



FGB-NBAD Merger Update

Monday 3rd April 2017

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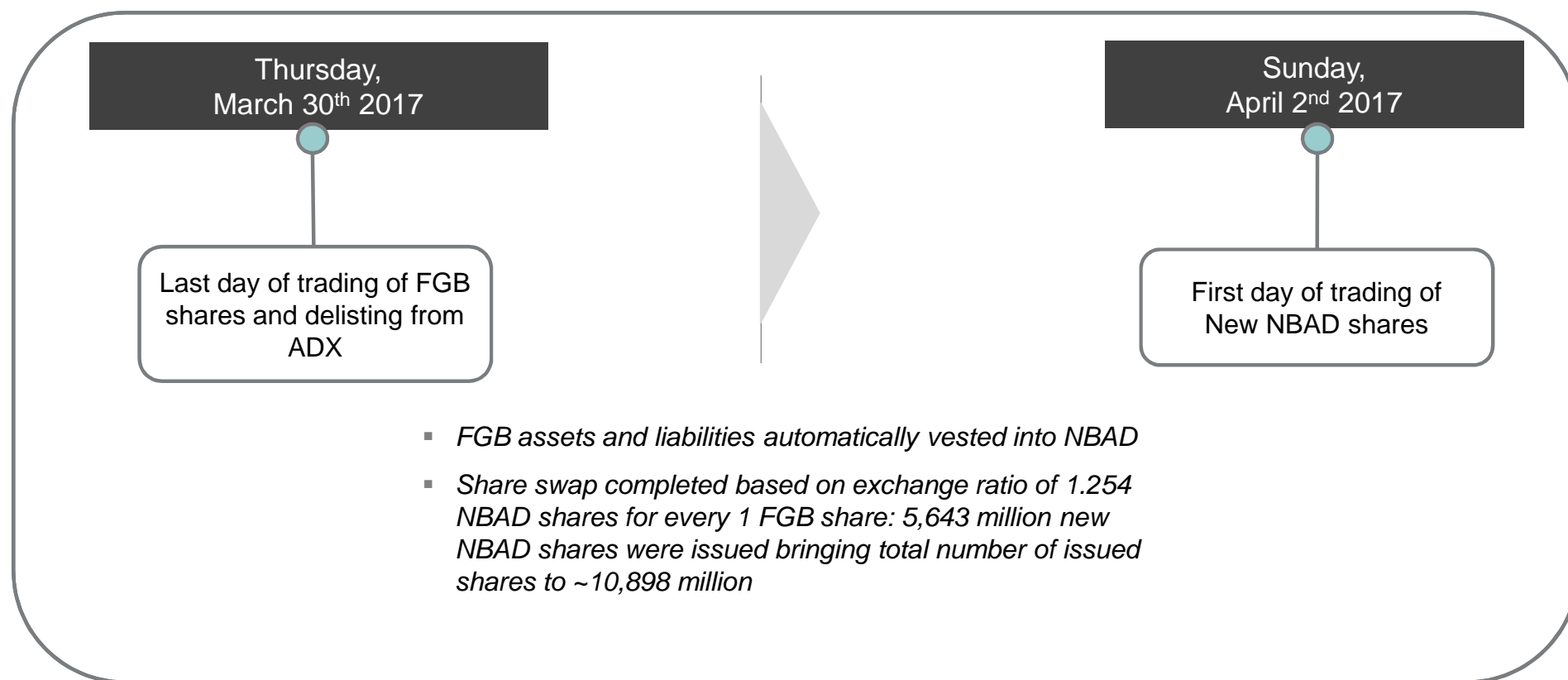
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Key messages

- 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

	Banking sector assets (USD bn)	National champion ⁽¹⁾	NPAT (USD bn)	Total assets (USD bn)	Equity (USD bn)	Market Cap ⁽²⁾ (USD bn)
 UAE	 711	 	3.0 #2 2.0	183 #2 122	26.6 #1 14.7	30.9 #2 12.6
 KSA	 602		2.5	117	14.1	20.8
 Qatar	 349		3.4	198	16.5	37.1
 Kuwait	 198		1.0	79	9.5	13.2
 Bahrain	 193		0.6	34	3.8	5.7
 Oman	 70		0.5	28	4.0	2.7

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

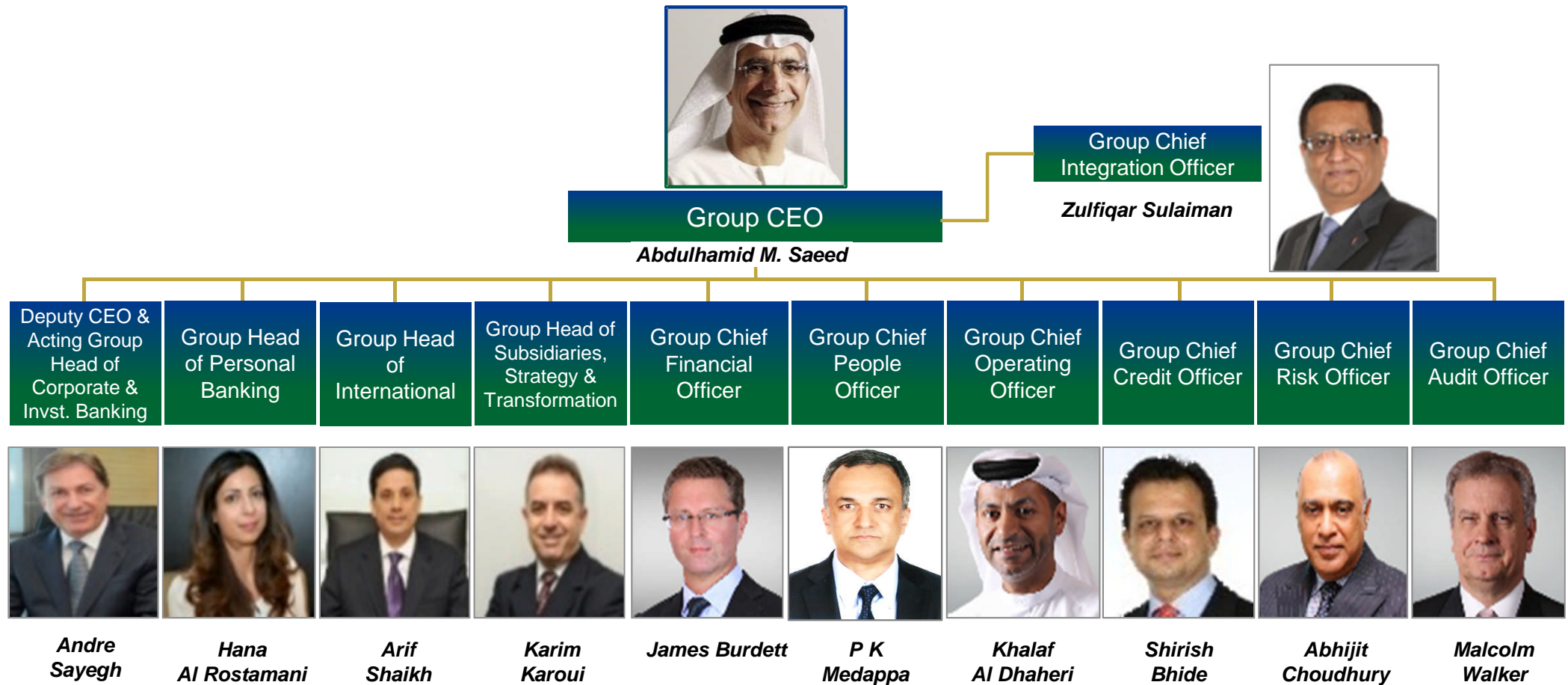
Board Management Committee

Remuneration & Nomination
Committee

Risk Committee

Audit Committee

A talented and experienced Senior Leadership team



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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

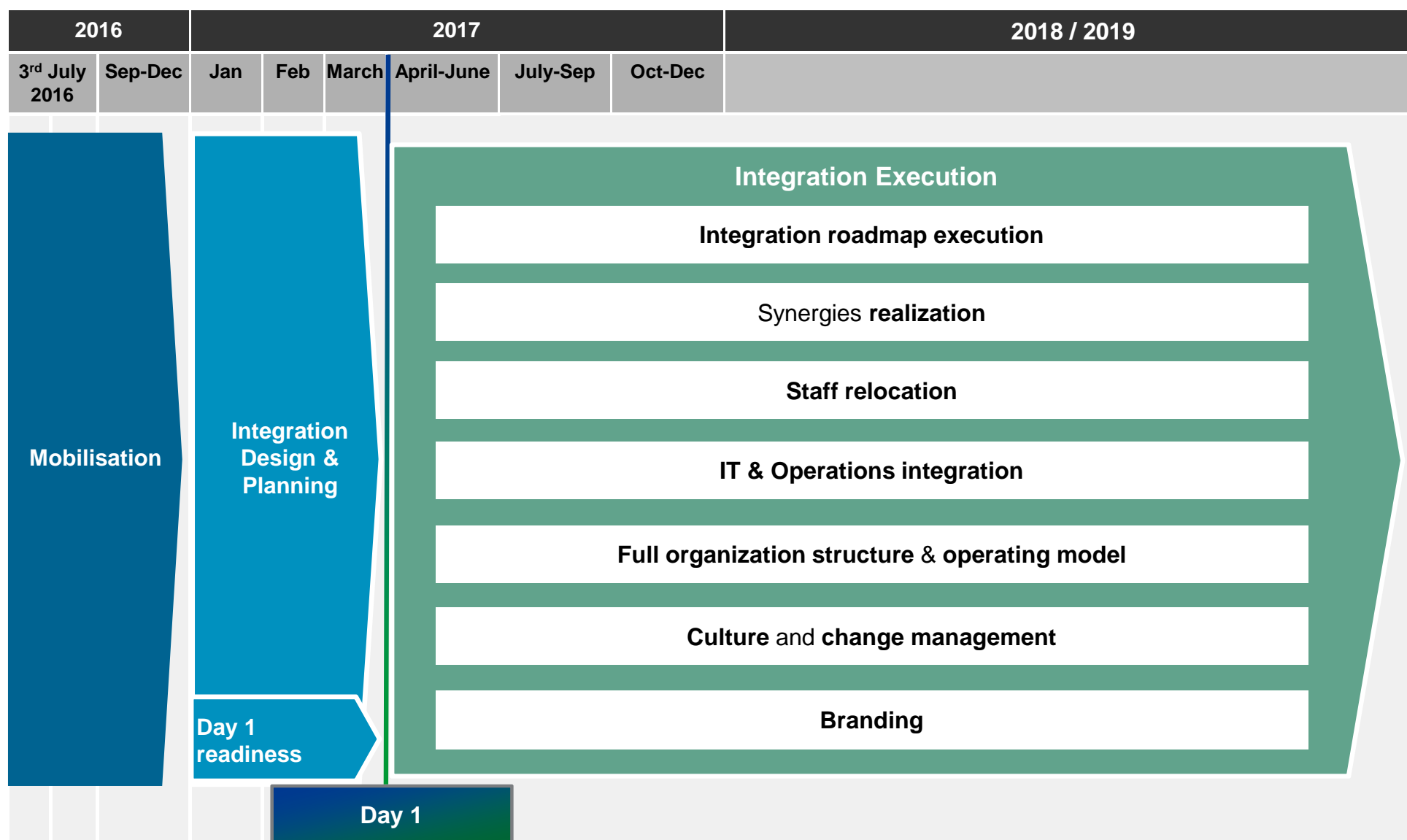
Corporate and Investment Banking

- 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



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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**

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Validated synergies are significantly higher than preliminary assessment

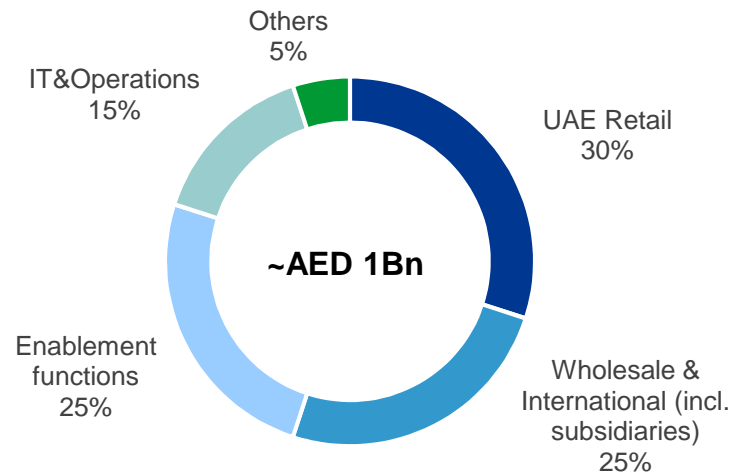
Cost synergies validated at ~AED 1Bn
up from preliminary assessment of AED 500Mn

% of smaller bank cost base

50%

Benchmark¹

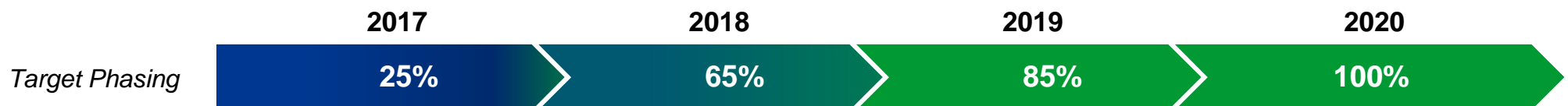
~30%



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

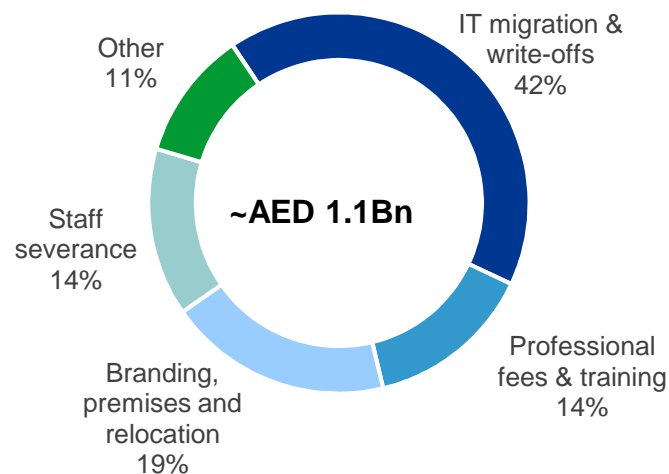
One-time integration costs revised to ~AED 1.1Bn
vs. preliminary assessment of AED 600Mn

% of validated cost synergies

110%

Benchmark¹

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 ¹
✓ 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 (ex-integration costs)	28%-30%
CoR ¹	70-75bps
RoTE ²	~14%

Summary

- FGB and NBAD merger is **effective, creating the largest bank in the UAE and 2nd 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

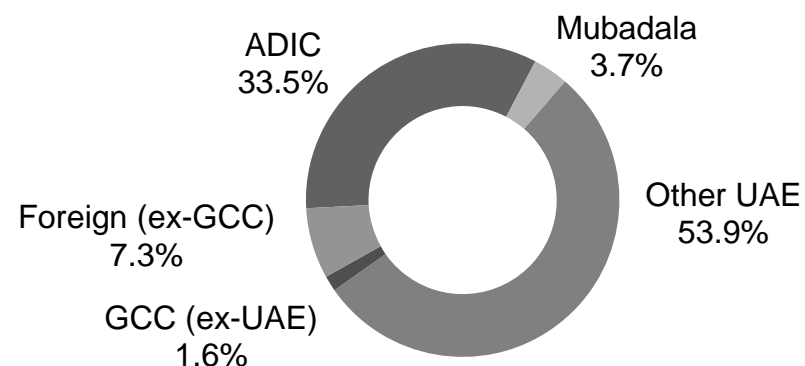
NBAD Profile

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 2nd April 2017
- Total number of shares issued: ~10,898 million¹
- Largest constituent on Abu Dhabi Securities Exchange (ADSMI)

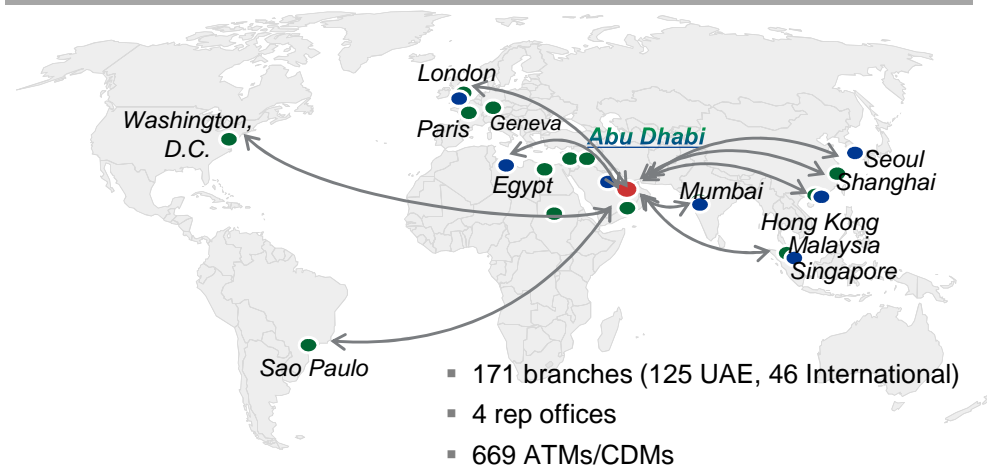
Ownership structure² (as of 30 March 2017)



Credit Ratings

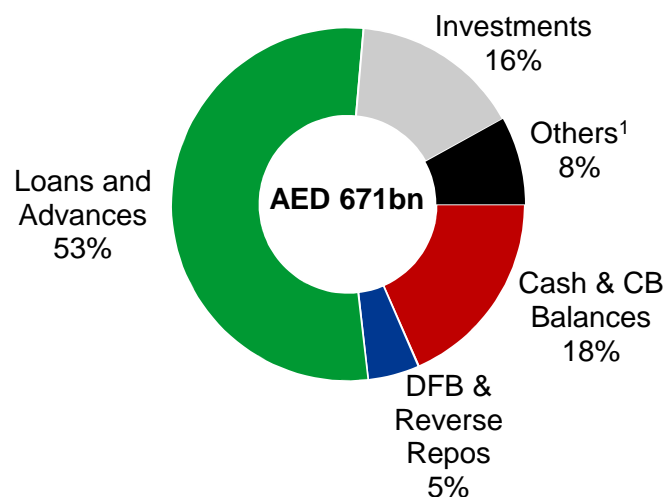
	Fitch	Moody's	S&P	RAM (Malaysia)	R&I Japan
LT	AA-	Aa3	AA-	AAA	A+
Outlook	Stable	Negative	Negative	Stable	Stable

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

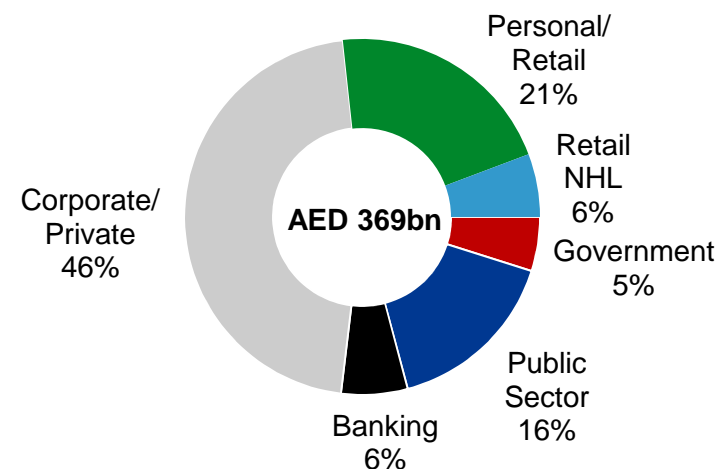


Well-diversified business profile

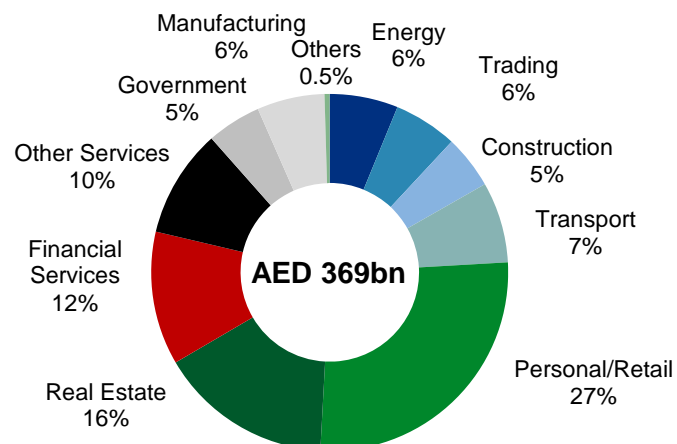
Asset Mix



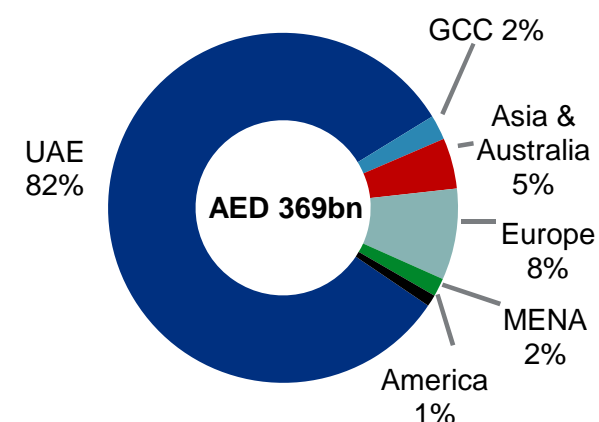
Gross loans by counterparty



Gross loans by economic sector

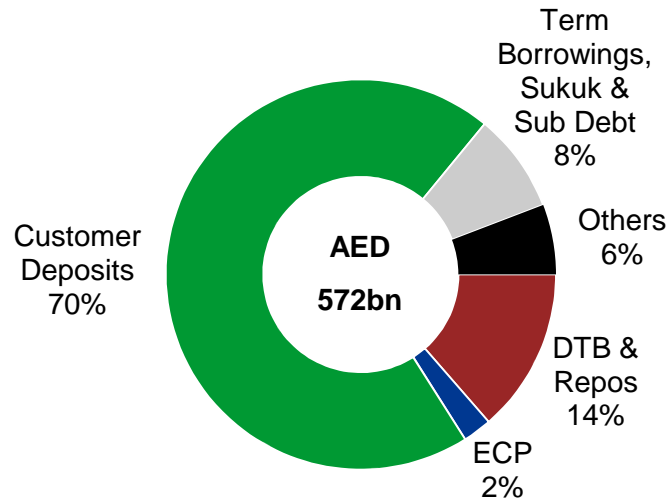


Gross loan by geography (booking centre)

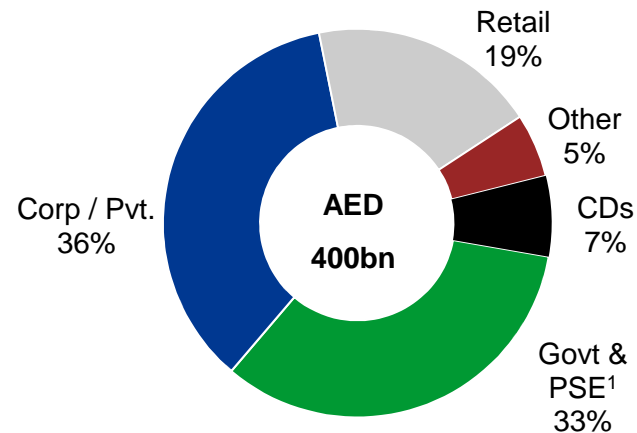


Strong funding & liquidity profile

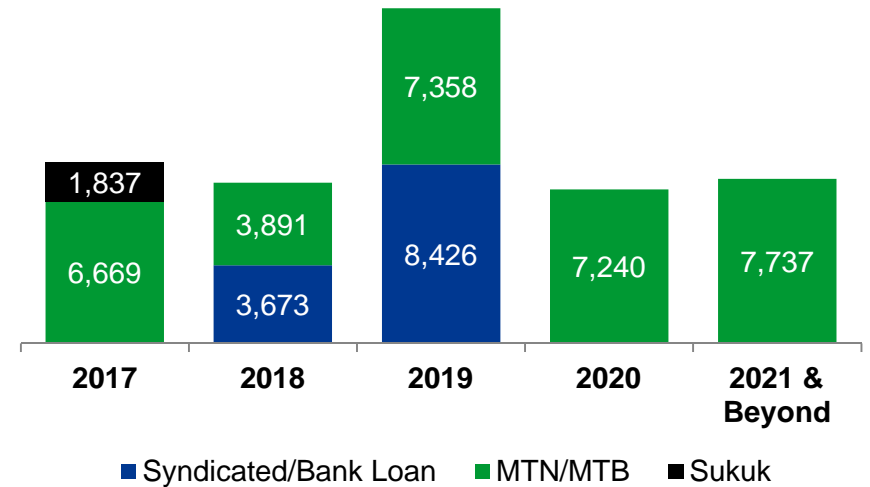
Liabilities mix



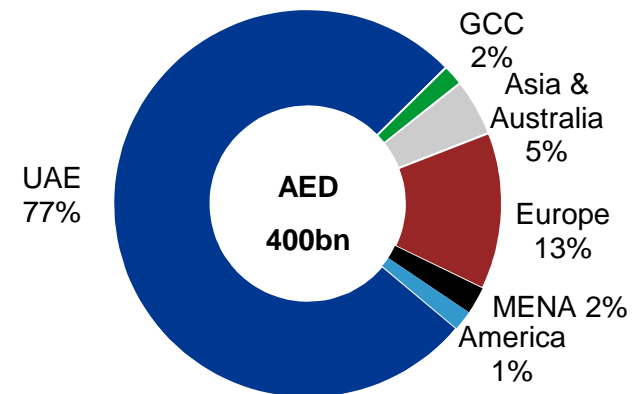
Customer deposits by Counterparty



Wholesale funding maturity profile (AED Mn)

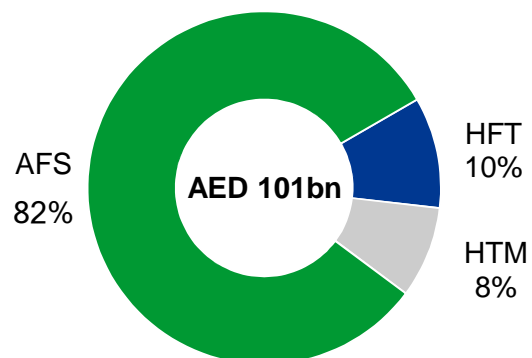


Customer deposits by geography (booking centre)

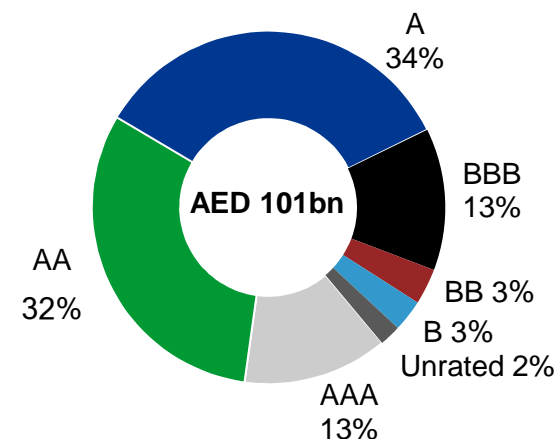


Diversified and high-quality investment book

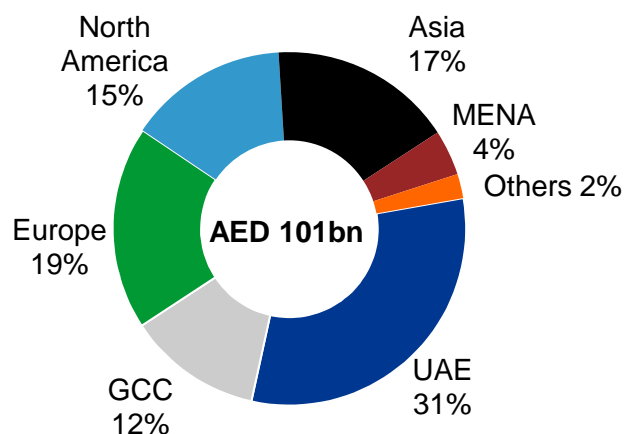
Debt Investments by type



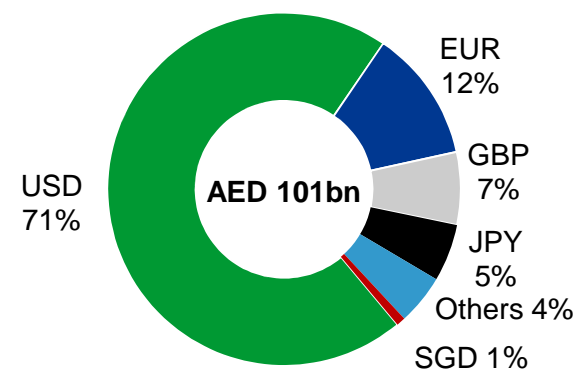
Debt Investments by ratings



Debt Investments by geography

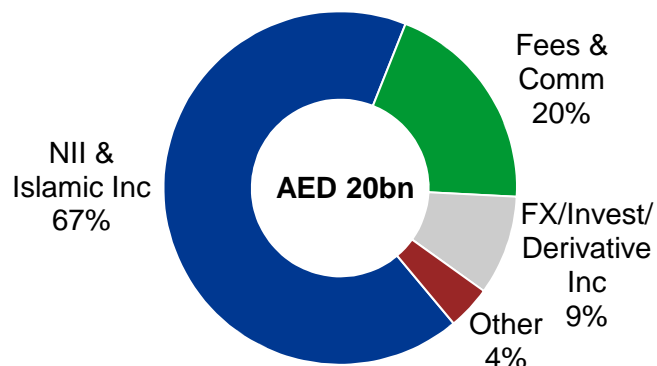


Debt Investments by currency

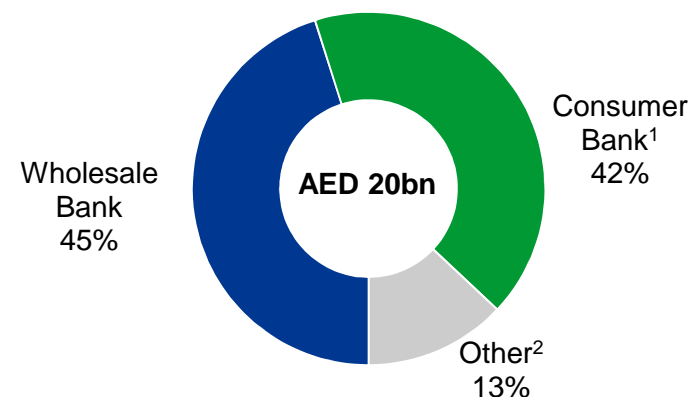


Diversified revenue streams

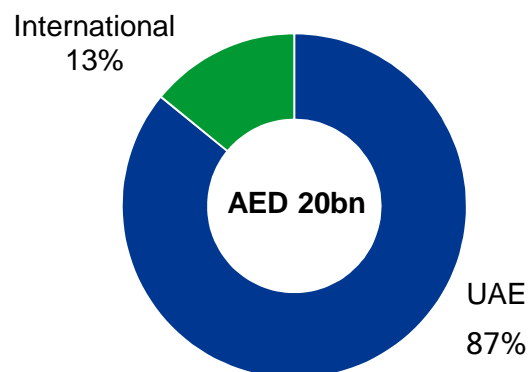
Operating income by type



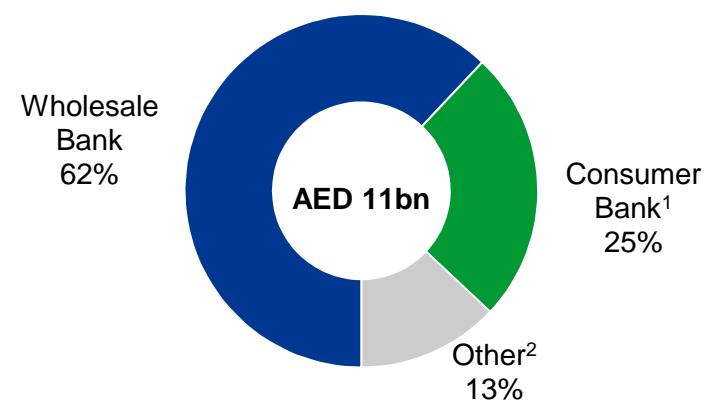
Operating income by business segment



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

			 
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

				 
Income statement	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 ¹	18.0%	13.1%	15.6%
Balance sheet	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 ²	17.1%	16.0%	16.5%
	CAR ²	18.3%	17.2%	17.7%

Corporate Access and Contact Information

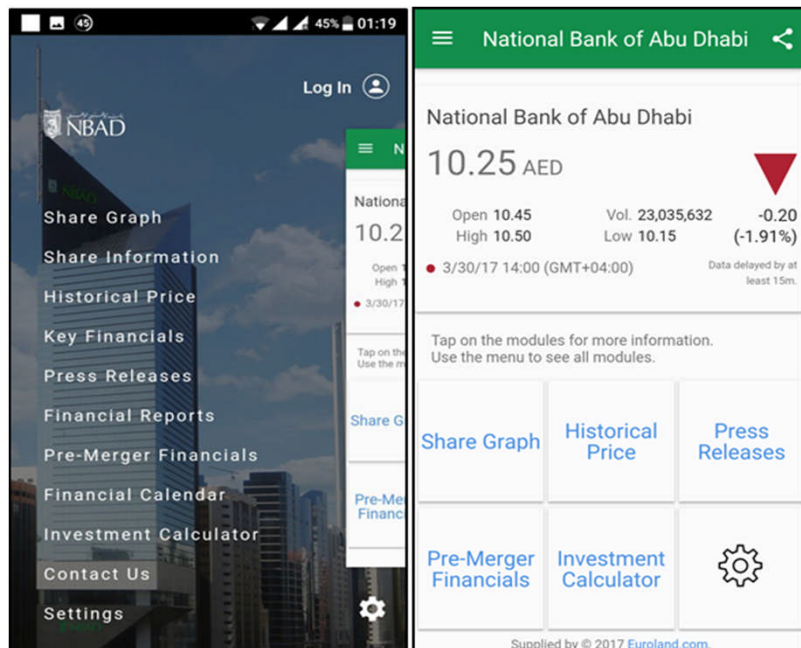
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Investor Relations Contacts

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For latest news and updates about the merger, you can also visit our dedicated merger microsite - www.bankfortheUAE.com