



Creating a UAE Champion and the region's International Bank

- A transformational merger of equals -

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UBS AG (London Branch), is acting exclusively as financial adviser to First Gulf Bank and no-one else in connection with the proposed Merger and will not be responsible to any other person for providing the protections afforded to its clients, or for providing advice in relation to the proposed Merger.

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Overview of the transaction and key terms

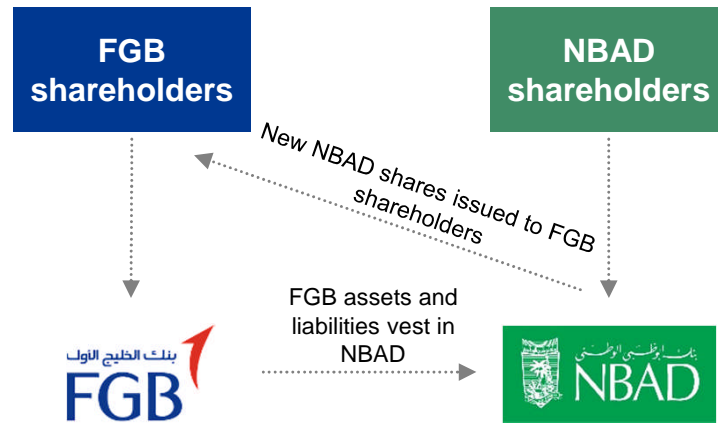
Exchange ratio	<ul style="list-style-type: none">▪ Exchange ratio of 1.254 NBAD shares for every one FGB share▪ NBAD will issue total of 5,643 million new shares to FGB shareholders▪ Exchange ratio implies a discount to FGB's shareholders of 3.9% vs. previous trading day¹ and 12.2% vs. 3 months' average pre-leak share price²
Shareholders	<ul style="list-style-type: none">▪ Following the merger, the combined bank will be 52.0% owned by FGB shareholders and 48.0% by NBAD shareholders▪ Key shareholders: ADIC: 33.2%, Mubadala: 3.7%, Free float: 63.1%
Transaction structure	<ul style="list-style-type: none">▪ Transaction will be structured as a merger of equals▪ Statutory merger through share swap with NBAD issuing shares▪ Combined bank to retain the brand name of "National Bank of Abu Dhabi" (NBAD)
Governance	<ul style="list-style-type: none">▪ Board of Directors of combined bank to comprise of nine members▪ Board will include four nominated directors of FGB and four nominated directors of NBAD▪ H.H. Sheikh Tahnoon Bin Zayed Al Nahyan will be the Chairman, H.E. Nasser Ahmed Alsowaidi will be the Vice Chairman and Mr. Abdulhamid M. Saeed will be the CEO
Conditions	<ul style="list-style-type: none">▪ FGB and NBAD shareholders to approve the transaction (minimum 75% vote)▪ Approval of the UAE Central Bank▪ Approvals of international regulators of FGB and NBAD▪ Merger likely to be effective in Q1 2017

Notes:

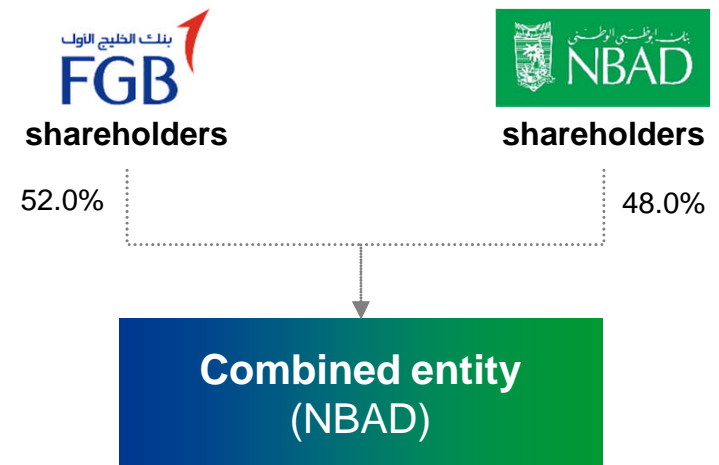
1. Based on 30 June 2016 closing share prices of AED12.60 for FGB and AED9.66 for NBAD.
2. As of 16 June 2016.

Transaction structure

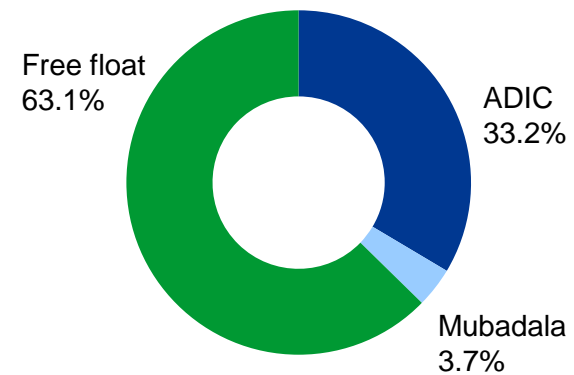
Merger process



Post merger structure



Post-merger shareholding structure



Transaction structure will be a statutory merger, with NBAD issuing shares to FGB shareholders

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Compelling strategic rationale

Transformational transaction – a merger of equals...

- A** Creates No. 1 bank in the UAE, internationally connected for its target clients
- B** Combination of the best in class consumer and wholesale businesses and strong growth potential in Global Wealth
- C** Fit for the changing regulatory landscape
- D** Efficiency through cost and revenue synergies
- E** Enhanced capacity through capital consolidation and strong core liquidity to capture strategic growth opportunities

...to benefit all stakeholders

Customers

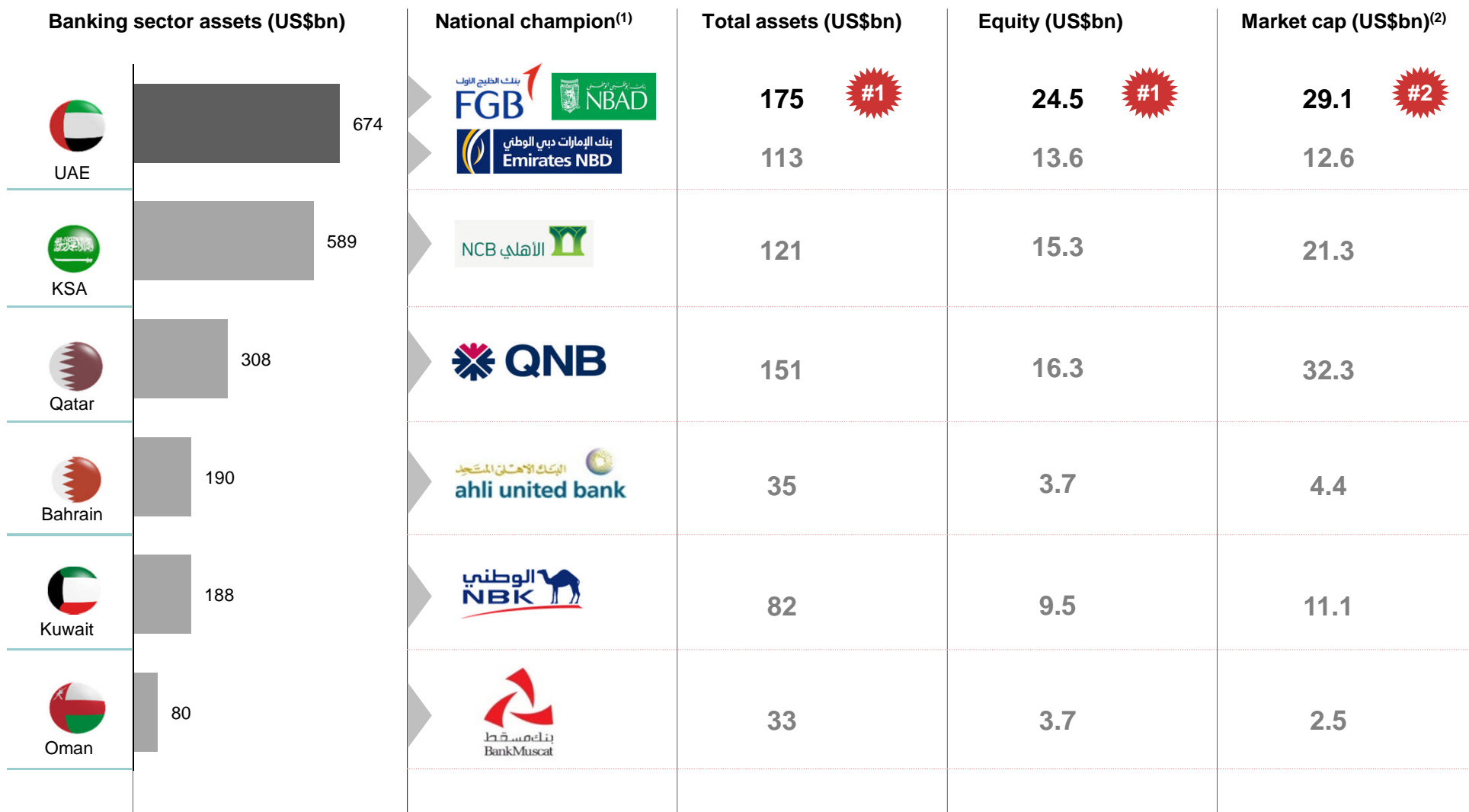
Employees

Equity holders

Lenders and bondholders

Society

Clear leader in the region



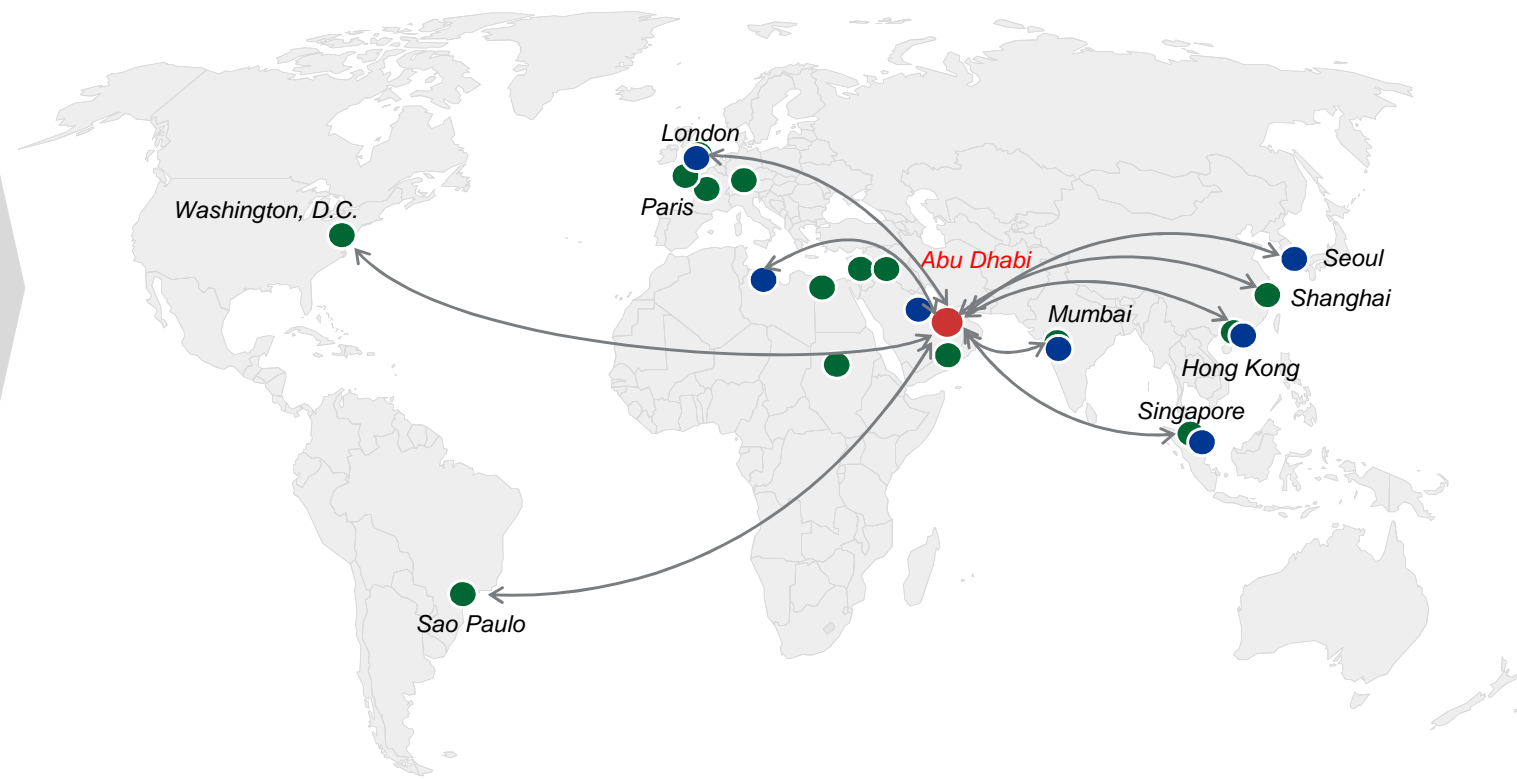
International network in key growth markets

Unique business model to drive UAE's international ambitions

- Wholesale banking and wealth management are primary drivers
- Reference bank for UAE multinational businesses
- Regional access point for international businesses
- Target clients specific to product and industry knowledge
- Target clients with high quality credit

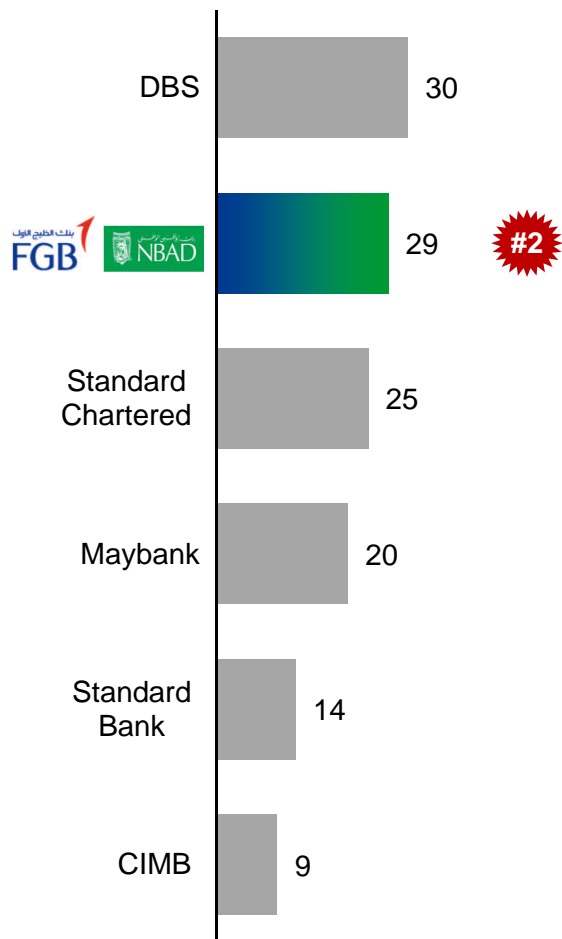
Positioned in key financial markets: Hong Kong, Singapore, Geneva, London, Washington D.C...

...through offices and branches in 19 countries

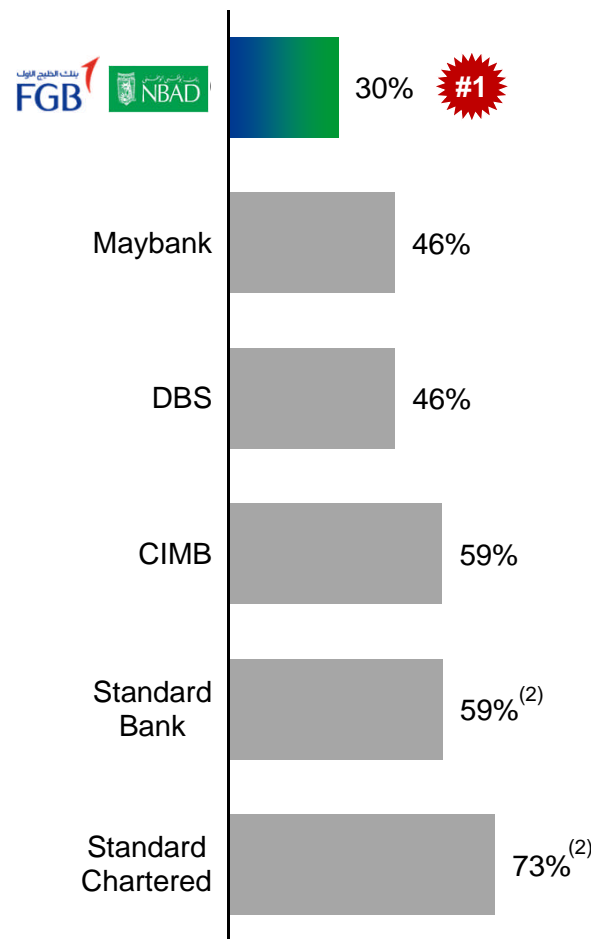


Strongly positioned vs. international peer group

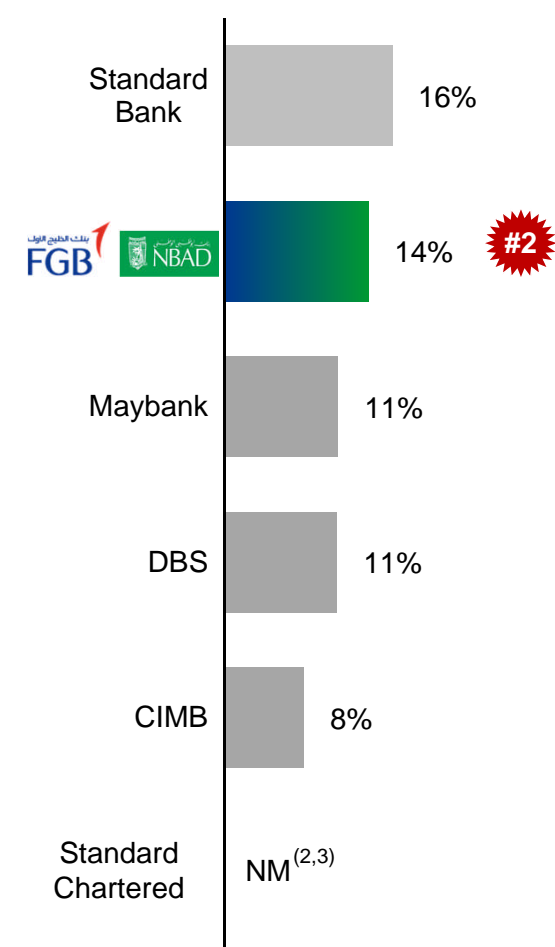
Market cap (US\$bn)⁽¹⁾



Cost / income ratio



RoAE

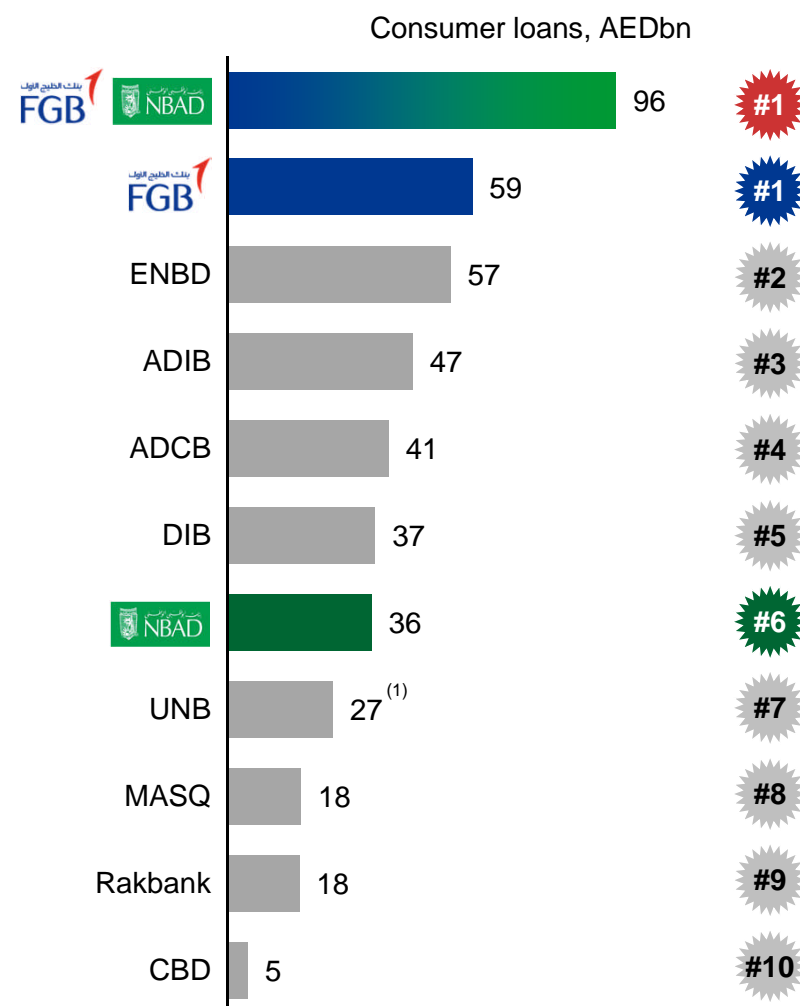


Best UAE consumer business

Our value proposition will be significantly enhanced

- Significant and scalable market positions across the UAE stimulating growth
- Scale enables best in class technological investment to:
 - Drive digital transformation
 - Allow meaningful customer segmentation
 - Expand range of product offerings
- Combination of complementary strengths, right balance of assets and deposits
- Long-standing National Housing Loan programme run for the Abu Dhabi government
- Multichannel distribution

Ranking vs. UAE peers



Positioned to capture the significant and growing Wealth opportunity



Sizable and growing wealth in the region and beyond

Strong foundations in place

Strong penetration in Arab world
Significant existing AUM and network

International wealth centre network
Range of booking centre choices for HNWI's

Comprehensive product and service offering
Tailored advisory, discretionary, wealth solutions

Foundation for growth
Increased scale supports product/system development

Outstanding business opportunities

✓ Access new high growth HNWI segments e.g. non-resident Indians

✓ Improved client choice, flexibility and service with expanded global network

✓ Deepen existing relationships across the bank with increased cross sell and enhanced product offering

✓ Opportunity to increase client penetration beyond the MENA region

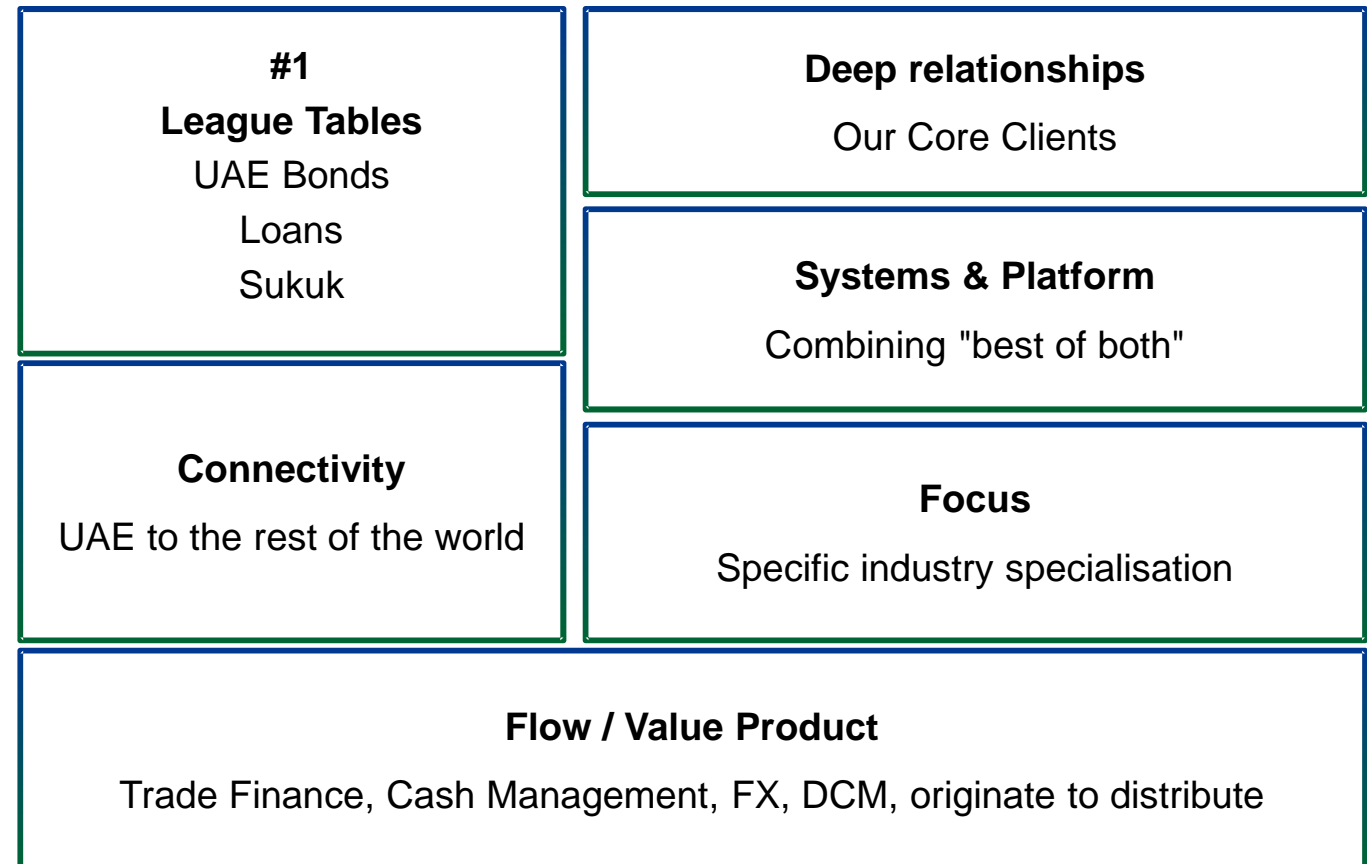
Leading wholesale business – Global connectivity for regional clients



Region's No. 1
wholesale bank with
international reach

Unique specialised
product proposition
for existing and new
clients

Customer focused business around UAE-linked global clients



Fit for the changing regulatory landscape

Combined bank better positioned than peers to meet increasing regulatory demands

- Sound capital position from the outset, with diversified business mix and funding profile
- Scale enables adequate investment in compliance and controls
- Enhanced profitability profile allows improved capital generation
- Allows growth to continue

FGB NBAD
preparedness

Evolving regulatory requirement	Increased liquidity thresholds	✓
	Higher capital requirements	✓
	Stringent capital definition	✓
	Increased compliance and controls	✓

Shareholder value creation through synergies

Substantial cost saving opportunities - benefit of around AED500m per year

- Consolidating common business / enablement functions
- Systems integration
- Premises reduction
- Closure of overlapping branches
- Investment efficiency — spend once, use twice
- Cost benefits to be realised over 3 years, with estimated one-time integration costs of AED600m

Cost benefit represents 8% of combined cost base

Strong revenue synergies potential, leveraging on complimentary business models

Opportunity for revenue synergies

- Product cross-sell
- Pricing optimisation
- Enhanced capacity to service clients
- Some attrition from concentration management

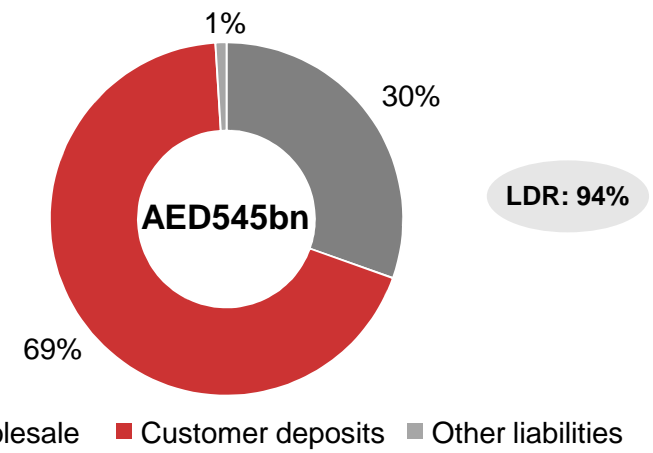
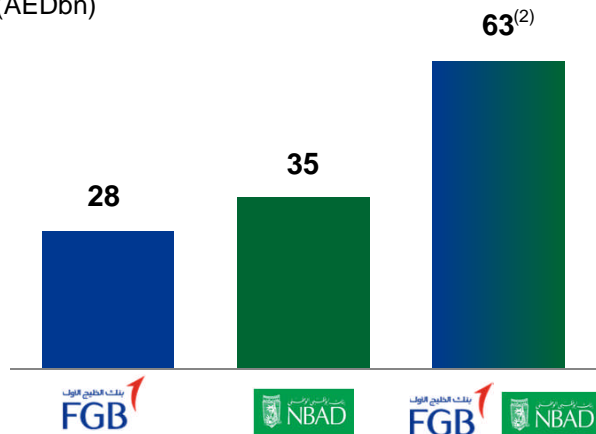
Leveraging capital and liquidity to pursue growth

Larger capital base and underwriting capacity

Strong and diverse liquidity and underwriting capacity

Capital base effectively doubles

CET1 capital⁽¹⁾ (AEDbn)



Strategic opportunities

- Drive growth in core home market sectors
- Better serve UAE corporates with international ambitions
- Support international companies operating in the UAE
- Leverage technology to enhance customer experience
- Invest in distribution capabilities
- Drive wealth management cross-sell
- Cross-sell delivered through better consumer client segmentation

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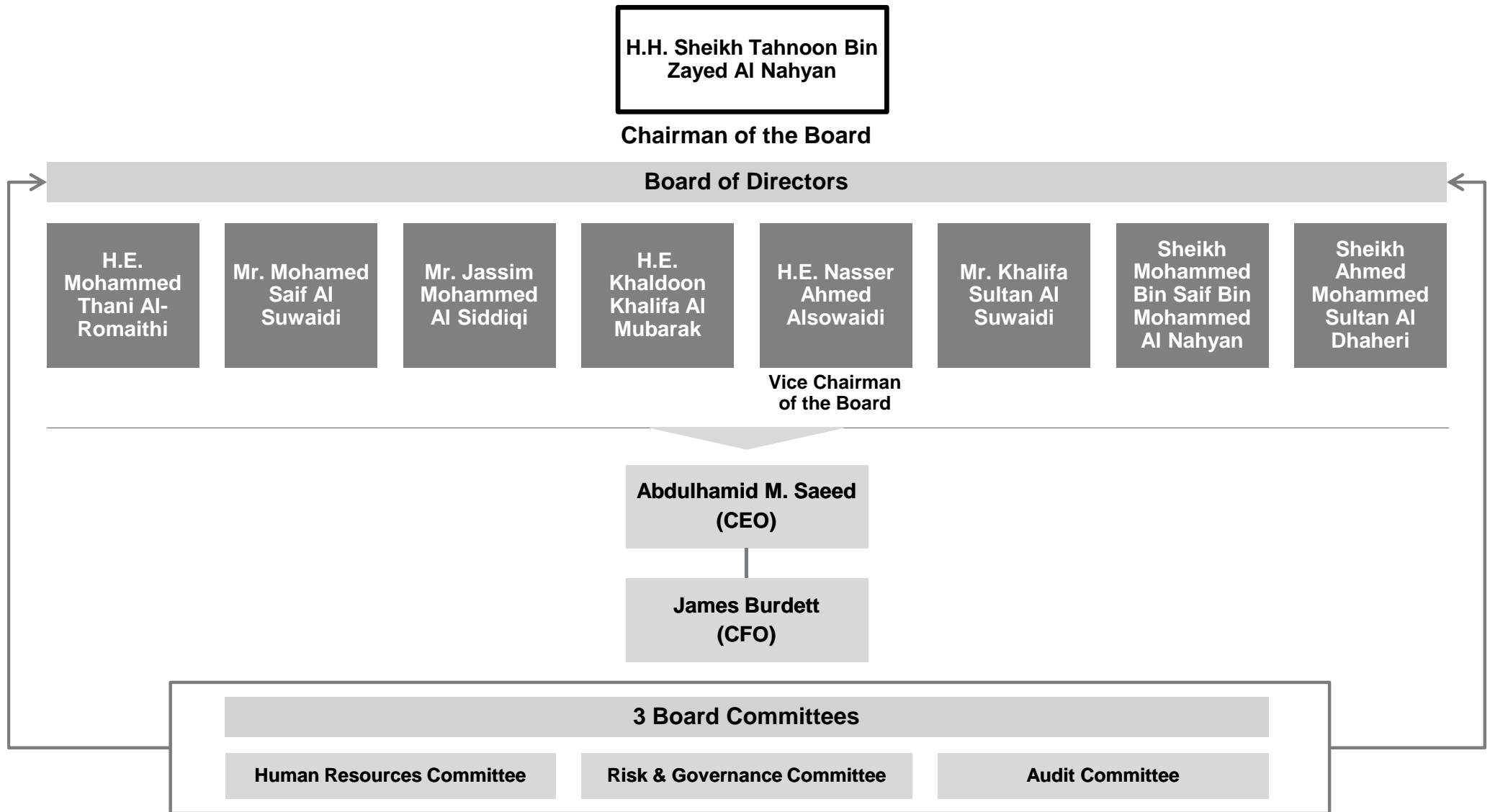
Key steps of integration

Phase	Actions	Timing
Pre-Closing Phase	<ul style="list-style-type: none"> ▪ Merger committee to appoint specialised team and drive integration ▪ Design end-to-end management process including full integration plan ▪ Agree on three year business plan, one year budget and confirm how synergies are delivered ▪ Seek regulatory consents ▪ Continue communication to staff 	Up to 9 months
Post-Merger phase one	<ul style="list-style-type: none"> ▪ Implement full customer retention programme ▪ Integrate wholesale banking and wealth management businesses ▪ Integrate control and enablement functions ▪ Group governance and committee processes put in place ▪ Continue communication to staff 	6-9 months post completion
Post-Merger Phase two	<ul style="list-style-type: none"> ▪ Integrate policies, procedures and control processes ▪ Integrate operating platform into a single shared center ▪ Integrate IT infrastructure and product systems ▪ Integrate data management and accounting systems ▪ Address duplication of branch network 	18-24 months post completion

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Best in class strategic direction, oversight and governance



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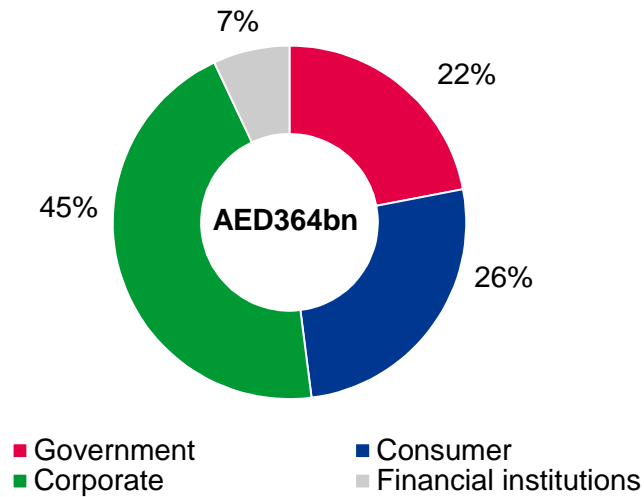
Improved key financial metrics

				
Capital	Tier 1 ratio	16.9%	15.1%	15.7%
	Total capital ratio	18.2%	16.0%	16.9%
Funding	Net loans / deposits ratio	108.3%	85.5%	94.0%
	LCR	71.3%	100.6%	93.1%
Profitability	NIM	3.0%	1.9%	2.3%
	Cost / Income	20.1%	38.7%	30.0%
	RoAE	20.7%	14.9%	14.1%
Scale	Total assets (AEDbn)	227	400	642
	Net loans (AEDbn)	152	200	352
	Total deposits (AEDbn)	141	233	374
Asset quality	NPL ratio	2.9%	3.3%	3.1%
	NPL coverage	109.8%	109.8%	109.8%

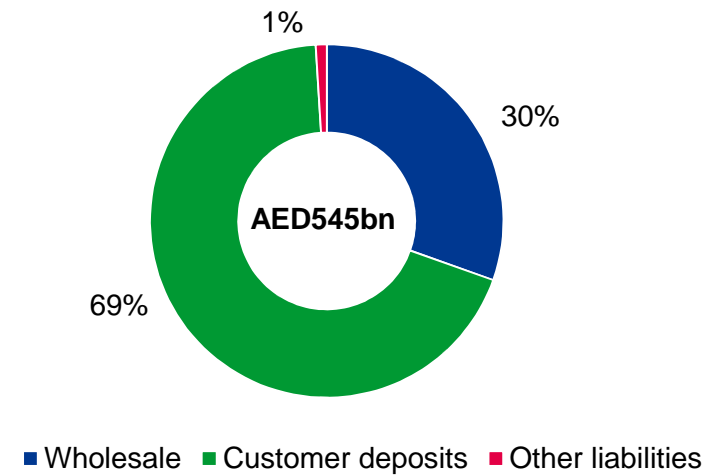
Source: Company information as of 31 March 2016 and LTM for income statement items. Preliminary pro-forma financials for FGB+NBAD take into account reclassification, intercompany elimination and consolidation adjustments.

Well balanced business profile

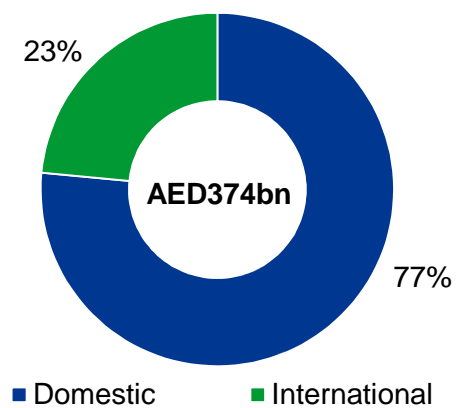
Gross loans mix by counterparty



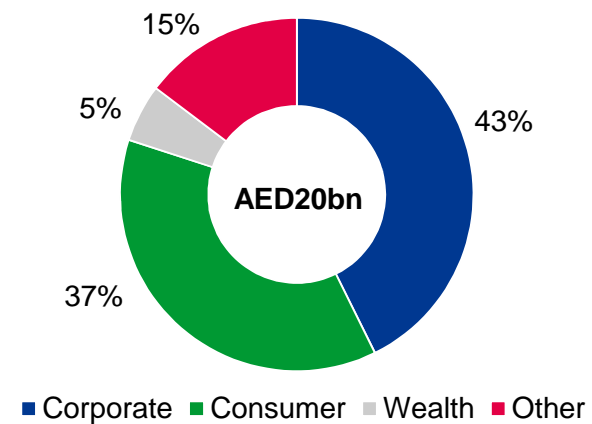
Funding composition



Deposit mix by geography

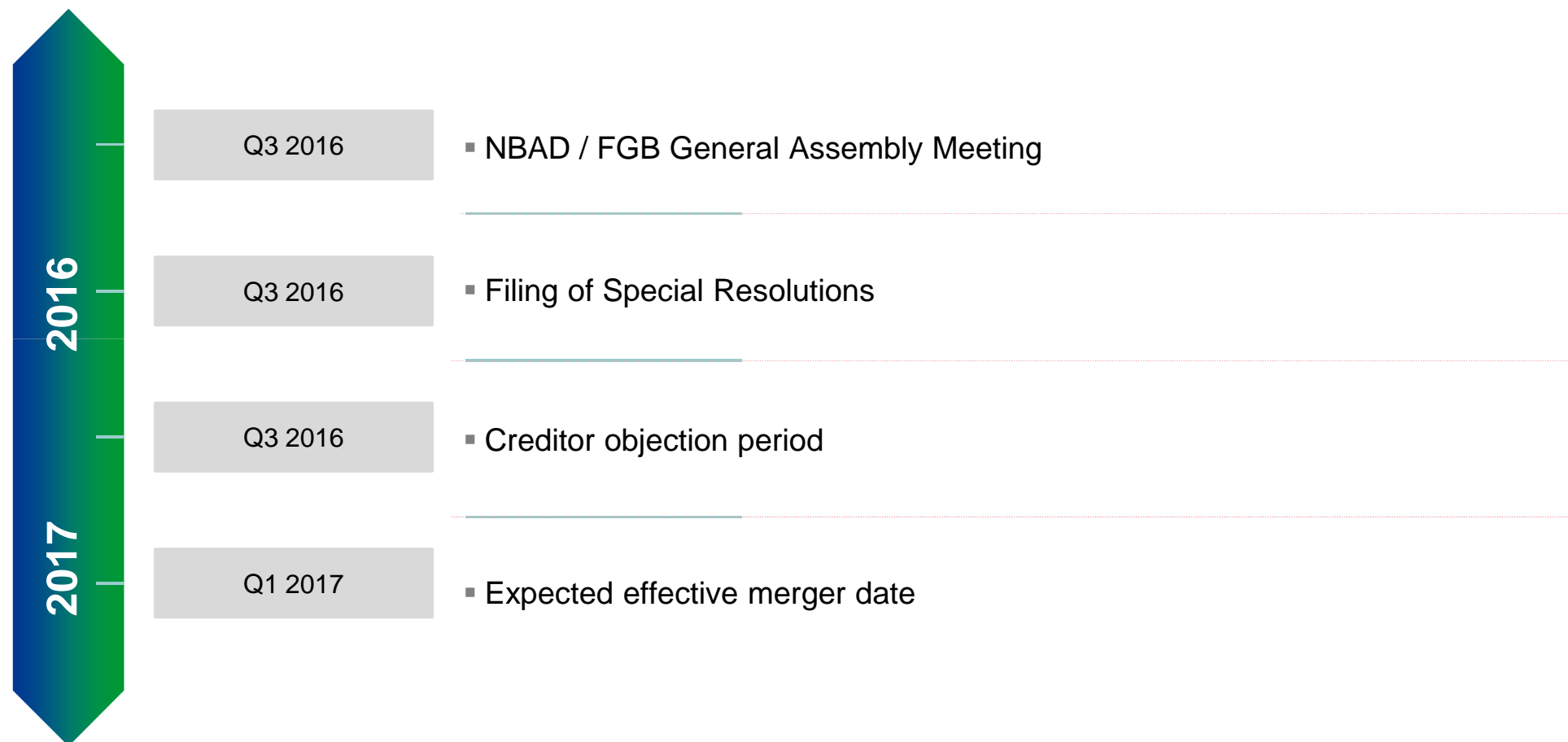


Operating income by customer type⁽¹⁾



Indicative timeline

Indicative Timetable



Transformational merger of equals

- Full service bank with leading consumer franchise
- Profitable, efficient and capital generative
- Strong entrepreneurial and sales culture



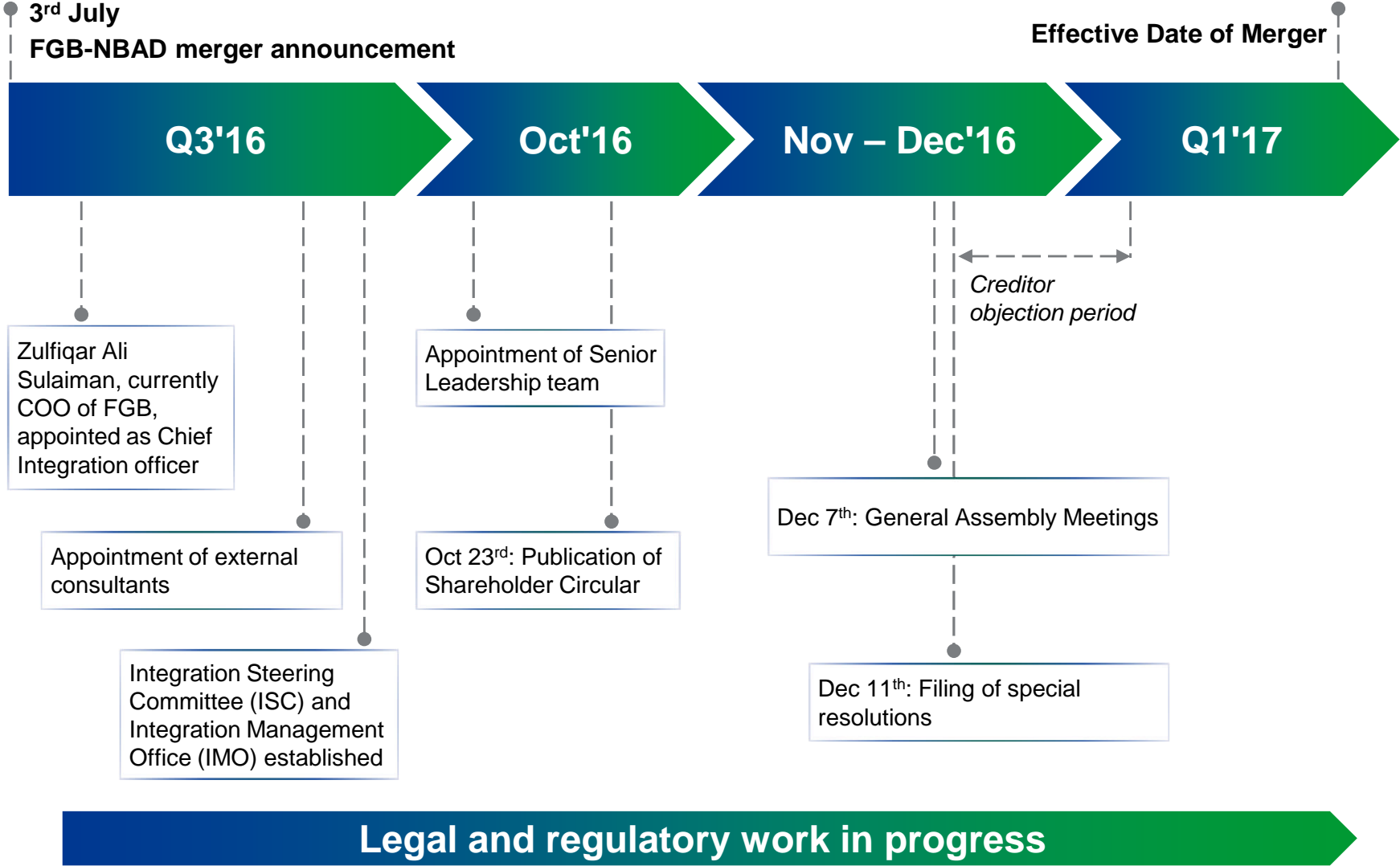
- Sophisticated wholesale business with strong product and industry expertise
- Underpinned by long-term strategic relations
- Strong conservative balance and liquidity from a diverse customer base

**Collectively beneficial to all stakeholders:
Customers, Equity and Bond holders, employees and the society**

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Pre-Merger Timeline



Integration Governance Structure

MAIN RESPONSIBILITIES

INTEGRATION STEERING COMMITTEE (ISC)

- Oversee Integration success
- Ensure realization of synergies and growth
- Drive critical decisions related to the merger

CHIEF INTEGRATION OFFICER (CIO)

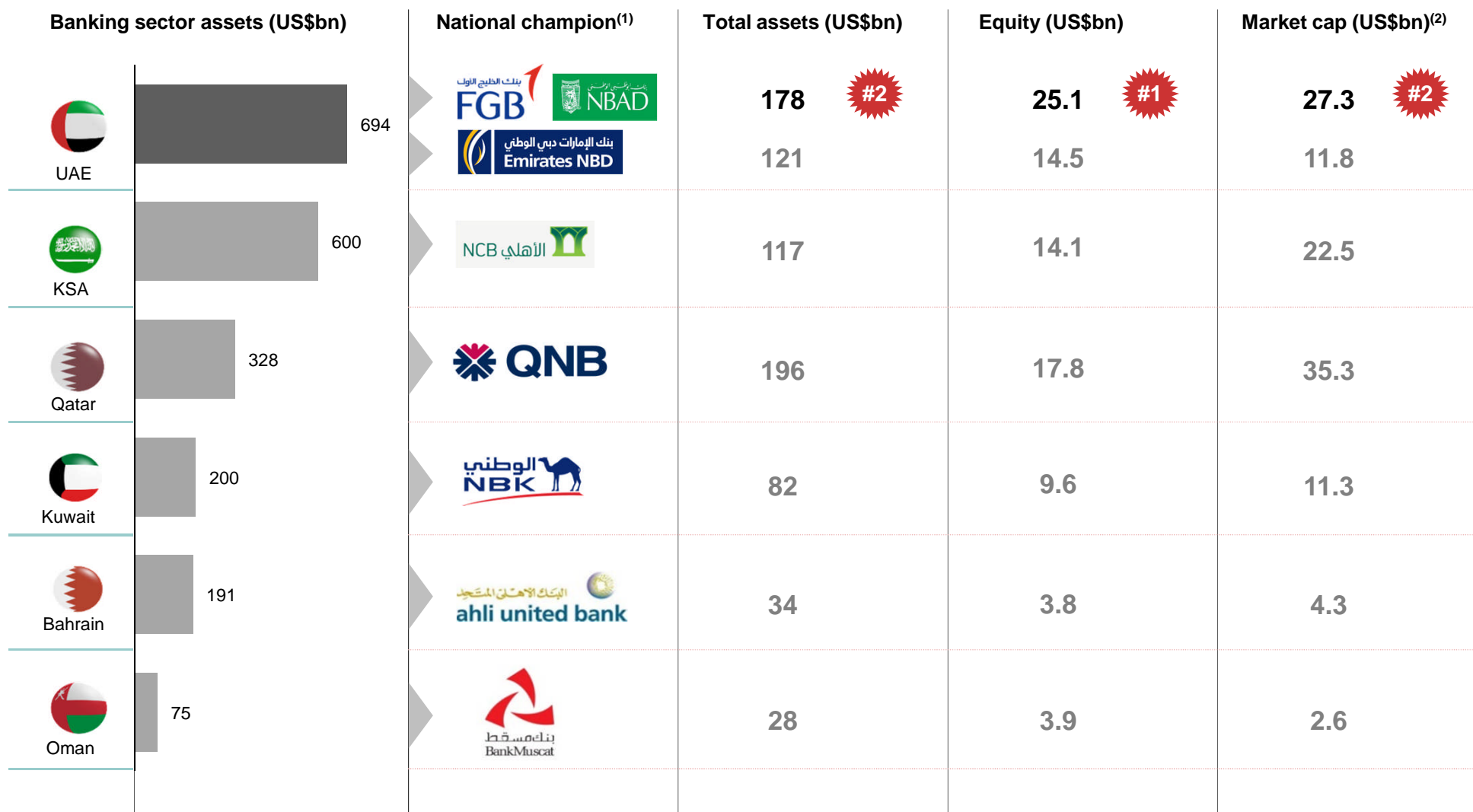
- Rigorously track and monitor Integration process

INTEGRATION MANAGEMENT OFFICE (IMO)

- Make day-to-day Integration decisions
- Prepare recommendations for SteerCo

Members selected from both FGB and NBAD, based on their functional expertise across Strategy, Human Resource, Finance and Project Management

Clear leader in the region



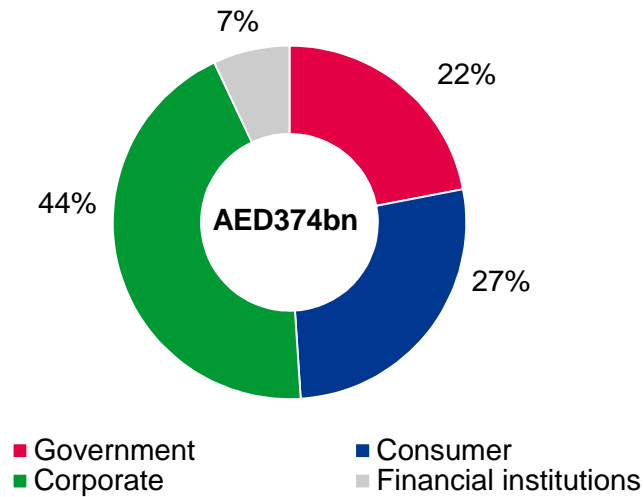
Source: Company information as of 30 September 2016 unless stated otherwise, FactSet and Central Banks disclosures. Preliminary pro-forma financials for FGB+NBAD take into account reclassification, intercompany elimination and consolidation adjustments.

(1) Defined as the largest bank in the country by total assets.

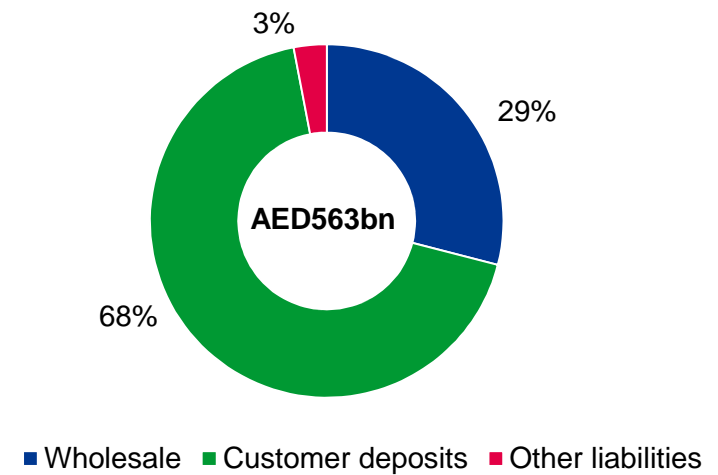
(2) Based on 10 November 2016 closing prices.

Well balanced business profile

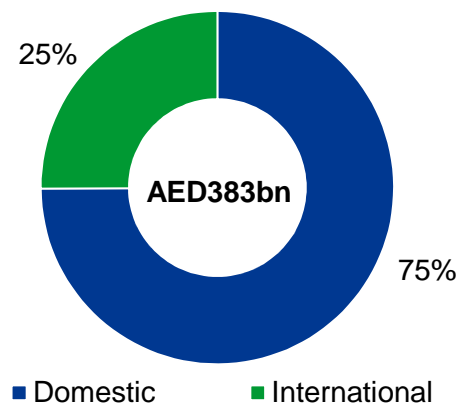
Gross loans mix by counterparty



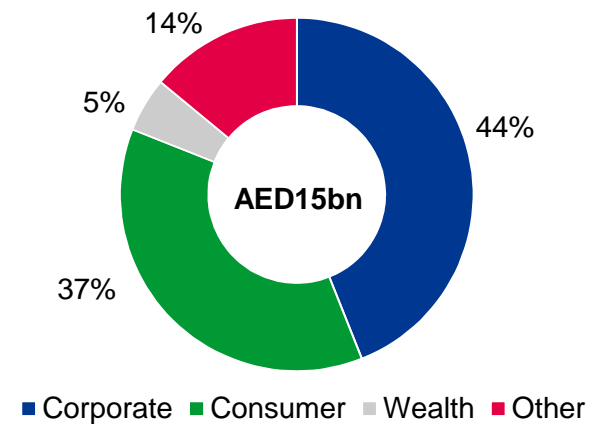
Funding composition






Deposit mix by geography



Operating income by customer type⁽¹⁾



Q3 2016 update on key pro-forma financials

				
Income statement	Net interest income (AEDmn)	4,220	5,107	9,327
	Total revenue (AEDmn)	7,182	8,094	15,275
	Operating expenses (AEDmn)	1,428	3,017	4,445
	Net profit (AEDmn)	4,536	3,967	8,503
	Cost to income ratio	19.9%	37.3%	29.1%
	RoTE ¹	19.0%	13.8%	16.1%
Balance sheet	Total assets (AEDbn)	233	415	655
	Net loans (AEDbn)	156	205	361
	Total deposits (AEDbn)	140	243	383
	Net loans / deposits ratio	110.8%	84.5%	94.1%
	Tier 1 ratio	18.4%	15.8%	16.9%

Source: Company information as of 30 September 2016 and 9M year to date for income statement items. Preliminary pro-forma financials for FGB+NBAD take into account reclassification, intercompany elimination and consolidation adjustments.

Note:

1. Based on annualised net profit for 9M 2016 over tangible equity (excluding capital notes) as at 30 September 2016

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