



Q1'2017 Earnings Presentation

Wednesday 19th April 2017

*As the merger of FGB and NBAD was declared effective at the end of Q1'2017, this presentation is based on Pro-forma Preliminary Condensed Consolidated Financial Information for the combined bank as at 31 March 2017
Pro-forma Financial Information for prior periods was restated for retrospective comparability of adjustments*

Disclaimer

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Robust fundamentals in Q1'2017

- Pro-forma Group **revenues up 8.5%** driven by healthy volumes and investment gains
- Operating expenses well managed; **realisation of synergies and incurrence of integration costs on track**
- Impairment charges 3.9% lower YoY on recoveries and lower incremental NPLs
- Group net profit up 12.4% to AED 2.93Bn
- Healthy lending activity** driven by growth in public sector and FI trade loans
- Strong growth in customer deposits** driven by GREs and clients in international network, supported by higher CASA balances
- NIM compression during the quarter mainly driven by **planned de-risking of unsecured portfolio**, lower IIS recovery and placement of excess liquidity into lower yielding assets
- Excellent asset quality metrics** with NPL ratio of 2.5% and provision coverage of 114%
- RoTE of 16.0%** improving from 15.2% in Q1'2016
- Well positioned on Basel-III CET1 and capital adequacy requirements

Income Statement - Summary (AED million)

	Q1'17	Q1'16	YoY %	Q4'16	QoQ %
Net interest & Islamic financing income	3,208	3,373	-4.9	3,348	-4.2
Fees & commissions, net	799	936	-14.7	994	-19.7
Other non-interest income	1,197	487	145.5	773	54.8
Total Operating Income	5,203	4,797	8.5	5,115	1.7
Operating expenses	(1,526)	(1,444)	5.7	(1,566)	-2.5
Impairment charges, net	(645)	(671)	-3.9	(590)	9.3
NET PROFIT	2,926	2,603	12.4	2,854	2.5

Balance Sheet - Summary (AED billion)

	Mar'17	Mar'16	YoY %	Dec'16	QoQ %
Loans and advances	367.7	351.7	4.6	356.2	3.2
Customer deposits	415.7	374.1	11.1	400.3	3.9
CASA (deposits)	113.3	104.5	8.4	108.2	4.7
Total Assets	682.4	641.7	6.3	670.5	1.8
Equity (incl Tier-1 capital notes)	94.6	89.6	5.6	97.7	-3.2
Tangible Equity ¹	69.1	63.4	8.9	73.0	-5.4

Key Ratios

	Q1'17	Q1'16	YoY (bps)	Q4'16	QoQ (bps)
Net Interest Margin ² (YTD)	2.1%	2.4%	-27	2.3%	-17
Cost-Income ratio	29.3%	30.1%	-78	30.6%	-128
Cost-Income ratio (ex-integration costs)	27.3%	30.1%	-277	29.1%	-173
Cost of Risk (CoR) (annualised)	68bps	72bps	-5	61bps	6
Non-performing loans ratio	2.5%	2.7%	-25	2.5%	-5
Provision coverage	114.0%	109.8%	414	117.2%	-326
Loans-to-deposits ratio	88.5%	94.0%	-556	89.0%	-54
Return on Tangible Equity ³ (RoTE)	16.0%	15.2%	84	15.3%	71
Return on Risk-weighted Assets (RoRWA)	2.5%	2.2%	31	2.5%	9
CET1 ratio	14.7%	13.4%	130	14.2%	56
Capital Adequacy ratio	18.3%	16.9%	133	17.7%	56

On track with guidance ...

	Q1'17	FY'17 GUIDANCE
LOAN GROWTH	+4.6% YoY	Mid single-digit
CORE REVENUE GROWTH	◀▶	Low single-digit
C/I RATIO (ex-integration costs)	27.3%	28% - 30%
COST OF RISK ¹	68bps	70-75 bps
RoTE ²	16.0%	~ 14%

Integration journey off to a strong start ...

Integration journey off to a strong start ...

- Merger completion as per initial timeline
- Key guiding principles during integration - **“no disruption to services”** and **“customer retention”**
- Organisation structures of businesses finalised
- Operational & IT integration activities progressing well
- Realisation of cost synergies of AED 75Mn during the last quarter - on track to realise full annual run-rate of ~AED 1Bn by 2020
- One-off integration costs of ~AED 100Mn incurred in Q1'17 in line with guidance

Highest rated bank in MENA

MOODY'S	FitchRatings	S&P Global
Aa3	AA-	AA-

- NBAD credit ratings affirmed at pre-merger levels
- Amongst the Top 30 banks globally rated AA- and above by S&P*

Starting afresh, taking the best of both

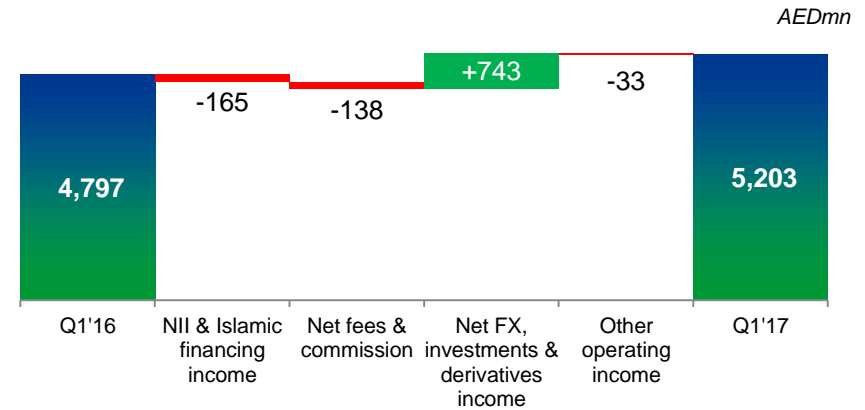
- General Assembly Meeting on 24 April, 2017 to effect name change from “National Bank of Abu Dhabi” to “First Abu Dhabi Bank”
- Giving the merged bank a new identity to reflect the new culture and a new beginning

Revenue trend reflects balance sheet de-risking

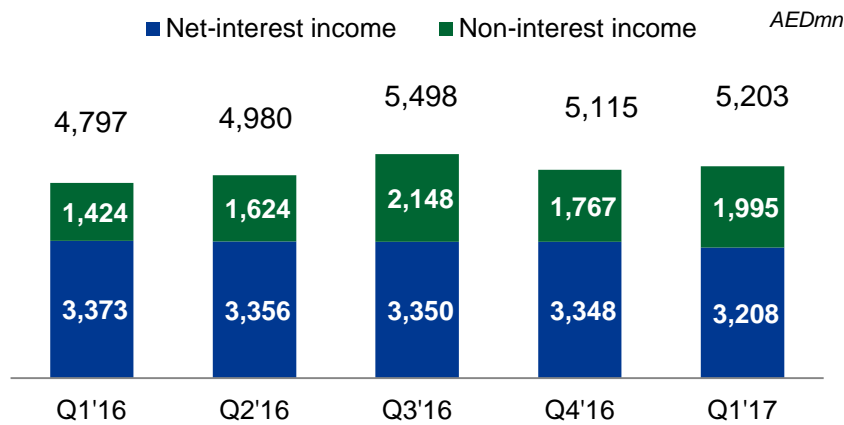
Q1'17 Highlights

- Headline operating income up 8.5% YoY mainly on the back of strategic investment disposals
- NIM contraction during the period primarily driven by planned de-risking of unsecured portfolio, lower IIS recovery and placement of excess liquidity into lower yielding assets
- Expecting NIM to recover by year-end on the back of asset repricing and optimised asset allocation

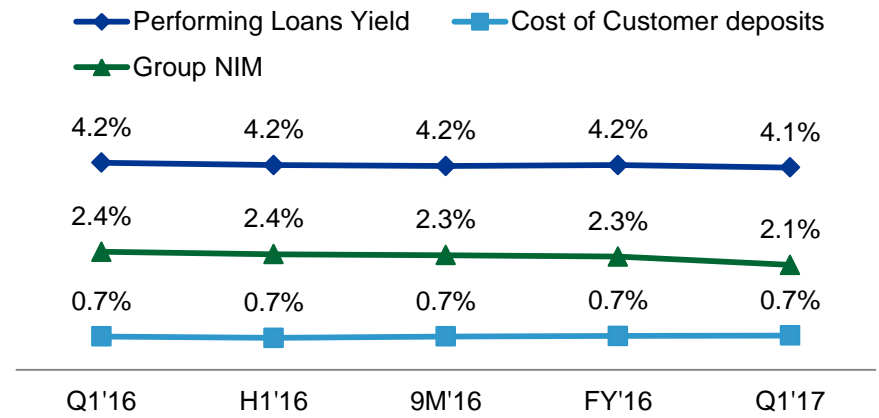
Movement in Operating Income



Operating Income/ Revenues



Net Interest Margin (YTD)*



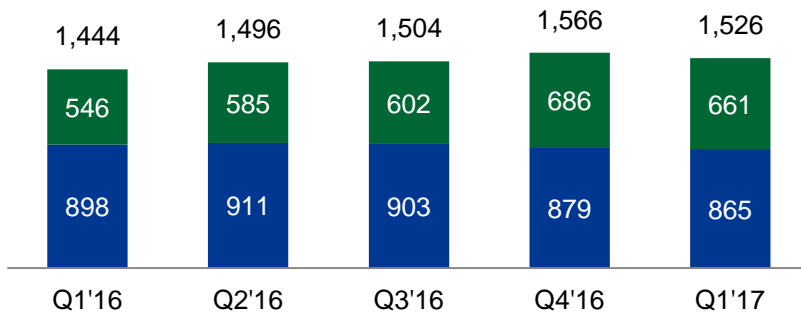
Disciplined expense management; synergy realisation on track

Q1'17 Highlights

- Fees and commissions down 15% YoY due to lower corporate finance fees and lower commissions on LCs/LGs
- Operating expenses being managed tightly; cost synergies of AED 75Mn realised in Q1'17, on track with full annual run-rate of ~AED 1Bn by 2020
- Integration costs of c.AED 100mn incurred in Q1'17 – primarily related to professional fees
- Cost-to-income ratio (ex-integration costs) of 27.3% in line with 28-30% guidance range for FY17

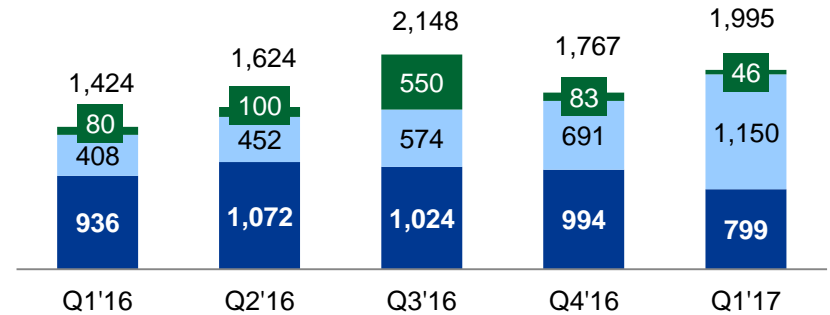
Operating Expenses

■ Staff Expenses ■ Other Expenses *AEDmn*



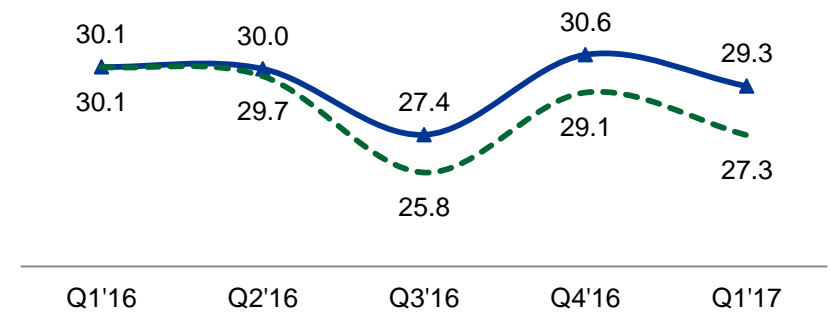
Non-Interest Income

■ Other operating income *AEDmn*
 ■ Net FX, investments & derivatives income
 ■ Net fees and commission income



Cost to Income Ratio

—▲ C/I Ratio —● C/I Ratio ex-integration costs (%)

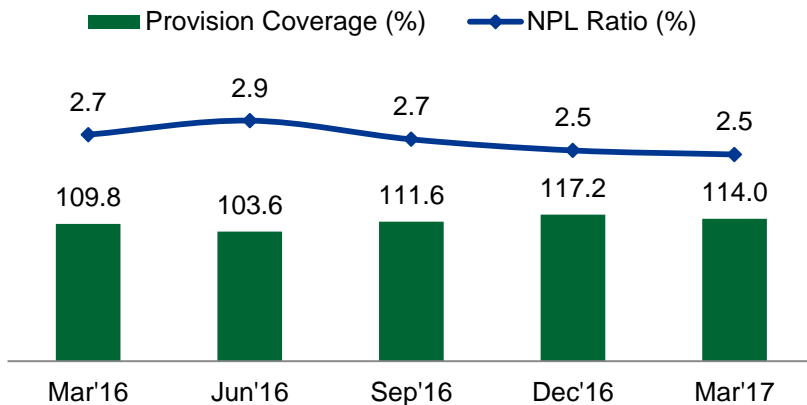


Excellent asset quality metrics

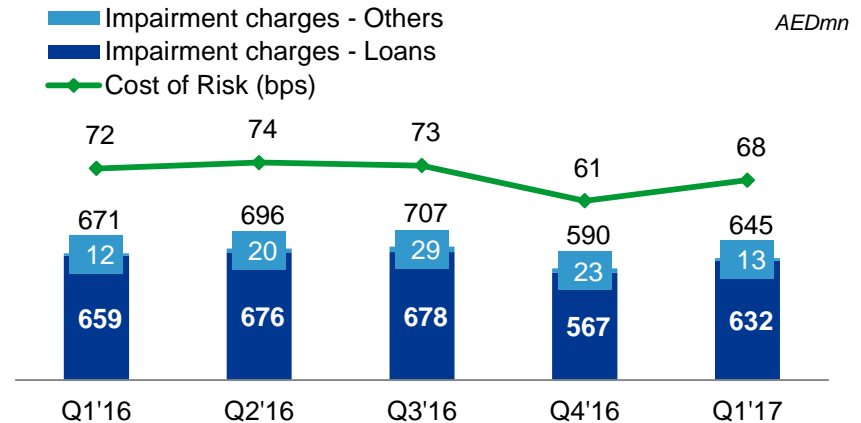
Q1'17 Highlights

- Asset quality continues to remain strong with NPL ratio at 2.5%
- Cost of risk at 68bps in Q1'17, in line with guidance; Increase in charges from retail segment partially offset by recoveries in wholesale
- NPL provision coverage was strong at 114.0% with General Provisions at 1.7% of the Credit RWAs
- Strong provision coverage positions combined entity well to comply with IFRS9 requirements

Non-performing loans & NPL ratio



Impairment Charges (net) & CoR*



NPLs and Provisions

	Mar'17	Mar'16	YoY %	Dec'16	QoQ %
NPLs	9,384	9,849	-5%	9,280	1%
Provisions	10,694	10,815	-1%	10,877	-2%
<i>Specific</i>	3,978	4,149	-4%	4,157	-4%
<i>General</i>	6,716	6,667	1%	6,720	0%

Healthy balance sheet growth driven by relationship clients

Q1'17 Highlights

Loans and advances

- Healthy lending growth in Q1'17 of 3.2% driven by drawdowns from UAE GREs as well as short-term trade finance lending; sector-wise, the increase is attributable to Energy and Financial Institutions

Customer Deposits and other accounts

- Strong growth in customer deposits during the quarter driven by inflow of government deposits (~ +AED 17bn to AED 150bn)
- International deposits grew 5.7%% in Q1'17 – contributing 24% to total customer deposits as at March-end 2017
- CASA balances of AED 113bn (+4.7% QoQ; +8.4% YoY) are contributing 27% to total customer deposits

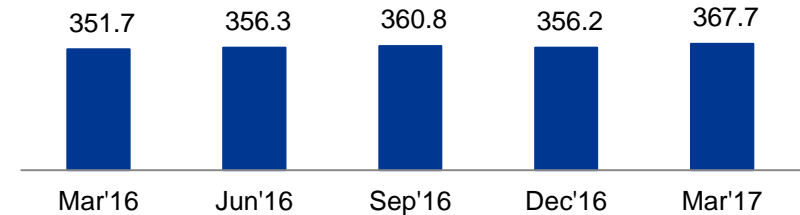
Medium-term borrowings

- In Q1'17, borrowings equivalent to USD 1.3bn were repaid, while new issuances of USD 1.5bn equivalent were raised
- Successful public issuances include Formosa bonds of USD 885mn at 3.75% maturing in 2047 and the MENA region's first Green Bond of USD 587mn at 3% coupon maturing 2022

Loans and advances, net

Growth QoQ +3.2%, YoY +4.6%

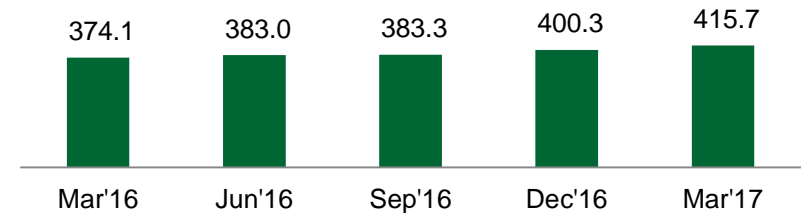
AEDbn



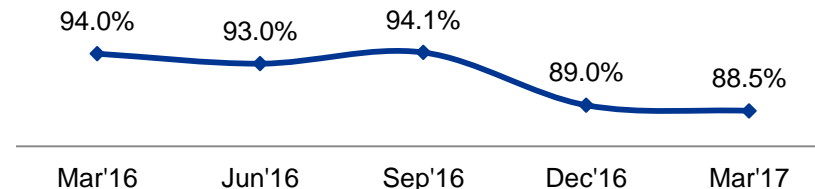
Customer deposits

Growth QoQ +3.9%, YoY +11.1%

AEDbn



Loans-to-deposits ratio



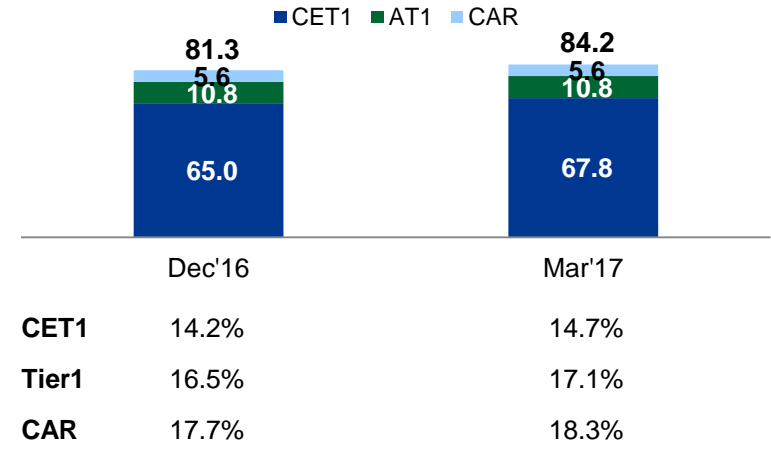
Well positioned for Basel-III regulatory changes

Q1'17 Highlights

- Pro forma CET1 ratio at 14.7%; comfortably positioned to comply with 2019 Basel-III regulatory requirements
- Cash dividends aggregating AED 6.8bn were paid to shareholders' of both banks for FY'16
- Optimisation of RWAs and strong internal capital generation to support organic growth and higher returns
- Annualised RoTE at 16.0% in Q1'17, improving from 15.2% the same period last year

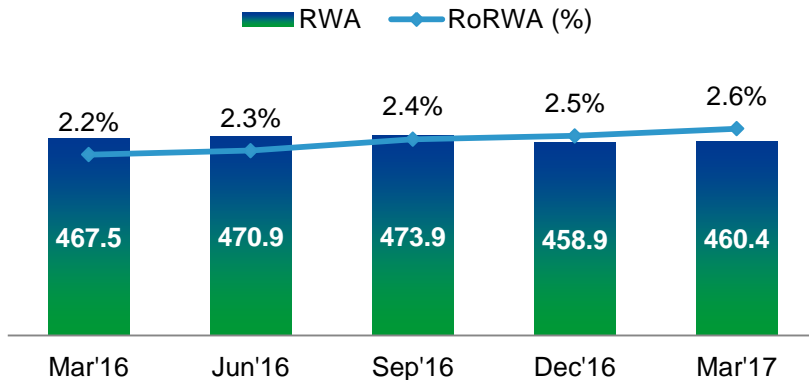
Strong capital ratios

AEDbn



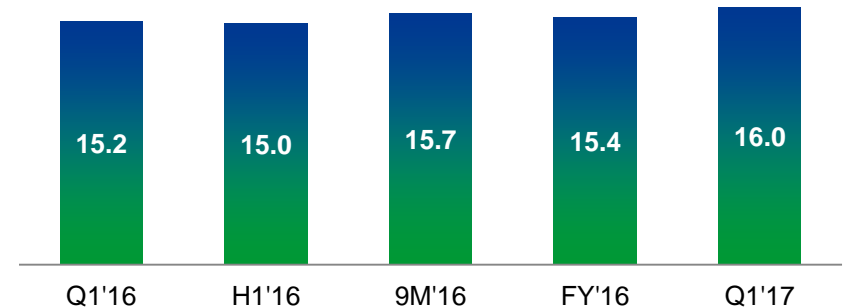
RWAs & Return on RWAs

AEDbn



Healthy returns on tangible equity (RoTE)

(%)



2017: A year of transition ...

...for the economy/ banking sector,

and in our integration journey

- Continued fiscal consolidation across the UAE and GCC
- Consolidation across economic sectors in Abu Dhabi
- Rising interest rate environment
- Transition towards adoption of Basel-III liquidity and capital framework in UAE
- Preparation for VAT implementation in 2018
- Net negative merger impact to be partially offset by realisation of cost synergies
- Non-recurrence of FY16 one-off gains on property
- Expecting continued growth in enlarged core franchise across PB and CIB
- Merger benefits expected from 2018 onwards as cost and revenue synergies materialise as per plan



Appendix

- About us
- Integration update
- Medium-term strategic priorities
- Financial profile

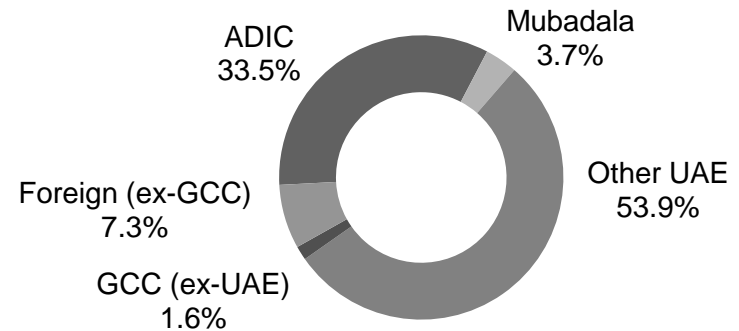
NBAD Profile

The **UAE's largest bank** and one of the world's largest financial institutions, the new bank offers an extensive range of tailor-made solutions, products and services, in addition to customised experiences via its market-leading Corporate and Investment Banking and Personal Banking franchises

Market Profile

- Market cap: AED 118Bn (USD 32.1Bn) as of 18 April 2017
- Total number of shares issued: ~10,898 million¹
- Largest constituent on Abu Dhabi Securities Exchange (ADSMI) – 37% weight

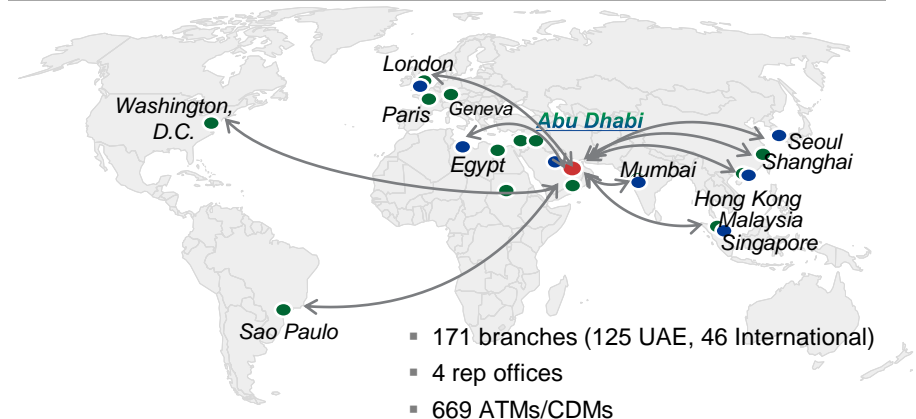
Ownership structure² (as of 30 March 2017)
















Credit Ratings

	Fitch	Moody's	S&P	RAM (Malaysia)	R&I Japan
LT	AA-	Aa3	AA-	AAA	A+
ST	F1+	P-1	A-1+	P1	
Outlook	Stable	Negative	Stable	Stable	Stable

Global network – presence in 19 countries (ex-UAE)



We are the leading UAE bank and a clear leader in the region

Banking sector assets (USD bn)	National champion ⁽¹⁾	Net Profit (USD bn)	Total assets (USD bn)	Equity (USD bn)	Market Cap ⁽²⁾ (USD bn)
 UAE 711	  بنك الإمارات دبي الوطني Emirates NBD	3.0 #2	183 #2	26.6 #1	32.1 #2
 KSA 602	 NCB الأهلي	2.5	117	14.1	20.3
 Qatar 349	 QNB	3.4	198	16.5	37.0
 Kuwait 198	 الوطني NBK	1.0	79	9.5	13.4
 Bahrain 193	 بنك الأحتل المتحد ahli united bank	0.6	34	3.8	5.4
 Oman 70	 بنك مسقط BankMuscat	0.5	28	4.0	2.8

Prominent Board and robust governance framework



H.H. Sheikh Tahnoon Bin Zayed Al Nahyan – Chairman
National Security Advisor
Chairman of Royal Group

Board of Directors



H.E. Khaldoon Khalifa Al Mubarak

Board Member

CEO and MD of Mubadala Investment Company

Chairman of the Executive Affairs Authority of the Government of Abu Dhabi



H.E. Mohammed Thani Al-Romaithi

Board Member

Chairman of the Federation of UAE Chambers of Commerce and Industry

Board Member of Al Etihad Credit Bureau



H.E. Mohamed Saif Al Suwaidi

Board Member

Director General of Abu Dhabi Fund for Development

Board Member of DP world and Agthia



H.E. Jassim Mohammed Al Siddiqi

Board Member

CEO and MD of Abu Dhabi Financial Group (ADFG)

Chairman of Shuaa and Eshraq Properties



H.E. Nasser Ahmed Alsowaidi

Vice Chairman of the Board
Board Member of Mubadala Development Company and IPIC

Ex-Chairman of Department of Economic Development



H.E. Khalifa Sultan Al Suwaidi

Board Member

Executive Director at the Abu Dhabi Investment Council (ADIC)

Board Member of UNB, ADIC and Barakah One



H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan

Board Member

Chairman of Abu Dhabi National Insurance Company (ADNIC)

Chairman of Risk Management Committee of ADNIC



H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri

Board Member

Chairman of Bin Suroor Engineering

Vice Chairman of Abu Dhabi National Hotels Company

4 Board Committees

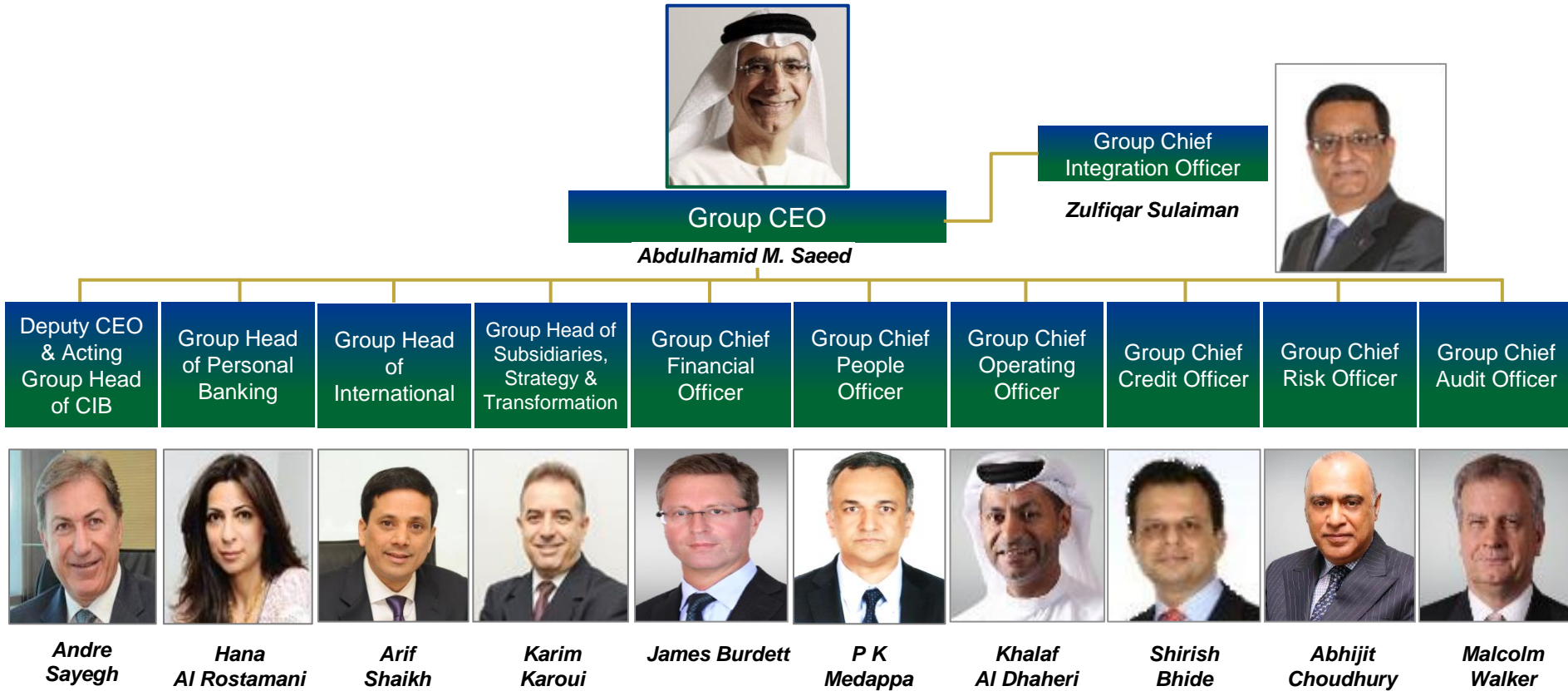
Board Management Committee

Remuneration & Nomination Committee

Risk Committee

Audit Committee

A talented and experienced Senior Leadership team



Building on core strengths to support our ambitions

OUR PURPOSE

To drive individual and institutional prosperity by putting the **customer first**

OUR COMMITMENT

To become a financial services leader delivering **top shareholder value**



DOMINANT PERSONAL BANK IN UAE

- **Bank of choice across key segments** in Abu Dhabi, and enhanced market share in Dubai & Northern Emirates
- **Multichannel and 'smart' distribution model** leveraging on digital solutions
- **Leader in everyday banking** anchored in payment solutions & cards



REGIONAL WEALTH ADVISOR OF CHOICE

- Access **new high growth HNWI segments**
- Use global network to **expand product and service range**
- **Deepen existing relationships** with increased cross-sell



TRUSTED PARTNER TO CIB CUSTOMERS

- **Leverage scale and cross-sell** to deepen client relationships and increase share of wallet in UAE and abroad
- **Preferred banking partner for government and GREs**
- **One-stop shop banking partner** for large corporates and medium-sized businesses



INTERNATIONAL BUSINESS BUILT AROUND UAE KNOWLEDGE AND RELATIONSHIPS

- **Wholesale-driven international strategy**
- **Reference bank for UAE multinational businesses**
- Selective international presence and **sharper focus on high potential growth markets (APAC)**



COMPLEMENTARY OFFERING
THROUGH SUBSIDIARIES

Our achievements so far

Integration Governance		<ul style="list-style-type: none"> • Integration governance structure set-up; 30 integration workstreams operationalised • Integration plan developed for each business line/function
External	Corporate Governance	<ul style="list-style-type: none"> • Board and Management committees and composition defined • Delegation of authorities in place
	Risk	<ul style="list-style-type: none"> • Bank risk appetite framework defined
	Legal	<ul style="list-style-type: none"> • All regulatory approvals obtained
Internal	Policies	<ul style="list-style-type: none"> • ~100 critical policies identified and harmonised before Day 1
	Operating Model	<ul style="list-style-type: none"> • Leadership team appointed • Culture baseline survey findings being addressed through multiple initiatives
	IT	<ul style="list-style-type: none"> • Target IT enterprise architecture, operating model and migration plan / investments needs defined • System integrator PMO on-boarded; hiring of several specialised System Integrators in progress
	International	<ul style="list-style-type: none"> • International operating model defined ensuring tight controls from the Group
	Operations	<ul style="list-style-type: none"> • Minimal process changes on Day 1 as both banks continue to operate their respective operations • ~20 key processes harmonised ; changes reflected in staff communications and training

What Day 1 meant for our customers

Personal Banking

- **Removal of fees** for cross-bank transactions (*i.e. ATM fees*)
- Separate **product offering** and **pricing**
- Separate **channels** (*i.e. branch network, DSA, digital, RMs*)
- Two **unified branches** to serve **customers of both banks** – in Abu Dhabi & Dubai

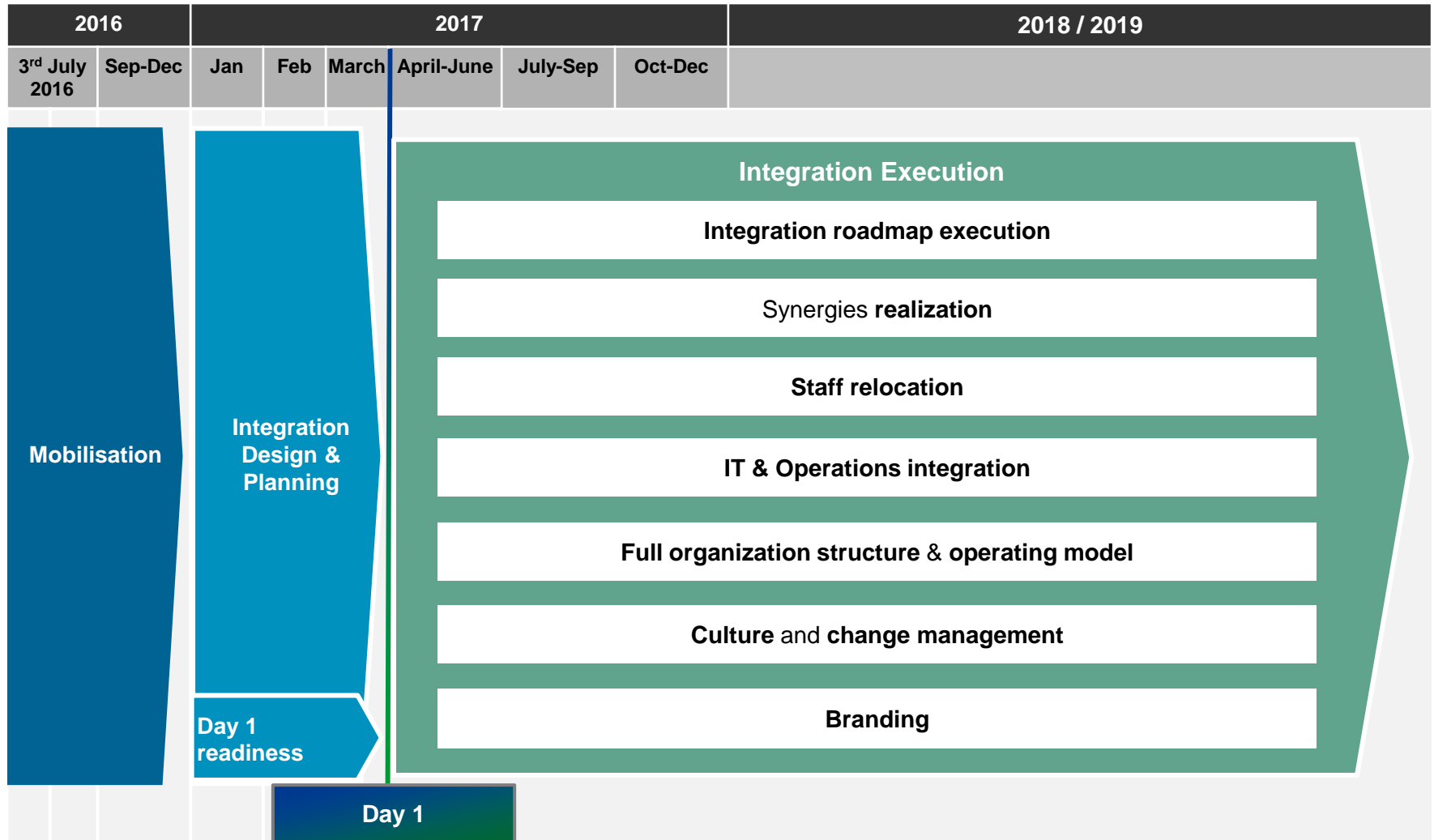
Corporate and Investment Banking

- Unified **Relationship Managers** for common priority customers
- Harmonised **product offering** and **pricing** for select products (*e.g. trade products, global market products*)
- Unified **Global Markets** trading floor – Single face to the market
- Consolidated **exposure and limits** for common customers

Branding & Communications

- **Current FGB / NBAD brands** across channels and product collaterals
- All **FGB collaterals & forms rebadged** to include legal disclaimer: “*FGB is a trademark owned by National Bank of Abu Dhabi PJSC*”; harmonised T&Cs for CIB facilities
- **Communication messages to all customers** sent

We are now embarking on a 18-24 month integration journey



Laying the right foundation for long term sustainable growth

How we will measure our success by 2020

1 Growth-oriented culture, focusing on cross sell

- ✓ **Mid single-digit** core revenue CAGR
- ✓ **Increased** market share and share of wallet

2 Successful execution of integration plan

- ✓ **Full realisation** of run rate synergies

3 One Bank, One brand, One team

- ✓ **Infrastructure** integration
- ✓ **People** integration

4 Sustainable cost leadership

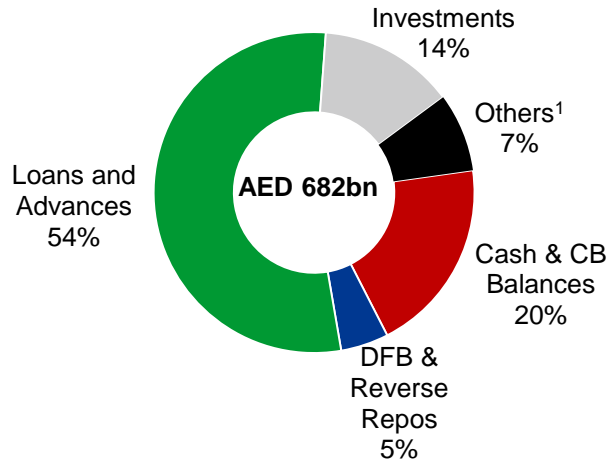
- ✓ **~25%** Cost-to-Income ratio

5 Strong internal capital generation capacity

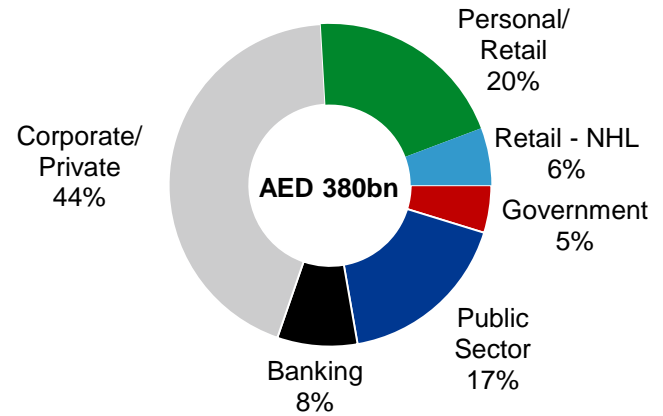
- ✓ **16-17%** RoTE¹
- ✓ **14-15%** min. CET1

Asset and Loan profile

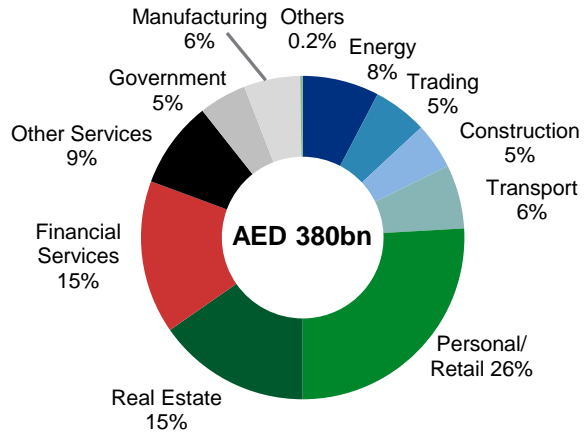
Asset Mix



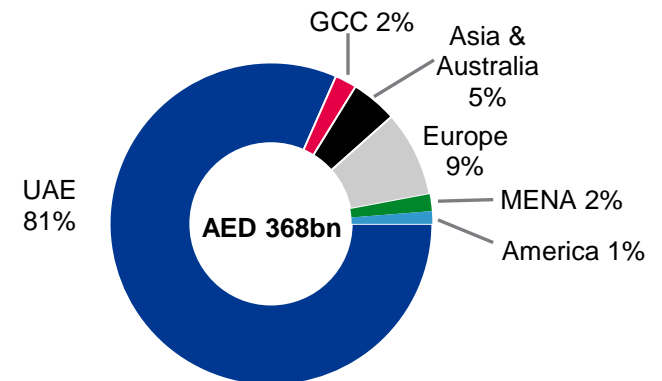
Gross loans by counterparty



Gross loans by economic sector

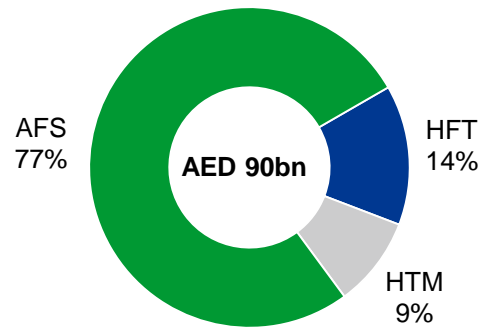


Net loans by geography (booking centre)

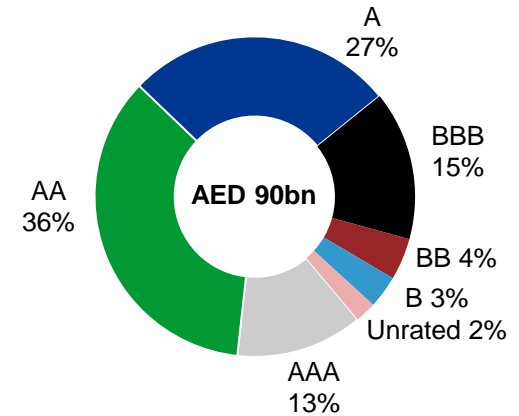


Investments

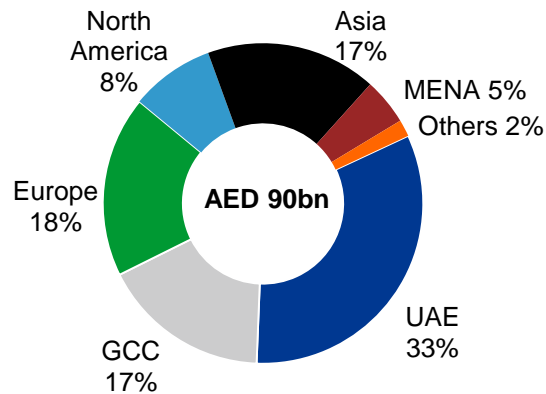
Debt Investments by type



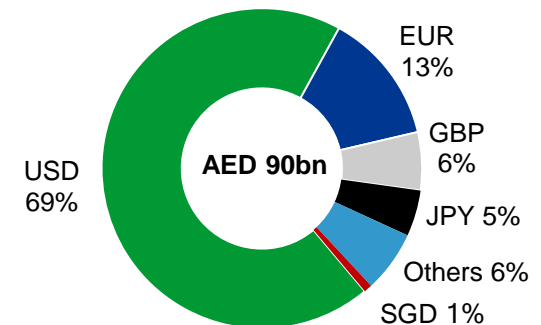
Debt Investments by ratings



Debt Investments by geography



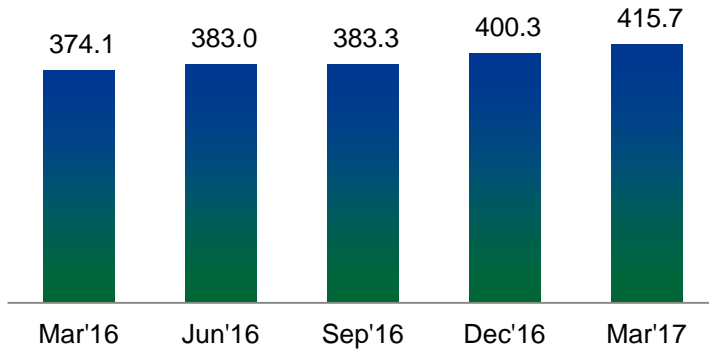
Debt Investments by currency



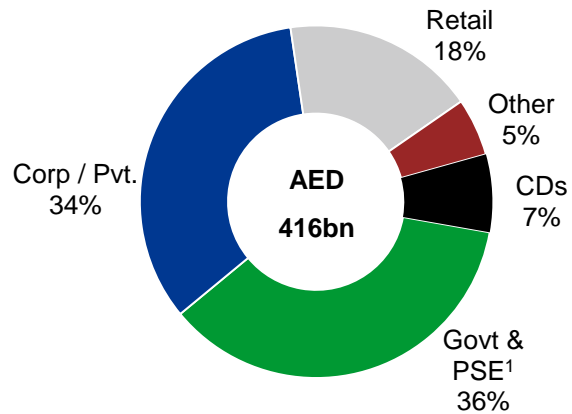
Customer Deposits

Customer deposits

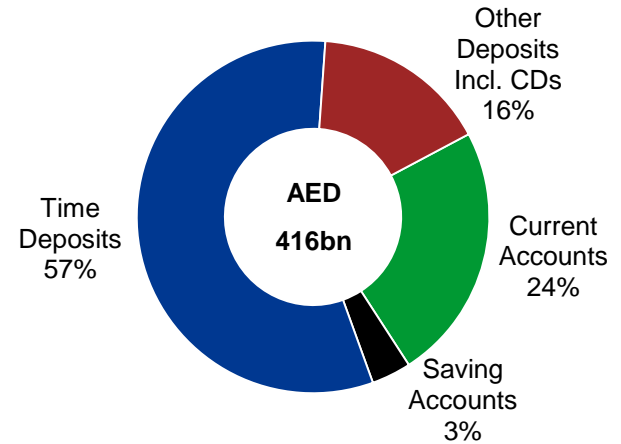
AEDbn



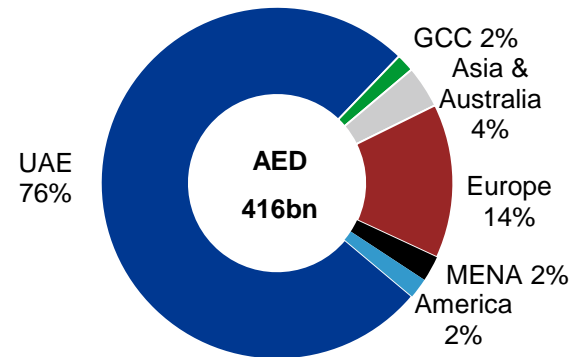
Customer deposits by Counterparty



Customer deposits by Account Type

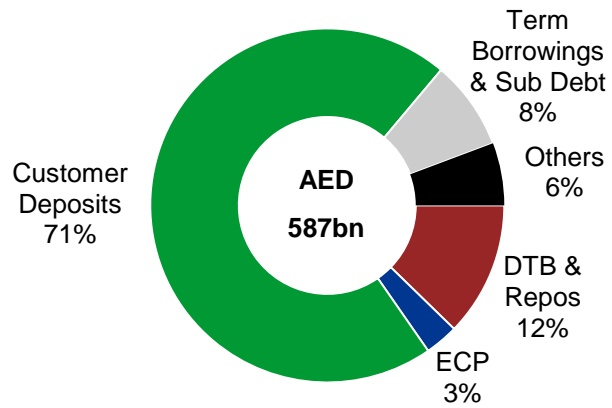


Customer deposits by geography (booking centre)

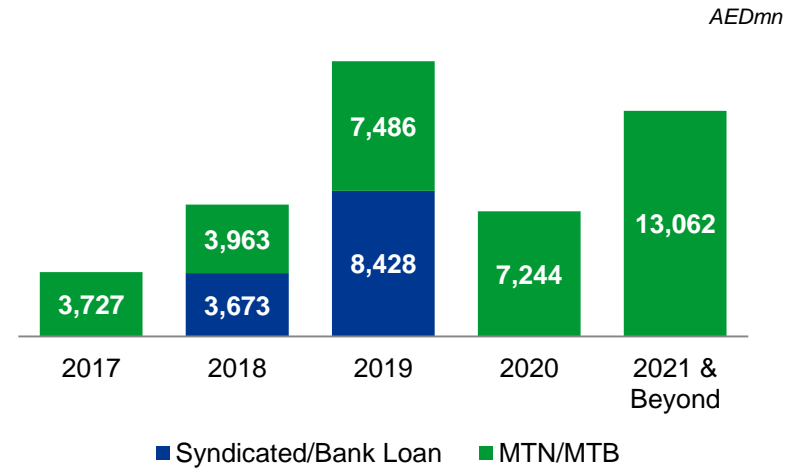


Funding profile

Liabilities mix

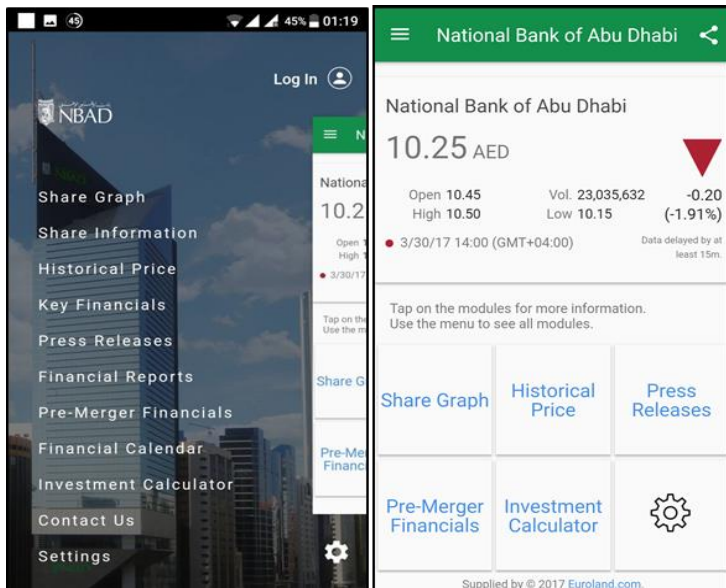


Wholesale funding maturity profile



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