

Abu Dhabi, 26th July 2017

Press Release

FAB reports First Half 2017 Group Net Profit of AED 5.49 Billion

Second quarter 2017 net profit at AED 2.56 Billion

Key highlights

- First Half 2017 Group Net Profit at AED 5.49 Billion, up 4% year-on-year; annualised Earnings per Share at 97 fils
- Second quarter 2017 Group Net Profit at AED 2.56 Billion
- Group Revenue at AED 9.85 Billion, compared to AED 9.73 Billion in the first half of 2016
- Integration progress firmly on track with achievement of several key milestones and realisation of substantial cost synergies
- Cost-to-income ratio (excluding integration costs) at industry-leading level of 27.4%
- Total assets at AED 625 Billion; Loans and advances¹ at AED 321 Billion; Customer deposits¹ at AED 377 Billion
- Group maintains strong liquidity position with loans-to-deposit ratio of 85% and Liquidity Coverage Ratio (LCR) well above the glide path as defined by Basel III norms
- Other key ratios: Net Interest Margin at 2.19%, NPL ratio at 3.2%, Provision coverage at 112%
- Robust CET1² at 14.4% placing FAB in a comfortable position to meet capital requirements as a Domestic Systemically Important Bank
- Annualised Return on Tangible Equity (RoTE)³ at 14.7%

H1'17 Group Revenue

AED 9.85 Billion

H1'17 Group Net Profit

AED 5.49 Billion

Cost-to-Income Ratio
(ex. Integration costs)

27.4%

Loan-to-deposit ratio

85%

RoTE

14.7%

CET1

14.4%

¹ Restated net of National Housing Program loans and deposits

² Basel II CET1: Tier-1 capital net of perpetual notes as a percentage of risk weighted assets

³ Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl Tier 1 notes coupon (of AED 228Mn in H1'17) and amortisation of intangibles

First Abu Dhabi Bank (FAB), the UAE's largest bank and one of the world's largest financial institutions, has reported consolidated pro-forma financial results for the first time post-merger, delivering a resilient performance amidst softer economic conditions.

First Half 2017 Group Net Profit improved 4% year-on-year to AED 5.49 Billion, translating to annualised Earnings per Share of 97 fils. Solid revenues at AED 9.85 Billion and the realisation of substantial cost synergies post-merger, were key drivers behind this performance. Also, impairment charges were 8% lower year-on-year on the back of higher recoveries and an adequately provisioned portfolio. In the second quarter of 2017, the Group generated a net profit of AED 2.56 Billion down from AED 2.68 Billion in the same period in 2016, primarily reflecting slower business momentum year-on-year.

As of June-end 2017, FAB displays a strong liquidity profile with loans-to-deposit ratio of 85% and Liquidity Coverage Ratio (LCR) well above the glide path as defined by Basel III norms. Capital position has strengthened year-on-year thanks to continued focus on risk optimisation. With a CET1 ratio of 14.4%, the Group is well positioned to meet capital requirements as a Domestic Systemically Important Bank. Annualised returns for the first half of 2017 are solid with a Return on Tangible Equity (RoTE) at 14.7%.



Abdulhamid Saeed, Group Chief Executive Officer of FAB, said: "I am pleased with the progress and execution of our integration plan at this early stage in our transformation journey. The consolidation of our businesses and operations, and the ongoing realisation of synergies are strong testaments to the benefits of this merger as we continue to create value for customers, employees, shareholders and communities, and empower them to grow stronger through differentiation, agility and innovation."

"FAB's performance in the first half of 2017 demonstrates the Group's resilience during a period marked by softer economic conditions. With Group net profit increasing 4% to AED 5.49 Billion and solid revenue of AED 9.85 Billion, we ended the period with a strong balance sheet, an industry leading cost-to-income ratio, as well as a robust liquidity profile and capital position - meaning we are well-placed to meet the evolving regulatory landscape. As a strong testament to our achievements as a financial services leader in the UAE and the broader region, FAB secured prestigious industry awards during the quarter, including 'Best Investment Bank in the UAE' and 'Best Bank for Financing in the Middle East' from Euromoney, alongside 'Best Bank in the UAE' from the Banker Middle East Industry Awards."

He continued: "Looking ahead, we are continuing to create a stronger and efficient financial institution, and remain firmly focused on building sturdy foundations to drive long-term sustainable growth and maximise value for our shareholders."

FAB Q2/H1'17 Pro-forma Summary financials

Income Statement - Summary (AED Mn)	Half Yearly			Quarterly				
	H1'17	H1'16	YoY %	Q2'17	Q1'17	QoQ %	Q2'16	YoY %
Net interest Income	6,383	6,729	-5	3,171	3,212	-1	3,357	-6
Fees & commissions, net	1,631	1,953	-16	845	786	7	1,041	-19
FX and investment income, net	1,747	869	101	598	1,150	-48	456	31
Other non-interest income	89	177	-50	49	41	20	99	-51
Total Operating Income	9,851	9,728	1	4,662	5,189	-10	4,954	-6
Operating expenses	(2,892)	(2,892)	0	(1,384)	(1,508)	-8	(1,469)	-6
Impairment charges, net	(1,260)	(1,367)	-8	(611)	(649)	-6	(696)	-12
Non Controlling Interests and Taxes	(211)	(185)	14	(105)	(106)	-1	(107)	-2
Net Profit	5,488	5,284	4	2,562	2,926	-12	2,682	-4
Earning per Share ¹ (AED)	0.97	0.94	4	0.90	1.04	-13	0.95	-5

Balance Sheet ² - Summary (AED Bn)	Jun'17	Dec'16	Ytd %	Mar'17	QoQ %	Jun'16	YoY %
Loans and advances	321.3	334.4	-4	345.2	-7	335.3	-4
Customer deposits	377.3	379.2	-1	393.9	-4	362.6	4
CASA (deposits)	113.5	108.5	5	113.6	0	106.8	6
Total Assets	624.6	649.1	-4	660.4	-5	640.3	-2
Equity (incl Tier-1 capital notes)	96.6	97.0	0	93.9	3	92.9	4
Tangible Equity ³	70.7	71.9	-2	68.0	4	65.4	8

Key Ratios (%)	H1'17	H1'16	YoY (bps)
Net Interest Margin ¹	2.19	2.44	-25
Cost-Income ratio (ex-integration costs)	27.4	29.7	-234
Cost of Risk (bps) ¹	74	79	-5
Non-performing loans ratio	3.2	3.1	10
Provision coverage	111.6	110.1	149
Loans-to-deposits ratio	85.2	92.5	-731
Return on Tangible Equity ⁴ (RoTE)	14.7	15.3	-55
Return on Risk-weighted Assets (RoRWA)	2.3	2.1	14
CET1 ratio	14.4	13.2	120
Capital Adequacy ratio	17.8	16.4	149

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 (of AED 228Mn in H1'17) and amortisation of intangibles

Note: Rounding differences may appear in the above table

Integration update

FAB's first quarter post-merger was marked by the completion of the organisational structure across the Group while good progress was achieved towards consolidating businesses and enablement functions, integration of IT systems as well as right-sizing the branch network.

During the period, the launch of FAB's new brand identity and Grow Stronger platform was a key milestone for the Group, marking the start of a new movement to motivate and inspire customers, employees and the broader community. The new brand will be rolled out across branches, digital touch-points and communication materials throughout the second half of the year.

Customer value proposition was also significantly enhanced through a wider and complementary range of products and services in both Corporate and Investment Banking and Personal Banking.

About First Abu Dhabi Bank (FAB)

FAB, the UAE's largest bank and one of the world's largest financial institutions offers an extensive range of tailor-made solutions, and products and services, to provide a customised experience. Through its strategic offerings, it looks to meet the banking needs of customers across the world via its market-leading Corporate and Investment Banking and Personal Banking franchises.

Headquartered in Abu Dhabi in Khalifa Business Park, the bank's international network spans over 19 countries across the world, providing the global relationships, expertise and financial strength to support local, regional and international businesses seeking to do business at home and abroad.

In line with its commitment to put customers first, to Grow Stronger, FAB will continually invest in people and technology to create the most customer-friendly banking experience, and will support the growth ambitions of its stakeholders across countries in which the bank operates.

To empower its customers and clients to Grow Stronger, FAB is initiating a powerful movement, which goes beyond banking. The Grow Stronger movement represents the bank's promise to support its stakeholders' goals and growth ambitions, providing ideas, tools and expertise to help them become stronger, today and in the future.

Based on pro-forma financial information as at June-end 2017, FAB had total assets of AED 625 Billion (USD 170 Billion). FAB is rated Aa3/AA-/AA- by Moody's, S&P and Fitch respectively, the strongest combined ratings of any bank in the MENA region. Through a strong, diversified balance sheet, leading efficiency and a solid corporate governance structure in place, FAB is set to drive growth forward.

For further information, visit: www.bankfortheuae.com

For investor-related queries, please contact FAB Investor Relations team on ir@nbad.com

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