



# **FGB-NBAD Merger Update**

Monday 3<sup>rd</sup> April 2017

# Disclaimer

---

The information contained herein has been prepared by National Bank of Abu Dhabi P.J.S.C (“NBAD”). NBAD 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.

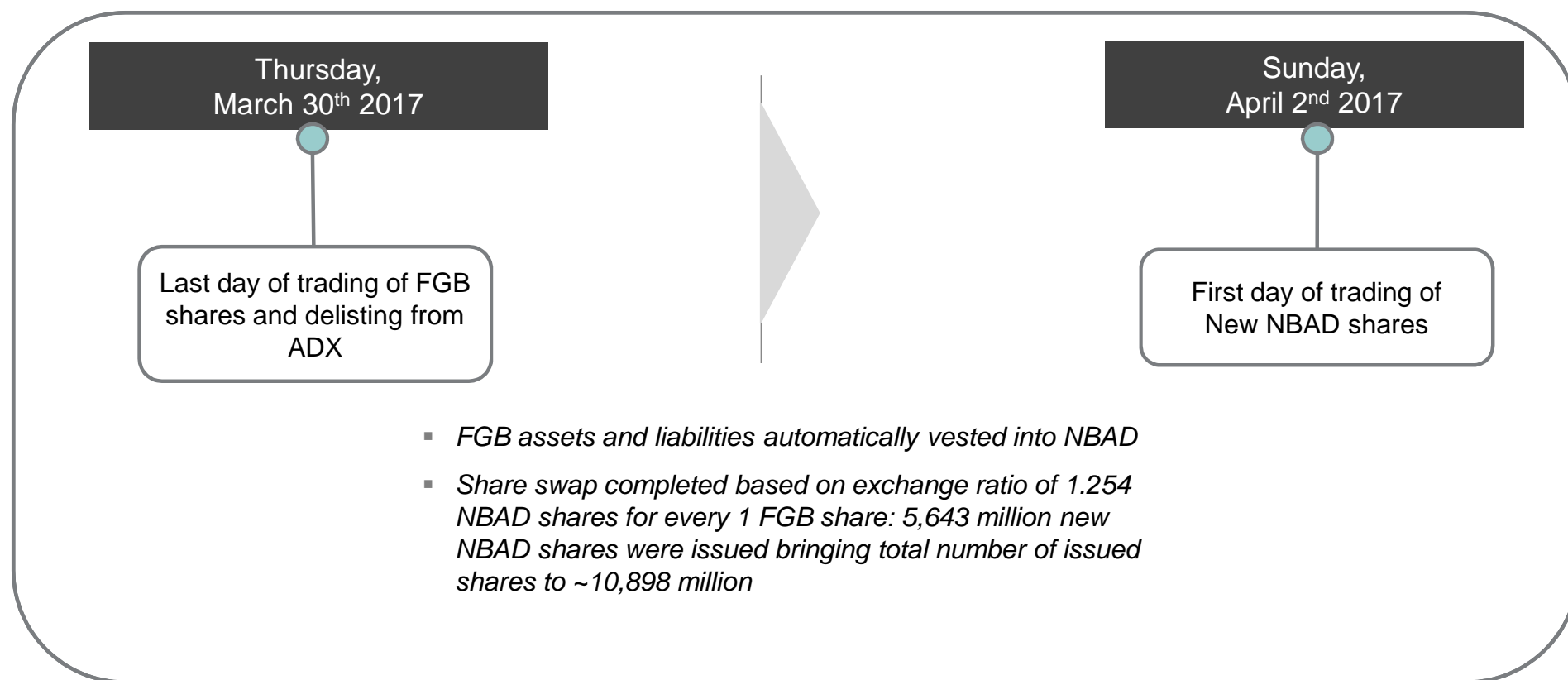
Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of NBAD. These forward-looking statements include all matters that are not historical facts. The inclusion of such forward-looking information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

# Key messages

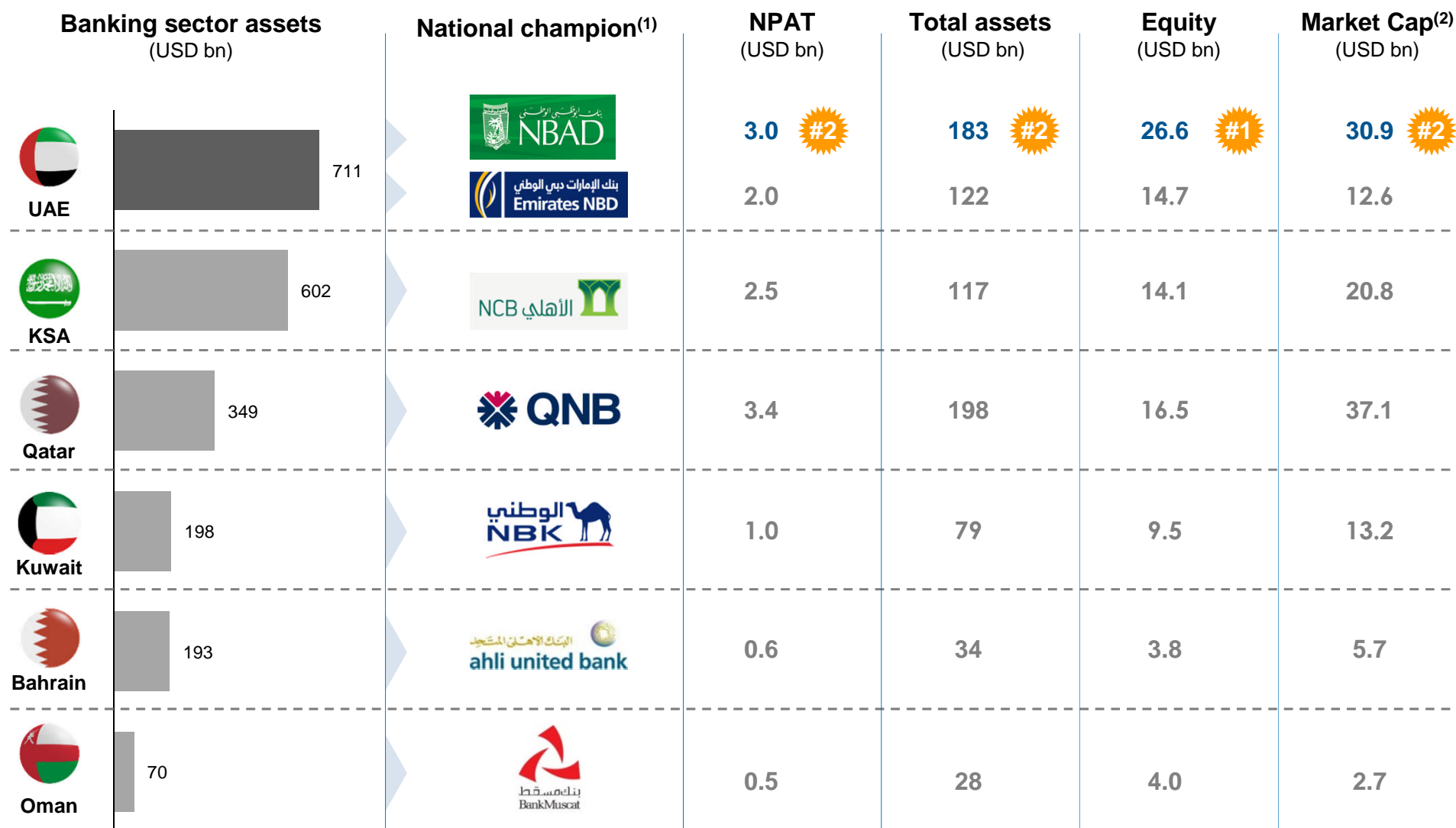
---

- 1 FGB and NBAD merger is complete**
- 2 Our integration journey: achievements so far and key milestones ahead**
- 3 Our strategic plan is centered around the customer, and aimed at driving top shareholder value**
- 4 We are on track to realise substantial synergies and achieve our medium term targets**
- 5 Appendix**

# Merger completion was seamless and within initial timeline



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



# 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  
Srou Engineering

Vice Chairman of  
Abu Dhabi  
National Hotels  
Company

## 4 Board Committees

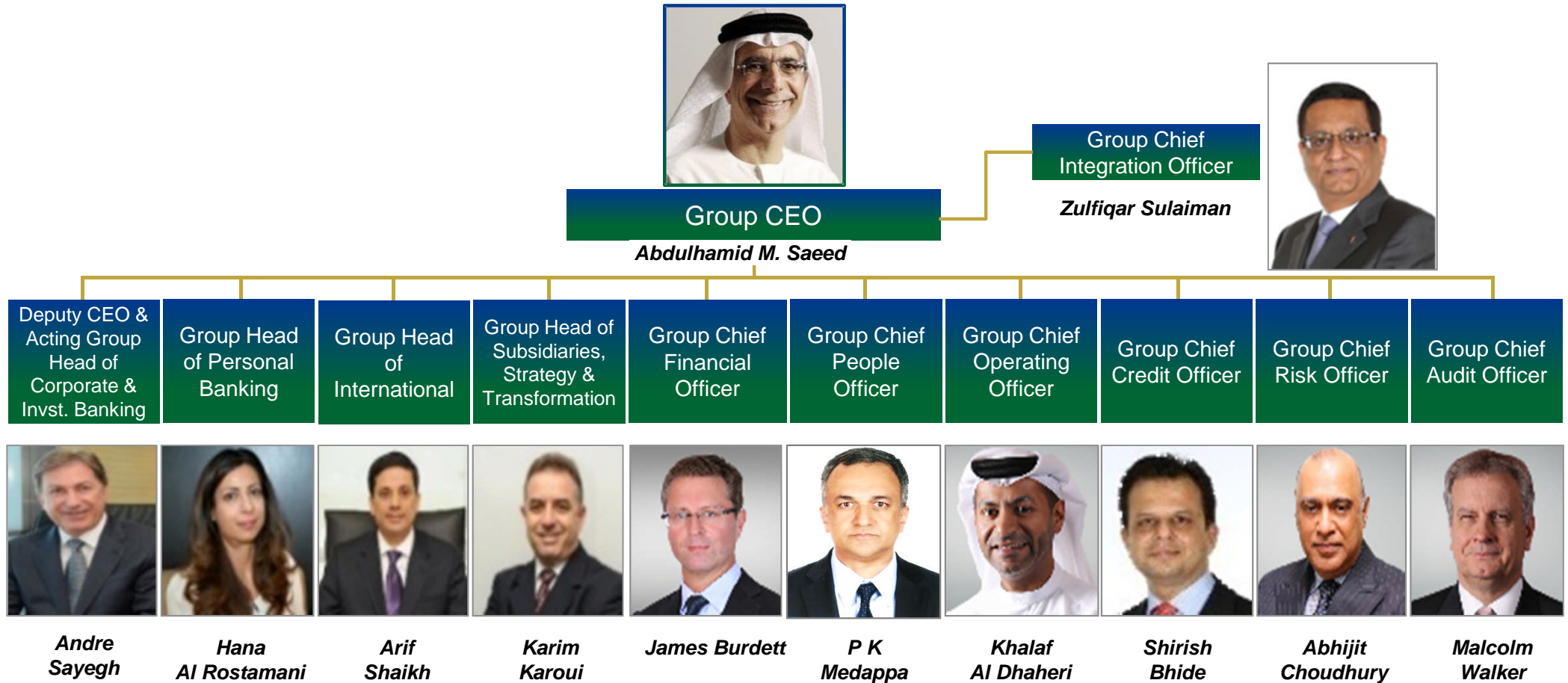
Board Management Committee

Remuneration & Nomination  
Committee

Risk Committee

Audit Committee

# A talented and experienced Senior Leadership team



# Key messages

---

- 1** FGB and NBAD merger is complete
- 2** Our integration journey: achievements so far and key milestones ahead
- 3** Our strategic plan is centered around the customer, and aimed at driving top shareholder value
- 4** We are on track to realise substantial synergies and achieve our medium term targets
- 5** Appendix



# Our achievements so far

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

# 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

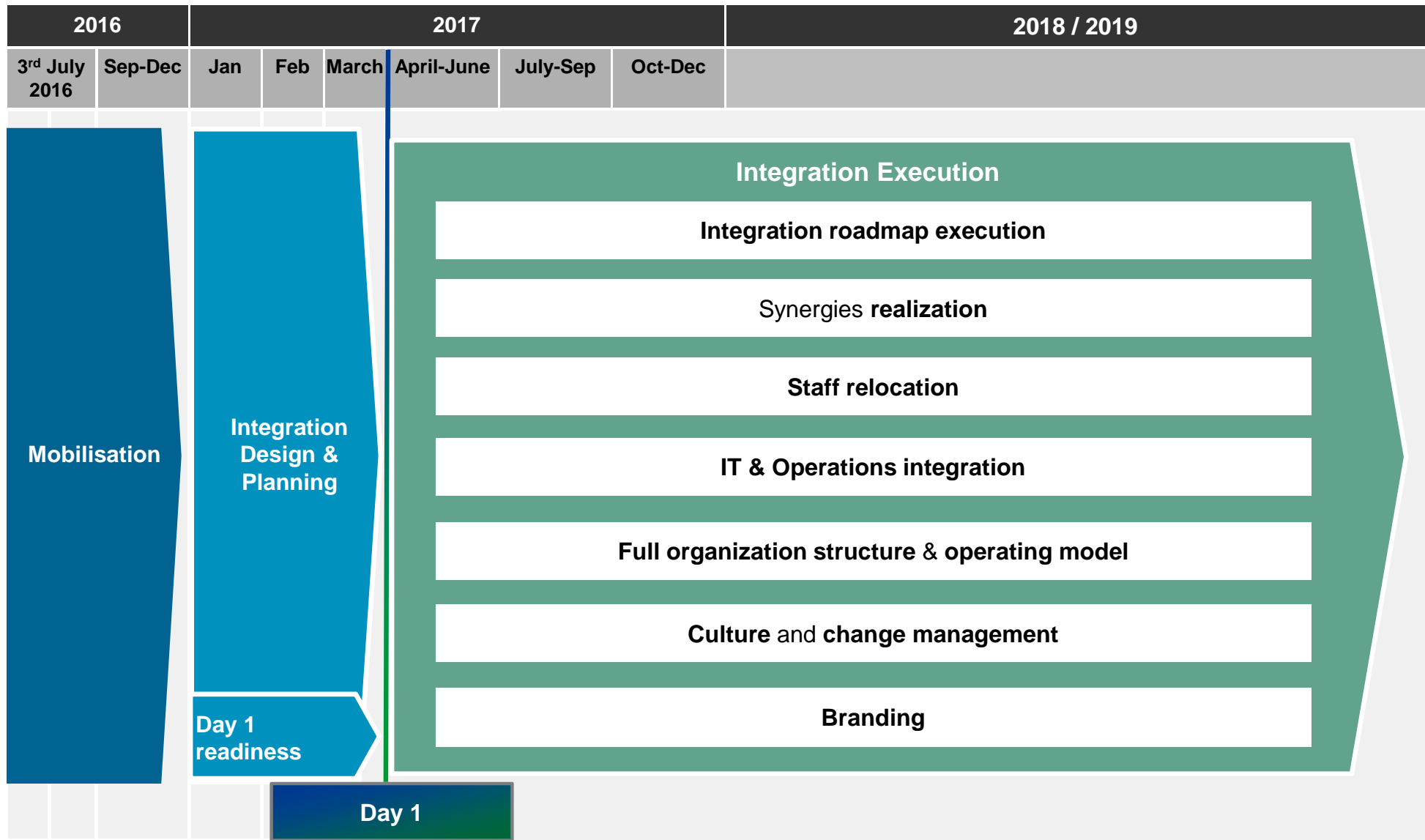
## Corporate and Investment Banking

- 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



# Key messages

---

- 1** FGB and NBAD merger is complete
- 2** Our integration journey: achievements so far and key milestones ahead
- 3** Our strategic plan is centered around the customer, and aimed at driving top shareholder value
- 4** We are on track to realise substantial synergies and achieve our medium term targets
- 5** Appendix

# 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

# Key messages

---

- 1** FGB and NBAD merger is complete
- 2** Our integration journey: achievements so far and key milestones ahead
- 3** Our strategic plan is centered around the customer, and aimed at driving top shareholder value
- 4** We are on track to realise substantial synergies and achieve our medium term targets
- 5** Appendix

# Validated synergies are significantly higher than preliminary assessment

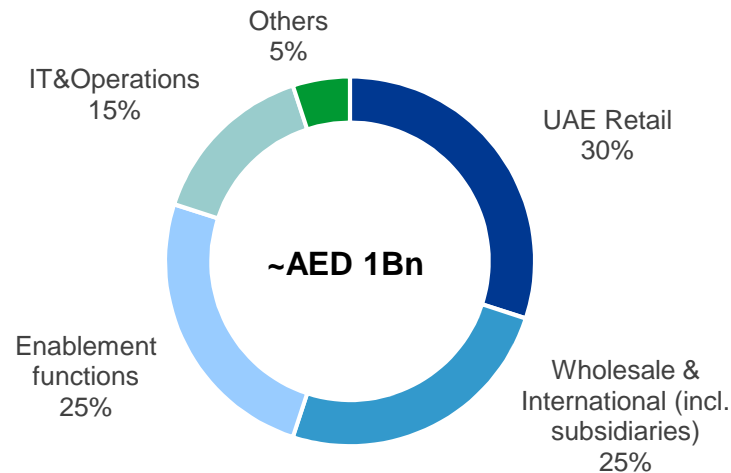
**Cost synergies validated at ~AED 1Bn**  
up from preliminary assessment of AED 500Mn

% of smaller bank cost base

50%

Benchmark<sup>1</sup>

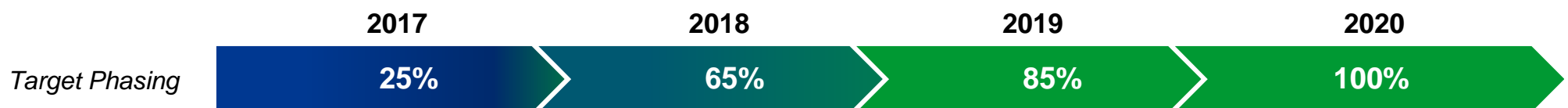
~30%



**Cost synergies full annual run-rate of ~AED 1Bn, to be realised over 3 years, will be primarily driven by:**

- Network and staff rationalisation
- Consolidation of common businesses/ enablement functions
- Systems integration
- Premises reduction

**Validated cost synergies represent 50% of smaller bank cost base (17% of combined cost base), well above bank mergers' average**



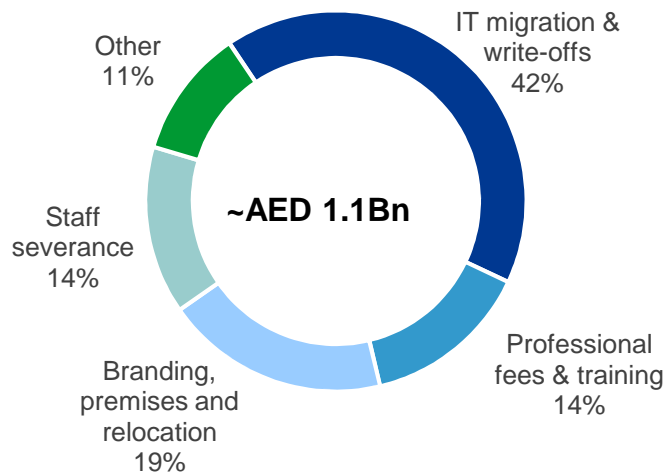
Funding cost optimisation alone, represents **revenue synergy opportunity estimated at ~AED 400Mn**

**Cross-selling opportunities to deliver significant upside to support core underlying revenue growth from 2018 onwards**

# One-time integration costs revised higher, yet compare favorably with benchmark

**One-time integration costs revised to ~AED 1.1Bn**  
*vs. preliminary assessment of AED 600Mn*

% of validated cost synergies	110%
Benchmark <sup>1</sup>	120 – 140%



**One-time integration costs will be fully absorbed by 2019, and include:**

- IT migration and write-offs
- Brand identity roll-out
- Professional fees and training
- Premises and relocation expenses
- Staff severance

**One-time integration costs represent 110% of cost synergies, compares favorably with benchmark range of 120%-140%**



Integration costs **exclude** strategic investments in key enablers, estimated at ~AED 350Mn over the next 3 years



# 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%** RoTE<sup>1</sup>
- ✓ **14-15%** min. CET1

# ... with 2017 as 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

## 2017 Summary Financial Guidance

LOAN GROWTH	Mid single-digit
CORE REVENUE GROWTH	Low single-digit
C/I RATIO ( <i>ex-integration costs</i> )	28%-30%
CoR <sup>1</sup>	70-75bps
RoTE <sup>2</sup>	~14%

# Summary

---

- FGB and NBAD merger is **effective, creating the largest bank in the UAE and 2<sup>nd</sup> largest in MENA by total assets**
- **Strong governance is in place**, led by prominent Board and experienced senior leadership team
- Key milestones have been achieved so far, and we have now embarked on a robust and ambitious **18-24 month integration journey**
- **Significant synergy potential** has been validated, higher than preliminary assessment
- **Strategic direction has been set** and we are on track to deliver a successful integration and meet our financial targets



# Appendix

# 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

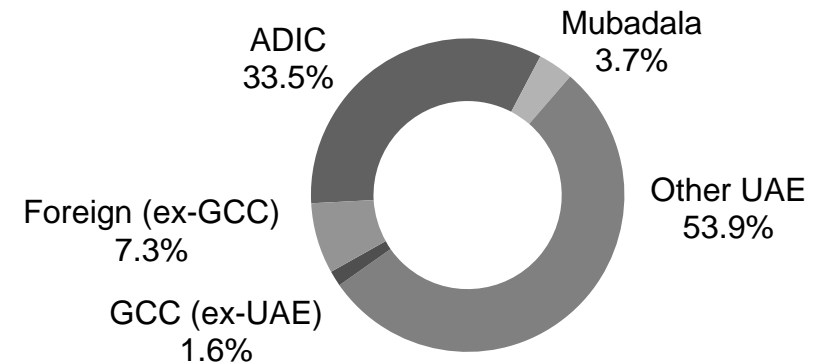
## Market Profile

- Market cap: AED 113Bn (USD 31Bn) as of 2<sup>nd</sup> April 2017
- Total number of shares issued: ~10,898 million<sup>1</sup>
- Largest constituent on Abu Dhabi Securities Exchange (ADSMI)

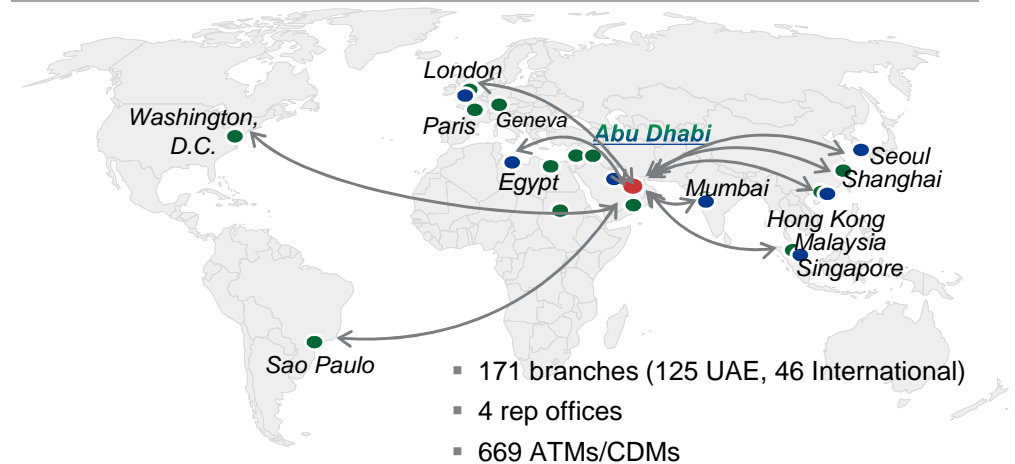
## Credit Ratings

	Fitch	Moody's	S&P	RAM (Malaysia)	R&I Japan
<b>LT</b>	AA-	Aa3	AA-	AAA	A+
<b>Outlook</b>	Stable	Negative	Negative	Stable	Stable

## Ownership structure<sup>2</sup> (as of 30 March 2017)

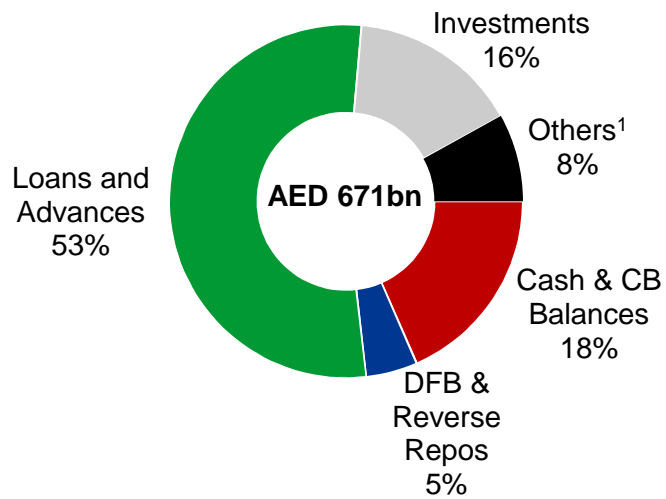


## Global network – presence in 19 countries (ex-UAE)

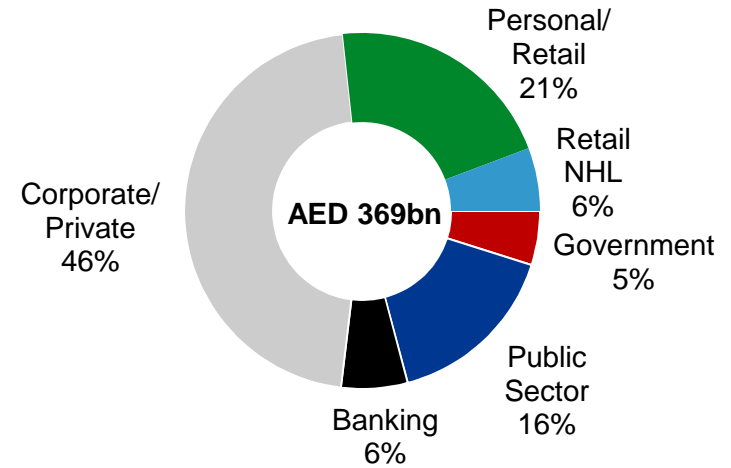


# Well-diversified business profile

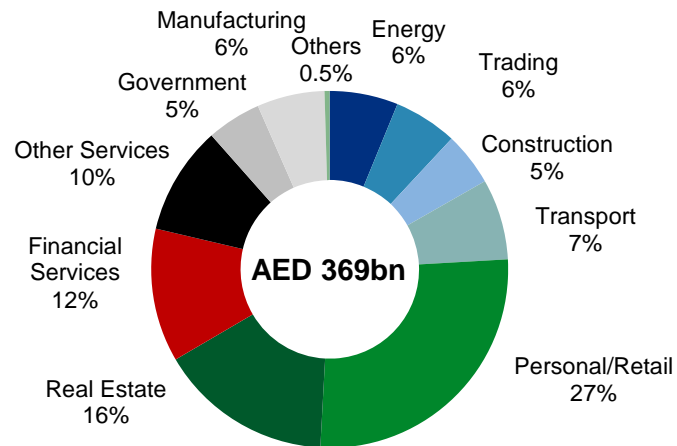
Asset Mix



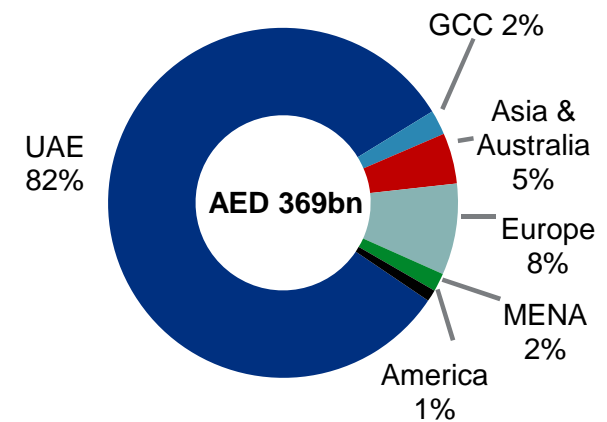
Gross loans by counterparty



Gross loans by economic sector

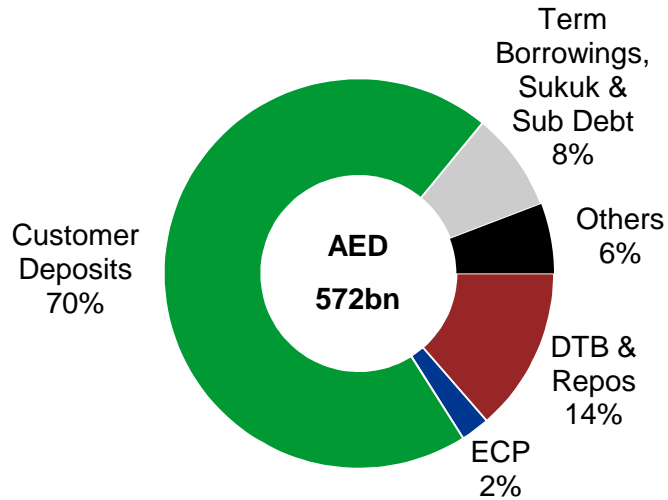


Gross loan by geography (booking centre)

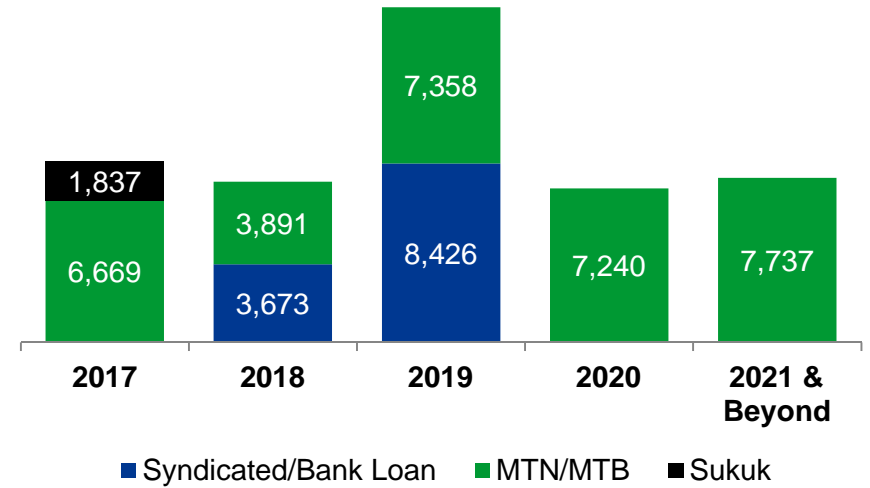


# Strong funding & liquidity profile

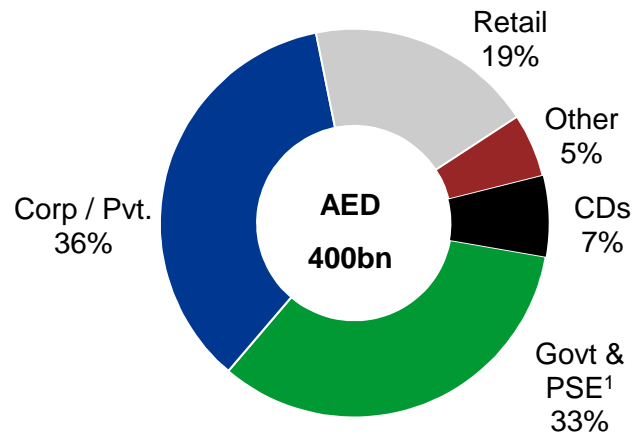
Liabilities mix



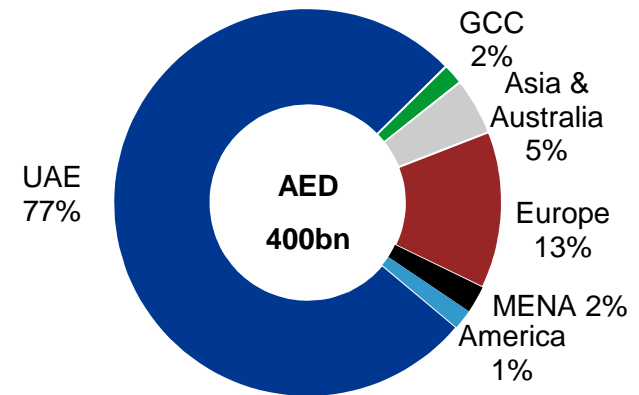
Wholesale funding maturity profile (AED Mn)



Customer deposits by Counterparty

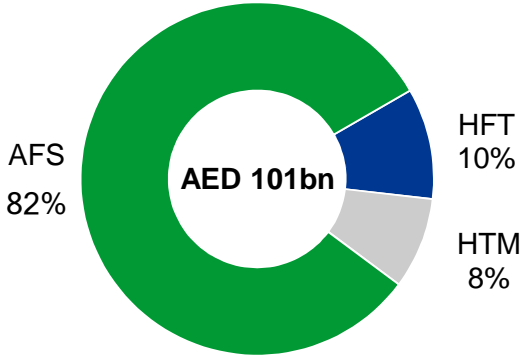


Customer deposits by geography (booking centre)

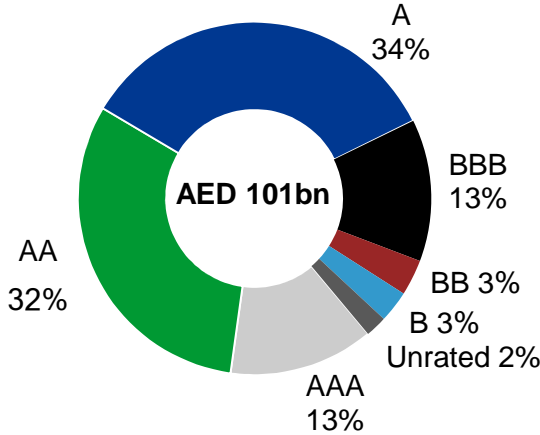


# Diversified and high-quality investment book

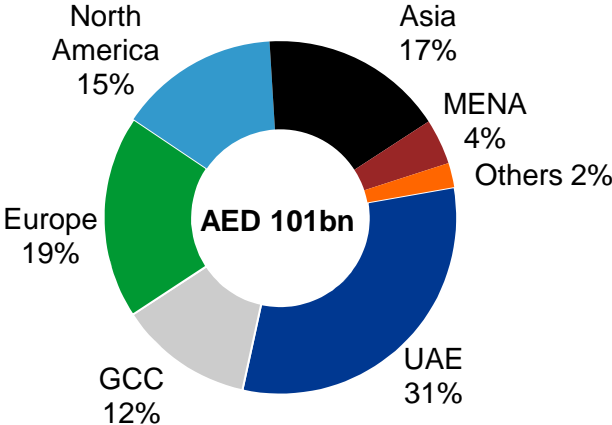
Debt Investments by type



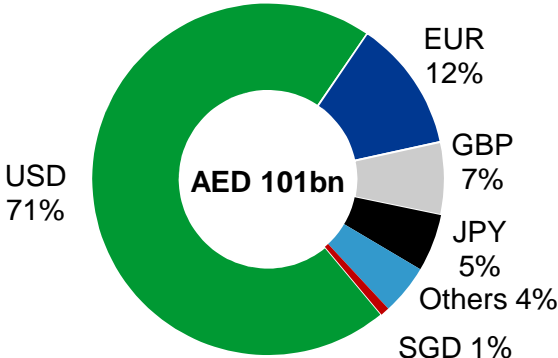
Debt Investments by ratings



Debt Investments by geography



Debt Investments by currency

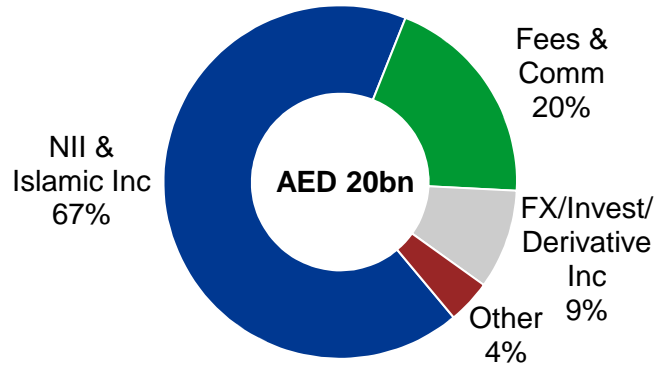


\* Equities are AED3bn or 3% of the total Investment portfolio  
 Source: Company information as of 31 December 2016. Pro-forma financials for FGB+NBAD as at 31 December 2016 take into account reclassification, intercompany elimination and consolidation adjustments

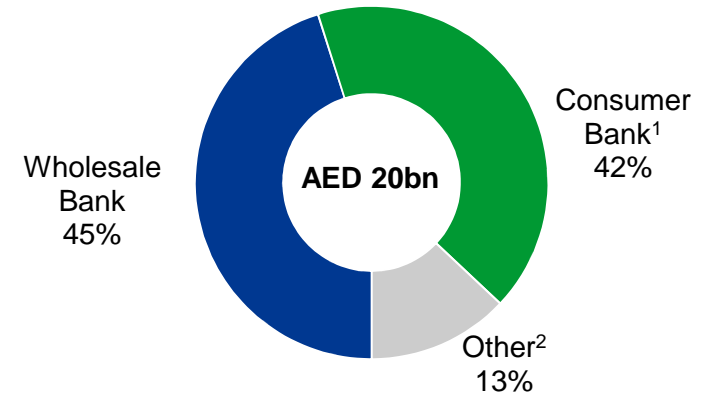


# Diversified revenue streams

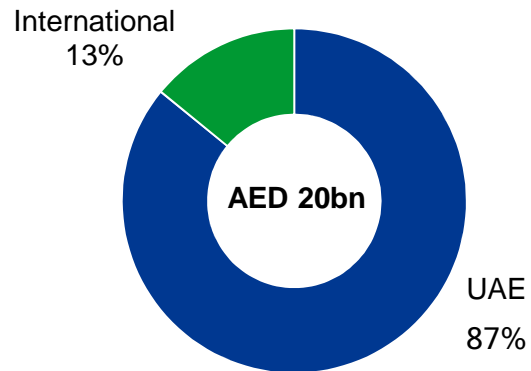
Operating income by type



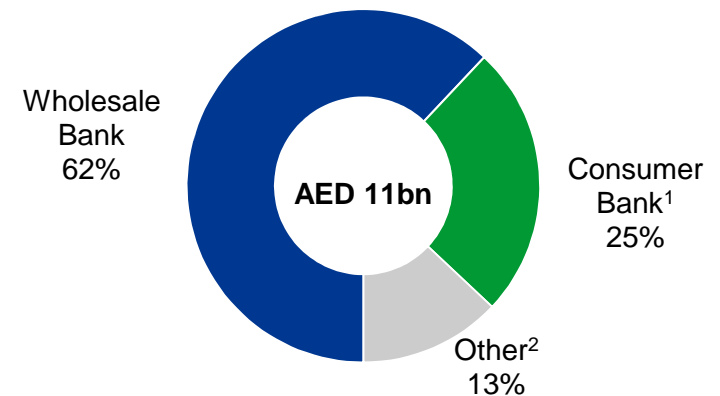
Operating income by business segment



Operating income by geography



Net profit by segment



**Note: segmental information provided based on pro-forma consolidated financial information is indicative until release of first set of consolidated financials in Q2/H1'2017**





# Excellent asset quality metrics

Based on FY16 pro-forma figures

	بنك الخليج الأول FGB	بنك أبوظبي الوطني NBAD	بنك الخليج الأول FGB	بنك أبوظبي الوطني NBAD
NPL ratio	2.3%	2.7%	2.5%	
Provision coverage	121.1%	114.6%	117.2%	
General provisions / CRWA	1.53%	1.81%	1.70%	
Cost of risk	91bps	57bps	72bps	

- Best NPL ratio amongst UAE peer group as of Dec-end'16, and ample provision coverage
- Robust risk management culture and experienced team
- Strong underwriting standards will remain in place

# FY 2016 summary pro-forma financials and key ratios

	 FGB	 NBAD	 FGB	 NBAD
<b>Income statement</b>	NII & Islamic Financing (AEDmn)	6,386	7,305	13,691
	Total revenue (AEDmn)	9,582	10,808	20,391
	Operating expenses (AEDmn)	1,998	4,013	6,010
	Net profit (AEDmn)	6,070	5,296	11,366
	Cost to income ratio	20.8%	37.1%	29.5%
	RoTE <sup>1</sup>	18.0%	13.1%	15.6%
<b>Balance sheet</b>	Total assets (AEDbn)	245	421	671
	Net loans (AEDbn)	156	201	356
	Total deposits (AEDbn)	147	253	400
	Net loans / deposits ratio	106.0%	79.1%	89.0%
	Tier 1 ratio <sup>2</sup>	17.1%	16.0%	16.5%
	CAR <sup>2</sup>	18.3%	17.2%	17.7%

# Corporate Access and Contact Information

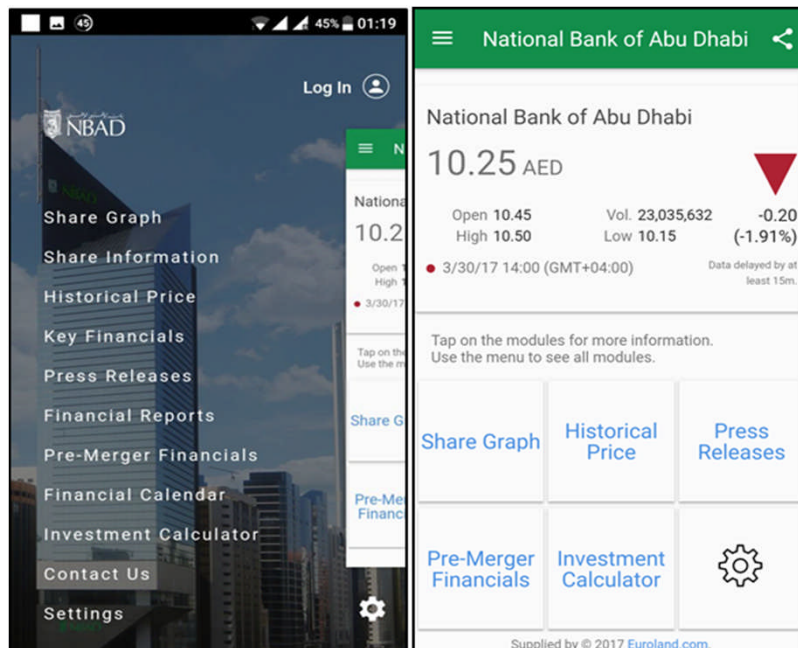
Visit our **updated Investor Relations site** on **NBAD.com/IR** and download our **new NBAD IR App** to access latest corporate updates, pro-forma financial information and FGB/NBAD archives

## Investor Relations Contacts

Sofia El Boury, Head of Investor Relations

Abhishek Kumat, IR

[ir@nbad.com](mailto:ir@nbad.com)



NBAD IR App is available on:



**FGB and NBAD Investor Relations teams have joined forces!**

Show us your support by participating in the 2017 Extel Investor Relations survey at [www.extelsurveys.com](http://www.extelsurveys.com) or [www.extelsurveys.com/quickvote](http://www.extelsurveys.com/quickvote)



For latest news and updates about the merger, you can also visit our dedicated merger microsite - [www.bankfortheUAE.com](http://www.bankfortheUAE.com)