Q2/H1’18 EARNINGS PRESENTATION

July 24th, 2018

Grow Stronger

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

Disclaimer

Grow Stronger

Please note that FAB pro forma consolidated financials as at 30 June 2018 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 interim reviewed consolidated financial statements as at 30 June 2018 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.

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

The information contained herein has been prepared by First Abu Dhabi Bank P.J.S.C ("FAB"). FAB relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This presentation has been prepared for information purposes only and is not and does not form part of any offer for sale or solicitation of any offer to subscribe for or purchase or sell any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

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

Q2/H1'18 Key Performance Highlights

Grow Stronger

- **Record earnings in the first half**
  - H1'18 net profit of AED 6.1Bn up 10% yoy ; Q2'18 net profit up 19% yoy
- **Sustained business growth in second quarter**
  - Loans and advances up 2% sequentially, 7% yoy
- **Synergy momentum continues as we enter final stretch of integration journey**
  - On track to deliver ~AED 1.5Bn cost synergies by 2020
- **Healthy asset quality metrics, solid liquidity profile, strong capital position**
  - NPL ratio at 3.1%; 123% provision coverage
  - L/D ratio at 80%
  - CET1 at 13.1%
- **Revising FY'18 financial guidance on robust half year performance, positive outlook in H2**

Record earnings

Q2'18 financial highlights

Grow Stronger

بنك أبوظبي الأول FAB First Abu Dhabi Bank

Q2'18 P&L summary

In AED Mn	**Q2'18**	Q1'18	*QoQ %*	Q2'17	*YoY %*
Revenues	**4,920**	4,871	*1*	4,677	*5*
Operating expenses	***(1,338)***	*(1,326)*	*1*	(1,399)	*(4)*
BAU[1] costs	***(1,214)***	*(1,213)*	*-*	(1,307)	*(7)*
Integration costs	***(78)***	*(69)*	*14*	(92)	*(15)*
Amortisation of intangibles (merger-related)	***(46)***	*(44)*	*4*	-	*NA*
Impairment charges, net	**(423)**	(439)	*(4)*	(611)	*(31)*
Net profit	**3,059**	2,998	*2*	2,562	*19*
EPS (AED)[3]	**1.08**	1.07	*1*	0.90	*20*

- Operating income improved qoq and yoy on higher non-interest income
- BAU[1] operating expenses continued to reduce yoy on the back of cost discipline and synergy momentum
- Impairment charges significantly lower yoy on IFRS9, risk-asset optimisation and healthy asset quality
- Improved profitability sequentially and yoy

Key ratios

%	**Q2'18**	Q1'18	*QoQ (bps)*	*Q2'17*	*YoY (bps)*
C/I ratio (ex-integ costs)	**25.6**	25.8	*(21)*	28.0	*(235)*
CoR (bps)[3,4]	***53***	*50*	*3*	*71*	*(19)*
NPL ratio	***3.1***	*3.1*	*(7)*	*3.2*	*(9)*
Provision coverage	***123***	*127*	*(436)*	*112*	*1130*
L/D ratio	***80***	*84*	*(380)*	*85*	*(524)*
RoTE[3]	***18.2***	*17.4*	*82*	*14.1*	*407*
CET1 ratio[2]	***13.1***	*12.4*	*73*	*14.7*	*(164)*

- Industry-leading operating efficiency with C/I ratio further improving qoq and yoy
- Healthy asset quality metrics; materially lower CoR
- Strong liquidity profile remains competitive strength
- Solid and improved returns
- Higher CET1 on retained earnings, RWA discipline

1 BAU – Business as usual
3 Annualised
2 CET1 ratio as per UAE CB's Basel III framework; Q2'17 as per Basel II framework
4 On loans and advances

Record earnings

H1’18 results vs. FY’18 financial guidance

		2018 Guidance	H1’18 Actual	
Growth	**Loan**	Mid single-digit	+4% ytd / +7% yoy	• *Healthy pipeline execution in CIB*
	Revenue	Low single-digit	-1% yoy	• *Against strong H1’17 which included opportunistic investment gains*
Efficiency	**C/I Ratio** (ex-integration costs)	~26%-27%	25.7%	• *Continued synergy realisation and cost discipline* • *One-off integration costs well under control*
Asset Quality	**Cost of Risk**[1]	65-75bps	51bps	• *Lower CoR reflects healthy asset quality, risk-asset optimisation and IFRS9 implementation*
Profitability	**Net profit growth**	Mid single-digit	+10% yoy	• *Solid profitability and returns, comfortably above guidance*
	RoTE[2]	~15%	17.1%	
Capital	**Basel III CET1** (pre-dividend)	>13%	13.1%	• *CET1 on track*

1 Year-to-date annualised; on loans and advances
2 Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl Tier 1 notes coupon

Integration and Strategy execution

Key highlights

- ✓ IT systems integration to be completed by year-end

- ✓ Strong cost synergy momentum to-date
- ✓ Continued to deliver growth across UAE and strategically targeted markets
- ✓ Launch of KSA operations within next few months
- ✓ Strategic review of international operations
  - Exited Lebanon, announced sale of NBAD Jordan
- ✓ UAE network rationalisation
  - Branch & cash offices network reduced to 87 as of Jun'18 (down from 103 as of Dec'17)
  - 21 branches already serving full suite of FAB products and services
- ✓ Integration of Dubai First into Personal Banking underway

- ✓ Roll-out of FAB Values to embed a unique and compelling culture

- ✓ New investments in digital capabilities, marketing and key strategic hires

Strong business momentum, sustained in Q2

Grow Stronger

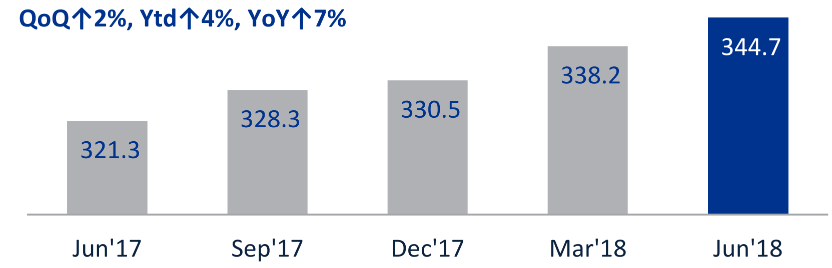
Key highlights

- Loans and advances are up 2% sequentially, 4% ytd and 7% yoy
- CIB is a major contributor to loan growth on the back of sustained momentum in FI trade, and pipeline execution across UAE and strategically targeted markets, particularly in APAC

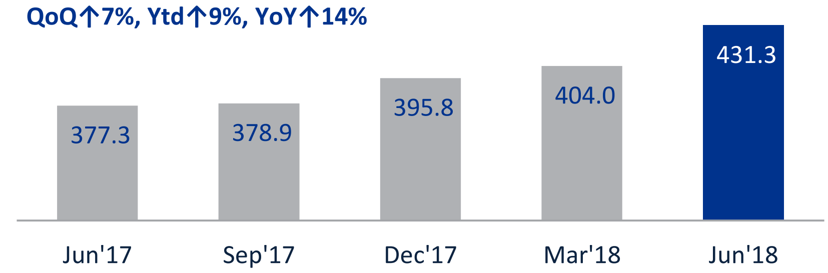
- Customer deposits up 7% sequentially on significant corporate and government inflows, reflecting solid franchise
- CASA at AED 145Bn (34% of total deposits) reduced sequentially from AED 166Bn, on the back of the partial outflow from one large account

- Liquidity position remains highly comfortable with loans-to-deposits ratio of 80%
- Jun’18 Group LCR at 125%, above the Basel III glide path for 2018 (min required 90%)

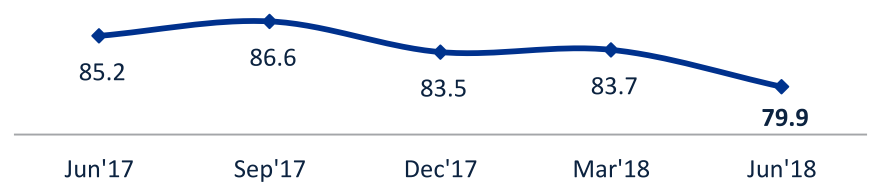
Loans and advances (AED Bn)



Customer deposits (AED Bn)



Loans-to-deposits ratio (%)



NII trend reflects competitive pricing, asset optimisation, excess liquidity

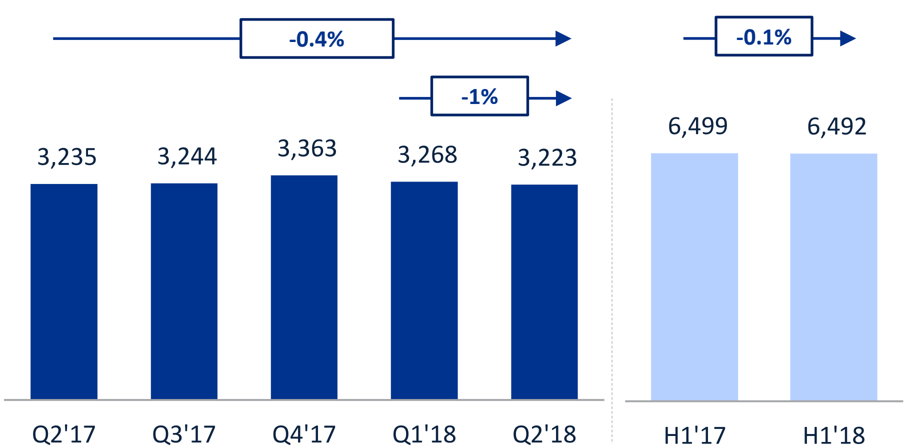
Grow Stronger

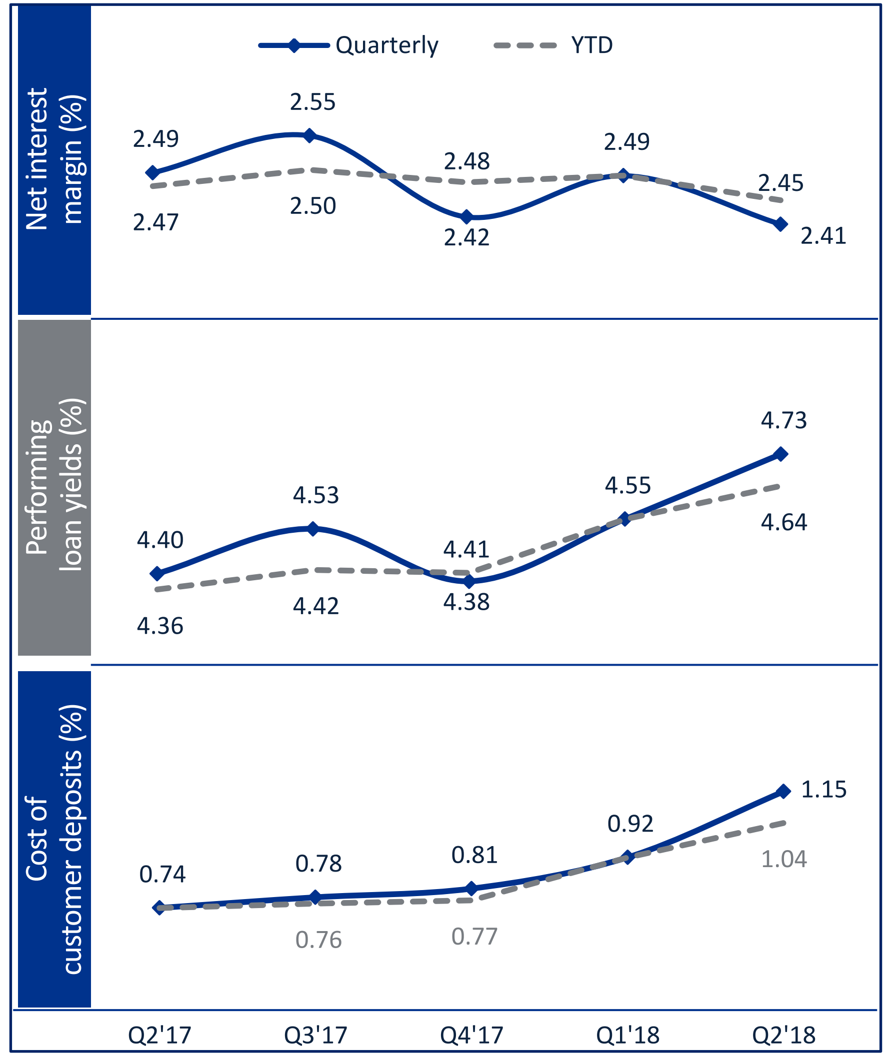
FAB
First Abu Dhabi Bank

Key highlights

- Group NIM at 2.45%, reflects margin compression and the dilutive impact of deployment of short-term excess liquidity at Central Banks
- Net Interest Income (NII) broadly stable as higher volumes and rate hike benefits are offset by competitive pricing in CIB, and risk-asset optimisation/ tighter risk appetite in PBG
- NII outlook remains positive on the back of expected volume growth, moderating headwinds from risk-asset optimisation, and future rate hikes

Net interest income (AED Mn)

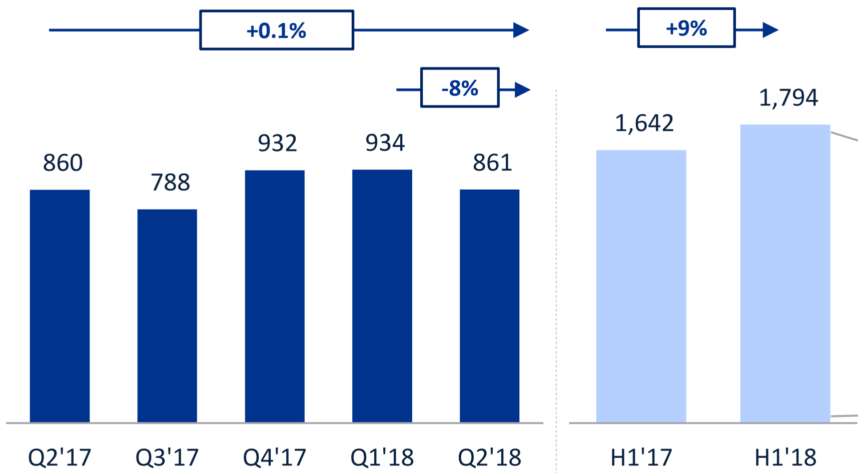




Note: All percentage figures are annualised

Non-interest income shows healthy momentum

Fees & commissions, net (AED Mn)

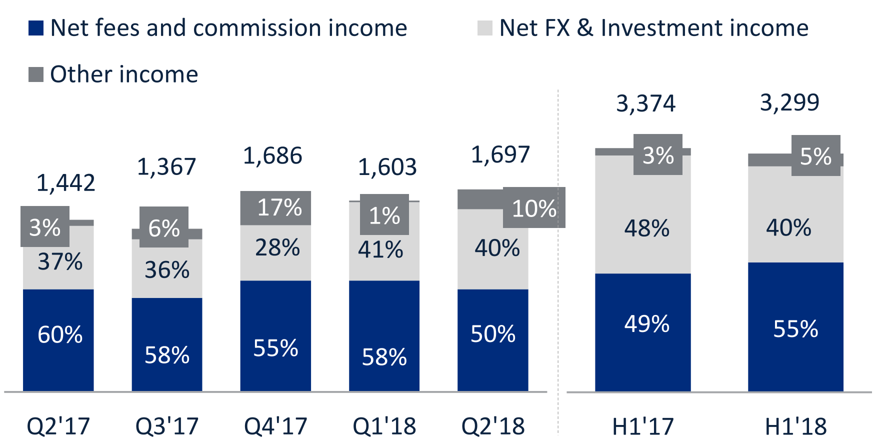


- Fees and commissions (net) grew 9% yoy (H1’18) driven by loan and trade-related income on the back of higher business volumes, healthy pick-up in trade activity

	H1’18	*YoY %*
Loan-related	941	*14*
Trade-related	553	*8*
Others	300	*-2*

- Fees and commissions (net) grew 14% yoy in Corporate & Investment banking and 6% yoy in Personal Banking

Non-interest income (AED Mn)



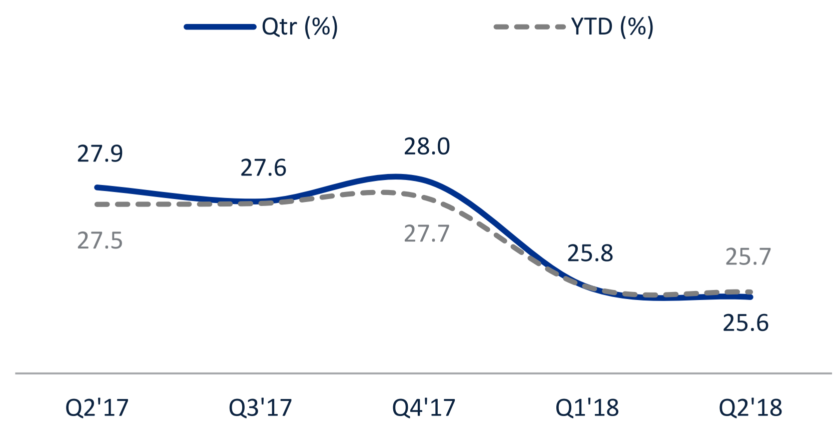
- Non-interest income improved in Q2’18 (qoq and yoy) on higher FX and investment income, and a one-off gain on the sale of an office premise in one of our international locations
- H1’18 non-interest income is marginally lower yoy against a strong first half in 2017 which included opportunistic investment gains

C/I ratio materially improves on the back of cost discipline, synergy realisation

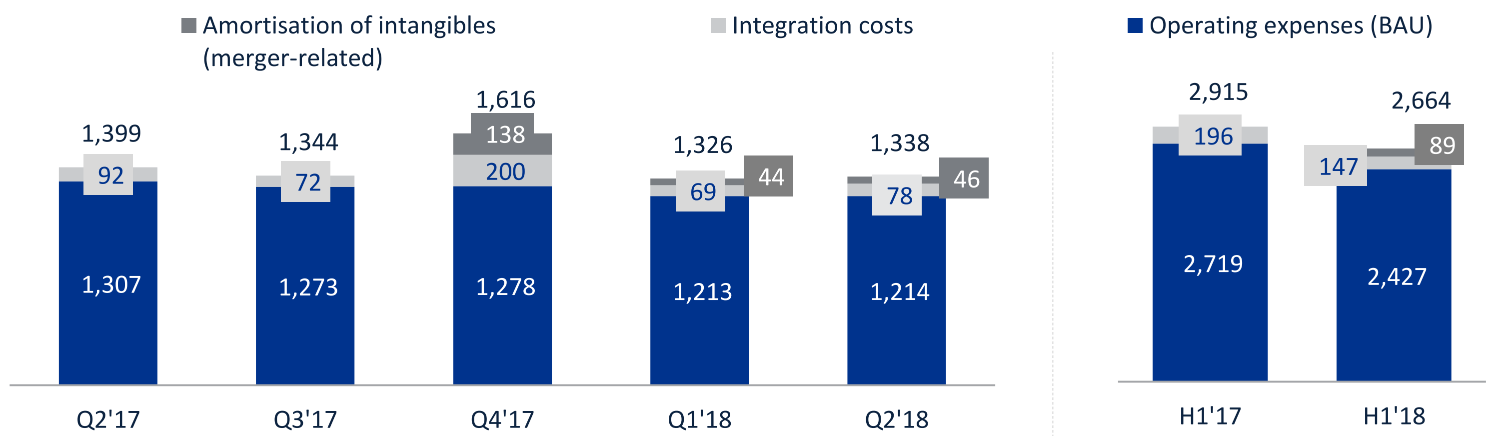
Key highlights

- BAU operating expenses are 11% lower yoy, reflecting continued cost discipline and realisation of substantial synergies
- C/I ratio (ex-integration costs) materially improved yoy, and stands below the 26-27% guidance range for FY'18; provides sufficient headroom to accelerate investments in key strategic areas like digital, marketing and talent acquisition
- Cost synergies realised since Dec-end'16 reached ~AED 770Mn against a 2020 target of ~AED 1.5Bn
- 2018 phasing revised from 55% to 65% to reflect faster synergy delivery; phasing for 2019 remains intact
- One-off Integration costs at AED 147Mn ytd are in line with 2018 guidance (of AED 330Mn)

Cost-income ratio (ex-integration) (%)



Operating expenses trend (AED Mn)



Change in BAU Opex:

Q2'18 vs. Q1'18 – flat

Q2'18 vs. Q2'17 – ↓7%

H1'18 vs. H1'17 – ↓11%

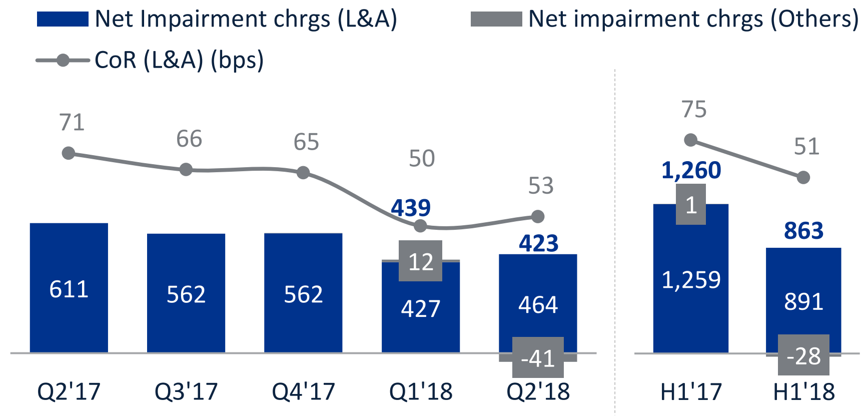
Asset quality remains healthy

Grow Stronger FAB بنك أبوظبي الأول First Abu Dhabi Bank

Key highlights[1]

- Impairment charges (net) in H1'18 are down 32% yoy reflecting healthy asset quality and sufficient provisions post IFRS9 implementation
- NPL ratio at 3.1% is stable sequentially and year-to-date
- Portfolio is adequately provisioned with coverage at 123%
- Cost of risk on loans and advances at 51bps for H1'18, reduced by 24bps yoy and stands below guidance range of 65-75bps for FY'18

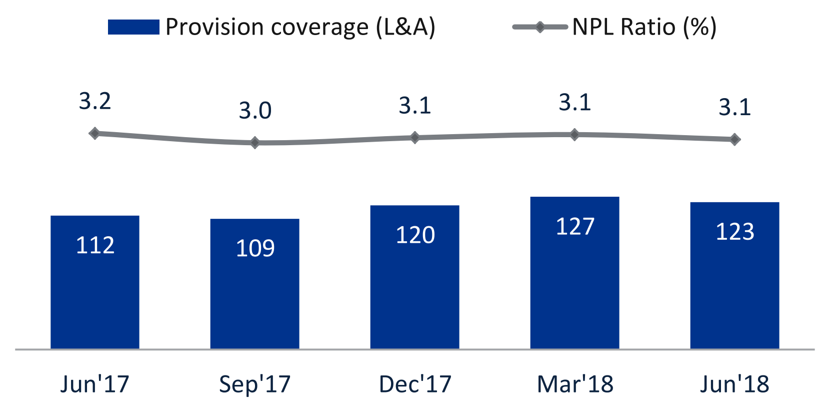
Impairment charges, net (AED Mn) & CoR[1,4]



NPLs and ECL / Provisions for L&A[1]

AED Bn	*Jun'18*	*Dec'17*	*Jun'17*
NPLs	*11.0*[2]	*10.6*	*10.5*
Provisions	*12.9*	*12.7*	*11.7*
Stage 1 & 2	*6.1*	*8.1*	*7.1*
Stage 3	*6.7*	*4.6*	*4.6*

Provision coverage[3] & NPL ratio (%)[1]



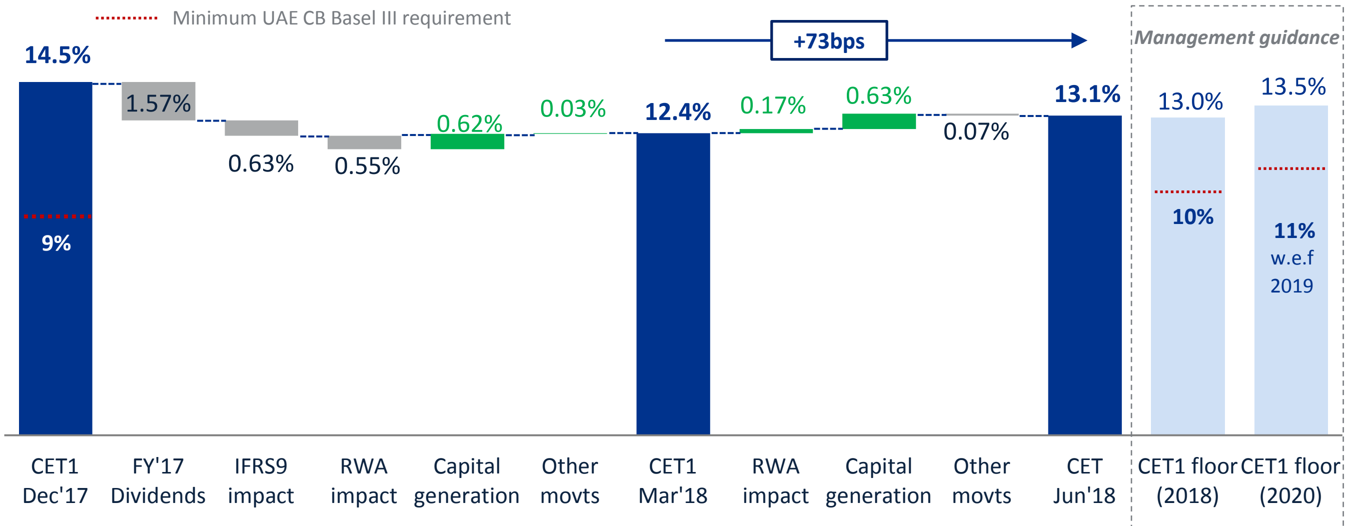
1 As 2018 ratios are based on IFRS9 accounting and ratios for prior periods are based on IAS39 accounting, they may not be fully comparable
2 NPLs = Stage 3 exposure + POCI (Purchase or originally impaired credit) of AED 5,219Mn considered as par to NPLs
3 Provision coverage (under IFRS9 w.e.f. 2018) includes unfunded exposure ECL
4 Annualised
Note: Gross loans and advances and NPLs are net of interest in suspense

Robust capital position

Even after PPA, FY’17 dividends, and IFRS9

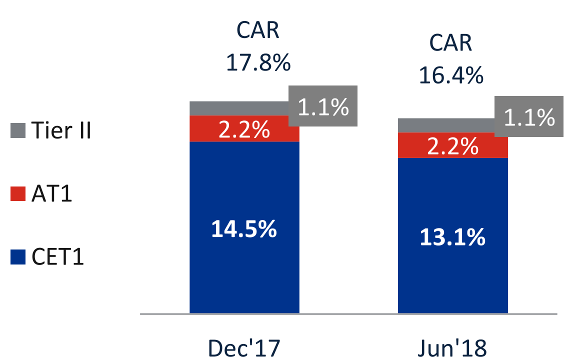
Grow Stronger | FAB First Abu Dhabi Bank

CET1[1] ratio progression

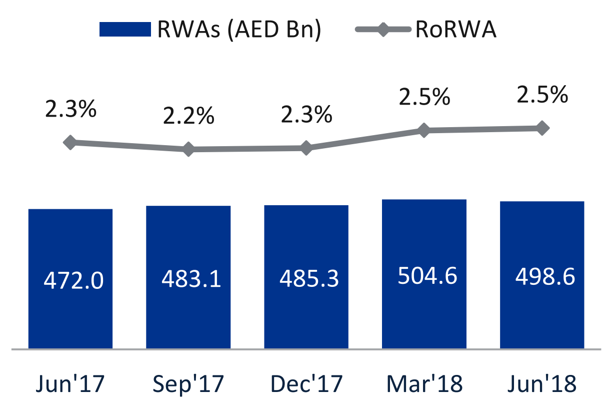


- CET1[1] ratio is in line with current year guidance (>13.0%) and comfortably in excess of regulatory requirements
- June-end 18 CET1 is up 73bps sequentially (from 12.4% in Q1’18), on the back of strong internal capital generation, and RWA discipline and optimisation
- Impact of IFRS9 on 1 Jan 2018 was AED 3.1Bn (3.0% of Dec’17 shareholders’ equity and 63bps of Dec’17 CET1)
- RoTE materially improved to 17.1% vs. 14.9% as of June-end’17

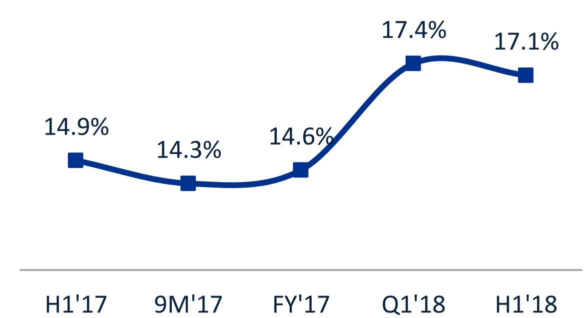
Strong capital ratios (Basel III)[1]



RWAs & Return on RWAs



Return on Tangible Equity (RoTE – ytd)



1 CET1 ratio as per UAE CB’s Basel III framework (without considering the transitional arrangements for 2017)
2 AT1 (additional Tier 1) + Tier 2 capital requirement – Min 3.5%; any shortfall in same to be met by CET1; Countercyclical buffer requirement (0 – 2.5%) as advised by UAECB, is nil in 2017

Revising FY'18 financial guidance on robust half year performance, positive H2 outlook

Grow Stronger

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

		Previous Guidance	H2'18 outlook	Revised 2018 Guidance	2020 ambitions
Growth	Loan	Mid single-digit	• Business momentum expected to continue	**High single-digit**	
	Revenue	Low single-digit		Low single-digit	
Efficiency	C/I Ratio (ex-integration costs)	~26%-27%	• Higher synergy delivery • Continued cost discipline	**~25-26%**	~25%
Asset quality	Cost of Risk[1]	65-75bps	• Prudent risk management • Asset quality expected to remain healthy	**50-60bps**	
Profitability	Net profit growth	Mid single-digit		**8-10%**	
	RoTE[2]	~15%		**16-17%**	16-17%
Capital	Basel III CET1 (pre-dividend)	>13%		>13%	>13.5%

1 Year-to-date annualised; on loans and advances
2 Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl Tier 1 notes coupon

APPENDIX

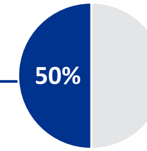
Grow Stronger

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

Segmental Performance (by business)

Grow Stronger

Corporate & Investment Banking (CIB)

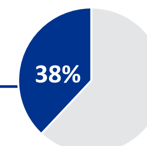


of Group Revenue

In AED Mn	H1'18	*YoY %*
Revenues	4,929	*2*
Operating expenses	(866)	*(16)*
Impairment charges, net	(472)	*NA.*
Profit after taxes	3,493	*(7)*
Loans (AED Bn)	247.3	*12*
Deposits (AED Bn)	334.1	*20*

- Revenues were up 2% against a strong comparative period last year, which included extraordinary trading gains. Global Transaction Banking achieved a solid performance on the back of higher cash management revenues supported by rate hikes, new client mandates, the conversion of escrow business opportunities, and an expanded product offering
- Synergy momentum and cost discipline led to a 16% yoy decrease in operating expenses
- On the asset quality side, the portfolio remained healthy marked by a slowdown in NPL formation
- Loan and deposit growth year-on-year were strong at 12% and 20% respectively, as CIB continued to build momentum across UAE and International locations. Strong liquidity position with LDR of 74%, providing ample room for future asset growth in targeted markets regionally and internationally

Personal Banking Group (PBG)



of Group Revenue

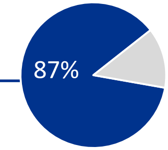
In AED Mn	H1'18	*YoY %*
Revenues	3,710	*(3)*
Operating expenses	(1,404)	*(13)*
Impairment charges, net	(352)	*(71)*
Profit after taxes	1,891	*110*
Loans (AED Bn)	97.3	*(6)*
Deposits (AED Bn)	91.9	↔

- PBG profitability improved significantly yoy, driven by a 13% reduction in operating expenses on the back of synergy realisation, coupled with a 71% decrease in impairment charges
- Growth in fee income of 6% yoy was offset by lower net interest income due to the adverse impact of risk-asset optimisation on margins, leading to a 3% decrease in total revenues
- Loan book contracted 6% yoy reflecting risk-asset optimisation and tighter risk appetite, while strategically targeted areas continued to grow; customer deposits are flat yoy
- During Q2'18, FAB announced plans to integrate the business of its consumer finance subsidiary, Dubai First, into PBG, as part of the bank's ongoing integration journey and efforts to optimise its operations, products and services

Segmental Performance (by geography)

Grow Stronger

UAE

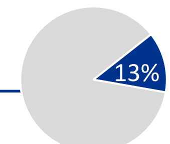


of Group Revenue

In AED Mn	H1'18	*YoY %*
Revenues	8,481	*(2)*
Operating expenses	(2,202)	*(12)*
Impairment charges, net	(869)	*(32)*
Profit after taxes	5,408	*11*
Loans (AED Bn)	268.6	*5*
Deposits (AED Bn)	337.0	*21*

- UAE businesses posted a strong yoy growth in H1'18 on the back of growth momentum in balance sheet, coupled with continued merger-related synergy realisation and lower impairment charges
- Operating expenses were lower by 12% yoy with the cost-to-income ratio reducing to 26.0% from 28.9% a year ago
- Impairment charges were lower by 32% yoy post IFRS9 reflecting healthy asset quality and adequate provision coverage
- Loan growth of 5% yoy was led by corporate and private sector lending, and trade-related loans
- Strong deposit growth of 21% yoy on the back of significant inflow of corporate and government deposits

International (Middle East & Africa, Asia Pacific and Europe & Americas)



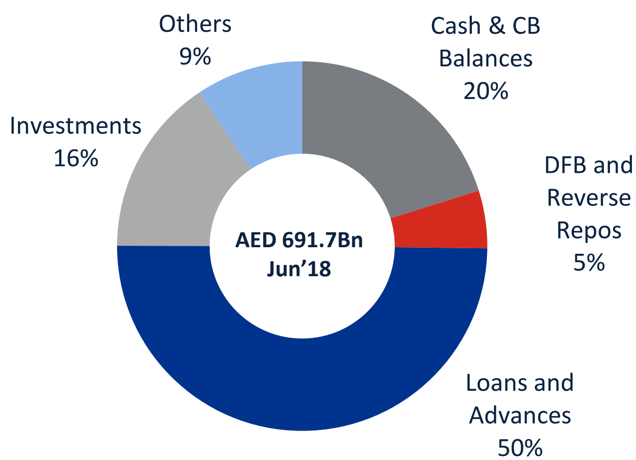
of Group Revenue

In AED Mn	H1'18	*YoY %*
Revenues	1,311	*6*
Operating expenses	(462)	*11*
Impairment charges, net	6	*(63)*
Taxes	(178)	*(10)*
Profit after taxes	676	*6*
Loans (AED Bn)	76.1	*16*
Deposits (AED Bn)	94.3	*(4)*

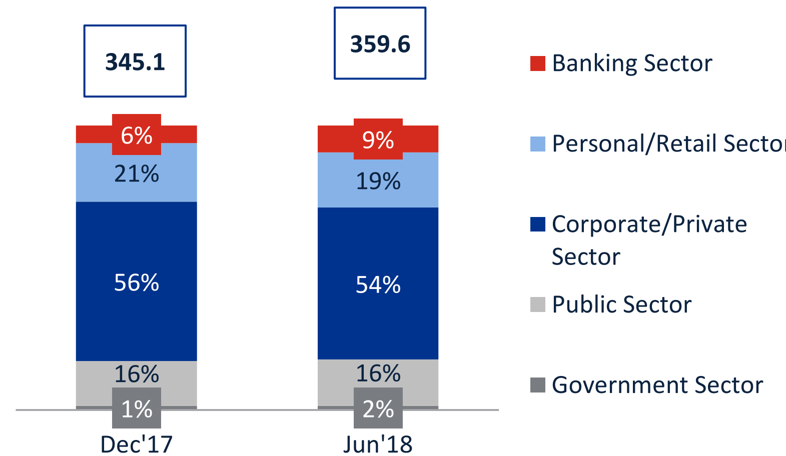
- FAB's international business remains a key differentiator supporting revenue and risk diversification
- Revenues grew 6% yoy in H1'18, driven by sustained momentum in strategically targeted markets
- Loans and advances grew 16% yoy primarily driven by growth in APAC. Although, deposits declined by 4% yoy, loans-to-deposits ratio remained healthy at 81% providing ample room for future asset growth
- As of June-end'18, international loans and deposits represent 22% each of Group loans and deposits, respectively

Asset & Loan Mix

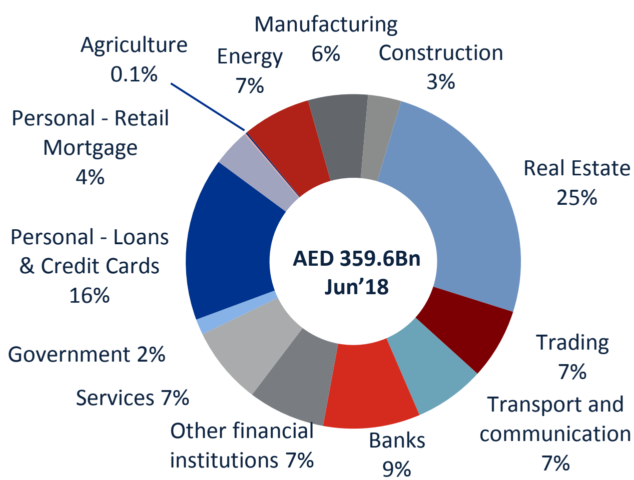
Asset Mix



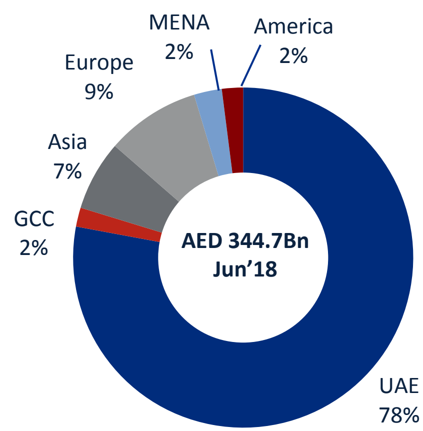
Gross loans by counterparty (AED Bn)



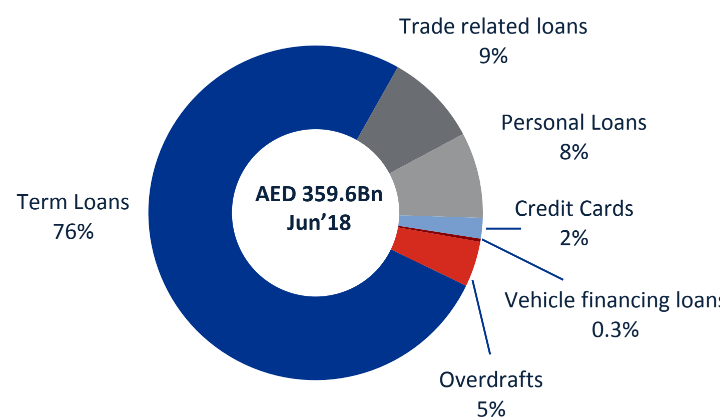
Gross loans by economic sector



Net loans by geography[1]



Gross loans by product

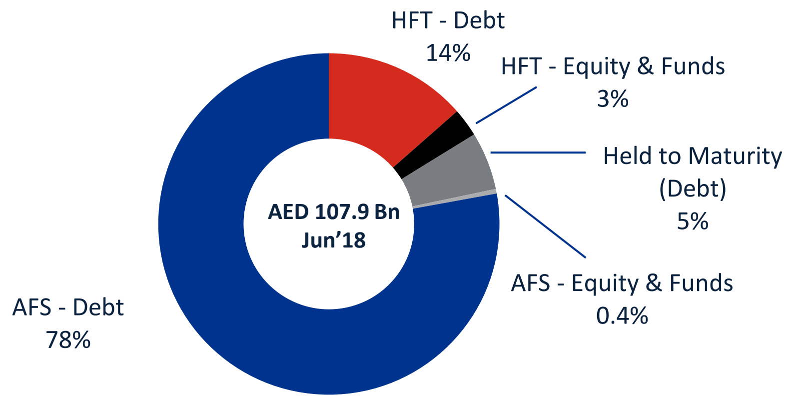


1 Based on booking centre

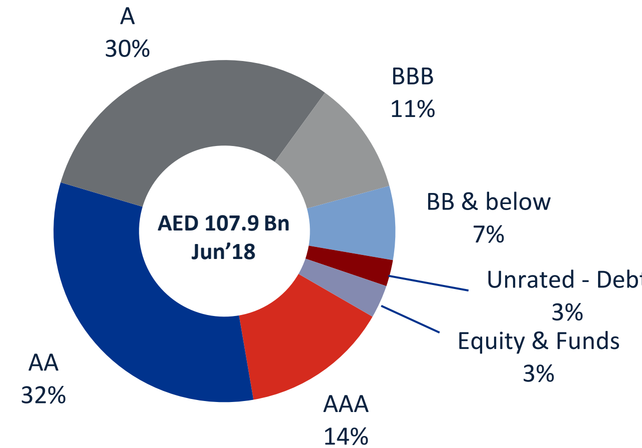
Investments[1] breakdown

Grow Stronger
بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

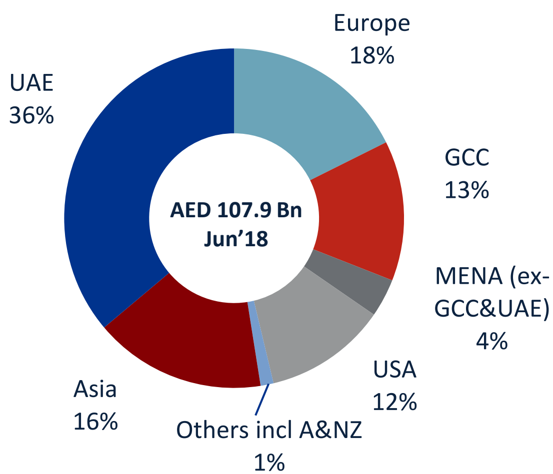
Investments by type



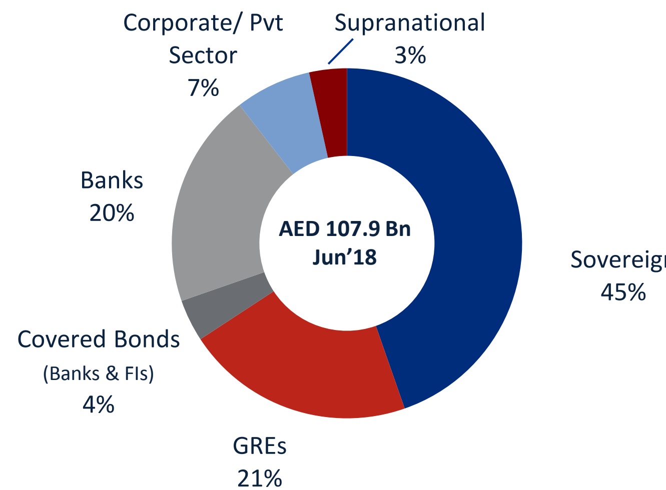
Investments by ratings



Investments by geography



Investments by counterparty

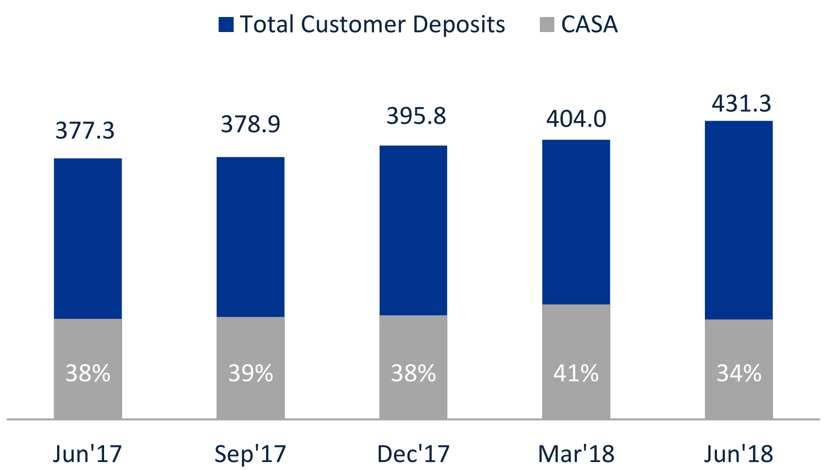


1 Gross investments before ECL

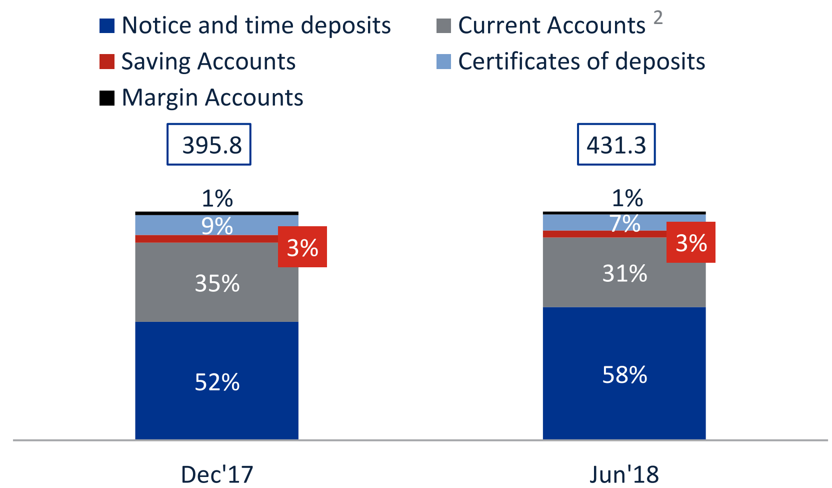
Customer deposits

Grow Stronger FAB First Abu Dhabi Bank

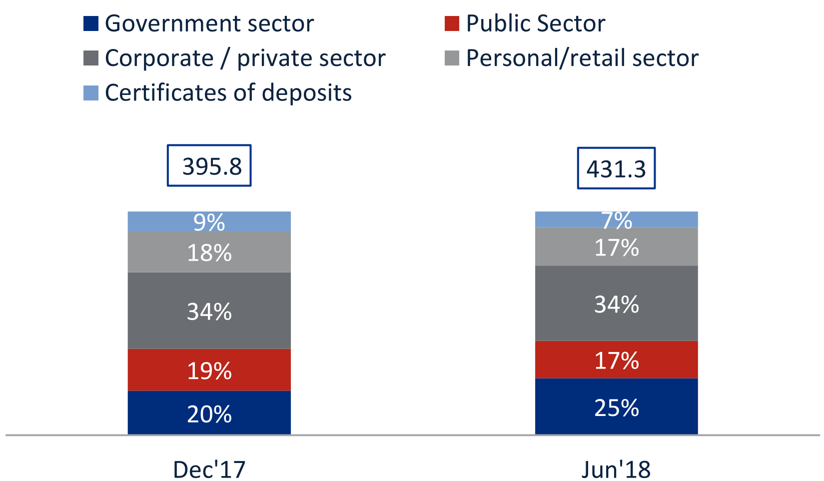
Customer deposits (AED Bn)



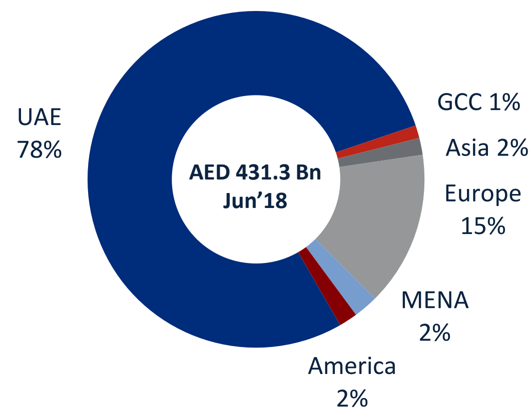
Customer deposits by account type (AED Bn)



Customer deposits by Counterparty (AED Bn)



Customer deposits by geography[1]



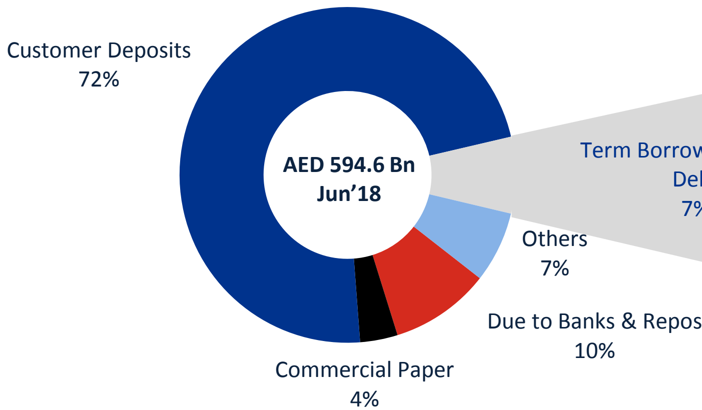
1 Based on booking centre

2 Current, savings and call accounts; prior periods reclassified to include call accounts earlier grouped with notice and time deposits

Liability mix and Wholesale Funding

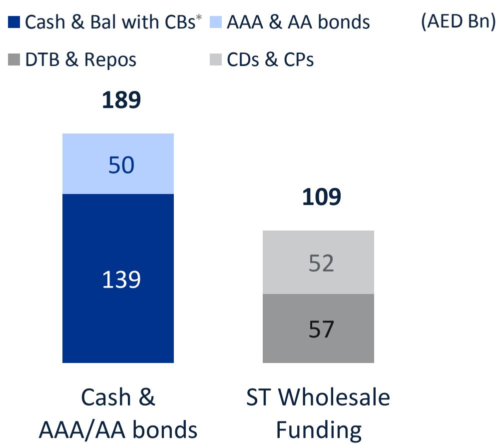
Grow Stronger

Liabilities mix



Wholesale funding (AED Bn)	Jun'18
Syndicated loan	7.3
Medium Term Notes/Bonds	33.7
Sukuk	2.4
Subordinated debt	0.4
Total	**43.8**

Cash & AAA/AA bonds vs. ST wholesale



* FAB has access to place with ECB & FED

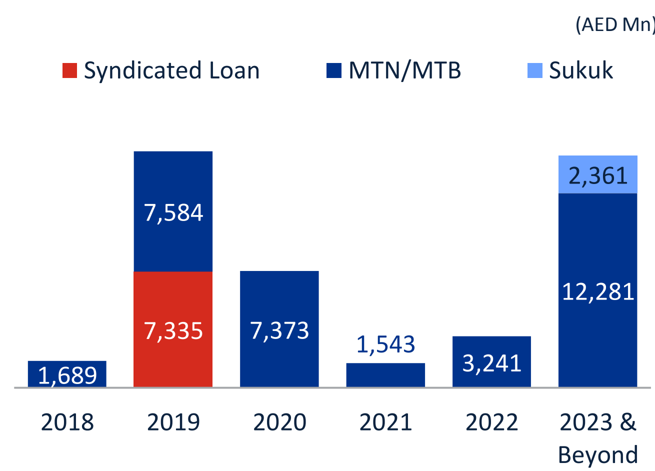
Medium-term wholesale funding

Issuances in H1'18

- 30yr non-call 5yr USD 610Mn Formosa @ 4.70% IRR
- 5yr USD 650Mn Sukuk @ 3.625% coupon
- 3yr CNH 2Bn Dim Sum Formosa across 2 transactions @ 4.80% coupons
- 3-10yr USD 179Mn Private Placements

Maturities in H1'18

- 5yr AUD 300Mn Kangaroo bonds @ 5.0% coupon
- 5yr USD 500Mn Convertible bonds @ 1.0% coupon
- USD 179Mn equivalent Private Placements



Note: Debt at final maturity date rather than next call date

THANK YOU!

For more information, please visit
www.bankfab.com
or contact FAB Investor Relations team
ir@bankfab.com

You can also download **FAB's Investor Relations App** from App Store / Google Play to access latest corporate updates, FAB pro forma financial information and FGB/NBAD archives

Click here to view FAB's 2017 Annual Report

Click here to view FAB's first Green Bond Report

Scan to download

middle east investor relations association
IR AWARDS
WINNER
2017

عام زايد
YEAR OF ZAYED

Grow Stronger

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank