

Press Release

for the nine-month period ended 30 September 2017

Please note that FAB pro forma consolidated financials at 30 September 2017 serve as the main basis of reference for our Management Discussion & Analysis Report (MDA) and Investor Relations presentation.

FAB's reviewed consolidated interim financial statements at 30 September 2017 are prepared on the basis that the FGB/NBAD merger was declared effective on 1st April 2017 with FGB being the accounting acquirer as per IFRS 3. Therefore, these financials reflect the consolidation of NBAD since 1st April 2017 only, while prior period comparative financial information relates to FGB.

Abu Dhabi, 25th October 2017

Press Release

Resilient performance with nine-month Group Net Profit achieved at AED 8.09 Billion

Third quarter Group Net Profit up 2% to AED 2.61 Billion

Solid third quarter results underpin resilient performance year-to-date

- Group Net Profit at AED 2.61 Billion in the third quarter, up 2% sequentially
- Excluding one-off gains on sale of investment properties, Group Net Profit for the nine-month period is up 2% year-on-year and lower by 4% year-on-year in the third quarter
- Solid Returns on Risk Weighted Assets* (RoRWA) at 2.2%, stable year-on-year

Integration journey progressing well; merger benefits materialising ahead of plan

- Group continues to achieve key milestones in integration journey
- Industry-leading cost-to-income ratio (excluding integration costs) of 27.6% supported by the realisation of cost synergies ahead of plan and one-time integration costs well under control

Leading franchise generates strong business momentum in third quarter

- Net loans and advances up 2% sequentially to AED 328 Billion
- FAB dominates GCC and MENA loan league tables year-to-date
- Group Net Interest Margin* (NIM) at 2.22%, improved sequentially

Healthy asset quality metrics reflect prudent and best-in-class risk management practices

- Non-Performing Loan (NPL) ratio at 3.0% and provision coverage at 109%
- Cost of risk* at 71bps, improving from 79bps in prior year period

Ample liquidity and strengthened capital position

- Customer deposits at AED 379 Billion
- Loan-to-deposit ratio highly comfortable at 86.6%
- Common Equity Tier-1 (CET1¹) ratio at 14.6%, up from 13.8% as of September-end 2016

9M'17 Group Revenue	9M'17 Group Net Profit	Cost-to-Income Ratio (ex. Integration costs)
AED 14.48 Billion	AED 8.09 Billion	27.6%
Loan-to-deposit ratio	RoTE ²	CET1 ¹
86.6%	14.3%	14.6%

*Annualised

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

² Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl Tier-1 notes coupon (of AED 346 Million in 9M'17) and amortisation of intangibles

First Abu Dhabi Bank (FAB), the UAE's largest bank and one of the world's largest and safest financial institutions, has reported consolidated pro forma financial results for the nine-month period ended September 2017, delivering a resilient performance.

Nine-month 2017 Group Net Profit was achieved at AED 8.09 Billion, down 4% year-on-year, or up 2% when excluding one-off gains on sale of investment properties.

In the third quarter of 2017, Group Net Profit was up 2% sequentially on the back of a notable improvement in cost of risk, and disciplined cost control coupled with the realisation of merger synergies ahead of plan. Compared to the third quarter of 2016, Group Net Profit was down 18%, or only 4% lower when excluding one-off gains on sale of investment properties.

As of September-end 2017, the Group enjoys ample liquidity with a loans-to-deposits ratio at 86.6%. In addition, capital position notably strengthened with CET1 reaching 14.6%, up from 13.8% last year. While total assets grew 2% year-on-year, balance sheet optimisation has led to a 3% reduction in risk weighted assets. As a result, the Group generated solid risk adjusted returns with RoRWA at 2.2%, stable year-on-year.



Abdulhamid Saeed, Group Chief Executive Officer of FAB, said: "FAB's performance in the first nine months of 2017 demonstrates the Group's resilience as it continues to achieve integration milestones and deliver solid results against an operating backdrop that is improving, yet remains challenging. As we approach the end of 2017, I am very pleased with the excellent progress we have made in our integration journey. As we align our products and services, and further drive innovation and the right digital solutions across all areas of the business, we continue to place our clients first and work towards enhancing long-term customer experience across all business groups."

"In a strong testament to our leading position as a financial services provider in the UAE and the broader region, and despite a subdued loan market, FAB is dominating the GCC and MENA loan league tables' year-to-date with a 14.3% and 12.7% market share respectively. In addition, FAB was recognised by Global Finance as the safest bank in the UAE and the Middle East, and also the 4th safest bank in emerging markets, the 17th amongst commercial banks and the 31st amongst all banks, worldwide."

He added: "As we continue to build strong foundations to support the long term sustainable growth of our franchise, we are on track to meet our targets for the current

year and our strong capital buffers provide us with ample room to deliver top returns for our shareholders.”

Integration and other updates

The Bank’s overall integration strategy is to leverage on the key strengths from legacy banks in order to create value for FAB customers, employees, shareholders and communities. Since the merger was completed earlier this year in April, the Group has made significant progress in the integration journey. This included the finalisation of the bank’s organisational structure, operating model, and the harmonisation of Group policies and our risk framework. The optimisation of branches and centralisation of back office activities are also underway, to enhance efficiency and productivity across the business.

The launch of FAB’s new brand identity was quickly followed by the full re-brand of a number of branches and customer touchpoints both locally and internationally, with the optimisation of the Bank’s global locations set to continue. Full network and channel re-brand across all critical customer touch-points is expected to be completed by the end of the current year. Good progress has also been made towards IT system integration, which is on track. From a financial standpoint, merger benefits are materialising quickly and ahead of plan, and one-time integration costs are well under control.

In parallel to the integration project, FAB is focused on driving further innovation across all areas of the business to significantly grow its product and service range. The Bank recently appointed a Group Chief Customer Experience and Digital Officer to look after the enterprise-wide alignment of FAB’s digital services and enhance long-term customer experience.

FAB Q3/9M'17 Pro forma Summary Financials

Income Statement - Summary (AED Mn)	Nine Months			Quarterly				
	9M'17	9M'16	YoY %	Q3'17	Q2'17	QoQ %	Q3'16	YoY %
Net interest Income	9,565	10,079	-5	3,182	3,180	0	3,350	-5
Fees & commissions, net	2,429	2,918	-17	788	860	-8	979	-20
FX and investment income, net	2,299	1,450	59	552	598	-8	581	-5
Other non-interest income	191	753	-75	89	49	82	558	-84
Total Operating Income	14,484	15,201	-5	4,611	4,686	-2	5,468	-16
Operating expenses	(4,259)	(4,370)	-3	(1,344)	(1,399)	-4	(1,473)	-9
Impairment charges, net	(1,822)	(2,074)	-12	(562)	(620)	-9	(707)	-21
Non Controlling Interests and Taxes	(310)	(289)	8	(100)	(105)	-5	(103)	-4
Net Profit	8,093	8,468	-4	2,605	2,562	2	3,184	-18
Basic Earning per Share ¹ (AED)	0.95	1.00	-5	0.92	0.90	2	1.13	-19

Balance Sheet ² - Summary (AED Bn)	Sep'17	Dec'16	Ytd %	Jun'17	QoQ %	Sep'16	YoY %
Loans and advances	328.3	334.4	-2	321.3	2	339.4	-3
Customer deposits	378.9	379.2	0	377.3	0	362.6	4
CASA (deposits)	112.4	108.5	4	113.5	-1	109.8	2
Total Assets	644.1	649.1	-1	624.6	3	634.4	2
Equity (incl Tier-1 capital notes)	99.1	97.0	2	96.6	3	91.4	8
Tangible Equity ³	73.3	71.9	2	70.7	4	69.2	6

Key Ratios (%)	9M'17	9M'16	YoY (bps)
Net Interest Margin ¹	2.22	2.43	-21
Cost-Income ratio (ex-integration costs)	27.6	28.4	-80
Cost of Risk (bps) ¹	71	79	-8
Non-performing loans ratio	3.0	2.8	19
Provision coverage	109.0	118.5	-954
Loans-to-deposits ratio	86.6	93.6	-696
Return on Tangible Equity ⁴ (RoTE)	14.3	15.9	-169
Return on Risk-weighted Assets (RoRWA)	2.2	2.2	0
CET1 ratio	14.6	13.8	79
Capital Adequacy ratio	18.0	17.1	91

Rounding differences may appear in the above table

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 346 Million in 9M'17) and amortisation of intangibles

About First Abu Dhabi Bank (FAB)

FAB, the UAE's largest bank and one of the world's largest and safest 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 outside the UAE, 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 initiated 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 September-end 2017, FAB had total assets of AED 644 Billion (USD 175 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. The Bank has been ranked by Global Finance® as the safest bank in the UAE and the Middle East, 4th in emerging markets, 17th amongst commercial banks worldwide, and 31st in the world amongst all banks. Through a strong, diversified balance sheet, leading efficiency and a solid corporate governance structure in place, FAB is set to drive growth forward.

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