the aim of reaching 100% by 2025. In 2024, the Bank also launched the Green Initiative, which sees one mangrove tree planted each time a customer takes an eligible product digitally. By the end of the year, more than 5,000 mangrove trees are expected to be planted.

ADCB's exclusive partnership with the UAE government's Nafis programme has further strengthened financial inclusion efforts by offering tailored financial products to Emirati employees. This initiative aligns with the government's push for greater private sector employment among UAE nationals.

+12%

YoY growth in PacePay merchant base

+31% YoY growth in transactions

Looking ahead

ADCB's strategic priorities are anchored in scaling its digital-first approach to service excellence and accelerating growth across new and emerging business avenues. A key focus will be driving digital sales through self-service customer journeys and leveraging advanced AI-driven analytics to offer hyper-personalised campaigns. The Bank is set to explore new opportunities in the rapidly evolving landscape of Web3 and cryptocurrency, positioning itself at the forefront of financial innovation, as well as exploring opportunities in the micro-lending space.

By focusing on digital innovation, fostering strategic partnerships, and enhancing customer engagement, ADCB is well-positioned to continue its strong performance into 2025 and beyond.

Sumeya Jassim Raisi
Centre Manager,
Excellency Acquisition

"I'm inspired by the sense of teamwork, the ambitious strategy and the clear objectives, both personally and in the wider business. As the only UAE national in my team, my goal is to use my skills and make a difference, as well as developing my professional knowledge and growing my overall contribution to the Bank."

The Corporate & Investment Banking Group (CIBG) provides a portfolio of corporate banking services, including investment and transaction banking, and financial market solutions. This sophisticated product suite is powered by efficient digital platforms and distribution channels. CIBG serves a broad range of clients both domestically and across the MENA region, including government entities, financial institutions, large to mid-size corporates, and commercial clients (SMEs), while maintaining strategic relationships with leading banks globally.

Corporate & Investment Banking Group

Key highlights

- Focus on supporting growth ambitions of UAE and regional companies
- Strong loan growth in diverse economic sectors
- Market-leading fee-to-income ratio
- 600+ SMEs onboarded every month on average

The Corporate and Investment Banking Group recorded another strong performance in 2024, with profit before tax increasing by 86% year-on-year to reach AED 4.892 billion. Capitalising on a sophisticated product and service offering, the business significantly expanded its network of corporate relationships. This contributed to strong loan growth and further improvement in cross-selling, leading to a substantial rise in fee income. Notably, while onboarding close to 10,000 new clients in the year, CIBG further enhanced the resilience of its loan portfolio through increased exposure to high-quality, low-risk credit counterparties.

CIBG's success in broadening its offering of sophisticated banking services and providing service excellence was reflected in a net promoter score (NPS) of 86 in 2024, an improvement from 78 the previous year.

Contribution to operating income

39%

AED 7.650 bn ↑ +27% YoY

CIBG net loans (AED)

238 bn +21% YoY

CIBG customer deposits (AED)

206 bn +22% YoY

CIBG continues to broaden its client base in the UAE and the wider region

My line manager is very supportive and continually encourages me to push myself further.

Shamlan Abdalla
Specialist, Relationship Management

I was the MC for our CIBG Emirati Townhall in front of the CEO and senior leadership, which was great for my confidence.

Jawaher Alseiari
Analyst, Client Experience and Strategic Initiatives

THE CORPORATE & INVESTMENT BANKING GROUP provides a portfolio of corporate banking services

Sustainability-linked financing (AED)

12 bn

CASE STUDY/GEMS EDUCATION

Landmark GEMS financing and hedging transaction showcases ADCB's strengths

ADCB led one of the region's most significant sustainability-linked financings in the year, an AED 12 billion syndicated facility for GEMS Education, one of the world's largest private education providers, with more than 60 schools across the globe. The syndicated facility was notable for its sustainability and educational focus, which includes key ESG milestones for GEMS Education to reach, aimed at increasing the share of renewable energy in school operations.

ADCB underwrote a USD 500 million tranche of the financing and performed several primary roles on this transaction, including mandated lead arrangers, bookrunners and sustainability coordinators, in addition to acting as the hedging bank.

Given the size of the new syndicated facility, interest rate hedging was a key priority for GEMS Education to ensure prudent long-term financial and risk management. In a competitive process involving leading regional and global banks, ADCB secured the mandate as the sole hedging coordinator and market hedge provider for a landmark AED 6 billion, five-year interest rate hedging transaction. Despite prevailing interest rate volatility, close engagement with the client ensured smooth and timely execution of the transaction, which succeeded in avoiding any market disruption. This achievement, representing one of the largest local currency interest rate hedges in the UAE, highlights ADCB's expertise and growing reputation in advisory and innovative financial solutions.

Five-year interest rate hedging transaction (AED)

6 bn

ADCB secured the mandate as the sole hedging coordinator and market hedge provider

Loan growth guided by rebalancing of the portfolio and focus on GREs

CIBG continues to broaden its client base in the UAE and the wider region, supporting corporates as they grow and invest in domestic markets and internationally. Net loans increased by 21% year-on-year to AED 238 billion, guided by a strategic, capital-efficient rebalancing of the portfolio towards low-risk, high-quality credit counterparties, with government-related entities (GREs) accounting for 42% of gross loan growth in the year.

Consequently, exposure to GREs increased to 27% at year end, from 25% a year earlier, with risk adjusted net interest margin remaining broadly steady at 2.03% in 2024. The Bank also increased lending to a diverse range of other economic sectors, including financial institutions, trading, and transport and communication. Loans outside the UAE stood at 21% of gross loans at December-end, with ADCB increasingly supporting the international ambitions of UAE and regional companies.

In tandem, the business attracted strong inflow of customer deposits from SMEs and large corporates, with total CIBG deposits increasing by AED 37 billion during 2024 to AED 206 billion. Current and savings account (CASA) deposits[1] accounted for 46% of the total CIBG customer deposits as at year-end.

Financial market solutions and capital markets advisory driving market-leading fee-to-income ratio

Loan growth is being accompanied by a strong increase in CIBG non-interest income, which rose by 55% in 2024. The business continues to maintain a market-leading fee-to-income ratio, driven by effective cross-selling of fee-generating products and services, including total return swaps, foreign exchange and derivatives.

Furthermore, the advisory business is thriving, leveraging its wide network and a strong track record in debt capital markets (DCM), syndications and project finance. ADCB was mandated as a bookrunner for 25 regional and international syndications in 2024 and closed 45 DCM transactions in the year. ADCB was ranked fourth for the number of syndicated and secondary market deals[2] arranged in the GCC region, and entered the top 10 in the MENA G3 League Table[3] for DCM transactions for the first time, ranking seventh among all regional and global banks by number of deals. ADCB was also awarded the 'Most improved bond house of the year' for Central and Eastern Europe, CIS and Türkiye by Global Banking & Markets.

CIBG has also been active in equity capital markets (ECM) as major companies continue to raise capital on regional markets. ADCB was mandated as a joint lead manager for the initial public offering (IPO) of UAE hypermarket operator Lulu Retail Holdings in November 2024, which generated gross proceeds of AED 6.32 billion through a listing on the Abu Dhabi Securities Exchange (ADX). The Bank also played a pivotal role in the successful IPO of talabat on the Dubai Financial Market (DFM), as joint bookrunner and receiving bank. The IPO was a landmark event, raising approximately USD 2 billion. It was the largest global technology IPO of 2024 and the largest IPO in the GCC for the year.

Supporting the ambitions of regional clients

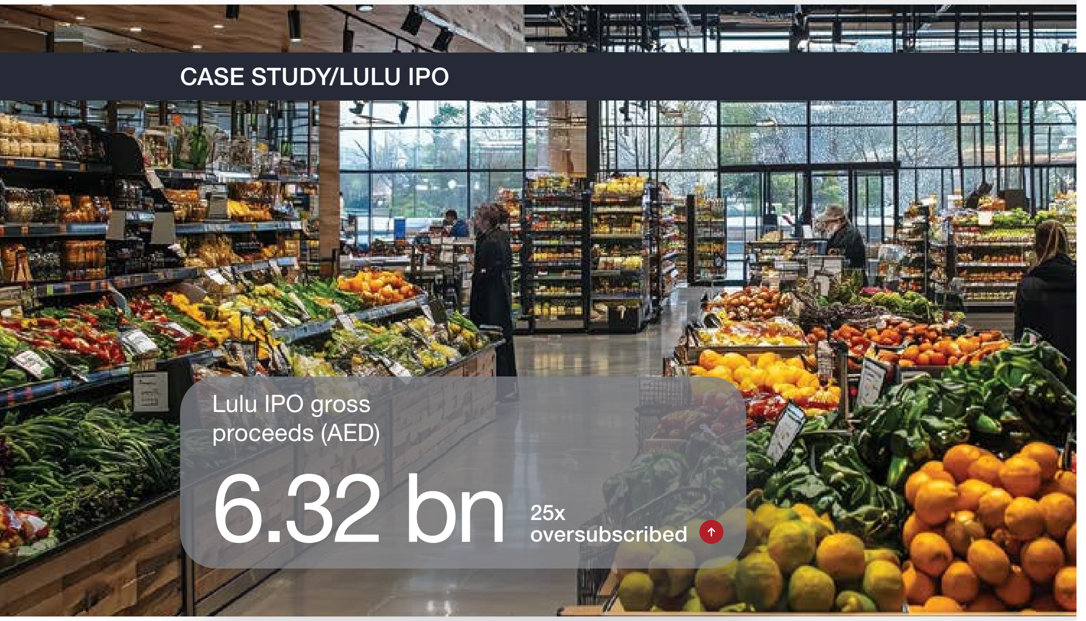
As well as growing its core UAE client base, CIBG is forging deeper relationships with companies operating along key regional economic corridors. The business continues to collaborate closely with ADCB Egypt on cross-border mandates and referrals, and is expanding its regional presence, notably through on-the-ground operations in Saudi Arabia and Kazakhstan.

Having received approvals in early 2024, ADCB is establishing a branch in Riyadh to support an expanding client base in the country while contributing to closer regional economic relationships. The new branch will add an important dimension to ADCB's strong client offering and strengthen relationships with major corporates and financial institutions participating in Saudi Arabia's rapid economic transformation.

The Bank is also expanding its strategic presence in Central Asia and the Caucasus having transitioned the existing branch of Al Hilal Bank in Kazakhstan into an ADCB corporate banking hub.

(1) Excludes Commercial
(2) Bloomberg league table of bookrunners of 'GCC Borrower Loans'
(3) Bloomberg league table of managers of 'MENA G3 Currency Bonds and Sukuks'

CASE STUDY/LULU IPO



Record demand for Lulu Group IPO

Following ADCB's major contribution to the record AED 10 billion syndication loan for Lulu Group in 2023, CIBG played a leading role in the listing of the hypermarket chain, which raised gross proceeds of AED 6.32 billion — making it the largest IPO in the UAE in 2024.

This was one of the most sought-after IPOs for a private entity in the region, generating demand in excess of AED 135 billion, representing an oversubscription of more than 25 times. The deal attracted exceptional retail investor interest with over 82,000 retail investors, as well as a number of major global institutional investors.

CIBG performed several key roles, acting as joint global co-ordinator, joint bookrunner, joint lead receiving bank and sole listing advisor. This transaction epitomises the continuing evolution of CIBG's ability to support its clients throughout their growth journey.

We are happy to associate with ADCB in our recently concluded landmark IPO, and we appreciate their holistic approach to the process and wide capabilities.

Saifee Rupawala
CEO, Lulu Retail

Al Hilal Bank's retail banking activities in Kazakhstan have been phased out, with operations rebranded under ADCB's Islamic Banking arm, in close collaboration with regulators. The business will provide sophisticated Shari'ah-compliant banking services to corporates operating in Central Asia, a region propelled by large-scale infrastructure projects, increasing investment, abundant natural resources, and a youthful, skilled workforce.

Driving digital innovation

The CIBG digital banking platform is undergoing a major redevelopment to create a 'digital hub' that will unify systems and streamline onboarding, sales and servicing. This platform will provide clients with a comprehensive set of tools, including trade, salary payments and foreign exchange, all accessible via a single digital interface. This investment is part of a broader strategy to replace existing systems with cloud-based solutions that offer enhanced stability and greater efficiency. The first phase of the project was launched in November 2024, including onboarding for SMEs, with functionality and accessibility due to be expanded to larger corporates during 2025.

Prioritising people and planet

CIBG is contributing significantly to ADCB's Emiratisation agenda, recruiting and promoting UAE nationals into senior roles across several functions, including the appointment of the Senior Head of Dubai and Northern Emirates Government Clients. This aligns with the Bank's broader strategy to develop national talent and contribute to the UAE's socio-economic development goals.

In line with ADCB's enhanced climate strategy, CIBG has expanded its sustainable proposition to clients to support their transition to a net zero economy. The business is playing a central role in driving the Bank's commitment to provide AED 125 billion in sustainable financing by 2030 (see further details in the Sustainability section of the annual report), while building a suite of products and services to serve the environmental goals of corporates.

Looking ahead

ADCB's corporate and investment banking proposition will play a central role in the Bank's accelerated growth in the coming years, capitalising on a strong reputation in the market.

The business will continue to focus on expanding banking relationships with clients in the UAE and broader region, including supporting their international investments. CIBG will also focus on expanding its product offering by further developing the securitisation business model, commodity segment and enlarging its financial market solutions product portfolio, while also targeting new emerging industries.

Ammar Hamawi
Regional Head, Financial Institutions

"My main focus in 2024 was on strengthening ADCB's financial institutions network regionally and globally. This included amplifying the Bank's global positioning and opening new fronts at a Group level. Aligning with the Bank's objectives, I also prioritised talent development, knowledge enrichment, and team leadership. A significant emphasis was on Emiratisation and fostering the growth of young Emirati talent."

Spotlight

The rise of sustainable products for corporate clients

ADCB's Sustainable Call Account continued to gain traction in the market as a valuable ESG-driven offering to corporate clients. Funds deposited by corporates and institutions in a Sustainable Call Account are directly allocated to sustainable, social and green bonds within ADCB's Treasury investment book in accordance with principles set by the International Capital Market Association (ICMA). The account, which can be managed through the Bank's digital cash management platform, provides clients with a convenient channel to increase exposure to sustainable assets. Account holders receive an annual report on the impact of deposited funds, consolidated at a portfolio level.

In addition, the Corporate Carbon Calculator supports corporate cardholders in understanding the environmental impact of their card spend. The service was developed in partnership with Mastercard and Swedish fintech Doconomy and the product has been well received in the market, with close to 10,000 cards issued to over 3,600 clients.

Landmark deals

Syndication loans

Etisalat Group

AED 1.8 bn

Unsecured Club Term Loan facility used for repayment of amounts under existing indebtedness.

Joint Mandated Lead, Arranger

GEMS Group Management Limited

AED 1.8 bn

Debt financing deal facilitating a refinancing of the group's capital structure. The largest private sector syndicated sustainability-linked financing in the UAE.

Underwriter, Initial Mandated Lead Arranger, Bookrunner, Joint Sustainability Coordinator, Account Bank, Hedge Co-coordinator, and Hedging Bank

Abu Dhabi Oil Refining Company

USD 333 mn

Facility for refinancing 2019 loans, capex, and working capital requirements. ADCB's share included senior unsecured term loan of USD 221 mn and a senior unsecured revolving credit facility of USD 333 mn.

Facility Agent, Coordinator, Mandated Lead Arranger, and Bookrunner

Structured rate loans

Optics BidCo S.p.A

EUR 300 mn

Acquisition of Telecom Italia's (TIM) fixed network infrastructure. ADCB's first corporate loan in Italy and securitisation of a single loan participation. Deal involved ADIA as one of the sponsors and KKR as the major sponsor.

VW Financial Services

EUR 450 mn

First Bilateral Structured Floating Rate Euro Denominated Loan.

Abu Dhabi Commercial Bank PJSC participated in several landmark transactions during 2024

Bilateral loans

Government of Sharjah

AED 2.3 bn

General Purpose Corporate Loan

Alpha Dhabi Industries Holding

AED 2.8 bn

Bilateral Term Loan (BTL) availed in multiple tranches and secured by a market pledge of first-class shares with a bullet repayment of 3 or 5 years.

Term loans

Energy Development Oman

USD 425 mn

Senior Unsecured Term Loan

Initial Mandated Lead Arranger, Coordinator, Bookrunner, and Facility Agent

Neptune Project Holding 3 Limited

USD 305 mn

One of the biggest leveraged buyouts (LBOs) in the region led by Brookfield. ADCB provided full underwritten approval on the immediate finance arrangement (IFA) facility; client refinanced with longer-term tenor.

Facility Agent

Dubai Holding DH7

AED 3 bn

Term loan for Dubai Holding Investments arm was structured as a fixed rate loan to provide better pricing terms.

Sole Coordinator and Lender

Championing small businesses

ADCB serves over 130,000 clients in the small and medium enterprise (SME) and micro-business segments, reflecting the critical role of these businesses as a driving force in the UAE's economic success. In 2024, ADCB reinforced its position as a major bank for SMEs in the country, onboarding more than 37,000 new clients by offering a market-leading proposition. Beyond financing, the Bank provides a comprehensive suite of products and services, including transaction services, trade finance, and foreign exchange facilities.

The Bank's digital channels, including the trade finance platform ProTrade and the cash management platform ProCash, have played an important part in supporting growth — helping clients to streamline trade cycles, automate supply chain management, and enable swift and secure transfers. In 2024, SME foreign exchange transaction volumes also saw robust growth, increasing by 16% year-on-year.

Key account products underpinning ADCB's SME business have also served to attract significant deposits, contributing to low-cost funding for the Bank. During the year, current and savings account (CASA) deposits from SMEs expanded by 21% to AED 23 billion.

At the core of ADCB's SME offering is the Business First account, which provides tailored packages to relatively mature businesses, with more than 29,000 accounts opened in 2024. In addition, the SmartStart account, designed for smaller businesses and start-ups, enables entrepreneurs to establish banking relationships with ease. This product accounted for approximately 22% of new SME account openings in 2024, highlighting the Bank's appeal to a new and rapidly growing generation of entrepreneurs.

A core differentiator of ADCB's SME proposition is an assigned dedicated relationship manager to ensure personalised service, regardless of business size. This approach is further strengthened by ADCB's 'hub-and-spoke' structure, which integrates specialist teams for foreign exchange, trade finance, and treasury services while maintaining a single point of contact for clients.

Looking ahead, ADCB will continue to enhance its digital platforms, expand its product suite, and strengthen its role as a trusted financial partner for SMEs. By maintaining strong relationships and driving innovation, the Bank is well-positioned to empower businesses and support their role as a cornerstone of the UAE economy.

SME CASA deposits (AED)

23 bn +21% YoY

SME and micro-business clients

130k+

CASE STUDY/ACOULITE

Securing a bright future for Acoulite lighting company

ADCB is supporting lighting and acoustics solutions provider Acoulite Trading through its expansion and continued growth across the region.

Acoulite provides innovative lighting and acoustics solutions to a diverse range of sectors. The business was established in 2005, and ADCB has been its sole banking provider since 2014.

"We have been fortunate to receive exceptional support from ADCB since 2014, establishing them as a key partner in our growth journey. The Bank's commitment to innovation, demonstrated through the implementation of advanced digital platforms such as GoTrade, ProTrade, FinTrade and corporate cheque scanning solution, has made banking with ADCB seamless and efficient in recent years.

Kareem Mohammed
Finance Manager, Acoulite

acoulite.

As the UAE — and wider region — advances its net zero agenda, Acoulite's portfolio of state-of-the-art solutions has enabled it to capitalise on evolving opportunities in energy efficient lighting and acoustics.

To help drive the company's growth, ADCB has tailored its support to meet the business's evolving needs. In particular, the Bank's export credit services have helped Acoulite tap into emerging opportunities across the Middle East, with the business expanding its operations beyond the UAE to include Kuwait, Saudi Arabia and Malaysia. Its team has also grown to more than 60 skilled professionals, including designers, engineers, technicians and project managers.

Private Banking and Wealth Management Group

Private Banking provides high-net-worth clients with an end-to-end banking service to help manage their full banking and investment needs effectively. Our dedicated bankers provide a wide variety of solutions to meet clients' investment and borrowing requirements, including complex and bespoke loan structuring. Wealth preservation requirements are addressed through a comprehensive wealth planning solution, tailored to individual needs.

Key highlights

- Launched six onshore mutual funds under Securities and Commodities Authority's (SCA) new regulatory regime
- Launched a strategic partnership with one of the world's leading asset managers to advise on our mutual funds
- Expanded investment platform to meet client demands
- Focus and growth in investment advisory business
- Achieved a net promoter score of 96

Contribution to operating income

8%

AED 1.531 bn ↑ +29% YoY

By successfully tapping into the UAE's growing reputation as a premier global business, investment and lifestyle destination, ADCB's Private Banking & Wealth Management Group has established itself as one of the largest home-grown private banks in the country.

With private banking a strategic growth priority for ADCB, the business has achieved a three-fold increase in the client base over the last two years. In 2024, the business continued to develop rapidly, with customer numbers increasing by 38% in the year, with total assets under management rising 61% and deposits growing by 16%. Expansion is being driven by a new, dedicated acquisition team and our relationship managers, which attracted and onboarded more than twice the number of new clients than in the previous year.

The Private Banking & Wealth Management Group received three awards at the Global Private Banking Innovation Awards 2024: Best Private Bank – UAE, Best Private Bank – Middle East, and Best Private Bank – Private Markets. In addition, it was highly commended as Best Bank in the UAE, in FT Group's The Banker awards.

PRIVATE BANKING provides high-net-worth clients with an end-to-end banking service

In 2024, the business continued to develop rapidly, with customer numbers increasing by 38% in the year

Client-focused approach and unique offering

ADCB Private clients are high-net-worth individuals (HNWIs) with investible assets of over AED 4 million, who are seeking solutions to manage their full banking, investment and wealth management needs effectively.

Central to ADCB Private's success is a client-centric approach tailored to the specific requirements of its clients. The business provides a blend of personalised wealth advisory, a broad range of domestic and international investments across multiple asset classes, combined with core banking services and access to significant financing. This is a compelling offering that empowers the UAE's growing base of resident entrepreneurs and gives ADCB Private a unique proposition in the market, compared to both global private banks and domestic peers.

Clients benefit from a single point of contact to manage all their financial requirements, from day-to-day banking to sophisticated investment and brokerage services and wealth planning, drawing on specific areas of expertise across ADCB. The relationship management team, which expanded significantly in 2024, is supported through ongoing knowledge, training and development opportunities, as well as digital tools to enable them to support clients smoothly and efficiently.

The product offering was expanded in 2024 to include additional investment and lending opportunities, including new investment vehicles and onshore funds to align with the evolution of the UAE's regulatory landscape. In 2024, ADCB launched six new UAE-based mutual funds. The funds cover a broad range of strategies, including both Shari'ah and conventional; equity, fixed income and multi-asset class. In launching the new funds, ADCB Asset Management entered into an investment partnership with JPMorgan Asset Management. The partnership brings significant global capabilities to ADCB Asset Management and enables it to enhance its research, fund management and advisory offering for clients.

ADCB Private is fully committed to the Bank's sustainability strategy, in line with the needs and expectations of clients. Sustainability considerations have been fully integrated into investment advisory and the Bank continues to introduce ESG-related products.

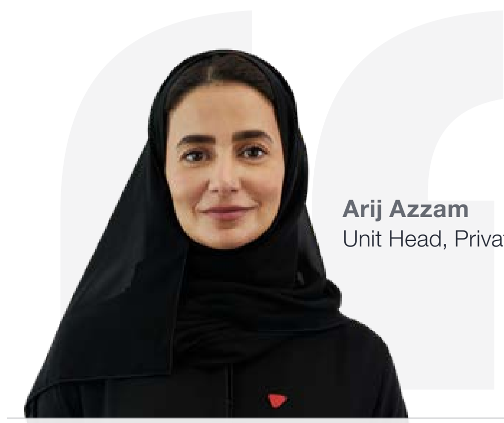
In October 2024, ADCB became a signatory to the UN Principles of Responsible Investment (PRI) and published its Responsible Investment Policy. This embeds responsible investment principles into Private Banking's investment processes.

Empowered by digital and a growing network

ADCB Private's strong 'customer-first' philosophy is supported by continued investment in digital banking solutions to meet the evolving needs and expectations of our clients.

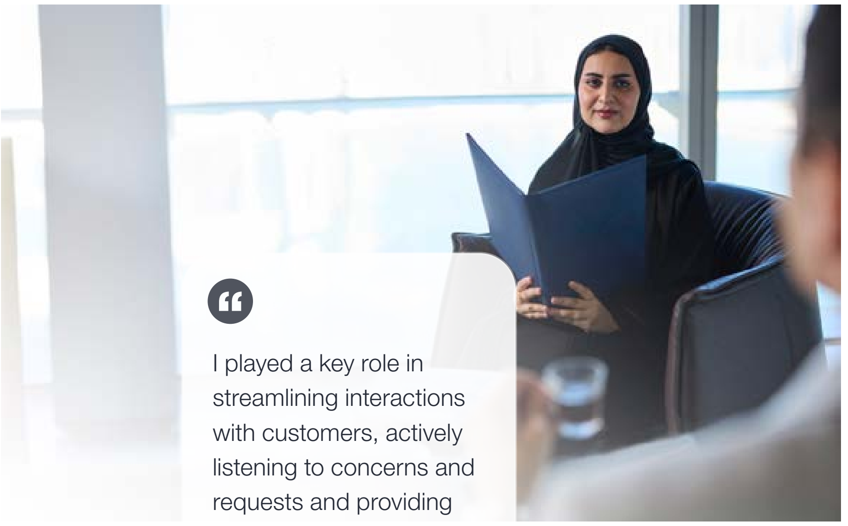
Digital capabilities were further enhanced in 2024 through the introduction of a new platform that allows clients to execute trades, build portfolios and manage accounts online. In addition, ADCB Private is progressing plans for the rollout of additional AI-driven tools, focusing on greater personalisation, and enhanced productivity and efficiency, for clients as well as relationship managers.

Private Banking's customer base is split between Abu Dhabi and Dubai. In 2024, these operations were supplemented with a new Private Banking Centre in Al Ain, bringing personal service to new growth areas in the UAE. Further expansion is planned in the Northern Emirates for 2025.



Arij Azzam
Unit Head, Private Clients

"In 2024 we had ambitious targets to grow our customer base, to increase our assets under management, and to continue to enhance our service levels. All while adapting to the evolving regulatory environment and protecting both our customers and the Bank. We were able to achieve and exceed our targets thanks to our relentless focus on customer service, continuous learning, and proactive approach to expanding our reach."



I played a key role in streamlining interactions with customers, actively listening to concerns and requests and providing efficient solutions.

Reed AlSheryani
Relationship Officer,
Private Banking and
Wealth Management Group

Aligned with the UAE's growth as a major financial centre

ADCB Private's growth is closely aligned with the UAE's development as a major global financial centre, attracting entrepreneurs and financial services companies with its strategic location, business-friendly regulations, and advanced infrastructure. The business is led from the thriving Abu Dhabi Global Market (ADGM), which has become a regional wealth management hub benefitting from a robust regulatory framework that ensures transparency for international businesses.

In this context, ADCB Private is contributing to the Group's quality-driven approach to the recruitment and retention of UAE national talent. This encompasses initiatives such as the ADCB Private Banking Academy, which continued to deliver focused professional training in 2024 to enhance the skills and accreditations of the team. This helps to nurture a strong pipeline of highly qualified professionals to drive further growth of the business.

Looking ahead

ADCB Private is well positioned for further growth, taking its unique proposition to an increasingly regional client base. The business is focused on expanding product offerings, and strategic partnerships to enhance its capabilities, while accelerating digital and AI transformation to deliver a premier client experience.

Spotlight

Sustainability embedded into investment processes

ADCB's Private Banking & Wealth Management Group has integrated the Bank's new Responsible Investment Policy to embed ESG factors across its investment processes and to offer related solutions across asset classes. Covering managed funds, third-party mutual funds, structured products and single securities, the policy outlines how the private banking and asset management businesses address 'principal adverse impacts' on sustainability.

Rooted in the six principles of the UN Principles of Responsible Investment (PRI) framework, the policy spans the entire investment value chain while reflecting ADCB's core values of integrity, care, ambition, respect and discipline.
The initiative underscores ADCB's leadership in responsible investing, in line with the Board-approved Group Sustainable Finance Framework and a commitment to AED 125 billion in sustainable finance by 2030.

Treasury & Investments Group

The Treasury & Investments Group offers a diverse range of conventional and Islamic banking solutions and is responsible for the Group's funding, investments, and centralised risk management activities. It manages the Bank's borrowings, issuance of debt securities, and use of derivatives to mitigate financial risk, while investing in a range of instruments, including green bonds, short-term placements, and corporate and sovereign debt securities.

Key highlights

- Well-balanced funding mix
- Strong growth in customer deposits
- Successful USD 500 million tier 2 bond issuance

Contribution to operating income

25%

AED 4.836 bn ↑ +7% YoY

The Treasury & Investments Group has continued to play a central role in supporting ADCB's strategic growth through maintenance of a well-diversified funding mix, prudent capital management, and proactive risk mitigation, while providing corporate clients with a wide range of balance sheet management solutions.

Treasury achieved a 6% year-on-year increase in profit before tax, which reached AED 4.836 billion in 2024, contributing 25% to the Bank's total operating income. Net trading income rose by 30% year-on-year, which included strong contributions from interest rate derivatives and emerging markets trading.

Strong increase in customer derivatives enhances funding mix

The Treasury & Investments Group's commitment to maintaining an optimal funding mix for the Bank, through a balance of customer deposits and wholesale funding, has been instrumental in achieving a favourable cost of funds and sustained balance sheet resilience in a changing interest rate environment.

THE TREASURY & INVESTMENTS GROUP offers a diverse range of conventional and Islamic banking solutions

> I was part of the Bank's USD 500 million tier 2 bond issuance — one of the most successful in the region in over a decade.
>
> **Roger Barakat**
> Head, Global Funding & Issuances

> Along with the team, I built a new product to streamline delivery of FX rates in the Bank, acting as a change advocate across different departments.
>
> **Amani El Sammak**
> Head, Electronic Trading Platforms

Committed to maintaining an optimal funding mix for the Bank

ADCB has leveraged its strong franchise across core businesses to attract a substantial inflow of customer deposits, which increased by AED 58 billion during the course of 2024 to reach AED 421 billion. Even as benchmark interest rates climbed to their highest levels in two decades, current and savings account (CASA) deposits increased by AED 18.5 billion in 2024. At year-end, Treasury accounted for 16% of customer deposits.

ADCB has maintained a robust and well-structured wholesale funding profile, characterised by diversified maturities, with the majority of our medium-term notes issuances extending beyond 2028.

This prudent approach mitigates refinancing risk and provides stability to the Bank's funding base, ensuring that ADCB remains well-placed to meet future obligations and adapt to market conditions.

Net trading income (AED)

2.064 bn +30% YoY

Tier 2 bond issuance

USD 500 mn

Maintaining healthy capital and liquidity positions

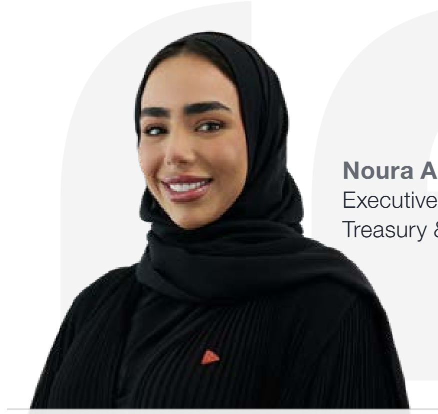
Treasury has continued to actively manage ADCB's capital position, aligning with regulatory requirements and providing a strong foundation for future growth. In September 2024, the Bank successfully issued a USD 500 million tier-2 bond, which was 7.2 times oversubscribed at guidance, attracting strong demand from regional and international investors.

The tier 2 issuance further reinforced ADCB's capital base to support growth as the Bank continues to take advantage of a robust credit pipeline. ADCB's capital adequacy and CET1 ratios post proposed dividend were 16.13% and 12.56% respectively as at 31 December 2024, supported by strong retained earnings and an enhanced risk-weighted asset profile, as the Bank increased exposure to low-risk counterparties such as government related entities (GREs).

143 bn +11% YoY

Investment portfolio (AED)

Treasury Group's management of the investment portfolio has also supported the Bank's liquidity profile while delivering strong risk-adjusted returns. The portfolio reached AED 143 billion in 2024 — an increase of 11% year-on-year, with bonds representing 99%, of which 64% were held at amortised cost and 36% at fair value through other comprehensive income, marked to market on a daily basis. ADCB's liquidity position remained healthy, with a liquidity coverage ratio of 137.3%, a liquidity ratio of 32.4% and a loan to deposit ratio of 83.3% as at 31 December 2024.



Noura Alsuwaidi
Executive Trader,
Treasury & Investments

"One of the key initiatives I worked on was expanding our trading portfolio and improving risk-adjusted returns through more sophisticated hedging and diversification strategies. I played a pivotal role in analysing market trends, identifying profitable opportunities, and implementing strategies that increased trading profitability while maintaining risk control."

Furthermore, by deploying derivatives and other financial instruments, the Treasury & Investments Group continued to successfully mitigate risks associated with interest rate fluctuations.

Outlook for strategic growth

Treasury & Investments Group will continue to enhance sophistication to support the Bank's funding, investments, and centralised risk management activities. This includes diversifying the trading desk into new areas such as ETFs and commodities, and expansion of the investment desk into a broader suite of products.

The asset/liability management function will enhance fund transfer pricing to support stable and cost-effective funding sources, and effectively manage and mitigate interest rate risk. For clients, the Treasury function will also work with Retail, Corporate and Private Banking to revamp value chain coverage and scale up the foreign exchange business.

Islamic Banking

Individual customers served by Islamic Banking

780,000 +128k YoY

Investing in customer choice

ADCB's Islamic Banking offering has continued to thrive, with strong customer growth propelled by a trusted brand and a wide range of products and services delivered seamlessly. This segment represents a significant portion of the Bank's business, with Shari'ah-compliant net financial assets and customer deposits representing 13% and 16% of the Group's total respectively.

ADCB operates an Islamic Banking framework embedded across its Retail Banking, Corporate and Investment Banking, and Private Banking businesses, allowing customers choice in accordance with their preferences. This complements the business proposition of the wholly owned subsidiary, Al Hilal Bank, which focuses solely on Shari'ah-compliant digital banking services for retail customers.

Driven by a strong franchise and digital innovation, ADCB offers a wide range of retail Islamic products, from home and personal finance to savings accounts, and continues to enhance its market proposition. For corporates, the Bank offers a range of Shari'ah-compliant solutions, from financing to cash management and trade finance.

Net Islamic financing assets

AED 44 bn +10% YoY

Islamic deposits

AED 65 bn +14% YoY

A refreshed brand driving retail banking growth

In a year of substantial growth, ADCB accounted for 12% of the market share of new Islamic financing in the UAE banking system, with a 16% share of new Islamic credit cards issued in 2024. The number of individual customers served by Islamic Banking increased by over 128,000 to approximately 780,000, representing 34% of the overall RBG customer base. This translated into significant asset growth, with retail Islamic financing growing by 11% during the year, while deposits increased by 16%.

This expansion was supported by a comprehensive brand refresh for ADCB's Islamic Banking proposition to resonate more effectively with diverse segments, from retail customers to private banking and wealth management clients. The rebranding exercise spanned over 1,850 customer collateral, ensuring a unified visual identity across physical, internet and mobile banking channels.

A number of new initiatives were also launched to enhance the product range and customer experience. The Bank's flagship Islamic retail products — the 'Millionaire Destiny Savings Account' and 'Emirati Millionaire Savings Account' — were relaunched with an enhanced prize structure, driving growth in CASA deposits. ADCB significantly improved its digital banking journeys, introducing features such as combined Islamic credit card packages, Wakala deposits with auto-renewals as well as balance transfer options and enhanced controls on cards. The Islamic credit card portfolio continued to expand, with the issuance of 63,000 new cards during the year, supported by the successful introduction of the ADCB Emirati Islamic credit card, an exclusive product for UAE nationals with attractive benefits and features.

Spotlight

Strong appeal for the Emirati customer base

Islamic banking holds a strong appeal for the Emirati customer base, and this segment remains a key priority for the Bank. The number of UAE nationals with an Islamic banking relationship increased by 11% in 2024, with 70% of individual Emirati customers holding at least one Shari'ah-compliant product. Furthermore, momentum continues to gather, with 72% of new-to-bank Emirati customers in 2024 choosing an Islamic banking offering.

This growth was supported by a broadening of ADCB's sales footprint in Al Ain, Fujairah, and Ras Al Khaimah, with new centres led by UAE National managers. This approach reflects the Bank's commitment to the provision of high-quality, localised services to serve specific demographic segments.

Islamic banking is a key offering for high-net-worth individuals served by ADCB Private, principally through Shari'ah-compliant financing and deposits, and increasingly through investment opportunities including funds and sukuks (Islamic bonds). Dedicated relationship managers focus on preserving and growing wealth, while ensuring effective risk management and strict adherence to Islamic principles.

Regional connectivity to serve corporate clients

The Corporate and Investment Banking Group (CIBG) has also played a pivotal role in advancing the Islamic banking offering, driving growth in Shari'ah-compliant corporate banking services. In 2024, CIBG Islamic financing increased by 15%, while deposits expanded by 7%, primarily led by government-related entities (GREs) and large corporate clients.

ADCB plans to further expand provision of Shari'ah-compliant financing, cash management services and trade finance for corporate clients. CIBG is already a leader in advisory in regional sukuk issuance, and future growth of the wider Islamic banking proposition will be supported by a strong presence in Egypt, the new corporate banking branch in Saudi Arabia, and the transition of Al Hilal Bank's Kazakhstan operations into an ADCB corporate banking hub for Central Asia. Demand is also being driven by companies that recognise a natural association between their ESG agenda and the ethos and values of Islamic banking.

A market-leading offering and digital experience

ADCB's strategy for the Islamic banking offering is designed to accelerate growth and enhance the customer experience through a broad range of initiatives. A major focus is on launching new propositions and to offer a full suite of Islamic variants across cards, financing, deposits, and investments. This includes increasing the share of credit cards, introducing a family-centric offering, and expanding asset products. Additionally, the strategy emphasises growth of wealth management, 'takaful' Islamic insurance, and investment product suites to cater to a broader range of customer needs.

ADCB is investing significantly to ensure that digital transformation drives both efficiency and an enhanced customer experience across its Islamic banking services. To deliver a rapid and seamless service, the Bank has automated processes related to contracts for underlying assets — usually commodities — that are the basis for Shari'ah-compliant transactions. In the coming year, ADCB will leverage its new cloud-based platform to ensure that the Bank remains at the forefront of the UAE's Islamic banking sector.

Al Hilal Bank

ALHILAL

Al Hilal Bank has solidified its position as a leader in digital Shari'ah-compliant retail banking in the UAE. The Bank's cloud-based platform provides strong foundations for further growth, allowing for seamless access to an expanding suite of products and services.

Key highlights

- Migration of all customers to cloud-based platform
- Focus on AI and data analytics to drive personalisation
- Clear roadmap to increase market share

As the first fully Shari'ah-compliant UAE bank operating entirely on the cloud, Al Hilal Bank is distinguishing itself in a competitive market. A digital-first strategy is driving customer growth and enhancing product and service offerings.
The Bank attracted an average of 14,000 new customers monthly in 2024, bringing the total to over 540,000.

Cloud platform drives growth, efficiency and personalisation

In 2024, the Bank achieved a significant milestone by migrating all customers to a new state-of-the-art platform, leveraging cloud technology to drive innovation, enhance the customer journey, and increase productivity. This platform integration allows for a smoother user experience, serving all customers through one unified system.

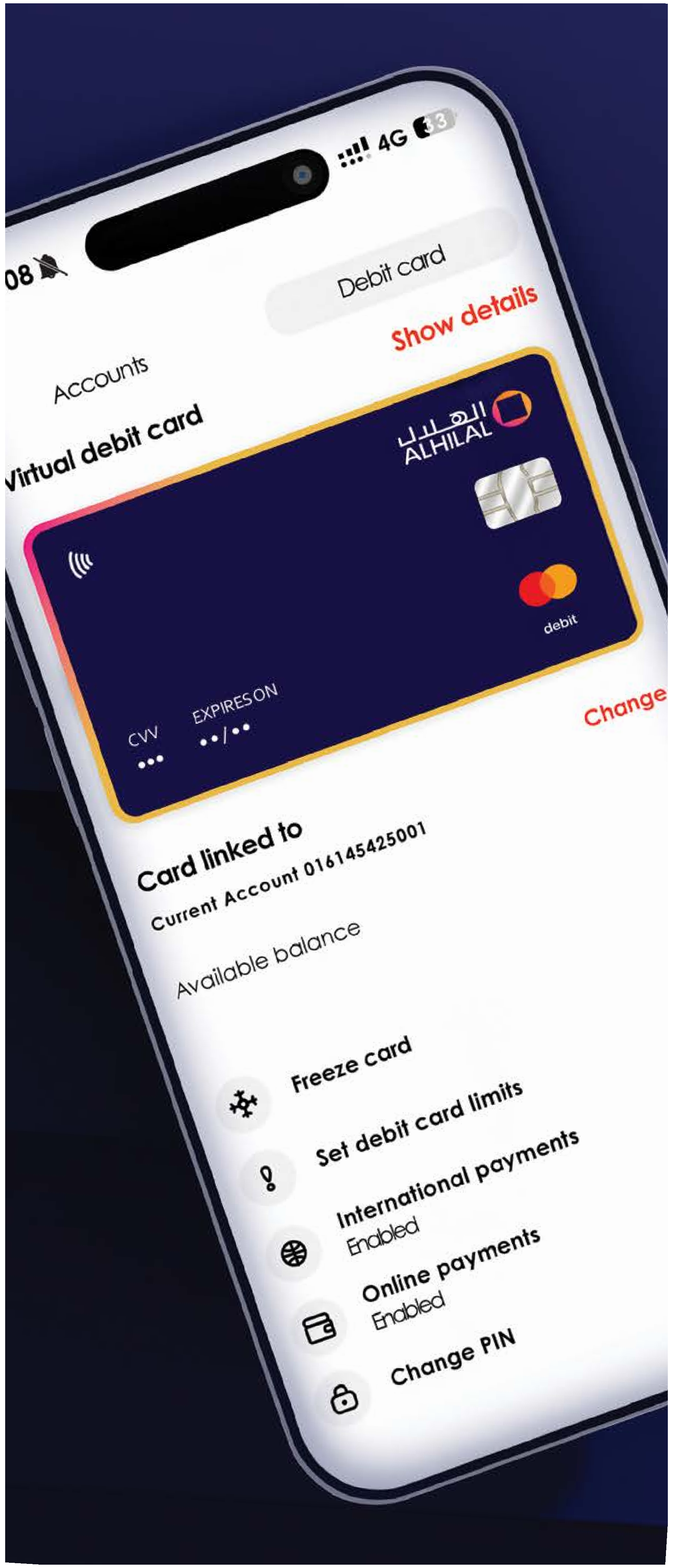
All deposit-related transactions, personal finance applications, and Shari'ah-compliant credit card applications can now be processed entirely digitally. This self-service model is being expanded rapidly, with the aim of offering full digital access to all product suites — enhancing the pace of service delivery and significantly improving cost efficiency.

Average customers onboarded monthly in 2024
14,000

Total customers
540,000+

AL HILAL BANK has solidified its position as a leader in digital Shari'ah-compliant retail banking in the UAE

A digital-first strategy driving customer growth and enhancing product and service offerings



In a prime example of this approach, Al Hilal Bank has entered an agreement with the Abu Dhabi Securities Exchange (ADX), one of the fastest-growing exchanges in the world, to facilitate IPO subscriptions. Customers are able to instantly access subscriptions to all Shari'ah-compliant IPOs on the ADX through the Al Hilal digital banking app, eliminating the need for physical forms or in-person visits for document authentication.

The Bank's digital-first approach and technical expertise have transformed its customer service model. Previously operating on a single service model, Al Hilal Bank now deploys deep data insights to implement a sophisticated customer segmentation strategy. This allows for targeted services and more personalised customer experiences, improving retention and satisfaction levels.

Al Hilal Bank's dedication to enhancing customer experience is evident in the consistently high ratings of its digital platform on Apple's App Store and on Google Play.

Clear roadmap for gaining market share in the UAE

In line with its strategy to focus on its core UAE retail banking market, Al Hilal Bank transferred its operations in Kazakhstan to ADCB's Islamic Banking business in 2024, paving the way for creation of an ADCB corporate banking hub for Central Asia and the Caucasus.

Looking to the future, under the leadership of Jamal Al Awadhi, who was appointed Chief Executive Officer in January 2025, Al Hilal Bank is focused on delivering innovative, customer-centric solutions through a leaner, more agile organisation that will deliver sustainable growth. The Bank is implementing a strategy to streamline operations and optimise efficiencies, while investing in a digital proposition to cater to diverse, digitally adept customers.

The clear roadmap for gaining further market share includes improving liability products, refining segmentation strategies, and automating processes to achieve service excellence and enhance productivity. Additionally, the Bank is committed to leveraging advanced analytics and artificial intelligence to understand evolving customer needs and deliver personalised services. By continuously investing in emerging technology and fostering a culture of innovation, Al Hilal Bank aims to set new standards for Islamic banking in the UAE.

A **digital-first strategy** driving customer growth

Spotlight

ESG aligned with Islamic banking principles

Al Hilal Bank continues to focus on enhancing its sustainability proposition, which is closely aligned with the principles and ethos of Islamic banking. The Bank offers multiple sustainability-related products and aims to leverage increased automation and digital technology to transition to net zero in its own operations.

To minimise environmental impact, the Bank provides physical cards only on request, while from January 2024, all Mastercard cards have been produced from sustainable materials such as recycled cards and bioplastics.

Al Hilal Bank is a member of Mastercard's Priceless Planet Coalition to restore 100 million trees globally by 2025. In the UAE, the Priceless Planet Coalition, in partnership with Emirates Nature and the WWF, aims to restore 50,000 mangroves, which would sequester around 1,000 tonnes of CO_2 over their full growth life. Mastercard donates USD 5 for each card issued by Al Hilal Bank towards preserving and restoring the country's mangrove ecosystem. As of December 2024, the Bank had funded the planting of 5,714 mangroves to sequester 114 tonnes of CO_2 and helping to protect vital coastal ecosystems.

ADCB Egypt offers a wide portfolio of financial products and services to retail, SME and large corporate customers, combined with a range of market-leading online services. Reflecting the overarching priorities of the ADCB Group, the Bank's growth strategy is defined by its focus on customer excellence, digital innovation and sustainability.

ADCB Egypt

Key highlights

- Continued strong financial performance
- Growing relationships with major corporates and public sector
- Sustainable finance to account for 15% of loan portfolio by 2030

Ihab ElSewerky
Managing Director & Chief Executive Officer
ADCB Egypt

ADCB Egypt achieved a strong performance in 2024, with the Bank benefitting from successful implementation of a growth strategy focused on the affluent and corporate segments as the country's macro-economic environment continued to stabilise. Service excellence and market-leading banking solutions have underpinned this growth, supported by digital innovation and a commitment to sustainability.

ADCB Egypt reported a 99% increase in net profit[1] to EGP 3.593 billion in 2024, representing a return on equity of 34%. The Bank expanded its relationships with government-related entities and major corporates, driving loan growth of 45% during the year to EGP 52 billion. ADCB Egypt's increasingly strong standing in the market also drove substantial inflow of customer deposits, which increased 35% to EGP 116 billion.

While achieving significant balance sheet expansion, the Bank continued to focus on long-term financial stability, enhancing its liquidity position, maintaining strong discipline in credit decisions and risk, including effective management of potential foreign exchange and interest rate risks.

Growing corporate banking relationships

ADCB Egypt continues to leverage the strength of ADCB's Corporate and Investment Banking Group (CIBG) to provide a comprehensive offering to a growing base of corporate and public sector clients.

(1) Based on IFRS

ADCB EGYPT offers a wide portfolio of products and services to retail, SME and large corporate customers

ADCB Egypt achieved a strong performance in 2024, with the Bank benefitting from successful implementation of a growth strategy

CASE STUDY/PAYSUPP

Partners in innovation

ADCB Egypt has partnered with Cairo-based fintech PaySupp, which specialises in supply chain finance solutions to help companies manage their working capital more effectively.

PaySupp's early payment platform provides flexible and integrated financial facilities, enabling suppliers to receive deferred payments faster. Companies benefit from improved payment terms, which help reduce operating costs, enhance operational efficiency, improve cash flow, and foster stronger collaboration with suppliers. The partnership reaffirms ADCB Egypt's commitment to forging partnerships in technology and providing the latest innovation to enhance the banking experience.

The Bank participated in several major transactions in 2024, with an emphasis on syndications and capital markets. This included acting as custodian on a securitisation transaction for the first time. ADCB Egypt is one of only six banks approved to act as a custodian in Egyptian debt capital markets. The Bank successfully participated in several landmark syndication deals in 2024 with a total exposure of more than EGP 6.4 billion.

ADCB Egypt has successfully expanded its presence in the securitisation market, taking on its first custodian mandate and participating in the first social sustainability securitisation bond issuance through an exposure of over EGP 1.7 billion.

Another key contributor to ADCB Egypt's performance was collaboration at Group level to support companies operating cross-border between Egypt and the UAE. The Bank is supporting a growing number of regional corporates and multinationals to ensure clients benefit from seamless banking and financial operations between the two markets. This includes the provision of transaction banking services, working capital solutions, payment services, corporate credit cards and escrow accounts, facilitated by efficient online banking.

Continuous enhancement of digital platforms

A major priority for ADCB Egypt is the continuous enhancement of the digital offering for both corporate and retail customers, to deliver a high-quality service and drive productivity gains. In 2024 the Bank made significant advances, with initiatives aligned to upgrade current digital platforms to enhance the customer experience, such as digital account opening via the Bank's mobile app.

This has been accompanied by a broadening of the retail banking offering, particularly through the replication of ADCB's 'Excellence' package for affluent and high-net-worth individuals, which has gained strong traction in the UAE. The Bank has also developed specific services and products aimed at business owners and the affluent segment.

Partnerships with major institutions such as Visa and Allianz also expanded the Bank's financial product offerings in numerous areas, including insurance and sustainable finance. The partnership with Visa allows the Bank to continue providing innovative and secure solutions that grant customers greater freedom and control over their payments, including new Visa Platinum and Signature cards. This aligns with the Bank's focus on growing digital payments, in accordance with the Central Bank of Egypt's initiative to support and encourage the use of electronic payment methods. Similarly, the 'Bancassurance' partnership with Allianz enables the Bank to deliver comprehensive insurance services and value-added solutions that cater to the diverse needs and aspirations of customers.

These initiatives have supported 35% expansion in the retail customer base in 2024, while mobile and internet banking users increased by 33%, and credit card issuance surged by 72%.

116 bn

Customer deposits (EGP)

+35% YoY

ADCB Egypt's achievements in 2024 are reflected in more than 20 awards received during the year, including 'Best Corporate Governance Bank' by *International Finance* magazine; and 'Best Wealth Offering' by The Digital Banker. The Bank was also named 'Best Digital Services Provider' and 'Best Mobile Banking', among others, reflecting its leadership in digital innovation.

Investing in the future

A key milestone for ADCB Egypt in 2024 was the relocation to new headquarters, a modern, eco-friendly building in the heart of the New Cairo financial district, designed to meet international sustainability standards. The sustainable credentials of the new head office, along with 11 additional branches, were confirmed by EDGE Advanced certification. This is only awarded to eco-friendly buildings that reduce energy consumption by at least 40%.

The headquarters also houses an innovation hub, which serves as a centre of expertise for digital projects and collaboration with fintechs and entrepreneurs, fostering a culture of innovation across the Bank. Examples include a partnership with Klickit, a fintech with more than one million customers that enables parents to pay school tuition fees digitally, and corporate supply chain fintech, PaySupp.

Looking ahead, ADCB Egypt is well-positioned for continued expansion, driven by the Bank's strategic pillars — sustainable growth, efficiency, digitisation, and customer-centric service. By leveraging strategic partnerships and fostering innovation, the Bank aims to remain a market leader, delivering value and enhancing its role in Egypt's evolving economic landscape.

ADCB Egypt excelling on ESG

As ADCB Egypt advances its digital offerings and strengthens its portfolio through tailored solutions for affluent and corporate clients, it also maintains a commitment to ESG principles, aligning with both national and Group-wide sustainability goals.

ADCB Egypt has fully integrated ESG principles into its operations and is a market leader in sustainability in the Egyptian banking sector. Following ADCB Group's commitment to the Net Zero Banking Alliance, ADCB Egypt has set a goal to achieve 15% sustainable finance in its expanding loan portfolio by 2030.

One of the pillars of its sustainability strategy is financial inclusion. In 2024, the Bank launched a 'Hayah' package for women, offering free accounts, discounts, and health insurance against major diseases, with over 1,000 registrations achieved by the end of the year. Another package aimed at financial inclusion, 'Tomouh', is designed to support freelancers and startups by offering tailored benefits such as insurance for small businesses.

The Bank's CSR initiatives include training programmes focusing primarily on people with determination, providing technical and soft skills training, with guaranteed employment opportunities. Additionally, ADCB Egypt works with NGOs to help underprivileged individuals create small businesses, providing support and services for entrepreneurial launches.

ADCB Egypt in collaboration with Schneider Electric inaugurated a green community development project giving access to clean water for drinking and agriculture in a remote village in Marsah Matrouh, using renewable energy.

Notable ESG achievements in 2024 include:

- Publication of ADCB Egypt's third ESG report and disclosures related to financed emissions in high-intensity sectors
- Launch of several green finance programmes, including long-term loans for energy-saving equipment and healthcare financing programmes
- Collaboration with the UN Industrial Development Organisation on its Inclusive Green Growth in Egypt programme to support small and medium enterprises, especially in economic sectors that contribute towards a green economy
- Membership of the Egyptian Pollution Abatement Programme III (EPAP), an initiative of the Ministry of Environment, to help small-to-medium sized industrial firms to enhance their environmental credentials by providing financial grants and incentives

Aya Salah
Zone Head, Branches Network — Retail Banking

"My journey with ADCB has been marked by consistent achievement and leadership. In 2024, I drove my zone to rank among the top 5. As a Zone Head, I focus on nurturing talent and enhancing team leadership to align with ADCB Egypt's objectives and contribute to its success."

Other subsidiaries

ADCB Securities

Hasan Salem Al Hosani
General Manager

ADCB Securities is a brokerage house that offers its customers access to trade on the UAE stock exchanges. A wholly-owned subsidiary of ADCB, it is regulated by the SCA (Securities & Commodities Authority) to provide trading services on ADX (Abu Dhabi Securities Exchange), DFM (Dubai Financial Market), and Nasdaq Dubai.

AED 33.1 bn
Total assets under custody

AED 587 bn
Total lending through margin accounts

AED 4.9 bn
Total trading value through online trading channels

25,502
Total account base

ITMAM

PK Raman
General Manager

ITMAM, meaning 'we get things done' in Arabic, was established to provide operational support to ADCB Group, including customer onboarding, cash management, trade operations, credit underwriting and contact centre services, among others. ITMAM's service-focused net promoter score (NPS) framework enables the Bank to pursue a more customer-oriented business model.

98%
Overall service level targets achieved

47%
Increase in total volumes processed

366k
Digital accounts opened through ADCB's onboarding app 'Hayyak'

50
New service requests digitised

ADCE

Hazem Jaber
General Manager

Abu Dhabi Commercial Engineering (ADCE) provides comprehensive real estate development and technical advisory services. Established in 2007, the company partners with key institutions including Abu Dhabi Department of Finance, to deliver exceptional value through its consulting, advisory, and valuation services.

3,702
Technical memos issued

1,782
Landlords

703
Vendors registered

1,963
Collaborations with consultants, contractors, sub-contractors

Note: For a full list of subsidiaries, please refer to the Financial Statements or Corporate Governance Report

SUSTAINABILITY

The UAE's year of progress

The UAE has made significant strides in its sustainability journey over the past year, building upon its long-standing commitment to environmental stewardship and social progress. The country's leadership position on climate action and sustainable development was highlighted through the success of COP28 in Dubai in 2023. This positive momentum was carried forward into 2024, with the 'Year of Sustainability' initiative to foster sustainable behaviours in the country.

As a major financial institution in the UAE, ADCB's strategic focus on sustainability enables it to play a leading role in contributing to the UAE's national vision and the country's commitments to the UN Sustainable Development Goals (SDGs).

Setting objectives on climate

In January 2024, the Ministry of Climate Change and Environment submitted its first Long-Term Strategy (LTS) to the United Nations, outlining its plans to facilitate the transition to net zero by 2050.

In November 2024, the LTS was supplemented with the issuance of the UAE's third Nationally Determined Contributions (NDC 3.0) to the UN.

UAE's third NDC outlines a unified vision for addressing climate change that is aligned and informed by the UAE Consensus adopted at COP28. The UAE Consensus emphasises the need for accelerated action across all pillars of the Paris Agreement and serves as a roadmap for enhancing mitigation ambition, scaling up adaptation efforts, and aligning financial flow. NDC 3.0 aims to deliver enhanced, whole-of-economy absolute emissions reductions, covering:

Mitigation — decarbonisation targets at national, emirate and sectoral level

Adaptation — how the UAE intends to adapt to the consequences of the climate crisis

Financial flows — aligning financial flows with low-carbon, climate-resilient development pathways

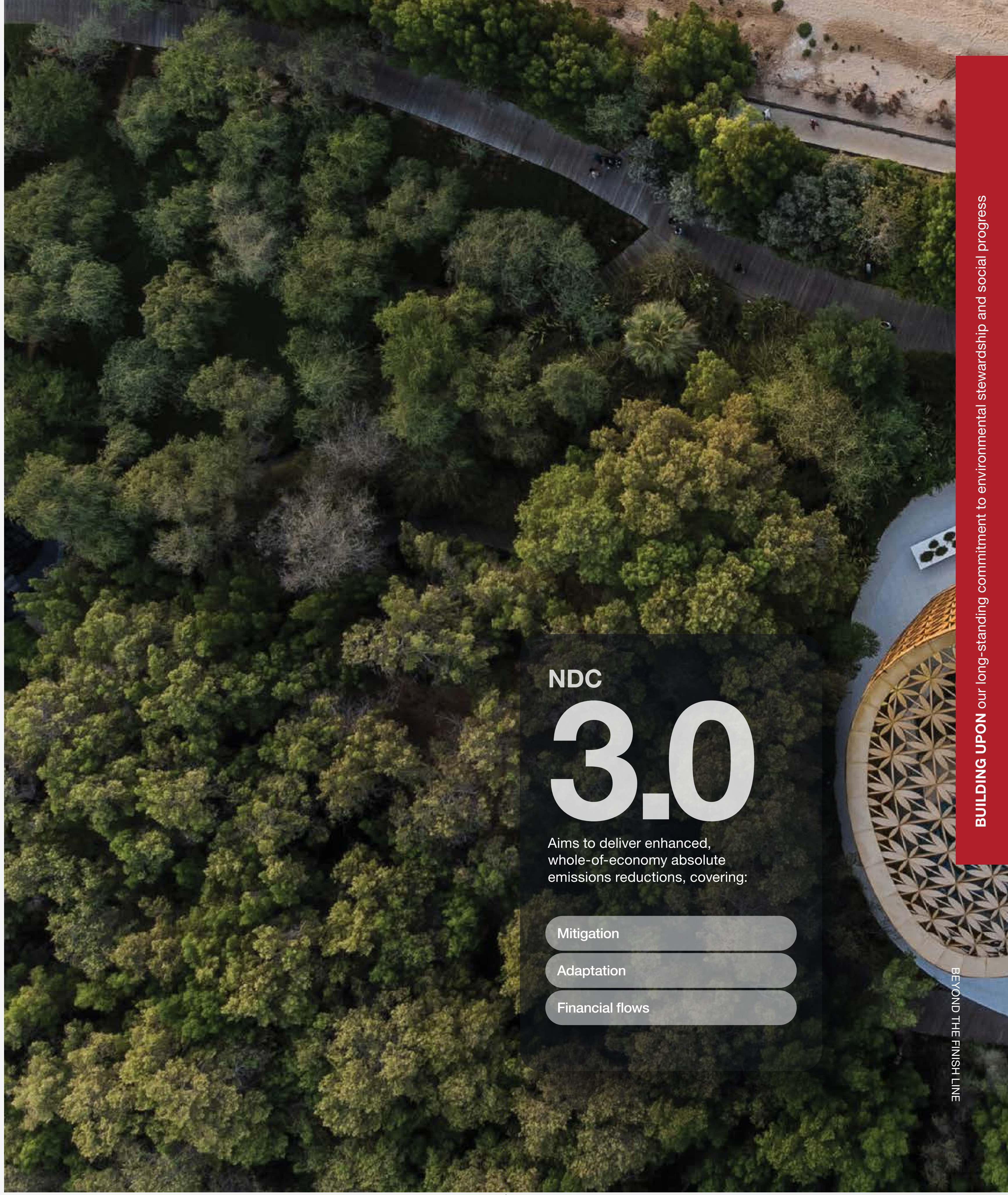
NDC 3.0 commits the UAE to achieving a 47% reduction in greenhouse gas emissions by 2035, compared to a 2019 baseline. This reaffirms the UAE's dedication to ensuring that the goal of limiting global warming to 1.5°C remains within reach.

To achieve this objective, NDC 3.0 provides revised targets and policy measures for sectors that are critical for the net zero transition.

Net zero by

2050

Long-Term Strategy (LTS) to the United Nations, outlines UAE's plans to facilitate the transition to net zero



NDC

3.0

Aims to deliver enhanced, whole-of-economy absolute emissions reductions, covering:

- Mitigation
- Adaptation
- Financial flows

BUILDING UPON our long-standing commitment to environmental stewardship and social progress

Playing a leading role in contributing to the UAE's commitment to the UN SDGs

UAE sector-specific climate actions[1]

Power and water

- Tripling of renewable energy capacity
- Removing 12% clean coal from the energy mix
- 30% clean energy by 2030
- Solar PV mandatory on government buildings and incentives for residential homes

50% REDUCTION BY 2035[2]

Industry

- Introduction of 'Green ICV'
- Carbon Capture and Storage (CCS)
- Switch to clean fuels such as low-carbon hydrogen and use of scrap metal
- Connect industrial players to the clean grid

27% REDUCTION BY 2035

Transport

- Increasing the share of electric vehicles to 50% of total car sales by 2050
- Build and operate electric vehicle infrastructure
- Expand use of sustainable aviation fuels
- Decarbonise cars, taxis, buses, motorcycles
- Electrify domestic maritime and aviation transport
- National rail network

20% REDUCTION BY 2035

(1) Source: UAE NDC 3.0
(2) The 50% reduction in emissions from power and water is driven through each of the sectors listed above
(3) ALTÉRRA is an investment fund dedicated to financing climate solutions

Buildings

- Revise building codes to improve energy efficiency by 35%
- Retrofit inefficient buildings
- 80% of villas to be equipped with solar thermal by 2030
- Use of solar thermal and efficient cooling systems

79% REDUCTION BY 2035

Waste

- Build more Material Recycling Facilities (MRFs) to divert waste from landfill and increase recycling rates
- Capture landfill gas on existing landfills
- Retrofit existing waste-to-energy facilities with CCS
- Circular economy policies

37% REDUCTION BY 2035

Agriculture

- Hydroponic and vertical farming technologies
- Controlled use of chemical fertilisers and efficient nitrogen fertilisers
- Clean power and water production
- Livestock supplements (incl. methane pills)
- Promoting organic farming

39% REDUCTION BY 2035

Advancing the social agenda

The UAE continues to demonstrate its unwavering commitment to the principles of justice, equality, and respect for human rights, aligning with the Universal Declaration of Human Rights. The nation has made significant strides in strengthening its human rights framework and promoting a more inclusive society.

The National Human Rights Institution (NHRI), established in 2021, has expanded its role in protecting and promoting human rights both domestically and on the international stage. Since its inception, the NHRI has been actively engaged in monitoring human rights issues, investigating complaints, and providing recommendations to enhance the UAE's human rights practices.

Among other developments, updated regulations have been introduced on combating discrimination and extremism, reflecting the UAE's ongoing commitment to fostering tolerance and societal harmony. The law prohibits discrimination on the basis of religion, colour, ethnic origin, gender, or race, and introduces more comprehensive measures to combat and report extremism.

The UAE has also implemented a new mental health law, which addresses non-discrimination in employment based on mental health conditions, while amendments to the labour law strengthened protections against gender-based discrimination and increased paternity leave to encourage shared parental responsibilities. Additionally, publicly listed companies are now required to have at least 20% of the candidates considered for appointment to the Board to be female and every Board to have at least one female member.

The economic empowerment of women has also seen significant progress. To support this growth, the government launched an investment fund to aid women-led start-ups, particularly in the technology and innovation sectors. Political representation has improved as well, with women securing 50% of the seats in the 2024 Federal National Council, the UAE's consultative parliamentary body. According to the IMD World Competitiveness Yearbook 2024, the UAE ranked second in the female parliamentary representation index.

Internationally, the UAE's commitment to gender equality has been recognised, with the country ranking first in the region in the World Economic Forum (WEF) 2024 Global Gender Gap and ranked seventh globally and first regionally in the Gender Inequality Index (GII) of the United Nations Development Programme's Human Development Report 2024.

Focus on robust governance

The UAE continued to strengthen its corporate governance framework during 2024, creating an environment that is increasingly stable, transparent, and conducive to business and investment. The Securities and Commodities Authority (SCA) and major exchanges intensified their efforts to promote greater disclosure and board diversity among publicly listed companies, establishing a robust platform for investments.

The SCA updated its Corporate Governance Code, introducing more requirements for board composition, independence, and committee structures. These changes aim to enhance transparency, accountability, and overall corporate governance standards. The new regulations also emphasise the importance of ESG considerations in corporate strategy and risk management. Similarly, the Abu Dhabi Global Market implemented its comprehensive sustainable finance regulatory framework, which includes stringent ESG disclosure requirements for companies operating within its jurisdiction.

These initiatives have been complemented by the Central Bank of the UAE's (CBUAE) introduction of comprehensive regulations aimed at enhancing institutional resilience in the banking sector and aligning with evolving international regulatory standards.

The UAE Ministry of Finance has also established the legislative framework through Federal Decree-Law No. 60 of 2023 to implement the Base Erosion and Profit Shifting (BEPS) Pillar 2 rules in line with OECD guidelines.

The CBUAE continued to maintain its focus on consumer protection throughout 2024, further refining industry standards and ensuring best practices in data privacy and cybersecurity. A significant development was the establishment of a banking industry ombudsman, a move that further safeguards consumer interests and reinforces the UAE's commitment to fair and transparent financial practices.

Other key government expectations and regulatory requirements

UNITED ARAB EMIRATES
MINISTRY OF FINANCE

Ministry of Finance (2024)

Chairs a 'Taxonomy Working Group', and has issued design principles for UAE sustainable finance taxonomy for consultation

اتحاد مصارف الإمارات
UAE BANKS FEDERATION

UAE Banks Federation (w/CBUAE) (2024)

- Quarterly reporting of sustainable finance portfolio against ADCB's target of AED 125 bn by 2030
- Established Sustainable Finance Committee

هيئة الأوراق المالية والسلع
Securities & Commodities Authority

Securities & Commodities Authority (2022)

Mandatory sustainability reporting — Article (76) of the Chairman of SCA Board Decision No. (03 R.M.) of 2020 (Governance Code)

ADX سوق أبوظبي للأوراق المالية
Abu Dhabi Securities Exchange

Abu Dhabi Securities Exchange (2022)

Listed companies required to disclose 31 ESG metrics in line with UN Sustainable Stock Exchange Initiative

مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

Central Bank of the UAE (CBUAE) (2023–2024)

The Central Bank has issued several sustainability related requirements:

- Principles for the effective management of climate-related financial risks (including climate stress testing)
- Environmental and Climate-related Financial Risk Regulation (issued for consultation)
- Principles for Sustainability-related Disclosures for Reporting Entities
- The Guiding Principles Regarding Islamic Sustainable Finance

UNITED ARAB EMIRATES
MINISTRY OF CLIMATE CHANGE
& ENVIRONMENT

Ministry of Climate Change & Environment (2023–2024)

- Signatories to the 'Climate-Responsible Companies Pledge' required to measure GHG emissions, develop and disclose reduction plans
- Federal Decree-Law No. (11) of 2024 Concerning Climate Change Mitigation
- Cabinet Resolution No. (67) of 2024 Concerning the National Register for Carbon Credits

ADCB's integrated approach to ESG management

As a major UAE financial institution, ADCB recognises its responsibility and opportunity to support the country's ambitions for an inclusive, net zero economy. The Bank's approach to sustainability is a fundamental component of its corporate strategy, demonstrating a commitment to delivering solid financial returns while maximising positive societal impact.

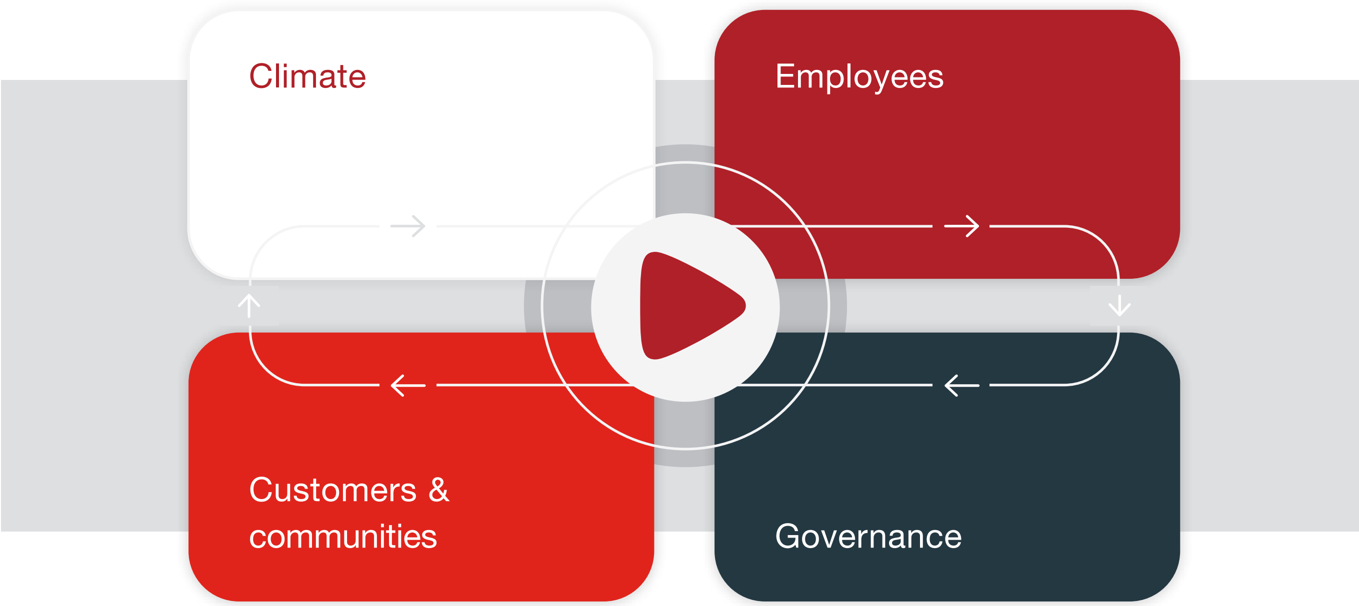
ADCB's sustainability strategy is rooted in a comprehensive materiality assessment. This assessment, carried out in close collaboration with internal and external stakeholders, identified key topics that form the foundation of the Bank's ESG approach.

The sustainability strategy is structured around four pillars

ADCB's sustainability strategy is designed to contribute significantly to the UAE's national vision and the country's strategic commitments to the UN Sustainable Development Goals (SDGs). This ensures the Bank's efforts are in harmony with broader national and global sustainability objectives.

Each pillar encompasses four workstreams that define specific initiatives the organisation is pursuing. This structure ensures a holistic approach to ESG management, addressing a wide range of sustainability concerns.

Strategic ESG priorities



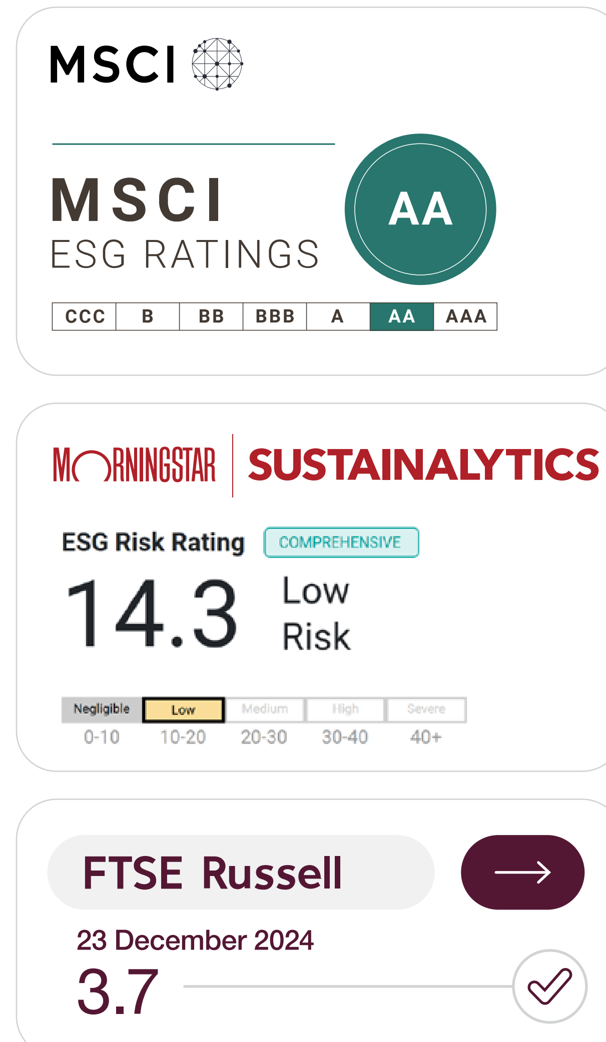
For more information on our ESG priorities, please visit adcb.com/esg

ADCB ESG ratings

In 2024, ADCB was named in the MSCI 'industry leader' category for managing its ESG risks and opportunities following an upgrade of the Bank's ESG rating to 'AA' from 'A'. This reflects the Bank's progress in sustainable finance initiatives, ESG due diligence, industry leading data privacy management and security, as well as business ethics practices.

Our approach to data management made a significant contribution to the upgrade of the Bank's ESG risk score from Sustainalytics, one of the world's leading ESG rating agencies, which rated ADCB in the top 7th percentile of regional banks and top 11th percentile of global banks.

ADCB was added to the FTSE4Good Index Series placing the Bank above the global financial industry average across all ESG criteria. ADCB was rated highest on corporate governance with a score of 4.6 out of 5.



Spotlight

Recognition of ADCB's contribution to the UAE's social development agenda

As a recognised leader in the regional financial services sector, ADCB fully supports the UAE's efforts to advance social equality and improve opportunities for all.

ADCB is proud to contribute to the UAE's progressive Emiratisation agenda as part of the country's vision for the development and growth of the economy and its people. In 2024, in recognition of its outstanding efforts in achieving the Emiratisation strategy, ADCB won the 'First Place for Large Establishments in the Banking Sector' award from the UAE National Competitiveness Council 'Nafis'.

In addition, the Bank collects and facilitates donations from customers towards community development and charity projects, and channels them towards UAE-based charity organisations such as Ma'an, the Abu Dhabi Authority for Social Contribution. Ma'an utilises the funds to support social and environmental causes in Abu Dhabi, reporting to donors on where their funds have been disbursed and who were the beneficiaries.

In July 2024, ADCB was honoured by H.H. Sheikh Mohamed Bin Zayed Al Nahyan, the President of the UAE, for the Bank's support of Ma'an's social priorities and community development initiatives.

Sustainability strategy based on GRI-compliant materiality assessment

Purpose Support the transition to an inclusive, net zero economy

Strategic priorities

Climate

Ambition

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

Workstreams

- 1.1 Aligning portfolios and reducing financed emissions
- 1.2 Environmental and social risk management (ESRM)
- 1.3 Sustainable finance
- 1.4 Operations and supply chain

Commitments

- **Commit to lend, invest and facilitate AED 125 billion (USD 34 billion) by 2030** to sustainable activities
- **Launch new products and services** to support customers in their transition
- Commit to **net zero in own operations, and to reducing financed emissions** in line with UAE government net zero ambition

Customers and communities

Ambition

Provide inclusive and innovative financial services to drive sustainable economic growth

Workstreams

- 2.1 Customer satisfaction
- 2.2 Financial inclusion
- 2.3 Digital and innovative propositions
- 2.4 Community investment

Commitments

- **Enhance experience and create value for money** for customers, whilst improving access to financial products
- **Digital initiatives** to drive mobile banking penetration among new and existing customers

Employees

Ambition

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

Workstreams

- 3.1 Employee engagement and well-being
- 3.2 Emiratisation
- 3.3 Learning and development
- 3.4 Equality, diversity and inclusion

Commitments

- Continue to improve **diversity and inclusion metrics**, and maintain best in class employee satisfaction
- **Enhance employee learning** through **high-quality content** and **dedicated training**

Governance

Ambition

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

Workstreams

- 4.1 Corporate governance, compliance and code of conduct
- 4.2 Risk management and cybersecurity
- 4.3 Financial crime, anti-bribery and corruption
- 4.4 Tax transparency

Commitments

- **Drive best-in-class** governance in the region, and continue to enhance ethical banking practices
- **Maintain industry-leading** data privacy and information security

SUSTAINABLE DEVELOPMENT GOALS

Enablers

- ESG governance and policies
- Targets, KPIs and rewards
- Training and upskilling
- Stakeholder management and communications
- External partnerships and commitments
- Reporting and disclosures

Our sustainability journey

2022

JANUARY 2022
Board-approved climate strategy & green finance target set

FEBRUARY 2022
Governance framework established & Group CFO-led Sustainability Committee

MARCH 2022
Climate-related risk appetite statements adopted

APRIL 2022
Group Sustainability Policy with climate commitments published

JUNE 2022
Inaugural ESG Report issued with third-party assurance of GHG emissions by Deloitte

JULY 2022
Bank-wide ESG training launched

AUGUST 2022
Environmental criteria embedded in lending decisions

ADCB Green Bond Framework published

SEPTEMBER 2022
Inaugural green bond issued (USD 500 mn)

Inclusion in Bloomberg MSCI Green Bond Index

NOVEMBER 2022
ADCB Egypt issued first carbon footprint report with third-party assurance

2023

JANUARY 2023
UAE Climate-Responsible Companies Pledge signed

FEBRUARY 2023
'Scope 3' financed emissions measured in accordance with Partnership for Carbon Accounting Financials (PCAF)

Launched green car and home loans

MARCH 2023
Climate-related risks included as part of ADCB's capital assessment

MAY 2023
First disclosures on TCFD

Fossil fuel lending exposure published in 2022 ESG Report

Energy savings contract signed to drive GHG reductions across ADCB's corporate offices

AUGUST 2023
Green Bond Report published

SEPTEMBER 2023
Second green bond issued (USD 650 mn)

OCTOBER 2023
First climate stress test executed assessing physical and transition risk

Sustainable Call Account launched

NOVEMBER 2023
Enhanced climate strategy and joined UN-convened Net Zero Banking Alliance (NZBA)

Sustainable Finance Framework published

Sustainable Finance Target more than tripled to USD 34 bn by 2030

Joined UAE Carbon Alliance and provided support to Harvard Kennedy School to advance global carbon markets

2024

JANUARY 2024
Established quarterly Bank-wide sustainable finance reporting process to track progress against our sustainable finance target

Received ESG ratings upgrade from Sustainalytics to 14.3 (Low risk)

FEBRUARY 2024
Expanded scope of ESRM Policy to include treasury investments, and lowered threshold of corporate clients requiring an ESG scorecard assessment from AED 200 mn to AED 100 mn

Recognised by the UAE government for achievements in Emiratisation and supporting community development initiatives

MARCH 2024
ESG learning program expanded with the rollout of an ESG training prospectus across the Bank

AUGUST 2024
New ESG vendor questionnaire mandated during onboarding of all suppliers

SEPTEMBER 2024
ADCB Asset Management Limited joined the UN Principles for Responsible Investment and developed a new Responsible Investment Policy

Developed new process for assessing and mitigating ESG-related reputational risks in ADCB Group

Received ESG ratings upgrade from 'A' to 'AA' from MSCI

NOVEMBER 2024
Published second Green Bond Report with our Eligible Green Loan Portfolio increasing 84% YoY and 1.8 mn tCO_2e of financed emissions avoided annually

Initiated NZBA target setting project for first wave of sector decarbonisation targets (due for submission to UNEP FI by May 2025)

DECEMBER 2024
Climate stress testing and scenario analysis undertaken at a portfolio and client level within credit, and scope expanded to assess impacts on liquidity and operational risk

Qualified for the FTSE4Good Index Series, following an increase in our ESG rating

Best practice sustainability governance

To drive accelerated progress on ESG and in recognition of its importance to the Bank's strategy and operations, ADCB employs a best practice governance framework, with full Board oversight and executive accountability, including remuneration linked to ESG KPIs.

The Board Executive Committee (BEC) received the following key updates on sustainability in 2024:

- Quarterly updates on sustainability initiatives linked to the corporate strategy (including updates on climate)
- Annual update of progress on 2024 ESG-related roadmap and key milestones
- Awareness session on key ESG market trends and updates
- ESG strategic priorities in line with the corporate strategy

In addition to the above, the Board Risk Committee (BRC) also received updates on Environmental, Social and Risk Management (ESRM) and climate risk.

All sustainability initiatives are monitored by the Group Sustainability Committee (GSC), which is chaired by the Group Chief Financial Officer. The GSC provides regular updates to the Management Executive Committee (MEC) and to the Group Strategy Committee.

5

Meetings held by the Group Sustainability Committee in 2024

Spotlight

Group Sustainability Committee

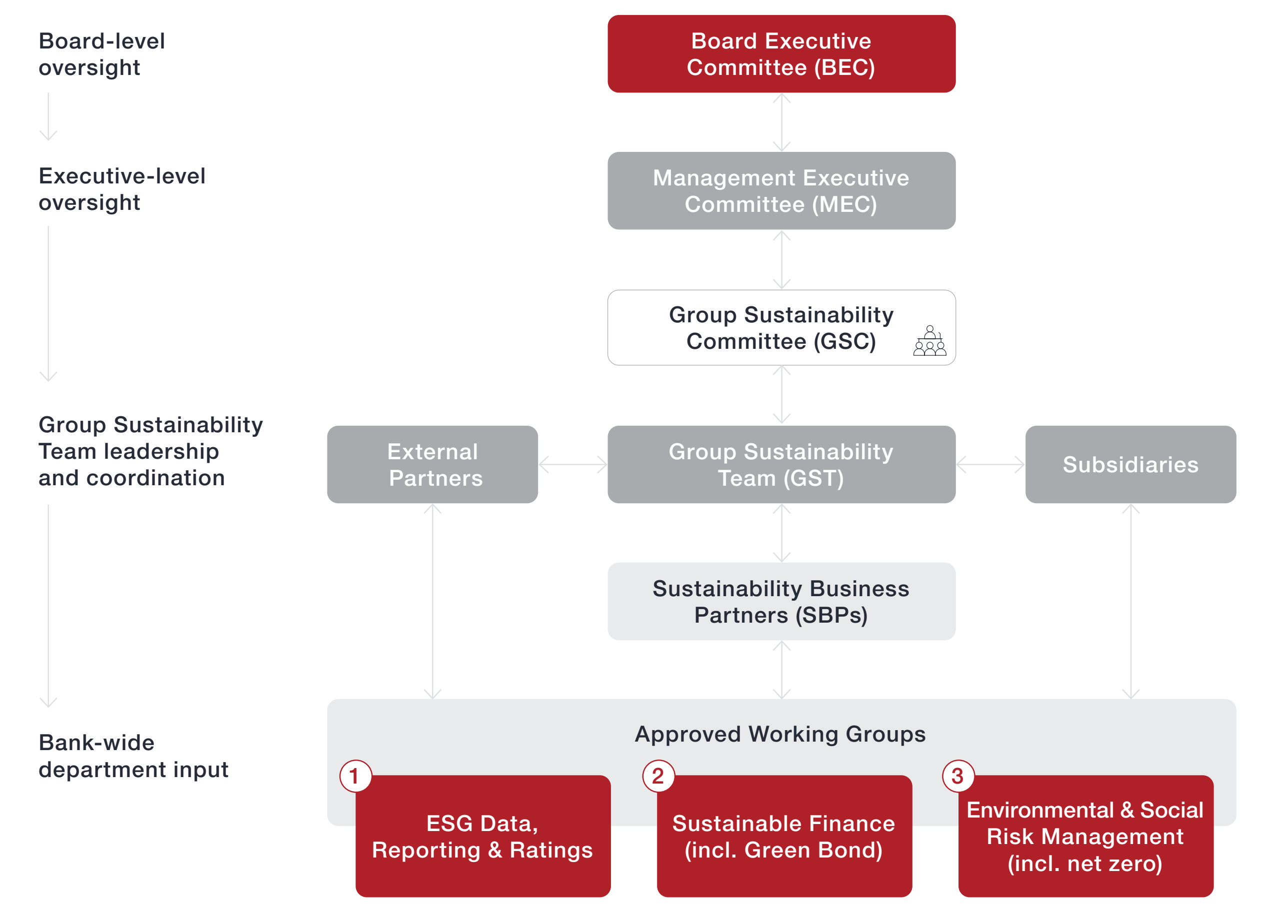
In 2024, the terms of reference of the Group Sustainability Committee were updated after interviews with committee members and a review of industry best practice.

The terms of reference define the key roles, responsibilities, and effectiveness of the committee. The review was carried out through a series of engagement sessions with all committee members to seek feedback on the format and content of the meetings and identify areas for improvement. Based on the feedback received, the terms of reference were updated and the agenda for committee meetings was refined to ensure effective oversight of ADCB's strategic ESG priorities.

Key topics discussed during Group Sustainability Committee meetings in 2024:

- ADCB ESG disclosures
- ADCB Group 2024 Green Bond Impact and Allocation Report
- Update to the Sustainable Finance Framework
- NZBA roadmap
- Global ESG trends
- UAE Banks Federation (UBF) Sustainable Finance Reporting
- Reputational Risks — process for ESG incidents
- ESG training
- ESG ratings and recommended improvement areas
- Initiatives and external partnerships on CSR
- Preparation for IFRS Sustainability Disclosure Standards

ADCB's sustainability governance framework



Committee members:

- Group Chief Financial Officer (Chair)
- Group Chief Risk Officer
- Group Chief Compliance Officer
- Group General Counsel
- Group Chief Credit Officer
- Group Chief Operating Officer
- Group Chief Human Resources Officer
- Group Chief Corporate, Wealth, and Investment Banking Officer
- Group Head Private Banking and Wealth Management
- Group Chief Retail Banking
- Group Treasurer
- Executive Head, Sustainability (Secretary)

Committee invitees:

- Group Chief of Staff
- Group Company Secretary
- Senior Head, Financial & Strategic Engagement
- Executive Head, Credit Risk Management

To provide greater focus, the Bank has established three working groups to drive specific workstreams as part of ADCB's Sustainability Governance Framework

Approved working groups

1. ESG Data, Reporting & Ratings
2. Sustainable Finance (incl. Green Bond)
3. Environmental & Social Risk Management (incl. net zero)

1. ESG Data, Reporting & Ratings Working Group

The ESG Data, Reporting & Ratings Working Group is responsible for assessing the disclosure requirements to stakeholders such as regulators, the government, rating agencies and investors. It also manages end-to-end data capture, consolidation and third-party assurance, as well as identifying and proposing performance improvements. This working group leads the Bank's engagement with rating agencies as set out in the annual disclosure plan. It is also responsible for updating the basis of reporting, and developing capabilities and awareness in preparation for adoption of the IFRS standards.

2. Sustainable Finance Working Group

The Sustainable Finance Working Group is tasked with reviewing and updating the ADCB Green Bond and Sustainable Finance frameworks, obtaining a second-party opinion, approving the eligible green loan and sustainable finance portfolios, monitoring progress against ADCB's sustainable finance target and producing the allocation of green bond net proceeds and ensuring ongoing compliance. The Group also oversees impact reporting with third-party assurance, as well as the development of green bond documentation. In 2024, it led the update of the Bank's sustainable finance standard operating procedure, the publication of the second green bond report, and the automation of the sustainable finance reporting process for quarterly reporting to the UAE Banks Federation.

3. The Environmental and Social Risk Management (ESRM) Working Group

The Environmental and Social Risk Management (ESRM) Working Group provides oversight on the ESRM framework, updates to the ESRM Policy and its implementation across the business. The Group monitors regulation, best practice and industry expectations to propose any modifications required to the framework. The terms of reference for this working group were updated in 2024 to include implementation of the Bank's NZBA strategy, with specific oversight of NZBA target setting.

Sustainability Business Partners

Sustainability Business Partners (SBPs) play a critical role in the success of the Group's sustainability strategy, coordinating activities related to the rollout of the sustainability strategy and key initiatives across each of the business departments and subsidiaries across ADCB Group.

ADCB has increased engagement around its ESG priorities by holding briefing sessions with the SBPs after each Group Sustainability Committee meeting to raise awareness and disseminate strategic updates on sustainability to the departments.

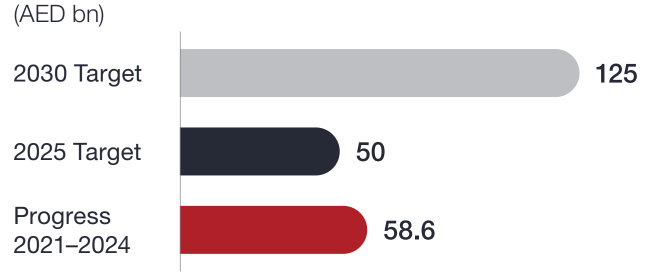
Governance over subsidiaries

In 2024, the Group Sustainability Team (GST) reviewed the annual KPIs for ADCB Egypt's sustainability team to ensure alignment with the strategic priorities of the Group. Engagement was driven through monthly calls to discuss progress on key initiatives including ESRM implementation, the annual ESG report, and ADCB Egypt's Sustainable Finance Framework.

The Group Sustainability Team also ensures regular meetings with ADCB Islamic Bank JSC (ADCB Kazakhstan) to provide guidance, share best practices and support our subsidiary to meet their relevant regulatory requirements as mandated by the Central Bank in Kazakhstan. ADCB Kazakhstan has made significant progress in 2024 by implementing a comprehensive roadmap with sustainability governance, policies and training to integrate sustainability into its operations.

Management of sustainability within Al Hilal Bank UAE is driven through the Group Sustainability Team.

ADCB surpassed its interim sustainable finance target of AED 50 bn by 2025, one year ahead of planned



Spotlight

Committed to responsible investing

Highlighting ADCB Group's commitment to responsible investing, ADCB Asset Management Limited (AAML) developed its Responsible Investment Policy and became a United Nations Principles for Responsible Investment (PRI) signatory in 2024.

The Responsible Investment Policy, which covers AAML managed funds, third-party mutual funds, and structured products and single securities, sets out how AAML identifies, prioritises and manages the 'principal adverse impacts' on sustainability factors. The policy incorporates the six principles of the UN PRI Framework and adopts them across the investment value chain.

It commits AAML to integrating Environmental, Social and Governance (ESG) factors into investment processes, offering a variety of ESG solutions across asset classes. In addition, the policy makes relevant disclosures under the EU 2019/2088 Sustainable Finance Disclosure Regulation, in particular under Articles 3, 6, 8 and 9.

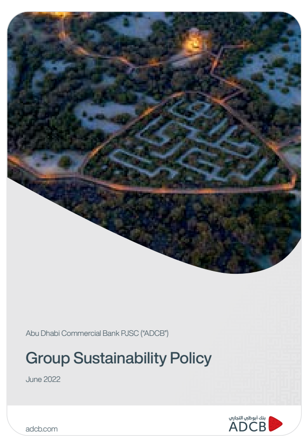
The principles highlighted in the policy are embedded across AAML through ADCB's investment processes, the core values of integrity, care, ambition, respect and discipline, and by the investment management team's daily activities. Adoption of the Responsible Investment Policy reflects AAML's role as an industry leader supported through ADCB's Board-approved Group Sustainable Finance Framework and ADCB's sustainable finance commitment of AED 125 billion by 2030.

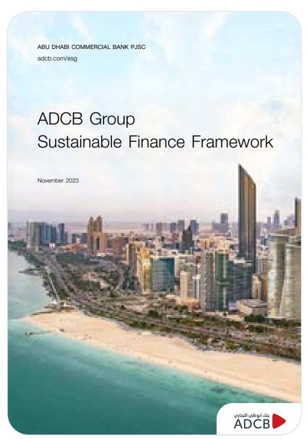
Other ESG strategic enablers

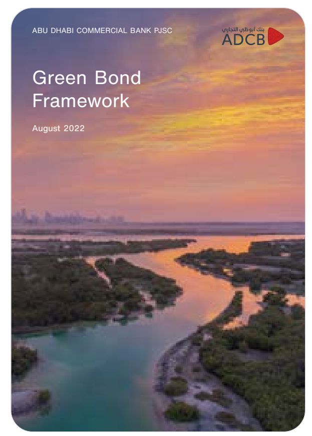
ESG policies

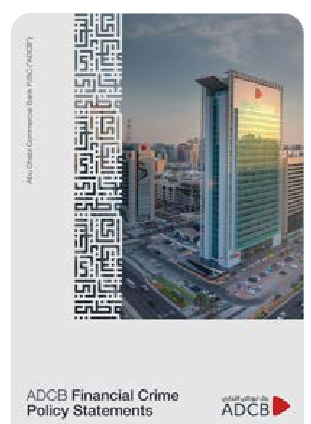
The Bank has issued a Group Sustainability Policy covering general principles and commitments linked to ADCB's sustainability strategy. This is supplemented with topic-specific and sectoral policies, operating procedures, and guidelines to support effective implementation across the organisation, including our subsidiaries.

Key ESG policies, frameworks and position statements









For other policies, please refer to our ESG website

Reporting and disclosures

ADCB is committed to transparent disclosure of ESG performance in line with global standards and evolving regulatory requirements, including the IFRS S1 and S2 requirements announced by the International Sustainability Standards Board (ISSB), which came into force in January 2024.

ADCB's disclosures are aligned to the following reporting standards and guidelines:

- **UAE Securities and Commodities Authority** sustainability disclosure requirements, based on the **Abu Dhabi Securities Exchange** ESG Disclosure Guidance for Listed Companies
- **Central Bank of the UAE (CBUAE)** 'Principles for sustainability-related disclosures for reporting entities'
- **Global Reporting Initiative (GRI)** Sustainability Reporting Standards
- **Sustainability Accounting Standards Board (SASB)** Industry Standards for the financial sector[1]
- **Task Force on Climate-related Financial Disclosures (TCFD)** recommendations (aligned to IFRS S2 Climate-related Disclosures)[1]
- **International Capital Market Association Green Bond Principles:** ADCB's Green Bond Report is aligned with the ICMA requirements and provides details on the eligible green loan portfolio, allocation of proceeds and estimated environmental impacts

(1) Incorporated as part of IFRS Sustainability Disclosure Standards

Spotlight

Preparation for financial materiality

IFRS Sustainability Disclosure Standards are developed by the International Sustainability Standards Board (ISSB). The ISSB is an independent standard-setting body within the IFRS Foundation.

IFRS Sustainability Standards are developed to enhance investor-company dialogue so investors receive decision-useful, globally comparable sustainability-related disclosures that meet their information needs.

To increase awareness and build capacity in readiness for the adoption of IFRS, the Bank conducted several IFRS awareness sessions in 2024. These included a session with the ESG Data, Reporting & Ratings Working Group, another for Group Finance with key sustainability business partners, and a double materiality workshop held earlier in the year. Additionally, ADCB has undertaken a financial materiality assessment to align with IFRS and the 'Principles of Sustainability-related Disclosures for Reporting Entities' from the CBUAE.

ADCB will continue to assess the reporting requirements and develop internal capabilities in preparation for adoption of all the requirements of the IFRS Sustainability Disclosure Standards in future reporting periods.

External partnerships and commitments

ADCB collaborates with strategic partners to advance its strategy. It regularly monitors and evaluates the market to expand its network of external partnerships on ESG topics to match its strategic priorities.

ADCB's key public commitments to government and industry initiatives

UNITED ARAB EMIRATES
MINISTRY OF CLIMATE CHANGE
& ENVIRONMENT

Climate-Responsible Companies Pledge

Signatory to the 'Climate-Responsible Companies Pledge' and committed to measure GHG emissions, develop and disclose plans to reduce emissions

net-zero banking alliance

Net Zero Banking Alliance (NZBA)

Commitment to align ADCB's lending and investment portfolios with the imperative of limiting global warming to 1.5°C, in line with the Paris Agreement

اتحاد مصارف الإمارات
UAE BANKS FEDERATION

AED 125 bn in Sustainable Finance by 2030

Part of the commitment by UAE Banks Federation (UBF) of **AED 1 trillion of sustainable finance by 2030**

PRI Principles for Responsible Investment

Principles for Responsible Investment New

ADCB Asset Management Limited (AAML) is committed to responsible investment, and is a signatory to the United Nations Principles for Responsible Investment (UN PRI)

Partnerships and memberships

Government-led initiative

- UAE Sustainable Finance Declaration
- Global Climate Finance Centre New
- Abu Dhabi Sustainability Group
- Abu Dhabi Corporate Social Responsibility (CSR) Committee New
- UAE Majra (National CSR Fund)
- Ma'an Authority for Social Contribution

Academia

- Zayed University — mentoring students in sustainability projects New
- Emirates Institute of Finance (EIF) — Executive Sustainability Leadership Programme New
- University of Cambridge — Institute for Sustainable Leadership
- Harvard University — carbon markets

Industry-led initiative

- UN Net Zero Banking Alliance (NZBA)
- UN Principles for Responsible Investment New
- UBF ESG Working Group
- UBF Sustainable Finance Committee New
- Chief Sustainability Officers Network in UAE New

NGO-led initiative

- UAE Carbon Alliance by the UAE Independent Climate Change Accelerators (UICCA)

New refers to ADCB's commitments, partnerships and memberships in 2024

Spotlight

Training and upskilling

The Bank regards training and development as an essential element in the successful execution of our Group Sustainability Strategy.

There are three levels of in-house training for employees:

Foundational:
Introductory training at all levels to raise awareness of ESG issues. This includes ESG content within the Bank's induction programme and mandatory ESG e-learning for all employees.

Role-specific:
Tailored training across all departments and Executive Management/Board-level aimed at building ESG knowledge as it relates to different roles.

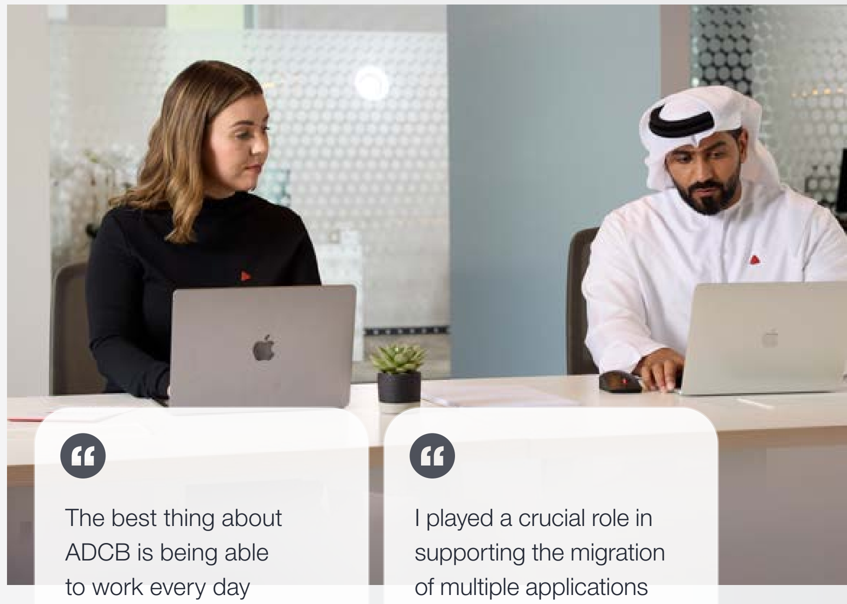
Advanced:
Specialist certificates or diploma courses with reputable universities or academies to provide our employees with the in-depth knowledge and skills on sustainability topics.

During 2024, the in-house learning programme was significantly expanded with the roll out of an ESG Training Prospectus across the Bank.

Key courses rolled out in 2024 included role-specific training on:

- Net zero
- Sustainable finance
- Environmental and Social Risk Management (ESRM)
- Sustainability audits
- Green bonds
- ESG reporting

In addition, our employees have completed specialist courses with Emirates Institute of Finance (EIF), Cambridge Institute of Sustainability Leadership (CISL), Corporate Governance Institute and other similar institutes.



"The best thing about ADCB is being able to work every day with a diverse group of interesting and hardworking people across the Bank."

Adele Fields
Legal Counsel,
Group Legal

"I played a crucial role in supporting the migration of multiple applications to the cloud with minimal disruption, including the Bank's mobile banking app."

Mohammed Redha Alessa
Senior Manager,
IT Network Support

In 2025, the Bank is developing a dedicated ESG academy to continue building the knowledge and skills of ADCB employees. This will include the introduction of new role-specific courses.

Executive Management remuneration, incentives and KPIs

Sustainability is embedded in the heart of ADCB's performance management framework, with the Management Executive Committee's remuneration linked to ESG KPIs. These include:

- Sustainability strategy milestones (included in the GCEO and GCFO's KPIs)
- Compliance and risk metrics
- Emiratisation targets
- Digital index
- Customer Net Promoter Score (NPS)
- Organisational Health Index (OHI)

STRATEGIC PRIORITIES

Our people

ADCB's people are a source of strength and embody the organisation's athletic mindset, enabling the Bank to consistently maintain a competitive advantage in the marketplace. Attracting and retaining top talent, especially UAE nationals, continuous development of skills and the provision of rewarding career paths are at the centre of ADCB's approach to sustainable growth. The Human Resources Department is critical to the Bank's success, coordinating closely with all business functions to ensure employees are prepared, capable and aligned with the Bank's ambitious financial and strategic goals.

Key highlights

- Focus on career progression and mobility
- Introduction of 'future' skills training, including AI and cybersecurity
- Leadership in Emiratisation, with UAE nationals acceding to senior positions

Note: The reporting scope for this section includes the ADCB Group, unless stated otherwise

ADCB's strategic focus on its people remains paramount. By empowering employees to reach their full potential, the Bank is developing a high-performance culture to drive the organisation's ambition. Effective execution of the growth strategy requires employees to live and represent ADCB's core values of integrity, care, ambition, respect and discipline.

Group Human Resources plays a central role in driving the implementation of ADCB's vision for the future of banking, with a particular focus on three key areas: career development, building a culture of empowerment, and attracting and developing Emirati talent at all levels.

I played a key role in setting up ADCB's new branch in Saudi Arabia. I prioritised building strong relationships with vendors, maintaining clear communication and ethical practices that upheld the Bank's reputation.

Afra Alzaabi — Senior Specialist, Procurement

Enhancing productivity through flexibility

To respond to the evolving needs of a diverse employee base, while nurturing greater flexibility and productivity, ADCB has revised its flexible working policy to provide more opportunities for employees to balance their professional and personal responsibilities. Employees now benefit from up to 10 days per year of remote work, whether from home or abroad. Additionally, employees can apply for extended remote work arrangements of up to one year, providing greater flexibility when dealing with specific personal and family circumstances.

Abdalla Alhosani — Regional Head, Client Sales and Relationship Development

Top quartile

Against the global banking benchmark and all companies globally in the Organisational Health Index[1]

I have been responsible for cultivating and strengthening the Bank's relationships with key clients, strategically positioning ADCB as the Bank of choice for banking solutions.

Empowering people to realise maximum potential

As part of its commitment to empowering employees to develop successful careers, the Bank completed the roll-out of a new organisation-wide grading structure. By introducing a number of new grades, career mapping has been enhanced, with employees benefitting from a clear sense of tangible progression.

ADCB has also introduced a new policy allowing high-performing employees to progress more quickly in their careers. This initiative is part of a broader effort to reward and retain top talent, ensuring that high performers are given the opportunities and recognition they deserve. Additionally, the Bank published salary ranges for each grade on its internal website, enhancing transparency and providing a clear roadmap to employees for their progression-based compensation.

In addition, the Bank launched a new assessment centre to provide a comprehensive review of employee performance, training needs and growth potential, while a new leadership framework was introduced to provide a structured path for development, helping to prepare the next generation of senior leaders.

ADCB revamped its approach to employee mobility in 2024, with the aim of enriching career paths. An internal programme has been introduced that allows employees to explore job opportunities across different subsidiaries and geographic locations. This initiative aims to foster talent movement within the organisation, providing employees with broader career development opportunities and strengthening the overall talent pool. The Bank has also formalised internships, with opportunities published externally every quarter, providing a clear route for young talent to join the business.

300,000+

Hours of learning delivered

(1) The Organisational Health Index is a survey conducted by a leading global management consultancy firm to assess and determine an organisation's ability to achieve sustained improvements in performance

The potential of artificial intelligence (AI) is being explored to support employees through enhanced and streamlined HR operations. An AI-powered chatbot is already being tested to handle HR-related queries, serving as a virtual help desk. This chatbot is intended to assist employees with questions about policies, onboarding processes, and internal vacancies, substantially reducing the response time for inquiries. Plans are also in place to extend AI usage to automate HR email responses during non-working hours, particularly for onboarding-related queries, which often require 24/7 support.

Driving banking industry transformation

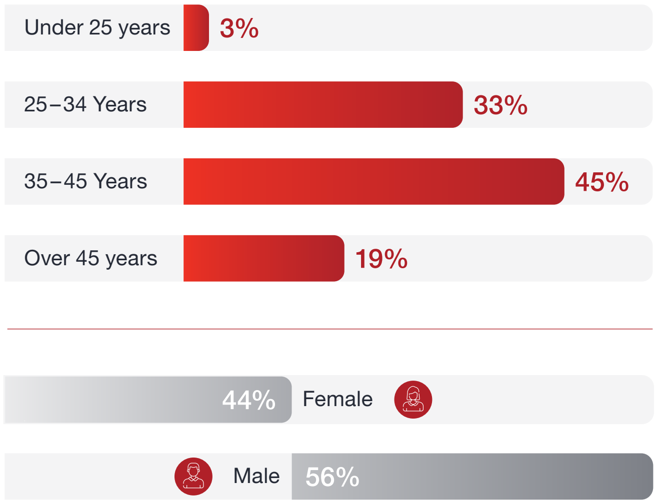
ADCB recognises that developing a highly skilled, motivated and agile workforce is central to achieving its strategic objectives at a time of rapid change across the banking sector and in the wider economy.

The Bank invests significantly in a comprehensive programme of learning and development to equip people with the knowledge and competencies to develop their careers and make a full contribution to the Bank's growth. Encompassing technical courses and soft skills development, the training cultivates awareness of evolving regulatory frameworks alongside a strong command of financial and banking competencies. Above all, the training promotes high performance in a collaborative workplace culture.

As digital and AI technology transform ADCB's operations and services, the Bank is equipping employees with the knowledge and tools required to drive innovation and change. In 2024, new learning programmes were introduced to develop skills related to the deployment of AI and business intelligence across the organisation. This training spanned the use of new tools, especially in early AI use cases introduced by the Bank, as well as broader awareness of the opportunities and potential risks associated with the technology.

FROM LEFT TO RIGHT — Sarah Haidar / Hugues Kampé / Daniel Burns / Vineet Kakkar / Nisrine Ennajimi / Cheryl Anne Tellis

ADCB Group employee profile by age and gender



"Over the past 12 months I've been helping to enhance the customer experience and ensure operational excellence."

Sarah Haidar
Relationship Manager, Excellency Acquisition Team

"One of my most notable projects was the mobile and internet banking migration to the cloud, which significantly improved the banking experience for millions of customers."

Hugues Kampé
Head, Cloud Center of Excellence

"One of my 2024 highlights was implementing a new human capital system aimed at streamlining processes and improving candidate experience. We also made a significant impact in strengthening our talent pipeline."

Daniel Burns
Head, Talent Acquisition

"I have had a brilliant career progression within ADCB — proving that ambition and hard work can drive you from a Sales Officer to a successful career in Private Banking."

Vineet Kakkar
Senior Manager, Private Banking

"The opportunity to contribute to initiatives that ensure compliance while supporting the Bank's growth motivates me to excel."

Nisrine Ennajimi
Section Head, Treasury, Market, & Liquidity Risk

"I help to ensure the Bank continues to demonstrate best-in-class performance compared to the competition."

Cheryl Anne Tellis
Manager, Collections, Credit Control and Loss Containment Unit

FROM LEFT TO RIGHT — Hazim Fawzy / Maya Vuchkovska / Sunny Sunder Bablani / Steni Philip / Hendrik de Beer

“Ensuring we meet and exceed regulatory standards allows me to play a crucial role in protecting our customers, the Bank and the UAE financial system as a whole.”

Hazim Fawzy
Executive Manager, Regulatory Compliance

“I’ve contributed to enhancing acquisition channels, implementing real-time performance tracking and carving out new revenue streams for ADCB.”

Maya Vuchkovska
Executive Manager, Digital Marketing

“I personally helped around 10 businesses during the year by designing unique yet simple banking solutions to fit their business model.”

Sunny Sunder Bablani
Senior Relationship Manager

“Through the leadership’s strong support for my professional enrichment, I completed the CFA certification which has enabled me to engage more meaningfully in the broader conversations shaping the Bank’s strategy.”

Steni Philip
Officer, Management Reporting, Al Hilal Bank

“Ensuring that the Group Data Management policies, framework & operating models are in line with international best practices, including effective oversight, controls, and training that supports to build a healthy data culture.”

Hendrik de Beer
Head, Data Governance, Group Risk Management

FROM LEFT TO RIGHT — Rajesh Narasimhan / Ramz Imsaih / Syed Zargam Haider Rizvi / Ana Rita Sa / Karim Abi Nader

“I helped to create and lead a new coaching framework to enhance credit assessment and decision making.”

Rajesh Narasimhan
Executive Manager, Corporate Credit

“I’ve worked on several strategic sourcing projects that have helped to deliver significant savings.”

Ramz Imsaih
Procurement Specialist

“It’s incredibly rewarding to assist clients in navigating their financial journeys.”

Syed Zargam Haider Rizvi
Relationship Manager, Excellency Unit

“The launch and adoption of liquidity management solutions and virtual accounts have been definitely a highlight, with excellent feedback from customers.”

Ana Rita Sa
Head Product Management, Cash Management

“My team played a pivotal role in structuring and arranging the first sustainability-linked bonding facility in the UAE.”

Karim Abi Nader
Executive Manager, Private Banking & Wealth Management Group

Learning and development

ESG learning also continues to be a core focus in recognition of the Bank’s prioritisation of sustainability. In 2024, more than 8,000 training hours were completed across 10 ESG-focused programmes[1], increased from 6,000 hours across three programmes the previous year. ESG training is expected to grow further, with a multi-year plan in place to integrate these principles across ADCB’s operations. The goal is to align with global sustainability standards and ensure all employees contribute to the Bank’s long-term ESG objectives and operational resilience.

In 2024, the Human Resources Department delivered an expanded programme of over 300,000 learning hours, with more than 8,000 employees undertaking learning activities. This not only demonstrates ADCB’s strong commitment to continuous improvement, but also the strong learning culture instilled across the Bank.

Around 48% of training was instructor-led, while 37% consisted of e-learning, providing flexible, efficient learning options for employees by allowing engagement with the content at their own pace. This included a partnership with leading learning institutions to offer employees access to a suite of online courses and world-class training.

48%

Instructor-led training with 37% e-learning through online courses

(1) The reporting scope for ESG training hours includes ADCB UAE and Al Hilal Bank UAE

Spotlight

A leader in workplace culture

ADCB's approach to fostering a positive, productive workplace culture with strong employee engagement was demonstrated in the results of the latest Organisational Health Index (OHI)[1] survey. ADCB achieved a high OHI rating, positioning the Bank in the top quartile against the global banking benchmark and all companies globally.

The OHI survey is a comprehensive annual assessment that evaluates various aspects of employee experience across the Group, including:

- Innovation and learning initiatives
- Employee motivation
- Work environment quality
- Leadership and management capabilities
- Other key organisational areas

The most recent OHI survey received a 94% response rate and more than 20,000 employee comments, indicating exceptional levels of engagement throughout the organisation.

The survey results indicated a very strong degree of loyalty, a high level of confidence in ADCB's capabilities to achieve its goals and also strong support among employees for the clarity and purpose of the Bank's vision. Respondents rated ADCB's open and trusting culture and work environment highly, and the survey concluded that employees displayed "very strong levels of job satisfaction and connectivity to meaning and purpose at work."

(1) The Organisational Health Index is a survey conducted by a leading global management consultancy firm to assess and determine an organisation's ability to achieve sustained improvements in performance

Emiratisation for sustainable growth of the financial sector

ADCB is dedicated to making a significant contribution to the UAE's progressive Emiratisation agenda to ensure long-term sustainable growth of the country's financial services sector.

Emiratisation is a core component of the people strategy, and the Bank is committed to not only recruit and retain UAE nationals, but to also ensure they reach their full career potential. In 2024, Emiratis continued to accede to leadership positions at ADCB through a blend of internal promotions and external recruitment of senior professionals.

ADCB has already surpassed the UAE Central Bank's (CBUAE) annual Emiratisation targets set for the banking industry for 2026. Approximately 400 UAE nationals were recruited in 2024, raising the number of Emirati employees to more than 2,100.

The percentage of Emirati employees in the Group is c.40%, one of the highest in the country's financial and banking sector. Furthermore, 41% of these employees are under 30 years old, demonstrating the Bank's dedication to fostering young talent.

Senior Emirati leaders are also strongly represented as voting members across ADCB's key management committees, playing critical roles in setting the Bank's strategic direction and leading effective implementation.

Note: The reporting scope for this section includes ADCB UAE and Al Hilal Bank UAE

Percentage of Emiratis on key ADCB committees

Management Executive Committee	40%
Management Credit Committee	50%
Risk Management Committee	62%
Management Compliance Committee	60%
Assets & Liabilities Committee	33%

I made a significant contribution to the Bank's Emiratisation initiatives, which has helped to ensure we exceeded our Emiratisation targets well ahead of schedule.

Jassim Alhawai — Executive Manager & HR Business Partner, Retail Banking Group

FROM LEFT TO RIGHT — Mohammed Alblooshi / Mansor Mohamed

FROM LEFT TO RIGHT — Saeed Jaffarali / Rania Yahia Mohd / Abdelqadous Alaghbari / Mahbooba Hussain / Shaikha Jafar Banialnajjar

"I supported my colleagues in the Finance team with taxation analysis and reporting, regulatory monitoring, and preparing and filing tax returns."

Mohammed Alblooshi
Analyst, Taxation

"I've played a key role in our Emiratisation initiatives, working with my team to source and interview the best local candidates for the Bank."

Mansor Mohamed
Talent Acquisition Support Specialist, Emiratisation

"I've helped to migrate the websites and other systems of ADCB and Al Hilal Bank to CloudFlare, increasing performance, security and efficiency."

Saeed Jaffarali
Principal Network Engineer, Network

"I foster collaborative partnerships with the UAE Courts and other government entities to support transparency and maintain open dialogue."

Rania Yahia Mohd
Head, Legal and Government Affairs

"I've assisted in handling service-related inquiries efficiently, enhancing overall customer satisfaction."

Mahbooba Hussain
Executive Manager, Credit Control and Loss Containment Unit

"The Innovation Day with Nvidia was a unique opportunity to brainstorm with colleagues to transform our ideas into tangible success and enhance operations' processes and controls."

Shaikha Jafar Banialnajjar
Senior Manager, GBS Risk and Control

CASE STUDY

Setting the highest standards in Emiratisation in Al Ain

Emiratisation in Al Ain

ADCB embarked on a successful initiative in Al Ain to ensure its new banking operations centre in the city was 100% resourced by UAE nationals in 2024, while also setting a target to create 300 new full-time jobs for Emiratis by the end of 2026.

Through the initiative, ADCB will hold the distinction of having the largest number of UAE nationals employed in the banking sector in Al Ain, with approximately 300 Emirati employees in highly skilled positions across various departments, including Islamic Banking, Corporate Banking, Wealth Management, and others. The project is a key element of the Bank's commitment to Emiratisation and to maintain its position at the forefront of the banking sector.

100%

Emiratisation in Al Ain operations

c.300

Emirati employees across Al Ain operations

FROM LEFT TO RIGHT — Mariam Al Kaabi / Sumaya Al Shamisi / Alia AlNeyadi / Eiman AlMeqbali

'Tamooha': 10 years of empowering Emirati women

The 'Tamooha' initiative, which is also based at the Bank's operations centre in Al Ain, reflects ADCB's commitment to improve access for Emirati women to careers in the banking sector. Marking its 10-year anniversary in 2024, Tamooha (Arabic for 'ambitious') provides flexible employment and career development opportunities, allowing women to align work with their social and family traditions. The programme has provided job opportunities to over 400 women over the last decade, with 178 currently participating.

Based on the concept of providing choice of workplace and flexibility of working hours, the programme provides the opportunity to work from conveniently located women-only Tamooha centres or from home. The programme is supported by a number of training hubs, which offer mentoring and performance reviews.

The Tamooha programme has been successful in providing women with their first step on the career ladder. Majority of current participants have joined as fresh university graduates, while other participants have frequently achieved promotions, with job roles ranging from data entry to loan processing, account opening and customer service activities.

FROM LEFT TO RIGHT

"I feel like an integral part of an organisation that believes in innovation and sustainable growth."

Mariam Al Kaabi
Senior Manager, Tamooha

"I'm passionate about empowering Emirati women to progress to leadership positions within ADCB."

Sumaya Al Shamisi
Manager, Tamooha

"I led the transition of ADCB's network infrastructure for the Tamooha initiative."

Alia AlNeyadi
Senior Project Manager, Tamooha

"Working across different business lines and facing diverse challenges makes me want to expand my skills and knowledge further."

Eiman AlMeqbali
Senior Team Leader, Tamooha

"Since I've joined ADCB, I've been presented with many opportunities to enhance my skills, strengthen my professional relationships and deliver impactful results."

Maryam Albeshri
Senior Manager, Client Acceptance & Advisory, Financial Crime Compliance

"In my 14 years at ADCB I've never stopped learning. There are always new opportunities to gain new skills and increase my knowledge."

Basma Obaid Al Hajeri
Manager, Financial Crime Compliance

High-calibre leadership

ADCB's approach to Emiratisation goes far deeper than numbers, with the focus lying in career development and merit-based progression of high-calibre talent to senior roles. Emirati professionals now occupy critical leadership roles across a number of key departments including Risk Management, Compliance, Fraud Detection and Treasury. In 2024, UAE nationals acceded to a number of other senior leadership roles, including Head of Islamic Banking, Head of UAE Branches, Head of Enablement, Chief Information Security Officer, Executive Head — Analytics, Deputy Chief Risk Officer, Group Chief Business Officer, and Executive Head — Corporate and Private Banking Credit.

ADCB places a particular emphasis on training via its UAE Nationals Academy, equipping more than 2,000 Emiratis with the necessary leadership and technical skills to thrive in the banking industry. With a strong focus on key competencies in cybersecurity, AI, and financial technologies, the training aims to prepare Emirati employees for leading and innovating in a rapidly evolving industry. In total, participants have completed more than 115,000 learning hours, averaging 57 hours per participant. Moreover, the Emirati training NPS of more than 95% demonstrates the success of the Academy in preparing UAE nationals to meet the long-term objectives of the Bank in talent development and Emiratisation.

ADCB's Emiratisation programme, in particular the Bank's success in exceeding Emiratisation targets, has earned numerous accolades, including first place in the high-profile 'Nafis' award for large enterprises in the banking sector in a ceremony presided over by H.H. Sheikh Mansour Bin Zayed Al Nahyan. Nafis is a federal government programme aimed at empowering Emirati talent to succeed in the UAE's private sector. The programme was launched as part of the 'Projects of the 50' initiative to accelerate the country's socio-economic development.

Aligned with the UAE leadership's vision, ADCB remains steadfast in its mission to provide Emiratis with meaningful career opportunities and long-term professional development. Through its forward-looking Emiratisation strategy, the Bank aims to attract, retain, and empower Emirati talent, ensuring they play a vital role in driving ADCB's growth and achieving the UAE's vision for the future.

"Knowing my work in credit risk contributes to the Bank's growth and stability is a great motivation, as is the opportunity to collaborate with talented colleagues in a supportive, dynamic environment."

Hamad Al Ameri
Senior Specialist

Emirati training programmes

ADCB's key training programmes for UAE nationals include:

Mawaheb

Dedicated to developing young UAE national talent in financial services by providing foundational banking knowledge, specialised skills and real-world experience. Designed for fresh UAE national graduates, the programme welcomed 69 participants in 2024.

Emirates Institute of Finance (EIF)

With more than 50 participants and more than 4,000 hours of training in advanced technologies such as cloud security, SQL, AI, and FinTech, the EIF is playing a significant role in preparing Emirati employees for the digital transformation of the banking sector.

Ethraa

121 participants completed more than 19,000 hours of training in critical areas such as cybersecurity, AI, data science, and payments technology.

Emirati Training Academy

596 participants completed more than 7,000 learning hours across courses such as communication skills, time and self-management, and emotional intelligence. This aims to develop Emirati employees who are not only technically savvy, but who also possess interpersonal and leadership skills that will serve them well in the workplace.

"I've conducted in depth research on UAE corporate tax laws and regulations, drafted position papers on tax topics, collaborated with managers and attended industry meetings."

Maryam Al Rahmah
Analyst, Taxation

"I worked with my colleagues to prepare and file tax returns, ensure compliance of tax invoices, gather and organise financial data, and manage input tax recovery claims."

Mariam Khaled Balama
Analyst, Taxation

Emiratisation in numbers

98%
Of branch managers are UAE nationals

48%
Of Emiratis count ADCB as their first employer

c.40%
Emirati representation in employee base

80%
Female representation among Emirati employee base

c.400
Emiratis recruited in 2024

168
Emirati employees promoted in 2024

40%
Emirati representation within the senior management team

470+
Emiratis in middle and senior management

CASE STUDY

Enabling Emirati talent in the Credit team

Through its 'Enable & Protect' programme, ADCB's Credit function has streamlined processes, enhancing productivity while empowering Emirati nationals to take on greater responsibilities to progress rapidly in their careers. The programme has introduced a 'two-touch' approach to credit decisions, *enabling* members of the team to make well-informed judgments, while *protecting* through rigorous oversight.

An important element of Enable & Protect is a newly established UAE Coaching Academy. This delivers tailored learning experiences by matching early-career Emirati employees with a more experienced coach, usually a UAE national, supplemented by in-house training sessions. This approach equips team members with the technical, interpersonal and vocational skills needed to succeed, while the programme provides a clear career pathway through performance-driven promotions.

Launched towards the end of 2023, Enable & Protect is already expanding career opportunities for UAE nationals. The programme has enabled 24 Emiratis to achieve job upgrades, while another three have been promoted to executive roles as heads of department. At the same time, Enable & Protect has contributed to a cohesive 'one-team' culture and delivered a four-fold reduction in turnaround times for credit decisions at a time of rapid growth in ADCB's loan portfolio.

(TOP) FROM LEFT TO RIGHT

"I helped to manage the implementation of the 'Enable & Protect' initiative in the Credit Group, enabling us to make much faster credit decisions."

Abdulla Al Sayegh
Head, Corporate Credit Abu Dhabi & Al Ain

"I was honoured to be selected to lead the remedial credit management team. I look forward to making a meaningful impact in my new role."

Shareena Eisa
Senior Manager, Remedial Credit Management

(BOTTOM) FROM LEFT TO RIGHT

"I contribute to the Bank's growth by helping to improve procurement processes, streamlining operations, reducing costs and enhancing collaboration with suppliers."

Amnah Al Shehhi
Executive Manager, Procurement

"My team helped to integrate AI into the credit rating process to increase efficiency and help improve turnaround times."

Mohamed Akasha
Executive Head, Corporate and Private Banking Credit

Driving efficiencies through digital

ADCB is focused on leveraging digital and AI to drive greater efficiency, innovation and an enhanced customer experience. This transformation spans across the Group, with a strong emphasis on operational excellence, regulatory compliance and responsible adoption of AI applications and other new technology.

Key highlights

- More than 60 digital projects delivered in 2024 resulting in productivity gains
- Framework for AI adoption established with roll-out of 30 initial use cases
- Embracing ‘Open Finance’ to drive growth in partnership ecosystem

79%

New customers acquired digitally

Note: The reported figures for this section are for ADCB UAE only

Turbocharging digital and AI transformation is a cornerstone of ADCB’s strategy for accelerated growth, acting as a decisive enabler that will drive further gains in market share and enhanced productivity. In 2024, the Bank made significant strides in strengthening its capabilities, with more than 60 digital projects delivered in 2024. Initiatives focused on broadening the scope of digital solutions available to customers and simplifying the user experience, while ensuring continued progress on innovation processes to reduce ‘time to market’.

A next generation cloud platform

The Bank has developed a new cloud-based mobile banking platform that will be the centrepiece of ADCB’s banking proposition in the coming years. By the end of 2024, around 50% of the Bank’s IT workload was hosted in the cloud. The platform allows for the highly scalable and efficient expansion of the Bank’s digital and AI-driven customer offering, with data analytics powering hyper-personalisation of service delivery. With the UAE launching a new framework for open finance, the cloud-based platform will also be the foundation of the Bank’s expansion of fintech and ecosystem partnerships, while ensuring rigorous compliance with regulatory requirements for data privacy and security.

In parallel, ADCB is also increasing digital resilience through an advanced real-time monitoring system. The system is being rolled out in phases, allowing the Bank to rapidly trace IT issues while also closely tracking customer behaviour and usage to mitigate potential risks of disruption.

LEVERAGING DIGITAL AND AI to drive greater efficiency, innovation and an enhanced customer experience

Early activation of cloud-native systems for mobile banking, the contact centre, and HR systems has already resulted in enhanced efficiency, scalability, and resilience. As well as reducing operational costs and improving agility to launch new products and services, the move to cloud-based infrastructure is contributing to sustainability, as cloud solutions are more energy-efficient than legacy systems.

Driving customer acquisition and engagement

ADCB’s substantial investment in technology, coupled with an unwavering focus on the user experience, has supported rapid expansion in customer numbers, digital engagement and satisfaction levels.

In 2024, over 440,000 retail customers joined the Bank through digital channels with the Hayyak onboarding app. A recent report by a leading international consultancy firm ranked ADCB the number one bank in the UAE and number two bank globally for digital onboarding, which accounted for 79% of total new customer acquisition in 2024.

Levels of digital engagement have also increased sharply, with mobile and internet banking subscribers surpassing the 2 million milestone in the third quarter of 2024, representing 91% of ADCB’s customer base. Self-service retail banking transactions rose by 40% from the previous year to over 263 million, with mobile fund transfers increasing by 60%. Meanwhile, ADCB’s two corporate banking platforms — ProCash and ProTrade — accounted for 97% of cash management transactions and 63% of trade finance transactions respectively.

At the same time, digital platforms are facilitating access to a wider range of banking products. Almost 70% of credit card and 40% of personal loan sales in 2024 were conducted digitally. The Bank has also significantly reduced approval times for customers applying for products. Over 50% of all credit card applications were fulfilled on the same day via a seamless digital application process. This enables instantaneous approvals for new credit cards, while digital credit cards are available for immediate use for online transactions and smartphone wallets.

A strong emphasis on operational excellence, regulatory compliance and responsible adoption of AI applications

In support of the digital-first approach, the Bank upgraded technology and operations across its network of 'uBank' digital banking centres in Abu Dhabi and Dubai. With uBanks offering a range of services, from account opening to card replacement, this revamp has contributed to the ongoing shift of branch traffic to digital self-service channels, further enhancing operational efficiency.

Strong traction in automated processes has been accompanied by positive customer feedback and recognition. ADCB's mobile app was one of the highest ranked banking applications in the Apple app store in the UAE. In addition, ADCB's mobile and Hayyak onboarding app took two of the top five rankings in the Google Play store at the end of December 2024.

Enhancing platforms for corporate clients

ADCB is conducting a major revamp of its corporate digital banking offering by unifying the full client journey, from onboarding to sales and servicing, onto a new cloud-based banking platform. This transformation project will result in improved resilience and efficiency, and an enhanced user experience for corporate clients.

In tandem, the Bank has continued to introduce new products to the digital ecosystem and streamline processes. A new liquidity management solution was rolled out in early 2024 to enable corporate clients to consolidate the balances of multiple accounts without the need for fund transfers, optimising excess funds usage. This enhancement has contributed to a six-fold increase in the credit balances of clients using this solution since the start of 2024.

Additionally, the Bank's 'Virtual Accounts', a solution that reduces operational costs for clients eliminates the need for multiple ADCB accounts and streamlining reconciliation processes. Introduced in July 2023, virtual accounts have experienced a 60% increase in usage since launch.

A cloud-based supply chain finance platform, first launched in mid-2023 and enhanced throughout 2024, provides convenient invoice financing solutions for corporate clients, to support business growth in working capital solutions. This platform is providing operational efficiency gains for clients, while expanding the Bank's reach into partner ecosystems, including major e-commerce platforms.

The Bank has also introduced an advanced pricing and billing engine tailored for ADCB's corporate banking products and services. This leverages cutting-edge technology to enable relationship-based pricing, bundling and subscriptions.

Partnerships that drive innovation

As a leading innovator in the UAE banking industry, ADCB is forging close relationships with technology companies and key strategic partners from a range of economic sectors.

During 2024, the Bank organised quarterly hackathons with Microsoft, Amazon Web Services and Nvidia. Involving employees from across the organisation, these events brought a range of subject matter experts together to explore new digital and AI banking solutions, supporting a culture of innovation and collaboration across the Bank.

ADCB also continues to develop a range of ecosystem partnerships with multiple players in the digital economy, including Amazon UAE, Komgo and Noon, which are likely to expand further in the coming years as the concept of open finance gathers momentum.

Embracing 'Open Finance'

In 2025, the UAE will be introducing a pioneering Open Finance Framework under the country's Financial Infrastructure Transformation (FIT) Programme. This new regulatory landscape aims to enhance innovation and efficiency across the financial sector, enabling secure data sharing through application programming interfaces (APIs). This initiative extends beyond traditional banking, covering a wide range of financial products, from mortgages and investments to insurance. For consumers, open finance promises enhanced transparency, tailored financial services, and greater control over their financial data, while fostering a more competitive market.

As a proactive participant in this initiative, ADCB is embracing open finance as a catalyst for growth and innovation. The Bank is committed to leveraging this framework to elevate customer experience, providing seamless, personalised financial solutions that align with the UAE's vision for digital advancement. ADCB is already driving value through strategic partnerships within its ecosystem. With food delivery platform talabat, ADCB has streamlined payment solutions, offering tailored incentives to customers based on their spending patterns. Meanwhile, a partnership with property sales platform Bayut enhances the home-buying journey through ADCB's Dream Home platform, where customers can access tailored mortgage solutions, simplifying processes.

Looking ahead, ADCB plans to expand fintech and lifestyle partnerships to build a vibrant, integrated financial ecosystem. This will not only solidify the Bank's position as a leader in open finance but also enable the Bank to deliver enhanced value to its customers through cutting-edge technology, collaborative innovation, and a robust network of lifestyle-based offerings.

30+
AI use cases introduced in 2024

Spotlight

Hackathons spark innovation and collaboration

ADCB organised high profile hackathons in 2024 in collaboration with leading technology companies such as Microsoft, Amazon Web Services (AWS) and Nvidia.

An 'Innovation Day' hackathon with Nvidia and AWS brought together 150 staff members in a dynamic environment aimed at fostering collaboration and delivering cutting-edge solutions to enhance customer service.

Nvidia supported the event by providing access to state-of-the-art GPUs, technical training materials, and dedicated on-site assistance. Meanwhile, AWS provided support to ADCB engineers and non-technical staff, aiding them in ideation and identification of business use cases for AI and cloud computing.

The event resulted in the development of several high-potential AI-driven solutions for a range of ADCB's banking services and functions, strengthening the Bank's partnerships with leading tech firms and further advancing digital and AI capabilities.

Partnering with key ecosystem players

Ecosystem partners	Type of ecosystem
talabat	Food and consumer goods retailer delivery platform
amazon.ae	Platform offering e-commerce, delivery and financial services
haifin	AI-driven UAE based trade finance fraud detection platform
komgo	Blockchain platform for secure and efficient trade finance and commodity transactions
mastercard	Global payments technology company enabling secure transactions
bayut	Top UAE-based property search portal
الاتحاد ETIHAD	United Arab Emirates' national airline
LuLu	Largest full-line retailer across the GCC

All eyes on AI

As artificial intelligence (AI) continues to transform the business landscape, ADCB is already integrating this exciting technology into key business areas, recognising its potential to enhance efficiency, improve customer experience, empower employees and drive innovation across the Bank.

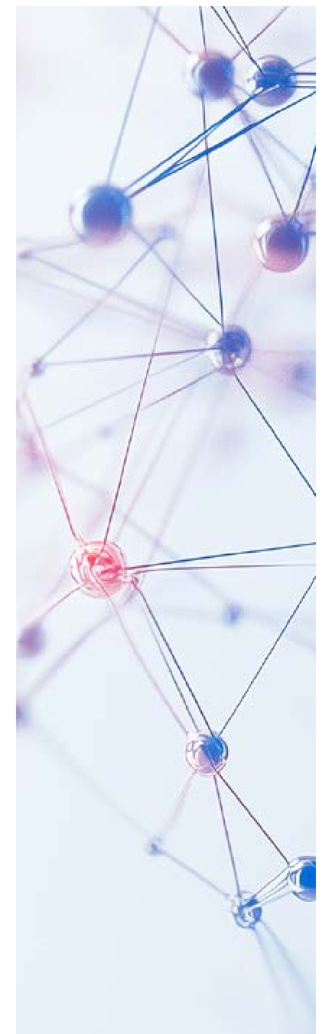
To achieve these objectives, the Bank has developed a comprehensive AI strategy, centred around five pillars: profitability, hyper-personalised customer experience, data-first culture, agility and innovation, and creating an integrated banking ecosystem. Underlying this approach are four priorities that guide the implementation of AI across the Bank:

- **Technology & data**: Establishing the foundational tools, processes, AI and data products to rapidly deploy use cases
- **Operating model & talent**: Empowering a cross-functional team to deploy use cases while building AI foundations
- **Responsible AI**: Implementing guardrails and governance across AI to deliver use cases safely and securely
- **Partnerships and ecosystems**: Creating value beyond the Bank through investments and partnerships

ADCB is also partnering with specialists at leading consultancies to develop an AI framework to drive future growth and efficiency across areas such as data governance, ethics, platform engineering, neural networks, machine learning, model builds, and generative AI, while at the same time mitigating the risk of algorithmic bias and ensuring alignment with regulatory compliance.

In 2024 there was a significant acceleration in ADCB's adoption of AI across every aspect of its operations, with the Bank prioritising use cases that generate immediate productivity gains. More than 30 AI use cases were introduced in 2024, and more are in the pipeline for 2025 and beyond. These applications focus on high value AI solutions, encompassing process automation, risk management and growth.

Adoption of AI use cases



Fraud detection and security

ADCB's Compliance function has deployed advanced AI systems that play a crucial role in identifying money laundering activities and detecting mule accounts. This proactive approach strengthens security measures and safeguards the Bank and its customers from the risk of financial crime.

Credit underwriting and risk assessment

AI is being leveraged to improve decision-making processes in credit underwriting, allowing for faster and more accurate approvals. This initiative, which began in September 2023, is expected to significantly reduce workload and improve efficiency.

Customer engagement

The Retail Banking Group has leveraged AI to analyse customer behaviour and refine its cross-selling and engagement strategies. This AI-driven approach has yielded impressive results, with cross-sell campaign conversion rates increasing significantly.

Customer experience

ADCB is utilising generative AI for enhanced personalisation and support across all channels in its mobile banking app, as well as the new Corporate and Investment Banking digital platform.

Driving customer experience through contact centre analytics

An AI-powered tool has been introduced to analyse customer requests and sentiment during calls to the contact centre. This automation has helped to rapidly identify opportunities to improve processes and the customer experience.

Human resources

An AI-powered chatbot is currently being tested to handle HR-related queries, serving as a virtual help desk. This chatbot is designed to assist employees with questions about policies, onboarding processes, and internal vacancies, reducing response times for common inquiries.

Internal digital infrastructure

By the end of 2024, around 50% of the Bank's IT workload was hosted in the cloud. This investment in cloud-based digital infrastructure supports AI-driven innovation by providing the necessary ecosystem for advanced data processing and analytics.

Future priorities

ADCB is firmly focused on further investment to leverage AI's full potential as an enabler of business transformation, including areas such as predictive analytics, automation, customer experience improvements, 'Agentic AI', and knowledge management.

Responsible AI

At the same time, ADCB recognises the risks associated with AI, such as data privacy, ethical concerns, and regulatory issues. To mitigate these, it is focusing on responsible AI, balancing innovation with careful risk management. Through its comprehensive AI strategy and proven approach to responsible innovation, the Bank is accelerating its transformation to become a world-class digital-first bank, with transformative AI as one of its five key strategic pillars.

Delivering service excellence

ADCB's approach to service excellence is centred on delivering products and services that exceed customer expectations. The Bank continuously invests in talent and technology to understand customer needs and leverages data-driven insights and innovation to provide a personalised and secure experience.

Achieving service excellence is a cornerstone of ADCB's growth strategy and a key differentiator in the Bank's approach to expanding market share. With customer expectations evolving, ADCB ensures a strong service culture is maintained across every aspect of the business and continuously improves the way products and services are delivered. For this reason, a customer-first ethos is embedded across the organisation, driving strategic decisions and actions. Customer service metrics are included in every employee's KPIs, underlining the role each person plays in ensuring a company-wide commitment to service excellence.

ADCB's success in customer service is measured through fast feedback loops and the net promoter score (NPS). In 2024, the Bank's overall NPS increased by 4 points to 77, reflecting growing customer loyalty across the customer base.

Key highlights

- Establishment of Customer Experience Committee
- Launch of Customer Journey Design Centre of Excellence
- External recognition in KPMG and Brand Finance surveys

Net promoter score[1]	2024	2023	2022	2021
Retail Banking Group	77	70	63	63
Private Banking and Wealth Management Group	96	88	84	75
Corporate and Investment Banking Group	86	78	68	64
Treasury and Investments Group	84	91	91	90
Bankwide	77	73	69	66

(1) ADCB UAE only

Recognition as a leader in customer service

ADCB is widely recognised for its commitment to customer service excellence, reflecting its strong standing in the UAE banking sector.

The Bank was ranked the top financial institution in the UAE for customer experience in KPMG's 2024 'UAE Customer Experience Excellence Report'. ADCB was also rated as the second highest UAE brand across all sectors for customer experience.

Bankwide net promoter score (NPS)

77

According to the report, ADCB's rise is a testament to its holistic approach to customer satisfaction, one that combines excellent service, diverse product offerings, technological innovation, operational efficiency, and a strong focus on security and trust. The Bank's mobile app was also commended for its user-friendliness, speed and reliability.

In addition, the 2024 Banking 500 report from Brand Finance, a leading brand consultancy, calculated that ADCB's brand value increased by 8.7% over the last year to reach AED 10.5 billion, moving up four places to rank 109th of 500 global banking brands.

ADCB also maintained its AA+ brand strength ranking, with an index rating of 78%, up from 76% in 2023. This index, compiled by Brand Finance, evaluates brand behaviour and customer sentiment, in terms of both operational effectiveness and customer trust. Notably, the Bank ranked the highest among UAE banks in the 'familiarity' and 'consideration' categories.

Putting customers at the centre

At the heart of ADCB's approach to service is the Customer Experience Executive Forum (CX Forum), chaired by the Group Chief Executive Officer. This forum, along with monthly Service Quality Forums for each Group head, drive high performance and efficiency through rapid improvements in systems and processes.

The Customer Experience Executive Forum involves cross-functional teams working together to enhance the customer experience, with progress tracked and reported until the target outcomes are achieved. In 2024, this high-level commitment to service excellence was further strengthened by designating the CX Forum as a management subcommittee, also chaired by the Group CEO, to address any gaps identified and drive the implementation of appropriate programmes and solutions. Such initiatives included the branch transformation programme, digitisation of retail account opening, fraud transformation programme, and the automation of contact centre and service requests.

A strong service culture is maintained across every aspect of the business

SERVICE EXCELLENCE is centred on delivering products and services that exceed customer expectations

Spotlight

Delivering a seamless account opening experience

The upgraded Hayyak customer onboarding app now accommodates the premium range of segments, including Privilege Excellency and Emirati customers, as well as a rebranded Islamic segment. This update also involved migrating the platform to a Responsive Web App, enabling seamless integration with ecosystem partners. A key feature introduced was also the 'Refer a Friend' module, allowing for effortless digital referrals, further enhancing customer engagement. As a result, over 79% of new retail accounts are now opened digitally, with straight-through processing for digital channels at around 80%. Accounts that are opened through physical channels primarily serve exceptional and atypical cases.

A 'Customer Journey Design Centre of Excellence' has also been established, bringing together diverse expertise in service excellence into one central resource. The Centre of Excellence adopts a holistic, service design methodology that emphasises customer-centric innovation, collaboration, and accountability. By integrating multidisciplinary teams across the Bank, the Centre of Excellence not only identifies and addresses overlaps, dependencies and inefficiencies but also drives strategic benefits such as improved agility, enhanced customer satisfaction and streamlined processes.

By embedding customer insights at every stage — from ideation to live implementation — the Centre of Excellence ensures that ADCB's products and services deliver maximum value.

Key aspects of the Centre of Excellence's approach include:

1. **End-to-end journey design**

   Mapping and refining customer journeys to deliver seamless, unified experiences across all channels

2. **Value realisation**

   Identifying opportunities early and tracking value propositions through to implementation to ensure alignment with business goals

3. **Collaborative delivery**

   Partnering with product and engineering teams to transform ideas into market-leading solutions, ensuring high-quality outputs through clearly defined quality gates

This structured approach accelerates time-to-market, optimises delivery, fosters innovation, and enhances the Bank's ability to consistently deliver impactful customer-first experiences.

Responding to feedback

Monitoring and responding to customer feedback is fundamental to ADCB's approach. A monthly 'voice of the customer' report collates information on various service metrics, including customer complaints and social media feedback. A dedicated team handles all social media issues within designated timeframes, ensuring prompt attention to customer concerns.

In the context of a rapidly growing customer base and mobile banking usage, complaint incidence rates have declined. The Bank has implemented a robust system for addressing customer concerns, particularly those related to technical issues and processes. These matters are promptly directed to specialised customer service teams, and when necessary, to re-engineering teams for in-depth analysis and resolution.

In addition, ADCB has become one of the first major banks in the UAE to deploy a cloud-based 'contact centre as a service' platform. This utilises cloud solutions such as telephony, workforce management, knowledge management and intelligent interactive voice response (IVR) technologies to deliver a superior customer experience, while reducing call times and improving resolution speed. It also uses speech analytics to automatically detect customer pain points during calls, helping to identify and tackle root causes effectively. This innovative technology is able to identify, for example, the top five reasons people are calling the Bank, both at a Bank-wide level as well as for specific service areas, such as Retail Banking, Islamic Banking or Private Banking, in different languages including English, Arabic, and Hindi. It can also analyse customer sentiment (positive, neutral or negative) across different product lines, such as credit cards, loans or digital banking.

The Bank's commitment to service excellence has yielded positive results, with 94% of complaints resolved within three days.

Prioritising value for customers

Looking ahead, ADCB is advancing its agenda on service excellence through a robust digital transformation strategy that prioritises high-value initiatives with the greatest impact on customer experience. The Bank will also further expand strategic partnerships to cement its leadership position in service delivery across digital and non-traditional channels. By integrating these relationships with innovative offerings, ADCB will continue to deliver a flexible, customer-centric experience across all touchpoints.

Spotlight

Carbon calculator scoops service excellence award

The Bank's commitment to innovation and service excellence was recognised by high-profile awards for its ADCB Corporate Carbon Calculator.

Launched in December 2023, ADCB is the first UAE-based financial institution to introduce the carbon calculator to its corporate clients, in partnership with Mastercard. This tool helps corporations understand their carbon impact by estimating the environmental impact of each expenditure using a weighted calculation. To help customers offset the carbon emission, the tool also provides the facility to transfer funds to Emirates Nature/WWF for the plantation of mangroves in the UAE. Participating corporates receive regular reports on their contributions to track and reduce their emissions.

In recognition of this innovative approach, the ADCB corporate carbon calculator was named 'Outstanding Digital CX — Bank Card' in the Wholesale/Transaction Banking category at the Digital Banker's global Digital CX Awards 2024.

The Bank also won the Digital Banker's Middle East & Africa Innovation Awards 2024, receiving accolades for the 'Best Corporate Card Solution', 'Best Mobile App for Corporates' and 'Best API Initiative of the Year'.

RISK MANAGEMENT

Risk review

ADCB prioritises a disciplined approach to risk in recognition of its fundamental importance to the Bank's long-term organisational and financial resilience.

Key highlights

- Introduction of AI-driven cyber threat detection and response system
- Successful completion of CBUAE operational resilience review
- Rigorous application of environmental and social risks in credit assessments
- Deployment of fraud prevention tool in the last quarter of 2024

Officially recognised as a systemically important bank in the UAE, ADCB places effective risk management at the core of its decision-making processes across all levels of the organisation. The Bank maintains vigilant monitoring of new and emerging risks, ensuring organisational agility to identify and adapt swiftly.

ADCB conducts an annual systematic review and challenge of its risk appetite before presenting it to the Board Risk Committee (BRC) for discussion, endorsement and approval by the full Board. This process aligns risk at individual, departmental, functional and portfolio levels with the overall Group appetite, and ensures that the risk framework, processes and procedures are consistent across the organisation.

The risk framework is closely aligned with the Bank's growth strategy, and culturally embedded throughout the organisation. All employees are expected to actively participate in managing and mitigating risks. To support this, the Bank has adopted a number of mandatory e-learning modules on organisational risks.

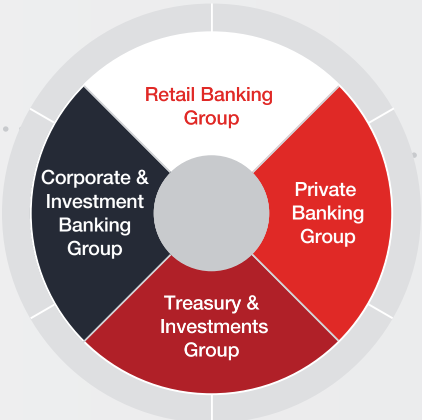
ADCB's rigorous approach to risk management provides a positive and measurable impact on the business. For example, a comparison of the Bank's retail portfolio against delinquency rates in the broader market in 2024 showed a significant outperformance across all key segments, including personal and auto loans, mortgages and credit cards. This strong performance, achieved during a period of substantial growth in the loan book, highlights the effectiveness of ADCB's disciplined credit risk management processes and underwriting practices.

Comprehensive risk management framework

ADCB uses an activity-based 'three lines of defence' model. This determines accountabilities and responsibilities for risk management across the Group, facilitating collaboration and enabling efficient coordination of risk and control activities.

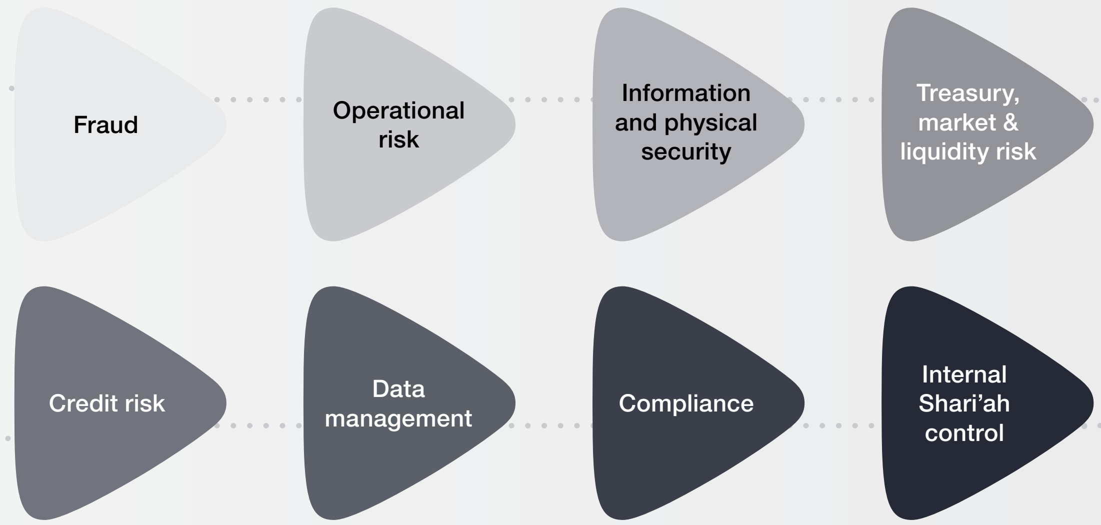
1 First line of defence

The Bank's business lines, plus Technology and Operations, own the risks and are responsible for identifying, recording, reporting and managing them, and ensuring the right controls and assessments are in place to mitigate them



2 Second line of defence

The Bank's risk control and compliance oversight functions set the policy and guidelines for managing specific risk areas, provide advice and guidance in relation to the risk, and challenge the first line of defence on effective risk management and design



3 Third line of defence

The Bank's Internal Audit function provides independent and objective assurance of the adequacy of the design and operational effectiveness of the Group's risk management framework and control governance process

Internal Audit function

Operational resilience

In addition to the three lines of defence model, ADCB has put in place a framework, backed by policies and risk-mitigation initiatives, for achieving operational resilience. This framework recognises a multitude of potential challenges, from cyber threats and fraud to disruptions due to geopolitical events and natural disasters, and provides a clear approach to address risks and promote the sustainable success of the organisation.

OPERATIONAL RISK MANAGEMENT

- Comprehensive governance through risk governance committees at Board and management level
- Mature processes for risk identification, assessment & mitigation
- Unified incident reporting & escalation processes
- New product & change management governance

CYBERSECURITY

- Preventive and detective measures
- Investment in advanced technologies
- Strategic crisis simulation for the executive team
- Regular cyber war gaming simulation
- Threat intelligence platform
- Cloud security review

BUSINESS CONTINUITY

- Comprehensive business continuity processes
- Crisis management & crisis communication plans
- Training, awareness and continued enhancements

FRAUD PREVENTION

- Fraud transformation & optimisation programme
- Enterprise fraud management system
- Machine learning, behavioural analysis and scoring models

DATA MANAGEMENT

- Data governance policies & practices
- Data quality measures
- Data privacy policies and procedures

THIRD-PARTY

- Third-party risk assessments for all engagements
- Outsourcing risk management

Integrated operational resilience framework

Operational risk	Training & awareness	Third-party
Incident management	Business continuity	Impact tolerance
Information, communications technology	Crisis management	Outsourcing
	Resilience testing	

Governance, oversight, policies & regulatory compliance

Risk governance roles & responsibilities

Board of Directors	Establish and ensure strong control environment via the Board Risk Committee (BRC)
Management Executive Committee	Oversight and implementation
Risk Management function	Governance and compliance
Business line management	Ownership
Internal audit	Assurance

Key activities in 2024

Both the regulatory landscape and ADCB's scale and complexity continue to change at pace. In response to this changing environment, Group Risk Management (GRM) continuously adapts and evolves to address new challenges, responds to new regulatory responsibilities, and capitalises on emerging opportunities.

In 2024, the function enhanced model risk coverage and updated data privacy policies, procedures and frameworks. In parallel, a new environmental and social risk management (ESRM) team intensified its key role in credit assessments, following the introduction of an ESRM policy the previous year.

Leveraging technology and AI

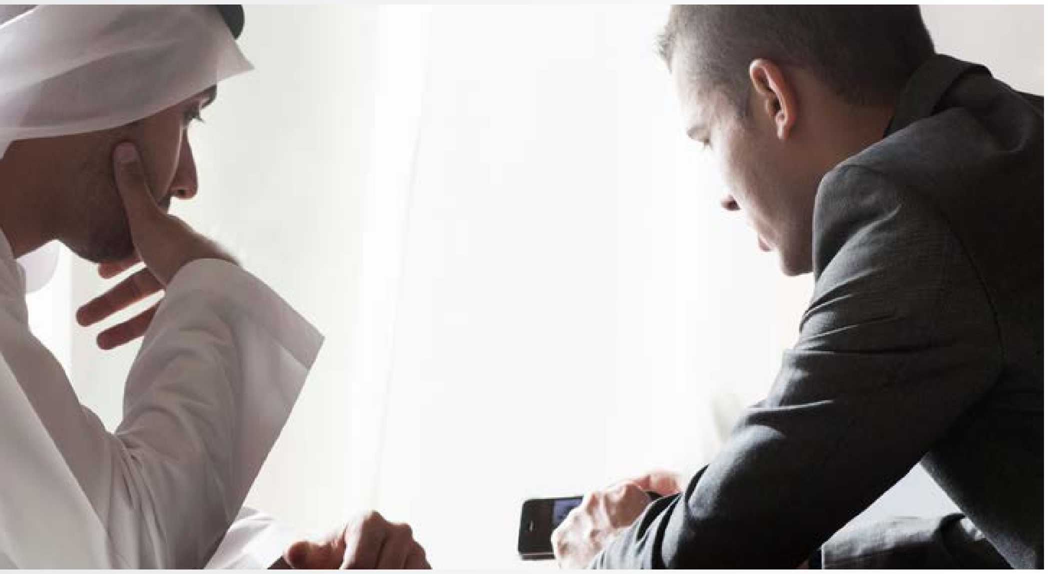
As the financial services industry transforms through digitisation, new challenges continue to emerge in the realms of cybersecurity, fraud prevention and data protection. Safeguarding customer privacy and maintaining the Bank's integrity and reputation are paramount to ADCB's approach to managing digital risks.

To combat the growing sophistication and frequency of cyberattacks, ADCB employs a robust set of preventive and detective measures. The Bank is investing in technologies that enhance operational efficiency, improve customer experience, and mitigate potential risks in these critical areas.

ADCB's comprehensive strategy for information security revolves around regular security assessments and technological upgrades. A key component of this approach is the implementation of an AI-powered detection and response system, which bolsters defences against cyberattacks, unauthorised access attempts, and potential data misuse. This multifaceted approach ensures the Bank remains at the forefront of digital security in the UAE financial sector.

AI and automation are central to ADCB's strategy for improving efficiency in risk management processes and for future-proofing risk management operations. The Bank is leveraging AI to reduce manual processes, improve reporting speeds, and minimise resource requirements. Several business cases for AI and automation have been identified across different risk areas, including model documentation, stress testing, and market risk reporting, with implementation to continue in 2025. Additionally, AI is being used to create chatbots that handle policy-related queries, with plans to expand this functionality into areas such as ESG and operational risk. These investments underscore ADCB's unwavering commitment to fortifying its defences and maximising information security.

Spotlight



Disciplined risk management approach

ADCB's rigorous approach to risk management is reflected by the robust governance structures in place. Alongside regular meetings of the various risk committees, sub-committees and steering groups, the Bank also conducts monthly portfolio reviews that are central to the Bank's risk management ethos.

A range of risk related meetings were undertaken in 2024 through the following:

- Board Risk Committee
- Risk Management Committee
- Model Risk Management Committee
- Data Steering Group
- Operational Risk Working Group
- Information Security Working Group
- Internal Shari'ah Supervisory Committee
- Fraud Risk Taskforce

Reviewing risk appetite

Group Risk Management maintains a continuous review of risk appetite to match the rapid growth of the Bank's operations. The risk framework outlines 17 principal risks, with the recent addition of 'anti-bribery and corruption'; 'digital risk'; and 'fraud risk' in recognition of their importance to the continued stability of the financial system. The updated risk appetite requires endorsement from the Risk Management Committee, Management Executive Committee, Board Risk Committee and approval by the full Board.

In addition, GRM undertook a comprehensive review and renewal of numerous risk policies in credit risk and enterprise management. The Bank maintained its focus on capital structure, planning and allocation as integral components of its strategic decision-making process, aligning with the guidelines set by the Basel Accords. This approach demonstrates ADCB's commitment to robust risk management practices and regulatory compliance, while optimising its capital utilisation for strategic growth and stability.

+3 principal risks

Anti-bribery & corruption, digital risk and fraud risk

Elevated to be included among 17 defined 'principal risks'

Updates to the credit risk management framework

ADCB revised its credit risk management framework in response to new Central Bank of UAE (CBUAE) regulations which were effective from 1 December 2024. The new standards include a definition of activities that fall under the obligation of the Group Chief Risk Officer versus those that are the responsibility of the Group Chief Credit Officer.

The regulations also accelerate the move away from traditional loan classifications to an IFRS 9-based classification system, which focuses on 'significant increases in credit risk' (SICR) and staging (1, 2 and 3) categories. This introduces up to 16 different triggers for monitoring risk exposure and transitioning loans between stage levels. It is accompanied by the introduction of a new concept of 'unlikeliness to pay', which has over 20 elements to consider and monitor. In addition, the new regulations introduced a 100% reduction in collateral values on NPL assets after five years, including real estate, which could increase pressure on provisioning and encourage earlier intervention if an account starts to show signs of distress.

While implementing the new framework for credit risk, the Bank has also strengthened its processes through new internal models for measuring potential future exposure to counterparty risk, as well as for measuring credit valuation adjustment, fraud risk, credit and capital models.

Placing effective **risk management** at the core of our decision-making processes

Addressing cyber risks

Cybersecurity and fraud prevention remain top priorities due to the increasing sophistication of cyberattacks. The Bank is investing in new tools and staff training to enhance its defences and to ensure it is well prepared for ransomware and other cyber threats. Concrete steps have also been taken to protect customers from fraud, such as the introduction of enhanced risk-based authentication measures and facial recognition technology. These advances not only reduce the risk of customers falling victim to fraud, but also contribute to an improved customer experience and increased trust in banking services.

ADCB operates a cybersecurity action plan and a rigorous testing regime, using internal and external testing teams to verify controls. In addition, the Bank retains a specialist consultancy to provide immediate technical support and advice if a cybersecurity event were to occur. ADCB has also developed a cyber-threat communications playbook to help manage such an event and communicate effectively with stakeholders. Regular simulation exercises are conducted to maintain a high level of preparedness for responders to act effectively in case of any type of cyber incident. Threat intelligence gathering has also been strengthened with additional sources of new threats continuously fed into the security operations centre.

The Bank validates and certifies its security practices through global standards, including ISO 27001, PCI DSS, SWIFT CSCF and UAE Information Assurance Standards.

The successful completion of an operational resilience review undertaken by the CBUAE in September and October 2024 further emphasises the Bank's focus on mitigating cyber and operational risks. Enhancements in these areas are ongoing, driven by an operational resiliency team, which is focused on enterprise-wide resiliency, investment in upskilling and resources, and continuous improvement to security measures.

Spotlight

Prioritising data management

ADCB manages customer and other sensitive data with the utmost care and respect. The Bank's guiding principle is that data should be treated with the same diligence as any other asset. Our approach to data management made a significant contribution to the upgrade of the Bank's ESG risk score from Sustainalytics, one of the world's leading ESG rating agencies, which rated ADCB in the top 2nd percentile of regional banks and top 3rd percentile of global banks on data privacy and cybersecurity. In addition, MSCI ESG ratings ranked ADCB above the industry average on 'Privacy and Data Security'. This assessment is based on evaluation of a number of factors, including evidence of access control and protection of personal or sensitive data, measures to address data breaches, and data protection programmes covering suppliers and business partners.

Sustainalytics risk rating on data privacy and cybersecurity

Rank among regional banks

Top 2nd percentile

Rank among 1,000+ global companies

Top 3rd percentile

Data management governance and operating model

Tier 1	Tier 2	Tier 3
Data Steering Group representing executive management oversight	Data Privacy Champions & Data Stewardship (community representing responsible subject matter experts)	Departmental staff representing business areas
Executive Management provides strategic direction to ensure effective data privacy, quality and governance, with key role played by the Group Chief Risk Officer and Head of Data Management	The first point of contact for queries within business areas, supported by data privacy 'champions' and 'stewards'	Collaborate with data privacy 'champions' and 'stewards' to address requests and tasks

Data privacy office and data governance

Data Privacy Office:
Delivers services, monitoring and training to meet ADCB's data privacy requirements

Data governance:
Ensures oversight, mitigates data risks and upholds data quality standards to support decision-making and innovation

Navigating the geopolitical landscape

In response to heightened international geopolitical risks in 2024, ADCB maintained a robust focus on this area of risk management. Mirroring its strategy for major counterparties, the Bank has developed a nuanced risk appetite framework for countries worldwide, which integrates the Bank's internal risk tolerance with external indicators, including credit default swap levels, investment ratings and ESG indices.

The Bank's country risk appetite thresholds are regularly scrutinised, with particular attention given to regions experiencing significant geopolitical shifts. This proactive stance ensures that ADCB's risk exposure remains aligned with its strategic objectives and the evolving global landscape, taking into account ADCB's operations in markets outside the UAE, such as Egypt, Saudi Arabia and Kazakhstan.

To safeguard against overexposure in specific markets, the Bank enforces stringent limits, which are subject to approval by the Board Risk Committee (BRC), ensuring a robust governance structure for geopolitical risk management. By employing this comprehensive approach, ADCB aims to navigate the complex geopolitical terrain effectively, balancing opportunities with potential risks. This strategy not only mitigates immediate threats but also positions the Bank to adapt swiftly to an evolving geopolitical environment.

Rigorous management of ESG risks and opportunities

ADCB regards ESG as a strategic differentiator for the Bank and is focused on the responsible management of ESG risks and opportunities in order to meet stakeholder expectations on sustainability and support clients in their decarbonisation journey.

ADCB's ESRM framework, adopted in 2023, sets out how the Bank identifies, mitigates and manages ESG risks, including climate-related risks arising from customer activities that could lead to credit or reputational risks. In 2024, the Bank intensified implementation of its ESRM framework through rigorous deployment of environmental and social considerations in credit assessments.

GRM's approach is to evaluate the ESG counterparty risks through a classification into low, medium, high and severe categories, through a proprietary exercise and consideration of external ratings from third-parties such as S&P, Moody's and MSCI. This strategy not only enhances risk management but also creates growth opportunities through transition financing.

Meanwhile, ADCB has continued to be a proactive interlocutor as the UAE continues to develop its sustainability-related regulatory framework in line with the country's commitment to creating an inclusive, net zero economy.

The Bank has welcomed the introduction by the CBUAE of new 'Principles for Sustainability-related Disclosures for Reporting Entities', which are aligned to IFRS Sustainability Disclosure Standards. ADCB is contributing to a consultation on design principles for sustainable finance taxonomy initiated by the Ministry of Finance's 'Taxonomy Working Group'. Furthermore, as a member of the UAE Banks Federation, the Bank is also undertaking quarterly reporting of its sustainable finance portfolio against the target of AED 125 billion by 2030.

ESG considerations have become a crucial component of the CBUAE annual stress testing regime, particularly with the introduction of climate change stress tests. These assessments examine how various climate change scenarios might unfold and impact different industries and customer segments. They also evaluate how these changes could affect provisioning or risk assessments for specific clients. ADCB successfully completed several climate stress tests in 2024, looking at both physical risk and the credit risk effect on counterparties operating in transition sectors.

The focus for GRM is now shifting towards supporting ADCB's net zero targets and creating metrics for ESG-related stress testing. Additionally, efforts are underway to elevate ESG assessments to the forefront of the business, with risk teams transitioning into governance roles. This change is expected to enhance the origination process and align it more closely with the Bank's sustainability objectives.

For more information, please refer to the Sustainability section of this report.

Reinforcing capabilities and culture to address future complexity

As the external risk and regulatory environment continues to evolve, ADCB will continue to invest in technology and its people to drive best practices in risk management to support the Bank's growth.

A new Group-wide 'Connected risk' operational risk platform is a prime example of the deployment of digital technology to enhance efficiency and connectivity across GRM. The platform, which was launched in 2023, provides an enterprise-wide view of operational risk, with critical information readily accessible on a customised dashboard. Additional modules are being introduced to enable risk to be better managed, measured and reported.

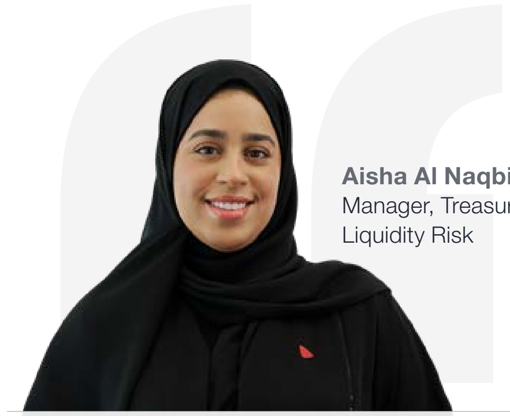
Similarly, in the coming year, GRM will look to allocate more resources, including into technology, to enhance management of model risk, for example in the area of internal model validation.

To drive further progress, ADCB has prioritised cultivation of top talent in the area of risk. The Bank has successfully attracted and promoted a number of highly experienced UAE nationals into leadership positions in GRM, including Deputy Credit Risk Officer, Chief Information Security Officer, Deputy Head of Fraud and a number of senior roles within Credit and Market Risk.

Meanwhile, ADCB has also made significant strides in cultivating a culture of risk awareness throughout the organisation. This proactive approach encompasses all levels of the workforce, with a particular emphasis on ensuring new employees are thoroughly versed in the Bank's risk management philosophy from day one. To ensure employees are updated on new developments, GRM runs campaigns on specific risk topics, such as data privacy and other information security issues, and organises activities and training around events such as International Fraud Awareness Week held each November.

The Bank's commitment to risk awareness is further reinforced by integrating risk management key performance indicators (KPIs) into the overall performance metrics of senior executives. This ensures a positive approach to risk management cascades down through diverse teams throughout the organisation.

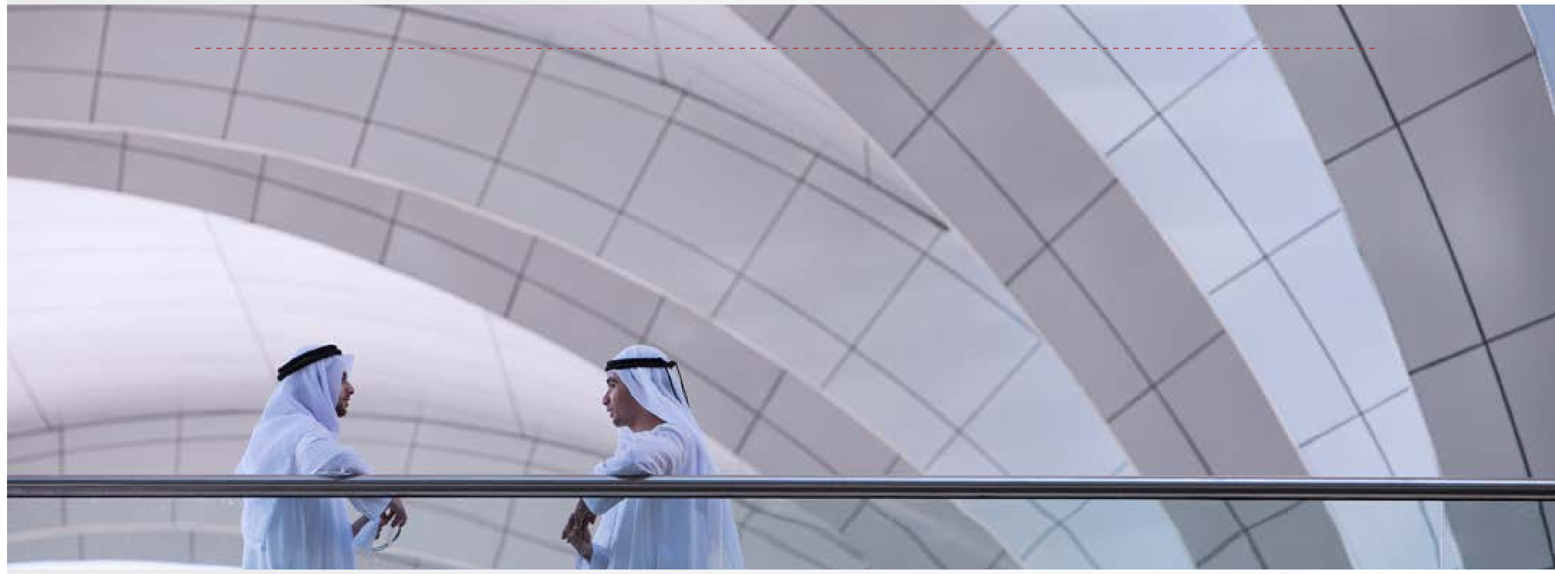
In ADCB's annual Partnership Index Survey, which measures internal stakeholder engagement and satisfaction, an overwhelming majority of Risk teams and individuals exceeded the target score of 90% in 2024.



Aisha Al Naqbi
Manager, Treasury Market & Liquidity Risk

"I'm involved in business continuity planning (BCP), key risk indicators and risk and control self-assessment. This includes conducting evidence tests and managing the IT aspects in department-wide models. I've also supported the team on planning and undertaking BCP testing. During my time with the Bank, I've grown into my role and I have actively contributed to the business's success."

Spotlight



Internal Shari'ah Control Department (ISCD)

ISCD is part of the GCRO oversight responsibilities. Its key activities in 2024 included:

- Developed a Shari'ah Compliance Function Policy and standard operating procedure (SOP) to capture the recently issued CBUAE Standard Shari'ah Compliance Function under Notice No. CBUAE/BIS/2024/1906 dated 3 April 2024
- Reviewed more than 80 internal policies, SOPs, and manuals from different stakeholders across the Bank
- Successfully organised five Internal Shari'ah Supervision Committee (ISSC) meetings in the financial year 2024
- Reviewed several key Islamic CIBG documents, including:
  - Islamic Commercial Account
  - Islamic Commercial Financing Product Notes
  - Guidance Note of Standard 59 Adoption for Murabaha contracts for commercial & corporate segments
- Advised, reviewed, and obtained Shari'ah approval for sukuk, syndication deals, and bilateral financings
- Provided guidance on Islamic hedging and Treasury deals of IPRS, FX forwards and options
- Supported and advised on growing Islamic wealth management offerings, including review of newly created documentation (T&Cs, agreements, application forms, etc.)
- Conducted specialised Islamic banking training for the management of Islamic banking and other departments
- Supported various departments and stakeholders from a Shari'ah compliance perspective on projects such as product programmes, standard operating procedures, transaction documentation and marketing collateral
- Collaborated with different departments in closing Shari'ah audit observations

External risk scenarios

Focus areas

Geopolitical risks are likely to remain in focus in 2025, while tax risk will be heightened as customers make their first payments following submitting returns subsequent to the introduction of corporate income tax in the UAE in 2024. Model risk is another area of growing importance, with Group Risk Management investing more resources in internal model validation, as well as leveraging the insights from the new fraud mitigation system that was deployed in late 2024. Technology, automation and AI will be essential tools for maintaining an effective and efficient approach to risk management, enabling Group Risk Management to continue supporting the business as it expands and as the risk environment grows ever more complex.

We identify and actively monitor a range of external risks that have the potential to lead to significant, unexpected adverse outcomes for the Bank or its ability to meet strategic objectives. These external risks, and their potential impact and mitigation strategies, are summarised below.

EXTERNAL RISK	DEFINITION AND POTENTIAL IMPACT	MITIGATION STRATEGY
Macro-economic conditions in the operating markets	The balance between managing inflation within an acceptable range and interest rate impacts on economies as we transitioned into 2025 remains an area of key focus. It impacts the banking sector's growth rates and margin compression. The UAE continues to benefit from growing GDP levels, relatively stable oil prices, strong liquidity and a strong diversification agenda.	The Bank's strategy is aligned to its risk appetite, which is revised annually and we update the macro-economic variables within our provision models to reflect the evolving state of the market whilst balancing base, optimistic and pessimistic scenarios. The economic sector limits that were established in 2020 undergo regular updates with input from both external parties and our Chief Economist.
Geopolitical risk	Geopolitical tensions remain a risk in the region and stem from sources unrelated to the Bank and its businesses. In 2025, we will be closely monitoring developments plus the outcomes of trade negotiations and the trade tariff regimes that may be imposed.	The Bank's strategy is aligned to its risk appetite and we update the macro-economic variables within our provision models to reflect the evolving state of the market. In addition, we set country limits for each individual country, which factor in geopolitical dynamics as well as fiscal profiles of a country.
Regulatory and legal risks to our business model	New regulatory requirements may have an impact on our business model and profitability. Should a regulatory change reduce our ability to meet our customers' needs or achieve fair customer outcomes, we may experience increased costs and reputational damage. Moreover, the inability to satisfy our customers would cause the Bank to fall short of its strategic objectives, potentially hurting earnings, liquidity, capital and shareholder confidence. The risk of failure due to unanticipated external regulatory and legal changes may affect all our businesses. In the past 12 months and going into 2025, we perceive that this risk continues to remain high due to the frequency of new regulations being issued by the Central Bank of the UAE and ongoing thematic reviews conducted.	We strive to ensure that the Bank's views are considered when UAE regulatory policy is developed. ADCB chairs and/or is a member of several forums within the UAE Banks Federation. Internally, we analyse all new draft regulations or circulars to measure their impact and ensure they can be implemented. We also confirm that our capital and liquidity plans anticipate the potential effects of any changes. The Bank puts in place remediation plans for any issues that arise from the thematic reviews which are endorsed by the Board Audit Committee.
Cyber threats	Threats from external parties on the Bank related to cyber and phishing/fraud attempts on our customer base remained high in 2024 and are not expected to reduce in the coming year.	We increased the level of communication to our customer base and employees to heighten awareness of cybersecurity issues and fraud attempts. We provided examples of how these attempts are undertaken to build protection against these risks. The Bank continued to invest in tools, systems, penetration testing and vendor support to ensure our perimeter and systems remain strong against attacks. Our control environment was also updated to factor in new threats. Furthermore, the use of ADCB FacePass to authenticate a customer at origination and for the processing of transactional requests is being used to reduce the dependence upon one-time passwords (OTPs). The Bank also participates in various simulations and scenarios to build resilience and expertise in both the technical teams and management.

Our principal risks

Our principal risks are frequently reviewed and updated, particularly in a challenging and rapidly evolving environment. They ensure the Bank's full enterprise risk profile is measured, monitored, and aligned with our overall Group strategy. In addition to the below table, further information can be found in our Corporate Governance and Sustainability Reports.

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
Capital risk	Potential for: (i) Insufficient level or composition of capital to support normal activities or stressed conditions; and (ii) Risk of loss arising from the Bank failing to maintain the level of capital required by prudential regulators and other key stakeholders to support operations and risk appetite.	We maintain a healthy and active approach to capital management, including the maintenance of buffers sufficient to support our strategic aims and maintenance of an investment-grade rating. ADCB is well-capitalised and regularly runs stress tests to ensure sufficient capital coverage. We manage capital utilisation and business growth within the risk-weighted asset (RWA) target ranges reflected in our business plans. Such plans also target the stability of earnings. We grow our business by targeting recurring economic profit commensurate with risks being taken and returns expected. Capital implications from our ICAAP and stress test results also feed into the Bank's considerations together with the Bank's recovery plan.	**Accountable executives:** → Group Chief Financial Officer → Group Chief Risk Officer **Accountable committees:** PMC, BAC, BRC, Board
Compliance/ regulatory risk	Potential for impact and exposure to regulatory sanctions or loss from a failure to comply with regulatory requirements, laws or industry standards.	We are committed to upholding compliance standards, laws, regulations and industry standards, as well as internal policies and sound corporate governance principles. Identified breaches are remedied as soon as practicable. The Bank has no appetite for deliberate or negligent non-compliance.	**Accountable executives:** → Group Chief Compliance Officer → Group Chief Risk Officer **Accountable committees:** MEC, BAC, Board

Note:
BEC: Board Executive Committee; BRC: Board Risk Committee; BAC: Board Audit Committee; NCHRG: Board Nomination, Compensation, Human Resources and Governance Committee; MEC: Management Executive Committee; ALCO: Asset and Liabilities Committee; MCC: Management Credit Committee; MMRC: Management Model Risk Committee; PMC: Performance Management Committee; RMC: Risk Management Committee

Our principal risks (continued)

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
Conduct risk	Potential for detriment to retail customers, corporate clients, or market integrity from the inappropriate supply of financial services or from a failure on our part to abide by the Bank's Code of Conduct Policy and/or applicable laws and regulations, including insider trading and anti-bribery risk.	We maintain standards in our Code of Conduct and core values, ensuring we always 'do the right thing' in how we conduct business. The Bank expects employees to conduct themselves with a high degree of integrity and to strive for excellence in the work they perform and the outcomes they achieve. The appetite for behaviours that do not meet these standards is very low. ADCB takes any breaches of its Code of Conduct very seriously. We have clearly defined policies on anti-bribery and corruption, anti-money laundering and insider trading. We are committed to creating a safe working environment for all our employees, where they are protected from physical and psychological harm. We have zero-tolerance for practices or behaviours that could be expected to lead to staff being harmed while at work. We are also committed to treating our customers fairly by operating with transparency and providing clear information on products and services, managing conflicts of interest related to these services, avoiding misselling. We maintain a rigorous process to ensure that the products and services we provide are suitable to customers.	**Accountable executives:** → MEC members **Accountable committees:** MEC, NCHRG, BAC, Board
Credit risk	Potential for financial loss due to the failure of a customer to meet the agreed obligations to pay the Bank. This also includes concentration risk (large exposure to specific client groups, sectors, or geographies) and decreases in credit quality.	We manage our credit exposures by having a sound analytical framework, focusing on analysing cash flows and considering the legal framework of the Bank and borrower. We apply a set of criteria and policies to lending, which means we only deal with clients with good creditworthiness. This ensures that facilities are appropriately secured, wherever feasible. We have a greater appetite for risk in industries we understand well and have the insights, capability, and capacity to manage and monitor. We remain a relationship-driven business rather than pursuing opportunistic transactions. Wherever possible, collateral is taken to reduce unsecured lending. Larger transactions are taken to the BEC for approval and the full Board to meet regulatory requirements.	**Accountable executives:** → Group Chief Credit Officer → Group Heads for RBG and CIBG → Group Chief Risk Officer **Accountable committees:** MCC, BAC, BEC, BRC, Board

Note:
BEC: Board Executive Committee; BRC: Board Risk Committee; BAC: Board Audit Committee; NCHRG: Board Nomination, Compensation, Human Resources and Governance Committee; MEC: Management Executive Committee; ALCO: Asset and Liabilities Committee; MCC: Management Credit Committee; MMRC: Management Model Risk Committee; PMC: Performance Management Committee; RMC: Risk Management Committee

Our principal risks (continued)

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
Data privacy, data quality and data protection risk	Potential for customers, employees, corporate and related parties to lose control over their personal data, or to experience unintended outcomes and harm as a result of the Bank's processing of that data.	Breach management: We have no appetite for 'significant' breaches of personal data processed by the Bank and a very low appetite for 'insignificant' breaches of personal data. Data protection impact assessment: We have no appetite for failure to implement controls within defined timelines, identified during data protection impact assessments. Data subject rights: We have no appetite for failure to facilitate the exercise of data subject rights, as required within the timeframes specified in applicable laws. We are committed to ensuring that customer information is authentic, appropriately classified, properly conserved and managed in accordance with legislative and business requirements. The Bank has no appetite for the deliberate misuse of customer information. We have no appetite for compromise of processes, data quality or data integrity issues that may cause limited or erroneous data to adversely affect our ability to make correct business decisions or jeopardise the integrity of management and regulatory reporting, which may also lead to financial loss. This also extends to leakage of customer data outside the organisation. The Bank will act to mitigate these risks at all times balancing the cost of maintaining a control environment against the impact and likelihood assessment of a risk happening.	**Accountable executives:** → Head of Data Management → Group Chief Risk Officer **Accountable committees:** MEC, BRC, Board
Financial crime risk	Potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating, but not limited to, international sanctions, anti-money laundering and anti-bribery and corruption.	We have no tolerance for breaches in law and regulations related to financial crime, recognising that while incidents are unwanted, they cannot be entirely avoided. The Bank has no appetite for any fraud or corruption perpetrated by its staff. All allegations of suspected fraud or corruption are taken seriously, as set out in the Code of Conduct.	**Accountable executives:** → Group Chief Compliance Officer → Group Chief Risk Officer → Head of Fraud & Investigations **Accountable committees:** MEC, BAC, Board

Note:
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Our principal risks (continued)

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
Cybersecurity and technology risk	Potential for loss from a breach of confidentiality, integrity, or availability of the Bank's information systems and assets through cyber-attack, insider activity, error or control failure. This includes the risk of loss of confidential information plus the management and quality of data held within systems which may lead to financial losses.	We have minimal appetite for risk concerning the availability of critical business systems. Service availability requirements have been identified and agreed upon within each business area. We have no appetite for damage to our assets from threats arising from malicious attacks. We have strong internal processes, and robust technology controls to address this risk. Our appetite remains low for IT system-related incidents generated by improper project management practices, excluding the unknowns before any 'go live'. ADCB provides a secure environment for its people and assets by ensuring its physical measures meet high standards. We have no appetite for the failure of physical security measures. We are committed to ensuring that information is authentic, appropriately classified, properly conserved, and managed per legislative and business requirements. We have no appetite for the deliberate misuse of information. Nor do we have any appetite for compromise of processes or data integrity issues that may cause limited or erroneous data to adversely affect our ability to make correct business decisions or jeopardise the integrity of management and regulatory reporting, which may also lead to financial loss. We always mitigate these risks, balancing the cost of maintaining a controlled environment against the impact and likelihood assessment of a risk occurring.	**Accountable executives:** → Chief Information Security Officer → Head of Data Management → Head of Technology Services → Group Chief Risk Officer **Accountable committees:** Information Security Working Group, MEC, BRC, Board
Liquidity and funding risk	Potential that the Bank will be unable to meet its payment obligations associated with its financial liabilities when they fall due and replenish funds when withdrawn. Funding risk is the risk that ADCB will be unable to achieve its business plans due to its capital position, liquidity position or structural position.	We actively manage our liquidity and funding base to ensure that the Bank always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to ADCB's reputation. We have no appetite for losing our investment-grade ratings and are mindful of managing liquidity and funding within the constraints of Basel III, regulatory obligations and the desire to be the last bank standing.	**Accountable executives:** → Group Treasurer → Head of Treasury, Liquidity & Market Risk → Group Chief Risk Officer **Accountable committees:** ALCO, BRC, BEC, Board
Market risk	Potential that changes in market prices, such as interest rates, equity prices, foreign exchange rates, commodity prices and credit spreads (not related to credit standing) will affect the Bank's income, assets/liabilities or the value of its holdings of financial instruments.	We control our trading portfolio and activities to ensure that losses related to market risk (financial or reputational) do not cause material damage to the Bank. Our appetite across 10 key categories is set out within the market risk appetite framework, covering: interest rate risk, foreign exchange risk, equity exposure risk, commodity risk, volatility risk, counterparty risk and liquidity risk. Specific limits are established based on the trading book, investment book and banking book activities.	**Accountable executives:** → Group Treasurer → Head of Market Risk → Group Chief Risk Officer **Accountable committees:** ALCO, BRC, Board

Note:
BEC: Board Executive Committee; BRC: Board Risk Committee; BAC: Board Audit Committee; NCHRG: Board Nomination, Compensation, Human Resources and Governance Committee; MEC: Management Executive Committee; ALCO: Asset and Liabilities Committee; MCC: Management Credit Committee; MMRC: Management Model Risk Committee; PMC: Performance Management Committee; RMC: Risk Management Committee

Our principal risks (continued)

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
Model risk	Recognising that the use of models invariably presents 'model risk', which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. Model risk can lead to financial loss, poor business and strategic decision-making, or damage to a bank's reputation.	We look to minimise the impact of model risk by ensuring it has an appropriate governance framework in place (separating model development and model validation functions); regular internal and external validations; and remediation activities tracked via the model inventory tool. ADCB will also set aside a provision overlay to capture the inherent model risk that the Bank has by virtue of reliance on numerous models covering market risk/credit risk/provisioning etc.	**Accountable executives:** → Head of Model Validation and Governance → Head of Credit Risk Management → Head of Treasury, Market & Liquidity Risk → Group Chief Risk Officer **Accountable committees:** MMRC, RMC, BRC, Board
Operational risk	Potential for loss resulting from inadequate or failed internal processes, people, and systems, or the impact of external events. This includes fraud, technology, outsourcing and legal risk.	Operational risk is a fundamental element of the Bank's approach to risk and impacts its banking products, activities, processes and systems. Our framework ensures a consistent approach and supports business objectives, reinforces a proactive risk management culture, and continuously improves ADCB's control environment. We manage operational risk by ensuring accountability and ownership across the Bank. We employ tools to reduce the probability of the occurrence of operational risk events that could threaten the Bank's reputation, the quality of our services and products, or the efficiency of our processes. We monitor the stability of our systems, the effectiveness of business continuity planning and disaster recovery to ensure the level of service we offer customers, and regulators' expectations are never compromised. We have adopted five levels of operational risk severity ratings — minor, low, moderate, major and extreme — whereby minor and low risks lie within the Bank's risk appetite and extreme constitutes a threat to the Bank's ability to continue its operations. The Bank mitigates these risks at all times, balancing the cost of maintaining a controlled environment against the impact and likelihood of a risk occurring.	**Accountable executives:** → Business Heads → Head of Operational Risk → Head of Fraud & Investigations → Group Chief Risk Officer/ Deputy Chief Risk Officer **Accountable committees:** Operational Risk Working Group, MEC, BAC, BRC, Board
Reputational risk	Potential adverse effects can arise if the Bank's reputation is damaged due to factors such as unethical practices, breach of law, regulation, customer dissatisfaction, data privacy breaches and complaints or adverse publicity.	We protect the Bank from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed by the appropriate management and governance oversight level. We have a very low appetite for material legal cases against the Bank and, where appropriate, will adequately make provisions in a timely manner.	**Accountable executives:** → MEC members **Accountable committees:** BAC, BRC, Board

Note:
BEC: Board Executive Committee; BRC: Board Risk Committee; BAC: Board Audit Committee; NCHRG: Board Nomination, Compensation, Human Resources and Governance Committee; MEC: Management Executive Committee; ALCO: Asset and Liabilities Committee; MCC: Management Credit Committee; MMRC: Management Model Risk Committee; PMC: Performance Management Committee; RMC: Risk Management Committee

Our principal risks (continued)

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
Sustainability risk	The potential adverse effects on the Bank and/or its financial position that can arise if the dimensions of sustainability (climate change, customers & communities, employees and governance) are not well managed to industry and global best practice standards.	We comply with international reporting standards and industry best practice to facilitate a proactive approach to managing ESG risks and opportunities, which are underpinned by UN Sustainable Development Goals (SDGs). We will maximise our contribution to an inclusive, net zero economy to support the UAE's Net Zero by 2050 Strategic Initiative. To support customers on their path to success in a net zero economy, ADCB has joined the Net Zero Banking Alliance (NZBA). Convened by the UN Environment Programme Finance Initiative (UNEP FI), the NZBA brings together over 140 banks that have committed to financing ambitious climate action to transition the real economy in line with the goals of the Paris Agreement. In joining the NZBA, ADCB has pledged to align its lending and investment portfolios with the imperative of limiting global warming to 1.5°C, in line with the Paris Agreement. ADCB's commitment to NZBA forms an integral part of the Bank's enhanced climate strategy. At the core of this approach is supporting customers in their transition to an inclusive, sustainable economy. As a member of the alliance, ADCB is committed to the following actions on climate: → Transition the operational and attributable GHG emissions from lending and investment portfolios to align with pathways to net zero by 2050 or sooner → Within 18 months of joining, set targets for 2030 or sooner and a 2050 target, with intermediary targets to be set every five years from 2030 onwards → The Bank's first 2030 targets will focus on priority sectors where it can have the most significant impact, i.e., the most GHG-intensive sectors, with further sector targets to be set within 36 months	**Accountable executives:** → MEC members **Accountable committees:** Group Sustainability Committee, BEC, Board
Islamic banking risk	The potential adverse effects that can arise if the Bank is not fully in compliance with the rules and principles of Islamic Shari'ah as interpreted by the Internal Shari'ah Supervision Committee (ISSC) of ADCB, as well as the standards, notices and resolutions issued by the Higher Shari'ah Authority. This relates to the operation of the Islamic window and its products and services.	We aim to protect the Bank and its Islamic Banking customers from material damage by ensuring that any business activity is satisfactorily assessed and managed by the appropriate level of management and governance oversight in accordance with Islamic principles, regulations and ISSC guidance. ADCB has a low appetite for non-compliance with Shari'ah guidance and regulations.	**Accountable executives:** → MEC members → Head of Islamic Banking/Head of Internal Shari'ah Control **Accountable committees:** ISSC, BRC, Board

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Our principal risks (continued)

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
Anti-bribery and corruption risk	ADCB Group is fully committed to operating in the highest reputable manner and remaining in full compliance with all applicable laws and regulations including those related to anti-bribery and corruption.	We manage this risk by avoidance of: › Accepting or offering bribes in any form › Receiving or giving gifts of cash or cash equivalents (stocks, bonds, loans). Internal thresholds set to cover other business situations (entertainment for example) › Receiving or giving hidden discounts, commissions or kickbacks › Facilitation payments made or received by employees, third-parties or associated persons › Any falsification of books and records › Paying, offering, or promising to provide or arranging, or authorising (directly or indirectly) through any other person or firm, the payment or transfer of anything of value to either a public official (foreign or local) or an employee of a local and/or international firm Risk tolerance: ADCB maintains a zero-tolerance approach towards intentional breaches of applicable laws, regulations and policies relating to bribery and corruption.	**Accountable executives:** → MEC members **Accountable committees:** MEC, BAC, Board
Digital risk	ADCB defines digital risk as all unexpected and unwanted consequences that result from digital transformation and that disrupt the achievement of business objectives. Digital risk includes the risks associated with the creation, delivery, and use of new digital technologies, processes, and services that are deployed to achieve operational efficiencies, scale new business models, or deliver new services to customers.	This combination of technology risk, compliance risk, third-party risk, automation risk, resiliency risk, and data privacy risk can have unwanted and, at times, unforeseen consequences that can undermine service quality and thwart the achievement of intended outcomes. While we leverage technologies such as cloud solutions, automation and analytics solutions to achieve innovation and efficiency, we prioritise data residency within the UAE and strictly adhere to all relevant regulations and data privacy laws. We have a low tolerance for data breaches and unauthorised access to customer data, and we ensure operational resilience against disruptions.	**Accountable executives:** → Chief Information Security Officer → Group Chief Risk Officer → Chief Information Officer **Accountable committees:** MEC, BEC, Board
Fraud risk	ADCB defines fraud as an intentional misrepresentation by one party to a second party, whereupon the second party relies on the misrepresentation resulting in an actual or potential loss/harm to them including financial loss.	We are committed to a zero appetite towards fraud, however it is recognised that, in the normal course of business, there is a degree of fraud risk involved. Any associated fraud risk will be managed within tolerance levels as agreed between Fraud Risk Management (FRM) and the business to achieve an optimal cost versus benefit outcome. FRM will undertake all types of external fraud investigations including, but not limited to: lending fraud, card fraud, customer transaction fraud and internal staff fraud. Any ADCB employee found to have committed fraud will be subject to disciplinary action, criminal proceedings and civil recovery. ADCB will fully cooperate with law enforcement agencies to prosecute all staff, customers and third-parties involved in fraud.	**Accountable executives:** → Head of Fraud Risk Management → Business Heads → Deputy CRO → Group Chief Risk Officer **Accountable committees:** MEC, BRC, Board

Note:
BEC: Board Executive Committee; BRC: Board Risk Committee; BAC: Board Audit Committee; NCHRG: Board Nomination, Compensation, Human Resources and Governance Committee; MEC: Management Executive Committee; ALCO: Asset and Liabilities Committee; MCC: Management Credit Committee; MMRC: Management Model Risk Committee; PMC: Performance Management Committee; RMC: Risk Management Committee

COMPLIANCE

Compliance

Compliance is an independent function at ADCB responsible for ensuring the Bank complies with applicable regulations, rules and market standards. The function ensures compliance with anti-money laundering (AML) regulations, combatting the financing of terrorism (CFT), sanctions and proliferation financing. This includes policies, procedures, systems, controls, training, monitoring and reporting, designed to prevent or detect financial crime and any compliance breach, which may occur in the normal course of doing business.

Key highlights

- Strong investment in compliance capabilities to support growth of the Bank
- Deployment of advanced technologies, AI, machine learning and behavioural models to assist in the detection and mitigation of financial crime risks
- 2,400+ hours of compliance education delivered across the organisation

ADCB's Compliance function continues to play a crucial role in the Bank's accelerated growth, actively managing and monitoring risks, and ensuring adherence to applicable regulations, rules and market standards. This role is carried out in a proactive and highly collaborative manner in the context of a sophisticated UAE regulatory landscape, which reflects the country's commitment to a rigorous approach to maintaining financial integrity and a strong reputation on the global stage.

ADCB's Compliance function operates within the Bank's 'three lines of defence' risk management model. Together with the other control functions of Risk, Compliance forms the second line of defence, which is independent from the business and is accountable for overseeing and challenging the first line of defence — the business units — on the effective management of their risks, and providing adequate advice as needed.

The Compliance team maintains a proactive engagement with the Central Bank of the UAE (CBUAE) and the Securities and Commodities Authority (SCA), and participates in sectoral consultations related to new banking regulations. The Group Chief Compliance Officer reports directly to the Group Chief Executive Officer and has direct access to the Board, through the Board Audit Committee.

As part of the Compliance function, a dedicated compliance assurance team has been established to ensure effective compliance oversight and management reporting, with mechanisms in place to continuously monitor and measure against set tolerances. The team also administers the bankwide 'Conduct Compliance Framework' and its associated policies to ensure that there is strong risk management, accountability, supervision and monitoring across the three lines of defence. During 2024, an analytics tool has also been deployed to enable the efficient evaluation of large datasets and to enhance the coverage and scope of compliance assurance reviews.

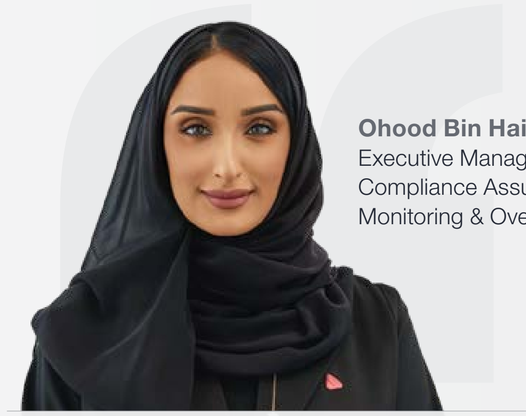
As the regulatory landscape and the risk environment have evolved, ADCB has significantly bolstered its compliance capabilities to meet the heightened expectations of regulators, and to support the Bank's ambitious growth trajectory, with a particular focus on financial crime, sanctions and regulatory compliance.

Regulatory compliance

Among key regulatory compliance activities in 2024, ADCB continued to enhance policies and procedures to address control risks as part of a broader approach to regularly update core compliance policies.

The Bank has implemented a comprehensive enterprise solution designed to enhance its organisational approach to regulatory compliance and risk management. The platform offers a unified approach across all business and support groups, centralising compliance monitoring and reporting processes, and providing real-time insights and analytics on regulatory implementation to strengthen organisation-wide risk management capabilities.

With the launch of Sanadak, the UAE Ombudsman Scheme, in March 2024, the Bank continues to refine its complaint handling and resolution journeys to maintain a focus on fairness and transparency. ADCB has continued to enhance consumer protection standards across its core banking businesses, delivering tangible benefits to customers through measures such as increased disclosures and greater transparency around fees, interest rates, and potential risks associated with its products and services. Furthermore, ADCB has reinforced governance and oversight of its approach to consumer protection through structured Board- and Management-level reporting.



Ohood Bin Haider
Executive Manager,
Compliance Assurance,
Monitoring & Oversight

"I've played a pivotal role in several significant initiatives, including establishing the 'New Product and Service Approval' sub-committee under the Management Compliance Committee. I've also contributed to organisational reports, such as 2024 Corporate Governance and ESG reports, and I led the inaugural Group Compliance and Governance Town Hall, which brought together key stakeholders to align on compliance objectives and achievements."

The Compliance team delivered more than 2,400 hours of compliance-focused learning in 2024 to key participants across core businesses and support functions. This included specific targeted trainings and awareness sessions to enable staff to identify and mitigate Compliance risk.

Deployment of AI to enhance the management of financial crime risks

ADCB remains committed to complying with the applicable laws and regulations of the markets in which it operates, and the Bank ensures the application of consistently high standards in countering financial crime.

ADCB has continued to prioritise the implementation and maintenance of a robust framework for anti-money laundering (AML) and combatting the financing of terrorism, in alignment with regulatory obligations and requirements. During 2024, the Bank's dynamic AI-enabled customer risk assessment model, which was launched in 2023, was further integrated into existing operations to support the assessment of risk at the customer onboarding stage and on an ongoing basis thereafter. Machine learning tools enable the Bank to conduct dynamic evaluation of customer behaviour and predict potential financial crime risks, contributing to the delivery of valuable insights from the perspective of customer risk management and customer experience.

Enhancements to sanctions compliance

ADCB has developed a robust 'Counter Proliferation Financing and Sanctions Evasion Programme' over a number of years to enable the Bank to evaluate and address risk exposures effectively in a priority area for the UAE government and regulators.

COMPLIANCE ensures the Bank complies with applicable regulations, rules and market standards

In 2024, the Bank continued to reinforce this programme by implementing significant enhancements to its automated screening systems, process flows, risk assessments and team capabilities. This has included deployment of multiple automated tools for the detection of potential sanctions and proliferation risk within trade operations and wider payment flows, complemented by additional intelligence data feeds covering areas of risk exposure not included in conventional sanctions lists.

These advances strengthen the Bank's capacity to monitor and detect risks related to trade-based money laundering, dual-use goods and sanctions evasion, supporting ADCB's commitment to implement the foreign and domestic export control requirements set by the UAE's Executive Office for Control and Non Proliferation.

In addition, ADCB takes a rigorous approach to conducting 'Proliferation Financing Risk Assessments' to proactively detect any vulnerabilities in operations and customer relationships. The Bank continues to adapt these assessments and its controls to meet an evolving risk environment, and in particular the use by state and non-state actors of the banking system's digital payment and transfer services.

Yaser Ahmad
Head, Wealth Management and Capital Markets, Compliance

"I collaborated with key stakeholders to expand the Bank's investment services and product offerings. This initiative enhanced client investment options, ensured compliance with UAE regulations, and supported ADCB's strategic growth objectives."

Independent external reviews

- In 2024, ADCB commissioned an independent assessment of the Compliance function by a specialist third-party company. The assessment produced a positive outcome with 19 of 20 aspects assessed as 'fully compliant' and the other categorised as 'largely compliant', reflecting a strong and effective framework.
- A 'Baseline Examination Report' received from CBUAE indicated that the Bank had made significant improvements to its AML/CFT programme in line with its directives.

Future outlook and strategic initiatives

ADCB is preparing for continued evolution in the domestic and international regulatory environment by investing further in the Compliance function and employee training. This includes continuous promotion and fostering of a transparent and ethical compliance culture for all stakeholders, underpinned by the Bank's core values of integrity, respect, ambition, discipline and care.

The Bank will continue to focus on strengthening its response to financial crime and risks related to proliferation financing and sanctions, including the continuous monitoring of machine learning models and expansion of their deployment.

By prioritising compliance and risk management, ADCB has positioned itself as an industry leader, maintaining a strong foundation for sustainable growth while navigating the complexities of the global financial landscape. This commitment to robust compliance practices not only supports expansion but also reinforces the Bank's reputation for integrity and reliability.

2,400+

Hours of compliance training in 2024

Focus on fighting financial crime

In 2024, ADCB implemented numerous initiatives to enhance anti-money laundering (AML), combatting the financing of terrorism (CFT) and anti-bribery and corruption (ABC) controls, tools and procedures. These initiatives focused on the continuous enhancement of the Group's financial crime compliance framework, policies, processes and systems to ensure increased efficiencies and implementation of adequate and effective AML/CFT controls.

Machine learning models deployed to enhance the AML/CFT control environment were refined during the year. As part of this automation drive, six AML machine learning models (including dynamic customer risk assessment, alert prioritisation models, correspondent banking and trade-based money laundering models) were validated by an independent third-party, in line with regulatory requirements. An automated AML/CFT enterprise-wide risk assessment tool was also implemented to increase efficiencies in the risk assessment process for 2024 and beyond.

Optimisation of the Group's transaction monitoring system continued, including the creation of new scenarios which went live in April 2024. Refinements to existing scenarios are ongoing, while the Bank is also working with an external vendor to develop and execute the continuous monitoring of all deployed AML models.

In addition, ADCB's AML and ABC policies were updated to ensure alignment with applicable regulatory requirements. Employees across the Bank continue to receive regular training on policy and regulatory developments to ensure they are appropriately skilled to identify AML/CFT and bribery and corruption risks in their business areas, and to ensure they remain fully aware of their responsibilities.

GOVERNANCE

Table of contents

CORPORATE GOVERNANCE

2024 ADCB Corporate Governance Report was signed off by the Group Chief Compliance Officer, Group Chief Risk Officer, Group Chief Internal Auditor, Group Chief Financial Officer and Board Members.

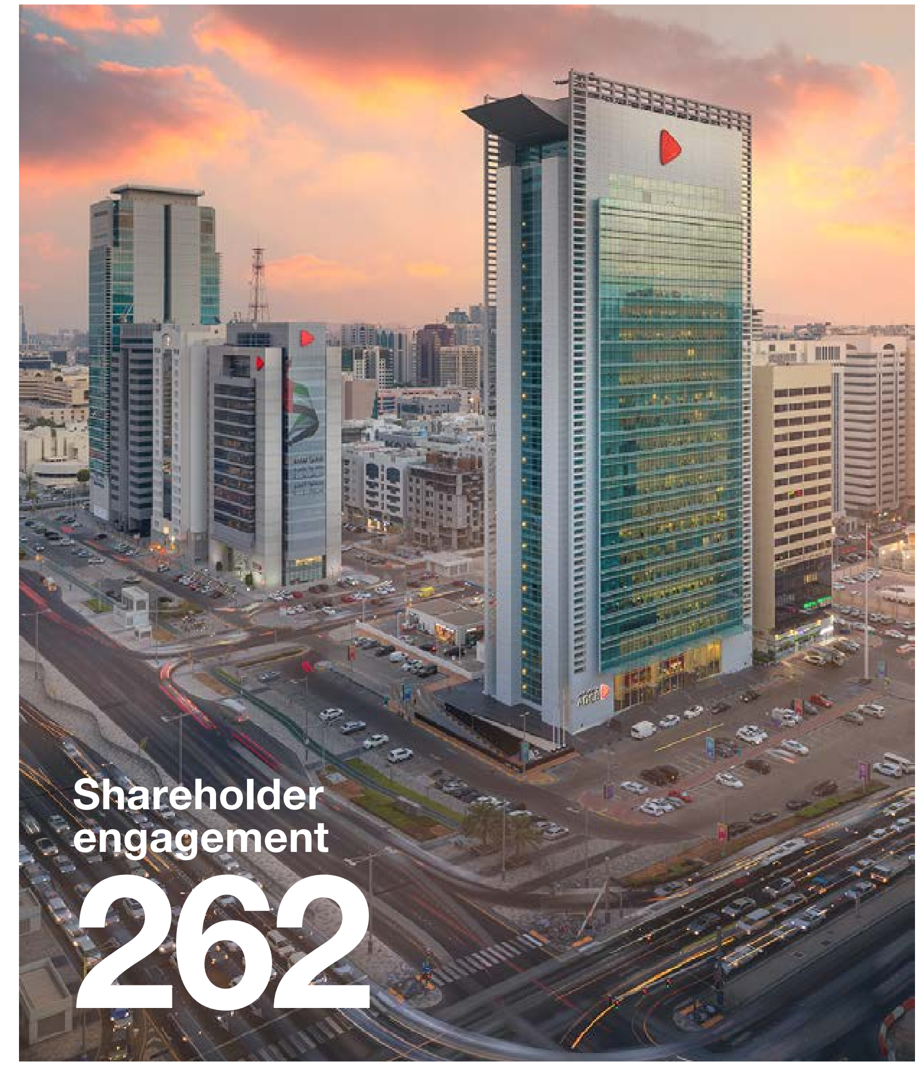
Certain disclosures and numbers have been reclassified and rearranged from prior year to conform to the current year's presentation.

ADCB BOARD GOVERNANCE

ADCB BOARD AGENDA AND MEETINGS

ADCB BOARD COMMITTEES

ADCB MANAGEMENT EXECUTIVE COMMITTEE (MEC)



SHAREHOLDER ENGAGEMENT

ISLAMIC BANKING GOVERNANCE

AL HILAL BANK GOVERNANCE

KHALDOON KHALIFA AL MUBARAK | Chairman

Statement from the Chairman

On behalf of the Board of Directors, I am pleased to present ADCB's 2024 Corporate Governance Report.

The Bank's strong market position is driven by an unwavering commitment to the highest level of governance. In 2024, ADCB continued to build a culture of high performance and accountability, while making continued investments in its control functions to support the Group's accelerated growth, safeguard stakeholder interests and uphold trusted leadership within the UAE's financial sector.

ADCB places effective risk management at the core of its decision-making processes, continuously monitoring both existing and emerging risks. During the year, ADCB enhanced its Risk Management Framework by elevating 'anti-bribery and corruption', 'digital risk', and 'fraud risk' to be included among 17 defined 'principal risks', in recognition of their critical role in ensuring stability of the financial system.

The Bank's strong market position is driven by an unwavering commitment to the highest level of governance.

ADCB continues to be fully committed to maintaining the highest standards to fight financial crime and to support the implementation of the UAE's 2024-2027 National Strategy for Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing. In this context, the Bank enhanced its compliance capabilities, particularly through expanded deployment of advanced technologies like artificial intelligence (AI), machine learning, and the use of behavioural models. These technologies are improving risk assessments, streamlining monitoring processes, and ensuring robust protection against emerging threats. Additionally, an independent review of the Compliance function in 2024 confirmed that ADCB operates a highly effective compliance programme.

The Board continues to prioritise the responsible management of ESG risks and opportunities, particularly through implementation of its Environmental and Social Risk Management framework in credit assessments. Having joined the Net Zero Banking Alliance in late 2023, ADCB has also continued to be a key interlocutor as the UAE develops its sustainability-related regulatory framework. We welcome the introduction by the Central Bank of the UAE (CBUAE) of new 'Principles for Sustainability-related Disclosures for Reporting Entities' aligned to IFRS Sustainability Disclosure Standards.

In recognition of its advancements in data privacy management and security, business ethics and sustainable finance, ADCB received an upgrade in its MSCI ESG rating to 'AA' from 'A' in 2024. This upgrade positions ADCB among the MSCI 'industry leader' category for managing ESG risks and opportunities.

Recognised as a Domestic Systemically Important Bank (D-SIB) in the UAE, ADCB prioritises strong relationships with regulators, and I would like to express my appreciation for the instrumental role of the CBUAE in promoting financial stability and creating the environment in which the banking industry can thrive.

I would also like to take this opportunity to welcome H.E. Dr. Ahmed Mubarak Al Mazrouei to the Board of Directors following his recent appointment and acknowledge the valuable contributions of H.E. Amr Al Menhali, who resigned from the Board in 2024.

Finally, I would like to extend my sincerest gratitude to all my colleagues on the Board, ADCB's Executive Management, and the Bank's dedicated employees. I look forward to continuing our collaboration with all ADCB's stakeholders as we work together to build a world class financial institution that plays an important role in supporting sustainable economic development.

Board of Directors

H.E. Khaldoon Khalifa Al Mubarak was appointed Chairman of the ADCB Board of Directors in 2020.

He is the Managing Director and Group Chief Executive Officer of Mubadala Investment Company PJSC (Mubadala), responsible for aligning Mubadala with Abu Dhabi's economic diversification efforts. Beginning his career at the Abu Dhabi National Oil Company (ADNOC), H.E. Al Mubarak held a number of positions at Tawazun Economic Council, formerly known as UAE Offsets Group, before assuming his current portfolio of responsibilities.

H.E. Al Mubarak holds a number of UAE Government and Abu Dhabi Government responsibilities, including; member of the Abu Dhabi Executive Council since 2004; member of Abu Dhabi's Supreme Council for Financial and Economic Affairs since 2020; the Presidential Special Envoy to China since 2018; and Chairman of the Abu Dhabi Executive Affairs Authority since 2006, the specialised government agency that provides strategic policy advice to His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates.

H.E. Al Mubarak graduated with a degree in Economics and Finance from Tufts University, USA.

External appointments:

- Abu Dhabi Executive Council, Member (2004), UAE
- Emirates Nuclear Energy Corporation, Chairman (2009), UAE
- City Football Group Limited, Chairman (2013), UK
- Emirates Global Aluminium PJSC, Chairman (2014), UAE
- The Supreme Council for Financial & Economic Affairs, Member (2020), UAE
- Abu Dhabi Advanced Technology Research Council, Member (2020), UAE
- Group 42 Holding Limited, Member (2020), UAE
- Abu Dhabi National Oil Company, Member (2021), UAE
- Abu Dhabi Investment Council Company PJSC, Chairman (2022), UAE
- Artificial Intelligence and Advanced Technology Council (AIATC), Member (2024), UAE
- MGX, Vice Chairman (2024), UAE

H.E. Khaldoon Khalifa Al Mubarak
Chairman

Independent Non-Executive Director

Aysha Al Hallami joined the ADCB Board of Directors in April 2013, bringing a wealth of experience in finance and investment management to her role.

As Deputy Director in the Core Portfolio Department of Abu Dhabi Investment Authority (ADIA), Aysha plays a crucial role in managing one of the world's largest sovereign wealth funds. Her position at ADIA allows her to bring a breadth of investment knowledge to ADCB's Board.

Aysha's background in finance and business is an important asset in her role as a Board member, providing a strong foundation in financial analysis and strategic decision-making. Her experience, knowledge and leadership skills are particularly valuable in driving the Bank's long-term growth and sustainability amid a complex and fast-changing regulatory environment.

Aysha is a CFA Charter holder. She earned a Bachelor's degree in Business Sciences and Finance from Zayed University in the UAE, followed by a Master's degree in Finance and Banking from Cass Business School at City University in the UK. She has also completed a General Management programme and a Private Equity and Venture Capital programme, both at Harvard Business School in the USA.

External appointments:

- Abu Dhabi National Takaful Company PSC, Member (2023), UAE

Aysha Al Hallami

Independent Non-Executive Director

BAC — Chair
BEC
BRC

BEC Board Executive Committee
BRC Board Risk Committee
BAC Board Audit Committee
NCHRGC Board Nomination, Compensation, HR & Governance Committee

H.E. Hussain J. AlNowais joined the ADCB Board of Directors in 2019.

In his capacity as the founder and Chairman of AlNowais Investments, H.E. AlNowais' leadership has been instrumental in driving the company's growth and establishing it as a key player in regional and international markets. Similarly, as the Chairman of AMEA Power, he has been at the forefront of developing sustainable energy solutions across Africa, the Middle East and Asia.

His previous experience as Chairman of Waha Capital, a leading investment company, and Khalifa Fund for Enterprise Development, a government initiative to support SMEs, equipped H.E. AlNowais with a deep understanding of both private sector dynamics and public policy objectives. Furthermore, as previous Chairman of Senaat General Holding Corporation, the industrial holding company for the Abu Dhabi Government's industrial assets, H.E. AlNowais gained extensive experience in privatisation and listing of corporations.

This combined broad experience enables H.E. AlNowais to bring valuable insights to the ADCB Board, ranging from the energy transition to capital markets development.

H.E. AlNowais has a Bachelor's degree in Business Finance from Lewis & Clark College in the USA. He has also completed executive management programmes at both INSEAD in France and London Business School in the UK.

External appointments:

- Al Nowais Investments LLC, Chairman (1979), UAE
- Rotana Hotels and Real Estate Investment, Member (1992), UAE
- AMEA Power LLC, Chairman (2016), UAE
- Family Business Council-Gulf, Member, (2016)
- Asia Business Council, Member
- World Economic Forum Community of Chairpersons, Member, (1982)
- Al Fanar Philanthropy Impact Investment, Board trustee and investor, (2021)

H.E. Hussain J. AlNowais
Vice-Chairman

Independent Non-Executive Director

NCHRGC — Chair

Saeed Mohamed Hamad Al Mazrouei joined the ADCB Board of Directors in 2019.

As the Managing Director and CEO of Abu Dhabi Investment Council Company, Saeed oversees one of the Emirate's leading sovereign wealth funds, bringing valuable insight into global investment dynamics and the macro-economic environment.

Previously, as Deputy Platform CEO of Direct Investments at Mubadala, Saeed demonstrated exceptional skills in managing capital allocation and implementing strategic investment decisions. His prior role as Deputy Chief Financial Officer at Mubadala further underscores his financial acumen, where he oversaw group-wide finance functions and treasury activities.

Saeed's diverse experience and extensive expertise in investment management, finance, and strategic leadership across various industries and geographies enable him to make a vital contribution to ADCB's Board, contributing significantly to the Bank's growth and strategic positioning.

Saeed earned a Bachelor's degree in Finance from Suffolk University in the USA, followed by a Master's degree in International Securities Investment and Banking from the University of Reading in the UK. He also has a Master's degree in National Security and Strategic Studies from the National Defence College in the UAE.

External appointments:

- Abu Dhabi Retirement Pension & Benefits Fund, Non-Executive Director (2019), UAE
- Moeve (formerly CEPSA), Non-Executive Director (2019), Spain
- Yas Holding LLC, Non-Executive Director (2021), UAE
- Edge Group, Non-Executive Director (2022), UAE

Saeed Mohamed Hamad Al Mazrouei

Independent Non-Executive Director

BEC — Chair
NCHRGC

Board of Directors

Carlos Obeid

Independent Non-Executive Director

BRC — Chair
BEC
NCHRGC

Carlos Obeid joined the ADCB Board of Directors in 2019 and has extensive experience in finance, investment management and strategic leadership.

As the Chief Financial Officer of Mubadala, Carlos plays a crucial role in managing the organisation's financial strategy and operations, including treasury, financial planning, and governance. This experience enables him to bring important perspectives into global investment trends, risk management strategies, and financial best practice to the ADCB Board. His expertise in overseeing complex financial operations and driving financial performance is particularly valuable in guiding the Bank's strategy, balance sheet management and enhancing its competitive edge.

Prior to his current role, Carlos worked with the UAE Offset Programme Bureau, where he led various initiatives in privatisation, utilities, and financial services. He also serves on the boards of a number of organisations operating in various industries and geographies. This combined experience has equipped him with a deep understanding of both public and private sector dynamics, as well as the evolving domestic and international regulatory environment across multiple sectors.

Carlos obtained a Bachelor of Science in Electrical Engineering from the American University of Beirut, Lebanon, followed by a Master of Business Administration from INSEAD in Fontainebleau, France.

External appointments:

- Global Foundries Inc, Non-Executive Director (2012), USA
- Mubadala Capital, Non-Executive Director (2021), UAE
- Abu Dhabi Investment Council Company PJSC, Non-Executive Director (2022), UAE

Sheikh Zayed Bin Suroor Al Nahyan

Independent Non-Executive Director

Sheikh Zayed Bin Suroor Al Nahyan joined the ADCB Board of Directors in 2021.

With a background in finance, Sheikh Zayed gained valuable experience at two renowned institutions; the National Bank of Abu Dhabi and Morgan Stanley. This exposure to both regional and international markets equipped him with a comprehensive understanding of banking operations, investment strategies, and risk management.

Sheikh Zayed's educational background reflects a well-rounded approach to business growth. His dual expertise in business management and technology enables him to offer insightful perspectives into the Bank's strategic investments in digital and AI transformation as the financial industry continues to evolve rapidly to changes in customer behaviour.

In addition to his role at ADCB, Sheikh Zayed's appointment as a non-executive director at Al Ain Ahlia Insurance Company further broadens his exposure to the financial services sector and enhances his ability to contribute to ADCB's governance and strategic direction.

Sheikh Zayed graduated with a Bachelor's degree in Business Management from the University of Sussex, UK, and with a Master's degree in Computer Science, University College London, UK.

External appointments:

- Al Ain Ahlia Insurance Company PSC, Non-Executive Director (2022), UAE

Khalid Deemas Alsuwaidi

Non-Executive Director

BAC

Khalid Deemas Alsuwaidi has been a member of the ADCB Board of Directors since March 2009, and brings three decades of experience in banking, investment, and emerging industries. With a deep understanding of the UAE's financial landscape and broader regional markets, he has consistently focused on driving strategic growth and operational excellence at the Bank.

Over the years, Khalid has held senior positions at leading financial institutions, including the National Bank of Abu Dhabi and First Gulf Bank. His extensive expertise in banking operations, strategic planning, and corporate governance has equipped him with a comprehensive perspective on industry challenges and opportunities. As the current Group Chief Executive Officer of Das Holding, Khalid has extended his leadership into key sectors of the UAE economy, including real estate, transport, hospitality and healthcare.

Khalid's expertise in business development, strategic management, and governance enables him to identify and capitalise on market trends.

Khalid holds a Master's degree in Business Administration, with a minor in Management Information Systems and Strategic Planning, from Widener University, USA.

External appointments:

- Abu Dhabi National Takaful Company PSC, Vice-Chairman (2008), UAE
- Sky News Arabia, Non-Executive Director (2021), UAE
- Emirates Strategic Investment Company (ESIC), Vice-Chairman (2019), UAE

Khaled H. Alkhoori

Non-Executive Director

BRC
BEC

Khaled H. Alkhoori was appointed to ADCB's Board of Directors in 2012 and brings extensive experience across a number of key economic sectors in the UAE.

Khaled is the Managing Director and Board Member of Al Ain Holding, with strategic oversight of the company's real estate development, hospitality, asset management and investment businesses. He is instrumental in driving the company's growth, enhancing operational efficiency and delivering sustainable stakeholder value.

Khaled has also served as Chairman of Orient House for Development & Construction since 2006 and has held leadership roles in both the public and private sectors spanning diverse areas, including engineering, banking and investments.

He was formerly a board member of Abu Dhabi National Hotels, Chairman of ADNH Compass Middle East and board member of Abu Dhabi Marine for Real Estate Investment.

Khaled has a Master's degree in Civil Engineering, and a Bachelor of Science in Civil Engineering, both from Northeastern University, USA.

External appointments:

- Orient House for Development & Construction, Chairman (2006), UAE

BEC Board Executive Committee
BRC Board Risk Committee
BAC Board Audit Committee
NCHRGC Board Nomination, Compensation, HR & Governance Committee

Board of Directors

Fatima Al Nuaimi

Independent Non-Executive Director

BRC

NCHRGC

Fatima Al Nuaimi joined the ADCB Board of Directors in 2022.

As the Co-Head of Mubadala Capital Solutions, Fatima oversees the platform's permanent capital strategy, separately managed accounts and the Abu Dhabi Catalyst Partners business. Through this experience, she brings a comprehensive understanding of capital deployment and portfolio management in private markets globally.

Her career at Mubadala Capital, which began in 2011, has been marked by significant achievements in direct private equity and fund investments. Her expertise extends to leading high-profile transactions, including the acquisition of K-MAC, the second-largest Taco Bell franchisee in North America, and Mubadala's USD 2.5 billion partnership with Silverlake.

Fatima's appointment to the Board aligns with ADCB's strategy to incorporate diverse perspectives and expertise in its governance structure. Her experience in investment management and private equity enables her to make a valuable contribution to the Bank's strategic decision-making processes, particularly in areas of capital allocation, risk management, and long-term investment.

Fatima holds a Bachelor's degree in Business Administration from the Higher Colleges of Technology in the UAE, graduating magna cum laude. She has also completed two financial certifications; Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA).

External appointments:

- K-MAC Enterprises, Member (2021), USA
- Al Masar Investments LLC, Member (2023), UAE

Sheikh Sultan Bin Suroor Al Dhaheri

Independent Non-Executive Director

BAC

Sheikh Sultan Bin Suroor Al Dhaheri was reappointed to the ADCB Board of Directors in 2022, following a previous tenure on the Board from 2009 to 2019.

With over a decade of experience in senior business leadership positions, Sheikh Sultan has cultivated a deep understanding of commercial dynamics in the UAE and beyond. His expertise spans various sectors, including maritime trade, hospitality, and investment management, enabling him to offer significant insights to guide the Bank's strategic initiatives.

Through his diverse experience, Sheikh Sultan has a unique vantage point on international commerce and the domestic economy, which has proven valuable in guiding the growth and development of ADCB.

Sheikh Sultan earned a Master's degree in Strategic Management at the University of Wales, UK, and has completed the Emerging Leaders Programme at Harvard Kennedy School, USA.

External appointments:

- Abu Dhabi Maritime and Mercantile International Co, Chairman (2012), UAE
- AlDhaana Holding LLC, Chairman (2012), UAE
- National Corporation for Tourism and Hotels, Board Member (2009), UAE

H.E. Dr. Ahmed Mubarak Al Mazrouei

Independent Non-Executive Director

H.E. Dr. Ahmed Mubarak Al Mazrouei joined the ADCB Board of Directors in 2024.

H.E. Al Mazrouei is Chairman of the Office of Strategic Affairs for the President of the UAE, member of the Abu Dhabi Executive Council, and Chairman of the Abu Dhabi Executive Office.

In his capacity as Chairman of the Private Department of the President and a member of the Supreme Council for Financial and Economic Affairs, Board Member of ADNOC and ADIA, H.E. Al Mazrouei oversees crucial operations at the highest level of government and plays an important role in shaping the Emirate's strategic direction and policy implementation.

H.E. Al Mazrouei's distinguished career in the public sector also includes several senior leadership roles. These include serving as Secretary General of the Executive Council, Chairman of the Department of Health – Abu Dhabi, Chairman of Abu Dhabi's Civil Service Department and Chairman of Abu Dhabi Water and Electricity Authority.

He was also the first Chairman of the Federal Authority for Nuclear Regulation, which oversees the UAE's nuclear power programme, as well as Chairman of Abu Dhabi Health Services Company (SEHA), Abu Dhabi Health Insurance Company (DAMAN) and Etihad Aviation Group Company.

H.E. Al Mazrouei graduated as a Doctor of Medicine (MD) from the College of Medicine and Health Sciences, UAE University, and is also an alumnus of the Executive Leadership Programme at Harvard University, USA.

External appointments:

- Supreme Council for Financial and Economic Affairs, Member (2020), UAE
- Abu Dhabi Executive Council, Member (2004), UAE
- Office of Strategic Affairs for the President, Chairman (2024), UAE
- Abu Dhabi Executive Office, Chairman (2023), UAE
- Private Department of the President, Chairman (2016), UAE
- Abu Dhabi Investment Authority (ADIA). Board Member (2024), UAE
- Abu Dhabi Holding Company (ADQ). Board Member (2024), UAE
- Abu Dhabi National Oil Company (ADNOC), Board Member (2020), UAE
- Advanced Technology Research Council (ATRC), Board Member (2024), UAE
- Erth Zayed Philanthropies, Board of Trustees Member (2024), UAE
- Modon Holding, Board Member (2023), UAE
- Ras Al Hikma Urban Development Company, Chairman (2024), Egypt
- XRG, Board Member (2024), UAE

BEC Board Executive Committee | BRC Board Risk Committee | BAC Board Audit Committee
NCHRGC Board Nomination, Compensation, HR & Governance Committee

Executive Management

Ala'a Eraiqat

Group Chief Executive Officer

Ala'a Eraiqat has been the Group Chief Executive Officer of ADCB since February 2009, steering the organisation through a period of significant growth and transformation.

Through a career spanning over three decades, Ala'a brings extensive experience in the banking sector. He held prominent roles at a number of high-profile international financial institutions before joining ADCB in January 2004, where he served in a number of senior executive positions before his appointment as Group Chief Executive Officer.

Ala'a is responsible for leading and guiding ADCB and its subsidiaries to achieve the objectives committed to shareholders, and he has been instrumental in fostering a culture of high performance. Under his leadership, ADCB has become a market leader through a dedication to customer service excellence and digital innovation.

Ala'a serves as Chairman of Al Hilal Bank, an Islamic digital retail banking subsidiary of ADCB, while also chairing a number of key management committees, including the Management Executive Committee (MEC) and the Management Credit Committee (MCC).

External appointments:

- Abu Dhabi National Hotels PJSC (ADNH), Director and Member of the Audit, Compliance and Corporate Governance Committee
- Emirates Institute of Finance (EIF), Director and Chairman of Human Resources Committee

Deepak Khullar

Group Chief Financial Officer

Deepak Khullar has served as the Group Chief Financial Officer of ADCB Group since 2008, overseeing a broad spectrum of critical functions that are essential to the Bank's financial health, sustainability and strategic direction.

His responsibilities encompass the entire Group Finance function, including financial planning, business performance analysis, governance, and reporting. Additionally, Deepak leads the Bank's initiatives in Group strategy formulation, investor relations, taxation, economic analysis, and strategic sourcing and procurement. His remit also includes overseeing ADCB's sustainability strategy and its implementation.

Before joining ADCB, Deepak honed his expertise over 15 years at Standard Chartered Bank, holding a number of senior positions across the Middle East and South Korea. His earlier career included tenures with Ernst & Young and PricewaterhouseCoopers, where he gained extensive experience in assurance, advisory, and technical services across the Middle East and India. As Group Chief Financial Officer, Deepak plays a pivotal role in driving the financial resilience and strategic growth of ADCB through a focus on value creation and enhancing efficiency.

Deepak holds a Bachelor of Commerce (Honors) degree from the University of Delhi, India, and is a Fellow of the Institute of Chartered Accountants of India (FCA) as well as a Fellow Member of the Association of Corporate Treasurers, UK (FCT).

Inter-Group directorships:

- Abu Dhabi Asset Management Limited, Director, (2018)
- ADCB Sicav, Director
- Al Hilal Bank PJSC, Director, (2019); Chair of the Board Risk Committee

External appointments:

- No current external directorships

Paul Keating

Group Chief Risk Officer

Paul Keating joined ADCB as Group Chief Risk Officer in 2018 to lead the Bank's implementation of best practice in risk management, navigating significant change in the operating and regulatory environment.

Paul's career spans over three decades and includes a number of senior roles at Australia and New Zealand Banking Group (ANZ) across multiple geographies, notably as Chief Risk Officer and Head of Credit for ANZ's Pacific division, overseeing operations in 11 countries.

In his role at ADCB, Paul is responsible for overseeing the Bank's risk management framework, ensuring that all significant risks are identified, assessed, monitored and mitigated in alignment with regulatory standards and industry best practices. Reporting directly to the Board Risk Committee, Paul provides insights on emerging risks, supports informed decision-making, and promotes a strong risk culture across the Bank to protect its financial stability and reputation.

Paul has a Bachelor's degree in Commerce and Administration from Victoria University, New Zealand, along with a Post Graduate Diploma from Massey University, New Zealand.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Ludovic Nobili

Group Chief Corporate, Wealth, and Investment Banking Officer

Group Chief Corporate, Wealth, and Investment Banking Officer

Ludovic Nobili has played a leading role in the significant growth of ADCB's Corporate and Investment Banking Group through a series of senior roles since joining the Bank in 2008 and as head of the business since 2020.

Ludovic is a seasoned investment banker with a career spanning over two decades. Prior to joining ADCB, he worked in the securitisation teams at Credit Agricole Indosuez in London and at Citigroup, distinguishing himself through deal origination and advisory on complex, high-profile transactions.

In his current role, he oversees the provision of a full-service banking offering for small & mid-size enterprises, large corporates, governments and government-related entities, as well as ADCB's Private Banking and Wealth Management business. He has been instrumental in building ADCB's investment banking capabilities, and in particular the establishment of a market-leading capital markets position in the region.

Ludovic's extensive experience and strategic vision continue to drive innovation, excellence and accelerated growth, as ADCB continues to expand its corporate and private banking relationships in the UAE and across key regional economic corridors.

Ludovic graduated in Business Management from the Université Paris-Sorbonne, France.

Inter-Group directorships:

- ADCB Egypt, Non-Executive Director, (2024)

External appointments:

- No current external directorships

Executive Management

Deepak Rochlani

Group Chief Retail Banking Officer

Deepak Rochlani has been a pivotal figure in ADCB's retail banking operations since joining the Bank in 2004 and was appointed Group Chief Retail Banking Officer in 2022.

With 25 years' experience in the retail banking and financial services, Deepak honed his skills in product and marketing management at prominent financial institutions operating in India, including GE Capital and IDBI Bank, providing him with insight into the industry's rapid change and evolving customer behaviour.

Leading the Retail Banking Group (RBG), Deepak oversees a comprehensive suite of banking services for a rapidly expanding customer base. His remit includes product management, ensuring the Bank's offerings remain competitive, as well as deployment of technology to enhance the customer experience and drive efficiency. Additionally, he manages an extensive distribution network, including branches, sales operations, and relationship management teams, ensuring seamless service delivery across all customer touchpoints.

A key focus of Deepak's leadership of RBG has been spearheading digital transformation and the development of a partnership ecosystem to support the accelerated growth of ADCB's retail banking business. This programme of continuous innovation has been instrumental in driving customer acquisition and engagement.

Deepak earned a Bachelor of Engineering degree from the University of Bombay in India, as well as a Post Graduate Diploma in Business Administration from ICFAI Business School in Mumbai, India. He is also a Certified Financial Analyst through the Institute of Chartered Financial Analysts of India.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Robbert Muller

Group Treasurer

Robbert Muller joined ADCB as Group Treasurer in January 2023, bringing a wealth of international banking experience.

With a career spanning over 25 years in banking and finance, Robbert has developed extensive expertise in global treasury operations, risk management and financial strategy. Prior to joining ADCB, he spent several years at Rabobank U.A. across multiple international financial centres, including the Netherlands, New York and Hong Kong. Acceding to Head of Group Treasury at Rabobank, he oversaw treasury operations across 12 global locations – managing complex, multi-jurisdictional financial operations and diverse regulatory environments.

As Group Treasurer at ADCB, Robbert plays a key role in supporting the Bank's growth, leveraging his extensive expertise across a broad spectrum of functions, including sales, funding, and the management of high-quality liquid assets (HQLA) and investment portfolios.

Robbert has a Master's degree in Management and Organisation Specialisation from the University of Groningen in the Netherlands.

Inter-Group directorships:

- ADCB Egypt, Non-Executive Director, (2024)
- AHB Sukuk (Cayman) Limited, Director, (2023)

External appointments:

- No current external directorships

Mohammed Al Jayyash

Group Chief Operating Officer

Mohammed Al Jayyash has been ADCB's Group Chief Operating Officer since 2020. He previously held a number of senior management positions within ADCB, including Group Chief Service Officer and Branch Operations Manager.

With over two decades of experience in the banking sector, Mohammed is recognised for his dedication to enhancing customer service, as well as driving growth and efficiency through digital innovation and the effective deployment of technology. Bringing extensive knowledge of banking operations, customer journey optimisation and digital channel development, Mohammed has been instrumental in maintaining ADCB's position as a digital banking leader in a highly competitive UAE market.

By ensuring that ADCB's operational initiatives align closely with corporate strategy, business objectives, regulatory requirements and customer expectations, Mohammed continues to be a significant force behind the Bank's operational excellence and innovation.

Mohammed holds a Bachelor's degree in Business Administration from Al Ghurair University, UAE, a Post Graduate Certificate in Management from Ashridge Executive Education HULT, UK, and a Diploma in Banking from the Emirates Institute for Banking and Financial Studies.

Inter-Group directorships:

- Al Hilal Bank PJSC, Director, (2019); Chair of the Board Nomination, Compensation, HR & Governance Committee
- ITMAM Services LLC, Chairman, (2023)

External appointments:

- No current external directorships

Rasha Mortada

Group Chief Compliance Officer

Rasha Mortada joined ADCB in 2006 and was appointed Group Chief Compliance Officer in 2021.

With over 25 years' experience in the banking industry, Rasha has developed a comprehensive understanding of the international and domestic regulatory environment. Her career trajectory includes several years at Citibank UAE, where she held a number of key compliance roles.

Rasha's expertise spans a broad spectrum of compliance disciplines, including regulatory compliance, financial crime prevention, and conduct compliance. In her role as Group Chief Compliance Officer, Rasha takes a proactive approach to ensuring ADCB's adherence to regulatory requirements and industry best practices. Under her guidance, the Bank is continuously enhancing its compliance framework, elevating its capacity to combat evolving risks such as financial crime while leading the market in terms of adapting to new regulatory requirements.

Rasha gained a Bachelor's degree in Banking and Finance from the Lebanese American University in Beirut, Lebanon. Her professional certifications include Certified Anti-Money Laundering Specialist (ACAMS) and Certified Global Sanctions Specialist (CGSS). She also obtained an International Diploma in Compliance from the International Compliance Association in the UK, a Fintech certification from Harvard University in the USA, a Diploma in Corporate Governance from The Corporate Governance Institute in the UK, and a Postgraduate Professional Diploma in Governance, Risk and Compliance from ICA and Manchester Business School in the UK.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Executive Management

Abdulaziz Almoosa

Group Chief Human Resources Officer

Abdulaziz Almoosa joined ADCB in 2012 and he was appointed Group Chief Human Resources Officer in 2024.

Bringing over 20 years' experience in the UAE banking sector, Abdulaziz is responsible for shaping ADCB's human capital strategy, ensuring the organisation continues to attract, develop, and retain top talent. His focus is on driving a high-performance culture, strengthening Emiratisation initiatives, and enhancing employee engagement across the Group.

Abdulaziz plays a vital role in aligning the Bank's human resources strategy with core business objectives, while fostering an agile, innovative environment that supports growth and transformation. His leadership extends to building internal capabilities and ensuring that ADCB's people are well equipped to meet the challenges of an evolving financial landscape.

In line with the Bank's approach to fostering Emirati leadership, Abdulaziz is instrumental in developing clear career pathways and learning opportunities for the next generation of leaders.

Abdulaziz holds a Global Executive MBA from INSEAD and completed the General Management Programme at Harvard.

Inter-Group directorships:

- ADCB Egypt, Non-Executive Director, (2024)

External appointments:

- No current external directorships

Eng. Abdulla Abdul Aziz AlShamsi

Group Chief Business Officer

Abdulla Abdul Aziz AlShamsi was appointed as ADCB's Group Chief Business Officer in 2024. In this newly created role within the Group, Abdulla is responsible for orchestrating strategic initiatives that are essential and core to successfully delivering ADCB's growth aspirations and strategy.

Prior to joining ADCB, Abdulla served as the Director General of the Abu Dhabi Investment Office (ADIO), where he led the organisation's efforts to grow and diversify Abu Dhabi's economy through private sector investment.

Before his role at ADIO, Abdulla spent 16 years at Mubadala Investment Company, where he held several senior positions. As the Director of UAE Investments, he managed investments in 'national champions', fostering industrial and commercial clusters, and partnering with global entities. He also led Mubadala's Healthcare, Real Estate and Infrastructure platforms, heading the establishment of Mubadala Health and Cleveland Clinic Abu Dhabi, as well as the development of Al Maryah Island, home to Abu Dhabi Global Market (ADGM).

Abdulla's extensive experience in strategic investments and economic development positions him well to drive ADCB's growth initiatives and contribute to the Bank's ongoing success.

Abdulla holds a Master's degree in Architecture (post-professional) from the University of Pennsylvania and a Bachelor's degree in Architecture from Carnegie Mellon University, both in the United States. He has also undertaken executive education programmes at both Harvard University and Stanford University.

Inter-Group directorships:

- Al Hilal Bank PJSC, Director, (2024)
- Meedaf Investments, Managing Director, (2024)

External appointments:

- No current external directorships

Moizes Palma

Group Chief Credit Officer

Moizes Palma joined ADCB in December 2022 as Deputy Chief Credit Officer and was appointed Group Chief Credit Officer in 2024.

Moizes has over 30 years' experience in banking and finance, spanning four continents and eight countries, including positions in Brazil, the Netherlands, the United States, Australia, and Argentina.

Prior to joining ADCB, he worked at prominent institutions including ABN AMRO and HSBC, serving as a member of various executive, credit, and strategic committees. Most recently, he held dual roles as Chief Risk Officer and Head of Credit (Retail and Wholesale) at HSBC Argentina.

In his role as Group Chief Credit Officer, Moizes is responsible for overseeing the Bank's credit strategy, ensuring a balanced approach to credit that enables business growth while protecting the Bank's interests. His remit includes managing the credit portfolio at Group level, implementing robust credit processes, as well as managing recovery and remediation.

Moizes' leadership of the credit function is central to ADCB's commitment to enhancing credit risk management capabilities, particularly through deployment of digital and AI technology, to support growth of the loan portfolio.

Moizes gained a Bachelor's degree in Business and a Bachelor's degree in Computer Science, both from Pontificia Universidade Catolica do Rio Grande do Sul, Brazil.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Executive Management

Jane Livingston

Group General Counsel

Jane Livingston joined ADCB in 2011 and was appointed Group General Counsel in 2021. An English-qualified solicitor, Jane brings more than 20 years' of international legal expertise to her role, having previously practised law in the City of London.

As Group General Counsel, Jane is responsible for overseeing all legal matters at ADCB. She plays a key role in safeguarding the Bank's interests by providing strategic legal advice on complex banking, finance, corporate, and commercial issues.

Leveraging her extensive experience in the financial services sector, Jane plays a key role in supporting the Bank's growth and commitment to operational excellence and compliance with all legal requirements.

Jane completed her legal education in the UK, earning an LLB Law (Hons) degree from the University of Essex, before gaining her Legal Practice Certificate at the College of Law.

Inter-Group directorships:

- ADCB Asset Management Limited, Chair, (2021)
- ADCB Sicav, Director, (2021)

External appointments:

- No current external directorships

Abdirizak Mohamed

Group Chief Internal Auditor

Abdirizak Mohamed has been the Group Chief Internal Auditor at ADCB since 2006, overseeing the internal audit function for the Bank and its subsidiaries. With over three decades in the financial sector, Abdirizak brings a wealth of expertise across corporate finance, audit and accounting practices, risk assessment, regulatory oversight, and corporate governance.

He has held roles at renowned institutions such as the NASDAQ Stock Market, NASD (now FINRA), and OFHEO (now FHFA), equipping him with a comprehensive understanding of regulatory frameworks, control environments and industry best practices. Abdirizak has also contributed expertise to prominent UAE organisations, serving as an independent audit committee member for entities including the Abu Dhabi Securities Exchange (ADX), InvestAD, Abu Dhabi Tourism & Culture Authority and Al-Foah. His leadership was further recognised through his former position as Chairman of the UAE Banking Federation Audit Committee.

Through a strategic approach to risk management and a commitment to maintaining the highest standards of financial integrity, Abdirizak continues to play an important role in shaping ADCB's audit processes and enhancing the Bank's control functions.

A Certified Public Accountant (CPA), Abdirizak holds a Master's degree in Technology Management from The George Washington University, USA, and a Bachelor's degree in Accounting and Finance from The University of Washington, USA.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Executive Management – Islamic Banking

Al Sadig Al Magboul

Executive Head Islamic Banking

Al Sadig Al Magboul joined ADCB in 2003. He was appointed Executive Head of Islamic Banking in 2023 to help drive the growth of the Bank's Islamic Retail Banking Group.

His career spans over 30 years in banking and financial services, during which he has consistently demonstrated strong leadership and exceptional strategic vision. His previous experience includes senior roles at both RAK Bank and Union National Bank in Abu Dhabi.

At ADCB, Al Sadig's responsibilities include spearheading the digital transformation of Islamic Banking. This includes a focus on enhancing self-service acquisition for assets and credit cards, leveraging technology and fostering strategic partnerships to deliver greater efficiencies.

In addition to driving business growth, Al Sadig is dedicated to Emiratisation and talent development, helping to guide, develop and mentor the next generation of Emirati talent as part of the Bank's succession planning. He also manages key customer experience metrics, including the Net Promoter Scores (NPS) programme, and delivering on organisational health initiatives.

He previously served as ADCB's Head of Branch Distribution until June 2023, and held senior roles including Head of Branch Network for Abu Dhabi, Al Ain, and the Western Region, and Area Manager for Abu Dhabi.

Al Sadig holds a Bachelor's degree in Accounting and Banking from the University of Lucknow in India. He also studied in the faculty of administration and political science at UAE University.

Inter-Group directorships:

- ADCB Securities, Board Member

External appointments:

- Make-A-Wish Foundation United Arab Emirates, Board Advisory, (2018)

Executive Management – subsidiaries

Abdul Shakeel Aidaroos

Group Chief Executive Officer – Al Hilal Bank

Abdul Shakeel Aidaroos was appointed as Chief Executive Officer of Al Hilal Bank in 2019.

With three decades of experience, Abdul Shakeel brings significant expertise in retail banking, digital innovation, and risk management. Following a 10-year tenure with Citibank in the UAE, he held a number of senior roles at ADCB, including as Head of Retail Banking, showcasing his ability to manage large teams and spearheading the development of award-winning consumer products and digital banking solutions.

Under his stewardship, Al Hilal Bank has achieved significant milestones, including the launch of the UAE's first Shari'ah-compliant, cloud-based digital banking app, successfully blending Islamic banking principles with cutting-edge technology.

Abdul Shakeel's extensive expertise, spanning conventional and Shari'ah-compliant banking, digital transformation and customer service excellence, enables him to skilfully navigate an increasingly complex and highly competitive operating environment.

Abdul Shakeel holds a Master's degree in Risk Management from NYU Stern School of Business, USA.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Ihab ElSewerky

Managing Director & Chief Executive Officer – ADCB Egypt

Ihab ElSewerky was appointed as Managing Director and Chief Executive Officer of ADCB Egypt in 2019.

With a career spanning more than 30 years, Ihab brings extensive expertise across corporate, retail, and Islamic banking, with direct experience in risk management, internal controls, financial institutions and SME banking.

Prior to joining ADCB Egypt, Ihab held senior positions in the banking sector, as well as heading the risk function at a number of regional banks, including Bank ABC and Arab Bank PLC., providing him with a deep understanding of a rapidly evolving operating and regulatory environment.

Ihab's leadership has been pivotal in driving ADCB Egypt's growth through a challenging macro-economic environment. Under his direction, the Bank has built a strong position in the market while prioritising an elevated customer experience and implementing a comprehensive programme of digital transformation.

Ihab holds a Bachelor's degree in Management Sciences (Banking) from the Sadat Academy for Management Sciences.

Inter-Group directorships:

- Abu Dhabi Commercial Bank – Egypt SAE, Executive Director, (2019)

External appointments:

- No current external directorships

Gordon Haskins

Chief Executive Officer, ADCB Kazakhstan

Gordon Haskins has been Chief Executive Officer of ADCB Kazakhstan (formerly Al Hilal Bank Kazakhstan) since 2016.

With more than three decades' experience in banking and law, his leadership is instrumental in developing the Group's banking proposition for clients operating in Kazakhstan and across Central Asia and the Caucasus.

Gordon previously held a number of high-profile positions during his 13-year tenure at the RBS Group, including as Country Executive Chairman of the Management Board, and Member of the Board of Directors for RBS Kazakhstan. He was also Chief Operating Officer for the Debt Capital Markets & Risk Solutions business for RBS in the EMEA region. Gordon began his career in the legal sector, with over a decade with blue-chip law firms in London and Canada, including Clifford Chance and Davis & Co (now DLA Piper).

Leveraging deep expertise in international banking, Gordon collaborates closely with ADCB's Corporate and Investment Banking (CIBG) team to deliver sophisticated financial solutions and service excellence through the Group's Kazakhstan operations.

Gordon holds a Bachelor's degree in History and Politics from the University of British Columbia, Canada, and a Law degree from the University of Toronto, Canada.

Inter-Group directorships:

- Kazakhstan Ijara Company JSC, Director, (2018) and Chairman of the Board, (2021)

External appointments:

- European Business Association of Kazakhstan, Director (2018) and Deputy Chairman, (2021)
- Smoky Hemp Decortication Ltd, Director, (2023)

ADCB governance at a glance

The Group's approach to corporate governance is rooted in its core values of integrity, care, ambition, respect and discipline, ensuring compliance with regulatory requirements and global best practices

100%
11 Non-Executive Directors

c.20%
Female Board Directors

44%
Female representation across ADCB Group

6
Number of Board meetings in 2024 (excluding Board Committee meetings)

41
Number of Management Executive Committee (MEC) meetings in 2024

4 Board Committees

13(1) Management committees

AA MSCI

14.3 Low risk
MORNINGSTAR | SUSTAINALYTICS

c.40%
Emiratisation rate

(1) Including the Management Executive Committee (MEC) which is the most senior management committee, overseeing all of ADCB's businesses and operations

Group Corporate Governance Framework

ADCB maintains a robust corporate governance culture, which is the foundation for its sustained financial and operational success. This represents a strong foundation for the Group's continued leadership in the region's financial sector. ADCB's commitment to integrity and a disciplined culture serves to strengthen the trust and confidence vested in the Bank by its investors, customers, business partners, and communities. This commitment stands at the core of its strategic growth and future objectives.

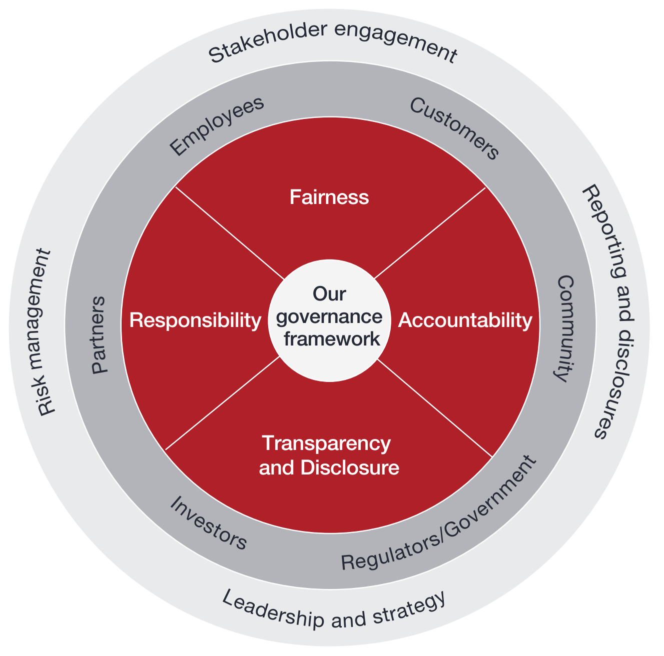
Additionally, our Board comprises of seasoned professionals with extensive experience and diverse skill sets, who provide oversight to maintain a disciplined and systematic approach to corporate governance. The Board and its Committees regularly evaluate and enhance the Group Corporate Governance Framework to align with regulatory requirements and the Bank's scale, business strategy, operational structure, risk profile and operating markets.

Furthermore, the Bank's highly experienced Executive Management has consistently delivered operational excellence and continues to foster a culture of accountability and responsibility throughout the Bank.

During 2024, the Group Corporate Governance Framework was further reinforced through a number of initiatives. This exercise has established an overarching framework for local, regional, and international subsidiaries, ensuring effective oversight of the Group structure.

We continuously review and enhance our approach to corporate governance, to protect the interests of all our stakeholders by ensuring that we stay at the forefront of global best practices and adapt to the ever-changing regulatory, economic, geopolitical and business environments.

The Group's Corporate Governance Framework and the guiding principles



Responsibility
promoted by the clear distribution and delegation of authority

Fairness
in the treatment of all stakeholders

Accountability
in the relationships between the Bank's Executive Management and the Board; between the Board and shareholders and other stakeholders

Transparency of disclosures
to enable stakeholders to assess the Group's strategy and financial performance and condition

Corporate governance: The cornerstone of the ADCB Group's sustained success

ADCB Group's robust Corporate Governance Framework, compliant with CBUAE and SCA regulations, enables the Bank to effectively and efficiently manage compliance risk and reinforce resilience.

ADCB's commitment to excellence is the driving force behind the Group's dedication to adopting international best practices in its corporate governance policies.

By promoting and nurturing a culture of transparency, accountability and trust, the Bank remains determined to deliver sustainable financial results that continue to create value for all stakeholders.

Strategic approach to corporate governance

The Group's approach to corporate governance is rooted in its core values of integrity, care, ambition, respect and discipline, ensuring compliance with regulatory requirements and global best practices. This approach has facilitated the implementation and maintenance of a robust corporate governance framework cultivating an environment of trust, transparency, and accountability supporting the Bank's financial stability, business integrity, and long-term success.

Accordingly, ADCB's approach to corporate governance categorically defines roles, responsibilities, and delegations of authority across the Board, its Committees, and Executive Management. Through this delegation of authority and responsibility, the Group ensures that the decision-making process is streamlined and operational efficiencies are optimised.

Corporate governance compliance: Adapting to regulatory amendments

ADCB remains committed to proactively responding to regulatory changes and improving its corporate governance framework to continue driving sustainable growth, maintaining its reputation as a pioneering financial institution, and protecting its stakeholders' interests.

Through regular updates on implementation activities and action plans relating to any new regulations, the Board Audit Committee (BAC) ensures comprehensive and efficient compliance with new regulatory requirements.

In early 2024, amendments to the SCA Corporate Governance Regulations resulted in a number of new compliance requirements. In line with the Group's commitment to regulatory compliance, ADCB acted promptly to initiate a process to amend elements of its corporate governance framework to align with the evolving regulations.

2024 key corporate governance initiatives

- In line with SCA's updated Corporate Governance Regulations, several enhancements to the Bank's Corporate Governance Framework were effected to reflect the requirements
- Enhancement to the Board Remuneration Policy to update the remuneration calculation methodology
- Enhancement of the Directors' selection criteria and documentation around Fit and Proper in line with CBUAE Fit and Proper regulations and standards
- A full review of the Management Executive Committee Terms of Reference and the delegations contained therein

Governance structure

A strong governance structure requires a deep understanding of the regulatory environment, vigilant oversight, and a decisive tone from the top. At ADCB, this governance structure is built around a strong and capable Board, which is supported by specialised Board Committees entrusted with executing their roles and responsibilities effectively.

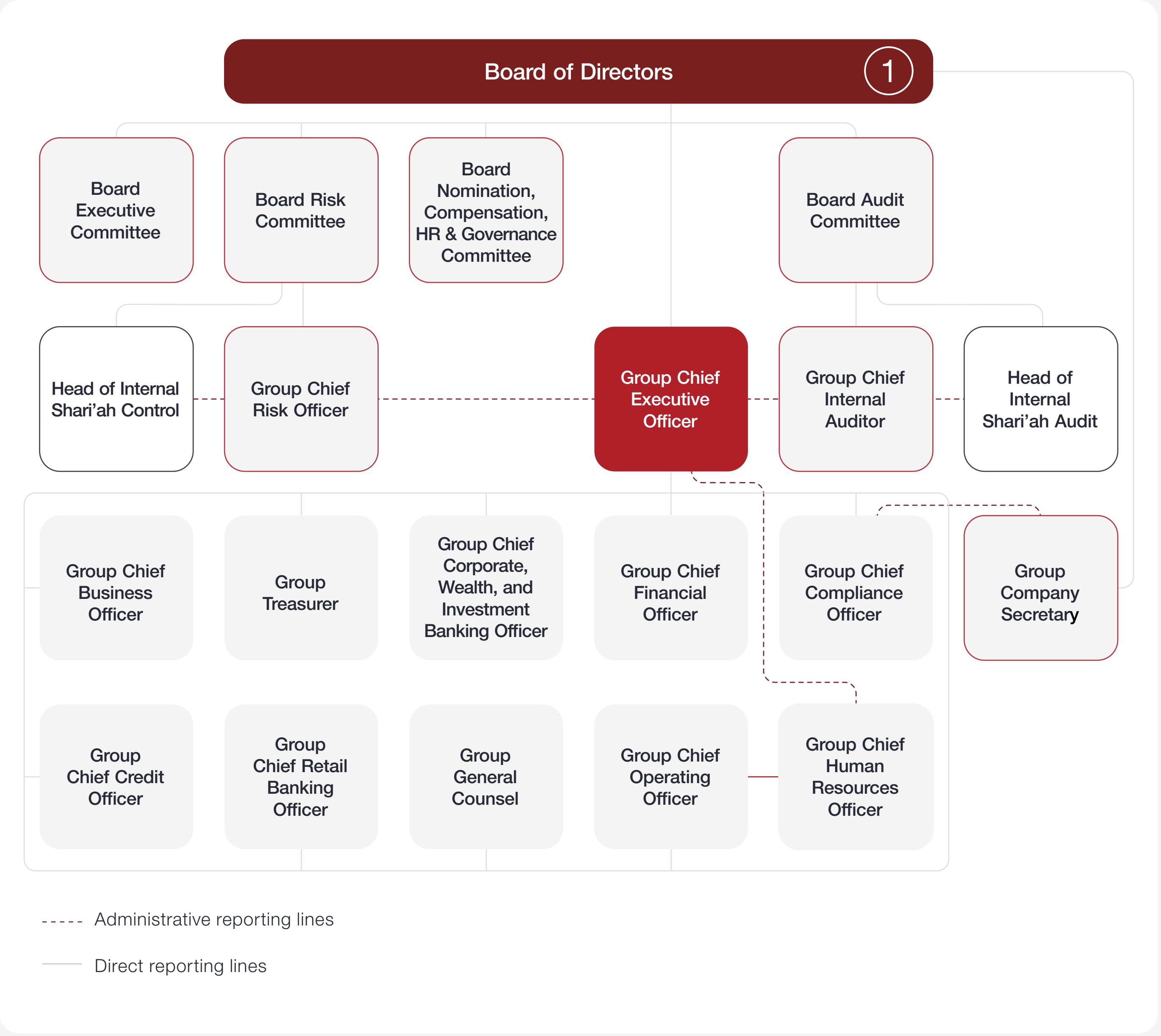
The Management Executive Committee (MEC), consisting of the Bank's most senior Executive Management, plays a pivotal role in implementing the Board's strategy and objectives. Guided by the Group Chief Executive Officer (GCEO), the MEC ensures that each forum's responsibilities are clearly defined, promoting a cohesive and transparent governance structure.

- The Group Chief Risk Officer reports directly to the Board Risk Committee (BRC) and reports administratively to the GCEO
- The Group Chief Internal Auditor reports directly to the Board Audit Committee (BAC) and reports administratively to the GCEO
- The Group Chief Compliance Officer reports directly to the GCEO and has direct access to the BAC and to the Board

For more information on the Board Committees, please refer to pages 213 and 234–247.

For more information on the MEC and other Management Committees, please refer to pages 254–255.

The Group Corporate Governance Framework is available on the ADCB website.



Governance structure (continued)

Board of Directors 1

Chaired by H.E. Khaldoon Khalifa Al Mubarak

The Board plays a central role in steering ADCB towards long-term success by setting the overall direction for the Group and maintaining a robust framework of delegated authorities and controls. It provides leadership by defining the Group's purpose, values, and strategy goals. Additionally, the Board holds responsibility for the Group's operations, financial stability, as well as ensuring that the interests of shareholders, customers, employees, regulators, and broader stakeholder groups are consistently addressed. Finally, the Board provides guidance and oversight to the Executive Management, in a manner that promotes a solid organisational culture of responsibility and accountability.

Board Executive Committee (BEC)

Chaired by Saeed Mohamed Hamad Al Mazrouei

The BEC oversees the development and execution of the Bank's strategic objectives, which encompass the Group's sustainability strategy and the performance of both current and new business initiatives. This includes reviewing and approving material credit commitments and guiding the Bank's digital transformation endeavours to align with its long-term goals, amongst other matters that steer the Bank towards continued success.

Board Risk Committee (BRC)

Chaired by Carlos Obeid

The BRC is responsible for overseeing the development and implementation of the Bank's Risk Management Framework, establishing the Group's risk appetite and strategy. This includes the development of risk models and managing risk associated with the Bank's asset portfolios. The BRC also supervises capital adequacy and addresses a range of risks, including those related to credit, interest rate, liquidity, market conditions, operational matters, third parties (including outsourcing), information security, and Shari'ah non-compliance risk governance. Additionally, it provides oversight on data management, privacy, fraud prevention, and other material risks, to ensure robust risk governance across the Group.

Board Nomination, Compensation, HR, & Governance Committee (NCHRGC)

Chaired by H. E. Hussain J. AlNowais

The NCHRGC is responsible for overseeing the Group's remuneration policies, the appointment of Directors, and the evaluation of the Board and its committees. It also ensures effective succession planning for the Executive Management. Additionally, the Board guides the Group's HR strategy, with a particular focus on Emiratisation, and leads the development of the corporate governance framework that aligns with regulatory requirements and international best practices. The NCHRGC cultivates a strong corporate culture and upholds the Group's core values.

Board Audit Committee (BAC)

Chaired by Aysha Al Hallami

The BAC is responsible for overseeing and reviewing the integrity of the Group's financial reporting, as well as its accounting policies and practices. Furthermore, the BAC establishes the Internal Audit framework, Compliance, and Shari'ah audit governance, ensuring robust oversight. The BAC also monitors the Group's adherence to legal and regulatory requirements, as well as internal policies, including those related to consumer protection. Additionally, it recommends the appointment of the external auditor and manages the relationship to maintain transparency and accountability.

Group Chief Executive Officer (GCEO) and Management Executive Committee (MEC) 2

Chaired by GCEO Ala'a Eraiqat

The Board delegates the daily management of the Group to the MEC, chaired by the GCEO. The MEC is accountable to the Board for the sound and prudent management of the Group's commercial, operational, risk, and financial aspects. Under the leadership of the GCEO, the MEC oversees the execution of the Bank's business activities and implementation of the approved strategy, risk appetite, and policies in alignment with the Board's guidelines and strategic direction.

Our people

Our people are entrusted with upholding the Group's core values and standards of professional conduct in their interactions with customers, business partners, and the broader community. They are committed to protecting ADCB's business interests and ensuring that the Bank maintains its reputation for integrity and compliance with all applicable legal and regulatory requirements.

For more information on the Board Committees, please refer to pages 234–247

Key activities in 2024

Cybersecurity and resilience	Data management	Fraud prevention & mitigation	Deployment of AI	Risk management framework
Geopolitical landscape	Sustainability	Organisational health	Diversity and inclusion	Emiratisation

ADCB continuously reviews its approach to corporate governance to ensure it remains well prepared to adapt to the evolving regulatory environment and global best practice. In 2024, the Bank enhanced its governance framework, policies, processes and systems to enable further effective execution of its strategy and to seize opportunities for prudent, long-term growth.

Enhancing cybersecurity and resilience

To combat the growing sophistication and frequency of cyberattacks, ADCB employs a robust set of preventive and detective measures. The Bank is investing in cutting-edge technologies that enhance operational efficiency, improve customer experience, and mitigate potential risks in these critical areas.

In 2024, the Bank continued to advance several key cybersecurity initiatives to protect customer data and enhance the security of its banking systems. Key activities included a strategic crisis simulation for the Executive Management, reinforcing decision-making under high-pressure conditions.

Moreover, regular 'cyberwar gaming' simulations were conducted, leveraging a desktop exercise format to assess response protocols and resilience in simulated cyberattack scenarios. These efforts were further supported by implementation of 'breach and attack' simulations, which replicated real-world attack techniques to continuously evaluate the effectiveness of the Bank's cybersecurity controls.

To stay ahead of emerging threats, ADCB implemented a 'threat intelligence' platform, providing real-time insights that allow the Bank to proactively adjust its security posture.

ADCB also conducted a third-party review of cloud security to ensure that its cloud environments are protected in accordance with best practices. In addition, ongoing 'red team engagements' offered an external evaluation of defences, identifying opportunities to enhance detection and response strategies.

Best practice data management

Data is a fundamental component of ADCB's business strategy, and upholding high standards in data management is central to effective operations. The Data Management function, situated within Group Risk Management, encompasses Data Governance, Data Privacy, and Data Quality sub-functions. This centralised team is dedicated to managing data as an asset, ensuring it meets commercial needs while protecting and enhancing its quality and value, while meeting regulatory requirements.

Key components of ADCB's Data Management Framework:

- **Data governance:** Effective data management necessitates the classification, storage, and retrieval of data. Our data governance policies and practices ensure that data is accessible and usable for various business purposes.
- **Data quality:** Maintaining data accuracy, completeness, and reliability is crucial for informed decision-making. Our data quality measures uphold the integrity of our banking services.
- **Data privacy:** Safeguarding personal data is a top priority. Our privacy policies and procedures are designed to protect customer information and ensure compliance with regulatory requirements

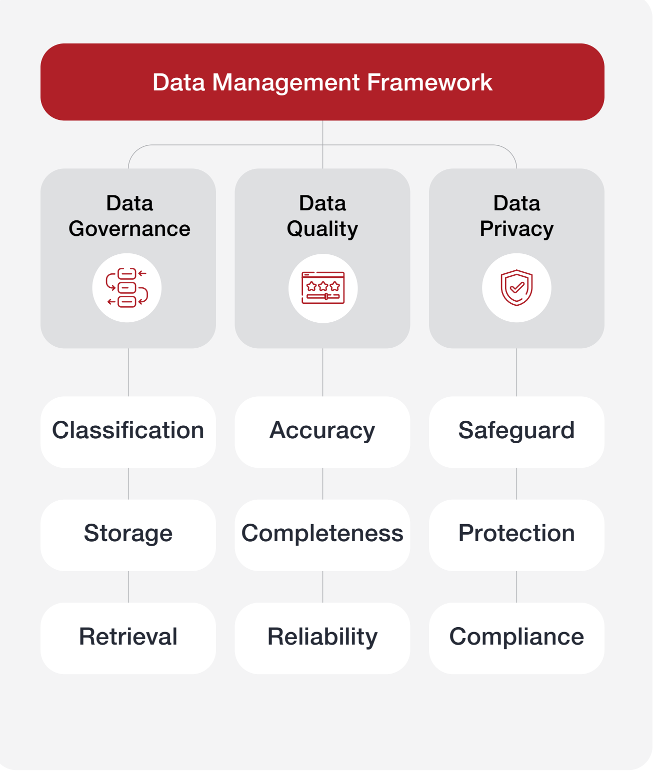
ADCB has incorporated clear policy directives on the handling of customer data through its data governance capabilities and has also enhanced its data privacy disclosures. These improvements ensure effective compliance with regulatory requirements and provide greater clarity on roles and responsibilities across all three lines of defence within the Bank and support its efficient governance.

Fraud prevention and mitigation

ADCB is driving multiple initiatives under the umbrella of a fraud transformation and optimisation project. Once fully operational, these initiatives will redefine the way the Bank detects, monitors and prevents fraud through innovative investigation techniques and data analysis.

In 2024, the Bank commenced implementation of 'SAS Fraud Management' as the chosen enterprise risk management solution, with a cross-organisational capability to use data analytics and machine learning to monitor transactions to detect, prevent and manage fraud in real time.

In collaboration with the Bank's Data Science function, a fraud detection 'machine learning' model was launched. The tool is being deployed to identify fraud risks during the onboarding process. The system, which uses a risk scoring mechanism, is based on behavioural data and parameters to identify mule accounts. The model has the ability to score digital accounts and escalate high-risk accounts for further investigation.



Deploying AI for enhanced management of customer risk

ADCB's Financial Crime Compliance function continued to evolve in 2024, driven by the Bank's strategy for accelerated growth across core businesses and the changing regulatory environment.

A strategic emphasis continues to be placed on the implementation and refinement of machine learning models that have been deployed in order to enhance the Group's control environment for anti-money laundering (AML), combatting the financing of terrorism (CFT), anti-bribery and corruption (ABC) and sanctions risk.

As part of this automation drive, seven AML machine learning models, including 'Dynamic Customer Risk Assessment' (DCRA), alert prioritisation, correspondent banking and trade- based money laundering were validated by an independent third party in keeping with applicable regulatory requirements. Opportunities for enhancements have been identified and are in the process of being deployed.

The DCRA model introduces a risk-based scorecard for assessing customer risk. This involves the application of a variety of risk factors, sub-risk factors and related risk parameters resulting in a more accurate customer risk classification at the time of onboarding and on an ongoing basis thereafter.

In addition, to the onboarding scorecard, ADCB also applied a behavioural assessment model to evaluate customer behaviour post onboarding. This transactional assessment is carried out every six months and takes into consideration multiple factors related to account/transaction behaviour, which is analysed in conjunction with static 'know your customer' (KYC) factors resulting in a continuously updated customer risk assessment and classification.

Additions to 'principal risks' and updates to risk management framework

In 2024, ADCB significantly strengthened its risk capabilities to address evolving challenges and opportunities in the operating environment. The Bank has established and enhanced dedicated policies, frameworks and processes to define, identify, monitor and manage various non-financial risk elements such as reputational, fraud, data management, and cybersecurity risks. Furthermore, to ensure consistency and robustness in our risk modelling practices, we have centralised model risk governance and operate a central model validation unit. The Bank has invested in key systems such as an ESG risk monitoring tool and model monitoring systems to supplement the strong suite of risk systems in place. Bespoke policies have also been developed to cover identified gaps in the policy landscape. The Bank engages with regulators and is well positioned to adopt new regulations issued by the CBUAE.

The risk review and update covered the following areas:

- The operational risk management system, covering operational risk events
- Enhancement of the operational risk and control library
- Outsourcing arrangements to comply with the Outsourcing Regulation of the CBUAE
- Upgrade of business continuity management
- Enhanced compliance risk management through policy updates
- Additions to principal risks
- Operational Risk Management Policy and Framework update
- Improved data quality and enhancing data analytics and management reporting
- Investigation Policy
- Judicial Liaison Team Policy
- Risk assessment and quality control
- Staff account monitoring
- Internal account (general ledger) reconciliation
- Investigation recommendation

ADCB also made advances in a number of other specialist areas of risk management. The Bank has developed and put in place a comprehensive outsourcing governance and third-party risk assessment framework. It has made further progress on effective management of compliance risk, including updating policies and procedures specifically to address conflicts of interest and information control risks.

The Bank has revised a number of policies, including its Regulatory Compliance Policy, Conflict of Interest Policy, Chinese Walls Policy, and Personal Trading Policy, while updating procedures to take into account new reporting requirements on outside business interests. In line with its culture of transparency and the highest standards of integrity, ADCB has updated its Whistleblowing Policy for confidential and anonymous reporting for both employees and external parties.

In recognition of the growing role of emerging technologies in the financial industry, and the enhanced focus on governance, ADCB has added 'anti-bribery and corruption', 'digital risk' and 'fraud risk' to its existing 'principal risks' in the Bank's risk management framework, which now totals 17 principal risks.

Furthermore, as part of the Bank's commitment to Pillar 3 disclosures in accordance with Basel III requirements, the Bank has ensured that it proactively discloses matters concerning and incidental to capital adequacy, market risk, credit risk and operational risk, amongst other matters. For further details on the Bank's Pillar 3 disclosures, please visit adcb.com/ir.

During 2024, the Bank commenced a review and an update to various procedures, which provided clarity, direction and control of risk mitigation activities, especially in operational resiliency of the Bank as well as detection and prevention of fraud activities. This exercise has enhanced the safeguarding of customers and staff against fraud and any operational disruption.

Anti-bribery & corruption, digital risk and fraud risk

+3 principal risks

Elevated to be included
among 17 defined 'principal risks'

Navigating the geopolitical landscape

In response to the geopolitical climate, ADCB maintained a robust focus on geopolitical risk management. Mirroring its strategy for major counterparties, the Bank has a nuanced risk appetite framework for countries worldwide. This framework integrates the Bank's internal risk tolerance with external indicators, including credit default swap levels, investment ratings, trade relationships with the UAE and ESG indices.

ADCB has also made significant enhancements within its counter proliferation financing programme. The focus and enhancement of screening systems and data files designed to increase risk detection in proliferation and sanctions evasion, including the deployment of a proliferation financing risk assessment designed to evaluate ADCB's risk exposure. This has been complemented by a significant increase in training and awareness of employees to enhance their ability to identify and mitigate proliferation financing risk.

ADCB is working on systematic trade screening enhancements which include export controls (both foreign and domestic). This will result in an increase in risk detection in relation to trade-based money laundering and dual use goods, while simultaneously increasing ADCB efficiency in screening of trade applications.

Upgrade in MSCI ESG rating to AA and 'industry leader' category

In 2024, ADCB received an upgrade in its MSCI ESG rating to 'AA' from 'A', reflecting the Bank's progress in sustainable finance initiatives, ESG due diligence, industry leading data privacy management and security, as well as business ethics practices. The upgrade places ADCB in the MSCI 'industry leader' category for managing ESG risks and opportunities.

ESG Risk management has continued to grow in importance and is an increasingly important focus area. ADCB recognises that effective management of ESG risks is critical not only for regulatory compliance, but also for long-term sustainability and value creation. In 2024, the Bank enhanced the scope of its Environmental and Social Risk Management (ESRM) Policy both horizontally and vertically by lowering the materiality amount thresholds above which ESG assessment is mandatory for credit approval; and enhancing the scope of products that require ESG assessment.

A dedicated ESG risk team implements ADCB's strategy in this critical area. We have also integrated ESG responsibilities across relevant functions.

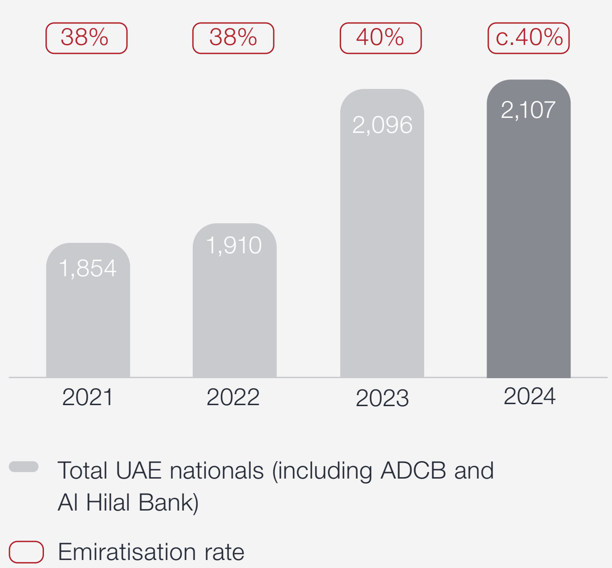
The ESRM policy has been made public and is being implemented, with thermal coal mining financing in the excluded sector. The Bank has also carried out extensive work in augmenting its climate stress test capabilities including investment in systems and data collection.

In 2023, ADCB adopted an enhanced climate strategy and joined the UN-convened Net Zero Banking Alliance (NZBA), an industry-led initiative to align the lending and investment portfolios of financial institutions with the Paris Agreement goals of limiting global warming to 1.5°C. The Bank is working on a plan to publish its first set of targets by May 2025 and has steadily enhanced its climate risk disclosures.

Emiratisation with a focus on senior leadership roles and succession planning

ADCB is dedicated to making a significant contribution to the UAE's progressive Emiratisation agenda to ensure long-term sustainable growth of the country's financial services sector. In 2024, the Bank recruited more than 471[(1)] UAE nationals, both new graduates and experienced professionals, with UAE nationals representing c.40% of employees, one of the highest rates in the country's financial and banking sector.

Emiratisation – a key strategic priority, exceeding the CBUAE targets



(1) Including Al Hilal Bank

The Bank is ensuring that UAE nationals reach their full career potential through dedicated training programmes, performance guidance and clear paths for career progression. In 2024, 168 Emiratis were promoted, including to senior positions, and UAE nationals now occupy critical leadership roles.

Senior Emirati leaders are strongly represented as voting members across ADCB's key management committees, playing critical roles in setting the Bank's strategic direction and leading effective implementation.

ADCB has a robust process in place for succession planning, clearly defining key senior management positions and the mechanisms for approval of successors, ensuring both the stability of the present and the strength of the future. The Bank continued to develop its succession planning strategy in 2024 by focusing on two main principles: ensuring business continuity and empowering growth. To prepare future Emirati leaders, the Bank continued to identify talented Emiratis with high potential to be included in the Bank's succession pipeline.

Top quartile globally for organisational health

ADCB's employees personify the organisation's values, representing the Bank to customers and other stakeholders. The wellbeing and engagement of employees is therefore vital to the ongoing success of the business.

All employees at ADCB, including its subsidiaries, are invited annually to participate in an Organisational Health Index (OHI) survey, an internationally recognised benchmark of culture and leadership. In 2024, over 94% of employees contributed to the OHI survey, and the Bank achieved a high score, placing ADCB in the top quartile globally and in the Middle East.

Employees also participate twice a year in a Line Manager Index (LMI) survey, which is designed to track performance against key indicators, with the results shared with respective line managers and the Executive Management. The Bank also launched its first 360 degree feedback survey assessing senior management to promote effective leadership.

ADCB continues to employ and improve such surveys to provide deeper data-driven insights into employees' perspectives and the drivers of strong organisational health.

Promoting diversity and inclusion

ADCB recognises that diversity and inclusion are a cornerstone of a successful organisation. With employees representing over 80 nationalities, the Bank continues to cultivate an inclusive environment to leverage diverse perspectives, enhance team performance, and better serve a broader customer base.

In 2024, ADCB celebrated the 10-year anniversary of its ground-breaking 'Tamooha' initiative, which reflects ADCB's commitment to provide Emirati women with access to careers in the banking sector. Tamooha (Arabic for 'ambitious') provides flexible employment and career development opportunities, allowing women to align work with their social and family traditions. The programme has provided job opportunities to over 400 women over the last decade, with 178 currently participating. Based on the concept of flexibility of workplace and working hours, the programme provides the opportunity to work from conveniently located women-only Tamooha centres or from home.

Looking ahead: Focus on growth and organisational resilience

ADCB will continue to attract and retain talent, while improving processes, systems and technology to align with an evolving regulatory and business landscape, drive growth and promote sustainability. The Bank is committed to embedding operational resilience as a core component of its strategic direction, recognising the importance of anticipating, preparing for, responding to, and recovering from disruptions to safeguard critical business services.

A core focus will remain the further strengthening of the Risk and Compliance Departments and their activities, ensuring ongoing monitoring of regulatory conduct and enhancing financial crime compliance controls. Through investment in technology, automation, workforce readiness, and enhanced interdepartmental collaboration, the Bank is building a resilient foundation that protects its operations, and also fosters trust and confidence among stakeholders.

Board information

ADCB's Board is composed of 11 Non-Executive Directors in compliance with the CBUAE regulations, which prohibit the inclusion of Executive Directors on the boards of financial institutions. Our Directors maintain independent status, except for Khalid Deemas Alsuwaidi and Khaled H. Alkhoori, who are classified as non-independent due to their tenures exceeding 12 years.

In 2024, the Board and its committees convened 36 times, with Directors regularly receiving comprehensive updates on the Bank's activities and developments. When necessary, members of the MEC were invited to Board and committee meetings to address specific matters, while ensuring compliance with regulatory restrictions covering Executive Management attendance at key meetings.

The composition and chair of the Board's committees are reviewed periodically, with membership rotated as required to maintain the appropriate balance of skills, experience and knowledge required for effective oversight.

The Board oversees four standing committees, with each assigned specific responsibilities and authorities as delegated by the Board of Directors. Almost all Directors serve on at least one standing Board Committee.

Gender diversity at Board level

A key responsibility of the Board is to cultivate and sustain a healthy corporate culture at ADCB. The Bank firmly believes that organisations that prioritise both performance and culture are positioned to achieve long-term success.

The Board remains committed to promoting gender diversity at the leadership level. As at 31 December 2024, women comprised c.20% of the Board. Moving forward, in line with applicable regulatory requirements, ADCB is dedicated to ensuring that at least 20% of candidates considered for directorship are female. The Bank will ensure that at least one female member serves on the Board.

Board of Directors in numbers

Board members	11
Non-Executive Directors	100%
Independent Directors	9
Female Directors	c.20%

Overview of the Board Committees and their responsibilities

Board Executive Committee (BEC)

- Development and execution of strategy approved by the Board
- The Group's sustainability strategy and strategic priorities
- The Group's business performance and guidance on the development of new business initiatives
- The Group's proposals for acquisitions, disposals and joint ventures and other value creation opportunities, including establishment, or closure and exit of any international operations
- Material credit commitments
- Digital transformation and investments

Board Risk Committee (BRC)

- Setting the Group's risk appetite and risk strategy
- Development and implementation of the Group Risk Governance Framework (including policies, processes, procedures, systems, and controls)
- Alignment of the Group's strategic objectives with its risk profile
- Development of risk measurement models, tools, and monitoring of the effectiveness of such tools
- Assessment of risks associated with the Group's asset portfolios
- Assessment of capital adequacy against regulatory requirements
- Assessment of overall credit and concentration risk in relation to the Group's risk profile and business strategy
- Compliance with regulatory requirements relating to risk management
- Oversight and implementation of data management, privacy policies and consumer protection requirements
- Assessment of the risk associated with Islamic, fraud, cybersecurity and asset portfolios
- Development and implementation of risk management strategies and limits
- Oversight of independence and effectiveness of the Risk Management functions across the Group

Board Audit Committee (BAC)

- The qualifications, independence, objectivity, and performance of the Group's External Auditor
- The qualifications, independence, objectivity and performance of the Bank's Internal Audit and Compliance Departments
- The qualifications, independence, and performance of the Bank's Internal Shari'ah Audit Department
- Adequacy of the Group's internal control framework to ensure the establishment of an effectively controlled operating environment for the conduct of the Group's business
- Adequacy of the Group's financial statements, reporting, and matters relating to the Group's internal controls, and risk management systems
- The Group's compliance with applicable legal and regulatory requirements, including financial crime[1] and with the Group's policies unless specifically delegated to other Board Committees
- The review and monitoring of trades in the Bank's shares by Directors, and staff, including Executive Management

Nomination, Compensation, HR & Governance Committee (NCHRGC)

- Appropriate composition of the Board
- Nomination of appropriate Directors to the Board and its committees
- Assessment of the performance of the Board, Board Committees, individual Directors, and members of the Executive Management
- Succession plans for Directors and members of Executive Management
- Remuneration policies for the Bank's Directors and Executive Management
- The Group's HR strategy, including Emiratisation
- Development of the Group's Corporate Governance Framework
- The Group's compliance with regulatory requirements relating to corporate governance
- The Group's corporate culture and values, including its governance culture

(1) Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT) and Sanctions

Director's independence

Independence is a critical measure of a Director's ability to act in the best interests of ADCB and all its stakeholders. The CBUAE has established specific criteria for independence of board members in banks, as outlined in the Corporate Governance Regulations and Standards for Banks (CBUAE Independence Criteria). The CBUAE's criteria are designed to ensure that Directors maintain impartiality and uphold their fiduciary responsibilities effectively.

The CBUAE Independence Criteria are as follows

a. The Director's tenure should not exceed 12 consecutive years from the date of appointment. This provision applies equally to appointments by a government shareholder

b. The Director or any of his/her first-degree relatives should not have been employed by the bank or its subsidiaries during the past two years

c. The Director should not have conducted any consulting services for the bank, or its subsidiaries, or acted in such capacity, either directly or indirectly, during the past two years

d. The Director should not have had any personal services contracts with the bank or its subsidiaries during the past two years

e. The Director should not be affiliated with any non-profit organisation that receives significant funding from the bank or its subsidiaries

f. The Director and/or any of his/her first-degree relatives (individually or collectively) should not own, directly or indirectly, 10% or more of the bank's share capital or be a representative of a shareholder who owns, directly or indirectly, more than 10% of the banks' share capital

g. The Director, or any of his/her first-degree relatives, should not be a partner or employee of the bank's auditor for the past two years

h. The Director or any of his/her first-degree relatives, should not have direct or indirect interest in any contracts and/or projects of the bank or its subsidiaries, where the total of such transactions exceeds the lower of 5% of the bank's paid share capital, or AED 5 million, or an equivalent amount in foreign currency, during the past two years, unless such relationship is part of the nature of the bank's business and involves no preferential terms

The provisions from items b) to h) do not apply to Board Members appointed by a Government shareholder, as per the CBUAE Corporate Governance Regulations.

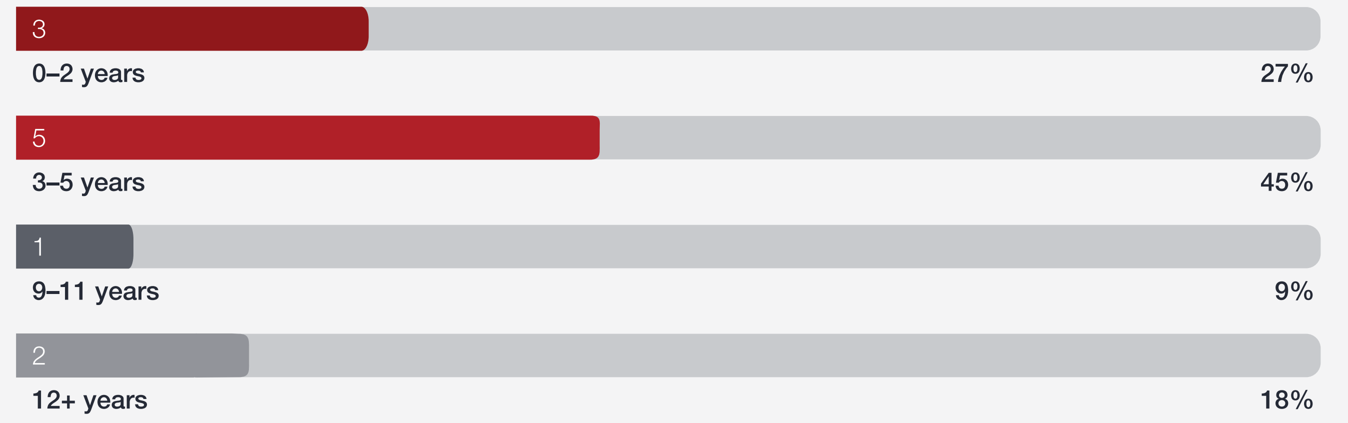
The Government of Abu Dhabi entity, Mubadala Investment Company PJSC (Mubadala), owned 60.69% of the Bank's share capital as at 31 December 2024.

As an Abu Dhabi Stock Exchange (ADX)-listed entity regulated by the CBUAE, ADCB determines the independence of its Board Members in accordance with the criteria outlined by the CBUAE.

As at 31 December 2024, the Board Members satisfied the prescribed CBUAE Independence Criteria, with the exception of Khalid Deemas Alsuwaidi and Khaled H. Alkhoori, who are classified as non-independent due to their tenure exceeding 12 consecutive years on the ADCB Board.

Length of Board tenure (as at 31 December 2024)[1]

(Number of Directors)



0–2 years

H.E. Dr. Ahmed Mubarak Al Mazrouei (2024)

Fatima Al Nuaimi (2022)

Sheikh Sultan Bin Suroor Al Dhaheri (2022)

6–8 years

Nil

9–11 years

Aysha Al Hallami (2013)

3–5 years

Sheikh Zayed Bin Suroor Al Nahyan (2021)

H.E. Khaldoon Khalifa Al Mubarak (2020)

H.E. Hussain J. AlNowais (2019)

Saeed Mohamed Hamad Al Mazrouei (2019)

Carlos Obeid (2019)

12+ years

Khaled H. Alkhoori (2012)

Khalid Deemas Alsuwaidi (2009)

Note: Figures may not add up due to rounding differences

(1) According to the CBUAE's corporate governance regulation and standards, a Board director is categorised as non-independent when the length of tenure exceeds 12 years

Board appointment, induction and training

Appointment, retirement and re-election

ADCB recognises that an effective Board is fundamental to the success of the Bank and its ability to serve in the best interests of all stakeholders.

In line with ADCB's Articles of Association and applicable CBUAE Corporate Governance Regulations, all Directors are required to seek re-election by shareholders every three years. If a vacancy arises before the next General Assembly, the Board has the authority to appoint an individual nominated by the NCHRGC to fill that vacancy according to applicable regulations. However, this appointment must be ratified by shareholders at the subsequent General Assembly.

ADCB's majority shareholder, Mubadala Investment Company, holds the right to appoint a proportionate number of Directors relative to its shareholding. As at the year-end 2024, the majority shareholder held 60.69% of ADCB's share capital, granting it the right to appoint six Directors and exercise voting rights over an additional 6.14% of the Bank's share capital during Board elections.

The selection and appointment procedure for the Board of Directors is detailed in ADCB's Directors' Selection Policy. The policy sets out the fit and proper criteria and prerequisites for selecting and appointing a Director, as required by applicable regulations. As mandated by the CBUAE Corporate Governance Regulations, every Director shall be approved by the CBUAE as a proposed candidate prior to appointment or election at the General Assembly.

Board composition in 2024

The Bank's Board of Directors were duly appointed/re-elected by shareholders at the Annual General Assembly (AGA) held on 14 March 2022. During 2024 H.E. Amr Al Menhali resigned as Director and H.E. Dr. Ahmed Mubarak Al Mazrouei was nominated and appointed as a Director to fill the resulting vacancy. The appointment of H.E. Dr. Ahmed Mubarak Al Mazrouei will be presented at the next AGA for ratification. In accordance with the applicable regulations, Directors will submit themselves for re-election at the AGA in 2025. The NCHRGC shall conduct a Board composition evaluation exercise prior to that and, if necessary, make recommendations for new Director nominations.

Board induction

ADCB provides a comprehensive Directors' induction programme for all newly appointed/elected Directors. Each new Director receives a formal and tailored induction to enable them to perform effectively while building a deep understanding of the Bank's business.

The Directors' induction programme typically consists of meetings with other Directors, Executive Management, and briefings from Senior Managers from key business areas and operations, as needed. Additionally, new Directors are provided with opportunities to visit key branches, departments and engage with subject matter experts. Newly appointed Directors also receive comprehensive guidance on their duties and responsibilities, the Bank's policies, procedures, and relevant legal and regulatory requirements.

After the initial induction, Directors continue to deepen their understanding of the business through ongoing meetings and engagements, as appropriate.

Board skills, experience, professional advice and training

The expertise and competencies of Directors are assessed through a mapping exercise which is updated as needed to ensure the skills and experience of the Board collectively remain relevant to the Bank's strategy and operating environment.

The Board brings a wealth of experience, which incorporates the areas of finance, audit, accounting, risk management, governance, strategic planning, ESG and information technology.

The Board dedicates sufficient time, budget and other resources to an ongoing training and development programme and draws on external expertise, as and when required. An annual review of training is conducted to ensure that Directors acquire, maintain and enhance knowledge and skills relevant to their responsibilities.

Furthermore, the Board regularly engages with Executive Management on specialised topics as and when required.

The Board has direct access to the advice and expertise of the Group Company Secretary, who supports the Directors in fulfilling their fiduciary duties. Additionally, Directors may seek independent external professional advice at the Bank's expense on any matter they deem necessary to effectively execute their duties.

In 2024, Directors participated in a number of training and deep dive sessions

Training sessions

- Islamic banking
- Shari'ah regulations
- Sanctions & proliferation financing
- International Financial Reporting Standards (IFRS)
- Interest rate risk in the banking book
- Outsourcing regulations
- Credit risk management standards
- Emerging risks (cyber risk including crypto currency)
- Payment token regulations

Deep dives

- Cost management and efficiencies
- Retail Banking Group strategy
- Corporate Investment Banking Group strategy
- Islamic Banking strategy
- Wealth Management and Private Banking strategy
- Treasury business and future priorities
- Digitisation and technology modernisation projects
- Performance management vs. budget and business plans

Industry experience of the Board directors

Skill set[1]	# of Directors with the skill
Capital markets	●●●●●●●●●●●
Financial (analysis, stability & reporting)	●●●●●●●●●●●
Strategic planning	●●●●●●●●●●●
Risk management	●●●●●●●●●●●
Familiarity with applicable UAE regulatory landscape	●●●●●●●●●●●
Corporate governance	●●●●●●●●●●●
Management	●●●●●●●●●●●
Accounting	●●●●●●●●●●○
Audit	●●●●●●●●○○○
Sustainability or ESG	●●●●●●●●○○○
Compensation	●●●●●●●●○○○
Information technology	●●●●●○○○○○○
Shari'ah Rules & Principles	●●●●●○○○○○○

(1) This is a non-exhaustive list

Responsibilities of the Board

The Board serves as the Bank's primary decision-making body, holding ultimate responsibility for leading the Group's direction, controlling and setting its strategic objectives. This leadership role involves not only shaping and steering the overarching strategy of the Group but also overseeing the implementation of these strategies. This is achieved through the approval and supervision of the Group Corporate Governance Framework and cultivating a robust corporate governance culture to ensure that sustainable shareholder value is maintained.

Additionally, the Board assumes responsibility for the Group's operational and financial soundness. The Board remains committed to balancing and fulfilling the interests of all stakeholders, including shareholders, customers, employees, regulators, and wider stakeholder groups.

Furthermore, the Board fulfils these responsibilities by maintaining the integrity of the Group's accounting and financial statements, setting adequate internal controls and monitoring the overall business performance of the Group.

Moreover, the Board provides guidance and oversight to the Executive Management, ensuring alignment with the Group's objectives and values. Through these measures, the Board maintains its responsibilities to all stakeholders and upholds its role as steward of the Group's long-term success. More specifically, the Board is responsible for:

- **Strategy and management:** Setting the Bank's long-term objectives and commercial strategy, and monitoring Management's performance
- **Structure and capital:** Approval of changes relating to capital structure, dividend policy, the capital adequacy assessment process, capital and liquidity plans, corporate structure, management and control structures
- **Financial reporting, planning, and controls:** Approval of financial results, annual reports and accounts, dividends, business plans, budgets (including funding plans) and forecasts, significant changes in accounting policies or practices, credit and liquidity policies, remuneration of, and appointment/removal of, an auditor and other material accounting policies
- **Internal controls:** Ensuring the establishment, implementation, and monitoring of an adequate and effective internal controls system, and processes, through prudent oversight, guidance and provision of necessary support
- **Risk management:** Setting the Bank's risk strategies, appetite and monitoring the Bank's approach to material risks, approving risk management policies, promoting risk awareness and cultivating a strong risk culture
- **Compliance, AML/CFT, and sanctions:** Oversight of the implementation of an effective AML/CFT compliance programme, promoting a strong compliance culture and three lines of defence, and ensuring the Group operates in accordance with all applicable legislation
- **Sustainability:** Overseeing and approving the Bank's sustainability strategy to ensure that business risks and opportunities associated with ESG are adequately managed, strengthening the Group's resilience and operational processes, while harnessing opportunities to support the transition to a net zero economy
- **Major transactions:** Approval of major capital investments and projects, due to materiality or size, including acquisitions, mergers, disposals, and material contracts not in the ordinary course of business
- **Board Committees and other appointments:** Establishing Board Committees to assist in carrying out its responsibilities and implementing corresponding terms of reference and membership to those Board Committees; conducting annual evaluations of the effectiveness of the Board, individual Directors, and Board Committees; and ensuring that the Executive Management's collective knowledge and expertise remain appropriate for the Group
- **Succession planning:** Appointment or removal, as well as actively engaging in succession planning for key members of senior management
- **Executive Management performance:** Establishment of a fit and proper process for the identification, assessment and selection of Executive Management, and oversight of the performance of Executive Management to ensure that it is consistent with Board-approved strategic objectives and policies and aligned with the Group's values, risk appetite and risk culture
- **Remuneration framework:** Determining the remuneration policies for Directors and Executive Management, establishing and approving the share incentive plans and other remuneration schemes that are consistent with long-term strategic objectives, prudent risk-taking, and financial soundness of the Group
- **Delegation of authority:** Approving clear policies and procedures for the delegation of authority to the Executive Management, monitoring duties and responsibilities delegated to the Board Committees, Management Committees, and the Executive Management
- **Governance:** Ensuring effective control of the Group, while respecting the independent legal and governance responsibilities of each subsidiary in the Group, and providing independent oversight of the Corporate Governance Framework whilst maintaining a strong control culture
- **Shari'ah governance:** Establishing, reviewing and approving a sound and effective Shari'ah Governance Framework with mechanisms and functionalities to ensure effective and independent Shari'ah oversight, as per CBUAE requirements and the UAE's Higher Shari'ah Authority (HSA); promoting a corporate culture that reflects the importance of Shari'ah compliance, and strengthening the knowledge and understanding of Islamic financing

Board oversight of risk management

Effective risk management is one of the key fundamental principles of the Group's Corporate Governance Framework. The Board has the overall responsibility for setting the Group's risk appetite and ensuring that all risks are effectively and efficiently managed within the approved parameters.

The Board seeks to promote an on-going risk dialogue with Executive Management, maintains appropriate relationships with its Committees to sustain effective risk oversight, and ensures appropriate resources to support risk management systems.

Risk management remains the responsibility of the Board. The BRC has been delegated the responsibility to ensure that the Board fulfills its duties in relation to risk management through managing, overseeing, monitoring, and reviewing all risks. The BRC advises the Board on the Group's overall risk appetite, tolerance and strategy, considering the Group's long-term interests, risk exposures and ability to manage risk effectively. Furthermore, the BRC works closely with the Executive Management to develop and implement the overall risk strategy, as appropriate, to relevant sectors, geographic regions and client types.

Additionally, the BRC conducts periodic meetings specifically to review the effectiveness of the Group's risk management and internal control systems and to review the risks identified and progress of actions taken to mitigate them. Following the review, progress and actions are reported to the Board, and any revisions in the Group Risk Governance Framework are approved by the Board.

Summary of monitoring and controls for insider trading activities

1. Controls and monitoring mechanisms

ADCB has implemented robust controls to prevent market abuse and conflicts of interest, particularly during blackout periods. These controls include:

Blackout periods:

- Regular blackout periods commence 15 days before each quarter-end and expire upon the publication of financial results
- Special blackout periods are applied during specific corporate events involving Material Non-Public Information (MNPI)

Monitoring trading activity:

- The Compliance Department actively monitors the trading activities of ADCB insiders in ADCB shares on a quarterly basis
- Any trades executed during blackout periods are immediately flagged and reported to senior management and the Board Audit Committee (BAC)

2. Reporting and oversight

The Compliance Department ensures that all insiders trading activities in ADCB shares are reviewed and reported to senior management and the BAC for information and further action, if required. This process ensures transparency and adherence to regulatory requirements.

Further responsibilities of the BRC include:

- Reviewing the results of the stress tests conducted and the ADCB stress-testing methodology
- Ensuring that the Group's risk governance approach is supported by prudent risk-taking at all levels
- Ensuring that the Group has appropriate operational risk management strategies, policies, and processes to identify, assess, evaluate, monitor, report, control, or mitigate operation risk on a timely basis
- Ensuring timely disclosure to the CBUAE of any significant deviation from the Board-approved operation risk appetite statement, policies, or procedures, as well as any material operational risks that have not been adequately addressed

The duties and responsibilities of the BRC are facilitated by the support of various Group Management Committees, including, the Management Risk Committee and the Assets and Liabilities Committee.

During 2024, the BRC sought and received assurance from the Executive Management on CBUAE regulations and new developments and whether they were suitably addressed and reported to the Board accordingly.

The Board, together with the Executive Management, recognises the importance of ensuring that ADCB's workplace culture is aligned with the Bank's purpose, values and strategy. The Board continuously cultivates and reinforces a strong compliance culture by creating an environment where employees at all levels are empowered to confront improper behaviour, raise grievances and suggest better ways to pursue the Group's strategic objectives. This has been achieved through the implementation of various policies, including the Code of Conduct Policy, the Employee Grievance Policy and the Whistleblowing Policy.

Our 'three lines of defence' model

As part of the Group Risk Governance Framework, the Bank has an activity-based three lines of defence model. This determines accountabilities and responsibilities for risk management across the Group. It forms the basis of the Bank's approach to risk management by clarifying responsibilities, encouraging collaboration, and enabling efficient coordination of risk and control activities, while maintaining adequate independence.

The first line of defence is implemented by the units, departments, or business functions that perform daily operational activities. They have ultimate ownership for risk and controls and are accountable for identifying and reporting key existing and emerging risks that they own for their business or function in line with the risk appetite. They should implement risk management policies and be aware of the risk factors that must be considered in every decision and action, while executing effective internal controls in their business units.

The Risk Management and Compliance Departments constitute the second line of defence. They are responsible for risk management model development, monitoring and reporting processes, and the oversight of the Bank's overall risk management. They provide expertise, advice, guidance, review, and challenge the first line of defence activities to help ensure that risk management decisions and actions are appropriate, within the Risk Appetite Statement. The Group Chief Risk Officer and the Group Chief Compliance Officer are accountable for the holistic oversight, on an enterprise risk basis, for areas within their remit, including the impact of conduct outcomes and the provision of advice, guidance, and challenge to the first line of defence.

The third line of defence is implemented by internal audit. The Internal Audit Department provides independent review and reporting to management and non-executive risk and audit committees as to whether the Bank's risk management, governance, and internal control processes are designed and operate effectively.

Board oversight of financial reporting and internal controls

Oversight of financial reporting and integrity of ADCB's financial disclosures are also responsibilities of the Board. To this end, the Board ensures that independent Risk, Compliance and Internal Audit Departments are in place, alongside a framework of robust internal controls. The Board has established the BAC to ensure that the Board fulfils its responsibilities in relation to oversight of the financial reporting and disclosure processes. This includes monitoring ADCB's accounting policies, principles and judgements. In matters of financial reporting, the Board maintains ultimate responsibility for the accuracy and completeness of the Group's financial statements and the contents of the annual report.

In 2024, the BAC evaluated the objectivity and effectiveness of ADCB's financial reporting and disclosure processes, including review of accounting policies, principles and judgements. Additionally, the BAC ensured the Group adheres to CBUAE and SCA regulatory requirements.

Furthermore, the BAC assists the Board in discharging its responsibilities for oversight of an effective internal control environment, which includes approving the annual Internal Audit Plan, and monitoring the effectiveness of the Internal Audit Department. The BAC also evaluates measures taken to address identified deficiencies.

The Internal Audit Department reports directly to the BAC on all internal audit-related matters. This reporting structure fosters independence and reinforces the Internal Audit Department's ability to monitor and evaluate the effectiveness of the Group's controls and processes.

Similarly, the Group's Compliance Department reports directly to the BAC on the Group's compliance with regulatory requirements and guidelines, AML/CFT, sanctions and counter proliferation financing standards, and any suspicious activity. To ensure continuous improvement, the BAC undertakes an annual review of the Compliance Department, assessing its effectiveness. Furthermore, the BAC ensures that the effectiveness of the Compliance Function is evaluated every five years by an independent external professional services advisory firm, as required by the CBUAE Internal Controls, Compliance, and Internal Audit Regulations.

The BAC oversees the implementation of the Whistleblowing Policy, which provides internal and external stakeholders, a safe, anonymous channel to submit any concerns on potential irregularities in the Bank's activities. The BAC ensures that proper arrangements are available to allow anonymous independent and fair investigation of such irregularities, with protection in place to safeguard whistleblowers from any adverse consequences resulting from their reports. Through these controls, the BAC maintains a culture of transparency, integrity, and accountability within the ADCB Group.

Total number of internal control reports submitted to the Board and Board Committees in 2024 is 77

Subsidiary governance and Group structure oversight

The Group has implemented a robust corporate governance framework across all Group subsidiaries to ensure comprehensive oversight and consistent application of sound governance principles. This approach respects the independence of each legal entity, pursuant to the applicable regulatory requirements in all relevant jurisdictions. The governance structure is regularly evaluated to ensure it remains suitable for the dynamic and evolving regulatory environment, accommodating the growing complexity of the Group's structure and operations.

The Group has established a balanced approach through the Inter-Group Activities Policy to promote consistency in governance and oversight. The overarching objective of the Inter-Group Activities Policy is to grant Subsidiaries sufficient autonomy to satisfy their regulatory obligations while maintaining effective inter-Group relationships. This governance structure allows for adequate oversight, enabling the Group to supervise, manage, limit, and mitigate associated risks across its operations.

The Inter-Group Activities Policy establishes a protocol for upstream information sharing between ADCB and all its subsidiaries. The policy ensures that relevant information is reported promptly to the appropriate Group governance fora, promoting alignment and accountability to the Group.

A fundamental aspect of the Group Corporate Governance Framework and Inter-Group Activities Policy is to align the duties and responsibilities of subsidiaries' Boards with the Group's expectations as a major or sole shareholder. Furthermore, each subsidiary Board is expected to discharge its duties and responsibilities towards the respective subsidiary.

ADCB Group employees who are appointed as board directors of subsidiaries do not receive remuneration for these directorships.

The below table lists subsidiaries of ADCB Group as at 31 December 2024

Subsidiary	Ownership interest	Incorporation Year	Incorporation Country	Principal activities
Meedaf Investment Limited (formerly Meedaf Investment – Sole Proprietorship LLC)	100%	2023	UAE	Enterprise and service support
ADCB Sukuk Company Limited	Controlling Interest	2023	Cayman Islands	Treasury financing activities
Al Hur 1 Holding Limited	100%	2022	UAE	Real estate investment activities
Al Hur 2 Holding Limited	100%	2022	UAE	Real estate investment activities
ADCB Asset Management Limited	100%	2018	UAE	Wealth management and private banking
ITMAM Services LLC	100%	2013	UAE	Transaction processing and back-office support for the Group
AD NAC Ventures WLL	99.75%	2012	Bahrain	Trust activities
Al Hilal Leasing LLP[1]	100%	2011	Kazakhstan	Shari'ah compliant leasing operations
AHB Sukuk Company Limited[1][2]	Controlling Interest	2011	Cayman Islands	Treasury financing activities
ADCB Islamic Bank JSC *(formerly Al Hilal Islamic Bank JSC)*	100%	2010	Kazakhstan	Islamic banking activities
ITMAM Services FZ LLC	100%	2010	UAE	Transaction processing and back-office support for the Group
ADCB Finance (Cayman) Limited	100%	2008	Cayman Islands	Treasury financing activities
ADCB Markets (Cayman) Limited	100%	2008	Cayman Islands	Treasury related activities
ACB LTIP (IOM) Limited	Controlling Interest	2008	Isle of Man	Trust activities
Abu Dhabi Commercial Engineering Services LLC	100%	2007	UAE	Engineering services
Al Hilal Bank PJSC	100%	2007	UAE	Islamic banking activities
Kinetic Infrastructure Development LLC	100%	2006	UAE	Financial investments
Abu Dhabi Commercial Property Development LLC[2]	100%	2006	UAE	Property development
Al Wifaq Investment Properties PrJSC	90.08%	2006	UAE	Investment in real estate properties and rental income
ADCB Securities LLC	100%	2005	UAE	Agent in trading of financial instruments and stocks
Abu Dhabi Commercial Bank – Egypt SAE *(formerly Union National Bank Egypt SAE)*	99.90%	1981	Egypt	Commercial banking services

(1) Under liquidation
(2) Dormant

Diversity and inclusion across the Group

Gender diversity and inclusion across Group subsidiaries

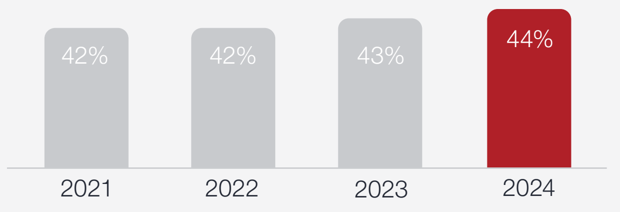
ADCB places high value on diversity and inclusion across the organisation and is committed to ensuring fairness, respect and equality for all employees, regardless of race, religion, gender, or age.

The Group's employee base comprises over 80 nationalities with women representing 44% of employees, reflecting ADCB's aim to nurture an inclusive culture of mutual respect, where diversity is embraced and all individuals feel valued and empowered to achieve their career ambitions.

Gender diversity on the boards of Group subsidiaries

ADCB is committed to supporting gender diversity across the respective boards of Group subsidiaries in all operating jurisdictions, ensuring that each Board has the ideal blend of diverse perspectives, knowledge, skills, and experience to support and guide the organisation's strategic growth and operational objectives.

Percentage of female employees in the workforce
(39% females among new recruits in 2024)



Subsidiary Board[1]	Total Directors	Female Directors	Female representation
Al Hilal Bank PJSC	7	1	14%
Abu Dhabi Commercial Bank – Egypt SAE	9	2	22%
Al Wifaq Investment Properties PrJSC	5	1	20%
ITMAM Services LLC	4	2	50%
ITMAM Services FZ LLC	1	1	100%
ADCB Asset Management Limited	2	1	50%
ADCB Markets (Cayman) Limited	1	1	100%
ADCB Finance (Cayman) Limited	1	1	100%
Overall	**30**	**10**	**33%**
Boards of UAE subsidiaries	**19**	**6**	**32%**
Boards of international subsidiaries	**11**	**4**	**36%**

(1) The table lists only ADCB Group subsidiaries that have female representation on the board of directors

Board effectiveness and evaluation

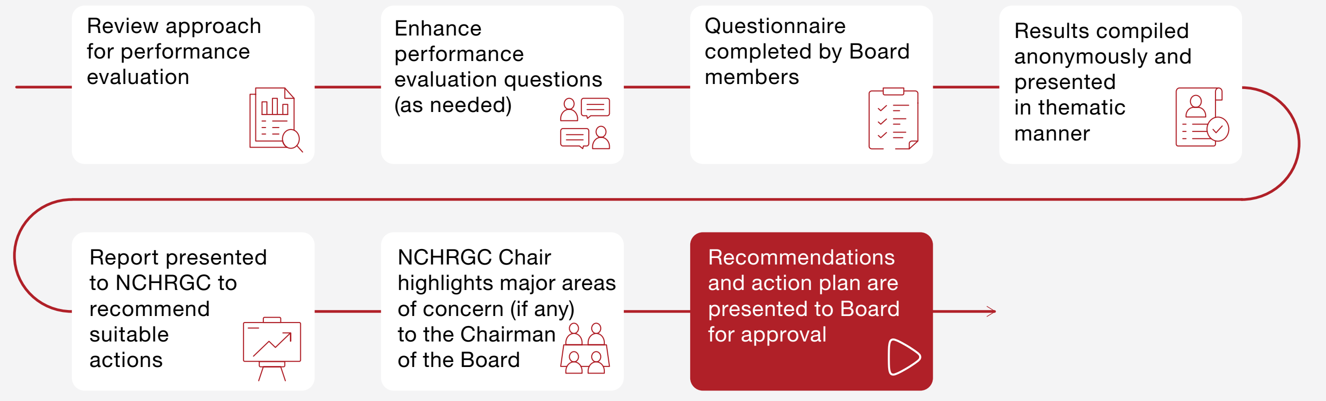
The Board undertakes a formal and rigorous annual evaluation to assess its collective performance, the individual contributions of Directors, and the effectiveness of Board Committees in fulfilling their respective mandates. This evaluation process, guided by the Director's Performance Evaluation Policy, is considered essential for the continuous development of the Board. By actively participating in its structuring, evaluation and review of its outcomes, the Board seeks to identify both achievements and areas for improvement. This fair and well-managed evaluation process reinforces trust among Directors, between the Board and Executive Management, and promotes alignment with the Bank's stakeholders.

The evaluation includes a specific review of the responsibilities and performance of the Chairman and the Chairs of each Board Committee, assessing the efficiency of meeting conduct, facilitation of debate, discussion, decision-making, and external representation of the Bank to the public, regulators and other counterparties.

The Board Committees are evaluated on effectiveness in discharging their responsibilities, diligence, and responsiveness to the Board. Additionally, each Committee conducts an annual self-evaluation, assessing its ability to carry out the responsibilities delineated in their respective terms of reference.

To ensure a robust and independent evaluation of the Board's performance, an external consultant is appointed at least once every three years to independently conduct a performance evaluation. The results of this evaluation are presented to the NCHRGC as an actionable plan, with the Committee actively monitoring to ensure effective implementation. Subsequent to the Committee's review, the Chair of the NCHRGC briefs the Board of Directors on the results. The Board Secretariat supports Directors and the NCHRGC throughout the evaluation process.

During 2024, an internal board evaluation assessment for 2023 was undertaken in line with the CBUAE and SCA's applicable corporate governance regulations. The Board was satisfied with the results of the evaluation and the NCHRGC approved an action plan to address the recommendations that were adopted. In particular, the NCHRGC agreed to enhance its Board trainings and the process of timely circulation of meeting materials.



The internal ADCB Board evaluation

Executive summary

The Board assessed and evaluated its own and its Committees' performance, to ensure that there is an appropriate balance of skills, diversity, knowledge, and collective experience, commensurate with the size, complexity, and risk profile of the ADCB Group. Accordingly, the NCHRGC with the support of the Board Secretariat facilitated the 2023 internal Board evaluation, pursuant to the Directors' Performance Evaluation Policy.

Evaluation scope

The Board evaluation focused on the following:

- Governance structure
- Board Strategy and stakeholder management
- Board processes and decision-making procedures
- Board Committees' duties
- Strategic oversight
- Board Engagement with senior management
- Risk management
- Board Secretariat support
- Performance of individual Board members
- Areas of improvement and continuous development

Evaluation methodology

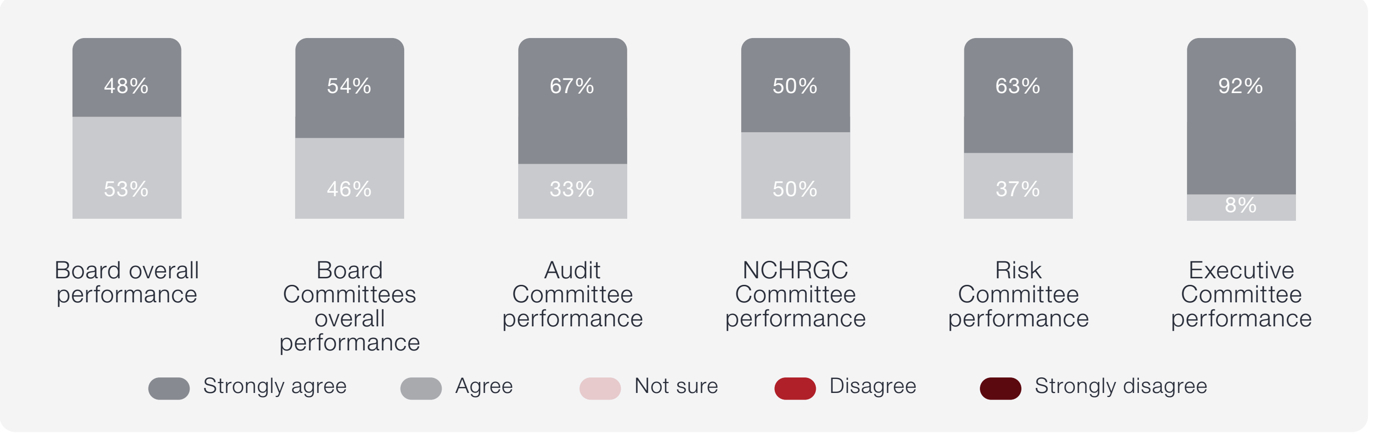
A performance evaluation questionnaire was developed and circulated to all Directors and Executive Management. The questionnaire was designed to encourage critical and objective feedback and self-evaluation, including reflection on areas of potential improvement. In order not to restrict the questionnaire to close-ended questions, all participants were invited to add freehand comments or recommendations under each evaluation theme.

The questionnaire consisted of 54 questions with a 5-point agreement scale, where practices rated in ascending order with 1 equating to strongly disagree and 5 equating to strongly agree.

The feedback was collected, on an anonymous basis, and the report was produced with the collated results.

Summary of results

The overall results from the internal Board Evaluation found that the Board and its Committees, performed to high level of satisfaction and that the processes implemented were deemed effective.



Note: Figures may not add up due to rounding difference

Board oversight of conflict of interest & related party transactions

Conflict of interest

The Board of Directors has established and maintains a comprehensive framework to identify and manage conflicts of interest across the organisation, including among the Bank's employees and Directors. This framework implements effective controls designed to prevent any adverse impact on the Group, its shareholders and other stakeholders.

Employee conflict of interest

Employees must adhere to a Code of Conduct that mandates avoiding conflicts of interest between themselves, the Bank, customers, and suppliers. If an employee's outside interests conflict with the Group, they must promptly inform their line manager. In such cases, the transaction or account management should be assigned to another employee. Prior approval from Group Compliance may be necessary for specific transactions in certain instances. Employees are also obligated to periodically disclose personal interests, including dealings with third parties related to the Group.

Director conflict of interest

The Board has implemented a Directors' Conflict of Interest Policy to ensure that any actual, potential, or perceived conflicts involving Directors are managed in the best interests of the Group and its stakeholders. Directors are expected to avoid any activities that could create a conflict of interest, and they should promptly disclose any such matters to the Board and the Group Company Secretary. Directors are required to disclose their interests and relationships on appointment and provide updates on a quarterly basis. Any transactions in which a Director or related party may have a potential interest are meticulously reviewed and require approval by the Board. Directors with an interest in a particular transaction are prohibited from participating in discussions of, or voting on, that transaction.

The Board Secretariat function has established and maintains, a register that records Directors' conflicts of interests and related party transactions, which contains relevant details of all declarations of interests made by the Directors.

The NCHRGC reviews entries to the Register of Conflicts of Interests on a quarterly basis.

Definition of related party

The Group's related parties include the major shareholder, its associates, funds under management, directors, senior management and their related entities, and the Government of Abu Dhabi, which is the ultimate controlling party.

Mubadala holds 60.69% of the Bank's issued and fully paid-up share capital. As the Government of Abu Dhabi owns 100% of Mubadala, it is considered as the ultimate controlling shareholder. Therefore, all other entities controlled or associated with the Government of Abu Dhabi are deemed as related parties of the Group.

Related party transactions

(AED'000)	Ultimate controlling party and its related parties	Directors	Directors' related parties	Senior management and their related parties	Associates and funds under management	Total
Balances as at 31 December 2024						
Financial assets	105,422,428	235,541	3,902,337	31,542	3,727,909	**113,319,757**
Financial liabilities	114,416,264	106,401	828,611	59,797	1,243,971	**116,655,044**
Capital notes	6,000,000	–	–	–	–	**6,000,000**
Contingent liabilities	33,101,595	3,142	43,996	3,879	185,623	**33,338,235**
Transactions for the year ended 31 December 2024						
Interest income and other income	5,328,334	18,021	240,191	1,245	89,043	**5,676,834**
Interest expense and other expenses	4,966,717	3,486	18,992	789	51,328	**5,041,312**
Coupons paid on capital notes	465,283	–	–	–	–	**465,283**

Note: Figures may not add up due to rounding differences
During 2024, ADCB has not entered into any related party transactions that would require shareholders' approval at the Annual General Assembly

(AED'000)	Ultimate controlling party and its related parties	Directors	Directors' related parties	Senior management and their related parties	Associates and funds under management	Total
Balances as at 31 December 2023						
Financial assets	88,626,350	234,431	4,366,244	27,553	4,034,509	**97,289,087**
Financial liabilities	107,609,203	95,839	620,058	82,672	1,511,411	**109,919,183**
Capital notes	6,000,000	–	–	–	–	**6,000,000**
Contingent liabilities	28,603,328	2,534	13,183	2,742	515,045	**29,136,832**
Transactions for the year ended 31 December 2023						
Interest income and other income	4,070,163	16,986	222,744	1,808	111,646	**4,423,347**
Interest expense and other expenses	4,107,119	2,852	6,333	1,106	8,493	**4,125,903**
Coupons paid on capital notes	393,482	–	–	–	–	**393,482**

Note: Figures may not add up due to rounding differences
During 2023, ADCB has not entered into any related party transactions that would require shareholders' approval at the Annual General Assembly

Related party transactions

ADCB has implemented a comprehensive Related Party Transactions Policy, which outlines the procedures for identifying, evaluating, monitoring, and reporting the Group's exposures to related parties. In the ordinary course of business, the Group engages in transactions with various entities, including the major shareholder, related entities, associates, funds under management, directors, executive management, and entities related to the Government of Abu Dhabi. These transactions are entered into in the ordinary course of business at agreed upon interest and commission rates.

To ensure transparency and accountability, all Directors must disclose their related parties, transactions, and potential conflicts on appointment and subsequently on a quarterly basis. The Board Secretariat function maintains a register that records Director conflicts of interest and related party transactions. The declarations of interests made by Directors is reviewed quarterly by the NCHRGC.

As a result of written declarations of interests submitted by each Director, the Board ensures that any external commitments do not conflict with the Director's duties and responsibilities. In instances where conflicts may arise, the Board remains sufficiently informed, with policies and procedures in place to mitigate any associated risks.

Major shareholder and its related parties

Transactions between ADCB and its majority shareholder and subsidiaries are fully disclosed in the table above.

Associates and funds under management

The Group may provide banking services to its associates in the ordinary course of business, from time to time. However, such banking services rendered are always conducted on an arm's length basis.

Directors and their related parties

To ensure transparency and prevent conflicts of interests, the Bank has implemented robust controls to manage related party transactions involving Directors or their related parties. These controls require Directors to refrain from participating in discussions of, or voting on, transactions in which they have an interest, thereby promoting a transparent and impartial decision-making process.

ADCB Directors' and related party shareholdings[1]

Name	Kinship (if applicable)	As at 31 Dec 2024	As at 31 Dec 2023	Change in shareholding
H.E. Khaldoon Khalifa Al Mubarak	N/A	463,828	463,828	0
H.E. Hussain J. AlNowais	N/A	0	0	0
Amna Hussain AlNowais	Daughter of H.E. Hussain J. AlNowais	820,508	820,508	0
Ali Hussain AlNowais	Son of H.E. Hussain J. AlNowais	692,028	692,028	0
Mohamed Hussain AlNowais	Son of H.E. Hussain J. AlNowais	692,028	692,028	0
H.E. Ahmad Mubarak Al Mazrouei	N/A	1	0	+1
Khalid Deemas Alsuwaidi	N/A	63,637	61,842	+1,795
Marwan Khalid Deemas	Son of Khalid Deemas Alsuwaidi	0	1,795	-1,795
Sheikh Zayed Bin Suroor Al Nahyan	N/A	1,914,456	1,914,456	0
Aysha Al Hallami	N/A	0	0	0
H.E. Ahmed Sultan Al Hallami	Father of Aysha Al Hallami	845,762	845,762	0
Khaled H. Alkhoori	N/A	2,082,422	1,782,422	+300,000
Carlos Obeid	N/A	0	0	0
Arij Azzam	Wife of Carlos Obeid	91,544	66,114	+25,315
Saeed Mohamed Hamad Al Mazrouei	N/A	0	0	0
Fatima Al Nuaimi	N/A	0	0	0
Sheikh Sultan Bin Suroor Al Dhaheri	N/A	5,537,993	5,237,993	+300,000

(1) The Bank does not award any shares to any of its Directors

Board remuneration

Board remuneration strategy and policy

The Bank's Board remuneration strategy is designed to reflect the responsibilities and time commitment of the Directors, considering existing industry standards. Accordingly, the key principle of the Board remuneration structure is to be commensurate with the Bank's strategic and operational objectives, ensuring that Directors are appropriately compensated.

In line with the CBUAE Corporate Governance Regulations read in conjunction with the SCA Corporate Governance Regulations and the ADCB Board Compensation Policy, Directors are compensated only with fixed remuneration without any incentive-based compensation linked to the performance of the Bank. Thus, ADCB's Board remuneration is comprised of 2 components, namely: the amount payable to Directors for their service on the (1) Board, and (2) Board Committees.

The NCHRGC is responsible for proposing Directors' remuneration to the Board, which, if endorsed, is subsequently submitted for approval by the Bank's Shareholders at the AGA. In its annual review of the Directors' remuneration, the NCHRGC considers the following factors, amongst others:

- Operational and business complexity of the Bank and its growth strategy
- Increased regulatory requirements impacting the duties and responsibilities of the Board
- Expected time commitment from Directors to execute their respective duties
- Additional duties that may be required from Directors other than what is ordinarily expected
- Continuous emerging challenges in the banking industry

Any proposed adjustments to Board remuneration are considered by the NCHRGC prior to obtaining the necessary approvals from the Board and/or shareholders. According to applicable laws and ADCB's Articles of Association, Directors are not eligible for remuneration in any financial year where the Bank is not profitable.

Board remuneration paid in 2024 for 2023

The total Board total remuneration, paid in 2024, for the year ended 31 December 2023 amounted to AED 31,080,000. ADCB's Directors were not recommended for any additional allowances, salaries or fees, bonuses, long-term or other incentive schemes. Additionally, Directors do not receive any pension benefits from ADCB.

2024 proposed Board remuneration

The total proposed Board remuneration for the year ending 31 December 2024, to be paid in 2025, is approximately AED 36 million, subject to final approval by shareholders at the AGA to be held in 2025.

Board remuneration paid in 2024 for 2023

	All figures are in AED		
	Remuneration	Sitting fees	Total
H.E. Khaldoon Khalifa Al Mubarak *Board Chairman*	3,391,147	–	3,391,147
H.E. Hussain J. AlNowais *Board Vice-Chairman*	2,940,055	80,000	3,020,055
Aysha Al Hallami	2,706,187	390,000	3,096,187
Saeed Mohamed Hamad Al Mazrouei	2,823,182	360,000	3,183,182
Carlos Obeid	2,706,187	390,000	3,096,187
Khalid Deemas Alsuwaidi	2,255,217	60,000	2,315,217
Sheikh Zayed Bin Suroor Al Nahyan	2,255,217	–	2,255,217
Khaled H. Alkhoori	2,706,187	310,000	3,016,187
Fatima Al Nuaimi	2,255,217	120,000	2,375,217
Sheikh Sultan Bin Suroor Al Dhaheri	2,255,217	60,000	2,315,217
H.E. Amr Al Menhali(1)	2,706,187	310,000	3,016,187
Total	**29,000,000**	**2,080,000**	**31,080,000**

(1) During 2024 H.E. Amr Al Menhali resigned as Director

Board and Board Committees' agenda

During 2024, the Board remained focused on guiding ADCB's strategic direction, and its Committees regularly discussed topics that are fundamental to the direction of ADCB, including business performance, long-term planning, strategy, ESG (including climate-related risks), digital transformation, risk appetite and management, succession planning and human resources.

		Topics discussed at 2024 meetings											
Topics	**Sub-topics**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**
Strategy	Strategy milestone dashboard			●		●	●			●			
	Deep dives on strategic topics			●		●	●			●			
	ESG strategy, including climate and sustainability			●				●					
Detailed business, operational & other reviews	Group Chief Executive Officer update	●		●	●			●			●		●
Business updates	Group Chief Credit Officer update			●			●	●		●	●		
	Retail Banking					●		●					
	Corporate & Investment Banking			●									
	Private Banking & Wealth Management			●									
	Treasury	●				●				●			
	Al Hilal Bank		●							●			
	ADCB Islamic Bank JSC (ADCB Kazakhstan)									●			
	ADCB Egypt			●						●			
	Business continuity management							●					
	Islamic Banking update					●		●				●	
Financial	Financial results and peer analysis	●		●	●			●			●		
	Capital management and liquidity, including stress testing	●	●	●		●	●	●	●	●			●
	Dividends, funding plan, and budget	●										●	●
Risk	Risk report	●		●	●	●	●	●		●	●	●	●
	Emerging key risks	●				●		●				●	
	Capital, liquidity metrics and trends	●						●				●	
	Risk appetite statement											●	
	Risk governance framework									●			

Board and Board Committees' agenda

Topics	Sub-topics	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
		Topics discussed at 2024 meetings											
Governance	Subsidiary governance framework									●			
	Policies and terms of reference	●	●	●	●	●	●	●		●	●	●	●
	Board/Committee evaluation and effectiveness			●							●		
	AGM and resolutions	●											●
	Quarterly review of the insider's list	●			●			●			●		
	Appointment and succession		●				●				●	●	
	Performance management			●									
	IFRS 9 governance framework	●			●			●			●		
	Shari'ah governance update	●			●			●		●	●		
	Overview of profit equalisation				●						●		
	Fraud overview							●					
Regulatory and compliance	CBUAE notices	●			●			●			●		●
	CBUAE examinations report and quarterly dashboards	●		●	●		●	●		●	●		●
	CBUAE thematic reviews on Shari'ah Governance, model and fair value risk management, climate-related financial risk, AML/CFT and TFS[1], asset quality			●		●	●	●		●	●		
	Compliance update	●		●	●		●			●			●
Internal audit and technology	Internal audit updates including audit plan and strategy progress update, declaration of independence, external quality assessment of internal audit function and Internal Shari'ah audit	●	●	●	●		●	●		●	●		●
	Information security update					●							
	Efficiency, digitisation and innovation update and trends									●			
Human resources	HR update including purpose, values, engagement and the variable pay structure		●	●			●				●		
	Emiratisation update	●					●				●	●	
External audit	Review of external auditor's report on internal control over financial reporting and management letter						●						
	External auditor proposed fees	●											
	Meeting with the external auditor	●			●			●			●		
	Appointment of statutory auditors	●		●									

(1) Targeted Financial Sanctions

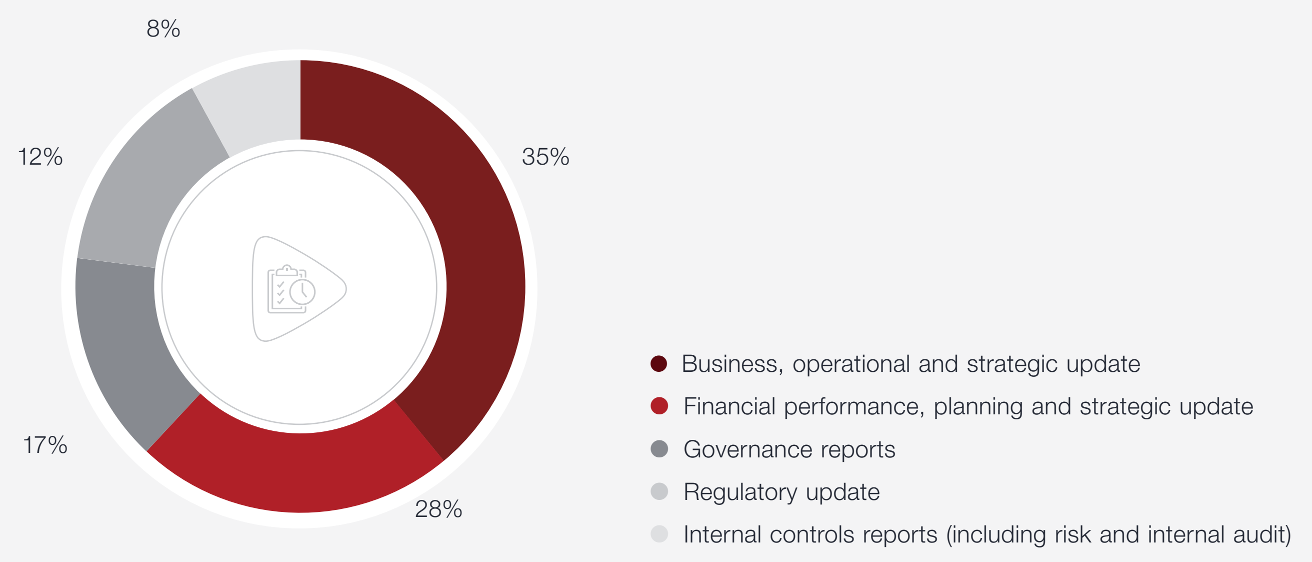
Board meetings and time allocation

2024 Board of Directors meetings

Date of Board meeting	Number of Director attendees	Number of Director attendees by proxy	Names of absent Directors (all attended except)	Number of Board resolutions passed
31 January 2024	11/11	N/A	–	4
18 March 2024	11/11	N/A	–	1
25 April 2024	10/11	N/A	Khalid Deemas Alsuwaidi	2
18 July 2024	10/11	N/A	H.E. Hussain J. AlNowais	3
23 October 2024	11/11	N/A	–	2
10 December 2024	10/11	N/A	H.E. Hussain J. AlNowais	6

Total number of Board circular resolutions for the year 2024 is 46

Time allocation for 2024 Board meetings



ADCB Board offsite, 2024

Board Executive Committee (BEC)

Saeed Mohamed Hamad Al Mazrouei
Chair

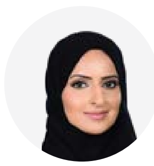
4 members

11 meetings

32% of time: Deep dive business updates

Committee members (As at 31 December 2024)

Khaled H. Alkhoori



Aysha Al Hallami

Carlos Obeid

Committee remit

The primary responsibility of the BEC is to enable the Board to fulfil its duties in relation to the oversight of the following:

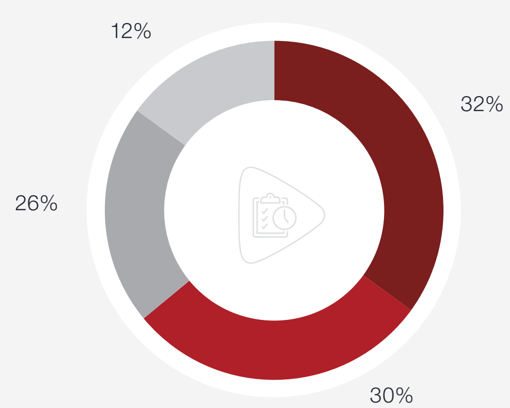
- Development and execution of the Group's business plan in line with the Board's approved strategy
- The Group's ESG strategy and strategic priorities
- Material aspects of the Group's business activities
- Reviewing and approving credit commitments
- Guidance on proposals for acquisitions, disposals, joint ventures, and other value creation opportunities, including establishment, closure or exit of any international operations
- The annual budget for the Group, including for each business line and operating division

2024 BEC meetings

Date of BEC meeting	Number of attendees[(1)]	Names of absent members
26 Jan 2024	4/5	Saeed Mohamed Hamad Al Mazrouei
16 Feb 2024	4/5	Aysha Al Hallami
15 Mar 2024	5/5	–
19 Apr 2024	4/5	Saeed Mohamed Hamad Al Mazrouei
17 May 2024	4/4	–
13 Jun 2024	4/4	–
28 Jun 2024	4/4	–
30 Aug 2024	4/4	–
25 Oct 2024	3/4	Carlos Obeid
08 Nov 2024	4/4	–
29 Nov 2024	3/4	Carlos Obeid

(1) During 2024 H.E. Amr Al Menhali resigned as Director

Time allocation for 2024 BEC meetings



- Deep dive business updates (incl. portfolio and sector review)
- Credit facilities
- Strategic update (including financial and digitisation dashboard and closed sessions)
- Environmental, Social and Governance (ESG) update and other governance reports

In addition to the scheduled BEC meetings, four strategy sessions were held throughout 2024

Statement from the BEC Chair

Dear Stakeholders,

In 2024, the BEC convened eleven times, executing its duties and responsibilities as prescribed in its Terms of Reference as delegated by the Board. Additionally, the BEC held four strategy sessions, which concentrated on assessing the Group's financial performance and progress in implementing its strategy.

Throughout the year, the BEC continued to provide guidance to the Management Executive Committee (MEC) as it executed the Bank's strategy to significantly increase market share. In line with this, a core focus for the Committee has been the assessment and approval of credit proposals in support of ADCB's accelerated growth, while maintaining a strong emphasis on effective risk management.

In 2024, the BEC prioritised the role of digital transformation as a key driver of growth and efficiency. This transformation spans across the Group, with a strong emphasis on operational excellence, regulatory compliance and responsible deployment of new technology. The Committee proactively monitored the progress of the Bank's digital roadmap, assessing achievements against key performance indicators. This included the transition of customer channels and internal systems to new cloud-based platforms, as well as establishment of a framework for AI adoption across the Group.

The BEC also received quarterly progress reports on ADCB's progress on sustainability following the Bank's decision in late 2023 to join the UN-convened Net Zero Banking Alliance (NZBA) and to triple its sustainable finance commitment to AED 125 billion by 2030.

The BEC also held multiple deep dive sessions, which provided the Committee with a thorough understanding of ADCB's achievements and future plans. The main deep dive topics included:

- ADCB Group's targets for key financial metrics, and performance against budget to ensure alignment with strategy
- Productivity and efficiency initiatives to optimise financial performance
- Performance and development of subsidiaries against agreed plans, ensuring alignment with overall Group objectives
- The annual budget for the Group, including budgets for each business line
- Capital planning and plans for capital issuance
- Credit proposals and portfolio profitability

The path ahead: Planning for 2025

In 2025, the BEC is scheduled to meet 19 times to oversee the execution of the Bank's strategy, digital transformation, and sustainability performance, as the Bank seeks to scale up its core businesses, while investing in new high-potential opportunities.

The Committee will maintain a focus on reviewing and approving credit proposals with the aim of enhancing portfolio profitability, as well as monitoring the performance of the Group's business activities and execution of strategic plans. Furthermore, the BEC will examine efficiency measures and technology projects, against the backdrop of an increasingly competitive global environment and evolving market conditions. The BEC will continue to facilitate timely and efficient decision-making, ensuring close coordination with the Board, its committees, as well as the MEC.

Saeed Mohamed Hamad Al Mazrouei
Chair of the Board Executive Committee

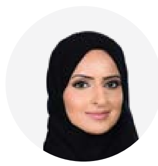
ADCB BOARD COMMITTEES

Board Risk Committee (BRC)

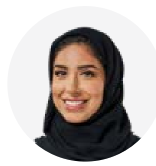
Carlos Obeid
Chair

Committee members (As at 31 December 2024)

Khaled H. Alkhoori



Aysha Al Hallami



Fatima Al Nuaimi

4 members

6 meetings

52% of time: Risk updates

Committee remit

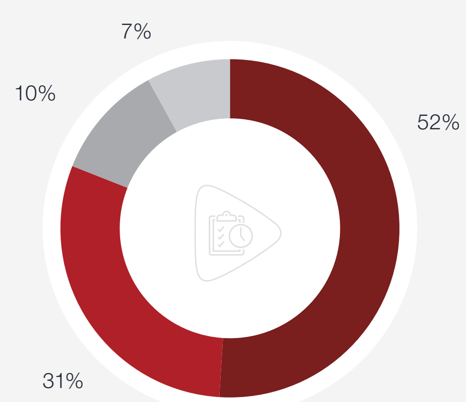
The primary responsibility of the BRC is to enable the Board to fulfil its duties in relation to the oversight of the following:

- The Group's risk appetite and strategy
- Development and implementation of the Group's Risk Governance Framework
- Alignment of the Group's strategic objectives with its risk profile and appetite
- Potential risks in the Group's asset portfolios
- Development of risk measurement models, tools and evaluating the effectiveness of those tools
- Development and implementation of risk management plans and limits
- Compliance with regulatory risk management requirements
- Public reporting on risk management matters
- Independence and effectiveness of the Group's Risk Management Departments

2024 BRC meetings

Date of BRC meeting	Number of attendees	Names of absent members
26 Jan 2024	4/4	–
29 Feb 2024	4/4	–
31 May 2024	4/4	–
19 Jul 2024	4/4	–
20 Sep 2024	4/4	–
15 Nov 2024	4/4	–

Time allocation for 2024 BRC meetings



- Risk updates (including risk appetite statements)
- Governance and other reports (including portfolio updates)
- Risk related policies
- Regulatory updates (including stress test and ICAAP updates)

Statement from the BRC Chair

Dear Stakeholders,

In 2024, the BRC convened six times during which it effectively fulfilled its duties and responsibilities as prescribed in its Terms of Reference as delegated by the Board, and addressed a number of matters via circulation. Additionally, the BRC received training focused on outsourcing regulations, credit risk management standards, and emerging risks (including cyber and crypto currency risk).

Throughout the year, the BRC addressed crucial financial and non-financial risks essential to the Group, thoroughly considering the dynamic and complex operational and regulatory environment. The BRC maintained a focus on key emerging risks, reflecting awareness of the evolving external environment. The Committee proactively monitored a wide spectrum of risks, including but not limited to:

• Fraud risk • Cybersecurity risk (including crypto currency risk) • Digital risk • Information security risk • Regulatory risk • Data management and data privacy risk • Operational risk • Shari'ah non-compliance risk • Subsidiary oversight • Conduct risk • Large exposures • Country limits and prudential thresholds • Outsourcing risk • Third party risk • Treasury, market, and liquidity risk • Tax risk • Credit risk • Market risk • Interest rate risk in the banking book • Reputational and strategic risk • Model risk management • Business continuity risk • ESG and climate risk

Throughout 2024, the BRC ensured ADCB's strict adherence to best practice risk governance through effective implementation of its Risk Management Framework and in line with the Group's risk appetite, concentrating on proactive risk identification and mitigation. The BRC reviewed internal controls, provided through internal governance processes, with the oversight of Executive Management. Furthermore, assurance was provided to the BRC by the Group Chief Risk Officer through regular reports on the Bank's risk profile.

The BRC assessed all significant financial risk exposures and a number of internal macroeconomic stress tests were conducted to evaluate potential risk impacts on the Bank. The stress test results, including the Internal Capital Adequacy Assessment Process (ICAAP), were subsequently reported to the Board and submitted to the CBUAE.

During 2024, the BRC also monitored and reviewed the various risk limits to ensure alignment with the Bank's risk appetite and effective mitigation of emerging risks.

Furthermore, the BRC reviewed and approved a number of risk policies and frameworks to reinforce the Bank's resilience and ensure that its Risk Management Framework remained firm and agile amid emerging risks. The risk policies and frameworks reviewed and approved, included but were not limited to:

- Group Information Security Policy
- Model Risk Management Policy
- ICAAP and Stress Testing Related Policies
- Asset and Liability Related Policies
- Market Risk Related Policies
- Data Management and Protection Policies
- Credit Related Policies
- Operational Risk Management Framework and Policy
- Reputational Risk Policy
- Aggregation of Exposure Rules and Guidelines
- Country Risk Related Policies
- Retail Credit Risk Framework and Related Policies
- Shari'ah Compliance Function Policy
- Investment Portfolio Risk Policy

The BRC reviewed current portfolios for consistency with ADCB's risk-return profile and risk appetite limits. Additionally, the Committee reviewed the Bank's risk appetite metrics and credit risk management approach to ensure the Group remains well aligned with changing market conditions, regulatory requirements, and the Bank's complex operating environment. Furthermore, the BRC completed the evaluations of the Group Chief Risk Officer and the Senior Head of Internal Shari'ah Control.

The path ahead: Planning for 2025

In 2025, the BRC is scheduled to convene seven times to focus on ADCB's risk governance framework and risk appetite, and will continue to review amendments to the operating models and risk appetite. This review will take into consideration the evolving market conditions, geopolitics, economic conditions, and regulatory developments to oversee scenario analysis and stress testing and recommend actions, where necessary.

The BRC recognises the importance of a robust risk management framework and will ensure effective communication across the Board's Committees to promptly effect any necessary adjustments to ADCB's risk governance approach to maintain resilience and enable a strategic focus. The BRC will also oversee the implementation of ADCB's risk management policies and monitor emerging risks and regulatory changes to drive the Bank's continued progress.

Carlos Obeid
Chair of the Board Risk Committee

ADCB BOARD COMMITTEES

Board Nomination, Compensation, HR & Governance Committee (NCHRGC)

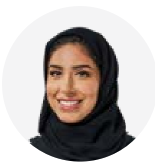
H.E. Hussain J. AlNowais
Chair

4
members

4
meetings

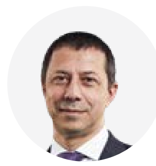
41%
of time:
Compensation

Committee members (As at 31 December 2024)



Fatima Al Nuaimi

Saeed Mohamed Hamad Al Mazrouei



Carlos Obeid

Committee remit

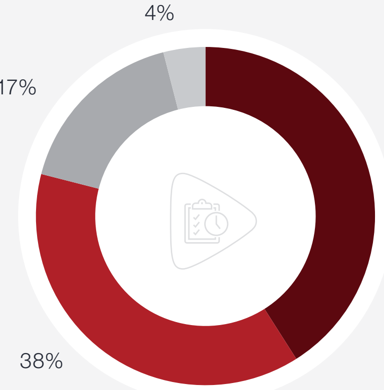
The primary responsibility of the NCHRGC is to enable the Board to fulfil its duties in relation to the oversight of the following:

- Overseeing compensation and remuneration
- Ensuring the appropriate composition and skillset of the Board and the Board Committees
- Ensuring the appropriate diversity of the Board
- Assessing the independence status of Independent Directors
- Selecting and appointing Directors
- Orienting and training new and existing Directors
- Planning the succession of Directors and Executive Management
- Selecting and appointing Executive Management
- Assessing the performance of the Board, Board Committees, individual Directors and Executive Management
- Overseeing the implementation of recommendations arising from performance reviews
- Developing, applying, and reviewing human resources and training policies

2024 NCHRGC meetings

Date of BEC meeting	Number of attendees[1]	Names of absent members
29 Feb 2024	3/4	H.E. Hussain J. AlNowais
28 Mar 2024	4/4	–
28 Jun 2024	3/4	H.E. Hussain J. AlNowais
14 Oct 2024	4/4	–

Time allocation for 2024 NCHRGC meetings



- Compensation
- Human resources (including executive management KPI scorecard updates)
- Governance, policies and Board related matters
- Nomination

Statement from the NCHRGC Chair

Dear Stakeholders,

In 2024, the NCHRGC convened four times to fulfil its duties and responsibilities as prescribed in its Terms of Reference and as delegated by the Board.

During the year, the NCHRGC continued to focus on ADCB's Emiratisation strategy, which remains an important agenda item for all meetings of the Committee to ensure development of UAE national talent and a significant contributor to the progressive vision of the UAE. The Bank made strong progress on its Emiratisation agenda in line with CBUAE requirements, with UAE nationals now representing c.40% of ADCB's employee base, and women comprising 80% of the Bank's Emirati employees. Talent progression continued to be a focus in 2024, with more than 168 UAE Nationals accessing a new level in their career. Emiratis also acceded to critical leadership roles across a number of key departments including Risk Management, Compliance, Fraud Detection and Treasury.

The NCHRGC also continued to monitor and promote the overall development of ADCB's culture to ensure a healthy and conducive working environment to foster the well-being of employees and to promote enhanced productivity. Accordingly, the NCHRGC reviewed and approved a remote and flexible working policy, in line with regional and global best practices. The Bank's continued efforts to nurture a high performance working environment was evident through a strong score in the annual Organisational Health Index (OHI) survey conducted at a Bank-wide level. ADCB achieved its highest OHI score in the past four years, ranking in the top quartile globally, with over 94% of employees participating in the survey.

In its oversight responsibility of executive performance and remuneration, the NCHRGC reviewed the key performance indicators of Executive Management and 'key risk takers' (as defined under the applicable regulations) to assess the effectiveness of variable remuneration schemes, ensuring alignment with ADCB's strategy, objectives, culture, values, and risk appetite. Additionally, the Internal Recruitment and Retirement Policies were reviewed and approved to further support the Bank's commitment to attract and retain highly skilled and experienced talent and to reinforce the Bank's reputation as an employer of choice.

Following the resignation of H.E. Amr Al Mehnali, the NCHRGC evaluated and approved the appointment of H.E. Dr. Ahmed Al Mazrouei, whose wealth of knowledge and skills strengthen the Board in executing its duties and responsibilities.

Furthermore, the NCHRGC regularly reviewed and monitored potential conflicts of interests and related party transactions of Directors to protect the interests of the ADCB Group.

During the year, the NCHRGC also paid significant attention to enhancing the effectiveness of the Board and its committees. An internal Board Performance Evaluation was conducted, with the support of the Board Secretariat, and a report was issued summarising the salient results. The evaluation process concluded that the Board continues to operate effectively, and recommendations were provided for enhancement[1].

As part of its governance oversight role, the NCHRGC continued to monitor and benchmark ADCB against international best practice in corporate governance. Accordingly, the NCHRGC received updates on the effective implementation of the corporate governance framework for the Bank and its subsidiaries to ensure it provides a holistic view of the opportunities and challenges across the Group.

The path ahead: Planning for 2025

In 2025, the NCHRGC is scheduled to convene four times with continued focus on the development of ADCB's Emirati talent. The NCHRGC will prioritise actions with the objective of enhancing the recruitment, retention, and training of Emiratis, and ensuring the Bank remains the leading employer of choice in the UAE.

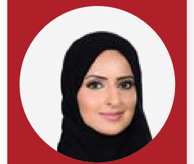
Additionally, the NCHRGC will maintain oversight of succession plans and remuneration policies and processes, ensuring continued compliance with regulatory requirements and suitability for the Bank's talent pool. Working closely with the Board Risk Committee, the NCHRGC will actively review and evaluate compensation plans, outcomes, and processes to ensure that the Bank's compensation structure drives the desired incentives for effective management of risk, capital and liquidity, while supporting the strategic growth.

By nurturing a culture of accountability and transparency, the NCHRGC ensures that the Group remains agile to adapt to the changing governance environment to achieve its long-term objectives, drive sustainable growth, and deliver value to all our stakeholders.

H.E. Hussain J. AlNowais
Chair of the Board Nomination, Compensation, HR & Governance Committee

(1) For more on the internal evaluation of Board performance', please see page 226

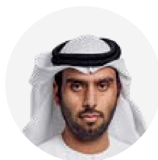
Board Audit Committee (BAC)



Aysha Al Hallami
Chair

Committee members (As at 31 December 2024)

Khalid Deemas Alsuwaidi



Sheikh Sultan Bin Suroor Al Dhaheri

3
members

9
meetings

37%
of time:
Internal audit update

Committee remit

The primary responsibility of the BAC is to enable the Board to fulfil its duties in relation to the oversight of the following:

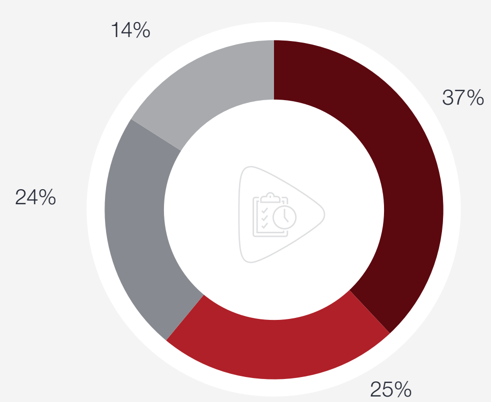
- Integrity of ADCB's financial statements
- Qualifications, independence, performance, and remuneration of the Group's external auditor
- Qualifications, independence and performance of ADCB's Internal Audit, Internal Shari'ah Audit and Compliance Departments
- The Group's Internal Control Framework taking into account the Group's risk profile
- Compliance with all applicable legal and regulatory requirements, including consumer protection regulations

2024 BAC meetings

Date of BAC meeting	Number of attendees[1]	Names of absent members
11 Jan 2024	4/4	–
30 Jan 2024	4/4	–
14 Mar 2024	4/4	–
24 Apr 2024	3/4	Khalid Deemas Alsuwaidi
6 Jun 2024	3/3	–
18 Jul 2024	3/3	–
19 Sept 2024	3/3	–
22 Oct 2024	3/3	–
4 Dec 2024	3/3	–

(1) During 2024 H.E. Amr Al Menhali resigned as Director

Time allocation for 2024 BAC meetings



- Internal audit update
- Review of policies and governance related matters
- Compliance update (including regulatory updates)
- Financial results

Statement from the BAC Chair

Dear Stakeholders,

In 2024, the BAC convened nine times to discharge its duties and responsibilities as set out under its Terms of Reference and delegated by the Board. During the year, the Committee assessed the quality and integrity of the Bank's financial statements, financial reporting and disclosures, ensuring the effectiveness of the internal control framework. Additionally, the BAC evaluated the governance of profit equalisation, ensuring compliance with CBUAE requirements.

The BAC met regularly with external and internal auditors in closed sessions, without the presence of members of the Management Executive Committee (MEC) to discuss critical audit observations, concerns, and to consider any related issues. The objective of these closed sessions with the respective auditors is to promote transparency and accountability, and to protect the integrity of the Group's audit procedures. The Committee also completed the evaluations of the Group Chief Internal Auditor and Head of Internal Shari'ah Audit.

The BAC continued collaborating with the BRC to maintain adequate and effective information sharing between the committees to strengthen oversight and effective monitoring of all risks, including emerging risks. This collaboration ensured that any required adjustments to the Group's Risk Management Framework were appropriately considered, while assessing evolving business plans and other external factors.

Throughout the year, the BAC consistently monitored the progress of the Bank's Internal Audit Plan for 2024, ensuring it provided adequate assurance of the durability of ADCB's internal governance and controls. The BAC regularly received updates from Compliance, Risk and Internal Audit Departments on the outcome of all CBUAE examinations and thematic reviews. Accordingly, the BAC held in-depth discussions with the respective members of the MEC and monitored progress of remedial actions, including the timely resolution of all identified observations.

Furthermore, the BAC received reports from the Group Chief Compliance Officer on the overall compliance status of the Bank and the implementation of key regulatory changes. These compliance reports included updates on the Bank's management and monitoring of financial crime risks, including money laundering, terrorist financing, sanctions, and proliferation financing risks, as well as conduct risks, including consumer protection. The BAC also received positive independent updates on the outcome of the external assessment carried out in 2024 on the effectiveness of the Compliance function.

Furthermore, the BAC reviewed and approved a number of audit and compliance related policies and frameworks to ensure alignment with ADCB's objectives, regulatory requirements and international best practices. With the objective of strengthening the Bank's compliance and governance processes, and reinforcing a culture of accountability and robust governance, the BAC reviewed a number of policies and frameworks, including:

- Know-Your-Customer and Anti-Money Laundering Policy
- Sanctions and Counter Financing of Terrorism Policy
- Anti-Bribery and Corruption Policy
- Internal Controls Over Financial Reporting Policy
- Whistleblowing Policy
- Chinese Walls Policy
- Group Compliance Policy

The BAC continued to manage and maintain a constructive and professional relationship with the external auditor, overseeing the negotiation and agreement of fees and monitoring the external auditor's independence and objectivity. Following a competitive audit tender process conducted in the fourth quarter of 2023, the BAC recommended the appointment of Deloitte as the Group's external auditor for 2024. The recommended appointment of Deloitte was approved by the Board and subsequently endorsed by shareholders at the 2024 Annual General Assembly.

The path ahead: Planning for 2025

The BAC is scheduled to meet at least nine times in 2025, focusing on continued enhancements and investment in supporting technologies and skill sets to ensure the Bank is well positioned to deliver on its strategy and seamlessly adapt to regulatory changes and emerging risks. This entails gaining a deeper understanding of prioritisation and interdependencies in delivering key regulatory programmes to fortify the risk and control environment. The BAC will also oversee the independence and performance of the Group's External Auditor, Group Internal Audit, Internal Shari'ah Audit and Group Compliance departments.

The BAC will continue to ensure compliance with all applicable legal and regulatory requirements. Collaborating with other Board Committees, the BAC will facilitate the free flow of information, addressing themes related to consumer protection, conduct risk, regulatory reporting, and observations within regulatory supervision reports.

Aysha Al Hallami
Chair of the Board Audit Committee

Annual BAC Report
(for the year ended 31 December 2024)

The BAC is pleased to present its Annual Report for 2024 issued pursuant to Article 61(*Bis*) of the SCA Corporate Governance Regulations, highlighting the key activities of the BAC during the 2024 financial year.

1. Significant matters considered regarding the financial statements

In 2024, the BAC conducted a comprehensive review of the Bank's financial statements (including the quarterly financial statements), to ensure the correctness thereof and compliance with the International Accounting Standards. During the review, the BAC considered key financial matters including, revenue recognition, valuation of significant assets, and impairment risks. The BAC worked closely with the external auditor and Executive Management to address these challenges and maintain a strong financial position. The Bank's financial performance maintained an upward trajectory, attributed to strong loan growth, increased in fees and commission income, and improved credit quality.

The BAC regularly reviewed and monitored the Bank's liquidity position ensuring that it remains strong with a good liquidity coverage ratio. Additionally, the Bank's cost-to-income improved driven by disciplined cost management and operational efficiencies.

Furthermore, the BAC reviewed ADCB's balance sheet and noted sustained growth which was underpinned by the increases in loans and deposits.

In light of these reviews and noting the unmodified opinion from the external auditors, the BAC recommend the 2024 consolidated annual financial statements for approval at the 2025 ADCB AGA.

2. Evaluation of the independence and effectiveness of the external auditor

The BAC annually evaluates the external auditor's qualifications, performance, audit quality, and independence. For the financial year ended 31 December 2024, the BAC has reviewed and discussed with both Management and the external auditor, ADCB's audited financial statements, Management's assessment, and the external auditor's evaluation of ADCB's internal control over financial reporting.

The BAC has also discussed and confirmed with the external auditor their independence from ADCB. This included receiving all written disclosures and correspondence required by the International Ethics Standards Board for Accountants' Code (IESBA Code), together with other UAE ethical requirements relevant to their audit of ADCB's consolidated financial statements. Accordingly, the BAC concluded that the external auditor fulfilled their responsibilities under these ethical requirements.

3. Independence of external auditor in non-audit services

The external auditors are prohibited from providing any non-audit services to the Group during their tenure as statutory auditors. As such, the external auditor has not provided the Bank with any non-audit services during the year in review.

4. Recommendation on external auditor appointment

After consideration of a number of audit firms' proposals, the BAC recommended the appointment of Deloitte and Touche (M.E.) as the external auditor of the Bank for the 2024 financial year, noting their extensive skill set and particularly their technical capabilities. Subsequently, Deloitte and Touche (M.E.) was appointed as the Group's External Auditor for 2024 at the 7 March 2024 ADCB AGA.

The BAC annually evaluates the external auditor's qualifications, performance, quality, and independence. The BAC has reviewed and discussed with management and with the external auditor, ADCB's audited financial statements for the year ended 31 December 2024, management's assessment, and the external auditor's evaluation of ADCB's internal control over the financial reporting.

5. Oversight of internal controls and risk management

The BAC is responsible for addressing deficiencies and weakness in the internal control environment and risk management plan. During 2024, the BAC identified a few issues in the Bank's control environment. Remedial measures were implemented, including process enhancements, employee training, and system upgrades. These remedial actions strengthened the Groups control environment.

6. Review of internal audit reports

The BAC reviewed all medium- and high-risk Internal Audit Reports issued by the Internal Audit Department. Furthermore, the BAC assessed whether the observations from the Internal Audit Reports were consequential from systemic failures or isolated weakness in the internal controls. Subsequently, the BAC monitored the implementation of remedial actions to address the identified risks.

7. Monitoring of remedial actions to address weaknesses in the control environment

In its responsibility to oversee and monitor the remedial measures taken to address identified deficiencies in the control environment, the BAC has reviewed the implementation of remedial actions, including adherence to set timelines, accountability measures, and regular progress reviews to ensure timeous and effective resolution of identified deficiencies. Additionally, the BAC evaluated whether those remedial actions are sufficient to avoid recurrences.

8. Oversight of related party transactions

The SCA Corporate Governance Regulations states that transactions within the ordinary course of business and valued at less than 5% of the Bank's capital are not considered as related party transactions and do not constitute a conflict of interest. Accordingly, the BAC is mandated to review all related party transactions which are not in the ordinary course of business and valued of 5% or more of the Bank's capital. During the year in review, the BAC reviewed all related party transactions not in the ordinary course of the Bank's business and valued at 5% or more of the Bank's capital.

Any observations and findings of non-compliance were promptly address. The BAC confirms no such related party transactions were conducted during 2024.

Aysha Al Hallami
on behalf of the BAC
BAC Chair

Relationship between the BAC and the external auditor

Role of the BAC in the selection, evaluation, and maintenance of independence of the external auditor

According to ADCB's External Auditor Selection Policy and applicable laws, rules and regulations, and the BAC terms of reference, the Board has delegated to the BAC the responsibility for oversight of the Group's external auditor. This includes evaluating the qualifications, independence, performance, and recommended appointment of the Group's external auditor. These responsibilities are conducted in line with the approved list of auditors issued by the Abu Dhabi Accountability Authority (ADAA). The ADCB Board has therefore delegated the following responsibilities to the BAC:

- Approving a policy governing the tendering of the external auditor's engagement. This policy must establish criteria to ensure the external auditor has sufficient knowledge, competence, objectivity, independence, professional scepticism, and quality control
- Recommending to the Board the appointment, re-appointment, or dismissal of the external auditor, as well as setting the appropriate remuneration for its services
- Reviewing and agreeing to the terms of engagement with the external auditor, including the fees to be paid, and recommending the terms of engagement and fees to the Board for approval as per the External Auditor Appointment Policy
- Reviewing the scope of the external audit plan to ensure that it adequately reflects the Group's nature, size, and complexity, as well as applicable regulatory requirements
- Assessing the external auditor's qualitative judgement on the suitability of the Group's accounting principles and financial disclosures
- Ensuring that audits are conducted in accordance with the applicable legislative requirements
- Monitoring the external auditor's effectiveness, independence, and objectivity, taking into account whether the external auditor adhered to the audit plan, and obtaining feedback on the external auditor's performance from Executive Management
- Assessing the external auditor's effectiveness on an annual basis at minimum

Selection and appointment of the external auditor

The external auditor candidate firms should meet the following conditions:

i. Be qualified and independent in form and substance (including the type of non-audit services provided and independence of individuals)

ii. Be duly licensed and approved by the relevant authorities to practice and provide external audit services in the UAE

iii. Have at least five years of substantial experience in auditing public joint-stock companies

iv. Be compliant with the International Code of Ethics for Professional Accountants

v. Should not be a Shareholder, Director, or occupy any technical, administrative, or executive office within the Group

vi. Should not be a partner or agent of any of the founders of ADCB or any of its Directors or be related to the second degree to any of the aforementioned

After identifying prospective audit firms to provide external audit services to the Group, the BAC, together with the Group Chief Financial Officer, Group Chief Internal Auditor and Group Chief Risk Officer (as may be deemed necessary), conducts a thorough evaluation of the prospective audit firms. This evaluation includes interviews with the shortlisted audit firms, assessing their technical and financial offers, among other factors, and taking into consideration the approved ADCB Group budget.

Following the evaluation process, the BAC recommends the most suitable firm to the Board for appointment as the Group's external auditor. The Board will meet to deliberate on the BAC's recommendation, and on agreement, submit the recommended audit firm and proposed fee structure to shareholders for approval at the Annual General Assembly (AGA). The AGA is the only forum authorised to approve the appointment and fees of the external auditor.

Throughout this process, ADCB's Board Secretariat, Legal Department, and Internal Audit Department coordinate the required notices, meetings, and resolutions for the rotation of the external auditor. Additionally, ADCB continuously monitors emerging best practices in audit tendering, including making appropriate disclosures in the ADCB Annual Report.

The CBUAE may require banks to rescind the appointment of the external auditor if it determines that the external auditor's compliance, expertise, or independence to be insufficient in satisfying established professional standards.

Evaluation of independence

The BAC, together with the Group Chief Internal Auditor and Group Chief Financial Officer as required, conducts performance evaluations of the external auditor in accordance with the recommendations of the ADAA. This performance evaluation encompasses the following key factors to ensure the highest standard is maintained:

- Quality of service delivery
- Independence and qualifications
- Composition of the audit team
- Fees relating to the services rendered
- Relationship between the external auditor, Executive Management, and the BAC

As part of the evaluation, the external auditor is required to confirm that it has an established quality control system in place to monitor compliance with the independence requirements and to support the continuous professional development of the respective members. Furthermore, the external auditor must submit to the BAC an attestation of its independence and commitment to meeting all ethical responsibilities, as prescribed by the Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants, together with any other applicable ethical requirements relevant to its audit of the Bank's consolidated financial statements.

Rotation of the external audit firm and ratification of the external auditor

The selected external audit firm will be appointed for one financial year by a resolution of ADCB's AGA, for a maximum total term of four consecutive years, subject to re-appointment on an annual basis.

The BAC annually evaluates the performance and independence of the external auditor and recommends the re-appointment or removal of the external auditor to the Board. The BAC considers, in particular, whether the retention of the external audit firm is in the best interests of ADCB and its stakeholders, taking into account the external auditor's quality of service, institutional knowledge and experience, sufficiency of resources, objectivity, and professional scepticism.

BAC pre-approval of the external auditor's scope of work and fees

The BAC recommends annually to the Board the external auditor's fees for the audit services rendered and the scope of work. If the recommended fees and scope of work are endorsed, the Board will make a recommendation to shareholders at the AGA, for approval. The list of services under the scope of work includes audit services and audit-related services.

In exceptional cases, the BAC may approve additional fees provided that approvals are in compliance with applicable regulations for required services that are outside the previously approved scope of work.

External auditor’s fees

External auditor’s fees

The aggregate fees approved for the external auditor for professional services rendered during 2024, were as follows:

External audit fees (AED)	2024
Audit of annual financial statements	5,419,313
Other assurance and non-assurance services required to be performed by the auditor according to applicable laws and regulations services	2,494,233
Other non-assurance services	–
Grand total	**7,913,546**

The above fees are exclusive of VAT

Deloitte and Touche (M.E.), including its appointed Audit Partner, have served ADCB for one year.(1)

Audit of annual financial statements

This mainly relates to the audit/review of the consolidated financial statements of ADCB including disclosures presented in notes to the consolidated financial statements and audit of domestic and international subsidiaries financial statements. Audit fees also relate to review of internal control over financial reporting. Audit fees are those billed, or expected to be billed, for audit services related to each financial year.

Other assurance and non-assurance services required to be performed by the auditor according to applicable laws and regulations

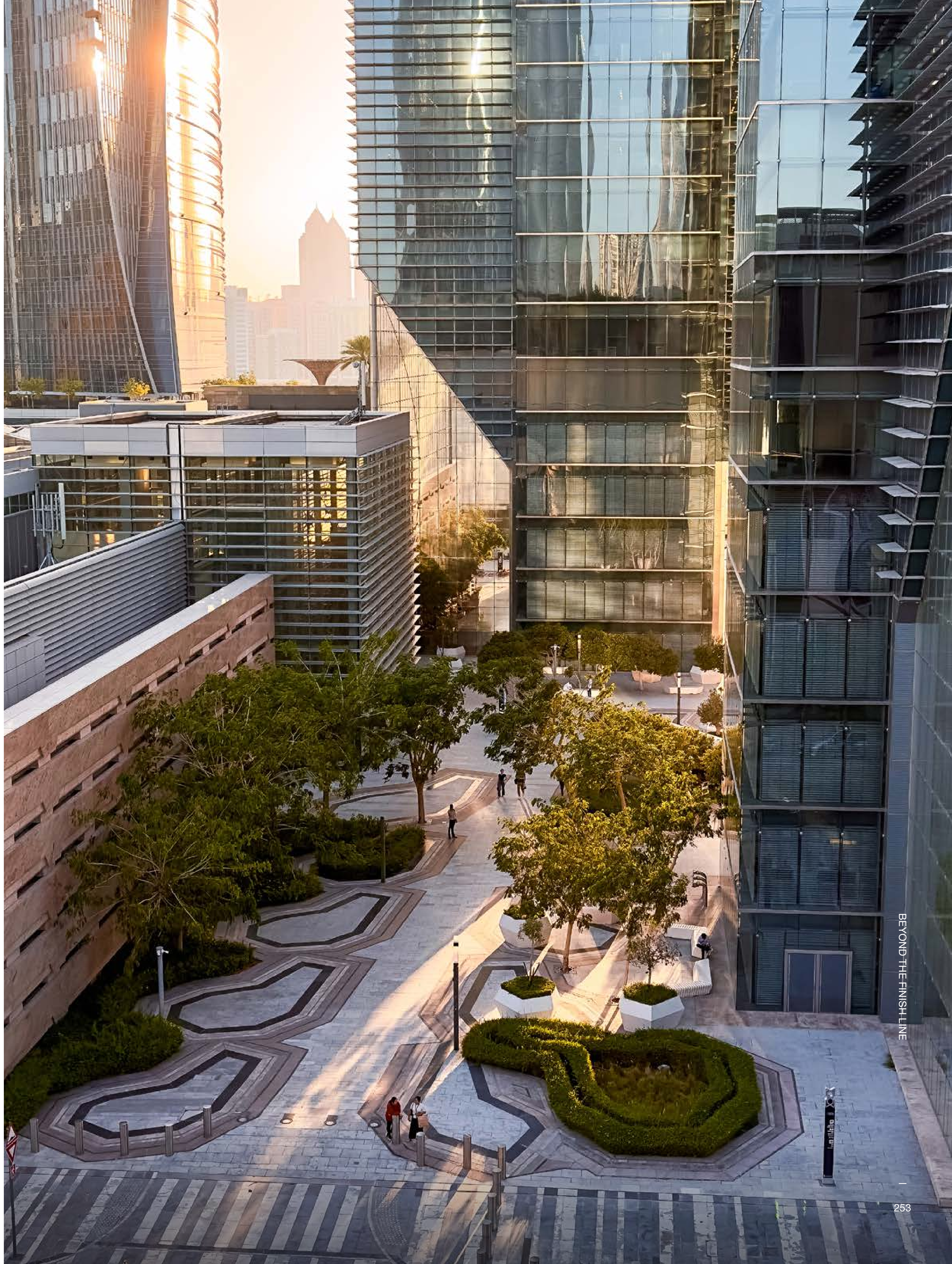
‘Other assurance services’ mainly covers review of Pillar 3 reports, bond issuances, submission of long form audit report to the Central Bank of UAE on subsidiaries which are commercial banks domiciled outside UAE or any other attestation that requires an auditor's review. Fees for such services are those billed or expected to be billed for services rendered during each financial year.

‘Non-assurance services’ mainly covers attestation services and services provided in connection with certain agreed procedures required to be performed by the auditor according to applicable laws and regulations.

Other non-assurance fees

This consist primarily of amounts billed or expected to be billed for ADCB’s engagement of the external auditor for guidance in connection with matters that are not covered in the above categories.

All services are approved by the BAC, and are subject to controls to ensure that the external auditor’s independence is unaffected by the provision of other services.



(1) Audit firm is Deloitte and Touche (M.E.) and the Audit Partner signing the statements is Mohammad Khamees Al Tah

Responsibilities of Management Executive Committee (MEC) and management committees

Overview and responsibilities of the MEC

The Board of Directors has delegated certain authorities and responsibilities to the MEC, as detailed in the MEC terms of reference. These authorities and responsibilities include supporting the Group Chief Executive Officer (GCEO) in managing the business and implementing the Bank's strategy, risk appetite and policies.

As the Bank's most senior management committee, the MEC oversees all aspects of ADCB's businesses and operations, having full responsibility and accountability to the Board for the sound and prudent daily management of the Bank. The MEC must ensure clear and transparent organisational initiatives, procedures, and decision-making of the Executive Management, and that there is no ambiguity in the role, authority, and responsibility of the various senior employees. Furthermore, the MEC is mandated to promote a culture of fairness and transparency to ensure that the interests of all stakeholders are always protected.

The NCHRGC appoints all members of the MEC on recommendation from the GCEO. The MEC comprises of the Bank's Executive Management, as detailed in the Executive Management section of this report. The GCEO is the Chair of the MEC, supported by the Group Chief Financial Officer (GCFO) as Deputy Chair. The MEC functions as the primary leadership within ADCB.

The responsibilities of the MEC include:

- Establishing the organisational structure for the management and management committees
- Implementing the strategy set by the Board and recommending strategic and policy decisions
- Recommending the annual budget and funding plan
- Approving key performance indicators for each business line
- Approving all equity and other investments, and expenditures, within the limits delegated by the Board
- Approving the establishment of branches, agencies, joint ventures, subsidiaries, and appointment of Directors to subsidiaries
- Approving credit exposures, debt-funding issuances, hedging, and investments, within the limits delegated limits by the Board
- Approving recovery settlements and write-offs, within the limits delegated by the Board
- Monitoring the capital position, ensuring efficient use of capital, and making recommendations for any required capital adjustments
- Approving new products and services
- Approving all contracts with third parties related to the Bank's operations
- Approving policies, excluding those falling within the Board's responsibility

The MEC held 41 meetings throughout 2024 and discussed critical matters within its delegated responsibilities

Management committees

To assist in fulfilling its responsibilities, the MEC has established specialised management committees with mandates such as credit, risk, capital expenditure, compliance, and sustainability. The table below summarises the established management committees, their respective mandates, and the number of meetings held throughout the year. Furthermore, the MEC has throughout 2024, approved various frameworks and associated policies.

Committee	No. of meetings held in 2024	Responsibilities of the committee
Management Executive Committee	41	The MEC is the most senior management committee, overseeing all of ADCB's businesses and operations, and is responsible and accountable to the Board for the sound and prudent daily management of the Bank
Assets & Liabilities Committee	9	Formulates ADCB's overall assets and liabilities strategy; makes investments and executes asset/liability transactions within delegated limits; guides the Management Executive Committee and the Board on investments and asset/liability transactions above those limits
Risk Management Committee	10	Considers risk appetite; sets and recommends risk policies; guides the Board through the Board Risk Committee on general risk and risk policy issues
Management Credit Committee	40	Approves credit within delegated limits; guides the Board Executive Committee and the Board on credits above delegated limits
Capital Expenditure Committee	13	Reviews and approves project capital expenditures within the delegated limits and makes recommendations to the Management Executive Committee and the Board on project capital expenditures above those limits
Financial Performance Management Committee	9	Monitors financial performance of the Group, subsidiaries and business lines
Management Recoveries Committee	8	Manages restructuring, settlements and recovery-related write-offs
Model Risk Management Committee	4	Oversees all model-related matters (model development, monitoring and validation) to optimise the role of models in decision-making, including models used in risk, capital management and stress testing
Group Sustainability Committee	5	Recommends the Group sustainability strategy, ensures its implementation across the Group, and reports progress. The Committee prioritises sustainability in order for the organisation to align its goals and strategies with the ecological responsibility for its long-term viability. Furthermore, this committee also encourages measures to drive the integration of sustainability practices into the Bank's business and strategy
Management Compliance Committee	8	Maintains oversight on all regulatory matters, including regulatory examinations; expedites closure of all due actions and ensures clear visibility, ownership, and accountability; ensures timely implementation of regulatory requirements and establishes a robust governance structure covering the regulatory landscape
Tender Committee	2	Responsible for implementing and monitoring compliance of the Bank Procurement Policy, procedures, and applicable legislative provisions to ensure best procurement business practices
Management Underwriting Committee(2)	12(1)	Considers and reviews proposals for underwriting facilities and approves those underwriting facilities within the limits delegated by the Management Credit Committee
Meedaf Steering Committee(2)	7	Responsible for supporting the Meedaf senior management in managing its business operations, implementing strategy and policies within the Board approved strategy and guidelines

(1) Number of circular resolutions passed, no meetings held
(2) New management committee established in 2024

Delegation of authority

The applicable regulations confer the authority for the overall management of the Bank to the Board of Directors. Accordingly, the Board of Directors has appointed the Board Chairman through a duly notarised power of attorney (Principal POA), which delegates certain authorities to the Chairman. On the expiry of the Principal POA, the Board of Directors shall, if appropriate, issue a new power of attorney to the respective Chairman to ensure continuity of the delegated authority.

Subsequently, the Chairman has issued a duly notarised power of attorney to the GCEO to manage the Bank's day-to-day activities (GCEO POA). In line with the GCEO POA, the GCEO holds authority to sub-delegate specific powers to Executive Management or any other officer in the Bank. Each POA issued pursuant to the GCEO POA to members of the Executive Management has a maximum validity of three years, provided that it does not exceed the validity of the Principal POA.

As at year-end 2024, the Executive Management members listed in the table below had duly issued POAs. Subsequent delegations are issued to certain ADCB employees, law firms, and other third parties in accordance with business requirements.

Ultimately, the ADCB Board of Directors retains overall authority and has not delegated its powers in an absolute manner.

Name of authorised person[1]	Expiry Date
Ala'a Eraiqat – Group Chief Executive Officer	7 November 2026
Deepak Khullar – Group Chief Financial Officer	6 November 2026
Jane Livingston – Group General Counsel	6 November 2026
Moizes Palma Da Silva – Group Chief Credit Officer[2]	6 November 2026
Abdulaziz Almoosa – Group Chief Human Resources Officer[2]	6 November 2026
Mohammed Al Jayyash – Group Chief Operating Officer	6 November 2026
Paul Keating – Group Chief Risk Officer	6 November 2026
Rasha Mortada – Group Chief Compliance Officer	6 November 2026
Ludovic Nobili – Group Chief Corporate, Wealth, and Investment Banking Officer	6 November 2026
Robbert Muller – Group Treasurer	6 November 2026
Deepak Rochlani – Group Chief Retail Banking Officer	6 November 2026
Abdulla Abdul Aziz AlShamsi – Group Chief Business Officer[2]	6 November 2026

(1) As at 31 December 2024
(2) Appointed during 2024

Employee remuneration and reward

Guiding principles

ADCB offers competitive remuneration to attract, retain, and motivate employees who can deliver exceptional service. The Bank's performance-linked reward strategy aims to reduce the turnover of top talent and encourages high-level performance while ensuring prudence and effective risk management.

ADCB's remuneration structure is prudent, with policies and practices that support effective risk management. Remuneration packages are designed to reflect roles and responsibilities fairly and equitably, with rewards tied to organisational, departmental, and individual performance. All rewards are determined through a thorough performance management system and a strong management review and approval process.

Total reward – key components

ADCB employees are eligible to receive three types of rewards as detailed in the table below; fixed pay and benefits, variable pay and a profit-sharing plan. ADCB's remuneration programme balances short and long-term incentives to align the interests of ADCB, its shareholders and employees.

Definition and components of pay

Fixed pay and benefits

Definition	Components
ADCB's fixed pay is consistent with the Bank's objective to remain competitive in the market. Fixed pay is based on the job size and market pay level for each job and is impacted by the employee's contributions over time. Review of fixed pay largely depends on general market trends as well as the employee's performance standing within the organisation. Fixed pay comprises basic salary and general allowance, with a target split of 50:50. In addition to fixed pay, employees may also be eligible for specific allowances and benefits.	• Basic salary • General allowance • Social allowance (UAE nationals) • Job-specific allowances • Benefits based on position, such as: – Leave airfare – Private medical insurance – Life insurance coverage – Education allowance – Annual leave

Variable pay (VP)

Definition	Performance criteria
Employees may receive variable pay based on their performance over the year. Given its performance-based nature, variable pay is not guaranteed and the amount received, if any, may change each year. Variable pay awards are subject to deferrals and vesting. Deferred variable pay vests in three years from the award date.	Individual award amounts are dependent on three factors: • Individual performance • Business function performance • Overall performance of the Bank

Bank-wide variable pay framework

The variable pay framework has been designed to align employees' interests with the long-term interests of the Bank and its shareholders, as well as to incentivise higher performance, while avoiding excessive risk-taking. Variable pay is also tailored to each function within the Bank to ensure competitiveness of the reward structure and alignment with the market.

ADCB uses a balanced score-card approach to measure employee performance, including the following KPI categories:

- Financial performance
- Non-financial performance, including service excellence and people (Organisational Health Index and Emiratisation scores are included as key KPIs)
- Compliance, audit and risk

Variable pay of the employees in Control functions is independent of the Bank's financial performance.

Deferred remuneration

The deferred remuneration is part of the overall Variable Pay Framework of the Bank and its purpose is to encourage employees to maintain a strong focus on the medium-term to long-term performance of the Bank's businesses, to reinforce cross-business co-operation and a partnership mentality, to align the interests of employees with the shareholders of the Bank, and to assist in the retention of employees who are capable of having a significant impact on the performance of the Bank.

Profit-sharing plan

Definition	Selection criteria
ADCB operates a successful share-based profit sharing plan for key positions and high-performing key contributors. The plan, which is independent of variable pay awards, is designed to reward as well as increase retention among the most critical contributors and highest performers driving the Bank's performance. Nominations for the profit-sharing plan are proposed based on strategic guidelines and validated by the NCHRGC. The profit-sharing awards vest after three years from the award date.	Employees that the Bank seeks to actively retain: • Senior management responsible for the delivery of the Bank's strategic objectives • Employees with an active role in strategic projects, and/or bring significant improvements with material direct profit and loss impact • Senior employees with an active decision-making or advisory role in subsidiary boards and oversight committees

Variable pay framework and governance — key facts

- Reflects individual, business function and Bank-wide performance
- Distinguishes between different functions of ADCB to ensure alignment to the relevant market
- Includes cash and/or shares and is deferred, above a specified threshold, for a duration of three years
- Subject to thresholds, caps, claw-back rules, malus clause, and deferral and retention provisions
- Managed by remuneration professionals experienced in the governance of all types of compensation and benefits
- Designed in conjunction with, and reviewed by, independent external advisers reporting directly to the NCHRGC
- Relies on regular external benchmarking to ensure alignment with evolving local and global best practices
- Incorporates constant monitoring of developments in remuneration governance to ensure all VP plans evolve in line with ADCB's requirements and external developments
- Designed to avoid excessive risk-taking
- Includes a minimum shareholding rule for key management
- Aligns employee interests with the long-term interests of the Bank and its shareholders

Reward governance

ADCB believes in, and is committed to, good corporate governance, to provide a basis for its future development and corporate performance. This mindset extends to all matters relating to remuneration and reward.

The Bank's remuneration governance aims to promote trust in all reward-related activities and includes an ongoing commitment at Board level, through the NCHRGC, to conduct regular independent reviews of ADCB's reward structure

Supervision by the NCHRGC

The NCHRGC oversees the design, operation and effectiveness of the framework and allocation of awards, including overall amounts, distribution among business lines and awards to Executive Management.

Also, the NCHRGC ensures that regular reviews and assessments are conducted by independent third-party consultants on the quantum, design and effectiveness of ADCB's VP framework and awards. The last review was conducted in 2022 by Mercer.

Remuneration awarded during the financial year

Remuneration in AED'000		31 December 2024		31 December 2023	
		Executive Management	Other material risk-takers	Executive Management[4]	Other material risk-takers[4]
Fixed remuneration	Number of employees	13[1]	20[2]	12	44
	Total fixed remuneration (A)	40,293	34,734	38,953	58,567
	Of which: cash-based [salary, including basic pay, general allowance and social allowance (for UAE nationals)]	33,908	27,915	32,333	49,344
	Of which: deferred	Nil	Nil	Nil	Nil
	Of which: other forms [benefits, including leave airfare, education allowance, club membership allowance and premium for life and medical insurance, gratuity provision and pension contribution (for UAE nationals)]	6,385	6,819	6,620	9,223
Variable remuneration	Number of employees	13[1]	20[2]	12	44
	Total variable remuneration[3] (B)	41,599	23,807	56,431	49,939
	Of which: cash-based	26,007	14,062	26,498	26,004
	Of which: deferred	15,592	8,308	22,268	15,208
	Of which: shares or other share-linked instruments	10,796	3,468	11,134	6,656
	Of which: cash	4,796	4,841	11,134	8,552
	Of which: other forms (one-time other long term benefits related to retired employees)	–	1,436	7,665	8,726
Total remuneration (A) + (B)		**81,892**	**58,541**	**95,385**	**108,505**

Special payments and awards

Total amount in AED'000	31 December 2024							
	Guaranteed bonuses		Sign-on awards		Severance payments		Retention awards	
	No. of employees	Total amount	No. of employees	Total amount	No. of employees	Total amount	No. of employees	Total amount
Executive Management	–	–	2	1,702.5	–	–	11	25,609[5]
Other material risk takers	–	–	–	–	–	–	13	5,725[6]
Total	**–**	**–**	**2**	**1,702.5**	**–**	**–**	**24**	**31,334**

Total amount in AED'000	31 December 2023[1]							
	Guaranteed bonuses		Sign-on awards		Severance payments		Retention awards	
	No. of employees	Total amount	No. of employees	Total amount	No. of employees	Total amount	No. of employees	Total amount
Executive Management	–	–	1	702.5	–	–	7	6,903.6
Other material risk takers	–	–	3	1,108.6	–	–	–	–
Total	**–**	**–**	**4**	**1,811.1**	**–**	**–**	**7**	**6,903.6**

(1) This includes: Group Chief Executive Officer; Group Chief Corporate, Wealth, and Investment Banking Officer; Group Chief Retail Banking Officer; Group Treasurer; Group Chief Compliance Officer; Group Chief Credit Officer; Group Chief Financial Officer; Group Chief Operating Officer; Group Chief Risk Officer; Group Chief Internal Auditor; Group General Counsel; Group Chief Human Resources Officer and Group Chief Business Officer
(2) This includes 19 currently active employees and 1 employee who left the ADCB Group during 2024
(3) This includes variable remuneration awarded during 2024 and excludes variable remuneration awarded during previous years that vested during 2024
(4) 2024 disclosure include ADCB UAE only and 2023 have also been updated accordingly. Disclosures exclude Al Hilal Bank
(5) AED 20.6mn awarded as deferred shares and AED 5mn awarded as cash
(6) All awarded as deferred shares

Deferred remuneration

AED'000		31 December 2024				
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustments	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
		This includes deferred remuneration from previous years that vests in 2025 and onwards				This includes deferred remuneration from previous years that vested during 2024
Executive Management/other material risk takers						
Cash	Executive Management	6,430	6,430	–	–	10,498
	Other material risk takers	4,637	4,637	–	–	4,313
Shares	Executive Management	32,965	32,965	–	–	9,038
	Other material risk takers	9,122	9,122	–	–	3,018
Cash-linked instruments	Executive Management	–	–	–	–	–
	Other material risk takers	–	–	–	–	–
Other	Executive Management	–	–	–	–	–
	Other material risk takers	–	–	–	–	–
Total	**Executive Management**	**39,395**	**39,395**	**–**	**–**	**19,536**
	Other material risk takers	**13,760**	**13,760**	**–**	**–**	**7,331**

AED'000		31 December 2023[1]				
		This includes deferred remuneration from previous years that vests in 2024 and onwards				This includes deferred remuneration from previous years that vested during 2023
Executive management/other material risk takers						
Cash	Executive Management	11,342	11,342	–	–	10,885
	Other material risk takers	7,626	7,626	–	–	6,646
Shares	Executive Management	11,342	11,342	–	–	9,905
	Other material risk takers	6,310	6,310	–	–	5,288
Cash-linked instruments	Executive Management	–	–	–	–	–
	Other material risk takers	–	–	–	–	–
Other	Executive Management	–	–	–	–	–
	Other material risk takers	–	–	–	–	–
Total	**Executive Management**	**22,684**	**22,684**	**–**	**–**	**20,790**
	Other material risk takers	**13,936**	**13,936**	**–**	**–**	**11,934**

The Bank regularly carries out a risk analysis to determine the material Risk Takers based on criticality of the role and decision-making power. A total of 33 material risk takers (2023: 56 risk takers) were identified at ADCB PJSC. This excludes the Risk Takers at subsidiaries as all material decisions at the subsidiary level that may impact the Group is approved/ratified by the Group. Further, due to organisational adjustments as well as changes at the employee level, the number of intra-year Risk Takers may vary.

Shareholder engagement and disclosures

Investor relations (IR)

ADCB is committed to high standards of transparency and enhancing its disclosures regularly to reflect local and international best practices.

The IR Department continues to deliver on its commitment to proactive engagement and effective communication with the Bank's shareholders and potential investors by ensuring timely dissemination of financial and non-financial information through various forums and channels including regular market updates through quarterly results and press releases, and year-end results through a comprehensive Annual Report.

In 2024, the Bank met with over 525 investors through one-on-one meetings and roadshows, and participated in 9 high-profile investor conferences. Taking market feedback on board, we further enhanced our disclosures with updates on medium-term guidance and introduced full-year 2024 guidance on key metrics to provide enhanced visibility to the market.

International roadshows included engagement with fixed-income investors for the successful issuance of a USD 500 million Tier-2 bond, which was 7.2 times oversubscribed at guidance, attracting strong demand from regional and international institutions, reflecting confidence in ADCB among global investors. Proactive investor engagement and increased transparency have supported a solid base of foreign ownership, which stood at 18.13% at the end of 2024.

Reflecting the importance of effective internal communications across the organisation, we ensure all employees are kept aware of relevant developments. These include ADCB's financial performance and strategic direction, objectives, updates on ESG and other relevant information.

Further details on ADCB's announcements to the ADX during the year 2024 are available on our dedicated IR website at adcb.com/ir or on ADX website at adx.ae.

Investor relations contact details

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Share price performance and trading volume

2024 share price performance

ADCB share price comparative performance in 2024

	December 2024 close	December 2023 close	% change
ADCB	AED 10.42	AED 9.18	+14%
ADX	9,419.00	9,577.85	-2%
MSCI EM Banks	372.57	354.46	+5%

ADCB share price performance and monthly trading volume in 2024

	Open (AED)	Close (AED)	MoM change	MoM % change	High (AED)	Low (AED)	Value (AED)	Volume	Trades
January	9.180	9.000	(0.180)	(1.96)	9.310	8.770	688,552,853	76,395,072	14,319
February	9.050	8.570	(0.430)	(4.78)	9.050	8.450	979,483,136	113,028,572	22,052
March	8.600	8.320	(0.250)	(2.92)	8.800	8.200	893,936,346	105,507,543	18,085
April	8.340	8.350	0.030	0.36	8.690	8.210	577,793,456	69,161,079	20,449
May	8.370	7.800	(0.550)	(6.59)	8.490	7.610	1,173,968,201	145,648,548	36,643
June	7.810	8.020	0.220	2.82	8.150	7.620	824,566,750	104,548,836	18,742
July	8.030	8.890	0.870	10.85	8.930	7.900	978,981,703	117,128,777	21,955
August	8.910	8.760	(0.130)	(1.46)	8.910	8.420	740,146,325	84,802,659	18,468
September	8.760	8.420	(0.340)	(3.88)	8.770	8.420	666,467,330	77,018,315	20,556
October	8.470	8.940	0.520	6.18	9.050	8.060	1,149,748,199	134,961,815	28,817
November	8.940	10.020	1.080	12.08	10.060	8.850	1,463,320,366	153,017,157	34,406
December	10.080	10.420	0.40	3.99	10.600	9.750	918,936,746	91,107,426	26,957
							11,055,901,410	1,272,325,799	281,449

Figures may not add up due to rounding differences
Source: ADX website
Note: There were no big block trades in 2024

Shareholder ownership structure

Shareholder details

The following table shows distribution of ownership of ADCB shares as at 31 December 2024:

Shareholders' classification[1]	Individuals	Corporates	Government	Total
Local	13.17%	6.66%	62.22%[2]	82.05%
Arab	0.36%	1.05%	0.02%	1.43%
Foreign	0.49%	16.03%	0.00%	16.52%
Total	**14.02%**	**23.74%**	**62.24%**	**100.00%**

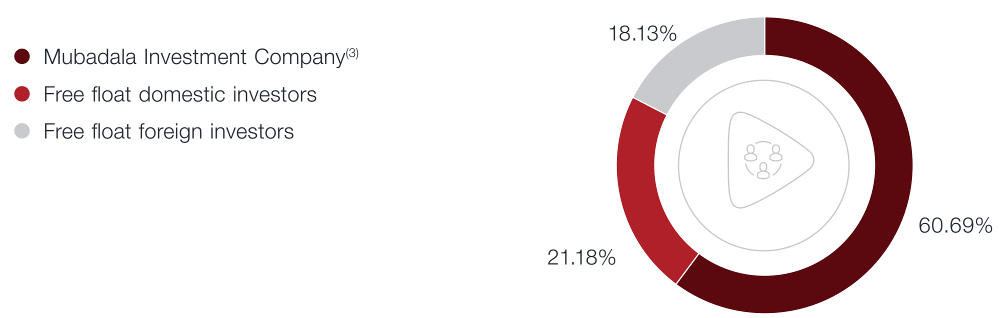
Further information on shareholder ownership as at 31 December 2024:

Share(s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of ADCB's capital
Less than 50,000	3,071	19,599,598	0.27%
From 50,000 to less than 500,000	935	174,827,074	2.39%
From 500,000 to less than 5,000,000	518	840,979,233	11.49%
More than 5,000,000	118	6,284,541,105	85.86%
Total	**4,642**	**7,319,947,010**	**100.00%**

The following are the shareholders owning 5% or more of ADCB's capital as at 31 December 2024:

Name	Number of owned shares	Percentage of owned shares of ADCB's capital
Mubadala Investment Company (One Hundred and Fourteenth Investment Company – Sole Proprietorship LLC and One Hundred and Fifteenth Investment Company – Sole Proprietorship LLC[3])	4,442,271,266	60.69%

Shareholder ownership structure (as at 31 December 2024)



Source: ADX website
Figures may not add up due to rounding differences
(1) Based on ADX classification of individuals, corporates and government entities
(2) This reflects the Government's shareholding ownership percentage (Federal Government, Local Government, Pension Funds and UAE Government's wholly-owned entities), including ownership by the Government of Abu Dhabi entity, Mubadala Investment Company PJSC, through its wholly-owned subsidiary One Hundred and Fourteenth Investment Company – Sole Proprietorship LLC and One Hundred and Fifteenth Investment Company – Sole Proprietorship LLC
(3) The Government of Abu Dhabi entity Mubadala Investment Company through its wholly-owned subsidiary, One Hundred and Fourteenth Investment Company – Sole Proprietorship LLC and One Hundred and Fifteenth Investment Company – Sole Proprietorship LLC

Annual General Assembly (AGA) meetings

The ADCB annual general assemblies allow shareholders and their representatives (by virtue of proxies) to choose whether to attend physically, or to fully participate virtually, including voting on agenda items via an online platform.

ADCB held its AGA on 7 March 2024 with an attendance rate of 74.6% by shareholders. During the 2024 AGA, shareholders were able to fully exercise all their rights to attend and participate in meetings in real time and duly passed two special resolutions:

(i) Amendments to the Articles of Association

(ii) Renewal of debt issuance programmes

The above-mentioned resolutions were appropriately disclosed to the ADX, and SCA, and can be retrieved on the ADX website and on ADCB's website.

General Assembly meeting	Date	Meeting method	Special resolutions	Attendance %
Annual General Assembly	7 March 2024	Hybrid (virtual and physical)	• Amendment to the Articles of Association • Renewal of debt issuance programmes	74.6%

Islamic banking governance framework

ADCB Islamic Banking is the brand under which the Bank offers Shari'ah-compliant retail, corporate and treasury financial solutions.

ADCB is regulated by the CBUAE, and its Islamic banking activities are supervised by an independent Internal Shari'ah Supervision Committee (ISSC). The ISSC is the final authority within ADCB regarding all Shari'ah-related matters. It operates in accordance with the resolutions, standards and guidelines issued by the Higher Shari'ah Authority (HSA) of the CBUAE. The HSA mandates Islamic Financial Institutions (IFIs) to adopt the Shari'ah standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

The ISSC functions in line with the Shari'ah governance framework provided within the ISSC Charter approved by the ISSC and the Board of Directors. The ISSC Charter provides for the processes and procedures of the functioning of the ISSC, such as holding meetings, issuing of fatwas (pronouncements and approvals), resolutions, Shari'ah review and an annual Shari'ah report.

Fatwas are issued by the ISSC to certify compliance with principles of Shari'ah for all Islamic products and services as well as for bespoke structured transactions. The ISSC's review covers the product structure, the underlying Shari'ah contract, legal documentation, operational process flow and all associated product literature. Fatwas issued by the ISSC are published on ADCB's website and are available at all branches.

ADCB's internal Shari'ah governance framework is based on a 'three lines of defence' approach as set out in the standards and regulations issued by the CBUAE. While the business acts as the first line of defence, an independent and separate Internal Shari'ah Control Department (ISCD), led by the Head of Internal Shari'ah Control, is the second line of defence, which implements and oversees Shari'ah governance.

A separate and independent Internal Shari'ah Audit Department (ISAD), led by the Head of Internal Shari'ah Audit, represents the third line of defence, undertaking the Shari'ah review and audit of Islamic products and services offered by ADCB. The Internal Shari'ah Audit Department submits the Shari'ah audit reports to the ISSC and other relevant bodies in accordance with the HSA standards, regulations, circulars and resolutions. To ensure complete independence from the business, Heads of Internal Shari'ah Control and Internal Shari'ah Audit report to the Board or its committees in relation to promotion, bonus, performance appraisal and removal. The Heads of Internal Shari'ah Control and Internal Shari'ah Audit report to BRC and BAC, respectively.

ADCB Islamic Banking maintains a separate set of financial records to ensure that the accounts for the Islamic business are completely segregated from ADCB's conventional funds. ADCB's consolidated accounts include the results of ADCB Islamic Banking and are separately disclosed in the notes.

The respected Shari'ah scholars listed in this section make up the ISSC of ADCB Islamic Banking.

Professor Dr. Jassim Al Shamsi,
Chairman & Executive Member

Professor Dr. Jassim Al Shamsi is the first Emirati Shari'ah scholar to lead the ISSC of ADCB Islamic Banking.
He previously served as Dean of the College of Shari'ah and Law, UAE University. In addition, he chairs and is a member of many other ISSCs for Islamic banks, Islamic 'windows' and financial institutions. He is also a member of the Higher Shari'ah Authority of the Central Bank of the UAE.

Dr. Salim Al-Ali, Member

Dr. Salim Al-Ali holds a PhD in Financial Law from the University of London, in the UK. He also holds a Master's Degree in Islamic Banking and Finance from the International Islamic University of Malaysia. In 2016, he received the prestigious Sheikh Rashid Award for Outstanding Scientific Achievement. Dr. Salim is the author of 'Raising Capital on Sukuk Markets — Structural, Legal and Regulatory Issues'.

Prof. Dr. Engku Rabiah Adawiah Engku Ali, Member

Professor Dr. Engku Rabiah is a leading Shari'ah scholar from Malaysia. She is a member of Shari'ah Advisory Council of Bank Negara Malaysia & Member of Shari'ah Advisory Council of Securities Commission Malaysia. Apart from teaching, she is also active in advisory works, which gave her extensive exposure to the practice of Islamic finance. She sits in various Shari'ah advisory bodies, such as, at the Central Bank of Malaysia Securities Commission Malaysia. In recognition of her contributions to Islamic Finance, she has been awarded with the Most Outstanding Individual Contribution to Islamic Finance in 2004 and again in 2014.

Dr. Ibrahim Almansoori, Member

Professor Dr. Ibrahim Ali Abdullah Al Mansoori holds a Master's degree and PhD in Islamic Banking and Economics. Currently, he holds the position of Director of Sharjah Centre for Islamic Economy at Al Qasimia University. He is also a faculty member at the College of Shari'ah and Islamic Studies, the University of Sharjah.

He is currently serving as a member of the Shari'ah Supervision Committee of Al Hilal Bank, Dubai Islamic Bank, Sharjah Islamic Bank, and Standard Chartered Bank. He is the author of numerous studies and papers on contemporary matters relating to Islamic Banking and various Shari'ah issues.

Dr. Osama Bahar, Member

Dr. Osama Bahar is a renowned Bahraini Shari'ah scholar, who holds a Shari'ah degree as well as a PhD from La Haye University, Netherlands. He is currently a member of the Shari'ah Board/Committee at Ithmaar Holding-Bahrain, Alizz Islamic Bank-Oman, Al Salam Bank-Bahrain, Allianz Takaful, and Allianz Global Investors – Bahrain. He is also the former Head of Shari'ah at Al Salam Bank Bahrain.

Mr. Kamran Khalid Sherwani, ISSC Secretary

Mr. Kamran Sherwani is Head of Internal Shari'ah Control at ADCB. He provides Shari'ah guidance on all day-to-day Shari'ah-related matters and obtains ISSC guidance and approvals in respect to Islamic products and services.
He received a degree in Shari'ah and law from the International Islamic University and is an AAOIFI-certified Shari'ah advisor and auditor. He has served as Shari'ah advisor to several major Islamic banks.

Annual Report of the Internal Shari'ah Supervision Committee of ADCB Islamic Banking Division

All praise is due to Allah, Lord of the Worlds, and prayers and peace be upon the most honorable of the prophets and messengers, our master Muhammad, and on his family and companions.

Issued on: 22 January 2025

To: Shareholders of Abu Dhabi Commercial Bank PJSC ('the Institution')

After greetings,

Pursuant to the requirements stipulated in the relevant laws, regulations and standards ('Regulatory Requirements'), the Internal Shari'ah Supervision Committee of the Institution ('ISSC') presents to you the ISSC's Annual Report regarding Shari'ah compliant businesses and operations of the Institution for the financial year ending on 31 December 2024 ('Financial Year').

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ('Institution's Activities') and issue Shari'ah resolutions in this regard and determine Shari'ah parameters necessary for the Institution's Activities, and the Institution's compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ('HSA') to ascertain compliance of the Institution with Islamic Shari'ah.

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

3. Duties Fulfilled by the ISSC during the Financial Year

The ISSC conducted Shari'ah supervision of the Institution's Activities by reviewing those Activities, and monitoring them through Internal Shari'ah Control Department, internal Shari'ah audit, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a. Convening (7) meetings during the year

b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities

c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval

d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC

e. Supervision through the Internal Shari'ah Control Department, internal Shari'ah audit, of the Institution's Activities including supervision of executed transactions, adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard

f. Providing guidance to relevant parties in the Institution to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah control department, internal Shari'ah audit, and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes. Approving corrective and preventive measures related to identified incidents to preclude their re-occurrence in the future

h. Specifying the amount of Zakat due on each share of the Institution's total shares

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shari'ah.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

We pray to Allah, the Almighty, to provide us guidance and keep us all on the righteous path

Signatures of Members of the ISSC of the Institution.

Dr. Salim Al-Ali
Member

Dr. Osama Bahar
Member

Prof. Dr. Engku Rabiah Adawiah
Member

Dr. Ibrahim Almansoori
Member

Professor Jassim Al Shamsi
Chairman of the Committee

Al Hilal Bank – Board of Directors

Ala'a Eraiqat

Chairman

Ala'a Eraiqat was appointed as Chairman of Al Hilal Bank in 2019.

He has been the Group Chief Executive Officer of ADCB since February 2009, steering the organisation through a period of significant growth and transformation.

Through a career spanning over three decades, Ala'a brings extensive experience in the banking sector. He held prominent roles at a number of high-profile international financial institutions before joining ADCB in January 2004, where he served in a number of senior executive positions before his appointment as Group Chief Executive Officer.

Ala'a is responsible for leading and guiding ADCB and its subsidiaries to achieve the objectives committed to shareholders, and he has been instrumental in fostering a culture of high performance. Under his leadership, ADCB has become a market leader through a dedication to customer service excellence and digital innovation.

External appointments:

- Abu Dhabi National Hotels PJSC (ADNH), Director and member of the Audit, Compliance and Corporate Governance Committee
- Emirates Institute of Finance (EIF), Director and Chairman of Human Resources Committee

Deepak Khullar

Director

BRC – Chair

Deepak Khullar was appointed as a Board Director of Al Hilal Bank in 2019 and chairs the Al Hilal Bank Board Risk Committee (BRC).

He has served as the Group Chief Financial Officer of ADCB Group since 2008, overseeing a broad spectrum of critical functions that are essential to the Bank's financial health, sustainability and strategic direction.

His responsibilities encompass the entire Group Finance function, including financial planning, business performance analysis, governance, and reporting. Additionally, Deepak leads the Bank's initiatives in Group strategy formulation, investor relations, taxation, economic analysis, and strategic sourcing and procurement. His remit also includes overseeing ADCB's sustainability strategy and its implementation.

Before joining ADCB, Deepak honed his expertise over 15 years at Standard Chartered Bank, holding a number of senior positions across the Middle East and South Korea. His earlier career included tenures with Ernst & Young and PricewaterhouseCoopers, where he gained extensive experience in assurance, advisory, and technical services across the Middle East and India.

As Group Chief Financial Officer, Deepak plays a pivotal role in driving the financial resilience and strategic growth of ADCB through a focus on value creation and enhancing efficiency.

Deepak holds a Bachelor of Commerce (Honors) degree from the University of Delhi, India, and is a Fellow of the Institute of Chartered Accountants of India (FCA) as well as a Fellow Member of the Association of Corporate Treasurers, UK (FCT).

External appointments:

- No current external directorships

Kevin Taylor

Director

BAC – Chair

BRC

Kevin Taylor was appointed as a Board Director of Al Hilal Bank in 2019 and chairs the Board Audit Committee (BAC).

He brings over four decades of international experience in banking and finance, with a career that spans leadership roles in prominent financial institutions across multiple continents, including ADCB, American Life Insurance Co. (ALICO), Citigroup, Westpac Bank and Merrill Lynch.

With a strong background in treasury management and risk oversight, Kevin's expertise encompasses the banking and insurance sectors. He spent 13 years as Group Treasurer and Head of Investments at ADCB, where he was responsible for the Bank's financial markets and proprietary investments activities and personnel, as well as the Bank's balance sheet analytics team.

He chaired ADCB's Bank's Asset & Liability Committee and was a member of the Credit Risk and Controls Committee, as well as previously serving on Gulf Capital's Board of Directors, the ALICO UK Supervisory Board and AIG's Micro Finance Board. Kevin's deep knowledge and extensive experience in banking and finance provide deep strategic insight to guide Al Hilal Bank's growth strategy.

Kevin holds a Master's degree in Risk Management from NYU Stern Business School in the United States and a Master's degree in Business Administration from the Macquarie Graduate School of Management in Australia. He also gained a Bachelor's degree in Economics from La Trobe University, in Australia.

External appointments:

- NMC HoldCo, Chairman (2022), UAE

Mohammed Al Jayyash

Director

NCHRGC – Chair

BAC

Mohammed Al Jayyash was appointed as a Board Director of Al Hilal Bank in 2019 and chairs the Board Nomination, Compensation, Human Resources and Governance Committee (NCHRGC).

He has been ADCB's Group Chief Operating Officer since 2020, having served in the role on an acting basis since 2019. He previously held a number of senior management positions within ADCB, including Group Chief Service Officer and Branch Operations Manager.

With over two decades of experience in the banking sector, Mohammed is recognised for his dedication to enhancing customer service, as well as driving growth and efficiency through digital innovation and the effective deployment of technology. Bringing extensive knowledge of banking operations, customer journey optimisation and digital channel development, Mohammed has been instrumental in maintaining ADCB's position as a digital banking leader in a highly competitive UAE market.

By ensuring that ADCB's operational initiatives align closely with corporate strategy, business objectives, regulatory requirements and customer expectations, Mohammed continues to be a significant force behind the Bank's operational excellence and innovation.

Mohammed holds a Bachelor's degree in Business Administration from Al Ghurair University, UAE, a Post Graduate Certificate in Management from Ashridge Executive Education HULT, UK, and a Diploma in Banking from the Emirates Institute for Banking and Financial Studies.

External appointments:

- No current external directorships

BRC Board Risk Committee BAC Board Audit Committee
NCHRGC Board Nomination, Compensation, HR & Governance Committee

Al Hilal Bank – Board of Directors

Mashael Alamoodi

Director

NCHRGC

Mashael Alamoodi was appointed as a Board Director of Al Hilal Bank in 2024.

She has two decades of experience in human resources and organisational management across various sectors. Mashael began her career at ENBD in 2004 and subsequently gained valuable experience in diverse industries, including defence and energy.

She joined ADCB in March 2014 and has held a number of positions in Human Resources, including her current role as Executive Head of Centralised HR Operations. Throughout her career, Mashael has been instrumental in driving strategic initiatives that enhance organisational effectiveness, demonstrating an ability to align human resource strategies with overall business objectives.

Mashael has consistently prioritised employee well-being and talent development and is recognised for her deep understanding of organisational behaviour and ability to foster an inclusive, high-performance culture. She leverages this broad expertise to promote Al Hilal Bank's strategic objectives.

Mashael gained a Bachelor's degree in Applied Sciences in E-commerce from Dubai Women's College and completed an Advanced Human Resource Executive programme at the Stephen M. Ross School of Business, University of Michigan, USA.

External appointments:

- No current external directorships

Omran Taimour

Director

BRC

NCHRGC

Omran Taimour was appointed as a Board Director of Al Hilal Bank in 2024.

He currently serves as the Executive Head of Branch Distribution at ADCB, a position he has held since 2023.

Omran has over 25 years' experience in the banking and finance sector. With an extensive background in various managerial positions within ADCB's Retail Banking Group, Omran is responsible for driving key strategic initiatives to propel the Bank's growth by optimising branch operations, elevating customer service, and implementing effective distribution strategies.

He brings deep expertise in operational excellence and customer service to help guide effective implementation of Al Hilal Bank's strategy.

Omran holds a Bachelor's of Science in Banking and Accounting from Ashbourne University.

External appointments:

- No current external directorships

Eng. Abdulla Abdul Aziz AlShamsi

Director

Abdulla Abdul Aziz AlShamsi was appointed as a Board Director of Al Hilal Bank in 2024.

He serves as ADCB's Group Chief Business Officer, responsible for orchestrating strategic initiatives that are essential and core to successfully delivering the Bank's growth aspirations and strategy.

Prior to joining ADCB, Abdulla served as the Director General of the Abu Dhabi Investment Office (ADIO), where he led the organisation's efforts to grow and diversify Abu Dhabi's economy through private sector investment.

Before his role at ADIO, Abdulla spent 16 years at Mubadala Investment Company, where he held several senior positions. As the Director of UAE Investments, he managed investments in 'national champions', fostering industrial and commercial clusters, and partnering with global entities. He also led Mubadala's Healthcare, Real Estate and Infrastructure platforms, heading the establishment of Mubadala Health and Cleveland Clinic Abu Dhabi, as well as the development of Al Maryah Island, home to Abu Dhabi Global Market (ADGM).

Abdulla's extensive experience in strategic investments and economic development positions him well to drive ADCB's growth initiatives and contribute to the Bank's ongoing success.

Abdulla holds a Master's degree in Architecture (post-professional) from the University of Pennsylvania and a Bachelor's degree in Architecture from Carnegie Mellon University, both in the United States. He has also undertaken executive education programmes at both Harvard University and Stanford University.

External appointments:

- No current external directorships

BRC Board Risk Committee
BAC Board Audit Committee
NCHRGC Board Nomination, Compensation, HR & Governance Committee

Al Hilal Bank – Executive Management

Abdul Shakeel Aidaroos

Chief Executive Officer

Abdul Shakeel Aidaroos was appointed as Chief Executive Officer of Al Hilal Bank in 2019.

With a three decades of experience, Abdul Shakeel brings significant expertise in retail banking, digital innovation, and risk management. Following a 10-year tenure with Citibank in the UAE, he held a number of senior roles at ADCB, including as Head of Retail Banking, showcasing his ability to manage large teams and spearheading the development of award-winning consumer products and digital banking solutions.

Under his stewardship, Al Hilal Bank has achieved significant milestones, including the launch of the UAE's first Shari'ah-compliant, cloud-based digital banking app, successfully blending Islamic banking principles with cutting-edge technology.

Abdul Shakeel's extensive expertise, spanning conventional and Shari'ah-compliant banking, digital transformation and customer service excellence, enables him to skilfully navigate an increasingly complex and highly competitive operating environment.

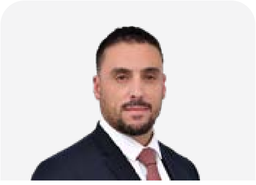
Abdul Shakeel holds a Master's degree in Risk Management from NYU Stern School of Business, USA.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships



Omar Bouhafs

Head of Finance

Omar Bouhafs joined Al Hilal Bank in 2024 as Acting Head of Finance and was later confirmed as Head of Finance during the year.

With over 15 years' experience in banking and professional services, Omar brings broad perspective and significant expertise to his role at the Bank. Prior to joining Al Hilal Bank, he held senior positions with Boubyan Bank, KPMG Australia and the Australian Civil Aviation Safety Authority.

Leveraging his experience in financial operations, strategic planning, and regulatory reporting, Omar plays a key role in setting Al Hilal Bank's strategic direction and driving effective implementation.

A Certified Chartered Accountant (CAANZ), Omar holds Bachelor's degrees in Commerce and Information Technology from the University of Canberra, Australia. He also holds a Master's in Business Administration (MBA) from the University of Manchester, UK, and a Graduate Diploma in Chartered Accounting from the Australian Institute of Chartered Accountants.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Jamal Al Awadhi

Deputy Chief Executive Officer

Jamal Al Awadhi was appointed as Deputy Chief Executive Officer of Al Hilal Bank in 2024.

He brings over 20 years of senior leadership experience across diverse sectors, including financial services, media, information technology, and aviation. Prior to joining the Bank, he served in multiple senior roles in businesses across the UAE, including Chief Operating Officer at Wio Bank and Chief Executive Officer at Abu Dhabi Media.

Throughout his career, Jamal has demonstrated strong capabilities in driving strategic growth initiatives and fostering innovation. His varied industry experience brings a unique perspective to the banking sector, particularly in the areas of digital transformation and cross-sector collaboration.

Jamal is a Global Executive MBA (GEMBA) candidate at INSEAD, France. He has a Master's degree in Electrical Engineering from Tufts University, and a Bachelor's degree in Electrical Engineering from Suffolk University, both in the USA.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Adnan Sajwani

Chief Compliance Officer

Adnan Sajwani was appointed Chief Compliance Officer of Al Hilal Bank in 2023.

With a 15-year career in the finance industry, he brings a comprehensive understanding of the regulatory landscape governing Islamic banking in the UAE.

As Chief Compliance Officer, Adnan plays a crucial role in safeguarding the Bank's reputation and maintaining its integrity. He is responsible for developing and implementing robust compliance programmes that align with regulatory standards, as well as conducting reviews to ensure implementation of best practice in internal policies and procedures.

Adnan's dedication to ethical banking practices and his proactive approach to risk management contribute to Al Hilal Bank's standing as a trusted financial institution. Under his guidance as Chief Compliance Officer, Al Hilal Bank continues to strengthen its compliance framework, adapting to changes in the regulatory environment whilst maintaining its commitment to uphold the highest standards in Shari'ah-compliant banking practices.

Adnan holds a Bachelor's degree in Business Administration and a Higher Diploma in Financial Services and Banking from the Higher Colleges of Technology, UAE.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Al Hilal Bank – Executive Management

Dr Mohamed Obadah Adi

Head of Shari'ah Control

Dr Mohamed Obadah Adi has served as the Head of Internal Shari'ah Control at Al Hilal Bank since 2013.

With a career spanning over 25 years in Islamic banking and Shari'ah education, Mohamed brings deep expertise to this role, blending strong theoretical foundations with extensive practical experience.

He oversees the monitoring and supervision of all Bank activities to maintain strict Shari'ah compliance. Responsibilities include providing expert consultation on the design and development of investment and financing products, ensuring they align with Islamic law as well as rigorous performance and ethical standards, while responding to the challenges of a rapidly evolving and highly competitive banking landscape.

Mohamed's membership of the Shari'ah supervision committees for a number of Islamic banks in the UAE brings broad perspective to his role in supporting Al Hilal Bank's growth and development.

Mohamed gained a PhD in Islamic Studies at the University of Wales, UK.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- Member of Shari'ah supervision committees for a number of Islamic banks in the UAE

Ahmed Al Khaja

Chief Human Resources Officer

Ahmed Al Khaja was appointed Chief Human Resources Officer of Al Hilal Bank in 2023.

Bringing over a decade of experience in human capital management, Ahmed has worked for a number of leading UAE-based organisations in the telecommunications, energy, aviation, education and banking sectors.

Ahmed plays a key role at Al Hilal Bank, ensuring that human resources strategy aligns with the organisation's overall business objectives. His expertise in talent acquisition and development are deployed to support the Bank's growth and Emiratisation strategy, while his experience in M&A and integration projects provide strong foundations for effective management of organisational change.

Ahmed's leadership is instrumental in shaping Al Hilal Bank's corporate culture, promoting employee engagement and fostering an environment that promotes service excellence and innovation in Islamic banking.

Ahmed holds a Master's degree in Human Resource Management & Services from Abu Dhabi University. During 2024, Ahmed transitioned to ADCB to head Employee Experience within the Human Resources Group.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Abhishek Sharma

Chief Risk Officer

Abhishek Sharma joined Al Hilal Bank as Chief Risk Officer in 2024.

He has more than 25 years' experience in risk management spanning multiple markets across Asia, the Middle East, and Europe, having led teams in credit risk, analytics, operations, process engineering, and product management. Among previous roles, Abhishek held senior positions in HSBC's Risk function, including Chief Risk Officer for the UAE and Chief Risk Officer for Wealth and Personal Banking EMEA.

As a member of the executive team, Abhishek plays a key role in shaping Al Hilal Bank's risk appetite and strategy. He is responsible for ensuring the Bank effectively manages traditional core risk areas such as credit, market and operational risk, while responding to emerging challenges such as cybersecurity, financial crime and climate-related risk.

Abishek gained a Master's in Business Administration (MBA) from the Indian Institute of Management Calcutta, India, and has a Bachelor's degree in Commerce from the University of Delhi, India.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Husam Sammur

Acting Head of Treasury

Husam Sammur was appointed Acting Head of Treasury of Al Hilal Bank in 2024.

Husam Sammur joined Al Hilal Bank in May 2008. With over 25 years of experience in both Islamic and conventional treasury banking, Husam excels in managing global markets, foreign exchange, money markets, and Sukuk investments. He is adept at developing and implementing treasury strategies that enhance efficiency and risk-adjusted returns. Prior to his current role, Husam worked at Arab Bank PLC, Jordan National Bank, and Bank of Jordan PLC. Husam's expertise includes balance sheet management, financial performance forecasting, and supporting various business units with treasury products.

He holds a Bachelor's degree in Public Administration and Accounting from Yarmouk University, Jordan, and an ACI Dealing Certificate from the Financial Market Association.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Al Hilal Bank – Executive Management

Aref Al-Ramli

Chief Digital Officer

Aref Al-Ramli joined Al Hilal Bank as Chief Digital Officer in 2022.

Bringing over two decades of experience in the finance sector, Aref spearheads the development and execution of the Bank's digital banking initiatives. His responsibilities encompass formulating strategic plans, overseeing product roadmaps, and crafting innovative customer experiences.

Aref's expertise lies in deploying new technology to power business growth through effective management of transformation programmes. As a results-orientated leader, his approach to innovation is grounded in a deep understanding of both traditional banking principles and emerging digital technologies, combined with an ability to collaborate seamlessly across functions and business lines.

Aref holds a Bachelor's degree in Business Information Systems from the University of Lincolnshire and Humberside, UK. He also gained two Master's in Business Administration degrees from Hult Business School and American W University, both in the USA.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

George Harrak

Chief Information Technology Officer (Resigned 2024)

George Harrak joined Al Hilal Bank as Chief Information Technology officer in 2021.

He has over 20 years of experience driving business strategy and innovation across banking and information and communication technology (ICT) sectors globally. Previously he worked at Standard Chartered Bank in Singapore, where he held the role of CIO for the Global Virtual Banking Platform and Private Bank & Wealth Business. He also led DBS Bank Singapore's venture in Digibank, delivering a digital bank platform in India and Indonesia. George has a proven track record in delivering highly scalable technology solutions that align with business strategies, transforming businesses into customer-centric and agile organisations.

Inter-Group directorships:

- No current inter-Group directorships

External appointments:

- No current external directorships

Al Hilal Bank – Corporate Governance Framework

Overview of the governance framework

Al Hilal Bank (AHB) operates as an independent Islamic bank within the ADCB Group, subsequent to its acquisition by ADCB in 2019. This corporate structure allows AHB to leverage ADCB's established policies, procedures, and operational support. AHB is strategically committed to growing its Shari'ah-compliant digital retail banking business.

AHB has established and implemented an effective corporate governance framework, aligned with the CBUAE Corporate Governance Regulations and Standards, enabling it to grow sustainably and contribute to the development of the UAE's financial sector. The guiding principles of the AHB Corporate Governance Framework mirrors the ADCB Group Corporate Governance Framework, promoting regulatory compliance, best practices, and aiming to foster long-term investment, financial stability and business integrity.

Building on these guiding principles, AHB has developed and implemented a sound and effective Shari'ah Governance Framework, with key mechanisms and functionalities to ensure effective and independent Shari'ah oversight as per the requirements of the CBUAE and the Higher Shari'ah Authority.

The AHB Board of Directors collectively has a set of knowledge, skills, and experience to guide and advise Executive Management on the performance and strategy of the Bank.

The guiding principles of the AHB Corporate Governance Framework mirrors that of the ADCB Corporate Governance Framework, which is fourfold:

Responsibility
promoted by the clear distribution and delegation of authority

Fairness
in the treatment of all stakeholders

Accountability
in the relationships between the Bank's Executive Management and the Board; between the Board and shareholders and other stakeholders

Transparency of disclosures
to enable stakeholders to assess the Group's strategy and financial performance and condition

Board oversight of risk management

The AHB Board of Directors has overall responsibility for setting the risk appetite and ensuring comprehensive risks management within the organisation. In fulfilling this responsibility, the Board has established the Board Risk Committee (BRC) to oversee the monitoring, management, and review of all risk categories. Furthermore, the BRC, in conjunction with Executive Management, defines the risk appetite and strategy, conducting periodic reviews to monitor compliance with the overall risk tolerance. Subsequent to these reviews, the BRC makes recommendations to the Board to maintain compliance with the approved risk appetite.

Additionally, the BRC is responsible for reviewing the appropriateness and effectiveness of risk management systems and controls. The BRC's responsibilities extend over key risk areas, including regularly reviewing and monitoring the credit, market, liquidity, regulatory, reputational, strategic, operational and Shari'ah non-compliance risks. Through these risk oversight responsibilities, the BRC ensures that inherent risks are meticulously identified, managed and monitored to protect Al Hilal Bank's resilience and reputation.

Board oversight of financial reporting, compliance and internal controls

AHB Board of Directors are responsible for oversight of financial reporting, compliance, and internal controls to ensure the integrity of financial disclosures. To this end, the Board has established the Board Audit Committee (BAC) to assist with executing its duties relating to financial reporting, compliance and internal controls.

During 2024, the Board, together with the BAC, assessed the objectivity and effectiveness of AHB's financial reporting and disclosure procedures. This assessment included the review of accounting policies, principles and judgements. Additionally, the Board, with the assistance of the BAC, ensured that adequate internal policies were implemented to comply with CBUAE and SCA regulatory requirements.

The Board and the BAC received regular reports from Executive Management on remediation activities related to the various CBUAE examinations, as well as action plans developed to ensure continuous compliance with new regulatory requirements.

Al Hilal Bank – Board and Board Committees' agenda

The Board regularly discusses various items that are fundamental to the direction of Al Hilal Bank, including business performance, strategy, risk appetite and management, compliance, digital transformation and human resources.

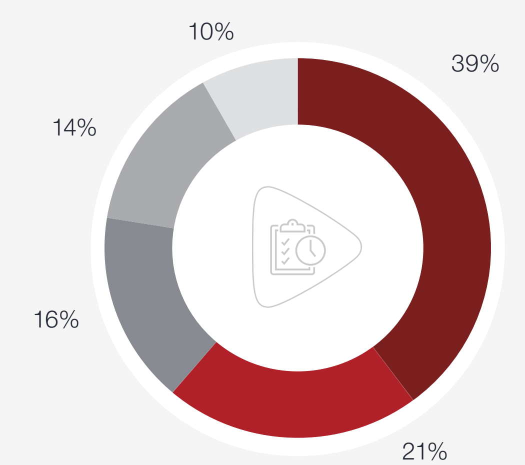
Topic	Sub-topic	Topics discussed at 2024 meetings											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Technology	Business Update (including efficiency, digitisation and innovation update)		●			●		●		●	●		●
Detailed business, operational & other reviews	Group Chief Executive Officer update		●			●		●		●	●		●
Other business updates	Al Hilal Bank Kazakhstan (AHBK) update									●	●		
	Retail portfolio update		●									●	
Financials	Financial results		●			●		●			●		
	Budget												●
Risk	Risk report		●	●		●	●	●		●	●	●	●
	Emerging key risks		●	●									
	Risk appetite statement		●	●			●					●	
Governance	Policies and terms of reference			●			●			●		●	
	Board related matters including Board evaluation		●							●	●		●
	Executive management KPI scorecards			●	●		●						
	Shari'ah governance update		●	●			●						●
Regulatory and compliance	CBUAE notices		●	●				●		●	●		●
	CBUAE examination report & thematic reviews		●	●				●		●	●	●	●
	Compliance update		●			●				●			●
Internal audit and technology	Internal audit updates and plan for 2024/2025		●	●				●		●	●		●
HR related matters	HR & Emiratisation update				●		●						

Al Hilal Bank – Board meetings and time allocation

2024 Al Hilal Bank Board of Directors meetings

Date of Board meeting	Number of Director attendees	Number of Director attendees by proxy	Names of absent Directors (all attended except)	Number of Board resolutions passed
13 February 2024	5/6	–	Kevin Taylor	3
8 May 2024	6/6	–	–	2
24 July 2024	6/6	–	–	3
24 September 2024	7/7	–	–	4
29 October 2024	7/7	–	–	4
18 December 2024	6/7	–	Mohammed Al Jayyash	3

Time allocation for 2024 Board meetings



- Business, operational and strategic update
- Financial performance, planning and strategic update
- Internal controls reports (including risk and internal audit)
- Governance reports
- Regulatory update

Board composition and remuneration

The AHB Board, appointed in May 2019, collectively has diverse skills and experience, including retail banking, treasury, risk, finance, sustainability, operations, and customer service.

AHB Board of Directors do not receive remuneration for their directorships.

The Board met six times in 2024. The table above shows the Board's attendance.

AHB – Board Risk Committee (BRC)

Deepak Khullar
Chair

3
members

5
meetings

67%
of time:
Risk updates

Committee composition (As at 31 December 2024)

Deepak Khullar	Kevin Taylor	Omran Taimour

Committee remit

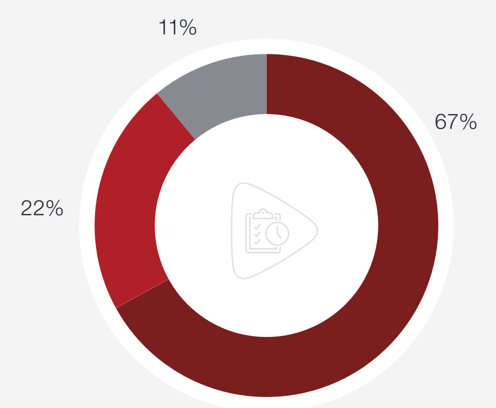
The primary responsibility of the BRC is to enable the Board to fulfil its duties in relation to the oversight of the following:

- The AHB risk appetite and risk strategy
- The development and implementation of AHB's Risk Governance Framework
- Alignment of AHB's strategic objectives with its risk profile
- The risks associated with AHB's asset portfolios
- Development and implementation of risk management strategies and limits
- Compliance with regulatory requirement relating to risk management
- AHB's public reporting on risk management matters
- The independence and effectiveness of the risk management departments

2024 BRC meetings

Date of BEC meeting	Number of attendees	Names of absent members
7 Feb 2024	3/3	-
27 Mar 2024	3/3	
29 Mar 2024	2/3	Omran Taimour
3 Jun 2024	2/3	Kevin Taylor
19 Nov 2024	3/3	-

Time allocation for 2024 BRC meetings



- Risk updates (including risk appetite statements)
- Regulatory updates (including stress test and ICAAP updates)
- Risk related policies

AHB – Board Audit Committee (BAC)

Kevin Taylor
Chair

2
members

7
meetings

38%
of time:
Compliance updates

Committee composition (As at 31 December 2024)

Kevin Taylor	Mohammed Al Jayyash

Committee remit

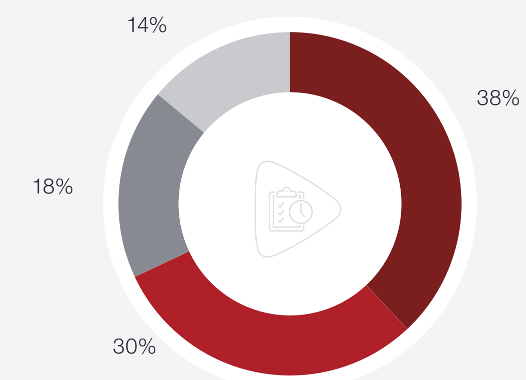
The primary responsibility of the BAC is to enable the Board to fulfil its duties in relation to the oversight of the following:

- The integrity of AHB's financial statements
- The qualifications, independence, and performance of AHB's external auditor
- The qualifications, independence, and performance of AHB's Internal Audit and Compliance Departments
- The AHB internal control framework to ensure it is adequate to establish a properly controlled operating environment for the conduct of AHB's business
- Compliance with applicable legislative requirements, and with the Group policies
- The qualifications, independence, and performance of AHB's Internal Shari'ah Audit Department

2024 BAC meetings

Date of BEC meeting	Number of attendees	Names of absent members
12 Feb 2024	2/2	-
7 May 2024	2/2	-
22 Jul 2024	2/2	-
23 Sep 2024	2/2	-
28 Oct 2024	2/2	-
10 Dec 2024	2/2	-
11 Dec 2024	2/2	-

Time allocation for 2024 BAC meetings



- Compliance updates (including regulatory updates)
- Internal audit updates
- Financial results
- Review of policies and governance related matters

AHB – Board Nomination, Compensation, HR & Governance Committee (NCHRGC)

Committee composition (As at 31 December 2024)

Mohammed Al Jayyash	Omran Taimour	Mashael Ali Alamoodi

Mohammed Al Jayyash
Chair

3
members

2
meetings

79%
of time:
Human resources

Committee remit

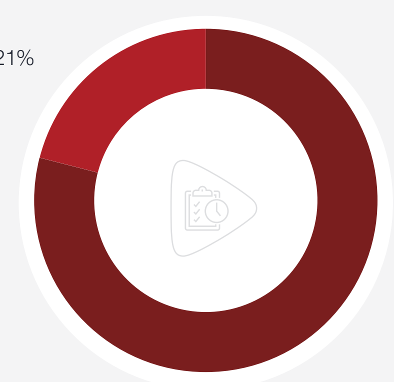
The primary responsibility of the NCHRGC is to enable the Board to fulfil its duties in relation to the oversight of the following:

- The appropriate composition of the AHB Board
- The nomination of appropriate Directors to the AHB Board and its committees
- Assessment of the performance of the Board, committees, each Director and Executive Management
- Development of succession plans for the AHB Board and Executive Management
- Remuneration policies for the AHB Board and Executive Management
- Evaluation of the AHB Board's performance and adoption and monitoring of action plans arising from it
- AHB's public reporting on corporate governance and remuneration matters
- AHB's human resources strategy, including Emiratisation
- Development of the AHB Corporate Governance Framework
- AHB's compliance with regulatory requirements relating to corporate governance
- AHB's corporate culture and values, including its governance culture

2024 NCHRGC meetings

Date of NCHRGC meeting	Number of attendees	Names of absent members
4 Apr 2024	3/3	–
11 Jun 2024	3/3	–

Time allocation for 2024 NCHRGC meetings



- Human resources (including senior management KPI scorecard, and talent acquisition updates)
- Governance, policies and other reports

Annual Report of the Internal Shari'ah Supervision Committee of Al Hilal Bank

Issued on Thursday, 30 Rajab 1446 AH, corresponding to January 30, 2025

To: Shareholders of Al Hilal Bank ('the Bank')

After greetings,

Pursuant to the requirements stipulated in the relevant laws, regulations and standards ('Regulatory Requirements'), the Internal Shari'ah Supervision Committee of the bank ('ISSC') presents to you its Annual Report for the financial year ending on 31 December 2024 ('Financial Year').

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

Undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Bank; and the Bank's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ('Bank's Activities') and issue Shari'ah resolutions in this regard, and to determine Shari'ah parameters necessary for the Bank's Activities, and the Bank's compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ('HSA') to ascertain compliance of the Bank with Islamic Shari'ah.

The senior management is responsible for compliance of the Bank with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ('Compliance with Islamic Shari'ah') regarding the Bank's Activities, and the Board bears the ultimate responsibility in this regard.

2. Shari'ah standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by HSA and the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Bank's Activities without exception.

3. Works undertaken by the ISSC during the Financial Year

The ISSC undertook Shari'ah supervision of the Bank's Activities through review of those Activities, and monitoring through Internal Shari'ah Control Division and Internal Shari'ah Audit Division in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a. Convening seven meetings during the financial year

b. Providing fatwas, opinions and resolutions on matters presented to the ISSC in relation to the Bank's Activities

c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Bank and its subsidiaries to the ISSC for approval

d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders with parameters set by the ISSC

e. Supervision through internal Shari'ah supervision department and internal Shari'ah Audit of the Bank's Activities including executed transactions, adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard

f. Providing direction to relevant parties of the Bank and its subsidiaries to rectify (where possible) findings cited in the reports submitted by internal Shari'ah Supervision Department and internal Shari'ah audit and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes

g. Approving remedial rectification and preventive measures related to identified errors to prevent their reoccurrence in the future

h. Specifying the amount of Zakat due on each of the Bank's share

i. Specifying the amount of Zakat due on the depositor's reserves

j. Monitoring charity account sources and payments

k. Communicating with the Board and its subcommittees, and the senior management of the Bank concerning the Bank compliance with Islamic Shari'ah

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Bank is compliant with Islamic Shari'ah

4. Independence of the ISSC

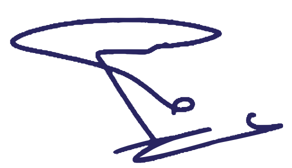
The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Bank. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of the Bank

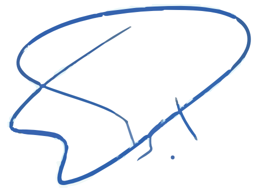
Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Bank's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also issued directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Shari'ah Supervision Committee



Professor Jassim Al Shamsi
Chairman of the Committee



Dr. Ibrahim Almansoori
Deputy Chairman of the Committee

Dr. Salim Al-Ali
Member

ADCB Board Secretariat and Group Company Secretary

ADCB's Board Secretariat acts as the main interface between ADCB's Board of Directors and the Executive Management. Additionally, the Board Secretariat acts as the Group's corporate governance caretaker, including the Group's Corporate Governance Framework and governance-related regulatory compliance matters.

The Board Secretariat also acts as an administrator for the Board's activities and works closely with the Board and the Executive Management to facilitate flow of information, communication and transparency.

ADCB's Board, as part of the independence requirements set by applicable corporate governance regulations, appointed Rami Raslan as Group Company Secretary in 2021. Raslan joined ADCB in 2008 and contributed to the Group's journey to becoming a regional leader in corporate governance for more than a decade. He holds a Bachelor's Degree in Business Information Systems from the University of Lincoln and an Executive MBA from London Business School. Raslan is a qualified Chartered Secretary, a Chartered Governance Professional and is a Fellow of the Chartered Governance Institute UK and Ireland.

Rami Raslan
Group Company Secretary
+971 2 812 6818
ADCBBoardsecretariat@adcb.com

FINANCIALS

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI COMMERCIAL BANK PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Abu Dhabi Commercial Bank PJSC (the"Bank") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority (ADAA) Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Expected credit loss ("ECL") allowance on loans and advances to customers

As described in Notes 11 and 43 to the consolidated financial statements, the Group had loans and advances of AED 350.6 billion as at 31 December 2024 representing 53.7% of total assets. The determination of the Group's expected credit losses for loans and advances to customers measured at amortised cost is considered a key audit matter as it is a quantitatively significant estimate which requires significant management judgement to be applied in the evaluation of the credit quality and the estimation of inherent credit losses in the portfolio.

The material portion of the non-retail portfolio of loans and advances to customers is assessed individually for credit impairment. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing credit-impaired criteria for the exposure. Management judgement may also be involved in manual staging movements in accordance with the requirements of IFRS Accounting Standards.

The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are model-based with limited manual intervention. It is important that these models which contain Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and macroeconomic adjustments are valid throughout the reporting period. The Group performed independent validation and monitoring of the PD and LGD models including the macro-economic model during the reporting period.

For further information on the accounting policies relating to impairment of loans and advances as well as the Group's management of credit risk refer to Note 3.8 and Note 43 to the consolidated financial statements

How our audit addressed the key audit matter

We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL allowance included in the Group's consolidated financial statements for the year ended 31 December 2024:

We obtained an understanding of the loans and advances origination process, credit risk management process and the estimation process of determining ECL allowances on loans and advances to customers. We assessed these controls to determine if they had been appropriately designed and implemented and tested these controls to determine if they had been operating effectively.

On a sample basis, we selected individually assessed loans and assessed the information for evaluating credit-worthiness and the staging classification. We challenged the assumptions underlying the ECL allowance calculations, such as credit risk mitigation through discounted future cash flows including collateral and estimates of recovery. We also assessed the consistency of the Group's application of its application of the requirements of IFRS Accounting Standards relating to this matter.

For loans assessed collectively, we evaluated controls over the modelling process, including model inputs, monitoring, validation and approval. With the involvement of our credit risk and modelling specialists, we assessed the methodology and assumptions used in the calculation of various components of ECL modelling including the computation of PD, LGD and EAD for the models selected for testing. For a sample of customers, we tested the mathematical accuracy and reperformed the computation of the ECL based on relevant source data. We evaluated key assumptions such as the criteria used to determine SICR, definition of default, staging criteria and forward-looking macroeconomic information and the related weighting of these items.

On a sample basis, we assessed the application of the staging criteria, including the basis for movement between stages.

With the support of our credit risk and modelling specialists, we evaluated the post model adjustments and management overlays and challenged their rationale. For a sample of exposures, we evaluated the staging overrides during the process of determining their ECL.

We considered the process of the independent validations of the models and their impact on the results of the impairment estimate.

With the support of our IT specialist, we tested the IT application used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models.

We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Risk of inappropriate access or changes to information technology systems

The Bank is dependent on its complex information technology environment for the reliability and continuity of its operations and financial reporting process due to the extensive volume and variety of transactions which are processed daily across the Bank's businesses; this includes cyber risks.

Inappropriate granting of or ineffective monitoring of access rights to IT systems therefore presents a risk to the accuracy of financial accounting and reporting. Appropriate IT controls are required to protect the Bank's IT infrastructure, data and applications, ensure transactions are processed correctly and limit the potential for fraud and error as a result of change to an application or underlying data.

Unauthorised or extensive access rights cause a risk of intended or unintended manipulation of data that could have a material effect on the completeness and accuracy of consolidated financial statements. Therefore, we considered this area as key audit matter.

For further information on this key audit matter refer to Note 47.

How our audit addressed the key audit matter

Our audit approach depends to a large extent on the effectiveness of automated and IT-dependent manual controls and therefore we updated our understanding of the Bank's IT-related controls environment and identified IT applications, databases and operating systems that are relevant for the financial reporting process and to our audit.

For relevant IT-dependent controls within the financial reporting process we identified, with the involvement of our internal IT specialists, supporting general IT controls and evaluated their design, implementation and operating effectiveness. We updated our understanding of applications relevant for financial reporting and tested key controls particularly in the area of access protection, integrity of system interfaces and linkage of such controls to the reliability, completeness and accuracy of financial reporting including computer-generated reports used in financial reporting. Our audit procedures covered, but were not limited to, the following areas relevant for financial reporting:

- IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data centre and network operations;
- Controls regarding initial access granted to IT systems for new employees or employees changing roles, whether that access was subject to appropriate screening and it was approved by authorised persons;
- Controls regarding removal of employee or former employee access rights within an appropriate period of time after having changed roles or leaving the Bank;
- Controls regarding the appropriateness of system access rights for privileged or administrative authorisations (superuser) being subject to a restrictive authorisation assignment procedure and regular review thereof;
- Password protection, security settings regarding modification of applications, databases and operating systems, the segregation of department and IT users and segregation of employees responsible for program development and those responsible for system operations; and
- Program developers approval rights in the modification process and their capability to carry out any modifications in the productive versions of applications, databases and operating systems. We analysed the segregation of duties on critical trading and payment systems in order to assess whether the segregation between front and back office was effective.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 31 January 2024.

Other Information

The Board of Directors and management are responsible for the other information. The other information comprises the annual report of the Group but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we will read the annual report of the Group, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021, and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;

iii) The Group has maintained proper books of account;

iv) The financial information included in the Chairman's Statement (as included in Earnings Press Release and Management Discussion and Analysis) is consistent with the books of account and records of the Group;

v) Note 10 to the consolidated financial statements of the Group discloses purchased or investment in shared during the financial year ended 31 December 2024;

vi) Note 37 to the consolidated financial statements of the Group discloses material related party transactions, the terms under which these were conducted and principles of managing conflict of interest;

vii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and

viii) Note 51 to the consolidated financial statements of the Group discloses social contributions made during the financial year ended 31 December 2024.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or its consolidated financial statements as at 31 December 2024:

i) Articles of Association of the Bank; and:

ii) Relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Group's consolidated financial statements.

Further, as required by UAE Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Signed by

Mohammad Khamees Al Tah
Registration No. 717
27 January 2025
Abu Dhabi
United Arab Emirates

ABU DHABI COMMERCIAL BANK PJSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Notes	As at December 31 2024 AED'000	As at December 31 2023 AED'000	As at December 31 2024 USD'000	As at December 31 2023 USD'000
Assets					
Cash and balances with central banks, net	6	**46,222,548**	45,375,462	**12,584,413**	12,353,788
Deposits and balances due from banks, net	7	**50,214,028**	37,624,694	**13,671,121**	10,243,587
Financial assets at fair value through profit or loss	8	**12,869,631**	10,063,020	**3,503,847**	2,739,728
Derivative financial instruments	9	**18,973,188**	13,859,086	**5,165,583**	3,773,233
Investment securities, net	10	**142,989,163**	128,268,397	**38,929,802**	34,921,970
Loans and advances to customers, net	11	**350,638,304**	301,994,599	**95,463,736**	82,220,146
Investment in associates	12	**329,025**	370,622	**89,579**	100,904
Investment properties	13	**1,715,622**	1,741,460	**467,090**	474,125
Other assets, net	14	**20,004,509**	18,960,358	**5,446,368**	5,162,090
Property and equipment, net	15	**1,886,034**	1,887,596	**513,486**	513,911
Intangible assets, net	16	**6,972,174**	7,049,191	**1,898,223**	1,919,192
Total assets		**652,814,226**	567,194,485	**177,733,248**	154,422,674
Liabilities					
Due to banks	17	**11,276,704**	8,794,968	**3,070,162**	2,394,492
Derivative financial instruments	9	**23,891,228**	16,239,495	**6,504,554**	4,421,316
Deposits from customers	18	**421,059,909**	362,905,039	**114,636,512**	98,803,441
Euro commercial paper	19	**6,153,009**	7,777,655	**1,675,200**	2,117,521
Borrowings	20	**88,687,459**	76,653,334	**24,145,782**	20,869,408
Other liabilities	21	**26,179,008**	23,570,527	**7,127,418**	6,417,240
Total liabilities		**577,247,317**	495,941,018	**157,159,628**	135,023,418
Equity					
Share capital	22	**7,319,947**	7,319,947	**1,992,907**	1,992,907
Share premium		**17,878,882**	17,878,882	**4,867,651**	4,867,651
Other reserves	23	**11,081,986**	10,591,907	**3,017,148**	2,883,721
Retained earnings		**30,526,433**	26,701,111	**8,311,035**	7,269,565
Capital notes	26	**8,754,750**	8,754,750	**2,383,542**	2,383,542
Equity attributable to equity holders of the Bank		**75,561,998**	71,246,597	**20,572,283**	19,397,386
Non-controlling interests		**4,911**	6,870	**1,337**	1,870
Total equity		**75,566,909**	71,253,467	**20,573,620**	19,399,256
Total liabilities and equity		**652,814,226**	567,194,485	**177,733,248**	154,422,674

These consolidated financial statements were duly approved by the Board of Directors and authorised for issue on January 27, 2025, and signed on its behalf by:

Khaldoon Khalifa Al Mubarak	Ala'a Eraiqat	Deepak Khullar
Chairman	*Group Chief Executive Officer*	*Group Chief Financial Officer*

The accompanying notes 1 to 52 form an integral part of these consolidated financial statements.

ABU DHABI COMMERCIAL BANK PJSC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 AED'000	2023 AED'000	2024 USD'000	2023 USD'000
Interest income	27	**30,217,473**	25,205,484	**8,226,919**	6,862,370
Interest expense	28	**(19,188,214)**	(14,909,555)	**(5,224,126)**	(4,059,231)
Net interest income		**11,029,259**	10,295,929	**3,002,793**	2,803,139
Income from Islamic financing and investing products	24	**3,516,469**	3,045,703	**957,383**	829,214
Distribution on Islamic deposits and profit paid to sukuk holders	24	**(1,319,852)**	(967,821)	**(359,339)**	(263,496)
Net income from Islamic financing and investing products		**2,196,617**	2,077,882	**598,044**	565,718
Total net interest income and income from Islamic financing and investing products		**13,225,876**	12,373,811	**3,600,837**	3,368,857
Net fees and commission income	29	**3,100,688**	2,444,229	**844,184**	665,458
Net trading income	30	**2,064,188**	1,592,754	**561,990**	433,638
Net gains from investment properties	13	**26,909**	46,361	**7,326**	12,622
Other operating income	31	**1,062,138**	409,278	**289,175**	111,429
Operating income		**19,479,799**	16,866,433	**5,303,512**	4,592,004
Operating expenses	32	**(6,031,342)**	(5,452,608)	**(1,642,074)**	(1,484,510)
Operating profit before impairment charge		**13,448,457**	11,413,825	**3,661,438**	3,107,494
Impairment charge	33	**(2,874,053)**	(3,477,118)	**(782,481)**	(946,670)
Profit after impairment charge		**10,574,404**	7,936,707	**2,878,957**	2,160,824
Share in profit/(loss) of associates	12	**10,976**	(103)	**2,988**	(28)
Net gain on disposal of stake in subsidiary and fair value gain on retained interest	34	**-**	490,110	**-**	133,436
Profit before taxation		**10,585,380**	8,426,714	**2,881,945**	2,294,232
Income tax charge	49	**(1,166,127)**	(220,649)	**(317,486)**	(60,073)
Profit for the year		**9,419,253**	8,206,065	**2,564,459**	2,234,159
Attributable to:					
Equity holders of the Bank		**9,420,737**	8,206,781	**2,564,863**	2,234,354
Non-controlling interests		**(1,484)**	(716)	**(404)**	(195)
Profit for the year		**9,419,253**	8,206,065	**2,564,459**	2,234,159
Basic earnings per share (AED/USD)	35	**1.20**	1.07	**0.33**	0.29
Diluted earnings per share (AED/USD)	35	**1.19**	1.07	**0.32**	0.29

The accompanying notes 1 to 52 form an integral part of these consolidated financial statements.

ABU DHABI COMMERCIAL BANK PJSC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 AED'000	2023 AED'000	2024 USD'000	2023 USD'000
Profit for the year	**9,419,253**	8,206,065	**2,564,459**	2,234,159
Other comprehensive income				
Items that may be re-classified subsequently to the consolidated income statement				
Net movement in foreign currency translation reserve (Note 23)	**(486,425)**	(42,179)	**(132,433)**	(11,484)
Net movement in cash flow hedge reserve (Note 23)	**(48,064)**	204,607	**(13,086)**	55,706
Net movement in revaluation reserve of debt instruments designated at FVTOCI (net of tax) (Note 23)	**319,973**	311,932	**87,115**	84,926
	(214,516)	474,360	**(58,404)**	129,148
Items that will not be re-classified subsequently to the consolidated income statement				
Net movement in revaluation reserve of equity instruments designated at FVTOCI (net of tax) (Note 23)	**18,058**	6,446	**4,916**	1,755
Actuarial (loss)/gains on defined benefit obligation (Note 21)	**(41,424)**	47,646	**(11,278)**	12,972
	(23,366)	54,092	**(6,362)**	14,727
Other comprehensive (loss)/income for the year	**(237,882)**	528,452	**(64,766)**	143,875
Total comprehensive income for the year	**9,181,371**	8,734,517	**2,499,693**	2,378,034
Attributable to:				
Equity holders of the Bank	**9,183,235**	8,735,405	**2,500,200**	2,378,276
Non-controlling interests	**(1,864)**	(888)	**(507)**	(242)
Total comprehensive income for the year	**9,181,371**	8,734,517	**2,499,693**	2,378,034

The accompanying notes 1 to 52 form an integral part of these consolidated financial statements.

ABU DHABI COMMERCIAL BANK PJSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Share capital AED'000	Share premium AED'000	Other reserves AED'000	Retained earnings AED'000	Capital notes AED'000	Equity attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total equity AED'000
As at January 1, 2024	**7,319,947**	**17,878,882**	**10,591,907**	**26,701,111**	**8,754,750**	**71,246,597**	**6,870**	**71,253,467**
Profit/(loss) for the year	**-**	**-**	**-**	**9,420,737**	**-**	**9,420,737**	**(1,484)**	**9,419,253**
Other comprehensive loss for the year (Note 23)	**-**	**-**	**(196,078)**	**(41,424)**	**-**	**(237,502)**	**(380)**	**(237,882)**
Other movements (Note 23)	**-**	**-**	**(94,587)**	**(428)**	**-**	**(95,015)**	**-**	**(95,015)**
Amounts transferred within equity upon disposal of equity instruments designated at FVTOCI (Note 23)	**-**	**-**	**-**	**13,442**	**-**	**13,442**	**-**	**13,442**
Related tax impact on amounts transferred within equity upon disposal of investments in equity instruments designated at FVTOCI	**-**	**-**	**-**	**(1,417)**	**-**	**(1,417)**	**-**	**(1,417)**
Adjustments arising from changes in non-controlling interests	**-**	**-**	**(63)**	**52**	**-**	**(11)**	**(95)**	**(106)**
Amounts transferred within equity upon creation of impairment reserve – general (Note 23)	**-**	**-**	**780,807**	**(780,807)**	**-**	**-**	**-**	**-**
Capital notes coupon paid (Note 35)	**-**	**-**	**-**	**(685,663)**	**-**	**(685,663)**	**-**	**(685,663)**
Dividends paid to equity holders of the Bank (Note 22)	**-**	**-**	**-**	**(4,099,170)**	**-**	**(4,099,170)**	**-**	**(4,099,170)**
As at December 31, 2024	**7,319,947**	**17,878,882**	**11,081,986**	**30,526,433**	**8,754,750**	**75,561,998**	**4,911**	**75,566,909**
As at January 1, 2023	6,957,379	17,878,882	7,546,743	23,035,375	6,000,000	61,418,379	7,758	61,426,137
Profit/(loss) for the year	-	-	-	8,206,781	-	8,206,781	(716)	8,206,065
Other comprehensive income/(loss) for the year (Note 23)	-	-	480,978	47,646	-	528,624	(172)	528,452
Other movements (Note 23)	-	-	352,523	(354,645)	-	(2,122)	-	(2,122)
Amounts transferred within equity upon disposal of equity instruments designated at FVTOCI (Note 23)	-	-	-	(4,584)	-	(4,584)	-	(4,584)
Capital notes issued during the year (Note 26)	-	-	-	-	2,754,750	2,754,750	-	2,754,750
Capital note issuance cost	-	-	-	(9,421)	-	(9,421)	-	(9,421)
Capital notes coupon paid (Note 35)	-	-	-	(393,482)	-	(393,482)	-	(393,482)
Dividends paid to equity holders of the Bank (Note 22)	362,568	-	2,211,663	(3,826,559)	-	(1,252,328)	-	(1,252,328)
As at December 31, 2023	7,319,947	17,878,882	10,591,907	26,701,111	8,754,750	71,246,597	6,870	71,253,467

For the year ended December 31, 2024, the Board of Directors has proposed to pay cash dividend representing 59% of the paid-up capital (Note 22).

The accompanying notes 1 to 52 form an integral part of these consolidated financial statements.

ABU DHABI COMMERCIAL BANK PJSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 AED'000	2023 AED'000	2024 USD'000	2023 USD'000
OPERATING ACTIVITIES				
Profit before taxation	**10,585,380**	8,426,714	**2,881,945**	2,294,232
Adjustments for:				
Depreciation on property and equipment (Note 15)	**362,585**	378,385	**98,716**	103,018
Amortisation of intangible assets (Note 16)	**50,690**	86,246	**13,801**	23,481
Net gain from investment properties (Note 13)	**(26,909)**	(46,361)	**(7,326)**	(12,622)
Gross impairment charge	**3,366,896**	3,909,862	**916,661**	1,064,487
Share in (profit)/loss of associates (Note 12)	**(10,976)**	103	**(2,988)**	28
Discount unwind	**(188,833)**	(248,752)	**(51,411)**	(67,724)
Net loss from disposal of investment securities (Note 31)	**317,968**	103,413	**86,569**	28,155
Discount amortisation on investment securities	**(797,738)**	(308,858)	**(217,190)**	(84,089)
Dividend income (Note 31)	**(33,989)**	(39,762)	**(9,254)**	(10,825)
Net gain on disposal of stake in subsidiary and fair value gain on retained interest (Note 34)	**-**	(490,110)	**-**	(133,436)
Gain on sale of property and equipment	**(7,871)**	(38,770)	**(2,143)**	(10,555)
Amortisation and interest capitalised on borrowings and ECPs	**1,592,714**	1,424,113	**433,628**	387,725
Net gain from financial assets at fair value through profit or loss (Note 30)	**(960,121)**	(672,391)	**(261,400)**	(183,063)
Ineffective portion of hedges – loss (Note 9)	**31,946**	2,342	**8,698**	638
Employees' incentive plan expense (Note 25)	**70,914**	38,338	**19,307**	10,438
Cash flows from operating activities before changes in operating assets and liabilities	**14,352,656**	12,524,512	**3,907,613**	3,409,888
Net movement in due from banks	**(4,146,116)**	1,607,826	**(1,128,809)**	437,742
Net movement in derivative financial instruments	**197,817**	914,840	**53,857**	249,072
Net movement in financial assets at fair value through profit or loss	**(1,793,937)**	(4,753,586)	**(488,412)**	(1,294,197)
Net movement in loans and advances to customers	**(53,872,616)**	(47,859,597)	**(14,667,197)**	(13,030,111)
Net movement in other assets	**(1,478,554)**	(1,254,669)	**(402,547)**	(341,592)
Net movement in due to banks	**2,504,170**	(869,281)	**681,778**	(236,668)
Net movement in deposits from customers	**62,275,101**	55,921,633	**16,954,833**	15,225,057
Net movement in other liabilities	**1,915,376**	1,741,493	**521,475**	474,133
Net cash from operations	**19,953,897**	17,973,171	**5,432,591**	4,893,324
Income tax paid	**(133,844)**	(119,063)	**(36,440)**	(32,416)
Net cash from operating activities	**19,820,053**	17,854,108	**5,396,151**	4,860,908
INVESTING ACTIVITIES				
Proceeds from redemption/disposal of investment securities	**36,150,750**	54,743,827	**9,842,295**	14,904,391
Net purchases of investment securities	**(52,728,780)**	(70,373,293)	**(14,355,780)**	(19,159,622)
Dividend received from investment securities (Note 31)	**33,989**	39,762	**9,254**	10,825
Gross proceeds from disposal of subsidiary	**-**	474,448	**-**	129,172
Disposal of investment properties (Note 13)	**49,410**	222	**13,452**	60
Net purchases of property and equipment	**(368,819)**	(306,303)	**(100,414)**	(83,393)
Net cash used in investing activities	**(16,863,450)**	(15,421,337)	**(4,591,193)**	(4,198,567)
FINANCING ACTIVITIES				
Net movement in euro commercial paper (Note 19)	**(1,933,073)**	1,411,331	**(526,293)**	384,245
Net proceeds from borrowings (Note 20)	**113,497,791**	79,228,672	**30,900,569**	21,570,561
Repayment of borrowings (Note 20)	**(99,078,964)**	(73,568,772)	**(26,974,943)**	(20,029,614)
Payment of lease liabilities	**(63,472)**	(75,073)	**(17,281)**	(20,439)
Dividends paid to equity holders of the Bank	**(4,099,170)**	(1,252,328)	**(1,116,028)**	(340,955)
Acquisition of non-controlling interests	**(106)**	-	**(29)**	-
Net proceeds from capital notes issued	**-**	2,745,329	**-**	747,435
Capital notes coupon paid (Note 35)	**(685,663)**	(393,482)	**(186,677)**	(107,128)
Net cash from financing activities	**7,637,343**	8,095,677	**2,079,318**	2,204,105
Effect of exchange rate changes on cash and cash equivalents	**(1,321,094)**	(688,669)	**(359,677)**	(187,495)
Net increase in cash and cash equivalents	**9,272,852**	9,839,779	**2,524,599**	2,678,951
Cash and cash equivalents at the beginning of the year (Note 36)	**51,837,050**	41,997,271	**14,113,000**	11,434,051
Cash and cash equivalents at end of the year (Note 36)	**61,109,902**	51,837,050	**16,637,599**	14,113,002

The accompanying notes 1 to 52 form an integral part of these consolidated financial statements.

1. General information

Abu Dhabi Commercial Bank PJSC ("ADCB" or the "Bank") is a public joint stock company with limited liability incorporated in the emirate of Abu Dhabi, United Arab Emirates (UAE). The Bank and its subsidiaries (together referred to as the "Group") is principally engaged in the business of retail, commercial and Islamic banking, and provision of other financial services.

The Group's Islamic banking activities are conducted in accordance with principles of Islamic Shari'ah as interpreted by Internal Shari'ah Supervision Committee ("ISSC") as well as the standards and resolutions issued by the higher Shari'ah authority of UAE Central Bank.

The Bank is listed on the Abu Dhabi Securities Exchange (Ticker: ADCB).

The registered head office of ADCB is at Abu Dhabi Commercial Bank PJSC Head Office Building, Sheikh Zayed Bin Sultan Street, Plot C- 33, Sector E-11, P. O. Box 939, Abu Dhabi, UAE.

2. Application of new and revised IFRS as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards)

2.1 Standards and Interpretations in issue and effective

During the current year, the Group has applied the amendments to IAS 1, IAS 7, IFRS 7 and IFRS 16. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements.

Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after January 1, 2024.

2.2 Standards and Interpretations in issue but not yet effective

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
Lack of Exchangeability (amendments to IAS 21) - The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	January 1, 2025
Amendments to IFRS 9 and IFRS 7 - The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	January 1, 2026
IFRS 19 'Subsidiaries without Public Accountability' specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	January 1, 2027
Presentation and disclosures in financial statements (IFRS 18) - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	January 1, 2027
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28).	Effective date deferred indefinitely, available for early adoption.

The Group has not early adopted any new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management anticipates that these amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management.

3. Summary of material accounting policies

3.1 Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and requirements of the applicable laws. IFRS Accounting Standards comprise accounting standards issued by the IASB as well as Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

Certain disclosure notes/numbers have been reclassified and rearranged from the Group's prior year consolidated financial statements to conform to the current year's presentation.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties.

3.3 Functional and presentation currency

The consolidated financial statements are prepared and presented in United Arab Emirates Dirhams (AED), which is the Bank's functional and presentation currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

The United States Dollar (USD) amounts in the primary financial statements are presented for the convenience of the reader only by converting the AED balances at the pegged exchange rate of 1 USD = 3.673 AED.

3.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities recognised in the consolidated financial statements are described in Note 4.

3.5 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries (collectively referred to as the "Group").

Subsidiaries

Subsidiaries are entities that are controlled by the Bank. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of voting rights of an investee, it still has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time the decision needs to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to owners of the Bank and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Bank and non-controlling interests even if this results in non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to align their accounting policies with the Bank's accounting policies.

All intragroup balances and income, expenses and cash flows resulting from intragroup transactions are eliminated in full on consolidation.

Changes in the Bank's ownership interests in existing subsidiaries

Changes in the Bank's ownership interests in subsidiaries that do not result in the Bank losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Bank's interests is adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the Bank. When the Bank loses control of a subsidiary, a gain or loss is recognised in the consolidated income statement and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to income statement or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary, at the date when control is lost, is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

Special Purpose Entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Bank, the Bank has power over the SPE, is exposed to or has rights to variable returns from its involvement with the SPE and its ability to use its power over the SPE at inception and subsequently to affect the amount of its return, the Bank concludes that it controls the SPE.

The assessment of whether the Bank has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Bank and the SPE except whenever there is a change in the substance of the relationship between the Bank and an SPE.

Funds under management

The Bank manages and administers assets held in unit trusts on behalf of investors. The financial statements of these entities are not included in the consolidated financial statements except when the Bank controls the entity, as referred to above.

Investment in associates

Associates are those entities in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of investment in associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 – Impairment of Assets, as a single asset by comparing with the recoverable amount (higher of value in use and fair value less cost of disposal). Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

The Group discontinues the use of equity method of accounting from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date equity method was discontinued and the fair value of the retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of associate.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation of that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities, and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method, as for associates.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

3.6 Business combination under common control

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Currently, there is no specific guidance on accounting for common control transactions under IFRS Accounting Standards, therefore the management needs to use judgement to develop an accounting policy that provides relevant and reliable information in accordance with IAS 8.

The Group accounts for business combinations under common control using the acquisition method when there is a commercial substance to the transaction. Under the acquisition method, the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date but does not exceed twelve months.

Impairment testing of goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.7 Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item

that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship by way of rebalancing the hedge on a case-by-case basis, so that it meets the qualifying criteria again.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in consolidated income statement except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income (FVTOCI) in which case it is recognised in other comprehensive income. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in consolidated income statement. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in consolidated income statement instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in consolidated income statement, they are recognised in the same line as the hedged item. The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable).

This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk at the date of discontinuation is amortised to consolidated income statement as part of the recalculated effective interest rate over the period to maturity or derecognition. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the consolidated income statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under cash flow hedge reserve. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to consolidated income statement in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to consolidated income statement.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in consolidated income statement.

Net investment hedge

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. A gain or loss on the effective portion of the hedging instrument is recognised in other comprehensive income and presented in translation reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. Gains and losses accumulated in equity are reclassified from other comprehensive income and included in the consolidated income statement on the disposal or partial disposal of the foreign operation or other reduction in the Group's investment in the operations.

Hedge effectiveness testing

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method the Group adopts for assessing hedge effectiveness depends on its risk management strategy.

The Group assesses economic relationship and effectiveness on its designated hedges by matching critical terms of hedged item and hedging instrument as part of its qualitative assessment.

The critical terms matching method replicates the hedge item and hence is not used for those hedge relationships where the hedging derivative includes features that are not present in the hedged item. In such cases, the hedge effectiveness assessment is performed using other quantitative methods and may result in ineffectiveness.

Some of the sources of ineffectiveness include the following:

- mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences;
- significant changes in credit risk of the hedging instruments;
- the effects of the forthcoming reforms of Interest rate benchmark because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

The ineffectiveness arising from quantitative assessments is recognised in the consolidated income statement.

Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the consolidated income statement in "net gains from dealing in derivatives" under net trading income.

3.8 Financial instruments

Financial assets

All financial assets are recognised and derecognised on settlement date basis (other than derivative contracts which are recognised and derecognised on trade date basis) where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Settlement date is the date that the Group physically receives or transfers the assets. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

(i) debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

(ii) debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);

(iii) all other debt instruments (e.g. debt instruments managed on a fair value basis or held for sale), and equity investments are subsequently measured at FVTPL. However, the Group may make the following irrevocable election/designation at the date of initial application of IFRS 9 or at the date of initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI) with dividend income recognised in profit or loss; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The Group holds equity investments and mutual funds as strategic investments and has elected to carry these investments at FVTOCI with changes in fair value through other comprehensive income.

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

(a) Debt instruments at amortised cost or at FVTOCI

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely SPPI. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group has more than one business model for managing its financial instruments, which reflects how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models during each reporting period to determine whether the business models have changed since the preceding period.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

(b) Financial assets at FVTPL

Financial assets at FVTPL are:

(i) assets with contractual cash flows that are not SPPI; or/and

(ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or

(iii) assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

(c) Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are discussed under the accounting policy on modification and derecognition of financial assets.

(d) Impairment

The Group recognises allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- balances with central banks;
- deposits and balances due from banks;
- reverse-repo placements;
- debt investment securities;
- loans and advances to customers;
- Other assets – accrued interest and acceptances;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

With the exception of purchased or originated credit impaired financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. More details on the determination of a significant increase in credit risk are provided in note 3.8(h).

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR. However, for unfunded exposures, ECL is measured as follows:

- for undrawn loan commitments, the ECL is the difference between the present value of the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor, or any other party.

Refer note 43 for more details on measurement of ECL.

(e) Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- a breach of contract such as a default or past due event;
- for economic or contractual reasons relating to the borrower's financial difficulty, concessions given to the borrower that would not otherwise be considered; or
- the disappearance of an active market for a security because of financial difficulties.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

(f) Purchased or originated credit-impaired financial assets (POCI)

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit impaired financial assets (POCI). The Group measures expected credit loss on a lifetime basis for POCI instruments throughout the expected life of the instrument. However, expected credit loss is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Group recognises the change in lifetime expected credit losses arising subsequent to initial recognition in the income statement and the cumulative changes as a loss provision. Where lifetime expected credit losses on POCI instruments are less than those at initial recognition, then the favourable differences are recognised as impairment gains in the income statement (and impairment loss where the expected credit losses are greater).

(g) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due for more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. The decision to use cross-default is based on case-by-case assessment of borrower and facility conditions such as collateral and materiality of exposure.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset; for example, in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty, are key inputs in this analysis. The Group uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources.

(h) Significant increase in credit risk (SICR)

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk (SICR), the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the expected remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information.

For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. Refer note 43 for more details about forward-looking information and criteria used to determine significant increase in credit risk.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both deterioration in internal/external ratings as well as qualitative assessment. For further details on SICR, refer to note 43.

Regardless of the analysis above, a significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Group considers credit scores and events such as unemployment, bankruptcy, or death. As a backstop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(i) Modification and derecognition of financial assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine the substantially different terms the Group considers the qualitative factors (i.e. contractual cash flows after modification, change in currency or counterparty, interest rates, maturity, covenants) and a quantitative assessment (i.e. compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, discounted at the original effective interest).

In case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing the credit rating at initial recognition and the original contractual terms; with credit rating at the reporting date based on the modified terms.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in other comprehensive income (OCI) and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but is transferred to retained earnings.

(j) Presentation of allowance for ECL

Loss allowances for ECL are presented in the consolidated financial statements as follows:

- for financial assets measured at amortised cost (loans and advances, balances due from central banks and other banks, reverse-repo placements, investment securities carried at amortised cost and other financial assets): as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: as part of revaluation reserve of investments designated at FVTOCI and recognised in other comprehensive income; and
- for loan commitments and financial guarantee contracts: as a provision.

Financial liabilities

All financial liabilities are classified as amortised cost except for liabilities carried at FVTPL. The classification of financial liabilities at initial recognition depends on the purpose and management's intention for which the financial liabilities were incurred and their characteristics.

Financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at FVTPL) are deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at FVTPL are recognised immediately in profit or loss. If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the liability).

Financial liabilities are subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss. Gains and losses on financial liabilities, other than derivative instruments, designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in fair value of the financial liability that is attributable to the changes in credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in the profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled, or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing liabilities, are accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors such as, currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any cost or fees incurred is recognised as part of the gain or loss on extinguishment. If an exchange or modification is not accounted for as an extinguishment, any cost or fees incurred adjust the carrying amount of the liability and are amortised using EIR method over the remaining term of the modified liability.

3.9 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements of the Group are presented in AED, which is the Bank's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the statement of financial position date. Any resulting exchange differences are included in the consolidated income statement. Non-monetary assets and liabilities are translated at historical exchange rates or year-end exchange rates if held at fair value, as appropriate. The resulting foreign exchange gains or losses are recognised in either consolidated income statement or consolidated other comprehensive income statement depending upon the nature of the asset or liability.

In the consolidated financial statements, the results and financial positions of branches and subsidiaries whose functional currency is not AED, are translated into the Group's presentation currency as follows:

- assets and liabilities at the rate of exchange prevailing at the statement of financial position date;
- income and expenses at the average rates of exchange for the reporting period; and
- all resulting exchange differences arising from the retranslation of opening assets and liabilities and arising from retranslation of the result for the reporting period from the average rate to the exchange rate prevailing at the period end are recognised in other comprehensive income and accumulated in equity under 'foreign currency translation reserve' (Note 23).

On disposal or partial disposal (i.e. of associates or jointly controlled entities not involving a change of accounting basis) of a foreign operation, exchange differences relating thereto and previously recognised in reserves are recognised in the consolidated income statement on a proportionate basis, except in the case of partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, where the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement.

3.10 Offsetting

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

The Group is party to a number of arrangements, including master netting agreements that give it the right to offset financial assets and financial liabilities but, where it does not intend to settle the amounts net or simultaneously, the assets and liabilities concerned are presented on a gross basis.

3.11 Sale and repurchase agreements

Securities sold subject to a commitment to repurchase them at a predetermined price at a specified future date (repos) are continued to be recognised in the consolidated statement of financial position, and a liability is recorded in respect of the consideration received under borrowings that are carried at amortised cost or under financial liabilities carried at fair value through profit or loss, that are held for trading. The difference between sale and repurchase price is treated as interest expense using the effective interest rate yield method over the life of the agreement for repos carried at amortised cost. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the consolidated statement of financial position. Amounts placed under these agreements are included in reverse-repo placements in the consolidated statement of financial position that are carried at amortised cost or under financial assets carried at fair value through profit or loss that are held for trading. The difference between purchase and resale price is treated as interest income using the effective yield method over the life of the agreement for reverse repos carried at amortised cost.

Reverse-repo placements carried at fair value through profit or loss are generally matched by repo agreements as these are held for trading purposes with the net change in fair values of these instruments are recorded within net trading income in the consolidated income statement.

3.12 Securities borrowing and lending

Securities borrowing and lending transactions are usually secured by cash or securities advanced by the borrower. Borrowed securities are not recognised in the statement of financial position nor are lent securities derecognised. Cash collateral received or given is treated as a financial asset or liability. However, where securities borrowed are transferred to third parties, a liability for the obligation to return the securities to the stock lending counterparty is recorded. The securities borrowing and lending activity arrangements are generally entered into through repos and reverse repos.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with central banks, deposits and balances due from banks, items in the course of collection from or in transmission to other banks and highly liquid assets with original maturities of less than three months from the date of acquisition, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost net of impairment allowance in the statement of financial position.

3.14 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

3.15 Fair value measurement

The Group measures its financial assets and liabilities at market price that it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence in the most advantageous market for the assets or liabilities. The Group considers principal market as the market with the greatest volume and level of activity for financial assets and liabilities.

The Group measures its non-financial assets at a price that take into account a market participant's ability to generate economic benefits by using the assets for their highest and best use.

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of a liability reflects its non-performance risk.

When applicable, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account into pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or a liability nor based on valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, the difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid and an ask price, the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either the market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

Different levels of fair value hierarchy based on the inputs to valuation techniques are discussed in note 41. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

3.16 Derivatives

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index.

Derivative financial instruments are initially measured at fair value at trade date and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of derivatives held for trading are recognised in the consolidated income statement under 'net gain from dealing in derivatives' (Note 30).

3.17 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangement in which it is the lessee, except for short-term (defined as leases with a lease term of 12 months or less) and leases of low value asset. For these leases, the Group recognises the lease payments as an operating lease on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. This expense is presented within other expenses in the consolidated income statement.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the period of lease term or useful life of the underlying asset whichever is shorter. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per the Group's impairment policy for non-financial assets.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease component, and instead account for any lease and associated non-lease component as a single arrangement.

The Group has presented right of use asset within 'Property and equipment' and lease liabilities within 'Other liabilities' in the consolidated statement of financial position.

The Group as lessor

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Rental incomes are recognised in the consolidated income statement on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

3.18 Treasury shares and contracts on own shares

Own equity instruments of the Group which are acquired by the Group or any of its subsidiaries (treasury shares) are deducted from other reserves and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue, or cancellation of the Group's own equity instruments is recognised directly in equity.

No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue, or cancellation of own equity instruments.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as trading instruments and changes in the fair value are reported in the consolidated income statement.

3.19 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when due in accordance with the contractual terms.

Financial guarantee contracts are initially recognised at their fair value, which is likely to equal the premium received on issuance. The received premium is amortised over the life of the financial guarantee. The guarantee liability (the notional amount) is subsequently recognised at the higher of this amortised amount and the present value of any expected payments (when a payment under guarantee has become probable). The premium received on these financial guarantees is included within other liabilities.

3.20 Acceptances

Acceptances arise when the Bank is under an obligation to make payments against documents drawn under letters of credit. Acceptances specify the amount of money, the date, and the person to which the payment is due. After acceptance, the instrument becomes an unconditional liability (time draft) of the Bank and is therefore recognised as a financial liability in the consolidated statement of financial position with a corresponding contractual right of reimbursement from the customer recognised as a financial asset.

3.21 Collateral repossessed

The Bank acquires collaterals in settlement of certain loans and advances. These collaterals are recognised at fair value on the date of acquisition. Subsequent fair value adjustments on these acquired collaterals are included in the consolidated income statement in the period in which these gains or losses arise.

3.22 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is reflected at valuation based on fair value at the statement of financial position date. Refer note 3.15 for fair valuation policy.

The fair value is determined on a periodic basis by independent professional valuers. Fair value adjustments on investment property are included in the consolidated income statement in the period in which these gains or losses arise.

Investment properties under development that are being constructed or developed for future use as investment property are measured initially at cost including all direct costs attributable to the design and construction of the property including related staff costs. Subsequent to initial recognition, investment properties under development are measured at fair value. Gains and losses arising from changes in the fair value of investment property under development is included in the consolidated income statement in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property and investment property under development are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.23 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to the consolidated income statement so as to write off the depreciable amount of property and equipment over their estimated useful lives using the straight-line method. The depreciable amount is the cost of an asset less its residual value. Land is not depreciated.

Estimated useful lives are as follows:	
Freehold properties	15 to 40 years
Freehold and leasehold improvements	7 to 10 years
Furniture, equipment, and vehicles	3 to 5 years
Computer equipment, software, and accessories	4 to 10 years

Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Property and equipment are derecognised on disposal or when no future economic benefits are expected from its use. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset at that date and is recognised in the consolidated income statement.

3.24 Capital work in progress

Capital work in progress is stated at cost. When the asset is ready for use, capital work in progress is transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

3.25 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

3.26 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately or in a business combination (other than goodwill) are measured on initial recognition at fair value and subsequently at cost less accumulated amortisation and impairment loss.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates and accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Estimated useful lives are as follows:	
Trademark and license	Indefinite life
Egypt banking license	Indefinite life
Core deposits	4.5 to 7 years
Customer relationships	3 to 6 years

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated income statement when the asset is derecognised.

3.27 Impairment of non-financial assets

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.28 Employee benefits

(i) Employees' end of service benefits

(a) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Past-service costs are recognised immediately in income statement, unless the changes to the gratuity plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions.

The Group provides end of service benefits for its expatriate employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

(b) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in consolidated income statement in the periods during which services are rendered by employees.

Pension contributions are made by the Group to the Abu Dhabi Retirement Pensions and Benefits Fund for UAE citizens in accordance with UAE Federal Law No. 7 of 1999 and to respective pension authorities for other employees including GCC (Gulf Cooperation Council) Nationals as per applicable laws.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Employees' incentive plan shares

The cost of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the consolidated income statement over the remaining vesting period, with a corresponding adjustment to the employees' incentive plan reserve.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share–based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding incentive plan shares is reflected in the computation of diluted earnings per share (Note 35).

3.29 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Refer note 39 on business segment reporting.

3.30 Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in fiduciary capacity, unless recognition criteria are met, are not reported in the financial statements, as they are not assets of the Group.

3.31 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received, and the amount can be measured reliably.

Contingent liabilities, which include certain guarantees and letters of credit, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless they are remote.

3.32 Revenue and expense recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest income and expense

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated at fair value through profit or loss (FVPTL) are recognised in 'net interest income' as 'interest income' and 'interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments classified as held for trading or those measured or designated at FVTPL is recognised in 'net gains from financial assets at fair value through profit or loss' under 'net trading income".

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

(ii) Dividend income

Dividend income is recognised on the ex-dividend date when the Group's right to receive the payment is established.

(iii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(a) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

(b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

3.33 Islamic financing

The Group engages in Shari'ah compliant Islamic banking activities through various Islamic instruments such as below Islamic products:

Murabaha financing

A sale contract whereby the Group sells to a customer commodities and other assets at an agreed upon profit mark up on cost. The Group purchases the assets based on a promise received from customer to buy the item purchased according to specific terms and conditions. Profit from Murabaha is quantifiable at the commencement of the transaction. Such income is recognised as it accrues over the period of the contract on effective profit rate method on the balance outstanding.

Ijara financing

An agreement whereby the Group (lessor) leases or constructs an asset based on the customer's (lessee) request and promise to lease the assets for a specific period against certain rent instalments. Ijara could end in transferring the ownership of the asset to the lessee at the end of the lease period. Also, the Group transfers substantially all the risks and rewards related to the ownership of the leased asset to the lessee. Ijara income is recognised on an effective profit rate basis over the lease term.

Musharaka

An Islamic contract in which two parties (Islamic financial institution and its customer) pool their respective funds to form a partnership. In Musharaka both parties are involved in management of the business/partnership. Profit is shared on the basis of pre-agreed ratio and loss is shared in the ratio of capital contribution. It is not mandatory in Musharaka for all parties to participate in the management of business. Practically, this form of investment is used by the Islamic financial institution to finance its customers.

Salam

A sale contract where the customer (seller) undertakes to deliver/supply a specified tangible asset to the Group (buyer) at mutually agreed future date(s) in exchange for an advance price fully paid on the spot by the buyer.

Revenue on Salam financing is recognised on the effective profit rate basis over the period of the contract, based on the Salam capital outstanding.

Sukuk

Certificates of equal value representing undivided shares in ownership of tangible assets, usufructs, and services or (in the ownership of) the assets of particular projects or special investment activity. It is asset-backed trust certificates evidencing ownership of an asset or its usufruct (earnings or benefits) and complies with the principle of Shari'ah.

Wakala

An agreement between the Group and customer whereby one party (Rab Al Mal) provides a certain sum of money to an agent (Wakil), who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to guarantee the invested amount in case of default, negligence, or violation of any of the terms and conditions of the Wakala. The Group may be Wakil or Rab Al Mal depending on the nature of the transaction. Estimated income from Wakala is recognised on the effective profit rate basis over the period, adjusted by actual income when received. Losses are accounted for when incurred.

Mudaraba

A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal), and the other party (the Mudarib) invests the funds in a project, or a particular activity and any profits generated are distributed between the parties according to the profit shares that were pre-agreed in the contract. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba, otherwise, losses are borne by the Rab Al Mal. Income is recognised based on expected results adjusted for actual results on distribution by the Mudarib, whereas if the Group is the Rab Al Mal the losses are charged to the Group's consolidated income statement when incurred.

Profit distribution mechanism

Islamic deposits are invested and managed in accordance with Shari'ah requirements through Mudaraba pool and profit is distributed in accordance with the Shari'ah approved profit distribution policy. To secure competitive return to the depositors, below profit smoothing techniques are used by the Group.

- Profit equalisation reserve (PER) represents the amounts appropriated out of the profits of Islamic banking division, before allocating the Mudarib share, in order to maintain a certain level of return on investments for all investment account holders and other investors in the common Mudaraba pool. This reserve is recognised under Equity.
- Investment risk reserve (IRR) represents a portion of the depositors' share of profits of Islamic banking division set aside as a reserve. This reserve is utilised to pay to Mudaraba depositors to maintain certain level of return on their deposits with Group in case of circumstances impacting the return adversely, upon the approval of the Group's Internal Shari'ah Supervision Committee ("ISSC"). This reserve is reported alongwith Mudaraba deposits from customers.

3.34 Taxation

Income tax expense comprises current and deferred tax.

Current tax expense (or benefit) is the tax payable (or receivable) on the current year's taxable income calculated using tax rates (and laws) enacted or substantively enacted by the end of the reporting period in each jurisdiction, adjusted for changes in deferred tax assets and liabilities. Current tax expense is recognised in the income statement except when the tax relates to items directly recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity respectively. Tax provisions are recognised for uncertain tax positions when it is probable that there will be a future outflow of funds to a tax authority, measured at the best estimate of the amount expected to become payable.

Deferred tax is recognised using the liability method on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their tax bases. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted as at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences, except for goodwill and temporary differences arising from the initial recognition of assets and liabilities in transactions that do not affect taxable or accounting profit. Deferred tax assets are only recognised for temporary differences to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and adjusted to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax relating to items recognised in other comprehensive income or equity are recognised in other comprehensive income or directly in equity respectively. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

4. Critical accounting judgements and key sources of estimation uncertainty

The reported results of the Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of these consolidated financial statements. IFRS Accounting Standards requires the Management, in preparing the Group's consolidated financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, requires Management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements. The judgements and assumptions involved in the Group's accounting policies that are considered by the Board of Directors (the "Board") to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Group would affect its reported results.

4.1 Critical judgements in applying the changes in Group's accounting policies

The following are the critical judgements, apart from those involving estimations, that the management has made in applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Impairment losses

- Significant increase of credit risk: ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2, stage 3 and POCI assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. instrument type, credit risk grade, collateral type, date of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc.). The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflect the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.
- Models and assumptions used: The Group uses various models and assumptions in measuring ECL of financial assets. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer note 43 for more details on ECL.

Valuation of financial instruments

The best evidence of fair value is a quoted price for the instrument being measured in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that include one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Valuation techniques used to calculate fair values are discussed in note 41. Below are the judgements which management considers, while applying the model with valuation techniques:

- the likelihood and expected timing of future cash flows on the instrument. These cash flows are estimated based on the terms of the instrument, and judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;
- selecting an appropriate discount rate for the instrument. The determination of this rate is based on an assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate risk-free rate; and
- when applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Fair valuation of investment properties

The fair value of investment properties is based on the highest and best use of the properties, which is their current use. The fair valuation of the investment properties is carried out by independent valuers based on models whose inputs are observable in an active market such as market conditions, market prices, future rental income, etc.

The fair value movements on investment properties are disclosed in more detail in note 13.

Consolidation of Funds

The changes introduced by IFRS 10 'Consolidated Financial Statements' require an investor to consolidate an investee when it controls the investee. The investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The definition of control requires the Group to exercise significant judgement on an ongoing basis to determine which entities are controlled, and therefore are required to be consolidated.

Tax positions

The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that these positions are uncertain and include interpretations of complex tax laws which could be disputed by tax authorities. Evolving insights, for example following final tax assessments for prior years, can result in additional tax burdens or benefits, and new tax risks may arise.

The Group judges these positions on their technical merits on a regular basis using all the information available (legislation, case law, regulations, established practice, authoritative doctrine as well as the current state of discussions with tax authorities, where appropriate). A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities, based on all relevant information. The liability is calculated taking into account the most likely outcome or the expected value, depending on which is thought to give a better prediction of the resolution of each uncertain tax position in view of reflecting the likelihood of an adjustment being recognised upon examination. These estimates are based on facts and circumstances existing at the end of the reporting period. The tax liability and income tax expense include expected penalties and late payment interests arising from tax disputes.

Management has used its best estimate of the correct value of liability to recognise in each case, which includes a judgement on the length of the future time period to use in such assessments.

4.2 Key sources of assumptions and estimation uncertainties

The following are key estimations that the management has used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Group's consolidated financial statements:

Expected credit losses

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect one another.
- Exposure at default (EAD) - The EAD over lifetime of a financial asset is modelled taking into account expected repayment profile. We apply specific credit conversion factors (CCFs) in order to calculate an EAD value. Conceptually, the EAD is defined as expected amount of credit exposure of counter party at the time of default. In the instance where a transaction involves an unfunded exposure, CCF models are applied in order to estimate amount of unfunded exposures that are drawn down in case of default. The calibration of such parameters (CCFs) is based on internal historical data and consider counterparty and product type specifics.
- Probability of default (PD) constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.
- Loss given default (LGD) is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Impairment of goodwill and intangible assets

Goodwill is tested at least annually for impairment, along with the intangible assets and other assets of the Group's cash-generating units.

Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the business being tested for impairment and of the cash-generating units to which these assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit, taking into account the achievability of long-term business plans and macroeconomic assumptions underlying the valuation process, and a suitable discount rate in order to calculate present value.

5. Subsidiaries

The following is the list of subsidiaries of the Bank as at December 31, 2024:

Name of subsidiary	Ownership interest	Incorporation Year	Incorporation Country	Principal activities
ADCB Securities LLC	100%	2005	UAE	Agent in trading of financial instruments and stocks.
Kinetic Infrastructure Development LLC	100%	2006	UAE	Financial investments.
Abu Dhabi Commercial Property Development LLC [1]	100%	2006	UAE	Property development.
Abu Dhabi Commercial Engineering Services LLC	100%	2007	UAE	Engineering services.
ADCB Finance (Cayman) Limited	100%	2008	Cayman Islands	Treasury financing activities.
ADCB Markets (Cayman) Limited	100%	2008	Cayman Islands	Treasury related activities.
ACB LTIP (IOM) Limited	Controlling Interest	2008	Isle of Man	Trust activities.
ITMAM Services FZ LLC	100%	2010	UAE	Transaction processing and back-office support for the Group.
AD NAC Ventures WLL	99.75%	2012	Bahrain	Trust activities.
ITMAM Services LLC	100%	2013	UAE	Transaction processing and back-office support for the Group.
ADCB Asset Management Limited	100%	2018	UAE	Wealth management and private banking.
Al Wifaq Investment Properties PrJSC	90.08%	2006	UAE	Investment in real estate properties and earning rental income.
Abu Dhabi Commercial Bank – Egypt SAE (formerly known as Union National bank – Egypt SAE)	99.90%	1981	Egypt	Commercial banking services.
Al Hilal Bank PJSC	100%	2007	UAE	Islamic banking activities.
ADCB Islamic Bank JSC (formerly known as Al Hilal Islamic Bank JSC)	100%	2010	Kazakhstan	Islamic banking activities.
Al Hilal Leasing LLP [2]	100%	2011	Kazakhstan	Shari'ah compliant leasing operations.
AHB Sukuk Company Limited [1] [2]	Controlling Interest	2011	Cayman Islands	Treasury financing activities.
Al Hur 1 Holding Limited	100%	2022	UAE	Real estate investment activities.
Al Hur 2 Holding Limited	100%	2022	UAE	Real estate investment activities.
ADCB Sukuk Company Limited	Controlling Interest	2023	Cayman Islands	Treasury financing activities.
Meedaf Investment Limited (formerly known as Meedaf Investment - Sole Proprietorship LLC)	100%	2023	UAE	Enterprise and service support.

(1) dormant
(2) under liquidation

The Group does not have any subsidiary with material non-controlling interests.

6. Cash and balances with central banks, net

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Cash on hand	**2,338,071**	2,259,177
Balances with central banks(*)	**11,307,334**	20,679,681
Reserves maintained with central banks	**27,310,400**	20,808,366
Certificate of deposits with central banks	**5,267,931**	1,628,507
Gross cash and balances with central banks	**46,223,736**	45,375,731
Less: Allowance for impairment (Note 43.3)	**(1,188)**	(269)
Total cash and balances with central banks, net	**46,222,548**	45,375,462
The geographical concentration is as follows:		
Within the UAE	**43,988,224**	42,706,619
Outside the UAE	**2,235,512**	2,669,112
	46,223,736	45,375,731
Less: Allowance for impairment (Note 43.3)	**(1,188)**	(269)
	46,222,548	45,375,462

(*) includes overnight deposit amounting to AED 10,300,000 thousand placed with CBUAE at 4.40% p.a. (December 31, 2023 – AED 19,600,000 thousand placed with CBUAE at 5.40% p.a.)

Reserves maintained with central banks represent deposits with central banks at stipulated percentages of its demand, savings, time, and other deposits. As per Central Bank of UAE (CBUAE) regulations, subject to meeting reserve requirements over 14 days period, the Bank is allowed to draw their balances held in reserve account maintained with CBUAE. These reserves are available for day-to-day operations.

7. Deposits and balances due from banks, net

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Nostro balances	**5,714,555**	4,214,193
Margin deposits	**3,914,243**	2,973,069
Time deposits	**9,314,038**	2,047,128
Wakala placements	**367,300**	200,000
Collateralised murabaha	**224,875**	-
Loans and advances to banks	**30,784,766**	28,315,981
Gross deposits and balances due from banks	**50,319,777**	37,750,371
Less: Allowance for impairment (Note 43.3)	**(105,749)**	(125,677)
Total deposits and balances due from banks, net	**50,214,028**	37,624,694
The geographical concentration is as follows:		
Within the UAE	**3,839,840**	1,337,705
Outside the UAE	**46,479,937**	36,412,666
	50,319,777	37,750,371
Less: Allowance for impairment (Note 43.3)	**(105,749)**	(125,677)
	50,214,028	37,624,694

As at December 31, 2024, the Group received bonds with fair value of AED 310,046 thousand (December 31, 2023 – AED nil) under collateralised murabaha.

The Group hedges certain fixed and floating rate loans and advances to banks amounting to AED 386,547 thousand (December 31, 2023 – AED nil) for interest rate risk using either interest rate or cross currency swaps and designates these swaps as fair value and cash flow hedges, respectively. The net positive fair value of these swaps as at December 31, 2024 was AED 4,881 thousand (December 31, 2023 – AED nil).

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

8. Financial assets at fair value through profit or loss

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Debt securities(*)	**2,893,933**	2,172,904
Equities and funds(*)	**83,100**	-
Structured funding arrangements	**9,892,598**	7,890,116
Total financial assets at fair value through profit or loss	**12,869,631**	10,063,020
The geographical concentration is as follows:		
Within the UAE	**1,418,899**	1,419,562
Outside the UAE	**11,450,732**	8,643,458
	12,869,631	10,063,020

(*) includes Islamic investing assets amounting to AED 480,160 thousand (December 31, 2023 – AED 119,139 thousand)

The Group entered into structured funding arrangements where funding was provided against certain reference assets received under the arrangement and held by the Group. The risk and rewards relating to these reference assets remain with the counterparty. As at December 31, 2024, the fair value of these reference assets amounted to AED 14,345,921 thousand (December 31, 2023 – AED 12,524,770 thousand), of this AED nil (December 31, 2023 – AED 5,641,405 thousand) were posted against Repo borrowings. Further, the Group also posted net cash collateral of AED 32,469 thousand (December 31, 2023 – received net cash collateral of AED 91,832 thousand) against this structuring arrangement. The structuring arrangement and reference assets received are governed under International Swaps and Derivatives Association (ISDA) agreements.

Refer note 11 for loans and advances at fair value through profit or loss.

9. Derivative financial instruments

In the ordinary course of business, the Group enters into various types of derivative transactions that are affected by variables in the underlying instruments.

A derivative is a financial instrument or other contract with all three of the following characteristics:

(a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');

(b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

(c) it is settled at a future date.

Derivative financial instruments which the Group enters into includes forward foreign exchange contracts, interest rate futures, forward rate agreements, commodity swaps, interest rate swaps and currency and interest rate options.

The Group uses the following derivative financial instruments for hedging and trading purposes.

Forward and Futures transactions

Currency forwards represent commitments to purchase foreign and domestic currencies, including non-deliverable forward transactions (i.e. the transaction is net settled). Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or to buy or sell foreign currency or a financial instrument on a future date at a specified price established in an organised financial market. The credit risk for futures contracts is negligible as they are collateralised by cash or marketable securities and changes in the futures' contract value are settled daily with the broker. Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate based on a notional principal amount.

Swap transactions

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example: fixed rate for floating rate) or a combination of all these (for example: cross-currency interest rate swaps). No exchange of principal takes place except for certain cross currency interest rate swaps. The Group's credit risk represents the potential loss if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis through market risk limits on exposures and credit risk assessment of counterparties using the same techniques as those of lending activities.

Option transactions

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a specific rate of interest or any financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Group and a customer over the counter (OTC).

Derivative contracts can be exchange traded or OTC. The Group values exchange traded derivatives using inputs at market-clearing levels. OTC derivatives are valued using market based inputs or broker/dealer quotations. Where models are required, the Group uses a variety of inputs, including contractual terms, market prices, market volatilities, yield curves and other reference market data.

Fair value measurement models

For OTC derivatives that trade in liquid markets such as generic forwards, swaps and options, model inputs can generally be verified, and model selection conforms to market practice. Certain OTC derivatives trade in less liquid markets with limited pricing information and the determination of fair value for these derivatives is inherently more difficult. Subsequent to initial recognition, the Group only updates valuation inputs when corroborated by evidence such as similar market transactions, third-party pricing services and/or broker dealer quotations or other empirical market data. In the absence of such evidence, management's best estimates are used.

Derivatives held or issued for trading purposes

The Group's trading activities are predominantly related to offering hedging solutions to customers at competitive prices in order to enable them to transfer, modify or reduce current and expected risks. The Group also manages risks taken as a result of client transactions or initiates positions with the expectation of profiting from favourable movement in prices, rates, or indices.

Derivatives held or issued for hedging purposes

The Group uses derivative financial instruments for hedging purposes as part of its asset and liability management activities in order to reduce its own exposure to fluctuations in currency and interest rates. The Group uses forward foreign exchange contracts, cross currency interest rate swaps and interest rate swaps as hedging instruments to hedge currency rate and interest rate risks. The Group uses foreign exchange derivatives to hedge its foreign currency risk on its net investment in foreign operations. In all such cases, the hedging relationship and objectives including details of the hedged item and hedging instrument are formally documented and the transactions are accounted for based on the type of hedge.

The table below shows the positive (assets) and negative (liabilities) fair values of derivative financial instruments.

	Fair values		
	Assets AED'000	Liabilities AED'000	Notional AED'000
As at December 31, 2024			
Derivatives held or issued for trading			
Foreign exchange derivatives	**2,773,557**	**2,450,293**	**287,887,759**
Interest rate and cross currency swaps	**9,170,690**	**8,735,001**	**363,398,901**
Credit derivatives	**-**	**2,602**	**128,555**
Interest rate and commodity options	**699,263**	**918,328**	**84,664,228**
Futures (exchange traded)	**1,188**	**2,487**	**5,617,854**
Commodity and energy swaps	**209,186**	**157,830**	**15,708,962**
Swaptions	**896,286**	**163,232**	**62,290,298**
Total derivatives held or issued for trading	**13,750,170**	**12,429,773**	**819,696,557**
Derivatives held as fair value hedges			
Interest rate and cross currency swaps	**4,742,100**	**11,009,398**	**170,685,872**
Derivatives held as cash flow hedges			
Interest rate and cross currency swaps	**480,918**	**28,642**	**15,037,587**
Forward foreign exchange contracts	**-**	**423,415**	**11,994,706**
Total derivatives held as cash flow hedges	**480,918**	**452,057**	**27,032,293**
Total derivative financial instruments	**18,973,188**	**23,891,228**	**1,017,414,722**
As at December 31, 2023			
Derivatives held or issued for trading			
Foreign exchange derivatives	1,183,151	1,254,948	226,282,755
Interest rate and cross currency swaps	6,938,360	6,587,817	209,574,396
Interest rate and commodity options	723,785	965,799	58,018,472
Futures (exchange traded)	7,804	4,257	716,235
Commodity and energy swaps	300,863	263,146	9,333,117
Swaptions	621,643	287,343	50,416,455
Total derivatives held or issued for trading	9,775,606	9,363,310	554,341,430
Derivatives held as fair value hedges			
Interest rate and cross currency swaps	3,399,870	6,842,731	134,081,627
Derivatives held as cash flow hedges			
Interest rate and cross currency swaps	526,068	15,301	9,912,565
Forward foreign exchange contracts	128,881	4,000	6,544,206
Total derivatives held as cash flow hedges	654,949	19,301	16,456,771
Derivatives held as net investment hedges			
Foreign exchange derivatives	28,661	14,153	729,057
Total derivative financial instruments	13,859,086	16,239,495	705,608,885

The notional amounts indicate the volume of transactions and are neither indicative of the market risk nor credit risk. Refer note 45 for maturity profile of notional value of derivatives held for hedging purposes.

The net hedge ineffectiveness losses recognised in the consolidated income statement are as follows:

	2024 AED'000	2023 AED'000
Net change in the fair value of the hedged items attributable to risk hedged	**3,554,525**	1,331,267
Net change in the fair value of the hedging instruments	**(3,586,471)**	(1,333,609)
Net hedge ineffectiveness losses	**(31,946)**	(2,342)

The hedge ineffectiveness losses in 2024 and 2023 mainly pertains to borrowings due to mismatch in timing of the cash flows between hedge instrument and hedge item.

The table below provides the Group's forecast of net undiscounted cash flows in respect of its cash flow hedges and the periods in which these cash flows are expected to impact consolidated income statement, excluding any hedging adjustment that may be applied.

Year	Less than 3 months AED'000	3 months to less than 1 year AED'000	1 year to less than 2 years AED'000	2 years to less than 5 years AED'000	Total AED'000
2024	**(125,134)**	**(198,789)**	**357,192**	**116,266**	**149,535**
2023	129,059	140,812	154,697	305,933	730,501

As at December 31, 2024, the Group received cash collateral of AED 6,238,902 thousand (December 31, 2023 – AED 4,186,029 thousand) and bonds with fair value of AED 2,122,020 thousand (December 31, 2023 – AED 1,624,559 thousand) against positive fair value of derivative assets.

As at December 31, 2024, the Group placed cash collateral of AED 4,674,983 thousand (December 31, 2023 – AED 2,648,597 thousand) and bonds with fair value of AED 6,804,659 thousand (December 31, 2023 – AED 4,453,765 thousand) against the negative fair value of derivative liabilities.

These collaterals are governed by collateral service agreements under International Swaps and Derivatives Association (ISDA) agreements.

10. Investment securities, net

	UAE AED'000	Other GCC(*) countries AED'000	Rest of the world AED'000	Total AED'000
As at December 31, 2024				
At fair value through other comprehensive income (FVTOCI)				
Quoted:				
Government securities	**11,335,885**	**6,873,943**	**19,280,519**	**37,490,347**
Bonds – Public sector	**5,708,086**	**1,687,769**	**1,352,193**	**8,748,048**
Bonds – Banks and financial institutions	**866,556**	**113,456**	**1,376,596**	**2,356,608**
Bonds – Corporate	**620,058**	**413,505**	**443,347**	**1,476,910**
Equities and funds(**)	**626,103**	**36,190**	**163,016**	**825,309**
Total quoted	**19,156,688**	**9,124,863**	**22,615,671**	**50,897,222**
Unquoted:				
Equities and funds	**71,167**	**1,295**	**23,525**	**95,987**
Total investment securities at fair value through other comprehensive income	**19,227,855**	**9,126,158**	**22,639,196**	**50,993,209**
At amortised cost				
Quoted:				
Government securities	**15,008,612**	**15,209,569**	**26,897,501**	**57,115,682**
Bonds – Public sector	**8,991,026**	**2,101,644**	**6,974,613**	**18,067,283**
Bonds – Banks and financial institutions	**1,566,100**	**1,574,462**	**8,359,409**	**11,499,971**
Bonds – Corporate	**2,465,929**	**627,437**	**2,241,112**	**5,334,478**
Total quoted	**28,031,667**	**19,513,112**	**44,472,635**	**92,017,414**
Less: Allowance for impairment (Note 43.3)	**(5,234)**	**(2,515)**	**(13,711)**	**(21,460)**
Total investment securities at amortised cost	**28,026,433**	**19,510,597**	**44,458,924**	**91,995,954**
Total investment securities, net	**47,254,288**	**28,636,755**	**67,098,120**	**142,989,163**

(*) Gulf Cooperation Council
(**) includes investments in perpetual bonds

	UAE AED'000	Other GCC(*) countries AED'000	Rest of the world AED'000	Total AED'000
As at December 31, 2023				
At fair value through other comprehensive income (FVTOCI)				
Quoted:				
Government securities	10,053,546	6,436,648	12,279,218	28,769,412
Bonds – Public sector	4,560,797	2,076,409	1,442,471	8,079,677
Bonds – Banks and financial institutions	1,422,505	256,424	450,107	2,129,036
Bonds – Corporate	672,288	341,956	534,593	1,548,837
Equities and funds(**)	591,303	34,464	158,351	784,118
Total quoted	17,300,439	9,145,901	14,864,740	41,311,080
Unquoted:				
Equities and funds	76,852	1,355	32,081	110,288
Total investment securities at fair value through other comprehensive income	17,377,291	9,147,256	14,896,821	41,421,368
At amortised cost				
Quoted:				
Government securities	12,409,634	14,724,527	27,809,084	54,943,245
Bonds – Public sector	8,033,464	1,721,440	7,044,517	16,799,421
Bonds – Banks and financial institutions	1,537,803	1,257,209	7,083,282	9,878,294
Bonds – Corporate	2,645,851	519,273	2,084,410	5,249,534
Total quoted	24,626,752	18,222,449	44,021,293	86,870,494
Less: Allowance for impairment (Note 43.3)	(6,917)	(2,877)	(13,671)	(23,465)
Total investment securities at amortised cost	24,619,835	18,219,572	44,007,622	86,847,029
Total investment securities, net	41,997,126	27,366,828	58,904,443	128,268,397

(*) Gulf Cooperation Council
(**) includes investments in perpetual bonds

For Islamic investing assets included in the above table, refer note 24.

As at December 31, 2024, the allowance for impairment on debt instruments designated at FVTOCI amounting to AED 52,463 thousand (December 31, 2023 – AED 53,981 thousand) (Note 43.3) is included in revaluation reserve of investments carried at FVTOCI.

The Group hedges certain fixed and floating rate investments securities amounting to AED 92,180,070 thousand (December 31, 2023 – AED 74,845,997 thousand) for interest rate and foreign currency risks through interest rate and currency swaps and designates these as fair value and cash flow hedges. The net positive fair value of these swaps as at December 31, 2024, was AED 3,321,844 thousand (December 31, 2023 – net positive fair value AED 2,757,908 thousand). The hedge ineffectiveness gains and losses relating to these hedges were included in the consolidated income statement.

The Group entered into repurchase agreements whereby bonds were pledged and held by counterparties as collateral. The risks and rewards relating to the investments pledged remains with the Group. The bonds placed as collateral are governed under Global Master Repurchase Agreements (GMRA). The following table reflects the carrying value of these bonds and the associated financial liabilities:

	As at December 31, 2024		As at December 31, 2023	
	Carrying value of pledged securities(*) AED'000	Carrying value of associated liabilities AED'000	Carrying value of pledged securities AED'000	Carrying value of associated liabilities AED'000
Repurchase financing	**45,477,541**	**44,350,766**	39,291,225	34,887,375

(*) includes securities of AED nil (December 31, 2023 – AED 5,641,405 thousand) received as collateral by the Group (Note 8).

Further, the Group pledged investment securities with fair value amounting to AED 7,510,521 thousand (December 31, 2023 – AED 4,558,235 thousand) as collateral against margin calls. The risks and rewards on these pledged investments securities remains with the Group.

11. Loans and advances to customers, net

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Overdrafts (retail and corporate)	**15,504,313**	15,594,536
Retail loans – mortgages	**19,395,728**	16,075,151
Retail loans – others	**46,403,452**	37,907,671
Corporate loans	**240,557,764**	210,534,372
Credit cards	**5,817,779**	5,111,888
Other facilities	**29,595,350**	24,209,885
Gross loans and advances to customers at amortised cost	**357,274,386**	309,433,503
Less: Allowance for impairment (Note 43.3)	**(9,834,149)**	(10,688,842)
Total loans and advances to customers at amortised cost, net	**347,440,237**	298,744,661
Loans and advances to customers mandatorily measured at FVTPL	**3,198,067**	3,249,938
Total loans and advances to customers, net	**350,638,304**	301,994,599

For Islamic financing assets included in the above table, refer note 24.

The Group hedges certain fixed and floating rate loans and advances amounting to AED 22,826,077 thousand (December 31, 2023 – AED 4,810,969 thousand) for interest rate and foreign currency risk using interest rate and cross currency swaps and designates these swaps as fair value and cash flow hedges, respectively. The net positive fair value of these swaps as at December 31, 2024, was AED 211,878 thousand (December 31, 2023 – net negative fair value of AED 4,057 thousand).

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

12. Investment in associates

	AED'000
As at January 1, 2023	252,525
Additions during the year	118,200
Share in loss of associates	(103)
As at December 31, 2023	370,622
Share in profit of associates	**10,976**
Transferred to investment securities	**(52,573)**
As at December 31, 2024	**329,025**

Details of investment in associates as at December 31, 2024, are as follows:

Name of associate	Effective ownership interest 2024	Effective ownership interest 2023	Country of incorporation	Principal activities
Four N Property LLC	**35.00%**	35.00%	UAE	Residential facilities for lower income group
NMC Holdco SPV Ltd	**40.51%**	39.78%	UAE	Healthcare services
EL Fouadeya Development Company	**25.00%**	25.00%	Egypt	Real estate contracting services
Abu Dhabi Commercial Properties LLC (Note 34)	**20.00%**	20.00%	UAE	Real estate property management and advisory services
Al Hilal Global Sukuk Fund	**-**	27.63%	UAE	Investment activities
Al Hilal GCC Equity Fund	**-**	90.19%	UAE	Investment activities

For balances and transactions with associates, refer note 37.

13. Investment properties

	AED'000
As at January 1, 2023	1,691,890
Additions during the year	5,785
Disposals during the year	(247)
Revaluation of investment properties	46,386
Impact of currency translation	(2,354)
As at December 31, 2023	1,741,460
Additions during the year	**1,868**
Disposals during the year	**(49,377)**
Revaluation of investment properties	**26,876**
Impact of currency translation	**(5,205)**
As at December 31, 2024	**1,715,622**

For the year 2024, net gain from investment properties includes net gain of AED 33 thousand (2023 – net loss of AED 25 thousand) on disposal of investment properties.

Additions during the year represents properties acquired on settlement of loans and advances. These being non-cash transactions have not been reflected in the consolidated statement of cash flows.

Fair valuations

Valuations are carried out by registered independent valuers having an appropriate recognised professional qualification and experience in the location and category of the property being valued. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

The valuation methodologies considered by external valuers include:

- Direct comparable method: This method seeks to determine the value of the property from transactions of comparable properties in the vicinity applying adjustments to reflect differences to the subject property.
- Investment method: This method is used to assess the value of the property by capitalising the net operating income of the property at an appropriate yield an investor would expect for an investment of the duration of the interest being valued.

All investment properties of the Group are primarily located within the UAE.

Details of rental income and direct operating expenses relating to investment properties during the year are as follows:

	2024 AED'000	2023 AED'000
Rental income	**72,982**	75,107
Direct operating expenses	**26,789**	22,198

14. Other assets, net

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Interest receivable	**5,194,819**	4,542,779
Prepayments	**161,233**	130,557
Acceptances (Note 21)	**12,956,224**	13,202,764
Others	**1,713,130**	1,101,978
Gross other assets	**20,025,406**	18,978,078
Less: Allowance for impairment (Note 43.3)	**(20,897)**	(17,720)
Total other assets, net	**20,004,509**	18,960,358

15. Property and equipment, net

	Freehold properties and improvements AED'000	Leasehold improvements AED'000	Furniture, equipment, and vehicles AED'000	Computer equipment, software, and accessories AED'000	Capital work in progress AED'000	Right of use asset AED'000	Total AED'000
Cost or valuation							
As at January 1, 2023	1,576,023	342,387	259,801	2,080,984	175,111	410,319	4,844,625
Additions during the year	522	9,359	5,243	68,199	284,084	24,977	392,384
Transfers during the year	45	4,380	409	177,585	(182,419)	-	-
Disposals during the year	(45,907)	(13,298)	(7,559)	(25,962)	-	(1,028)	(93,754)
Impact of currency translation	(10,636)	(6,246)	(3,328)	(11,867)	(12,788)	(18,037)	(62,902)
As at December 31, 2023	1,520,047	336,582	254,566	2,288,939	263,988	416,231	5,080,353
Additions during the year	**68,005**	**9,096**	**12,038**	**95,991**	**227,092**	**83,197**	**495,419**
Transfers during the year	**-**	**18,871**	**5,562**	**151,973**	**(176,406)**	**-**	**-**
Disposals during the year	**(5,406)**	**-**	**(3,603)**	**(149)**	**(35,408)**	**(2,776)**	**(47,342)**
Impact of currency translation	**(26,123)**	**(13,702)**	**(7,378)**	**(27,584)**	**(37,052)**	**(26,138)**	**(137,977)**
As at December 31, 2024	**1,556,523**	**350,847**	**261,185**	**2,509,170**	**242,214**	**470,514**	**5,390,453**
Accumulated depreciation							
As at January 1, 2023	669,506	259,650	207,227	1,551,248	-	219,491	2,907,122
Charge for the year (Note 32)	66,392	25,746	10,267	210,255	-	65,725	378,385
Disposals during the year	(27,586)	(12,184)	(7,291)	(23,982)	-	(253)	(71,296)
Impact of currency translation	(422)	(4,890)	(2,915)	(8,273)	-	(4,954)	(21,454)
As at December 31, 2023	707,890	268,322	207,288	1,729,248	-	280,009	3,192,757
Charge for the year (Note 32)	**63,848**	**15,478**	**8,746**	**215,308**	**-**	**59,205**	**362,585**
Disposals during the year	**(5,406)**	**-**	**(3,481)**	**(149)**	**-**	**(1,880)**	**(10,916)**
Transfers during the year	**(53,333)**	**29,194**	**23,698**	**441**	**-**	**-**	**-**
Impact of currency translation	**(1,279)**	**(9,379)**	**(5,374)**	**(17,903)**	**-**	**(6,072)**	**(40,007)**
As at December 31, 2024	**711,720**	**303,615**	**230,877**	**1,926,945**	**-**	**331,262**	**3,504,419**
Carrying amount							
As at December 31, 2024	**844,803**	**47,232**	**30,308**	**582,225**	**242,214**	**139,252**	**1,886,034**
As at December 31, 2023	812,157	68,260	47,278	559,691	263,988	136,222	1,887,596

16. Intangible assets, net

		Other intangible assets			
	Goodwill AED'000	Trademark and license AED'000	Core deposits AED'000	Customer relationships AED'000	Total AED'000
Cost or valuation					
As at January 1, 2023	6,753,517	206,986	457,000	84,000	7,501,503
Impact of currency translation	-	(16,757)	-	-	(16,757)
As at December 31, 2023	6,753,517	190,229	457,000	84,000	7,484,746
Impact of currency translation	**-**	**(26,327)**	**-**	**-**	**(26,327)**
As at December 31, 2024	**6,753,517**	**163,902**	**457,000**	**84,000**	**7,458,419**
Accumulated amortization					
As at January 1, 2023	-	-	295,253	54,056	349,309
Amortisation for the year (Note 32)	-	-	73,413	12,833	86,246
As at December 31, 2023	-	-	368,666	66,889	435,555
Amortisation for the year (Note 32)	**-**	**-**	**37,857**	**12,833**	**50,690**
As at December 31, 2024	**-**	**-**	**406,523**	**79,722**	**486,245**
Carrying amount					
As at December 31, 2024	**6,753,517**	**163,902**	**50,477**	**4,278**	**6,972,174**
As at December 31, 2023	6,753,517	190,229	88,334	17,111	7,049,191

Goodwill

On May 1, 2019, Union National Bank PJSC (or "UNB") merged with Abu Dhabi Commercial Bank PJSC in an all-stock transaction. The merged entity subsequently completed 100% acquisition of Al Hilal Bank PJSC (or "AHB"). Based on the purchase price allocation exercise performed by an external consultant following the merger and acquisition, the Bank recognised AED 785,000 thousand as intangible assets and AED 6,734,717 thousand as goodwill.

On October 1, 2010, the Bank acquired the retail banking, wealth management and small and medium enterprise businesses (the "Business") of The Royal Bank of Scotland ("RBS") in the UAE for a consideration of AED 168,900 thousand. Based on the fair valuation and purchase price allocation exercise performed by an external consultant immediately following the acquisition in 2010, the Bank recognised AED 143,400 thousand as intangible assets which were fully amortised during the previous years and AED 18,800 thousand as goodwill.

Impairment assessment of goodwill

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to the revenue generating CGUs. In a goodwill impairment test, the recoverable amounts of the goodwill carrying CGUs are compared with the respective carrying amounts. The recoverable amount is the higher of a CGU's fair value less costs of disposal and its value in use.

The carrying amount of CGU is derived using a capital allocation model where the Group's core equity capital is allocated to the CGUs. The Group determines the recoverable amounts of its CGUs based on higher of fair value less cost to sell (FVLCS) or value in use (VIU).

Value in use is estimated using discounted cash flow (DCF) model, which reflects the specifics of the banking business and its regulatory environment. The model calculates the present value of the estimated future earnings that are distributable to shareholders after fulfilling the respective regulatory capital requirements and the risk appetite of the Group. The DCF model uses earnings projections which are discounted to their present value by using discount rate of 7.08% p.a.. Earnings projections beyond the initial five-year period are adjusted to derive a sustainable level using a terminal growth rate of 4.5% p.a.. The DCF value of a CGU is sensitive to the projections of distributable earnings, the discount rate applied and the terminal growth rate.

FVLCS of CGUs are estimated based on data from comparable companies' price to book (P/B) ratio and adding control premium to the same.

No impairment loss on above goodwill was recognised during the year (2023 – AED nil) since the recoverable amount of the CGU's were higher than the respective CGU's carrying amounts.

Other intangible assets

Trademark and license	AHB has built a strong franchise and has a reputation as a progressive Islamic bank offering a wide range of client centric Shari'ah compliant retail banking products. The AHB brand plays a key part in generating revenues for the Bank.
Egypt license	This has been recognised as an intangible asset as Central Bank of Egypt has not issued a new banking license to any entity for the past 20 years and has therefore restricted engagement in banking activities to banks already licensed and operating in Egypt. The license plays a key part in generating revenues for the Bank. Egypt license was valued considering the market approach using comparable transactions.
Core deposits	The value of core deposit intangible asset arises from the fact that the deposit base of the Group represents a cheaper source of funding than wholesale or money market funding. The spread between the cost of deposit funding and the cost of wholesale/ money market funding represents the value of the core deposit intangible.
Customer relationships	Customer relationship intangible assets represent the value attributable to the business expected to be generated from customers that existed as at the acquisition date. In determining the fair value of customer relationships, trade finance customers were considered. These relationships are expected to generate material recurring income in the form of fees and commission.

No impairment loss on above other intangible assets were recognised during the year (2023 – AED nil).

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

17. Due to banks

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Vostro balances	**1,001,783**	1,989,085
Margin deposits	**4,895,453**	4,428,478
Time deposits	**5,379,468**	2,377,405
Total due to banks	**11,276,704**	8,794,968

18. Deposits from customers

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Time deposits	**234,975,894**	195,251,700
Current account deposits	**149,573,873**	137,448,035
Savings deposits	**32,482,564**	27,497,278
Long term government deposits	**215,054**	280,417
Margin deposits	**3,812,524**	2,427,609
Total deposits from customers	**421,059,909**	362,905,039

For Islamic deposits included in the above table, refer note 24.

The Group hedges customer deposits amounting to AED 32,787,966 thousand (December 31, 2023 – AED 27,924,885 thousand) for foreign currency and interest rate risks using foreign exchange and interest rate swaps and designates these swaps as either cash flow or fair value hedges. The net negative fair value of these swaps as at December 31, 2024, was AED 22,984 thousand (December 31, 2023 – net positive fair value of AED 19,056 thousand).

19. Euro commercial paper

The details of euro commercial paper ("ECP") issuances under the Bank's ECP programme are as follows:

Currency (CCY)	As at December 31 2024 AED'000	As at December 31 2023 AED'000
US dollar (USD)	**2,146,885**	3,728,810
Euro (EUR)	**1,280,118**	1,362,606
Great Britain pound (GBP)	**2,726,006**	2,686,239
Total euro commercial paper	**6,153,009**	7,777,655

The Group hedges euro commercial paper amounting to AED 4,006,124 thousand (December 31, 2023 – AED 4,048,844 thousand) for foreign currency using foreign exchange swaps and designates these swaps as cash flow hedges. The net negative fair value of these hedge contracts as at December 31, 2024, was AED 139,527 thousand (December 31, 2023 – net positive fair value of AED 108,246 thousand).

The effective interest rate on zero coupon ECPs ranges between 2.995% p.a. to 5.53% p.a. (December 31, 2023 – between 3.91% p.a. to 6.14% p.a.).

Reconciliation of ECP movement to cash flows arising from financing activities is as follows:

	AED'000
As at January 1, 2023	5,994,279
Net proceeds from issuances	24,754,663
Repayments	(23,343,332)
Other movements	372,045
As at December 31, 2023	7,777,655
Net proceeds from issuances	**12,705,805**
Repayments	**(14,638,878)**
Other movements	**308,427**
As at December 31, 2024	**6,153,009**

Net proceeds from issuances include effects of changes in foreign exchange rates. Other movements include discount amortised.

20. Borrowings

The details of borrowings as at December 31, 2024 are as follows:

Instrument	Currency (CCY)	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Over 5 years AED'000	Total AED'000
Global medium term notes	Australian dollar (AUD)	-	797,078	49,998	80,226	927,302
	Chinese renminbi (CNH)	-	500,056	-	-	500,056
	Swiss franc (CHF)	-	-	-	417,308	417,308
	Hong Kong dollar (HKD)	73,331	-	-	-	73,331
	US dollar (USD)	1,101,849	5,684,037	5,662,149	15,657,548	28,105,583
	Indonesian rupiah (IDR)	-	-	422,420	-	422,420
		1,175,180	6,981,171	6,134,567	16,155,082	30,446,000
Bilateral loans	US dollar (USD)	734,013	2,562,155	2,420,215	-	5,716,383
	Kazakhstan tenge (KZT)	-	71,628	-	-	71,628
Certificate of deposits issued	Great Britain pound (GBP)	5,399,394	-	-	-	5,399,394
	US dollar (USD)	311,443	-	-	-	311,443
	Euro (EUR)	626,885	-	-	-	626,885
Subordinated notes – fixed rate	US dollar (USD)	-	-	-	1,764,960	1,764,960
Borrowings through repurchase agreements	US dollar (USD)	35,745,289	8,602,972	-	-	44,348,261
	Egyptian pound (EGP)	-	-	-	2,505	2,505
Total borrowings		43,992,204	18,217,926	8,554,782	17,922,547	88,687,459

The Group hedges borrowings amounting to AED 44,043,394 thousand for foreign currency and interest rate risks using either interest rate or cross currency swaps and designates these swaps as either fair value or cash flow hedges. The net negative fair value of these swaps as at December 31, 2024, was AED 9,614,530 thousand.

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

The details of borrowings as at December 31, 2023 are as follows:

Instrument	Currency (CCY)	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Over 5 years AED'000	Total AED'000
Global medium-term notes	Australian dollar (AUD)	-	-	868,091	140,883	1,008,974
	Chinese renminbi (CNH)	220,468	333,521	154,233	-	708,222
	Euro (EUR)	79,763	-	-	-	79,763
	Swiss franc (CHF)	1,558,795	-	-	-	1,558,795
	Hong Kong dollar (HKD)	72,268	70,263	-	-	142,531
	US dollar (USD)	2,792,254	2,633,544	6,047,621	19,897,712	31,371,131
	Great Britain pound (GBP)	181,759	-	-	-	181,759
	Indonesian rupiah (IDR)	-	-	-	475,867	475,867
		4,905,307	3,037,328	7,069,945	20,514,462	35,527,042
Bilateral loans	US dollar (USD)	616,467	733,243	3,031,082	-	4,380,792
	Kazakhstan tenge (KZT)	-	-	82,265	-	82,265
Certificate of deposits issued	Great Britain pound (GBP)	791,054	-	-	-	791,054
	US dollar (USD)	864,316	-	-	-	864,316
	Euro (EUR)	120,490	-	-	-	120,490
Borrowings through repurchase agreements	US dollar (USD)	32,205,548	2,677,410	-	-	34,882,958
	Egyptian pound (EGP)	-	-	-	4,417	4,417
Total borrowings		39,503,182	6,447,981	10,183,292	20,518,879	76,653,334

The Group hedges borrowings amounting to AED 37,471,801 thousand for foreign currency and interest rate risks using either interest rate or cross currency swaps and designates these swaps as either fair value or cash flow hedges. The net negative fair value of these swaps as at December 31, 2023, was AED 5,688,366 thousand.

Interests are payable in arrears and the contractual coupon rates as at December 31, 2024, are as follows:

Instrument	CCY	Within 1 year	1-3 years	3-5 years	Over 5 years
Global medium term notes	AUD	-	Fixed rate between 3.10% p.a. to 4.50% p.a. and quarterly coupons with 90 to 94 basis points over bank bill swap rate (BBSW)	Fixed rate of 2.696% p.a.	Fixed rate of 2.80% p.a.
	CNH	-	Fixed rate between 3.20% p.a. to 3.415% p.a.	-	-
	CHF	-	-	-	Fixed rate of 2.023% p.a.
	HKD	Fixed rate of 1.34% p.a.	-	-	-
	USD	Quarterly coupon of 129 basis points over SOFR	Fixed rate between 1.63% p.a. to 5.10% p.a. and quarterly coupon of 88 basis points over SOFR	Fixed rate between 5.24% p.a. to 5.50% p.a. and quarterly coupons between 110 to 166 basis points over SOFR.	Fixed rate between 4.65% p.a. to 5.00% p.a., quarterly coupon of 140 basis points over SOFR. and zero coupon with an internal rate of return between 3.271% p.a. to 5.785% p.a.(*)
	IDR	-	-	Fixed rate between 7.50% p.a. to 8.16% p.a.	-
Bilateral loans	USD	Monthly coupon of 111 basis points over TERM SOFR.	Monthly coupon between 68 to 75 basis point over SOFR.	Monthly coupon between 75 to 85 basis points over SOFR.	-
	KZT	-	Fixed rate between 8.50% p.a.to 9.50% p.a.	-	-
Certificate of deposits issued	GBP	Zero coupon with an internal rate between 4.87% p.a. to 5.24% p.a.	-	-	-
	USD	Zero coupon with an internal rate between 4.72% p.a. to 5.53% p.a.	-	-	-
	EUR	Zero coupon with an internal rate between 3.02% p.a. to 3.67% p.a.	-	-	-
Subordinated notes – fixed rate	USD	-	-	-	Fixed rate of 5.36% p.a. from issue date but excluding the first reset date (March 10, 2030)(**) payable on semi-annual basis
Borrowings through repurchase agreements	USD	Fixed rate between 4.57% p.a. to 5.05% p.a., monthly coupon between 33 to 43 basis points over SOFR, quarterly coupons between 18 to 64 basis points over SOFR and coupons at maturity between 30 to 46 basis points over SOFR	Monthly coupon of 68 basis points over SOFR, quarterly coupons between 52 to 65 basis points over SOFR and semiannual coupons between negative 20 to 18 basis points over SOFR.	-	-
	EGP	-	-	-	Fixed rate between 0.50% p.a. to 3.50% p.a.

(*) includes AED 14,824,340 thousand accreting notes issued with original tenors ranging from 30 years to 40 years with internal rate of return ranging between 3.271% p.a. to 5.785% p.a. and are callable at the end of every 5th, 6th, 7th, or 10th year from issue date

(**) first callable on September 10, 2029, if the subordinated notes are not redeemed on or prior to the reset date, interest will be payable from (and including) the reset date at a fixed rate equal to the relevant five year reset rate (5 year US Treasury rate) plus margin of 1.677% p.a.

The subordinated fixed rate note qualifies as Tier 2 capital in accordance with capital guidance issued by the UAE Central Bank (Note 50).

Refer note 10 for details of bonds pledged as collateral against borrowings through repurchase agreements. Further, the Group received net cash collateral of AED nil (December 31, 2023 – AED 177,275 thousand) against margin calls.

Reconciliation of borrowings movement to cash flows arising from financing activities is as follows:

	AED'000
As at January 1, 2023	69,875,733
Net proceeds from issuances	79,228,672
Repayments	(73,568,772)
Other movements	1,117,701
As at December 31, 2023	76,653,334
Net proceeds from issuances	**113,497,791**
Repayments	**(99,078,964)**
Other movements	**(2,384,702)**
As at December 31, 2024	**88,687,459**

Net proceeds from issuances include effects of changes in foreign exchange rates on borrowings. Other movements include interest capitalised on callable accreting notes, discount on issuances amortised and changes in fair value hedges.

21. Other liabilities

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Interest payable	**4,197,199**	3,136,679
Recognised liability for defined benefit obligation	**517,649**	467,429
Deferred income	**1,286,758**	1,120,442
Acceptances (Note 14)	**12,956,224**	13,202,764
Impairment allowance on letters of credit, guarantees and other commitments (Note 43.3)	**573,920**	524,036
Others(*)	**6,647,258**	5,119,177
Total other liabilities	**26,179,008**	23,570,527

(*) includes AED 156,993 thousand (December 31, 2023 – AED 168,031 thousand) pertaining to lease liability

Defined benefit obligation

The Group provides gratuity benefits to its eligible employees in UAE. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out in the last quarter of 2024 by a registered actuary in the UAE. The present value of the defined benefit obligation and the related current and past service cost were measured using the Projected Unit Credit Method.

Key assumptions used in the actuarial valuation are as follows:

Discount rate:	4.99% p.a. (2023 – 5.85% p.a.)
Salary increment rate:	2.00% p.a. (2023 – 2.25% p.a.)

Demographic assumptions for mortality, resignation and retirement were used in valuing the liabilities and benefits under the plan.

The liability would be higher by AED 17,235 thousand (December 31, 2023 – AED 16,048 thousand) had the discount rate used in the assumption been lower by 0.50% and the liability would be lower by AED 16,158 thousand (December 31, 2023 – AED 15,013 thousand) had the discount rate used in the assumption been higher by 0.50%. Similarly, the liability would be higher by AED 16,696 thousand (December 31, 2023 – AED 15,530 thousand) had the salary increment rate used in the assumption been higher by 0.50% and the liability would be lower by AED 16,158 thousand (December 31, 2023 – AED 15,013 thousand) had the salary increment rate used in the assumption been lower by 0.50%.

The movement in defined benefit obligation is as follows:

	2024 AED'000	2023 AED'000
Opening balance	**467,429**	511,909
Net charge during the year(*)	**69,742**	80,478
Actuarial loss/(gains) on defined benefit obligation	**41,424**	(47,646)
Benefits paid	**(60,946)**	(77,312)
Closing balance	**517,649**	467,429

(*) recognised under "staff expense" in the consolidated income statement

Defined contribution

Under defined contribution plans, the Group pays contributions to Abu Dhabi Retirement Pensions and Benefits Fund for UAE National employees and to respective pension funds for other employees including GCC Nationals. The charge for the year in respect of these contributions is AED 105,319 thousand (2023 – AED 93,573 thousand). As at December 31, 2024, pension payable of AED 571 thousand has been classified under 'Other liabilities – others' (December 31, 2023 – AED 11,449 thousand).

22. Share capital

	Authorised	Issued and fully paid	
		As at December 31 2024	As at December 31 2023
	AED'000	AED'000	AED'000
Ordinary shares of AED 1 each	**10,000,000**	**7,319,947**	7,319,947

In the Annual General Meeting held on March 7, 2024, the shareholders of the Bank approved cash dividend of AED 4,099,170 thousand.

Dividends

For the year ended December 31, 2024, the Board of Directors has proposed to pay a cash dividend of AED 4,318,769 thousand, being AED 0.59 dividend per share and representing 59% of the paid-up capital (December 31, 2023 – cash dividend of AED 4,099,170 thousand, being AED 0.56 dividend per share and representing 56% of the paid-up capital). This is subject to the approval of the shareholders in the Annual General Meeting.

23. Other reserves

Reserves movement for the year ended December 31, 2024:

	Employees' incentive plan shares, net AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Cash flow hedge reserve AED'000	Impairment reserve - general AED'000	Revaluation reserve of investments designated at at FVTOCI AED'000	Attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total AED'000
As at January 1, 2024	(78,869)	3,659,974	5,871,637	2,000,000	150,000	(226,433)	301,783	-	(1,086,185)	10,591,907	(653)	10,591,254
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(492,251)	-	-	-	(492,251)	(394)	(492,645)
Net gain on hedge of net investment in foreign operations	-	-	-	-	-	6,220	-	-	-	6,220	-	6,220
Net fair value changes on cash flow hedges	-	-	-	-	-	-	(107,708)	-	-	(107,708)	-	(107,708)
Net fair value changes on cash flow hedges reclassified to consolidated income statement	-	-	-	-	-	-	59,644	-	-	59,644	-	59,644
Net fair value changes of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	-	64,683	64,683	14	64,697
Changes in allowance for expected credit losses on debt instrument designated at FVTOCI	-	-	-	-	-	-	-	-	(1,518)	(1,518)	-	(1,518)
Amounts reclassified to consolidated income statement for debt instruments designated at FVTOCI	-	-	-	-	-	-	-	-	257,508	257,508	-	257,508
Related tax impact on fair value movement of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	-	(714)	(714)	-	(714)
Net fair value changes of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	-	33,642	33,642	-	33,642
Related tax impact on fair value movement of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	-	(2,142)	(2,142)	-	(2,142)
Amounts transferred within equity upon disposal of investments in equity instruments designated at FVTOCI	-	-	-	-	-	-	-	-	(13,442)	(13,442)	-	(13,442)
Total other comprehensive (loss)/income for the year	-	-	-	-	-	(486,031)	(48,064)	-	338,017	(196,078)	(380)	(196,458)
Acquisition of shares	(165,929)	-	-	-	-	-	-	-	-	(165,929)	-	(165,929)
Adjustment arising from changes in non-controlling Interests	-	-	-	-	-	(63)	-	-	-	(63)	63	-
Amounts transferred within equity upon creation of impairment reserve – general	-	-	-	-	-	-	-	780,807	-	780,807	-	780,807
Fair value adjustments	428	-	-	-	-	-	-	-	-	428	-	428
Shares – vested portion (Note 25)	70,914	-	-	-	-	-	-	-	-	70,914	-	70,914
As at December 31, 2024	(173,456)	3,659,974	5,871,637	2,000,000	150,000	(712,527)	253,719	780,807	(748,168)	11,081,986	(970)	11,081,016

For more information on reserves, refer note 50.

Reserves movement for the year ended December 31, 2023:

	Employees' incentive plan shares, net AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Cash flow hedge reserve AED'000	Revaluation reserve of investments designated at FVTOCI AED'000	Attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total AED'000
As at January 1, 2023	(68,824)	3,478,690	3,478,690	2,000,000	150,000	(184,449)	97,176	(1,404,540)	7,546,743	(481)	7,546,262
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(211,104)	-	-	(211,104)	(195)	(211,299)
Net gain on hedge of net investment in foreign operations	-	-	-	-	-	169,120	-	-	169,120	-	169,120
Net fair value changes on cash flow hedges	-	-	-	-	-	-	111,535	-	111,535	-	111,535
Net fair value changes on cash flow hedges reclassified to consolidated income statement	-	-	-	-	-	-	93,072	-	93,072	-	93,072
Net fair value changes of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	240,535	240,535	23	240,558
Changes in allowance for expected credit losses on debt instrument designated at FVTOCI	-	-	-	-	-	-	-	(15,635)	(15,635)	-	(15,635)
Amounts reclassified to consolidated income statement for debt instruments designated at FVTOCI	-	-	-	-	-	-	-	87,009	87,009	-	87,009
Net fair value changes of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	1,862	1,862	-	1,862
Amounts transferred within equity upon disposal of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	4,584	4,584	-	4,584
Total other comprehensive (loss)/income for the year	-	-	-	-	-	(41,984)	204,607	318,355	480,978	(172)	480,806
Acquisition of shares	(40,460)	-	-	-	-	-	-	-	(40,460)	-	(40,460)
Dividends paid to equity holders of the Bank (Note 22)	-	-	2,211,663	-	-	-	-	-	2,211,663	-	2,211,663
Transfers from retained earnings (Note 50)	-	181,284	181,284	-	-	-	-	-	362,568	-	362,568
Fair value adjustments	(7,923)	-	-	-	-	-	-	-	(7,923)	-	(7,923)
Shares – vested portion (Note 25)	38,338	-	-	-	-	-	-	-	38,338	-	38,338
As at December 31, 2023	(78,869)	3,659,974	5,871,637	2,000,000	150,000	(226,433)	301,783	(1,086,185)	10,591,907	(653)	10,591,254

Impairment reserve – general

As per the new credit risk management standards (CRMS) issued by CBUAE, banks must ensure that the total provision corresponding to all stage 1 and stage 2 exposures is not less than 1.50% of the credit risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for banks) when computing the regulatory capital.

The computation of non-distributable impairment reserve - general created during the year is as follows:

	AED'000
Minimum provision for stage 1 and stage 2 as per CBUAE requirements	5,737,027
Less: Stage 1 and stage 2 impairment provision taken against income	4,956,220
Shortfall in stage 1 and stage 2 provision to meet minimum CBUAE requirements	**780,807**
Balance of impairment reserve - general as at January 1, 2024	-
Add: Non distributable reserve created during the year (impairment reserve – general)	780,807
Balance of impairment reserve - general as at December 31, 2024	**780,807**

24. Islamic financing

Islamic financing assets

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Murabaha	**30,581,334**	27,428,630
Ijara financing	**13,473,663**	13,564,254
Salam	**402,940**	436,063
Others	**911,77**	673,992
Gross Islamic financing assets	**45,369,709**	42,102,939
Less: Allowance for impairment	**(1,205,651)**	(2,080,769)
Net Islamic financing assets	**44,164,058**	40,022,170

Islamic investing assets

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
At fair value through other comprehensive income (FVTOCI)		
Sukuk investments	**6,762,670**	7,278,314
Equities	**126,652**	123,560
	6,889,322	7,401,874
At amortised cost		
Sukuk investments	**7,078,083**	6,088,771
Less: Allowance for impairment	**(3,670)**	(5,278)
	7,074,413	6,083,493
Net Islamic investing assets	**13,963,735**	13,485,367

Income from Islamic financing and investing products

	2024 AED'000	2023 AED'000
Murabaha	**2,076,717**	1,735,730
Ijara financing	**739,739**	744,755
Salam	**26,443**	34,756
Sukuk investments	**547,733**	466,349
Others	**125,837**	64,113
Total income from Islamic financing and investing products	**3,516,469**	3,045,703

Islamic deposits

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Current account deposits	**19,760,622**	16,419,267
Margin deposits	**273,578**	200,115
Mudaraba savings deposits(*)	**19,616,295**	17,433,920
Mudaraba term deposits	**635,896**	792,424
Murabaha deposits	**1,170,101**	2,180,907
Wakala deposits	**23,832,360**	20,429,772
Total Islamic deposits	**65,288,852**	57,456,405

(*) includes AED 13,364 thousand pertaining to investment risk reserve (IRR) as at December 31, 2024 (December 31, 2023 – AED 16,978 thousand)

Distribution on Islamic deposits and profit paid to sukuk holders

	2024 AED'000	2023 AED'000
Mudaraba savings and term deposits	**127,332**	89,255
Murabaha deposits	**62,471**	57,446
Wakala deposits	**1,122,767**	753,995
Islamic sukuk notes and reverse murabaha	**7,282**	67,125
Total distribution on Islamic deposits and profit paid to sukuk holders	**1,319,852**	967,821

25. Employees' incentive plan shares, net

The Group operates Deferred Compensation Plan (the "Plan") to recognise and retain good performing employees. Under the Plan, the employees are granted shares of the Bank when they meet the vesting conditions at a price prevailing at the grant date. These shares are acquired and held by a subsidiary of the Bank until vesting conditions are met. The Board Nomination Compensation HR and Governance Committee determines and approves the shares to be granted to employees based on the Group's key performance indicators.

During the year ended December 31, 2024, the Group had the following incentive plan in force:

Grant date	January 1, 2024	January 1, 2023	January 1, 2023	January 1, 2022	January 1, 2022
Number of shares granted	11,439,980	4,451,000	2,537,630	3,030,000	3,269,856
Fair value of the granted shares at the grant date in AED thousand	95,982	40,282	22,966	25,846	27,892
Final vesting date	December 31, 2026	December 31, 2026	December 31, 2025	December 31, 2025	December 31, 2024

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Vesting conditions – In service from the grant date till respective vesting date or meeting special conditions during the vesting period (death or disability).

The movement of plan shares is as follows:

	2024	2023
Opening balance	**10,083,030**	5,717,655
Granted during the year	**11,439,980**	6,988,630
Stock dividend	**-**	648,381
Exercised during the year	**(2,566,751)**	(3,007,183)
Forfeited during the year	**(449,218)**	(264,453)
Closing balance	**18,507,041**	10,083,030
Amount of "Plan" cost recognised under "staff expenses" in the consolidated income statement (AED '000)	**70,914**	38,338

Total number of un-allotted shares under the Plan as at December 31, 2024, were 8,664,295 shares (December 31, 2023 – 1,813,627 shares). These un-allotted shares include forfeited shares and shares purchased for future awards.

26. Capital notes

Additional Tier I capital notes (the "Capital Notes") are non-cumulative perpetual securities for which there is no fixed redemption date. These Capital Notes are direct, unsecured, conditional, and subordinated obligations of the Bank and (i) rank pari passu without any preference among themselves; (ii) rank subordinate and junior to all senior obligations; (iii) rank pari passu with all pari passu obligations; and (iv) rank in priority only to all junior creditors.

In case the Bank at its sole discretion elects not to make a coupon payment, the holders of the Capital Notes do not have a right to claim the coupon and an election by the Bank not to service the coupon is not considered an event of default. In addition, there are certain circumstances ("non-payment event") under which the Bank is prohibited from making a coupon payment on a relevant coupon payment date. Further, if the CBUAE notifies the Bank that it is, or will become, non-viable without (i) a write-down; or (ii) a public sector injection of capital, the rights of the holders of the Capital Notes under the Capital Notes shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the write-down amount determined by the CBUAE. This could result in Capital Notes being written down to zero and the Capital Notes being cancelled.

If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Capital Notes except notes, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until one coupon payment has been paid in full.

The following tables shows issuances of Capital Notes by the Bank as at December 31, 2024.

Issuance	Currency	Interest rate	First call date	2024 AED'000	2023 AED'000
Government of Abu Dhabi AT1 Capital Notes	AED	Floating interest rate of 6 month-EIBOR plus 2.30% p.a.	February 23, 2027(*)	**6,000,000**	6,000,000
USD 750,000,000 AT1 Capital Notes	USD	Fixed rate of 8.00% p.a. from issue date but excluding the first reset date (May 27, 2029)(**)	November 27, 2028(*)	**2,754,750**	2,754,750
				8,754,750	8,754,750

(*) Call option is subject to prior approval of UAE Central Bank

(**) If the Capital Notes are not redeemed in accordance with the Conditions on or prior to the first reset date, interest shall continue to be payable from (and including) the first reset date subject to and in accordance with the Conditions at a fixed rate, to be reset on the first reset date and every five years thereafter, equal to relevant five-year reset rate (as defined in the Conditions) plus a margin of 3.524% p.a.

27. Interest income

	2024 AED'000	2023 AED'000
Loans and advances to banks	**3,392,313**	2,856,411
Loans and advances to customers	**19,944,657**	16,685,290
Investment securities	**6,880,503**	5,663,783
Total interest income	**30,217,473**	25,205,484

28. Interest expense

	2024 AED'000	2023 AED'000
Deposits from banks	**425,629**	387,507
Deposits from customers	**12,907,719**	9,243,405
Euro commercial paper	**329,908**	418,891
Borrowings(*)	**5,524,958**	4,859,752
Total interest expense	**19,188,214**	14,909,555

(*) includes AED 10,268 thousand (2023 – AED 12,898 thousand) for interest expense on lease liabilities

29. Net fees and commission income

	2024 AED'000	2023 AED'000
Fees and commission income		
Card related fees	**1,749,791**	1,455,435
Loan processing fees	**1,075,611**	811,711
Accounts related fees	**361,476**	268,963
Trade finance commission	**695,635**	608,265
Asset management and investment services	**217,565**	125,833
Other fees	**947,979**	754,583
Total fees and commission income	**5,048,057**	4,024,790
Fees and commission expense		
Card related fees	**(1,101,353)**	(832,629)
Loan processing fees	**(64,458)**	(77,778)
Trade finance commission	**(28,135)**	(23,485)
Other fees	**(753,423)**	(646,669)
Total fees and commission expense	**(1,947,369)**	(1,580,561)
Net fees and commission income	**3,100,688**	2,444,229

30. Net trading income

	2024 AED'000	2023 AED'000
Net gain from dealing in derivatives	**266,596**	222,207
Net gain from dealing in foreign currencies	**837,471**	698,156
Net gain from financial assets at fair value through profit or loss(*)	**960,121**	672,391
Net trading income	**2,064,188**	1,592,754

(*) includes net loss of AED 67,629 thousand from financial assets mandatorily measured at FVTPL (2023 – net gain of AED 46,829 thousand)

31. Other operating income

	2024 AED'000	2023 AED'000
Property management income	**16,880**	161,816
Net loss from disposal of investment securities(*)	**(317,968)**	(103,413)
Net gain arising from hedging derivatives	**488,838**	64,127
Dividend income	**33,989**	39,762
Others(**)	**840,399**	246,986
Total other operating income	**1,062,138**	409,278

(*) includes realised gain of AED 56,172 thousand (2023 – AED nil) on sale of investments carried at amortised cost amounting to AED 510,547 thousand (2023 – AED nil)

(**) includes gain of AED 729,676 thousand (2023 – net gain of AED 87,015 thousand) on extinguishment of loans and advances.

32. Operating expenses

	2024 AED'000	2023 AED'000
Staff expenses	**3,359,714**	3,064,387
General administrative expenses	**2,258,353**	1,923,590
Depreciation on property and equipment (Note 15)	**362,585**	378,385
Amortisation of intangible assets (Note 16)	**50,690**	86,246
Total operating expenses	**6,031,342**	5,452,608

33. Impairment charge

	2024 AED'000	2023 AED'000
Financial instruments carried at amortised cost – net charge(*)	**3,348,527**	3,741,046
Debt instruments designated at FVTOCI – net release	**(2,230)**	(24,685)
Commitment and contingent liabilities – net charge	**67,762**	76,708
Less: Recoveries/modifications during the year	**(540,006)**	(315,951)
Total impairment charge (Note 43.3)	**2,874,053**	3,477,118

(*) includes net charge of AED 707 thousand (2023 – net charge of AED 19,314 thousand) on investment securities at amortised cost

34. Net gain on disposal of stake in subsidiary and fair value gain on retained interest

On December 14, 2023, the Group entered into a sale and purchase agreement (SPA) to sell its controlling stake of 80% of its wholly owned subsidiary, Abu Dhabi Commercial Properties LLC "ADCP" and the share transfer was executed and completed on December 27, 2023. The Bank has recorded a net gain of AED 490,110 thousand, within the consolidated income statement for the year ended December 31, 2023.

35. Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Bank and the weighted average number of equity shares outstanding. Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding for the dilutive effects of potential equity shares held on account of employees' incentive plan.

	2024 AED'000	2023 AED'000
Profit for the year attributable to the equity holders of the Bank	**9,420,737**	8,206,781
Less: Coupons paid on capital notes (Note 26)	**(685,663)**	(393,482)
Net adjusted profit for the year attributable to the equity holders of the Bank (a)	**8,735,074**	7,813,299
	Number of shares in thousand	
Weighted average number of shares in issue throughout the year	**7,319,947**	6,957,379
Add: Number of shares issued on stock dividend during the year	**-**	362,568
Less: Weighted average number of shares resulting from employees' incentive plan shares	**(15,550)**	(10,867)
Weighted average number of equity shares in issue during the year for basic earnings per share (b)	**7,304,397**	7,309,080
Add: Weighted average number of shares resulting from employees' incentive plan shares	**15,550**	10,867
Weighted average number of equity shares in issue during the year for diluted earnings per share (c)	**7,319,947**	7,319,947
Basic earnings per share (AED) (a)/(b)	**1.20**	1.07
Diluted earnings per share (AED) (a)/(c)	**1.19**	1.07

36. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flow comprise the following statement of financial position amounts:

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Cash and balances with central banks (Note 6)	**46,223,736**	45,375,731
Deposits and balances due from banks (excluding loans and advances to banks) (Note 7)	**19,535,011**	9,434,390
	65,758,747	54,810,121
Less: Cash and balances with central banks and deposits and balances due from banks – with original maturity of more than three months	**(4,648,845)**	(2,973,071)
Total cash and cash equivalents	**61,109,902**	51,837,050

37. Related party transactions

The Group enters into transactions with the parent and its related entities, associates, funds under management, directors, senior management and their related entities and the Government of Abu Dhabi (ultimate controlling party and its related entities) in the ordinary course of business at agreed upon interest and commission rates.

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, being the directors, chief executive officer and members of Management Executive Committee. Details of all transactions in which a Director and/or related parties might have actual or potential conflicts are provided to the Board of Directors (the "Board") for its review and approval. Where a Director has interests that Director neither participates in the discussions nor votes on such matters. The Bank's policy is, so far as possible, to engage in transactions with related parties only on arm's length terms and in accordance with relevant laws and regulations. The Board Secretariat maintains a conflicts and related parties register which is regularly reviewed by the Board Corporate Governance Committee. In addition, the Board maintains awareness of other commitments of its Directors and senior management. The Bank has implemented a Directors' Conflict of Interest policy. As a result of written declarations submitted by each of the Board members, the Board recognises that the other commitments of the Directors do not conflict with their duties or that, where conflicts arise, the Board is sufficiently aware, and policies are in place to minimise the risks. For senior management, the Bank has implemented Code of Conduct and Conflict of Interest policy, where they are required to disclose the entities in which they or their relatives are or deemed to be interested.

Transactions between the Bank and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Parent and ultimate controlling party

Mubadala Investment Company holds 60.69% of the Bank's issued and fully paid-up share capital through its wholly owned subsidiaries. The Government of Abu Dhabi owns 100% of Mubadala Investment Company and so the ultimate controlling party is the Government of Abu Dhabi.

Related party balances and transactions of the Group included in the consolidated statement of financial position and consolidated income statement are as follows.

	Ultimate controlling party and its related parties AED'000	Directors and their related parties AED'000	Senior management personnel and their related parties AED'000	Associates and funds under management AED'000	Total AED'000
Balances as at December 31, 2024					
Deposits and balances due from banks	83,486	-	-	-	83,486
Financial assets at fair value through profit or loss	23,419	-	-	53,100	76,519
Derivative financial instruments - assets	730,419	18,281	-	31	748,731
Investment securities	33,300,226	-	-	255,994	33,556,220
Loans and advances to customers(*)	70,314,993	4,113,561	31,510	3,415,825	77,875,889
Other assets	969,885	6,036	32	2,959	978,912
Due to banks	527,259	-	-	-	527,259
Derivative financial instruments - liabilities	1,927,444	24,839	-	-	1,952,283
Deposits from customers	110,531,895	905,040	44,840	1,242,573	112,724,348
Other liabilities	1,429,666	5,133	14,957	1,398	1,451,154
Capital notes	6,000,000	-	-	-	6,000,000
Commitments and contingent liabilities	33,101,595	47,138	3,879	185,623	33,338,235
Transactions for the year ended December 31, 2024					
Interest income, Islamic financing income and non-interest income	5,328,334	258,212	1,245	78,067	5,665,858
Interest expense and Islamic profit distribution	4,956,287	22,478	789	51,328	5,030,882
Impairment charge	10,430	-	-	-	10,430
Share in profit of associates	-	-	-	10,976	10,976
Coupons paid on capital notes	465,283	-	-	-	465,283

(*) includes secured loans which are collateralised by tangible assets, including but not limited to real estate, cash, vehicles, shares and bonds.

	Ultimate controlling party and its related parties AED'000	Directors and their related parties AED'000	Senior management personnel and their related parties AED'000	Associates and funds under management AED'000	Total AED'000
Balances as at December 31, 2023					
Deposits and balances due from banks	31,795	-	-	-	31,795
Financial assets at fair value through profit or loss	519,527	-	-	-	519,527
Derivative financial instruments - assets	809,939	55,294	-	32	865,265
Investment securities	28,660,594	-	-	227,825	28,888,419
Loans and advances to customers(*)	57,686,613	4,538,215	27,479	3,801,490	66,053,797
Other assets	917,882	7,166	74	5,162	930,284
Due to banks	248,001	-	-	-	248,001
Derivative financial instruments - liabilities	1,541,448	38,417	-	-	1,579,865
Deposits from customers	104,347,422	670,345	65,138	1,507,556	106,590,461
Other liabilities	1,472,332	7,135	17,534	3,855	1,500,856
Capital notes	6,000,000	-	-	-	6,000,000
Commitments and contingent liabilities	28,603,328	15,717	2,742	515,045	29,136,832
Transactions for the year ended December 31, 2023					
Interest income, Islamic financing income and non-interest income	4,070,163	239,730	1,808	111,646	4,423,347
Interest expense and Islamic profit distribution	4,103,653	9,185	1,106	8,390	4,122,334
Impairment charge	3,466	-	-	-	3,466
Share in loss of associates	-	-	-	103	103
Coupons paid on capital notes	393,482	-	-	-	393,482

(*) includes secured loans which are collateralised by tangible assets, including but not limited to real estate, cash, vehicles, shares and bonds.

As at December 31, 2024, funds under management held 1,234,262 shares (December 31, 2023 – 1,542,403 shares) of the Bank. During the year, the Bank paid cash dividend of AED 864 thousand (2023 – cash dividend of AED 394 thousand and stock dividend of 113,990 shares) to these funds.

Remuneration of senior management employees and Board of Directors fees and expenses during the year are as follows:

	2024 AED'000	2023 AED'000
Short term benefits (including retirement benefits)	**44,385**	51,407
Post-employment benefits	**2,612**	2,818
Variable pay benefits	**26,007**	26,498
Total remuneration	**73,004**	80,723
Board of Directors fees and expenses	**36,102**	34,595

In addition to the above, the key management personnel were granted long term deferred compensation including share-based payments of AED 36,200 thousand (2023 – AED 22,268 thousand).

38. Commitments and contingent liabilities

The Group has the following commitments and contingent liabilities:

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Letters of credit	**7,407,106**	10,732,456
Guarantees	**78,924,524**	68,268,369
Commitments to extend credit – revocable(*)	**24,727,474**	19,075,003
Commitments to extend credit – irrevocable	**41,551,157**	46,026,541
Total commitments on behalf of customers	**152,610,261**	144,102,369
Commitments for future capital expenditure and others	**543,981**	577,653
Commitments to invest in investment securities	**6,693**	6,693
Total commitments and contingent liabilities	**153,160,935**	144,686,715

(*) includes AED 11,183,653 thousand (December 31, 2023 – AED 9,599,478 thousand) for undrawn credit card limits

Credit-related commitments

Credit-related commitment includes commitments to extend credit, letters of credit and guarantees which are designed to meet the requirements of the Bank's customers. Irrevocable commitments to extend credit represent contractual commitments to make loans and advances and revolving credits. Revocable commitments to extend credit represent commitments to make loan and advances and revolving credits which can be cancelled by the Bank unconditionally without any contractual obligations. Commitments generally have fixed expiry dates or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Letters of credit and guarantees commit the Bank to make payments on behalf of customers, contingent upon the failure of the customer to perform under the terms of the contract. Commitments and contingent liabilities which have been entered into on behalf of customers and for which there are corresponding obligations from customers, are not included in assets and liabilities. The Bank's maximum exposure to credit loss, in the event of non-performance by the other party and where all counterclaims, collateral or security proves valueless, is represented by the contractual nominal amount of these instruments included in the table above. These commitments and contingent obligations are subject to the Bank's normal credit approval processes.

39. Operating segments

The Group has five reportable segments as described below. These segments offer different products and services and are managed separately based on the Group's management and internal reporting structure. The Group's Management Executive Committee (the Chief Operating Decision Maker "CODM") is responsible for allocation of resources to these segments, whereas, the Group's Performance Management Committee, based on delegation from CODM reviews the performance of these segments on a regular basis.

The following summary describes the operations in each of the Group's reportable segments:

Retail banking	comprises of retail products, wealth management, Islamic financing, and investment in associates. It includes loans, deposits and other transactions and balances with retail customers.
Private banking	comprises of high-net-worth customers, asset management, brokerage, Islamic financing and investment in associates. It includes loans, deposits and other transactions and balances with corporate and private accounts of high-net-worth individuals and fund management activities.
Corporate and investment banking	comprises of business banking, cash management, trade finance, corporate finance, small and medium enterprise financing, investment banking, Islamic financing, infrastructure and asset finance, government and public enterprises. It includes loans, deposits and other transactions and balances with corporate customers. During the year, in line with Group's business strategy, some private banking clients have been transferred from private banking segment to corporate and investment banking segment. Accordingly, financial performance and results of these private banking customers have been reported under Corporate and investment banking segment for the current and prior year.
Investments and treasury	comprises of central treasury operations, management of the Group's investment portfolio and interest rate, currency and commodity derivative portfolio and Islamic financing. Investments and treasury undertake the Group's funding and centralised financial risk management activities through borrowings, issue of debt securities and use of derivatives for risk management. It also undertakes trading and corporate finance activities and investing in liquid assets such as short-term placements, corporate and government debt securities.
Property management	comprises of engineering service operations of subsidiaries, real estate management income of associate and rental income earned from properties of the Group.

Information regarding the results of each reportable segment is shown below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Performance Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within these industries.

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended December 31, 2024	Retail banking AED'000	Private banking AED'000	Corporate and investment banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	2,504,881	1,206,427	3,487,826	3,823,395	6,730	11,029,259
Net income from Islamic financing and investing products	1,337,307	96,561	541,168	221,581	-	2,196,617
Total net interest income and income from Islamic financing and investing products	3,842,188	1,302,988	4,028,994	4,044,976	6,730	13,225,876
Non-interest income	1,479,936	228,209	3,620,896	790,578	134,304	6,253,923
Operating income	5,322,124	1,531,197	7,649,890	4,835,554	141,034	19,479,799
Operating expenses	(3,475,915)	(307,200)	(1,859,280)	(307,473)	(81,474)	(6,031,342)
Operating profit before impairment charge	1,846,209	1,223,997	5,790,610	4,528,081	59,560	13,448,457
Impairment (charge)/release	(460,934)	(1,519,681)	(898,495)	5,057	-	(2,874,053)
Profit/(loss) after impairment charge	1,385,275	(295,684)	4,892,115	4,533,138	59,560	10,574,404
Share in profit/(loss) of associates	32	(4,676)	-	-	15,620	10,976
Profit/(loss) before taxation	1,385,307	(300,360)	4,892,115	4,533,138	75,180	10,585,380
Income tax (charge)/release	(189,948)	27,112	(488,277)	(507,974)	(7,040)	(1,166,127)
Profit/(loss) for the year	1,195,359	(273,248)	4,403,838	4,025,164	68,140	9,419,253
As at December 31, 2024						
Total assets	71,701,020	47,510,764	299,037,480	232,617,799	1,947,163	652,814,226
Total liabilities	91,603,126	58,804,318	225,427,113	200,204,090	1,208,670	577,247,317

For the year ended December 31, 2023	Retail banking AED'000	Private banking AED'000	Corporate and investment banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	2,324,563	1,011,927	3,269,915	3,661,007	28,517	10,295,929
Net income from Islamic financing and investing products	1,194,819	55,468	440,823	386,772	-	2,077,882
Total net interest income and income from Islamic financing and investing products	3,519,382	1,067,395	3,710,738	4,047,779	28,517	12,373,811
Non-interest income	1,216,203	115,235	2,331,410	483,876	345,898	4,492,622
Operating income	4,735,585	1,182,630	6,042,148	4,531,655	374,415	16,866,433
Operating expenses	(3,139,710)	(224,734)	(1,633,922)	(275,567)	(178,675)	(5,452,608)
Operating profit before impairment charge	1,595,875	957,896	4,408,226	4,256,088	195,740	11,413,825
Impairment (charge)/release	(497,283)	(1,228,269)	(1,771,484)	19,918	-	(3,477,118)
Profit/(loss) after impairment charge	1,098,592	(270,373)	2,636,742	4,276,006	195,740	7,936,707
Share in profit/(loss) of associates	2,079	(2,182)	-	-	-	(103)
Net gain on disposal of stake in subsidiary and fair value gain on retained interest	-	-	-	-	490,110	490,110
Profit/(loss) before taxation	1,100,671	(272,555)	2,636,742	4,276,006	685,850	8,426,714
Income tax charge	(5,058)	-	(69,248)	(146,343)	-	(220,649)
Profit/(loss) for the year	1,095,613	(272,555)	2,567,494	4,129,663	685,850	8,206,065
As at December 31, 2023						
Total assets	63,849,934	47,341,202	254,141,609	199,991,043	1,870,697	567,194,485
Total liabilities	83,465,806	50,757,232	185,279,310	175,911,436	527,234	495,941,018

Other disclosures

The following is the analysis of the total operating income of each segment between income from external parties and inter-segment.

	External		Inter-segment	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Retail banking	4,358,788	3,929,008	963,336	806,577
Private banking	1,221,316	1,680,002	309,881	(497,372)
Corporate and investment banking	13,697,565	11,861,037	(6,047,675)	(5,818,889)
Investments and treasury	61,096	(926,067)	4,774,458	5,457,722
Property management	141,034	322,453	-	51,962
Total operating income	19,479,799	16,866,433	-	-

Geographical information

The Group operates in two principal geographic areas i.e. domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the UAE branches and subsidiaries. International area represents the operations of the Group that originates from its subsidiaries outside UAE. The information regarding the Group's revenue from continuing operations and non-current assets by geographical location are detailed as follows:

	Domestic		International	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Income				
Net interest income and income from Islamic financing and investing products	12,431,777	11,759,315	794,099	614,496
Non-interest income	6,151,186	4,411,148	102,737	81,474
Non-current assets				
Investment in associates	329,025	370,622	-	-
Investment properties	1,714,790	1,720,818	832	20,642
Property and equipment, net	1,663,646	1,652,014	222,388	235,582
Intangible assets	6,931,271	6,981,961	40,903	67,230

40. Financial instruments

Categories of financial instruments

The following tables analyse the Group's financial assets and financial liabilities in accordance with categories of financial instruments under IFRS 9 as at December 31, 2024.

	Measured at FVTPL AED'000	Hedging derivatives AED'000	Debt instruments classified at FVTOCI AED'000	Equity instruments designated at FVTOCI AED'000	Amortised cost AED'000	Total AED'000
As at December 31, 2024						
Assets						
Cash and balances with central banks, net	-	-	-	-	46,222,548	46,222,548
Deposits and balances due from banks, net	-	-	-	-	50,214,028	50,214,028
Financial assets at fair value through profit or loss(*)	12,869,631	-	-	-	-	12,869,631
Derivative financial instruments	13,750,170	5,223,018	-	-	-	18,973,188
Investment securities, net	-	-	50,071,913	921,296	91,995,954	142,989,163
Loans and advances to customers, net (Note 11)	3,198,067	-	-	-	347,440,237	350,638,304
Other assets, net	-	-	-	-	19,834,017	19,834,017
Total financial assets	29,817,868	5,223,018	50,071,913	921,296	555,706,784	641,740,879
Liabilities						
Due to banks	-	-	-	-	11,276,704	11,276,704
Derivative financial instruments	12,429,773	11,461,455	-	-	-	23,891,228
Deposits from customers	-	-	-	-	421,059,909	421,059,909
Euro commercial paper	-	-	-	-	6,153,009	6,153,009
Borrowings	-	-	-	-	88,687,459	88,687,459
Other liabilities	-	-	-	-	24,374,030	24,374,030
Total financial liabilities	12,429,773	11,461,455	-	-	551,551,111	575,442,339

	Measured at FVTPL AED'000	Hedging derivatives AED'000	Debt instruments classified at FVTOCI AED'000	Equity instruments designated at FVTOCI AED'000	Amortised cost AED'000	Total AED'000
As at December 31, 2023						
Assets						
Cash and balances with central banks, net	-	-	-	-	45,375,462	45,375,462
Deposits and balances due from banks, net	-	-	-	-	37,624,694	37,624,694
Financial assets at fair value through profit or loss(*)	10,063,020	-	-	-	-	10,063,020
Derivative financial instruments	9,775,606	4,083,480	-	-	-	13,859,086
Investment securities, net	-	-	40,526,962	894,406	86,847,029	128,268,397
Loans and advances to customers, net (Note 11)	3,249,938	-	-	-	298,744,661	301,994,599
Other assets, net	-	-	-	-	18,805,714	18,805,714
Total financial assets	23,088,564	4,083,480	40,526,962	894,406	487,397,560	555,990,972
Liabilities						
Due to banks	-	-	-	-	8,794,968	8,794,968
Derivative financial instruments	9,363,310	6,876,185	-	-	-	16,239,495
Deposits from customers	-	-	-	-	362,905,039	362,905,039
Euro commercial paper	-	-	-	-	7,777,655	7,777,655
Borrowings	-	-	-	-	76,653,334	76,653,334
Other liabilities	-	-	-	-	21,971,207	21,971,207
Total financial liabilities	9,363,310	6,876,185	-	-	478,102,203	494,341,698

(*) includes AED nil (December 31, 2023 – AED 519,527 thousand) debt securities that are mandatorily measured at fair value through profit or loss

41. Fair value hierarchy

Fair value measurements recognised in the consolidated financial statements

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Quoted market prices – Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

Valuation techniques using observable inputs - Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as swaps and forwards which are valued using market standard pricing techniques and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

The category includes derivative financial instruments such as over the counter (OTC) derivatives, commodity derivatives, foreign exchange spot and forward contracts, certain investment securities, financial assets at FVTPL, euro commercial paper and borrowings. Valuation of the derivative financial instruments is made through discounted cash flow method using the applicable yield curve for the duration of the instruments for non-optional derivatives and standard option pricing models such as Black-Scholes and other valuation models for derivatives with options.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments such as credit risk and funding costs. Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. Credit valuation adjustment is calculated by applying Monte-carlo simulation models.

Collateral and netting arrangements are taken into account where applicable. The Group applies credit value adjustments to all relevant OTC positions with the exception of positions settled through central clearing houses.

Funding value adjustment (FVA) reflects the impact of funding associated with collateralised and partly collateralised OTC positions. The Group calculates the FVA by applying estimated future funding costs to the expected future exposure that the Group will be required to fund as a result of the uncollateralised component of the OTC portfolio (i.e. the uncollateralised component of a collateralised portfolio and the entire uncollateralised portfolio).

Valuation techniques using significant unobservable inputs - Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations, or other analytical techniques. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Financial instruments under this category mainly include private equity instruments, funds and loans and advances to customers mandatorily measured at FVTPL. The carrying values of these investments are adjusted as follows:

a) Private equity instruments – using the latest available net book value;

b) Funds – based on the net asset value provided by the fund manager; and

c) Loans and advances to customers mandatorily measured at FVTPL – multiplying relevant market multiples to actual earnings before interest, tax, depreciation and amortisation (EBITDA).

Investment properties are classified as Level 3 as their valuation incorporates significant unobservable inputs. The significant unobservable inputs used in the fair value measurement of the Group's investment properties are rental income and capitalisation rates. Significant decrease in rental income, or increase in capitalisation rates, in isolation would result in a significant lower fair value measurement. Generally, a change in the assumption used for rental income should be accompanied by a change in the assumption for capitalisation rates in the same direction as increase in rental income raises the expectations of the seller to earn from the investment property. Therefore, the effects of these changes partially offset each other. Refer note 13 in respect of valuation methodology used for investment properties.

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements do not materially differ from their fair values.

	Notes	Level 1 Quoted market prices AED'000	Level 2 Observable inputs AED'000	Level 3 Significant unobservable inputs AED'000	Total fair value AED'000	Carrying value AED'000
As at December 31, 2024						
Assets at fair value						
Financial assets at fair value through profit or loss	**8**	**1,400,972**	**11,438,659**	**30,000**	**12,869,631**	**12,869,631**
Derivative financial instruments	**9**	**1,188**	**18,972,000**	**-**	**18,973,188**	**18,973,188**
Investment securities, net	**10**					
- At fair value through other comprehensive income		**48,667,479**	**2,229,743**	**95,987**	**50,993,209**	**50,993,209**
- At amortised cost		**89,822,001**	**-**	**-**	**89,822,001**	**91,995,954**
Loans and advances to customers mandatorily measured at FVTPL	**11**	**-**	**-**	**3,198,067**	**3,198,067**	**3,198,067**
Investment properties	**13**	**-**	**-**	**1,715,622**	**1,715,622**	**1,715,622**
Total		**139,891,640**	**32,640,402**	**5,039,676**	**177,571,718**	**179,745,671**
Liabilities at fair value						
Derivative financial instruments	**9**	**2,487**	**23,888,741**	**-**	**23,891,228**	**23,891,228**
Liabilities at amortised cost						
Euro commercial paper	**19**	**-**	**6,156,207**	**-**	**6,156,207**	**6,153,009**
Borrowings	**20**	**12,552,681**	**75,478,739**	**-**	**88,031,420**	**88,687,459**
Total		**12,555,168**	**105,523,687**	**-**	**118,078,855**	**118,731,696**
As at December 31, 2023						
Assets at fair value						
Financial assets at fair value through profit or loss	8	1,419,562	8,643,458	-	10,063,020	10,063,020
Derivative financial instruments	9	7,804	13,851,282	-	13,859,086	13,859,086
Investment securities, net	10					
- At fair value through other comprehensive income		39,243,131	2,067,949	110,288	41,421,368	41,421,368
- At amortised cost		84,402,121	201,140	-	84,603,261	86,847,029
Loans and advances to customers mandatorily measured at FVTPL	11	-	-	3,249,938	3,249,938	3,249,938
Investment properties	13	-	-	1,741,460	1,741,460	1,741,460
Total		125,072,618	24,763,829	5,101,686	154,938,133	157,181,901
Liabilities at fair value						
Derivative financial instruments	9	4,257	16,235,238	-	16,239,495	16,239,495
Liabilities at amortised cost						
Euro commercial paper	19	-	7,786,619	-	7,786,619	7,777,655
Borrowings	20	11,496,614	63,328,708	-	74,825,322	76,653,334
Total		11,500,871	87,350,565	-	98,851,436	100,670,484

The Group's OTC derivatives in the trading book are classified as Level 2 as they are valued using inputs that can be observed in the market.

Reconciliation showing the movement in fair values of Level 3 investments designated at FVTOCI and FVTPL and loans and advances to customers mandatorily measured at FVTPL is as follows:

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Opening balance	**3,360,226**	3,258,157
Net additions during the year	**78,127**	145,978
Disposals including capital refunds during the year	**(2,102)**	(64,000)
Adjustment through income/other comprehensive income statement during the year	**(112,197)**	20,091
Closing balance	**3,324,054**	3,360,226

Net gains of AED 692 thousand (2023 – net loss of AED 36,072 thousand) was realised on disposal of Level 3 equity investments designated at FVTOCI and were transferred to retained earnings.

There were no significant transfers between Level 1 and Level 2 investments and no change in valuation techniques used during the year.

42. Risk management

Risk governance framework

The risk governance framework is based on the overall strong corporate governance structure in the Group. The Group has a formally documented Enterprise Risk Management (ERM) policy that covers the following:

- Establish principles of risk management that are common across all risks and lines of defence.
- Details the governance structure, roles and responsibilities of all stakeholders in relation to risk management.
- Outlines the risk strategy and risk appetite.
- Outline approach to risk management across the risk management lifecycle.

The Group's governance structure is anchored by a robust and effective Board, reinforced by specialized Board Committees, tasked with executing their roles and responsibilities. The Board Risk Committee (BRC) oversees management, monitoring and review of financial and non-financial risks. It works with management to define risk appetite and strategy as appropriate for particular sectors, geographic regions and customer types. It periodically reviews and monitors compliance with the Group's overall risk appetite and makes recommendations to the Board based on current and emerging risks.

The BRC receives on a regular basis, portfolio level briefings from the Group Chief Risk Officer (GCRO) along with deep dives on risk issues, including ADCB's portfolio trends, policy parameters, operational resilience, UAE and other market risk profiles, key risk indicators, results of stress testing and changes to the assumptions, liquidity measures, capital adequacy and planning. The BRC is authorized to investigate or seek any information relating to any activity within its terms of reference. The BRC also conducts 'deep dive' reviews on a rolling basis of different sections of the consolidated group risk information report.

The Management Executive Committee (MEC) has primary responsibility for implementing, overseeing, and taking ownership for the enforcement of risk strategy and internal control directives laid down by the Board and Board committees.

In addition to MEC, other management level committees that actively manage risk and compliance include:

- Assets and Liabilities Management Committee (ALCO),
- Risk Management Committee (RMC),
- Model Risk Management Committee (MRMC),
- Management Recoveries Committee (MRC),
- Management Credit Committee (MCC), and
- Management Compliance Committee.

The Risk Management function headed by the GCRO reports independently to BRC and administratively to the Group Chief Executive Officer (GCEO). The risk function is independent of the origination, trading, and sales function to ensure balance in risk reward decision is not compromised and to ensure transparency of decisions in accordance with laid down standards and policies. The risk function is also independent of the credit underwriting division which is headed by the Group Chief Credit Officer. The risk function exercises control over all areas of risks. Each key risk function is established as independent unit under the Group Risk Management and has functional heads leading them. These includes credit, market, liquidity, operational, fraud, Shari'ah, reputational, data management, information security, ESG (Environment, Social Governance), model risk and digital risk.

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

The risk function also oversees Group's international branches and subsidiaries.

Board Audit Committee (BAC) provides assistance to the Board to fulfil its duties to ensure and oversee the Group's financial statements, independence and performance of the Group's external and internal auditors, adherence with legal and regulatory requirements and internal policies and internal control over financial reporting. BAC also has oversight of the Bank's compliance activities (financial crime prevention, anti-money laundering, know your customer requirements, etc.) and CBUAE standards and regulations that affect the operations of the Bank.

The Internal Audit division (IAD) aims to apply a systematic and disciplined approach to evaluating and improving the effectiveness of the Group's risk management, control, and governance processes. The IAD reports directly to BAC. The IAD consists of a team of auditors, whose tasks are, among other things, to evaluate the quality of the Group's lending portfolio, controls in operational processes and the integrity of the Group's information systems and databases. The IAD auditors, alongside the compliance department, also ensure that transactions undertaken by the Group are conducted in compliance with applicable legal and regulatory requirements and in accordance with the Group's internal procedures, thereby minimising the risk of fraudulent, improper, or illegal practices.

Three lines of defence model

ADCB has an activity-based three lines of defence model. The lines of defence structure are put in place to ensure a clear segregation between risk ownership (First line of defence), risk oversight and stewardship (Second line of defence) and independent assurance (Third line of defence) to support the effective identification, assessment, management and reporting of risks.

Risk appetite

The Group's risk appetite framework is based on a comprehensive perspective of its business model, organisational capabilities and skills and financial strength. By taking this holistic perspective, The Group ensures that the defined risk appetite measures are well grounded in the Group capabilities and realistically achievable. It not only broadens the perspective on potential risks, but also mitigating actions and ambitions to improve its risk management capabilities. The risk appetite is formally articulated through the RAS (risk appetite statement) which is approved by the Board. The Group's risk appetite statement has the following key call-outs:

- Covers 18 areas of risk articulated via qualitative and quantitative metrics.
- Framework covers ADCB Group and each subsidiary / international branch develops its RAS within the Group's framework. The RAS is reviewed on an annual basis.
- A separate reporting for Islamic window.
- Regular update to the Board Risk Committee via a dashboard to monitor all metrics.

Risk identification, assessment and mitigation

The Group identify and assess various types of risk and the risk management policies are designed to measure, monitor and control these risks. The Group also conducts regular stress tests to understand potential vulnerabilities and inform capital and liquidity decisions and also regularly scans the threat landscape and introduces new policies and functions to complement its suite of policies. In 2024, the Group introduced and/or strengthened several key polices and controls with respect to subsidiary oversight, climate risk stress tests, investment lending policies and digital risk.

Culture and training

Regular training and development is recognized as an essential element in the successful execution of the Bank's risk strategy and ERM framework. Comprehensive ongoing training as well as specific learning and development opportunities are provided to employees including the following:

- Foundational basic awareness: Introductory training at all levels, including risk content within the Bank's induction programme for all new joiners, and mandatory eLearning for all existing employees.
- Role specific tailored content: Role specific training across all departments with deep dives on specific topics such as climate change.
- Advanced specialist certificates: Carefully selected specialized international certificates to support colleagues with deeper understanding of specific topics such as Islamic banking, sustainable finance and ESG.

Communication relating to risk management, policies, procedures are coordinated to ensure messages are delivered effectively to relevant recipients. Broad range of communication methods including circulars, memos, emails, town halls, etc. are used based on the urgency.

43. Credit risk management

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

The GCRO together with Group Chief Credit Officer are responsible for managing the Group's credit risk by:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, IFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Group.
- Formulating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location, etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.
- Managing the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

The Group wide credit policies and standards are approved by BRC. These govern all delegated lending authorities and include policies, standards, metrics, strategies and procedures specific to each of the different business segments and are decided based on the macro economic conditions, the risk appetite of the Group, market data and internal skill sets and capabilities. They are regularly reviewed and modified to ensure they stay current, relevant and protect the Group's interest in changing operating conditions. In addition to Group wide policies, there are underwriting standards set for each portfolio segment. The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

The BRC that has been delegated by the Board for the implementation of adequate policies, procedures, processes, systems and controls for assessing the Group's overall credit and concentration risk including expected credit losses are maintained in line with or above regulatory requirements has reviewed and approved the impact of new credit risk management standards.

Risk ratings

Internal credit risk ratings

In order to measure credit risk, Group Risk Management has developed credit risk rating to categorise exposures according to their degree of risk of default. The Group's credit risk rating framework comprises of 10 categories and 21 risk grades. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The Group uses various qualitative and quantitative factors such as borrower financial strength, industry risk factors, management quality, operational efficiency, company standing, liquidity, capital structure, peer group analysis, etc. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. The Group uses several internal rating models to effecttively rate customers based on the customer segment. These rating models have been developed internally or externally purchased models have been modified by model development teams and validated on a regular basis in line with ADCB's model risk management policy. The rating models have been calibrated based on ADCB's default rate history. The Group also has an LGD rating scale and assigns LGD rating to each of its corporate customers.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Group's exposures:

- Financial ratios – absolute values, peer analyis;
- Industry risk;
- Qualitative factors such as management strength, concentrations, etc.;
- Payment record, including payment ratios and ageing analysis;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behaviour, affordability metrics, etc.; and
- For corporate exposures: information obtained by periodic review of customer files including review of audited financial statements and market data.

The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides an indicative mapping of the Group's internal credit risk grades to external ratings.

Rating category	Moody's	S&P	Fitch	Description
1	Aaa	AAA	AAA	Investment grade
2	Aa1 - Aa3	AA+ - AA-	AA+ - AA-	Investment grade
3	A1 - A3	A+ - A-	A+ - A-	Investment grade
4	Baa1 - Baa3	BBB+ - BBB-	BBB+ - BBB-	Investment grade
5	Ba1 - Ba3	BB+ - BB-	BB+ - BB-	Non-investment grade
6	B1 - B3	B+ - B-	B+ - B-	Non-investment grade
7	Caa1 - Caa3	CCC - CCC-	CCC - C	Watch list
8-10	Default	Default	Default	Default

Some of these grades are further sub-classified with a plus or a minus sign. Lower grades are indicative of a lower likelihood of default. Credit grades 1-7 are assigned to performing customers or accounts while credit grades 8 – 10 are assigned to stage 3 or defaulting customers.

Credit ratings are used by the Group to decide the maximum lending amount per customer group and also to set minimum pricing thresholds. The Bank also uses these internal ratings as an input to the IFRS 9 ECL model and these ratings are also used to determine the staging of the customer.

Retail customers or individual borrowers are not assigned a credit rating under this structure. However, retail banking division uses behaviour scoring for its customers.

The internal credit grade system is not intended to replicate external credit grades but factors used to grade a borrower may be similar, a borrower rated poorly by an external rating agency is typically assigned a higher internal credit grade. The basis for determining ECL is as follows:

IFRS 9 Staging	Basis for determining ECL
Stage 1	12 months ECL
Stage 2	Lifetime ECL
Stage 3 including POCI	Lifetime ECL and credit impairment based on discounted cash flow model

The quality of credit risk exposure is disclosed in note 43.2.

External credit risk ratings

The table below presents the external credit ratings of the Group's deposits and balances due from banks, gross, debt securities, gross based on S&P's rating scale. Debt issuer level ratings are used in case ratings are not available at issuance level. Wherever S&P's ratings are not available, comparable Fitch or Moody's equivalent ratings scale is used. Internal ratings are used for structured funding arrangements that are part of the financial assets at fair value through profit and loss (FVTPL).

	As at December 31, 2024				As at December 31, 2023			
Ratings	Deposits and balances due from banks, gross AED'000	Debt securities at FVTPL AED'000	Debt securities at amortised cost, gross AED'000	Debt securities designated at FVTOCI AED'000	Deposits and balances due from banks, gross AED'000	Debt securities at FVTPL AED'000	Debt securities at amortised cost, gross AED'000	Debt securities designated at FVTOCI AED'000
AAA to AA-	**4,412,032**	**1,276,010**	**45,485,703**	**28,758,974**	2,861,715	1,391,038	43,172,896	18,226,348
A+ to A-	**23,534,028**	**-**	**34,440,272**	**11,967,959**	14,751,687	-	32,020,296	11,469,732
BBB+ to BBB-	**5,129,233**	**35,493**	**10,420,011**	**5,564,016**	5,992,954	-	10,078,258	5,489,186
BB+ to B-	**16,256,132**	**1,582,430**	**1,210,905**	**3,572,265**	12,981,919	781,866	1,311,974	5,105,071
CCC+ to C-	**73,461**	**-**	**-**	**-**	91,825	-	-	-
UAE Sovereigns	**-**	**-**	**280,536**	**149,012**	-	-	287,070	236,625
Unrated	**914,891**	**-**	**179,987**	**59,687**	1,070,271	-	-	-
	50,319,777	**2,893,933**	**92,017,414**	**50,071,913**	37,750,371	2,172,904	86,870,494	40,526,962

Internal ratings of UAE Sovereigns debt securities with comparable external ratings are as follows:

	Internal rating	External rating	2024 AED'000	2023 AED'000
UAE Sovereigns	Grade 2 to 3	AA to A-	**429,548**	523,695
Unrated	Grade 3- to 4	A-	**172,631**	-
	Grade 5 to 6	BB+ to BB	**67,043**	-
			669,222	523,695

Structured funding arrangements amounting to AED 9,892,598 thousand (December 31, 2023 – AED 7,890,116 thousand) carried at fair value through profit or loss are internally rated as grade 6.

Significant increase in credit risk (SICR)

As explained in note 3.8(h), the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group uses different criteria to determine whether credit risk has increased significantly. The criteria used are qualitative as well as quantitative such as significant increase in point-in-time (PIT) PD since origination, 30 days past due (DPD) and restructured in the last 12 months.

The SICR indicators per type of asset and the rating deterioration that are determined to be significant are summarised below.

SICR – from stage 1 to stage 2 for non-retail loans and advances, debt instruments and money market instruments

Criteria to determine whether credit risk has increased significantly are as follows:

- Annualized lifetime PD is 3 times or more than the PD at origination
- Customer level DPD more than 30 days past due (DPD)
- All other criteria as per CBUAE such as 3 or more deferrals in the last 24-month period

SICR – from stage 1 to stage 2 for retail loans and advances and credit cards

Criteria to determine whether credit risk has increased significantly are as follows:

- greater than 30 DPD;
- at least three times 30 DPD or more in the last 12 months;
- at least two times 60 DPD or more in the last 12 months.

In addition to above rating deterioration criteria, the Group also considers other qualitative SICR indicators as required in IFRS 9 and CBUAE regulations.

For retail loans and advances and credit cards, SICR is assessed at a portfolio level through metrics such as:

- the extent of salary credits into personal loan customer accounts (currently a portfolio threshold of 85% or lower will trigger a SICR review); and
- Al Etihad Credit Bureau (AECB) alerts pertaining to occurrence of delinquency with other banks, but regular with ADCB, (currently a portfolio threshold of 2% or higher will trigger a SICR review).

Default - Stage 3

The Group employs customer level staging for non-retail customers. All non-retail customers that have faciliities that are 90 DPD or that have assessed as unlikely to pay are classified as stage 3. The unlikeliness to pay assesement is undertaken using a mix of qualitative and quantitative criteria.

Loan commitments are assessed along with the category of loan the Group is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans while commitments to provide a corporate loan are assessed using similar criteria to corporate loans.

In addition, the Group also follows a probation period for backward transition of staging -

An account has to be in stage 2 for a minimum of 12 months (cure period) for it to move to stage 1 and an account in stage 3 has to move to stage 2 before moving to stage 1. The probation period can extend to 24 months depending on the repayment frequency of the facility.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit risk are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Group performs periodic back-testing on the models used to ensure that the models are still performing and predict well the default and loss rates for the Bank and take action in a timely manner in case of non-performance.

Incorporation of forward-looking information

The Group uses forward-looking macro-economic variables in its measurement of ECL. The Group Chief Economist provides the macro-economic forecasts and scenarios which are also supplemented by external feed of other variables by Moody's.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and has macro-economic models that forecast relationships between macro-economic variables and credit losses.

During the year, the Group changed its macro-economic variables forecast in line with the prevailing market conditions. The Group has multiple macroeconomic models to cater the portfolio size and ensure homogeneity within the segments.

The table below summarises the principal macro-economic indicators included in the economic scenarios used as at December 31, 2024 for the years 2025 to 2027, for UAE which is the country where the Group primarily operates and therefore is the country that has a material impact on ECLs. The base case economic scenario is having a weightage of 60% while the other two scenarios have a weightage of 20% each.

List of macro-economic variables used	Definition	Scenario	2025	2026	2027
Oil price, Brent USD	Price per barrel	Base	73.5	70	69.9
		Upside	77.9	71.1	71
		Downside	58.6	66.1	68.1
Real GDP growth	% change	Base	3.1	4	4.1
		Upside	4.9	4	4.1
		Downside	-2.2	4.7	5.9
Real non-oil GDP growth	% change	Base	4.2	3.8	3.6
		Upside	5	5.0	4.8
		Downside	2.8	2.5	2.3
Consumer inflation	% annual average	Base	1.7	1.6	1.7
		Upside	1.8	1.7	1.7
		Downside	1.1	1.5	1.8
Dubai real estate sale prices	% change	Base	7	5	2
		Upside	15.2	10	7
		Downside	0	0	-1

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on analysing historical data of more than five years.

Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated based on customer risk profile, adjusted to take into account the future economic conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is either based on Basel LGD for low default portfolio or on internal ADCB experience in term of workout process and recovery data. The internal models take into consideration all the collected amounts, the time to recovery, the discount rate, the exposure at default and all direct and indirect costs. The seniority of the facility and the type of collateral are important criteria and are considered in the LGD calculation. For ECL calculation, the LGD are converted to point-in time to reflect the economic forecast in each scenario.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Group becomes aware of an increase in credit risk at the facility level.

The ECL calculation for accounting purposes is different to the provision calculation for regulatory purposes, although many inputs used are similar. The Group has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes.

43.1 Maximum exposure to credit risk

The gross exposure to credit risk for on balance sheet items is their carrying value. For financial guarantees recorded off balance sheet, the gross exposure to credit risk is the maximum amount that the Group would have to pay if the guarantees were to be called upon. For loans and other credit related commitments that are irrevocable over the life of the respective facilities, the gross exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure to credit risk for amortised cost financial instruments, derivative financial instruments, investment securities (bonds), financial instruments at fair value through profit or loss and off-balance sheet financial instruments as at December 31, 2024 and 2023, after allowance for impairment and netting where appropriate and after taking into account any collateral held or other credit risk mitigants (CRMs).

	On-balance sheet AED'000	Off-balance sheet AED'000	Gross credit risk exposure AED'000	Gross CRMs AED'000	Maximum credit risk exposure AED'000
As at December 31, 2024					
Cash and balances with central banks, net	**46,222,548**	**-**	**43,884,477**	**-**	**43,884,477**
Deposits and balances due from banks, net	**50,214,028**	**-**	**50,214,028**	**310,046**	**49,903,982**
Financial assets at fair value through profit or loss	**12,869,631**	**-**	**12,786,531**	**9,892,598**	**2,893,933**
Derivative financial instruments	**18,973,188**	**-**	**18,973,188**	**17,007,103**	**1,966,085**
Investment securities, net	**142,989,163**	**-**	**142,067,867**	**-**	**142,067,867**
Loans and advances to customers, net(*)	**350,638,304**	**127,882,787**	**478,521,091**	**171,638,283**	**306,882,808**
Other assets, net	**20,004,509**	**-**	**19,834,017**	**4,674,165**	**15,159,852**
Total	**641,911,371**	**127,882,787**	**766,281,199**	**203,522,195**	**562,759,004**
As at December 31, 2023					
Cash and balances with central banks, net	45,375,462	-	43,116,285	-	43,116,285
Deposits and balances due from banks, net	37,624,694	-	37,624,694	-	37,624,694
Financial assets at fair value through profit or loss	10,063,020		10,063,020	7,890,116	2,172,904
Derivative financial instruments	13,859,086	-	13,859,086	11,826,434	2,032,652
Investment securities, net	128,268,397	-	127,373,991	-	127,373,991
Loans and advances to customers, net(*)	301,994,599	125,027,366	427,021,965	142,846,531	284,175,434
Other assets, net	18,960,358	-	18,805,714	7,578,122	11,227,592
Total	556,145,616	125,027,366	677,864,755	170,141,203	507,723,552

(*) includes loans and advances to customers mandatorily measured at FVTPL (Note 11)

43.2 Gross exposure

An analysis of the Group's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
As at December 31, 2024					
Balances with central banks (Note 6)	**43,885,665**	**-**	**-**	**-**	**43,885,665**
Deposits and balances due from banks (Note 7)	**50,311,501**	**8,276**	**-**	**-**	**50,319,777**
Investment securities at amortised cost (Note 10)	**92,017,414**	**-**	**-**	**-**	**92,017,414**
Investment securities designated at FVTOCI (Note 10)	**50,071,913**	**-**	**-**	**-**	**50,071,913**
Loans and advances to customers (Note 11)(*)	**329,941,170**	**17,696,484**	**8,694,549**	**942,183**	**357,274,386**
Other assets (Note 14)	**19,489,173**	**352,738**	**9,265**	**3,738**	**19,854,914**
Letters of credit, guarantees and other commitments (Note 38)	**113,000,328**	**11,370,689**	**3,385,282**	**126,488**	**127,882,787**
Total gross exposure	**698,717,164**	**29,428,187**	**12,089,096**	**1,072,409**	**741,306,856**
As at December 31, 2023					
Balances with central banks (Note 6)	43,116,554	-	-	-	43,116,554
Deposits and balances due from banks (Note 7)	37,474,192	276,179	-	-	37,750,371
Investment securities at amortised cost (Note 10)	86,870,494	-	-	-	86,870,494
Investment securities designated at FVTOCI (Note 10)	40,526,962	-	-	-	40,526,962
Loans and advances to customers (Note 11)(*)	280,397,613	17,966,876	9,486,051	1,582,963	309,433,503
Other assets (Note 14)	18,410,072	399,633	9,410	4,319	18,823,434
Letters of credit, guarantees and other commitments (Note 38)	113,615,353	11,217,210	-	194,803	125,027,366
Total gross exposure	620,411,240	29,859,898	9,495,461	1,782,085	661,548,684

(*) excludes loans and advances to customers mandatorily measured at FVTPL

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

The table below summarises gross exposure as at year end per class of exposure/asset, internal rating and stage:

As at December 31, 2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Financial instruments carried at amortised cost					
Grades 1 - 4	**330,673,272**	**681,493**	**-**	**-**	**331,354,765**
Grades 5 - 6	**123,017,140**	**9,717,258**	**31,817**	**-**	**132,766,215**
Grade 7	**6,021,389**	**5,688,440**	**59,230**	**-**	**11,769,059**
Grades 8 - 10	**-**	**-**	**7,965,163**	**889,207**	**8,854,370**
Unrated	**75,933,122**	**1,970,307**	**647,604**	**56,714**	**78,607,747**
Gross financial instruments carried at amortised cost	**535,644,923**	**18,057,498**	**8,703,814**	**945,921**	**563,352,156**
Debt instruments designated at FVTOCI					
Grades 1 - 4	**45,218,899**	**-**	**-**	**-**	**45,218,899**
Grades 5 - 6	**4,853,014**	**-**	**-**	**-**	**4,853,014**
Gross debt instruments designated at FVTOCI	**50,071,913**	**-**	**-**	**-**	**50,071,913**
Commitments and contingent liabilities					
Grades 1 - 4	**76,643,353**	**755,925**	**-**	**-**	**77,399,278**
Grades 5 - 6	**35,786,838**	**8,292,604**	**79,058**	**-**	**44,158,500**
Grade 7	**169,353**	**2,322,160**	**22,315**	**-**	**2,513,828**
Grades 8 - 10	**-**	**-**	**3,283,909**	**126,488**	**3,410,397**
Unrated	**400,784**	**-**	**-**	**-**	**400,784**
Total commitments and contingent liabilities	**113,000,328**	**11,370,689**	**3,385,282**	**126,488**	**127,882,787**

Unrated exposure in financial instruments carried at amortised cost comprising mainly of retail loans and credit card exposures can be further classified as below:

As at December 31, 2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Performing (Grades 1 - 6)	**75,933,122**	**771,738**	**-**	**-**	**76,704,860**
Watch list (Grade 7)	**-**	**1,198,569**	**-**	**-**	**1,198,569**
Non-performing (Grades 8 - 10)	**-**	**-**	**647,604**	**56,714**	**704,318**
Total	**75,933,122**	**1,970,307**	**647,604**	**56,714**	**78,607,747**

As at December 31, 2023	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Financial instruments carried at amortised cost					
Grades 1 - 4	290,841,392	648,733	-	-	291,490,125
Grades 5 - 6	110,816,970	7,845,532	1,991	-	118,664,493
Grade 7	3,381,009	8,819,199	-	-	12,200,208
Grades 8 - 10	-	-	8,790,448	1,523,497	10,313,945
Unrated	61,229,554	1,329,224	703,022	63,785	63,325,585
Gross financial instruments carried at amortised cost	466,268,925	18,642,688	9,495,461	1,587,282	495,994,356
Debt instruments designated at FVTOCI					
Grades 1 - 4	33,741,800	-	-	-	33,741,800
Grades 5 - 6	6,785,162	-	-	-	6,785,162
Gross debt instruments designated at FVTOCI	40,526,962	-	-	-	40,526,962
Commitments and contingent liabilities					
Grades 1 - 4	73,226,290	563,373	-	-	73,789,663
Grades 5 - 6	39,085,922	5,107,682	-	-	44,193,604
Grade 7	976,295	5,546,155	-	-	6,522,450
Grades 8 - 10	-	-	-	194,803	194,803
Unrated	326,846	-	-	-	326,846
Total commitments and contingent liabilities	113,615,353	11,217,210	-	194,803	125,027,366

Unrated exposure in financial instruments carried at amortised cost comprising mainly of retail loans and credit card exposures can be further classified as below:

As at December 31, 2023	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Performing (Grades 1 - 6)	61,229,554	882,517	-	-	62,112,071
Watch list (Grade 7)	-	446,707	-	-	446,707
Non-performing (Grades 8 - 10)	-	-	703,022	63,785	766,807
Total	61,229,554	1,329,224	703,022	63,785	63,325,585

The movement of gross exposure is as follows:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Financial instruments carried at amortised cost					
Balance as at January 1, 2024	466,268,925	18,642,688	9,495,461	1,587,282	495,994,356
- Transfer from stage 1 to stage 2	(5,739,330)	5,739,330	-	-	-
- Transfer from stage 1 to stage 3	(496,202)	-	496,202	-	-
- Transfer from stage 2 to stage 1	1,531,105	(1,531,105)	-	-	-
- Transfer from stage 2 to stage 3	-	(3,634,122)	3,634,122	-	-
- Transfer from stage 3 to stage 2	-	71,031	(71,031)	-	-
Other movements within the same stage	(8,586,609)	(20,009)	(424,803)	(352,647)	(9,384,068)
New financial assets originated/purchased	219,593,994	2,713,234	237,837	-	222,545,065
Financial assets derecognised	(133,768,175)	(3,577,746)	(570,452)	(165,440)	(138,081,813)
Adjustments to gross carrying value due to changes in estimated cash flows	-	-	-	193,465	193,465
Net amounts written-off	-	-	(3,979,810)	(316,739)	(4,296,549)
Impact of currency translation	(3,158,785)	(345,803)	(113,712)	-	(3,618,300)
Balance as at December 31, 2024	535,644,923	18,057,498	8,703,814	945,921	563,352,156
Debt instruments designated at FVTOCI					
Balance as at January 1, 2024	40,526,962	-	-	-	40,526,962
Other movements within the same stage	179,222	-	-	-	179,222
New financial assets purchased	26,928,099	-	-	-	26,928,099
Financial assets derecognised	(16,079,365)	-	-	-	(16,079,365)
Impact of currency translation	(1,483,005)	-	-	-	(1,483,005)
Balance as at December 31, 2024	50,071,913	-	-	-	50,071,913
Commitments and contingent liabilities					
Balance as at January 1, 2024	113,615,353	11,217,210	-	194,803	125,027,366
- Transfer from stage 1 to stage 2	(4,188,548)	4,188,548	-	-	-
- Transfer from stage 1 to stage 3	(114,065)	-	114,065	-	-
- Transfer from stage 2 to stage 1	372,419	(372,419)	-	-	-
- Transfer from stage 2 to stage 3	-	(3,339,491)	3,339,491	-	-
Other movements within the same stage	(6,435,424)	(389,050)	(71,970)	(34)	(6,896,478)
New financial assets originated/purchased	53,962,881	2,137,700	5,028	-	56,105,609
Financial assets derecognised	(43,415,215)	(1,961,376)	-	(68,281)	(45,444,872)
Impact of currency translation	(797,073)	(110,433)	(1,332)	-	(908,838)
Balance as at December 31, 2024	113,000,328	11,370,689	3,385,282	126,488	127,882,787

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Financial instruments carried at amortised cost					
Balance as at January 1, 2023	385,334,561	17,148,798	12,501,851	2,433,132	417,418,342
- Transfer from stage 1 to stage 2	(4,938,681)	4,938,681	-	-	-
- Transfer from stage 1 to stage 3	(469,868)	-	469,868	-	-
- Transfer from stage 2 to stage 1	1,470,434	(1,470,434)	-	-	-
- Transfer from stage 2 to stage 3	-	(3,425,274)	3,425,274	-	-
- Transfer from stage 3 to stage 2	-	500,324	(500,324)	-	-
Other movements within the same stage	(956,230)	63,392	(1,388,255)	(702,994)	(2,984,087)
New financial assets originated/purchased	218,107,220	2,253,999	365,862	-	220,727,081
Financial assets derecognised	(130,803,411)	(1,275,241)	(431,912)	(175,817)	(132,686,381)
Adjustments to gross carrying value due to changes in estimated cash flows	-	-	-	95,198	95,198
Net amounts written-off	-	-	(4,895,478)	(62,237)	(4,957,715)
Impact of currency translation	(1,475,100)	(91,557)	(51,425)	-	(1,618,082)
Balance as at December 31, 2023	466,268,925	18,642,688	9,495,461	1,587,282	495,994,356
Debt instruments designated at FVTOCI					
Balance as at January 1, 2023	54,856,972	10,539	-	-	54,867,511
Other movements within the same stage	944,561	-	-	-	944,561
New financial assets purchased	5,207,875	-	-	-	5,207,875
Financial assets derecognised	(19,569,080)	(10,539)	-	-	(19,579,619)
Impact of currency translation	(913,366)	-	-	-	(913,366)
Balance as at December 31, 2023	40,526,962	-	-	-	40,526,962
Commitments and contingent liabilities					
Balance as at January 1, 2023	87,830,847	6,301,431	-	223,405	94,355,683
- Transfer from stage 1 to stage 2	(4,752,207)	4,752,207	-	-	-
- Transfer from stage 2 to stage 1	190,342	(190,342)	-	-	-
Other movements within the same stage	(693,579)	(314,072)	-	(1,091)	(1,008,742)
New financial assets originated/purchased	68,143,756	1,539,893	-	-	69,683,649
Financial assets derecognised	(36,727,055)	(868,840)	-	(27,511)	(37,623,406)
Impact of currency translation	(376,751)	(3,067)	-	-	(379,818)
Balance as at December 31, 2023	113,615,353	11,217,210	-	194,803	125,027,366

43.3 Expected credit losses

Impairment allowance as at December 31, 2024, is as follows:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
As at December 31, 2024					
Balances with central banks (Note 6)	**1,188**	**-**	**-**	**-**	**1,188**
Deposits and balances due from banks (Note 7)	**105,462**	**287**	**-**	**-**	**105,749**
Investment securities at amortised cost (Note 10)	**21,460**	**-**	**-**	**-**	**21,460**
Investment securities designated at FVTOCI (Note 10)(*)	**52,463**	**-**	**-**	**-**	**52,463**
Loans and advances to customers (Note 11)	**1,392,018**	**3,241,819**	**4,980,973**	**219,339**	**9,834,149**
Other assets (Note 14)	**11,374**	**1,178**	**8,345**	**-**	**20,897**
Letters of credit, guarantees and other commitments (Note 21)	**46,455**	**82,516**	**389,006**	**55,943**	**573,920**
Total allowance for impairment	**1,630,420**	**3,325,800**	**5,378,324**	**275,282**	**10,609,826**
As at December 31, 2023					
Balances with central banks (Note 6)	269	-	-	-	269
Deposits and balances due from banks (Note 7)	121,970	3,707	-	-	125,677
Investment securities at amortised cost (Note 10)	23,465	-	-	-	23,465
Investment securities designated at FVTOCI (Note 10)(*)	53,981	-	-	-	53,981
Loans and advances to customers (Note 11)	1,908,231	3,486,925	4,784,708	508,978	10,688,842
Other assets (Note 14)	8,257	1,027	8,436	-	17,720
Letters of credit, guarantees and other commitments (Note 21)	126,008	322,344	-	75,684	524,036
Total allowance for impairment	2,242,181	3,814,003	4,793,144	584,662	11,433,990

(*) recognised under "Revaluation reserve of investments designated at FVTOCI".

The table below summarises impairment allowance as at year end per class of exposure/asset, internal rating and stage:

As at December 31, 2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Financial instruments carried at amortised cost					
Grades 1 - 4	48,411	599	-	-	49,010
Grades 5 - 6	669,614	225,767	18,197	-	913,578
Grade 7	130,787	2,824,538	11,810	-	2,967,135
Grades 8 - 10	-	-	4,455,515	211,829	4,667,344
Unrated(*)	682,690	192,380	503,796	7,510	1,386,376
Allowance for impairment	1,531,502	3,243,284	4,989,318	219,339	9,983,443
Debt instruments designated at FVTOCI					
Grades 1 - 4	3,627	-	-	-	3,627
Grades 5 - 6	48,836	-	-	-	48,836
Allowance for impairment	52,463	-	-	-	52,463
Commitments and contingent liabilities					
Grades 1 - 4	12,756	308	-	-	13,064
Grades 5 - 6	33,103	37,656	11,716	-	82,475
Grade 7	559	44,552	2,363	-	47,474
Grades 8 - 10	-	-	374,927	55,943	430,870
Unrated	37	-	-	-	37
Allowance for impairment	46,455	82,516	389,006	55,943	573,920

(*) Stage 2 expected credit losses include AED 118,472 thousand towards performing exposure

As at December 31, 2023	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Financial instruments carried at amortised cost					
Grades 1 - 4	65,283	1,593	-	-	66,876
Grades 5 - 6	1,232,259	397,247	4	-	1,629,510
Grade 7	152,932	2,884,426	-	-	3,037,358
Grades 8 - 10	-	-	4,289,343	502,191	4,791,534
Unrated(*)	611,718	208,393	503,797	6,787	1,330,695
Allowance for impairment	2,062,192	3,491,659	4,793,144	508,978	10,855,973
Debt instruments designated at FVTOCI					
Grades 1 - 4	4,818	-	-	-	4,818
Grades 5 - 6	49,163	-	-	-	49,163
Allowance for impairment	53,981	-	-	-	53,981
Commitments and contingent liabilities					
Grades 1 - 4	16,403	1,237	-	-	17,640
Grades 5 - 6	100,994	13,779	-	-	114,773
Grade 7	8,582	307,328	-	-	315,910
Grades 8 - 10	-	-	-	75,684	75,684
Unrated	29	-	-	-	29
Allowance for impairment	126,008	322,344	-	75,684	524,036

(*) Stage 2 expected credit losses include AED 123,829 thousand towards performing exposure

The movement in impairment allowances is as follows:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Financial instruments carried at amortised cost					
Balance as at January 1, 2024	2,062,192	3,491,659	4,793,144	508,978	10,855,973
- Transfer from stage 1 to stage 2	(23,618)	23,618	-	-	-
- Transfer from stage 1 to stage 3	(10,861)	-	10,861	-	-
- Transfer from stage 2 to stage 1	63,992	(63,992)	-	-	-
- Transfer from stage 2 to stage 3	-	(604,266)	604,266	-	-
- Transfer from stage 3 to stage 2	-	28,195	(28,195)	-	-
Other movements within the same stage	(730,052)	350,705	3,647,899	(146,791)	3,121,761
New financial assets originated/purchased	491,876	122,105	134,716	-	748,697
Financial assets derecognised	(298,159)	(73,328)	(131,019)	(19,425)	(521,931)
Changes to methodologies, assumptions, and risk parameters(*)	(15,645)	(16,592)	673	(149)	(31,713)
Gross (release)/charge for the year	(522,467)	(233,555)	4,239,201	(166,365)	3,316,814
Recoveries	-	-	(492,565)	-	(492,565)
Net (release)/charge for the year	(522,467)	(233,555)	3,746,636	(166,365)	2,824,249
Adjustments to gross carrying value	-	-	-	193,465	193,465
Net amounts written-off	-	-	(3,487,245)	(316,739)	(3,803,984)
Impact of currency translation	(8,223)	(14,820)	(63,217)	-	(86,260)
Balance as at December 31, 2024	1,531,502	3,243,284	4,989,318	219,339	9,983,443
Debt instruments designated at FVTOCI					
Balance as at January 1, 2024	53,981	-	-	-	53,981
Other movements within the same stage	737	-	-	-	737
New financial assets originated/purchased	14,637	-	-	-	14,637
Financial assets derecognized	(17,604)	-	-	-	(17,604)
Changes to methodologies, assumptions, and risk parameters(*)	(539)	-	-	-	(539)
Gross release for the year	(2,769)	-	-	-	(2,769)
Recoveries	-	-	(278)	-	(278)
Net release for the year	(2,769)	-	(278)	-	(3,047)
Net amounts written-off	-	-	278	-	278
Impact of currency translation	1,251	-	-	-	1,251
Balance as at December 31, 2024	52,463	-	-	-	52,463
Commitments and contingent liabilities					
Balance as at January 1, 2024	126,008	322,344	-	75,684	524,036
- Transfer from stage 1 to stage 2	(6,086)	6,086	-	-	-
- Transfer from stage 1 to stage 3	(34,570)	-	34,570	-	-
- Transfer from stage 2 to stage 1	990	(990)	-	-	-
- Transfer from stage 2 to stage 3	-	(230,996)	230,996	-	-
Other movements within the same stage	1,200	24,881	123,139	7	149,227
New financial assets originated/purchased	17,842	3,131	2	-	20,975
Financial assets derecognised	(46,559)	(36,147)	-	(19,734)	(102,440)
Changes to methodologies, assumptions, and risk parameters(*)	(10,048)	(4,849)	-	(14)	(14,911)
Net (release)/ charge for the year	(77,231)	(238,884)	388,707	(19,741)	52,851
Impact of currency translation	(2,322)	(944)	299	-	(2,967)
Balance as at December 31, 2024	46,455	82,516	389,006	55,943	573,920

(*) included in 'Recoveries/modifications during the year' (Note 33)

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Financial instruments carried at amortised cost					
Balance as at January 1, 2023	1,442,438	3,448,112	6,602,092	436,916	11,929,558
- Transfer from stage 1 to stage 2	(44,712)	44,712	-	-	-
- Transfer from stage 1 to stage 3	(13,085)	-	13,085	-	-
- Transfer from stage 2 to stage 1	119,126	(119,126)	-	-	-
- Transfer from stage 2 to stage 3	-	(607,317)	607,317	-	-
- Transfer from stage 3 to stage 2	-	80,353	(80,353)	-	-
Other movements within the same stage	372,049	539,665	2,611,077	41,144	3,563,935
New financial assets originated/purchased	455,860	97,435	227,775	-	781,070
Financial assets derecognised	(283,375)	(52,564)	(265,830)	(2,190)	(603,959)
Changes to methodologies, assumptions, and risk parameters(*)	16,708	65,231	2,314	147	84,400
Gross charge for the year	622,571	48,389	3,115,385	39,101	3,825,446
Recoveries	-	-	(431,969)	-	(431,969)
Net charge for the year	622,571	48,389	2,683,416	39,101	3,393,477
Adjustments to gross carrying value	-	-	-	95,198	95,198
Net amounts written-off	-	-	(4,463,509)	(62,237)	(4,525,746)
Impact of currency translation	(2,817)	(4,842)	(28,855)	-	(36,514)
Balance as at December 31, 2023	2,062,192	3,491,659	4,793,144	508,978	10,855,973

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Debt instruments designated at FVTOCI					
Balance as at January 1, 2023	69,581	35	-	-	69,616
Other movements within the same stage	2,316	-	-	-	2,316
New financial assets originated/purchased	19,331	-	-	-	19,331
Financial assets derecognized	(46,297)	(35)	-	-	(46,332)
Changes to methodologies, assumptions, and risk parameters(*)	8,282	-	-	-	8,282
Gross release for the year	(16,368)	(35)	-	-	(16,403)
Recoveries	-	-	(775)	-	(775)
Net release for the year	(16,368)	(35)	(775)	-	(17,178)
Net amounts written-off	-	-	775	-	775
Impact of currency translation	768	-	-	-	768
Balance as at December 31, 2023	53,981	-	-	-	53,981

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Commitments and contingent liabilities					
Balance as at January 1, 2023	83,055	261,985	-	78,902	423,942
- Transfer from stage 1 to stage 2	(5,695)	5,695	-	-	-
- Transfer from stage 2 to stage 1	589	(589)	-	-	-
Other movements within the same stage	(7,247)	102,265	-	(359)	94,659
New financial assets originated/purchased	44,679	4,287	-	-	48,966
Financial assets derecognised	(10,463)	(53,587)	-	(2,867)	(66,917)
Changes to methodologies, assumptions, and risk parameters(*)	21,443	2,660	-	8	24,111
Net charge/(release) for the year	43,306	60,731	-	(3,218)	100,819
Impact of currency translation	(353)	(372)	-	-	(725)
Balance as at December 31, 2023	126,008	322,344	-	75,684	524,036

(*) included in 'Recoveries/modifications during the year' (Note 33)

43.4 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties or exposures have comparable economic characteristics or such counterparties are engaged in similar activities or operate in the same geographical areas or economic sectors that would impact their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The analysis of credit risk concentrations presented below are based on the location of the counterparty or customer or country of risk in which they are engaged.

(a) Credit risk concentration by geographical sector

	Domestic (UAE) AED'000	Other GCC countries AED'000	Asia AED'000	Europe AED'000	USA AED'000	Rest of the world AED'000	Total AED'000
As at December 31, 2024							
Balances with central banks, net	**41,717,178**	**-**	**203,683**	**-**	**-**	**1,963,616**	**43,884,477**
Deposits and balances due from banks, net	**3,806,637**	**10,630,531**	**8,680,834**	**13,308,669**	**4,810,898**	**8,976,459**	**50,214,028**
Financial assets at fair value through profit or loss	**1,335,799**	**1,118,629**	**3,500,955**	**35,493**	**-**	**6,795,655**	**12,786,531**
Derivative financial instruments	**1,638,736**	**30,640**	**109,154**	**16,996,607**	**-**	**198,051**	**18,973,188**
Investment securities – bonds, net	**46,557,018**	**28,599,270**	**27,274,998**	**15,391,214**	**13,299,442**	**10,945,925**	**142,067,867**
Loans and advances to customers, net	**275,556,685**	**18,417,489**	**13,723,974**	**15,542,148**	**352,799**	**27,045,209**	**350,638,304**
Other assets, net	**5,870,506**	**717,133**	**6,139,297**	**3,490,693**	**172,054**	**3,444,334**	**19,834,017**
Total	**376,482,559**	**59,513,692**	**59,632,895**	**64,764,824**	**18,635,193**	**59,369,249**	**638,398,412**
Commitment and contingent liabilities	**97,999,427**	**5,662,078**	**8,173,811**	**10,431,690**	**1,271,197**	**4,344,584**	**127,882,787**
As at December 31, 2023							
Balances with central banks, net	40,524,831	-	188,900	-	-	2,402,554	43,116,285
Deposits and balances due from banks, net	1,337,401	7,986,238	9,831,005	9,195,240	3,454,213	5,820,597	37,624,694
Financial assets at fair value through profit or loss	1,419,562	753,343	3,084,836	-	-	4,805,279	10,063,020
Derivative financial instruments	1,273,607	12,106	14,122	12,204,678	52,387	302,186	13,859,086
Investment securities – bonds, net	41,328,971	27,331,009	27,607,774	8,464,776	12,974,192	9,667,269	127,373,991
Loans and advances to customers, net	241,714,772	13,293,038	9,215,054	11,298,498	934,662	25,538,575	301,994,599
Other assets, net	7,773,368	735,227	4,428,493	2,947,832	166,448	2,754,346	18,805,714
Total	335,372,512	50,110,961	54,370,184	44,111,024	17,581,902	51,290,806	552,837,389
Commitment and contingent liabilities	93,566,991	6,785,773	10,233,563	9,444,775	1,642,618	3,353,646	125,027,366

(b) Credit risk concentration by economic/industry sector

The economic activity sector composition of the loans and advances to customers is as follows:

	As at December 31, 2024			As at December 31, 2023		
	Within the UAE AED'000	Outside the UAE AED'000	Total AED'000	Within the UAE AED'000	Outside the UAE AED'000	Total AED'000
Economic activity sector						
Agriculture	**92,707**	**126,521**	**219,228**	168,950	155,880	324,830
Energy	**1,595,617**	**12,526,407**	**14,122,024**	844,387	14,829,569	15,673,956
Trading	**16,577,650**	**12,213,458**	**28,791,108**	11,820,768	11,192,465	23,013,233
Real estate investment	**48,306,404**	**1,677,405**	**49,983,809**	51,965,652	1,891,605	53,857,257
Hospitality	**6,793,997**	**-**	**6,793,997**	8,229,044	444,039	8,673,083
Transport and communication	**1,952,155**	**6,625,052**	**8,577,207**	2,308,976	3,491,711	5,800,687
Personal	**75,525,194**	**1,031,536**	**76,556,730**	63,083,264	1,118,892	64,202,156
Government and public sector entities	**88,159,673**	**10,779,341**	**98,939,014**	73,549,548	5,245,487	78,795,035
Financial institutions(*)	**15,292,424**	**16,493,554**	**31,785,978**	12,783,943	12,478,213	25,262,156
Manufacturing	**4,287,435**	**9,147,993**	**13,435,428**	4,854,119	5,866,006	10,720,125
Services(**)	**8,884,327**	**712,031**	**9,596,358**	8,562,194	385,768	8,947,962
Others	**17,471,623**	**4,199,949**	**21,671,572**	13,811,101	3,601,860	17,412,961
Gross loans and advances to customers	**284,939,206**	**75,533,247**	**360,472,453**	251,981,946	60,701,495	312,683,441
Less: Allowance for impairment (Note 43.3)			**(9,834,149)**			(10,688,842)
Total loans and advances to customers, net			**350,638,304**			301,994,599

(*) includes investment companies
(**) includes loans and advances to customers mandatorily measured at FVTPL

The industry sector composition of other exposures is as follows:

	Commercial and business AED'000	Personal AED'000	Public sector AED'000	Government AED'000	Banks and financial institutions AED'000	Total AED'000
As at December 31, 2024						
Balances with central banks, net	**-**	**-**	**-**	**43,884,477**	**-**	**43,884,477**
Deposits and balances due from banks, net	**-**	**-**	**-**	**-**	**50,214,028**	**50,214,028**
Financial assets at fair value through profit or loss	**95,281**	**-**	**23,419**	**6,548,828**	**6,119,003**	**12,786,531**
Derivative financial instruments	**399,667**	**21,417**	**257,652**	**365,529**	**17,928,923**	**18,973,188**
Investment securities – bonds, net	**6,808,155**	**-**	**26,811,990**	**94,592,757**	**13,854,965**	**142,067,867**
Other assets, net	**10,290,989**	**652,319**	**756,593**	**1,097,131**	**7,036,985**	**19,834,017**
Total	**17,594,092**	**673,736**	**27,849,654**	**146,488,722**	**95,153,904**	**287,760,108**
Contingent liabilities	**71,179,194**	**1,550,937**	**37,039,242**	**1,611,973**	**16,501,441**	**127,882,787**
As at December 31, 2023						
Balances with central banks, net	-	-	-	43,116,285	-	43,116,285
Deposits and balances due from banks, net	-	-	-	-	37,624,694	37,624,694
Financial assets at fair value through profit or loss	28,524	-	519,527	5,327,101	4,187,868	10,063,020
Derivative financial instruments	336,877	61,320	343,261	141,695	12,975,933	13,859,086
Investment securities – bonds, net	6,794,307	-	24,874,399	83,699,591	12,005,694	127,373,991
Other assets, net	11,375,105	428,548	997,844	727,918	5,276,299	18,805,714
Total	18,534,813	489,868	26,735,031	133,012,590	72,070,488	250,842,790
Contingent liabilities	68,602,654	1,725,505	34,478,164	1,351,111	18,869,932	125,027,366

43.5 Credit risk measurement and mitigation policies

Loans and advances to customers is the main source of credit risk although the Group can also be exposed to other forms of credit risk through, for example, loans to banks, loan commitments and debt securities. The Group's risk management policies and processes are designed to identify and analyse risk, to set appropriate risk appetite and to monitor the risks and adherence to limits by means of reliable and timely data. The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparties.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate.

Collateral

The Group holds collateral against various credit risk exposures in the form of mortgage interests over property, other registered securities over assets, fixed deposits and guarantees. Estimates of fair value of the collateral (including shares) are updated on a regular basis. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. The principal collateral types for loans and advances are:

- Cash and marketable securities;
- Mortgages over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities; and
- Guarantees.

The estimated fair value of collateral and other security enhancements held against various credit risk exposures for the year ended December 31, 2024 was AED 311,183,869 thousand (December 31, 2023 – AED 257,019,807 thousand).

Collateral held as security against impaired loans primarily relates to commercial and residential properties and securities. Where the estimated fair value of collateral held exceeds the outstanding loan, any excess on realisation is paid back to the customers and is not available for offset against other loans.

Write-off

Financial assets are written off when a debtor fails to engage in a repayment plan and the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments more than 180 days past due for retail and SME loans. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made susbequently, these are recognised as deduction from impairment charge in the consolidated income statement (Note 33).

Reversal of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated income statement in the period in which it occurs.

Derivatives

The Group maintains strict control limits on net open derivative positions (i.e. the difference between purchase and sale contracts), by both amount and term. At any time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. positive fair value of assets), which in relation to derivatives is a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers together with potential exposures from market movements.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risks arising from the Group's market transactions on any single day.

The following table represents internal credit ratings of derivative financial instruments:

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Internal risk grades		
Grades 1 to 4	**18,142,790**	13,132,428
Grades 5 to 6	**788,528**	717,836
Unrated	**41,870**	8,822
	18,973,188	13,859,086

Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of statement of financial position assets and liabilities, as transactions are usually settled on a gross basis, hence the impact of netting in practice is immaterial.

However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a year, as it is affected by each transaction subject to the arrangement.

Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Group. The Group enters into derivative contracts with financial institutions and corporates which are of satisfactory credit standing as per the Group's independent credit assessment. Credit risk in derivatives is mitigated through limit control and master netting arrangements.

Off-balance sheet

The Group applies the same risk management policies for off-balance sheet risks as it does for its on-balance sheet risks. In the case of commitments to lend, customers and counterparties will be subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

44. Interest rate risk framework, measurement, and monitoring

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the related income. The Group manages this risk principally through monitoring of interest rate gaps, economic value of equity and earnings at risk and by matching the re-pricing profile of assets and liabilities.

Interest rate risk in banking book (IRRBB) refers to the current or prospective risk to the Group's capital and earnings arising from adverse movements in interest rates that affect the Group's banking book positions. Excessive IRRBB can pose significant threat to a Group's capital base and/or earnings if not managed prudently. Changes in interest rates affect the underlying economic value of the Group's banking book assets, liabilities, and off balance sheet instruments by changing the present value of future cash flows. Changes in interest rates also affect Group's earnings by increasing or decreasing its earnings at risk (EaR)/net interest income (NII). The Group manages IRRBB through both economic value and earnings-based measures. In general, the sources of interest rate risk can include gap risk, yield curve risk, basis risk and option risk.

Overall interest rate risk positions are managed by the Group's Treasury division, where the objective of managing IRRBB is to manage the exposure to interest rate risk in the Banking Book within acceptable limits using approved products within the mandates available to the first line functions. Where possible, risks are managed via on balance sheet matching of assets and liabilities and central aggregation of risk. However, Treasury also hedges specific transactions and residual exposures through the use of derivatives.

Financial assets and liabilities exposed to interest rate risk are assets and liabilities with either a fixed or a floating contractual rate of interest. A significant portion of the Group's loans and advances, deposits, and balances due from banks, investment securities, deposits from customers, due to banks, and borrowings fall under this category. Interest rate sensitivity position of floating rate financial instruments is based on either repricing date or maturity date while that of fixed rate financial instruments is based on maturity date.

Derivative financial instruments (other than those designated in a hedge relationship) and trading book assets and liabilities (excluding non-interest bearing) are included in the 'less than 3 months' column at their fair value. Derivative financial instruments designated in a hedge relationship are included according to their contractual next re-pricing date or maturity date if floating rate and maturity date if fixed rate instrument.

Financial assets that are considered as non-rate sensitive mainly comprise of investments in equity and mutual funds, commodity and currency derivatives and cash and balances with central banks excluding overnight and certificate of deposits. Likewise, financial liabilities that are considered as non-rate sensitive mainly comprise of equity, non-interest-bearing liabilities, and non-remunerated, indeterminate maturing deposits.

The off-balance sheet gap represents the net notional amounts of the off-balance sheet financial instruments, such as interest rate and cross currency interest rate swaps which are used to manage interest rate risk.

The Group uses financial simulation tools to periodically measure and monitor interest rate sensitivity. The results are analysed and monitored by the Asset and Liability Committee (ALCO).

The Group's interest rate sensitivity position based on contractual repricing arrangements as at December 31, 2024, is as follows:

	Less than 3 months AED'000	3 months to less than 6 months AED'000	6 months to less than 1 year AED'000	1 year to less than 3 years AED'000	Over 3 years AED'000	Non-interest bearing items AED'000	Total AED'000
Assets							
Cash and balances with central banks, net	15,566,743	-	-	-	-	30,655,805	46,222,548
Deposits and balances due from banks, net	37,084,040	8,156,282	4,222,108	887	-	750,711	50,214,028
Financial assets at fair value through profit or loss	12,786,531	-	-	-	-	83,100	12,869,631
Derivative financial instruments	15,574,537	6,509	25,450	303,383	-	3,063,309	18,973,188
Investment securities, net	7,550,718	7,693,764	7,791,056	40,773,570	78,258,759	921,296	142,989,163
Loans and advances to customers, net	272,833,697	15,013,104	12,394,789	17,098,070	44,463,106	(11,164,462)	350,638,304
Investment in associates	-	-	-	-	-	329,025	329,025
Investment properties	-	-	-	-	-	1,715,622	1,715,622
Other assets, net	710,641	-	-	-	-	19,293,868	20,004,509
Property and equipment, net	-	-	-	-	-	1,886,034	1,886,034
Intangible assets, net	-	-	-	-	-	6,972,174	6,972,174
Total assets	**362,106,907**	**30,869,659**	**24,433,403**	**58,175,910**	**122,721,865**	**54,506,482**	**652,814,226**
Liabilities and equity							
Due to banks	7,239,562	2,203,800	918,250	-	-	915,092	11,276,704
Derivative financial instruments	20,773,491	-	-	-	1,317	3,116,420	23,891,228
Deposits from customers	187,359,989	46,868,642	68,617,535	4,454,075	9,153,156	104,606,512	421,059,909
Euro commercial paper	4,439,030	1,713,979	-	-	-	-	6,153,009
Borrowings	56,857,982	3,186,208	73,331	6,277,403	22,292,535	-	88,687,459
Other liabilities	-	-	-	-	-	26,179,008	26,179,008
Equity	-	-	-	-	-	75,566,909	75,566,909
Total liabilities and equity	**276,670,054**	**53,972,629**	**69,609,116**	**10,731,478**	**31,447,008**	**210,383,941**	**652,814,226**
On-balance sheet gap	**85,436,853**	**(23,102,970)**	**(45,175,713)**	**47,444,432**	**91,274,857**	**(155,877,459)**	**-**
Off-balance sheet gap	**16,832,532**	**(4,966,036)**	**22,784,271**	**(12,330,427)**	**(22,320,340)**	**-**	**-**
Total interest rate sensitivity gap	**102,269,385**	**(28,069,006)**	**(22,391,442)**	**35,114,005**	**68,954,517**	**(155,877,459)**	**-**
Cumulative interest rate sensitivity gap	**102,269,385**	**74,200,379**	**51,808,937**	**86,922,942**	**155,877,459**	**-**	**-**

Non-interest bearing items include mainly impairment allowances under loans and advances to customers.

The Group's interest rate sensitivity position based on contractual repricing arrangements as at December 31, 2023, was as follows:

	Less than 3 months AED'000	3 months to less than 6 months AED'000	6 months to less than 1 year AED'000	1 year to less than 3 years AED'000	Over 3 years AED'000	Non-interest bearing items AED'000	Total AED'000
Assets							
Cash and balances with central banks, net	21,228,507	-	-	-	-	24,146,955	45,375,462
Deposits and balances due from banks, net	27,564,398	5,942,155	3,267,995	-	-	850,146	37,624,694
Financial assets at fair value through profit or loss	10,063,020	-	-	-	-	-	10,063,020
Derivative financial instruments	11,759,992	177,753	1,349	161,745	38,212	1,720,035	13,859,086
Investment securities, net	7,133,153	9,445,389	8,052,389	33,839,388	68,903,672	894,406	128,268,397
Loans and advances to customers, net	244,655,458	12,003,845	10,344,218	9,409,315	37,013,367	(11,431,604)	301,994,599
Investment in associates	-	-	-	-	-	370,622	370,622
Investment properties	-	-	-	-	-	1,741,460	1,741,460
Other assets, net	351,668	-	-	-	-	18,608,690	18,960,358
Property and equipment, net	-	-	-	-	-	1,887,596	1,887,596
Intangible assets, net	-	-	-	-	-	7,049,191	7,049,191
Total assets	322,756,196	27,569,142	21,665,951	43,410,448	105,955,251	45,837,497	567,194,485
Liabilities and equity							
Due to banks	6,920,270	-	-	-	-	1,874,698	8,794,968
Derivative financial instruments	14,609,562	-	-	553	9,326	1,620,054	16,239,495
Deposits from customers	151,932,029	25,584,057	78,245,718	5,007,125	8,401,146	93,734,964	362,905,039
Euro commercial paper	5,048,393	2,036,897	692,365	-	-	-	7,777,655
Borrowings	45,610,890	823,355	1,500,515	1,935,702	26,782,872	-	76,653,334
Other liabilities	-	-	-	-	-	23,570,527	23,570,527
Equity	-	-	-	-	-	71,253,467	71,253,467
Total liabilities and equity	224,121,144	28,444,309	80,438,598	6,943,380	35,193,344	192,053,710	567,194,485
On-balance sheet gap	98,635,052	(875,167)	(58,772,647)	36,467,068	70,761,907	(146,216,213)	-
Off-balance sheet gap	1,685,945	(3,237,109)	24,182,400	(12,548,724)	(10,082,512)	-	-
Total interest rate sensitivity gap	100,320,997	(4,112,276)	(34,590,247)	23,918,344	60,679,395	(146,216,213)	-
Cumulative interest rate sensitivity gap	100,320,997	96,208,721	61,618,474	85,536,818	146,216,213	-	-

Non-interest bearing items include mainly impairment allowances under loans and advances to customers.

45. Liquidity risk framework, measurement, and monitoring

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replenish funds when they are withdrawn. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk management process

The Group's Board of Directors (BOD) (via the BRC) approved liquidity risk appetite framework establishes the minimum liquidity required to survive a stress environment for a stipulated time horizon. The BOD has delegated to MEC the responsibility of liquidity management which is overseen on their behalf by ALCO on a day-to-day basis. ALCO monitors liquidity ratios and other indicators and regularly revises and calibrates the liquidity management policies to ensure that the Group is in a position to meet its obligations as they fall due. ALCO also ensures that the Bank remains compliant with all regulatory and internal policy guidelines pertaining to liquidity risk.

The Group's liquidity management process, as carried out within the Group and monitored by the Group's Treasury division, includes:

- Monitoring of liquidity position on a daily, weekly, and monthly basis. This entails forecasting of cash inflows/outflows and ensuring that the Group can meet the required outflows;
- Conducting regular liquidity stress testing of the Group's liquidity position under a variety of scenarios covering both normal and more severe market conditions with triggers and suggested actions;
- Ensuring compliance with the liquidity ratios such as Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) as stipulated by CBUAE and internally approved management triggers for liquidity risk;
- Conducting regular enterprise-wide liquidity stress test which estimates liquidity requirements under idiosyncratic and systemic stress conditions. The enterprise-wide stress test incorporates diverse liquidity triggers linked to the Bank's Early Warning Indicator (EWI) framework like currency de-peg, failure of a major local bank, credit rating downgrades as model inputs; and
- Monitoring of depositor concentration to ensure that the Group's deposit funding is well diversified.

Monitoring composition of funding sources at a granular level includes setting triggers for avoiding concentration of funding by product. Some of the ratios monitored are as follows:

- Euro commercial paper to total liabilities and equity
- Wholesale funds to total liabilities and equity
- Money market deposits to total liabilities and equity
- Core deposits to customer deposits
- Offshore funds to total liabilities and equity

The Group has established several early warning indicators for liquidity risk in line with the CBUAE requirements and monitors them regularly. Some of the key early warning indicators are as follows:

- Credit rating downgrade
- Widening credit-default-swap levels
- Rising retail/wholesale funding costs
- Qualitative/event driven factors

The Group has also an established liquidity Contingency Funding Plan which is routinely tested.

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Tools for liquidity management

The Group through its Treasury division ensures that it has access to diverse sources of funding ranging from local customer deposits from its retail, corporate and institutional customers as well as international sovereign wealth funds and central banks to long term funding such as debt securities and subordinated liabilities issued under the global medium term note program.

Whilst the Group's debt securities and sub-debt typically are issued with maturities of greater than one year, deposits from banks and customers generally have shorter maturities which increases the liquidity risk of the Group. The Group's Treasury division manages this risk by:

- Diversification of funding sources and balancing between long term and short-term funding sources through borrowing under its global medium term notes issue programs;
- Monitoring the stickiness of liability portfolio and rewarding business units for sticky deposits through the fund transfer pricing process; and
- Investing in various short-term or medium term but highly marketable assets in line with Basel-III guidelines for High Quality Liquid Assets (HQLA) such as certificate of deposit with Central Bank, investment grade bonds that can be repurchased at short notices, etc.

The Bank has in place a contingent funding plan which lists out the trigger points to be monitored for invoking the contingent funding plan. The trigger points are based on market observable data points such as credit spreads and internal and external events such as decline in customer deposits and drying up of wholesale markets. The contingent funding plan clearly defines the roles and responsibilities and is updated with changing market conditions by ALCO.

The table below summarises the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the end of the reporting period date to the contractual maturity date and do not take into account the effective maturities as indicated by the Group's deposit retention history and the availability of liquid funds. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

Derivative financial instruments (other than those designated in a hedge relationship) and trading portfolio assets and liabilities are included in 'less than 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of remaining maturity since they are not held for settlement according to such maturity and will frequently be settled before remaining maturity at fair value. Derivatives designated in a hedge relationship are included according to their remaining maturity at fair value. Investment securities in equities and mutual funds with no maturity are included in 'over 3 years'.

The maturity profile of the assets and liabilities as at December 31, 2024, was as follows:

	Less than 3 months AED'000	3 months to less than 6 months AED'000	6 months to less than 1 year AED'000	1 year to less than 3 years AED'000	Over 3 years AED'000	Total AED'000
Assets						
Cash and balances with central banks, net	46,222,548	-	-	-	-	46,222,548
Deposits and balances due from banks, net	25,733,364	10,606,899	9,488,314	3,651,806	733,645	50,214,028
Financial assets at fair value through profit or loss	12,869,631	-	-	-	-	12,869,631
Derivative financial instruments	13,985,346	150,812	179,739	1,198,680	3,458,611	18,973,188
Investment securities, net	7,220,180	7,682,925	7,819,736	40,987,825	79,278,497	142,989,163
Loans and advances to customers, net	77,298,713	12,607,457	37,638,154	53,445,369	169,648,611	350,638,304
Investment in associates	-	-	-	-	329,025	329,025
Investment properties	-	-	-	1,715,622	-	1,715,622
Other assets, net	8,511,528	3,056,340	8,274,277	111,028	51,336	20,004,509
Property and equipment, net	-	-	-	-	1,886,034	1,886,034
Intangible assets, net	-	-	-	54,755	6,917,419	6,972,174
Total assets	191,841,310	34,104,433	63,400,220	101,165,085	262,303,178	652,814,226
Liabilities and equity						
Due to banks	7,199,674	183,650	3,893,380	-	-	11,276,704
Derivative financial instruments	12,730,621	131,358	21,633	525,864	10,481,752	23,891,228
Deposits from customers	291,681,410	47,219,185	68,612,295	4,402,962	9,144,057	421,059,909
Euro commercial paper	4,439,030	1,713,979	-	-	-	6,153,009
Borrowings	17,908,121	15,398,330	10,685,753	18,217,926	26,477,329	88,687,459
Other liabilities	15,610,749	1,984,828	7,414,624	180,108	988,699	26,179,008
Equity	-	-	-	-	75,566,909	75,566,909
Total liabilities and equity	349,569,605	66,631,330	90,627,685	23,326,860	122,658,746	652,814,226
Balance sheet liquidity gap	(157,728,295)	(32,526,897)	(27,227,465)	77,838,225	139,644,432	-
Off balance sheet						
Financial guarantees and irrevocable commitments(*)	1,778,424	3,478,658	8,935,269	9,128,659	24,797,761	48,118,771
Derivatives held for hedging purpose (notional)	14,883,446	7,822,708	31,128,708	40,489,887	103,393,416	197,718,165

(*) due to the nature of the financial guarantees and irrevocable commitments, these instruments could be called earlier than the bucket under which reported.

The maturity profile of the assets and liabilities as at December 31, 2023, was as follows:

	Less than 3 months AED'000	3 months to less than 6 months AED'000	6 months to less than 1 year AED'000	1 year to less than 3 years AED'000	Over 3 years AED'000	Total AED'000
Assets						
Cash and balances with central banks, net	45,375,462	-	-	-	-	45,375,462
Deposits and balances due from banks, net	15,929,682	8,463,062	7,034,810	6,197,140	-	37,624,694
Financial assets at fair value through profit or loss	10,063,020	-	-	-	-	10,063,020
Derivative financial instruments	10,102,783	317,484	246,352	459,732	2,732,735	13,859,086
Investment securities, net	6,770,457	9,452,635	8,060,846	33,955,433	70,029,026	128,268,397
Loans and advances to customers, net	55,734,700	12,869,325	25,360,818	51,063,043	156,966,713	301,994,599
Investment in associates	-	-	-	-	370,622	370,622
Investment properties	-	-	-	1,741,460	-	1,741,460
Other assets, net	6,746,397	1,891,188	10,259,652	31,740	31,381	18,960,358
Property and equipment, net	-	-	-	-	1,887,596	1,887,596
Intangible assets, net	-	-	-	105,445	6,943,746	7,049,191
Total assets	150,722,501	32,993,694	50,962,478	93,553,993	238,961,819	567,194,485
Liabilities and equity						
Due to banks	6,416,568	541,900	1,836,500	-	-	8,794,968
Derivative financial instruments	9,392,103	966	63,163	379,891	6,403,372	16,239,495
Deposits from customers	245,419,767	25,597,484	78,344,523	4,873,128	8,670,137	362,905,039
Euro commercial paper	5,048,393	2,036,897	692,365	-	-	7,777,655
Borrowings	13,471,536	13,595,058	12,436,588	6,447,981	30,702,171	76,653,334
Other liabilities	12,008,340	840,522	9,660,706	202,255	858,704	23,570,527
Equity	-	-	-	-	71,253,467	71,253,467
Total liabilities and equity	291,756,707	42,612,827	103,033,845	11,903,255	117,887,851	567,194,485
Balance sheet liquidity gap	(141,034,206)	(9,619,133)	(52,071,367)	81,650,738	121,073,968	-
Off balance sheet						
Financial guarantees and irrevocable commitments(*)	8,475,813	3,510,194	13,551,815	11,112,846	15,120,475	51,771,143
Derivatives held for hedging purpose (notional)	10,080,062	6,174,951	31,873,862	20,241,137	82,897,443	151,267,455

(*) due to the nature of the financial guarantees and irrevocable commitments, these instruments could be called earlier than the bucket under which reported

The table below summarises the maturity profile of the Group's financial liabilities as at December 31, 2024, and 2023 based on contractual undiscounted repayment obligations. As interest payments up to contractual maturity are included in the table, totals do not match with the consolidated statement of financial position. The contractual maturities of liabilities other than derivatives have been determined based on the remaining period at the consolidated statement of financial position date to the contractual maturity date and do not take into account the effective expected maturities. Derivative financial instruments held for trading are included in "less than 3 months" bucket at their fair value while the cash flows for derivative financial instruments held for hedging are classified based on their contractual cash flows or next call date. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay, and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

	Carrying amount AED'000	Gross outflow AED'000	Less than 3 months AED'000	3 months to less than 6 months AED'000	6 months to less than 1 year AED'000	1 year to less than 3 years AED'000	Over 3 years AED'000
As at December 31, 2024							
Due to banks	**11,276,704**	**11,496,097**	**7,229,692**	**187,932**	**4,078,473**	**-**	**-**
Derivative financial instruments	**23,891,228**	**15,902,246**	**12,579,355**	**762,597**	**(22,653)**	**753,583**	**1,829,364**
Deposits from customers	**421,059,909**	**443,531,588**	**300,999,524**	**49,991,537**	**74,240,661**	**5,131,466**	**13,168,400**
Euro commercial paper	**6,153,009**	**6,201,878**	**4,457,349**	**1,744,529**	**-**	**-**	**-**
Borrowings	**88,687,459**	**161,729,758**	**18,871,754**	**16,553,993**	**10,936,366**	**20,659,607**	**94,708,038**
Total financial liabilities	**551,068,309**	**638,861,567**	**344,137,674**	**69,240,588**	**89,232,847**	**26,544,656**	**109,705,802**
As at December 31, 2023							
Due to banks	8,794,968	8,996,758	6,441,749	559,488	1,995,521	-	-
Derivative financial instruments	16,239,495	10,024,610	9,167,674	266,105	79,082	348,870	162,879
Deposits from customers	362,905,039	372,857,708	249,213,090	26,080,802	81,514,036	5,196,829	10,852,951
Euro commercial paper	7,777,655	7,875,253	5,085,038	2,073,407	716,808	-	-
Borrowings	76,653,334	146,643,666	14,406,045	14,803,435	12,436,673	8,107,107	96,890,406
Total financial liabilities	472,370,491	546,397,995	284,313,596	43,783,237	96,742,120	13,652,806	107,906,236

46. Market risk framework, measurement, and management

The Group's activities expose it primarily to market risk which is defined as the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates, commodity prices and credit spreads (not relating to changes in the obligor's/issuer's credit standing) which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Group separates its exposure to market risk between trading and banking book as defined below:

Market risk arising from trading book

Trading positions are held by the Treasury division and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Realised and unrealised gains and losses on these positions are reported in consolidated income statement.

Market risk arising from banking book

Market risk from banking book arises from execution of the Group's core business strategies, products, and services to its customers, that invariably create interest rate risk and open currency positions that the Group endeavours to manage through strategic positions to mitigate the inherent risk caused by these positions.

Banking book includes all positions that are not held for trading such as but not limited to the Group's investments in instruments designated at FVTOCI and amortised cost, loans and advances carried at amortised cost, derivatives used for hedging and other financial assets held for long term.

These exposures can result from a variety of factors including but not limited to re-pricing of gaps in assets, liabilities and off-balance sheet instruments and changes in the level and shape of market interest rate curves.

Risk identification and classification

The RMC and BRC approves market risk policies for the Group. All business segments are responsible for the comprehensive identification and verification of market risks within their business units. Regular meetings are held between market risk management and heads of risk-taking businesses to discuss and decide on risk exposures in the context of the market environment.

Management of market risk

The Board of Directors (via the BRC) have set risk limits based on the Value-at Risk (VaR), Stressed Value at Risk (SVaR), Greeks, sensitivity/stress analysis and foreign exchange open position limits which are closely monitored by the risk management division and reported regularly to the senior management, ALCO and BRC.

Treasury, Market and Liquidity Risk is responsible for the independent second line oversight of Market risk. It is overseen by GCRO and BRC and performs the following primary functions:

- establishment of a comprehensive mark-to-market valuation policy framework;
- establishment of a comprehensive market risk policy framework;
- independent measurement, monitoring, and control of market risk;
- setting and monitoring of limits; and
- hedge effectiveness methodology.

Risk measurement

The following are the metrics used to measure the market risk, because no single measure can reflect all aspects of market risk. The Group uses various measurements, both statistical and non-statistical, including sensitivity analysis.

Statistical risk measures

The Group measures the risk of loss arising from future potential adverse movements in market rates, prices and volatilities using VaR methodology. The VaR that the Group measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. This confidence level suggests that potential daily losses in excess of the VaR measure are likely to be experienced, once every hundred days. The Board has set limits for the acceptable level of risks in managing the trading and banking book.

The Group uses simulation models to assess the possible changes in the market value of the trading and banking book based on historical data. VaR models are usually designed to measure the market risk in a normal market environment and therefore the use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution. It provides a measurement of losses that could be expected under a typical range of market conditions. Also VaR does not typically provide an indication of potential losses under periods of stressed conditions. To supplement this measurement, a "Stressed" VaR (SVaR) is calculated based upon assessing the VaR over a historical period of market stress.

The Group's VaR for the year ended December 31, 2024, is as below:

Daily value at risk (VaR at 99% - 1 day)	2024 AED'000	2023 AED'000
Overall risk	**(28,845)**	(40,886)

Non-statistical risk measures

Non-statistical risk measures, other than stress/sensitivity testing, include independent market valuations to ensure that the Group's valuations are correct and Risk Greeks to ensure that trading is within the risk appetite thresholds. These measures provide additional information of the Group's exposures to non-linear risks.

Sensitivity analysis

To complement VaR, the Group also carries out stress tests/sensitivity analysis of its portfolio to assess potential risks that may arise from extreme market events that are severe but plausible. The results of the stress tests are reported to the Group's ALCO and BRC.

Interest rate risk - trading book

The following table depicts the sensitivity of fair valuations in the trading book to hypothetical and instantaneous changes in the level of interest rates - with other market risk factors held constant – which would have an impact on the Group's consolidated income statement:

Relative instantaneous rate move shifts for all tenors:

	2024		2023	
	+25bps AED'000	**-25bps AED'000**	+25bps AED'000	-25bps AED'000
AED	**20,360**	**(11,230)**	2,697	(260)
USD	**(215)**	**14,958**	(1,331)	2,854

Interest rate risk – non-trading book

The following table depicts the sensitivity of fair valuations in the non-trading book to hypothetical and instantaneous changes in the level of interest rates - with other market risk factors held constant – which would have an impact on the Group's consolidated income statement:

	2024		2023	
	+25 bps AED'000	**-25 bps AED'000**	+25 bps AED'000	-25 bps AED'000
Sensitivity of net interest income	**133,732**	**(119,168)**	191,217	(188,325)

The sensitivity on the consolidated income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities, including the effect of hedging instruments.

Currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Bank's functional currency is the UAE Dirham. The Board of Directors has set limits on delta notional positions by currency. Positions are closely monitored and hedging strategies are used to ensure positions are maintained within established limits. As at December 31, 2024, the Group's net delta notional positions in major currencies are as below:

	Net currency position long/(short)	
Currency	**2024 AED'000**	2023 AED'000
USD	**72,808,218**	63,184,146
EUR	**154,444**	205,245
GBP	**14,075**	4,298
JPY	**35,915**	118,170
INR	**223,726**	261,439
SAR	**2,593,205**	(964,656)
EGP	**689,679**	272,795
AUD	**11,244**	34,347
CHF	**(42,688)**	(200,694)

The following table depicts the sensitivity of fair valuations in the trading and banking book to hypothetical, instantaneous changes in the level of foreign currency exchange rates - with other market risk factors held constant (including the USD-AED currency pair which is pegged) – which would have an impact on the Group's consolidated income statement:

	2024		2023	
Price shock in percentage	**+5% AED'000**	**-5% AED'000**	+5% AED'000	-5% AED'000
USD-AUD	**3,873**	**1,087**	6,249	(1,207)
EUR-USD	**542**	**18,164**	3,054	6,671
GBP -USD	**2,378**	**(2,211)**	4,569	281
USD-JPY	**1,036**	**(1,076)**	10,633	(3,500)
USD-INR	**11,770**	**(10,650)**	13,072	(11,827)
USD-EGP	**42,196**	**(38,062)**	37,671	(33,444)
USD-SAR	**206,148**	**(108,500)**	(30,739)	30,869
USD-CHF	**411**	**15,362**	(10,290)	10,221

47. Operational risk management

Overview

The Group defines operational risk as the risk of loss arising from inadequate or failed internal processes, people, and systems or from external events. While including legal risk, but excluding strategic and reputational risk, damage to the Group's reputation, legal or regulatory implications, financial losses and other factors are being considered when assessing impact of operational risk events.

Operational risk is inherent in all dimensions of the Bank, including all banking products, activities, processes, systems and third parties or outsourcing arrangements. Therefore, the effective management of operational risk is a fundamental element of the Group's risk management program.

The Board (via the BRC) is accountable for the effective management of operational risk. This includes defining the risk appetite for operational risk, approval of the Operational Risk Management Framework (ORMF), oversight of senior management to ensure that strategies, policies, and processes are reviewed and implemented effectively at all levels.

The objective of the Group is to manage and control operational risk in a proactive and cost-effective manner within targeted levels of operational risk consistent with a defined risk appetite. The Group's operational risk appetite sets out the amount of operational risk that it is willing to accept as a consequence of doing business. The Group have no appetite for certain type of operational risk events, such as system instability and ineffective business continuity planning and disaster recovery for critical systems, and in other cases, a certain amount of operational risk is accepted for the Group to achieve its business objectives. The Group primarily aims at early identification and assessment of operational risks allowing timely mitigation, as well as meaningful management reporting and continuous improvement of the control environment.

The strategy, approach, and design of the Group's ORMF is owned by the Group Operational Risk Management (GORM). In addition, this is overseen by a dedicated Operational Risk Working Group (ORWG) and MEC as applicable. The implementation of the ORMF is assigned to a decentralised risk community of Risk and Control Champions (RCCs) who execute this role either as a dedicated full-time responsibility or dual role in line with the inherent materiality of the exposure and complexity of operations of their specific organisational units.

The GORM function has continue to evolve and mature in the adoption of the ORMF for a consistent forward-looking risk awareness approach. In 2024, the usage of Operational Risk Management System (ORMS) is further ingrained into the risk culture and practices in managing inherent operational risk exposures, by focusing on the risks and associated controls for effective implementation of action plans to mitigate known issues, towards achieving the expected operational resilience outcomes. The ORMS functionality was further enhanced with the second phase implementation.

Three lines of defence

To create a robust control environment to manage risks, the Group uses an activity-based three lines of defence model. This model delineates management accountabilities and responsibilities for risk management and the control environment. The model underpins the Group's approach to risk management by clarifying responsibility, encouraging collaboration, and enabling efficient coordination of risk and control activities.

The three lines of defence are summarised below:

- First line of defence (Organisational Units): owns the risks and is responsible for identifying, recording, reporting, and managing them, and ensuring that appropriate controls and assessments are in place to mitigate them.
- The second line of defence (Group Operational Risk Management, Group Compliance, Fraud Risk Management, Information and Physical Security Governance, Data Management, Treasury Liquidity & Market Risk, Islamic Internal control, Digital Risk, Credit Policy, etc.): define their specific frameworks, policies and guidelines for managing specific risk areas,

provide advice and guidance in relation to the risk, and challenges the first line of defence on effective risk management.

- The third line of defence (Group Internal Audit function): provides independent assurance of the adequacy of the design and operational effectiveness of the ORMF.

Risk identification, monitoring, and reporting

The risk identification and assessment process involve risk assessment of operational risks inherent to the Group's licensed activities. Risk assessment methodology employs a structured Risk Assessment Framework (RAF) which comprises a series of a risk and control libraries, linked taxonomies, which enable consistent understanding of risks and related controls with regular review and updates to the Risk library.

The identification and early reporting of issues and operational risk events is a critical component and ensures transparency of the Group's operational risk management process. The escalation process ensures that relevant information is received by the impacted areas of the group and decision makers in a timely manner so that appropriate actions are taken.

Monitoring and reporting processes are in place for periodic monitoring of key operational risks. The reports are submitted to the BRC and Board (as part of Group Chief Risk Officer update) and to Group Heads for information and resolution.

Outlook

There is a heightened operational risk outlook, in particular to Cyber Security and Technology Risk and Outsourcing Risk. The Group is persistent in assessing and addressing potential vulnerabilities on its technology infrastructure, vendors and business supply chains in building up resilience within its business.

The Group enhanced its operational risk management with renewed focus on promoting a strong operational risk culture across the first line, by continuous identification, monitoring and control of its exposures to operational risk, as well as a resilient back-up and recovery facilities for such eventualities.

Fraud risk

Fraud risk management is a critical aspect of Group's banking operations, especially in today's environment where financial institutions are increasingly targeted by more sophisticated fraud techniques. The Bank mitigates fraud risk through various fraud prevention strategies & detection capabilities and aligning itself with industry standards in fraud prevention. Through the fraud investigations process, data analysis and following industry best practice, the Bank adopts a holistic and multi-layered fraud management approach in safeguarding customer assets, managing the Bank's fraud risk appetite and aligning itself with regulatory expectations. Fraud risks within the Bank are broadly categorized into external and internal fraud. External fraud typically involves customers or third parties attempting to exploit customers and vulnerabilities in the Bank's systems, such as through phishing, social engineering, malware attacks, or card skimming. Internal fraud involves employees or contractors misappropriating funds, manipulating data, embezzling funds or engaging in other dishonest activities. With the rise of the digital and FinTech-driven banking services, the exposure to external fraud has increased. As a result, the Bank has adopted a multi-faceted approach to managing these risks, involving both technological tools and robust procedural safeguards.

The following measures are implemented to facilitate the effectiveness of the fraud risk management framework which comprises of Identification and Risk assessment, Detection and response, Preventive measures, Recommendations to first line of defence, Customer and staff education.

Fraud incident response plan: When a fraud attempt is detected, the Bank follows a structured incident response plan. This plan includes immediate action & steps to block or reverse fraudulent transactions.

Collaboration with law enforcement and regulatory authorities: The Bank works closely with law enforcement agencies, financial crime units, and regulatory bodies such as the UAE Central Bank and the Financial Intelligence Unit (FIU).

Authentication technologies: To prevent fraud, particularly in digital banking, the Bank has adopted advanced customer authentication technologies. This includes multi-factor authentication (MFA).

Encryption and secure communication: The Bank uses strong encryption protocols to protect sensitive customer data during transactions. By ensuring that all communications are encrypted end-to-end.

Employee training and awareness: The Bank focuses heavily on employee training/awareness to ensure that staff are aware of fraud risks and mitigation steps.

Customer awareness: The Bank has greater focus on customer awareness to keep them up to date on fraud trends and preventive measures. The Bank releases regular updates and awareness campaigns which are geared towards increasing customer awareness and vigilance.

Business continuity management (BCM)

The BCM framework continues to evolve and mature, to provide the Bank with operational resilience, incident response and business continuity capabilities, aligned to industry best practices and CBUAE regulatory requirements, following any unexpected disruptive or major incidents.

The overarching goal of the Framework is to protect staff and to ensure the continuation of critical functions, products and services, within predefined tolerance levels, and to safeguard the Group's reputation and brand image, following any disruptive incidents.

Business continuity strategies and plans are exercised on an annual basis, to simulate incident scenarios, and to provide assurance that plans are effective, and include mobilising staff from a primary office location to their alternative location or remote working.

Regular incident response and crisis management training and business continuity awareness is also conducted so that staff have the knowledge and skillsets to respond to incidents and to minimise their operational impacts.

There has been a recent focus on assessing the operational resilience and recovery capabilities of the Bank's critical third-party dependencies to ensure that our supply chain risks have been assessed and any vulnerabilities identified and mitigated in advance of any disruptions to third parties, that could also adversely impact the Group's critical services and reputation.

Risk management

For operational risk measurement and determination of the amount that the Group needs to hold to absorb potential operational losses, Group follows the standardised approach under Basel III. As at December 31, 2024, the capital charge including buffer requirements was AED 4,257,901 thousand (December 31, 2023 – AED 3,026,340 thousand).

48. Trust activities

As at December 31, 2024, the net asset value of the funds under the management of the Group amounted to AED 4,815,164 thousand (December 31, 2023 – AED 4,069,448 thousand).

49. Taxation

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance (MoF) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after June 1, 2023. As the Group's accounting year ends on December 31, the first tax period is from January 1, 2024 to December 31, 2024, with the respective tax return to be filed on or before September 30, 2025.

Below is the summary of total income tax expense recognised in consolidated income statement:

	2024 AED'000	2023 AED'000
Current tax expense		
Related to current year	**1,113,907**	151,406
Related to prior years	**15,964**	73,693
Total current tax expense	**1,129,871**	225,099
Deferred tax		
Related to current year	**(6,589)**	(4,450)
Related to prior years	**42,845**	-
Total deferred tax expense	**36,256**	(4,450)
Total income tax expense recognised in consolidated income statement	**1,166,127**	220,649

In addition to the above, during the year, the Bank recognised an income tax expense of AED 2,856 thousand and AED 1,417 thousand in the consolidated statement of comprehensive income and changes in equity, respectively.

Tax rates differ between jurisdictions in which the Group operates in. The tax rate applicable in the UAE is 9% (2023: 0%) for taxable profits exceeding AED 375,000. The overall effective tax rate for the Group, including all applicable jurisdictions, is 11.02% (2023: 2.62%).

The difference between the applicable tax rate and the Group's effective tax rate arises due various adjustments being made in accordance with the corporate tax law which are stated below:

	2024 AED'000	2023 AED'000
Profit before taxation	**10,585,380**	8,426,714
Prima facie tax expense at 9% (2023: 0%)	**952,684**	-
Tax effect of difference:		
Tax effect of exempt income	**1,191**	-
Tax effect of non-deductible expenses	**5,307**	-
Tax effect of different tax rate of subsidiaries operating in foreign jurisdiction	**133,459**	143,599
Changes in deferred tax	**42,845**	-
Unrecoverable withholding tax	**30,992**	77,050
Others	**(351)**	-
Income tax expense	**1,166,127**	220,649

Applicability of Pillar Two

The Organisation of Economic Cooperation and Development (OECD) has published GloBE Model Rules, which include a minimum 15% tax rate by jurisdiction ("Pillar Two"). Various countries have enacted or intend to enact tax legislation to comply with Pillar Two rules. As of the reporting date, Pillar Two legislation has not been substantively enacted in the UAE.

The Group has conducted an assessment of the potential exposure to Pillar Two income taxes had the rules been in effect in UAE during the current reporting period. Based on this assessment, the Group does not expect the top-up tax to be considered material.

The Group is continuing to assess the impact of the Pillar two income tax legislation on its future financial performance for the remaining jurisdictions in which the Group operates where Pillar Two legislation has not been substantively enacted as at the reporting date, and which are not impacted by the Pillar Two charging provisions enacted elsewhere in the Group.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

50. Capital adequacy ratio and capital management

Capital management process

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- to comply with the capital requirements set by the CBUAE;
- to safeguard the Group's ability to continue as a going concern and increase the returns for the shareholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Bank's management employing techniques based on the guidelines developed by the Basel Committee and the CBUAE.

CBUAE issued an update on Capital Adequacy Standards on November 12, 2020, vide notice number CBUAE/BSD/N/2020/4980 replacing the earlier issued standards. The updated standards include new requirements on internal and external review, additional guidelines on credit, market and operational risk and details for Pillar 2 requirements. The regulations ensure compliance with Basel III Capital Standards set out by the Basel Committee on Banking Supervision (BCBS).

CBUAE has issued an updated Pillar 2 - Internal Capital Adequacy Assessment (ICAAP) reporting guidelines on December 30, 2022, vide notice number CBUAE/BSD/2022/5280 for implementation and banks are required to comply and report Pillar 2 - ICAAP assessment based on updated guidelines. For operational risk, the CBUAE has given banks the option to use the basic indicator approach, or the standardised approach and the Group has chosen to use the standardised approach.

The Bank currently uses the approach defined below for Pillar 1 reporting:

Credit risk: Standardised approach is used by the Group in calculating its capital requirements for credit risk. This approach allows the use of external ratings from designated credit rating agencies, wherever available, in determining the appropriate risk weights. The risk weight is determined by the asset class and the external rating of the counterparty. The net exposure incorporates off balance sheet exposures after applying the credit conversion factors (CCF) and credit risk mitigants (CRM).

Market risk: For the regulatory market risk capital requirement, the Group uses the standardised approach.

Operational risk: Basel III includes a capital requirement for operational risk, again utilising three levels of sophistication. The capital required under the basic indicator approach is a simple percentage of gross revenues, whereas under the standardised approach it is one of three different percentages of total operating income under each of eight defined business lines. Both these approaches use an average of the last three financial years' revenues. The Group has adopted the standardised approach in determining the operational risk capital requirements.

The Group also prepares an annual comprehensive ICAAP document. This document is a detailed assessment by the Group of its risk profile, approaches to assess and measure various material risks, capital planning under regular and stress scenarios.

The Group's capital management is driven by long/short term strategies and organisational requirements with due consideration to the regulatory, economic, and commercial environment in which the Bank operates.

Capital supply

As per Basel III requirements, total regulatory capital comprises of the following:

a) Tier 1 capital, composed of:

(i) Common equity tier 1 (CET1) and

(ii) Additional tier 1 (AT1).

b) Tier 2 capital.

CET1 capital includes paid-up share capital, share premium, retained earnings, legal reserves, statutory reserves, accumulated other comprehensive income, other disclosed reserves and non-controlling interest.

The following regulatory deductions and adjustments are applied in the calculation of CET1:

a) goodwill and other intangible assets;

b) cash flow hedge reserve;

c) employee's incentive plan shares

d) revaluation reserve of investments designated at FVTOCI

e) proposed cash dividend

AT1 capital comprises of instruments eligible for inclusion in AT1 capital (paragraph 55 of Basel III Accord).

Tier 2 capital includes collective provisions per Basel guidelines and CBUAE rules, perpetual equity instruments issued by the Bank or its subsidiaries and not included in Tier 1 and their premium and instruments eligible for inclusion in Tier 2 capital such as hybrid (debt/equity) capital instruments and subordinated term loan.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital and the Group's business strategy, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by the Bank's risk and credit and finance functions and is subject to review by the ALCO as appropriate.

ABU DHABI COMMERCIAL BANK PJSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Capital adequacy ratio

The Bank's capital adequacy ratio calculated in accordance with guidelines issued by the CBUAE after deducting proposed dividends from retained earnings is as below:

	As at December 31 2024 AED'000	As at December 31 2023 AED'000
Common equity tier 1 (CET1) capital		
Share capital (Note 22)	**7,319,947**	7,319,947
Share premium	**17,878,882**	17,878,882
Other reserves (Note 23)	**10,969,084**	11,455,178
Retained earnings	**30,469,257**	26,602,908
Regulatory deductions and adjustments		
Intangible assets, net (Note 16)	**(6,972,174)**	(7,049,191)
Cash flow hedge reserve	**133,193**	116,742
Employee's incentive plan shares, net (Note 23)	**(173,456)**	(78,869)
Revaluation reserve of investments designated at FVTOCI (Note 23)	**(748,168)**	(1,086,185)
Other deduction	**(530,732)**	(457,820)
Proposed cash dividend (Note 22)	**(4,318,769)**	(4,099,170)
Total CET1 capital	**54,027,064**	50,602,422
Additional tier 1 (AT1) capital		
Capital notes (Note 26)	**8,754,750**	8,754,750
Total AT1 capital	**8,754,750**	8,754,750
Total tier 1 capital	**62,781,814**	59,357,172
Tier 2 capital		
Eligible general provision	**4,780,856**	4,470,704
Subordinated notes	**1,831,413**	-
Total tier 2 capital	**6,612,269**	4,470,704
Total regulatory capital	**69,394,083**	63,827,876
Risk-weighted assets		
Credit risk	**382,468,487**	357,656,333
Market risk	**16,502,183**	13,436,625
Operational risk	**31,331,130**	22,334,610
Total risk-weighted assets	**430,301,800**	393,427,568
CET1 ratio	**12.56%**	12.86%
AT1 ratio	**2.03%**	2.23%
Tier 1 ratio	**14.59%**	15.09%
Tier 2 ratio	**1.54%**	1.13%
Capital adequacy ratio	**16.13%**	16.22%

As per Basel guidelines and in accordance with IAS 10 'Events after the Reporting Period', which does not allow proposed dividends to be recognised as a liability, the Bank's capital adequacy ratio before deducting proposed cash dividends from retained earnings is as below:

	2024	2023
CET1 ratio	**13.56%**	13.90%
Tier 1 ratio	**15.59%**	16.13%
Capital adequacy ratio	**17.13%**	17.27%

In December 2010 (revised in June 2011), the Basel Committee on Banking Supervision issued Basel III, a global regulatory framework, to enhance international capital standards. Basel III is designed to materially improve the quality of regulatory capital and introduces a new minimum common equity capital requirement. Basel III also raises the minimum capital requirements and introduces capital conservation and countercyclical buffers to induce banking organisations to hold capital in excess of regulatory minimums. In November 2020, CBUAE issued an update to the Capital Adequacy Standards vide notice number CBUAE/BSD/N/2020/4980 superseding the previous notices. All requirements of revised guidelines are effective for capital reporting.

To achieve broader macro-prudential goal of protecting the banking sector from the periods of excess aggregate credit growth and in addition to the capital conservation buffer (CCB) requirement, banks may be required to implement the countercyclical buffer (CCyB). Banks must meet CCB and CCyB requirement by using CET1 capital. The level of CCyB requirement will vary between 0% - 2.5% of risk weighted assets and will be communicated by CBUAE with adequate notice period. Further, to reduce risks related to the failure of domestic systemically relevant institutions, CBUAE has introduced domestic systematically important banks (D-SIB) buffer of 0.5% for ADCB.

The Bank is required to meet the following minimum capital ratios:

Capital ratios	
CET1 including buffers	
- CET1	**7.00%**
- CCB	**2.50%**
- D-SIB buffer	**0.50%**
- CCyB buffer	**0.09%**
CET1 including buffers	**10.09%**
Tier 1	**11.59%**
Minimum capital requirement	**13.59%**

Common equity tier 1 (CET1) capital resources

(a) Ordinary shareholders' funds, which include the cumulative proceeds from the issuance of ordinary shares at their nominal value net of treasury shares. These instruments confer a share of ownership in the Bank and carry no obligations.

(b) Statutory and Legal reserves:

(i) Statutory reserve: As required by Article 241 of the UAE Federal Decree Law No. (32) of 2021 (as amended), 10% of the net profit for the year is transferred to the statutory reserve. The Bank may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid-up share capital. Accordingly, no transfers were made to statutory reserve during the year (2023 – AED 181,284 thousand). The statutory reserve is not available for distribution.

(ii) Legal reserve: In accordance with the Articles of Association of the Bank and Decretal Federal Law No. (14) of 2018, 10% of the net profit for the year is transferred to the legal reserve. The Bank may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid-up share capital. Accordingly, no transfers were made to legal reserve during the year (2023 – AED 181,284 thousand). The legal reserve is not available for distribution.

(c) General and Contingency reserves:

(i) General reserve: In accordance with the Articles of Association of the Bank, a further percentage of net profit for the year can be transferred to the general reserve based on the recommendation of the Board of Directors. This reserve may only be used for the purposes recommended by the Board of Directors and approved by the shareholders.

(ii) Contingency reserve: The contingency reserve is established to cover unforeseen future risks or contingencies which may arise from general banking risks.

(iii) Retained earnings which represent the cumulative profits not distributed to shareholders, and other eligible reserves.

(d) Regulatory deductions and adjustments:

(i) Goodwill and other intangible assets.

(ii) Cash flow hedge reserve: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in equity. However, it is limited to 45% of positive balance of cash flow hedge reserve relating to financial instruments that are carried at fair value.

(iii) Employees' incentive plan shares: The Bank grants equity-settled share-based payments to employees. These shares are acquired by the Bank for its employees and are deducted from capital.

(iv) Revaluation reserve of investments designated at FVTOCI: This includes the cumulative net change in the fair value of investments measured at fair value through other comprehensive income. However, it is limited to 45% if the balance is positive.

(v) Proposed cash dividend.

Additional tier 1 (AT1) capital resources

This represents Tier 1 regulatory capital notes issued by the Bank and subscribed mainly by the Department of Finance, Government of Abu Dhabi (Note 26).

Tier 2 capital resources

(a) Collective impairment on loans and advances limited to 1.25% of credit risk-weighted assets.

(b) Eligible subordinated notes (Note 20).

51. Social contributions

The Group made the following social contributions during the year:

	2024 AED'000	2023 AED'000
Donations	**3,004**	1,683
Sponsorships	**10,244**	8,590
Total social contributions	**13,248**	10,273

52. Legal proceedings

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's consolidated financial statements, if disposed unfavourably.