



Q3/9M'17 EARNINGS PRESENTATION

October 25, 2017

**Grow
Stronger**

بنك أبوظبي الأول

FAB

First Abu Dhabi Bank

Disclaimer

Please note that FAB pro forma consolidated financials at 30 September 2017 serve as the main basis of reference for our Management Discussion & Analysis Report (MDA) and Investor Relations presentation.

Comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in the pro forma condensed consolidated interim financial statements.

FAB's reviewed consolidated interim financial statements as at 30 September 2017 are prepared on the basis that FGB/NBAD merger was declared effective on 1st April 2017 with FGB being the accounting acquirer as per IFRS 3. Therefore, these financials reflect consolidation of NBAD since 1st April 2017 only, while prior period comparative financial information relates to FGB.

For further information, please refer to the Business Combination note of the reviewed consolidated interim financial statements.

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Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of FAB. These forward-looking statements include all matters that are not historical facts. The inclusion of such forward-looking information shall not be regarded as a representation by FAB or any other person that the objectives or plans of FAB will be achieved. FAB undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Note: Rounding differences may appear throughout the presentation

Q3/9M'17 Key Performance Highlights

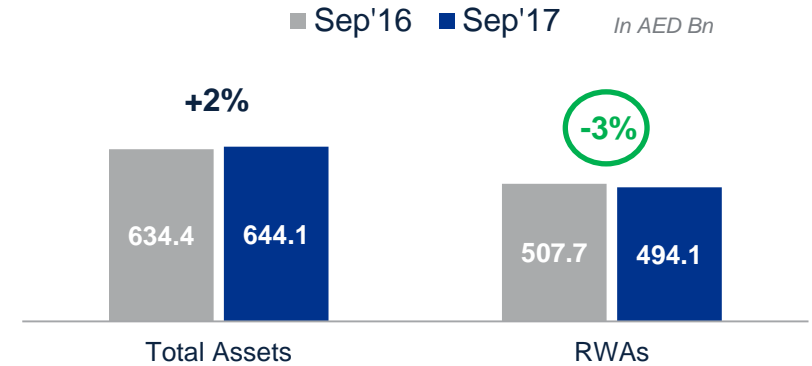
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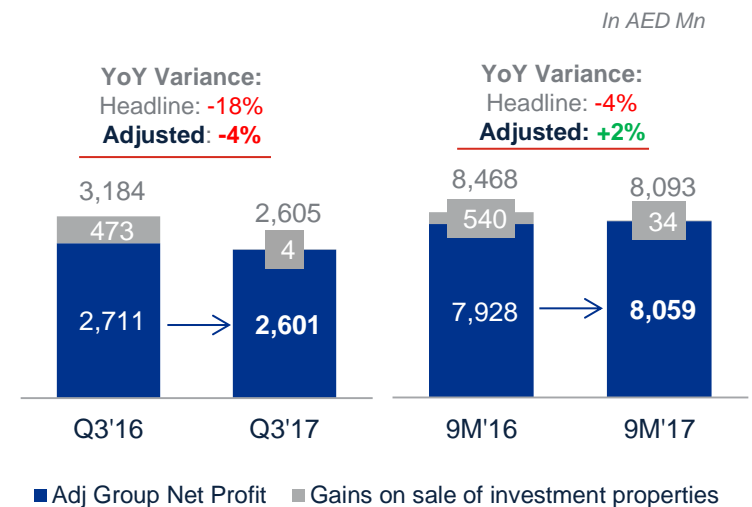
- ✓ Solid 3rd quarter results with **Net Profit up 2%** sequentially; 9M'17 Group Net Profit up 2% yoy excluding gains on sale of properties
- ✓ **Solid risk-adjusted returns** reflecting successful balance sheet optimisation
- ✓ **Excellent progress in integration journey**, merger benefits materialising ahead of plan
- ✓ **Strong fundamentals:** healthy asset quality, ample liquidity and strengthened capital position
- ✓ **On track to meet full year financial targets**

Solid risk-adjusted returns reflecting successful balance sheet optimisation

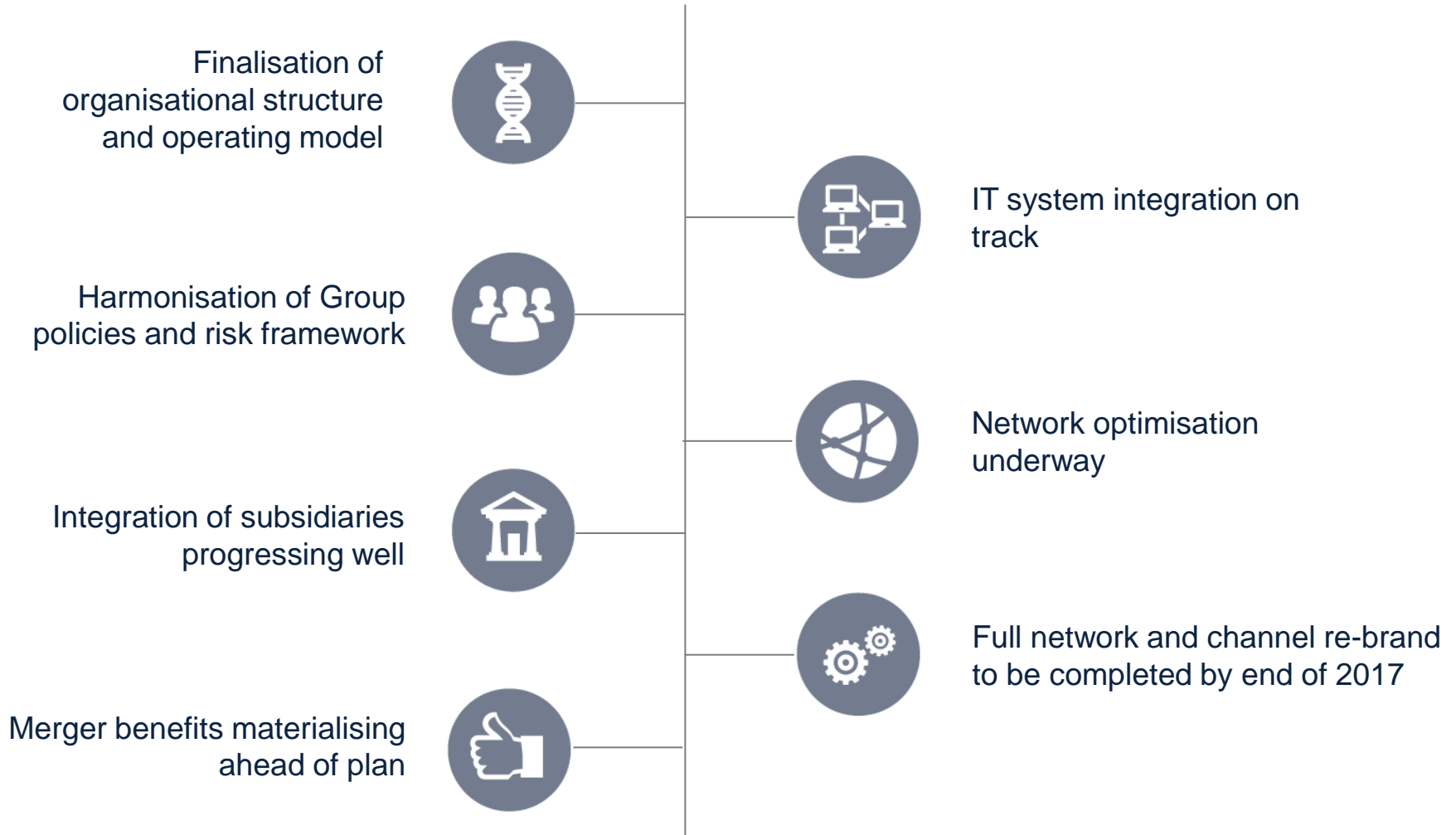
- Successful balance sheet optimisation led to 3% yoy reduction in RWAs while total assets grew 2%
- Solid risk-adjusted returns with RoRWA managed stable yoy, a significant achievement



RoRWA at 2.2%, **stable yoy**



Excellent progress in first 6 months of integration journey



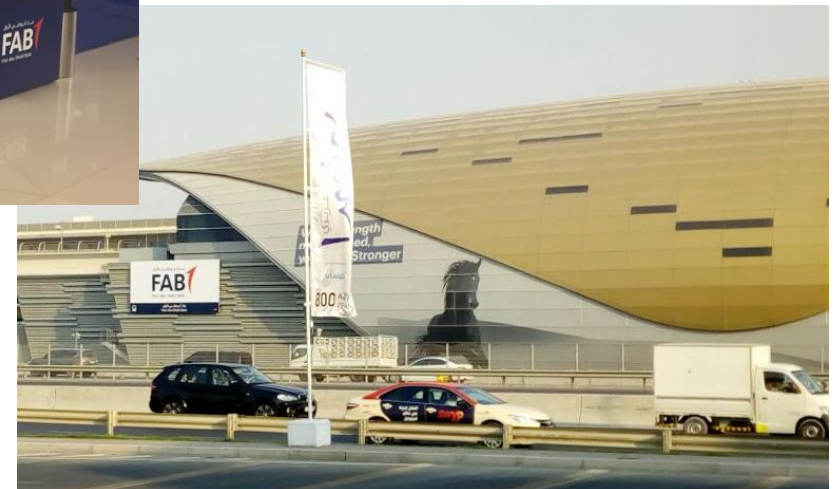
Network and channel re-brand to be completed by end of 2017



Headquarters
Business Park, Abu Dhabi



Rebranded ATMs/ CDMs

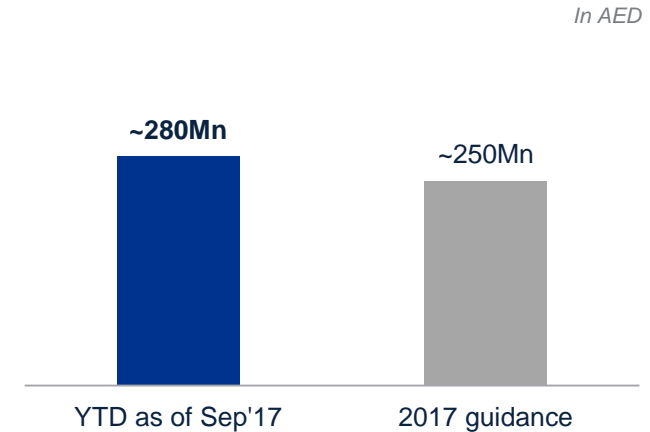


FAB Metro Station
Dubai

Merger benefits materialising ahead of plan

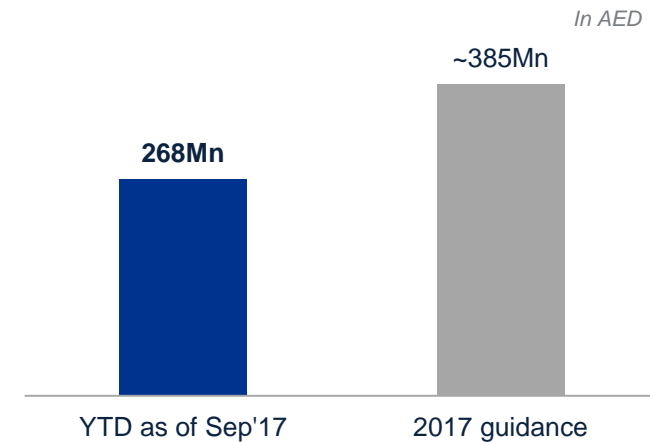
Cost synergies

- Ahead of plan at ~AED 280 Mn ytd, already exceeding FY'17 guidance of ~AED 250 Mn
- Cost synergies realised to-date represent 28% of 2020 annual run-rate target of AED 1 Bn



One-time integration costs

- Well under control at AED 268 Mn ytd
- In line with FY'17 guidance of ~AED 385 Mn



Leading market position

FAB dominates GCC and MENA league tables* ytd with market share double of nearest peer

14.3%

Market share
GCC loan league tables

12.7%

Market share
MENA loan league tables

FAB ranked amongst world's safest banks**

#1 safest bank in UAE and Middle East

#4 safest bank in Emerging Markets

#17 safest commercial bank worldwide

#31 safest bank worldwide

*Bloomberg

**Global Finance 2017 rankings

On track to meet full year financial targets

9M'17 ACTUAL

FY'17 GUIDANCE

LOAN GROWTH

-3%

Low single digit negative

CORE REVENUE* GROWTH

Headline revenue down 5%

Flat

C/I RATIO

(EX-INTEGRATION COSTS)

27.6%

~28%

COST OF RISK¹

71bps

70-75 bps

RoTE²

14.3%

~ 14%

*Excluding property-related one-offs and AFS investment gains

1 - Year-to-date annualised

2 - Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl Tier 1 notes coupon (AED 346Mn) and amortisation of intangibles

Revenue trend reflects softer operating conditions yoy and non-recurrence of property gains

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Key Highlights

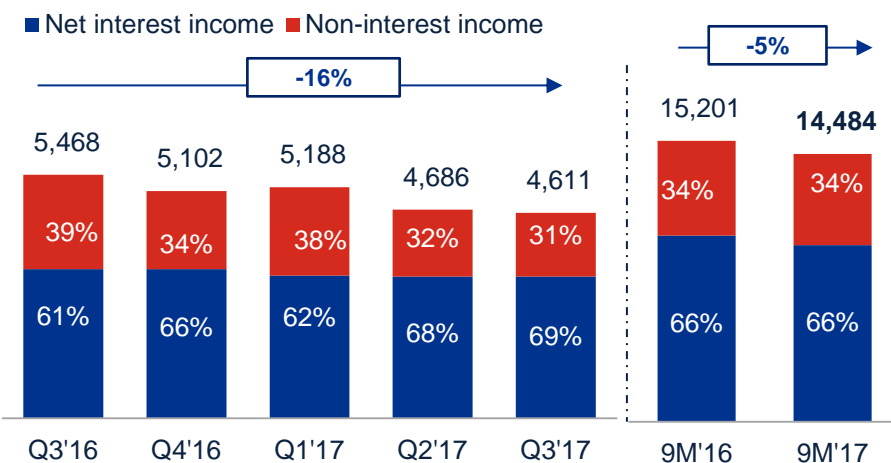
- Group Revenue managed at AED 14.5Bn reflecting softer operating conditions yoy and substantial one-off property gains booked in Q3'16
- 9M'17 NII down 5% yoy due to 21bps margin compression and balance sheet optimisation towards higher-risk adjusted earning assets
- Fees and commissions 17% lower yoy reflecting lower market loan and trade activity compared to 2016.
- FX and investment income up 59% yoy on AFS investment gains realised in Q1'17

Operating Income (AED Mn)

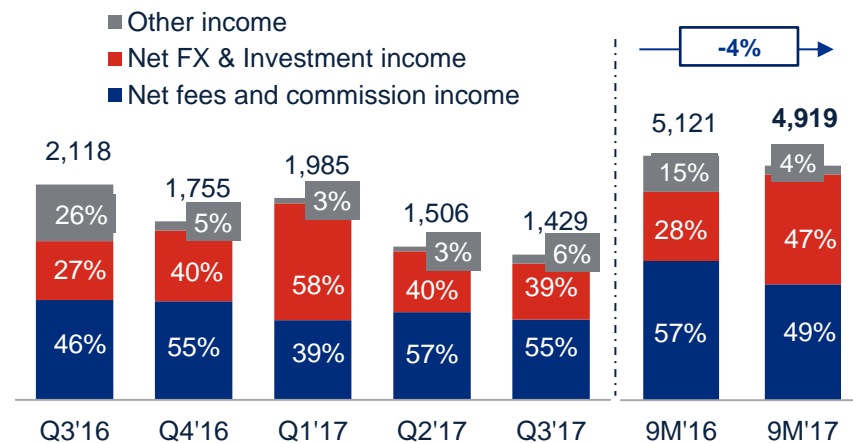
	9M'17	9M'16	YoY %	Q3'17	Q2'17	QoQ %
Net interest Income	9,565	10,079	-5	3,182	3,180	0
Fees & commissions, net	2,429	2,918	-17	788	860	-8
FX and investment income, net	2,299	1,450	59	552	598	-8
Other non-interest income *	191	753	-75	89	49	82
Total Operating Income	14,484	15,201	-5	4,611	4,686	-2

* Includes gains on sale of investment properties

Operating Income (AED Mn)



Non-interest Income (AED Mn)

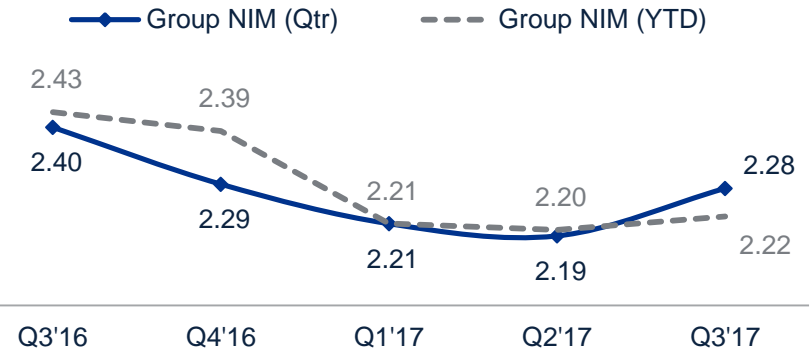


NIM positively impacted by rate hikes

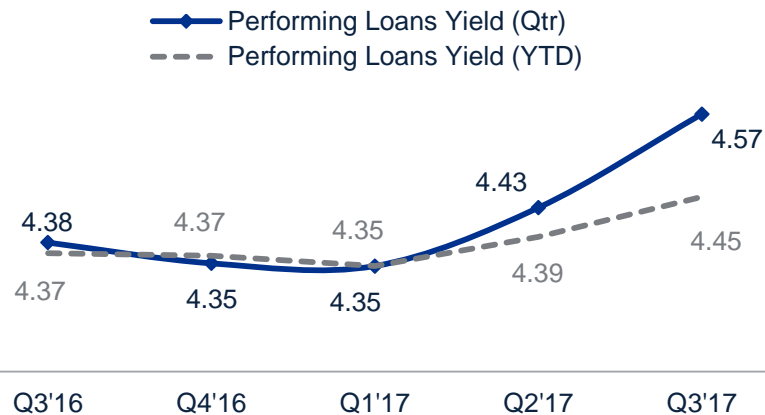
Key Highlights

- Group NIM qoq: +9bps driven by asset repricing whilst funding costs tightly managed as synergies are realised
- Group NIM yoy: -21bps reflecting margin compression due to portfolio optimisation towards higher risk-adjusted earning assets and dilutive impact from deployment of short-term excess liquidity
- Performing loan yields: +19bps yoy and +14bps qoq reflecting corporate loan repricing following benchmark rate hike partly offset by margin compression and BS mix change mainly in Personal banking
- Cost of customer deposits: +4bps qoq and only +6bps yoy, indicating realisation of funding cost synergies despite rate hikes

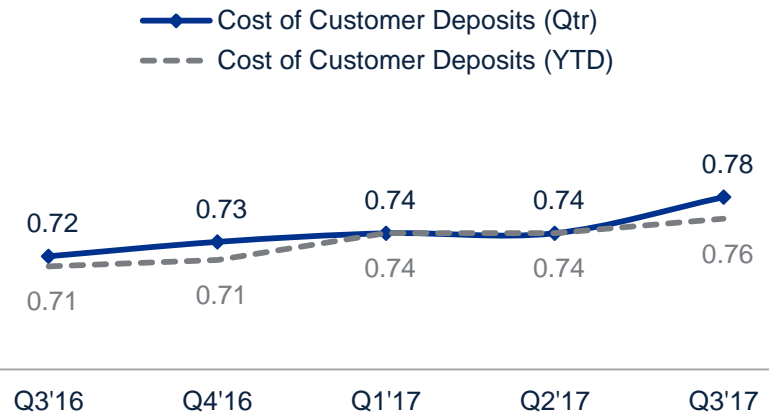
Net Interest Margin (%)



Performing Loan Yields (%)



Cost of Customer Deposits (%)



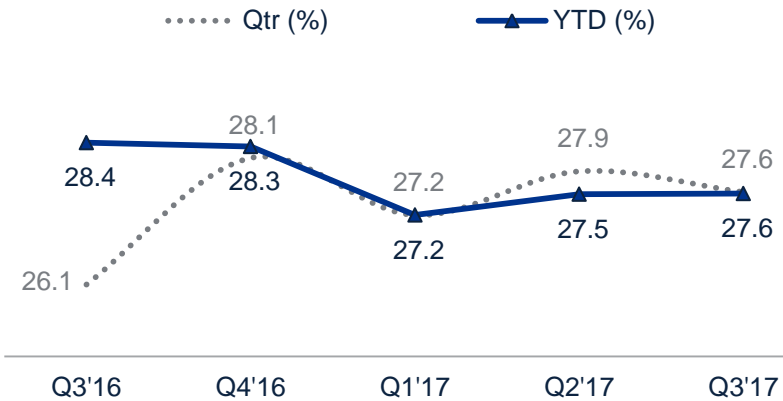
Note: All percentage figures are annualised

Disciplined cost management and strong synergy realisation drive better operating efficiency

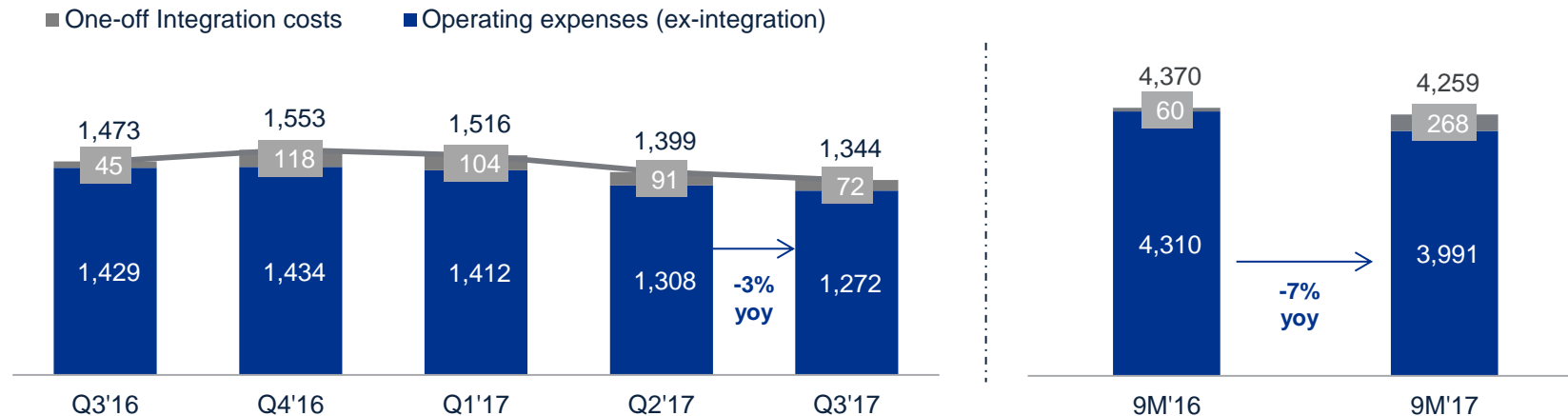
Key Highlights

- Operating expenses (ex-integration costs) reduced 7% yoy and 3% qoq, reflecting disciplined cost management and realisation of substantial synergies
- Cost synergies during the period were primarily driven by headcount rationalisation and vendor savings
- Integration costs stood at AED 268Mn (including AED 72Mn in Q3'17) and mainly relate to professional fees, severances and re-branding
- C/I ratio (ex-integration costs) stands at industry-leading level of 27.6%, improving from 28.4% in 9M'16

Cost-Income Ratio (ex-integration costs)



Operating Expenses (ex-integration costs) (AED Mn)



CoR benefits from RWA optimisation

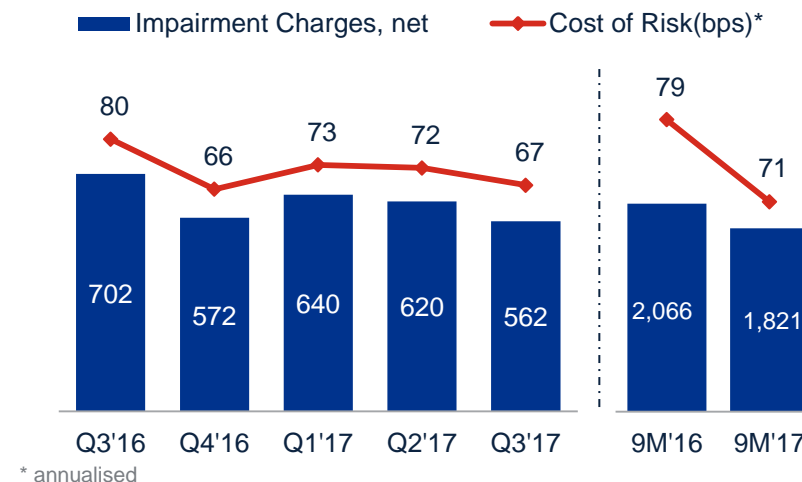
Key Highlights

- Impairment charges (net) down 12% yoy driven by higher recoveries and lower collective impairment charges resulting from balance sheet optimisation
- NPLs up 3% yoy primarily due to retail-led NPL formation
- NPL ratio improved sequentially by 19bps on the back of lower NPLs coupled with higher loan balances
- Portfolio is adequately provisioned with coverage at 109%; Collective provisions at 1.67% of Credit RWAs
- Annualised cost of risk at 71bps at lower end of 70-75bps full year guidance

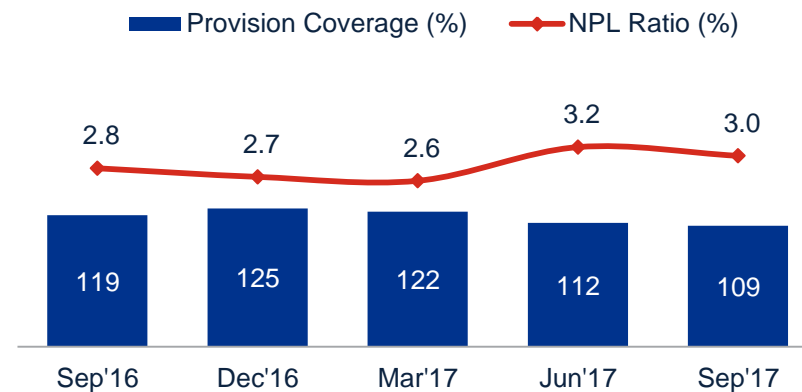
NPLs and Provisions (AED Mn)

	Sep'17	Jun'16	QoQ%	Dec'16	YTD%	Sep'16	YoY%
NPLs	10,233	10,497	-3%	9,280	10%	9,895	3%
Provisions	11,153	11,713	-5%	11,565	-4%	11,729	-5%
<i>Specific</i>	4,105	4,629	-11%	4,325	-5%	4,581	-10%
<i>General</i>	7,049	7,084	-1%	7,240	-3%	7,148	-1%

Impairment Charges, net (AED Mn) & CoR



Provision Coverage & NPL ratio



Strong lending momentum in third quarter; liquidity remains highly comfortable

Key Highlights

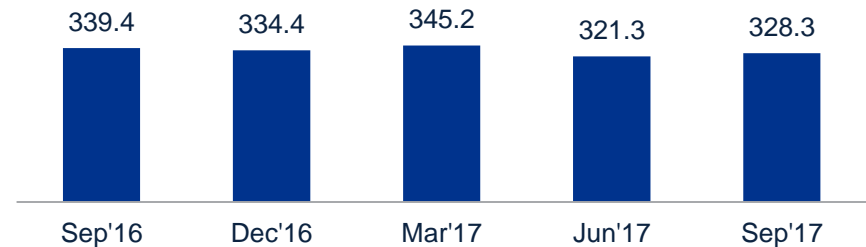
Loans and advances*

- Loan book increased +2% qoq on the back of strong lending momentum in 3rd quarter driven by selective trade finance lending offering attractive risk-adjusted returns
- Loans were down -2% ytd as new origination was offset by balance sheet optimisation and corporate repayments

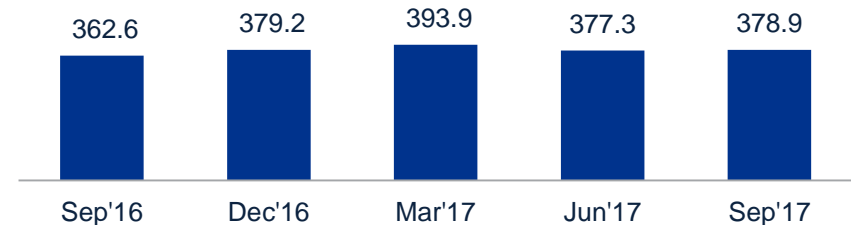
Customer Deposits and other accounts*

- Customer deposits broadly stable qoq and ytd
- CASA grew 4% ytd to AED 112 Bn highlighting FAB's strong deposit franchise and leading cash management solution
- Liquidity position remains highly comfortable with loan-to-deposit ratio of 86.6%
- Sep-end 17 LCR stands above the Basel III glide path

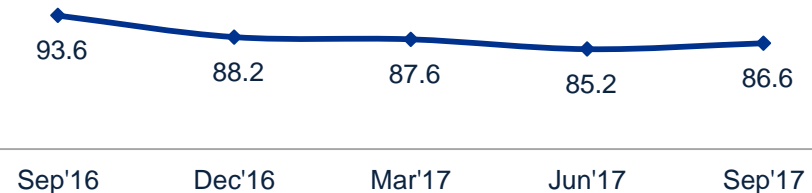
Loans and Advances* (AED Bn)



Customer Deposits* (AED Bn)



Loan-to-deposit ratio* (%)



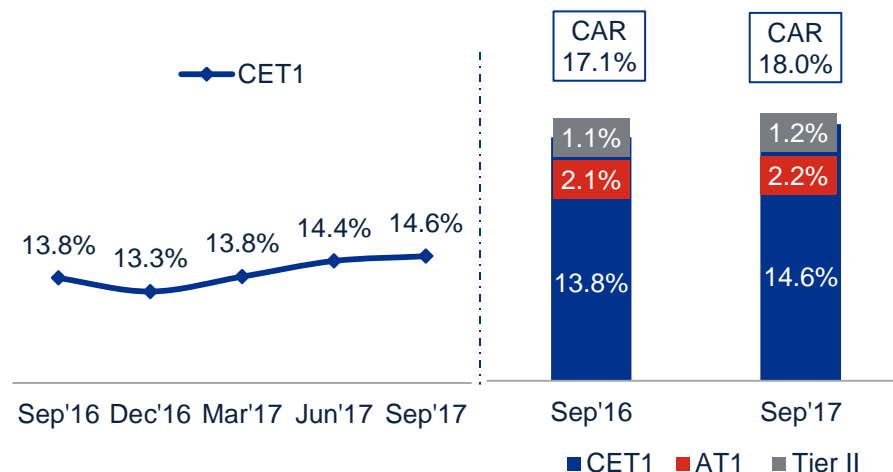
*Restated net of National Housing Program loans and deposits

Strengthened capital position on RWA optimisation

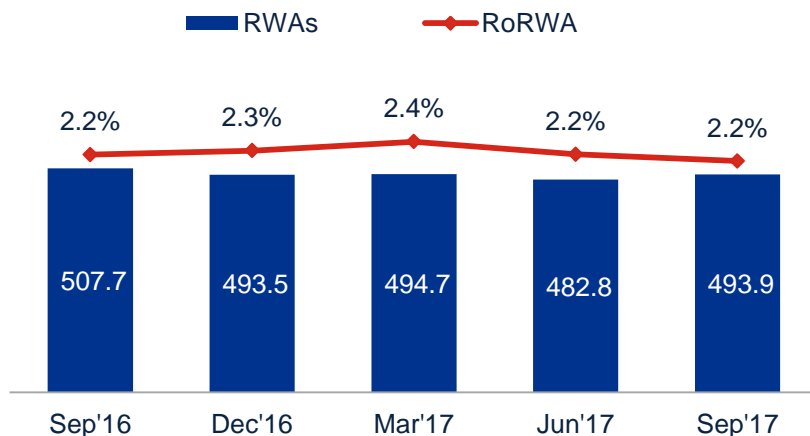
Key Highlights

- Group capital position strengthened with CET1 ratio and total CAR at 14.6% and 18.0% respectively (vs. 13.8% and 17.1% in Sep'16)
- Improvement in capital ratios primarily driven by RWA optimisation
- FAB officially designated as Domestic Systemically Important Bank (D-SIB); required to hold additional capital buffer of 1.5% by 2019
- Solid returns with Annualised RoTE at 14.3%, in line with full year guidance

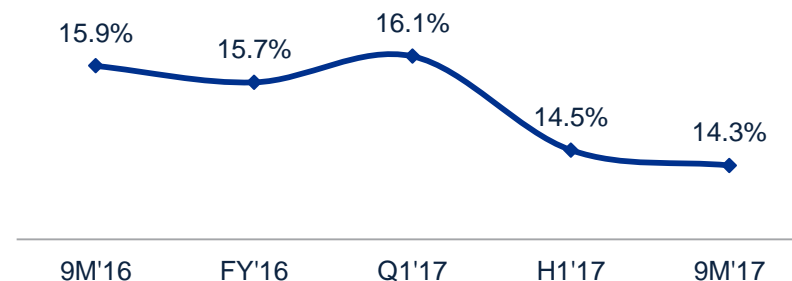
Strong capital ratios



RWAs & Return on RWAs¹



Annualised RoTE² (YTD)

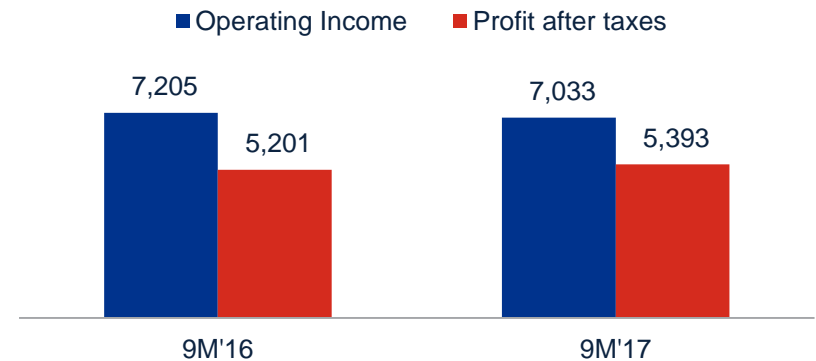


1 - Year-to-date annualised

2 - Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl Tier 1 notes coupon and amortisation of intangibles

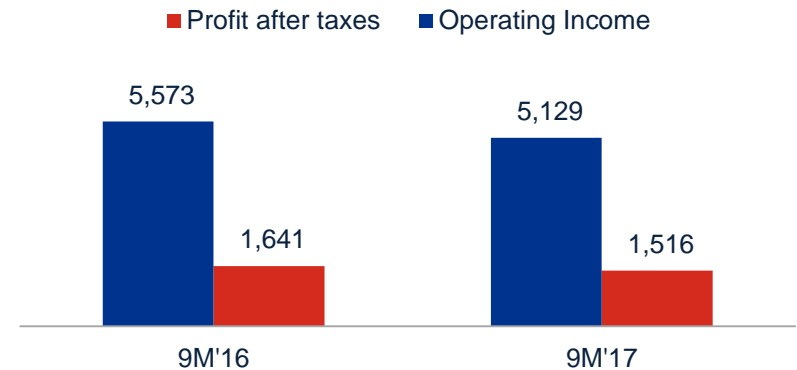
Corporate & Investment Banking (AED Mn)

- Resilient performance across the business despite subdued loan demand and increased market volatility
- Headline revenue slightly down yoy (-2%) mainly due to lower market loan and trade volumes compared to 2016
- Net profit up 4% yoy supported by provision reversals thanks to optimisation of risk assets
- Market-leading CIB franchise recognised by numerous awards including “Best Bank for Financing in the Middle East” and “Best Investment Bank in the UAE” at the 2017 Euromoney Middle East Awards



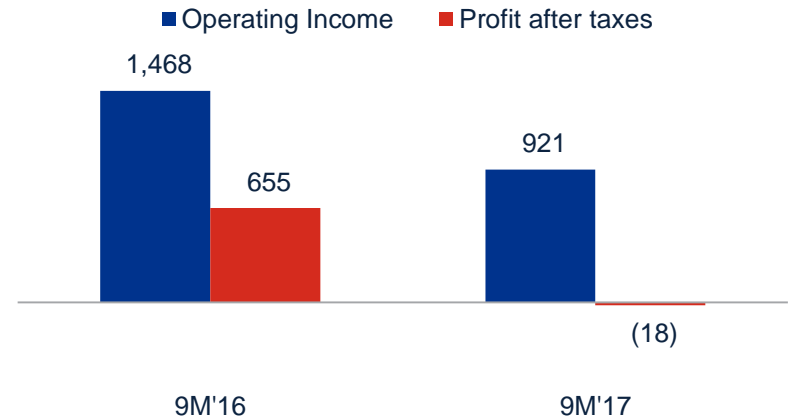
Personal Banking (AED Mn)

- Revenues lower yoy (-8%) mainly due to slowdown in retail spending, and competitive pressures
- Continued focus on optimising balance sheet mix by channeling liquidity towards higher risk-adjusted earning assets
- Business consolidation post merger and related cost savings led to notable reduction in operating expenses yoy
- Continuous focus on enhancing product offering and value proposition, through innovation and digitisation



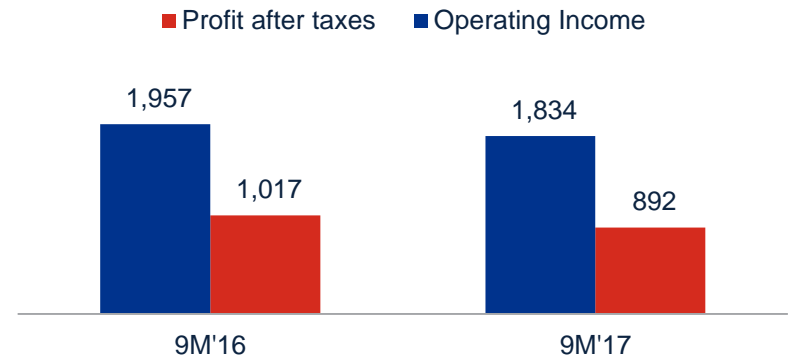
Subsidiaries (AED Mn)

- Revenues lower yoy (-37%) mainly due to lower interest in suspense recoveries and non recurrence of property-related gains realised in 9M'16
- Net loss of AED 18Mn as a result of higher impairments reflecting current economic cycle
- Integration of real estate and property management businesses was completed; Integration of Islamic finance subsidiaries is underway



International (ex-UAE) (AED Mn)

- The international business remains a key competitive advantage and differentiator for FAB as a significant contributor to liquidity and risk diversification
- 9M'17 revenues stood at AED 1.83 Bn, contributing 12.6% to the Group's total revenues
- International deposits grew 7% and represent 27% of Group's total deposits as of September-end 2017





APPENDIX

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Q3/9M'17 Summary Financials

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Income Statement - Summary (AED Mn)	Nine Months			Quarterly				
	9M'17	9M'16	YoY %	Q3'17	Q2'17	QoQ %	Q3'16	YoY %
Net interest Income	9,565	10,079	-5	3,182	3,180	0	3,350	-5
Fees & commissions, net	2,429	2,918	-17	788	860	-8	979	-20
FX and investment income, net	2,299	1,450	59	552	598	-8	581	-5
Other non-interest income	191	753	-75	89	49	82	558	-84
Total Operating Income	14,484	15,201	-5	4,611	4,686	-2	5,468	-16
Operating expenses	(4,259)	(4,370)	-3	(1,344)	(1,399)	-4	(1,473)	-9
Impairment charges, net	(1,822)	(2,074)	-12	(562)	(620)	-9	(707)	-21
Non Controlling Interests and Taxes	(310)	(289)	8	(100)	(105)	-5	(103)	-4
Net Profit	8,093	8,468	-4	2,605	2,562	2	3,184	-18
Basic Earning per Share ¹ (AED)	0.95	1.00	-5	0.92	0.90	2	1.13	-19

Balance Sheet ² - Summary (AED Bn)	Sep'17	Dec'16	Ytd %	Jun'17	QoQ %	Sep'16	YoY %
Loans and advances	328.3	334.4	-2	321.3	2	339.4	-3
Customer deposits	378.9	379.2	0	377.3	0	362.6	4
CASA (deposits)	112.4	108.5	4	113.5	-1	109.8	2
Total Assets	644.1	649.1	-1	624.6	3	634.4	2
Equity (incl Tier-1 capital notes)	99.1	97.0	2	96.6	3	91.4	8
Tangible Equity ³	73.3	71.9	2	70.7	4	69.2	6

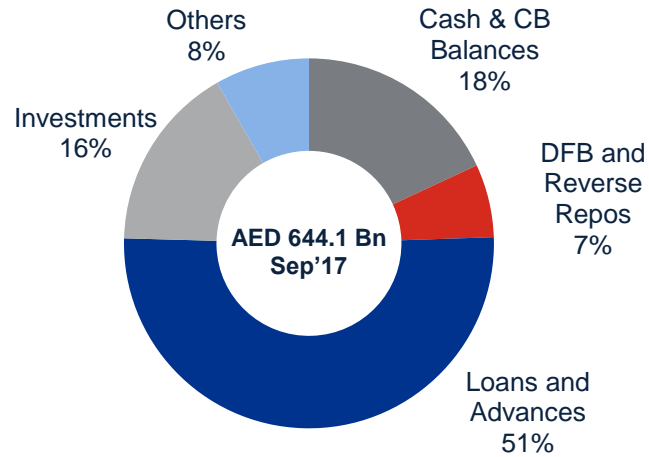
Key Ratios (%)	9M'17	9M'16	YoY (bps)
Net Interest Margin ¹	2.22	2.43	-21
Cost-Income ratio (ex-integration costs)	27.6	28.4	-80
Cost of Risk (bps) ¹	71	79	-8
Non-performing loans ratio	3.0	2.8	19
Provision coverage	109.0	118.5	-954
Loans-to-deposits ratio	86.6	93.6	-696
Return on Tangible Equity ⁴ (RoTE)	14.3	15.9	-169
Return on Risk-weighted Assets (RoRWA)	2.2	2.2	0
CET1 ratio	14.6	13.8	79
Capital Adequacy ratio	18.0	17.1	91

1 - Year-to-date annualised; 2 - Restated net of National Housing Program loans and deposits

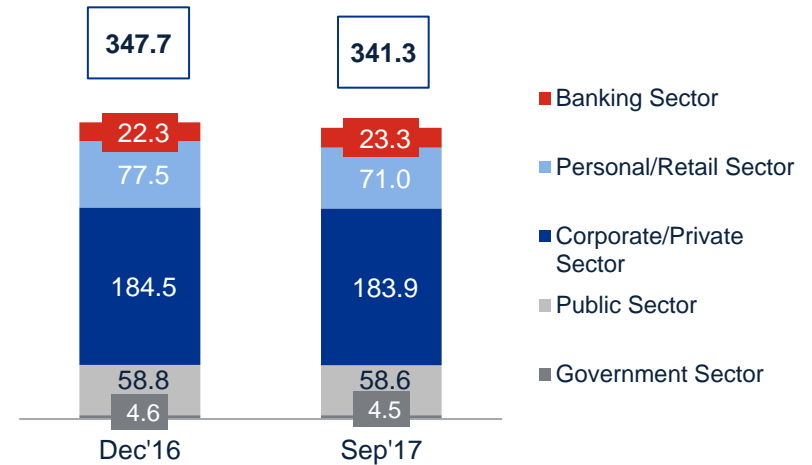
3 - Tangible equity is shareholders' equity net of Tier-1 capital notes, goodwill & intangibles

4 - Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl Tier-1 notes coupon (AED 346 Mn – 9M'17) and amortisation of intangibles

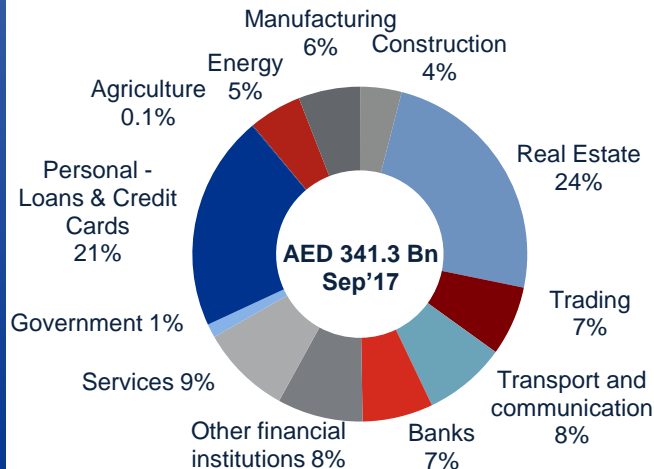
Asset Mix



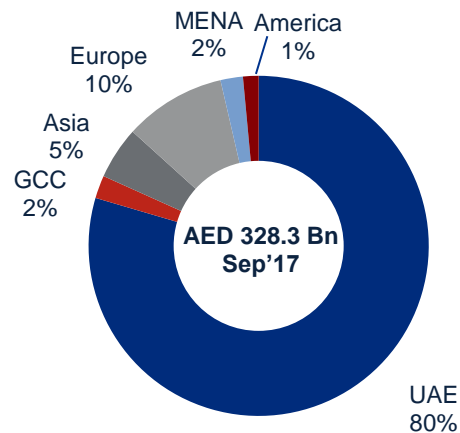
Gross loans by counterparty¹ (AED Bn)



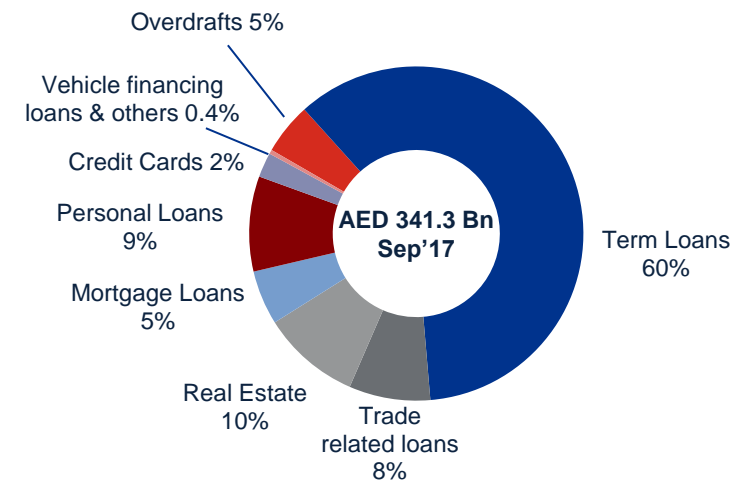
Gross loans by economic sector¹



Net loans by geography²



Gross loans by product

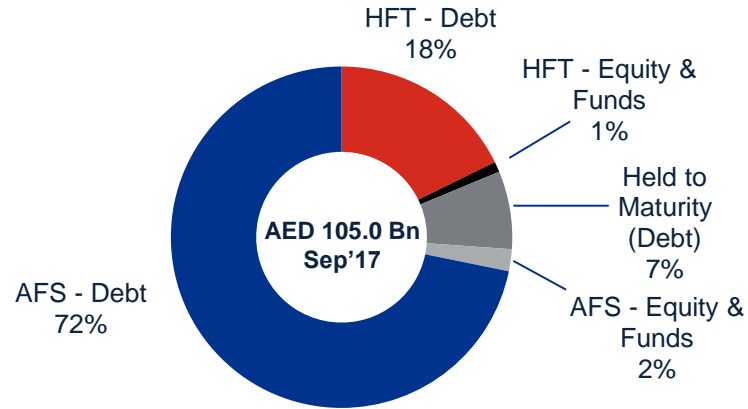


1 - AED 13.6 Bn reclassified from Government to Corporate/Private sector and Real Estate category

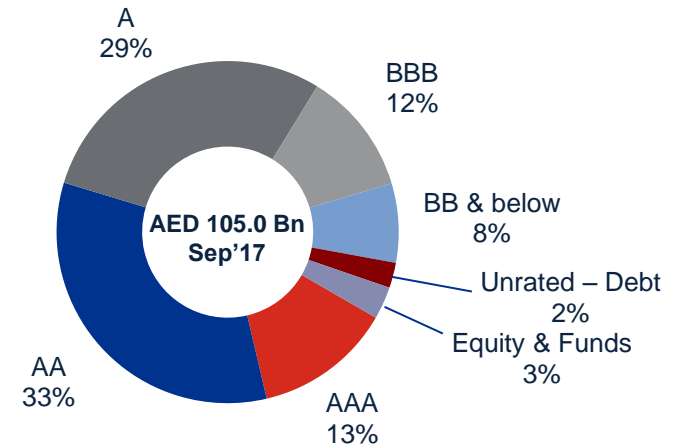
2 - Based on booking centre

Investment breakdown

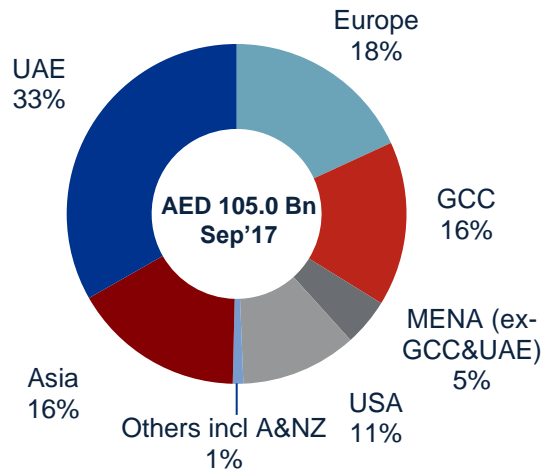
Investments by type



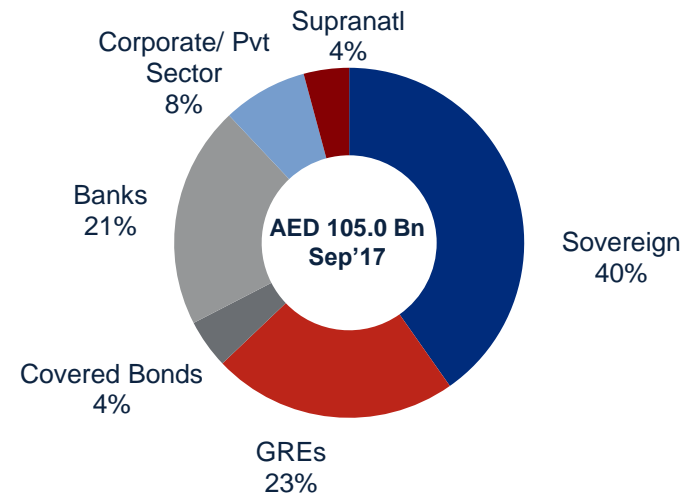
Investments by ratings



Investments by geography

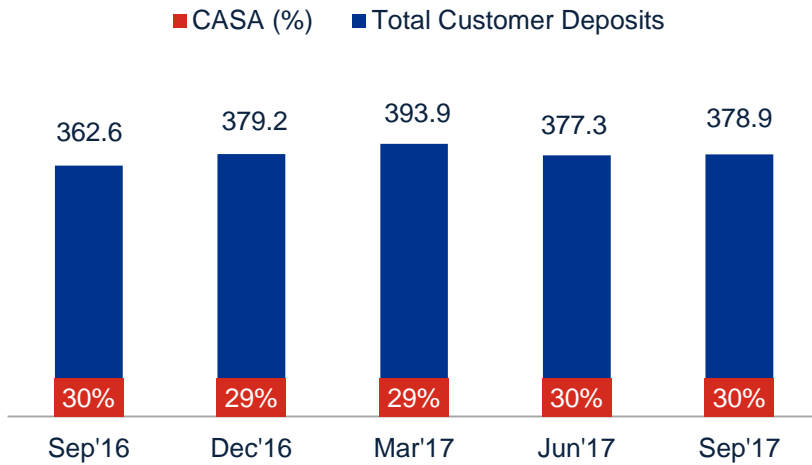


Investments by counterparty

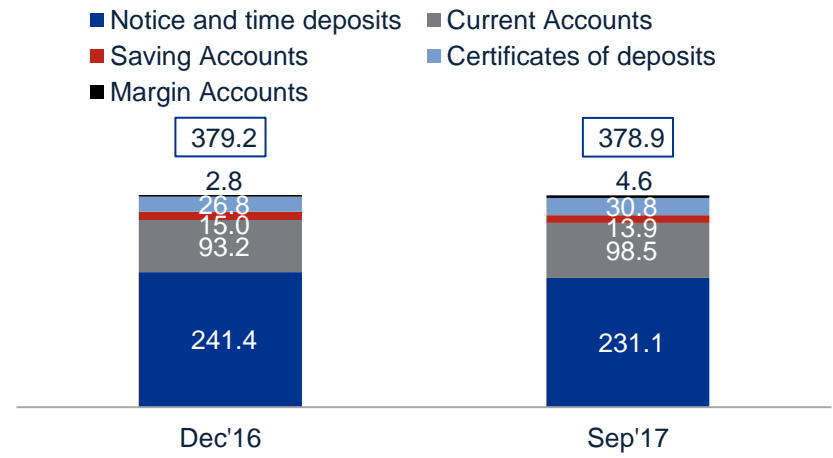


Customer deposits

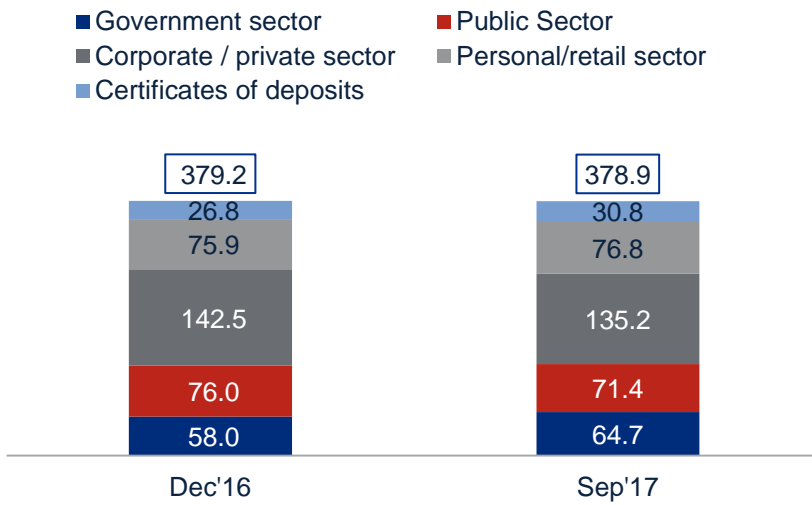
Customer deposits (AED Bn)



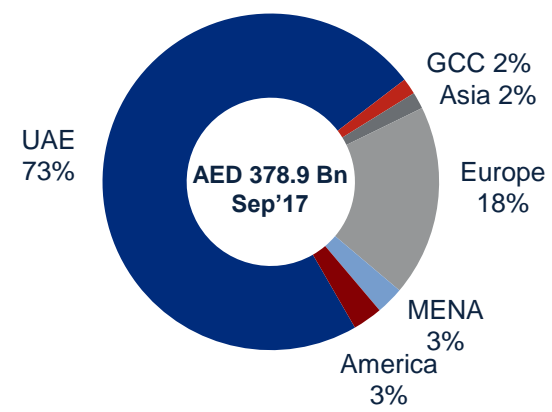
Customer deposits by account type (AED Bn)



Customer deposits by Counterparty (AED Bn)



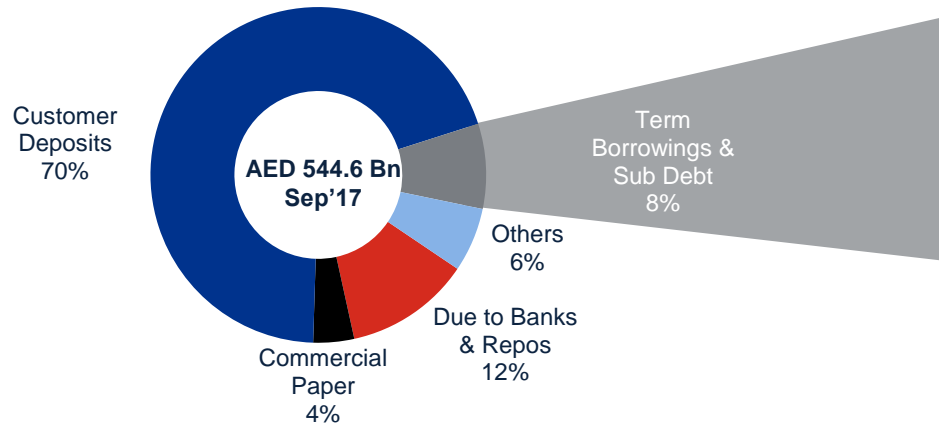
Customer deposits by geography¹



1 - Based on booking centre

Liability mix and Wholesale Funding

Liabilities mix

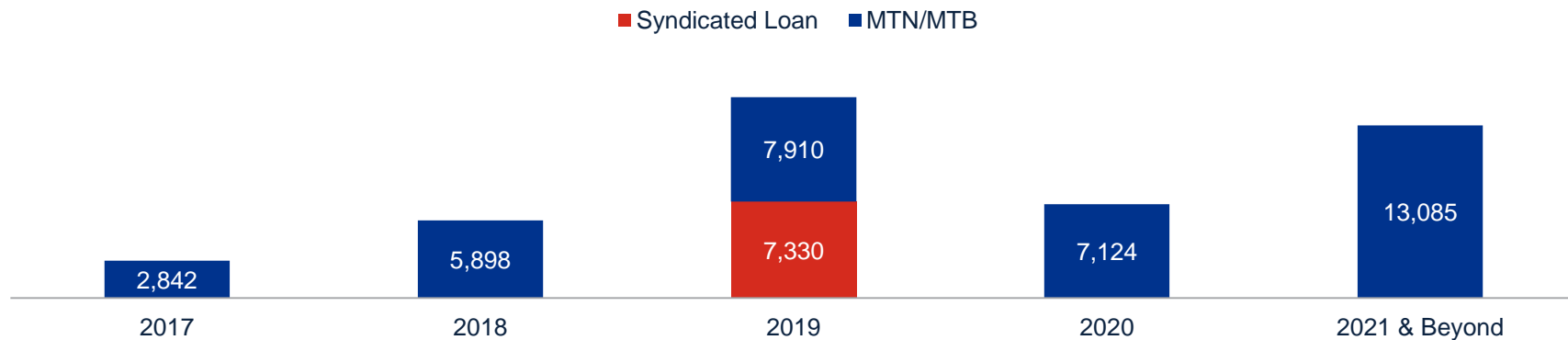


Wholesale Funding (AED Bn)

Sep'17

Syndicated loan	7.3
Medium Term Notes/Bonds	36.9
Subordinated debt	0.4
Total	44.6

Wholesale funding maturity profile (AED Mn)



Prestigious awards highlight FAB's strength and industry expertise in UAE and MENA



- Best FX provider in UAE
- Best Overall Bank for Cash Management
- Best Bank for Liquidity Management in MENA



- 'Best Investment Bank in the United Arab Emirates'
- 'Best Bank for Financing in the Middle East'



- 'Best Bank in the UAE'
- 'Most Innovative Investment Bank' in the MENA region
- NBAD Securities named 'Best Brokerage Company' for the 2nd year in a row
- Dubai First received the title of 'Best Consumer Finance Company' in the region for the 3rd year in a row



- 'Best Fixed Income of the Year'
- 'UAE Asset Manager of the Year'



- 'Sukuk House of the Year - UAE' for the 2nd consecutive year
- '2017 Best Islamic Deal of the Year' for Etihad Airways' \$1.5b Sukuk. FAB was Joint Structuring Bank and Joint Bookrunner
- '2017 Best Islamic Structured Trade Finance Deal of the Year' for a \$300m Murabaha on behalf of Al Marai. FAB was Joint Arranger and Joint Bookrunner



- FAB named 'Best Trade Finance Bank in MENA'

THANK YOU!



For more information, please visit
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