

Beyond Ambition

ADCB Q2/H1 2019 Investor presentation

ADCB, UNB & Al Hilal Bank combined to create a powerful UAE banking group

July 2019

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Agenda

1. The enlarged ADCB Group
2. Integration update
3. Operating environment
4. Key financial highlights
5. Appendix

Section 1

The New ADCB Group

Combination of ADCB, UNB and Al Hilal Bank reinforces the position of ADCB Group as a preeminent UAE-centric bank

Solid market position



- ▶ Third largest bank by market capitalisation, third largest by assets in the UAE
- ▶ Second largest retail lender and third largest Islamic bank in the UAE

Resilient bank



- ▶ Resilient bank equipped for sustainable growth, efficiency maximisation, and navigation of regulatory changes

Diverse Ownership structure



- ▶ 60% owned by the Abu Dhabi government through ADIC, coupled with a growing share of foreign institutional shareholders

Distinctive customer-centric proposition



- ▶ A wide portfolio of market-leading products and services provided to a large customer base via state of the art infrastructure

Reputable leadership



- ▶ Reputable Board of Directors to guide the newly combined entity and an integrated organisation structure led by the existing leadership of ADCB

Clear strategic focus



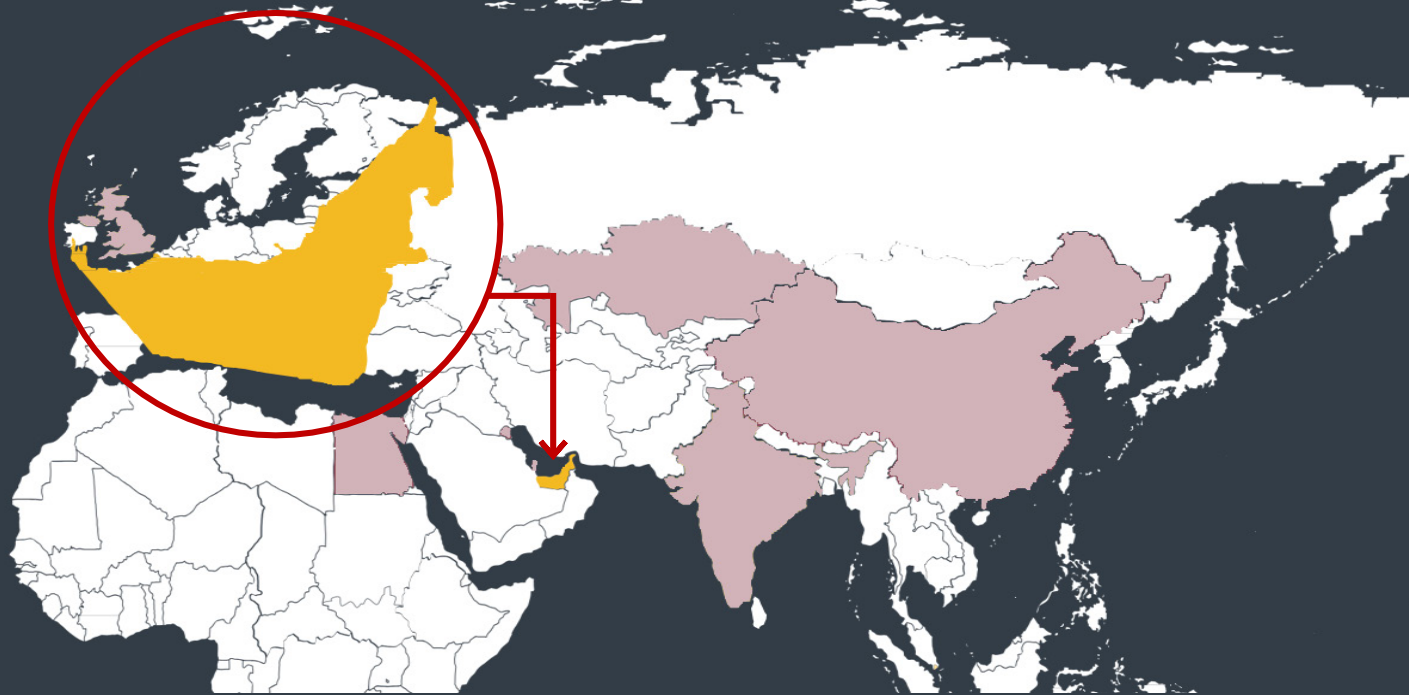
- ▶ Continued focus on ADCB's successful strategy
- ▶ Coupled with a strategic intent to continue creating value for all stakeholders, by pursuing profitable growth

Centre of excellence for talent

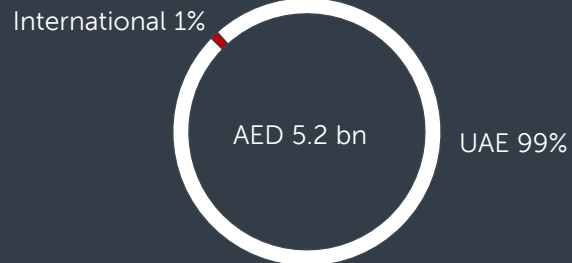


- ▶ Differentiated culture with strong focus on corporate values
- ▶ Strong platform for talent development

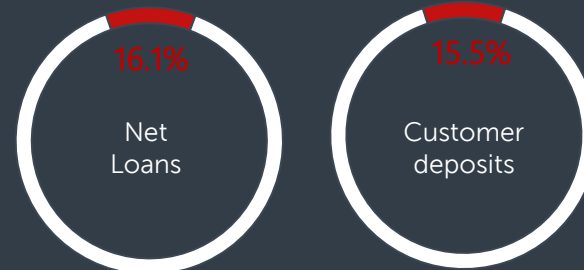
ADCB group's primary focus remains in the UAE market



H1'19 revenue split (Published financials)



UAE Market share by loans and deposits

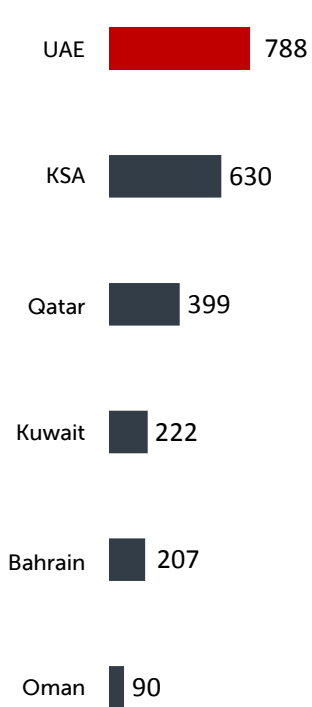


Source: UAE Central Bank data as at 31 May 2019

Solid market position: ADCB is the 3rd largest bank by assets and the 3rd largest by market capitalisation in the UAE

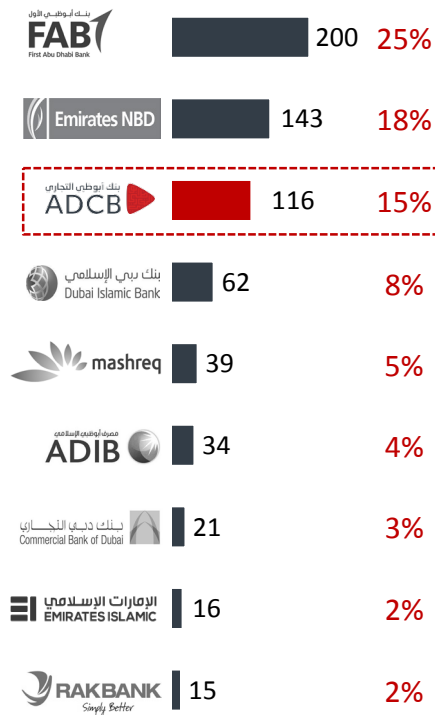
Banking sector assets in the GCC

As of March 2019¹ (US\$ bn)



Total assets top 10 UAE banks

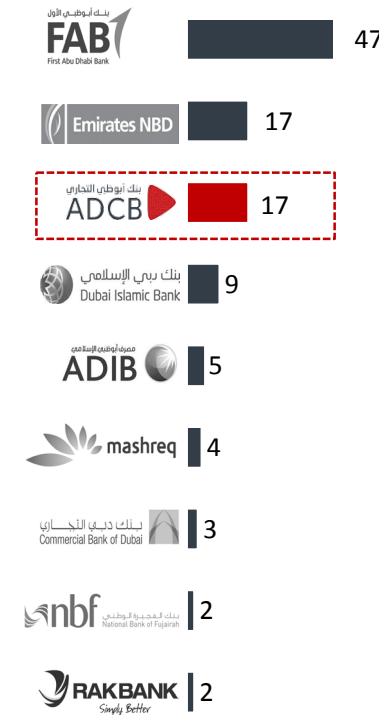
As of March 2019 (US\$ bn)



Market share² %

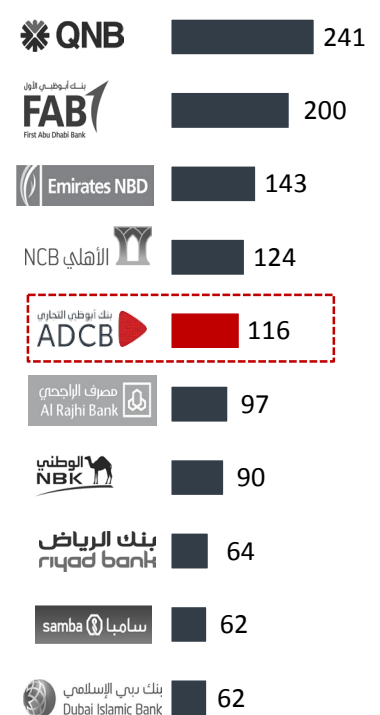
Market cap top 10 UAE banks

As of 21 July 2019 (US\$ bn)



5th largest bank in the GCC by assets

As of March 2019 (US\$ bn)



Note:

Rankings are based on consolidated financials, including international subsidiaries and participations

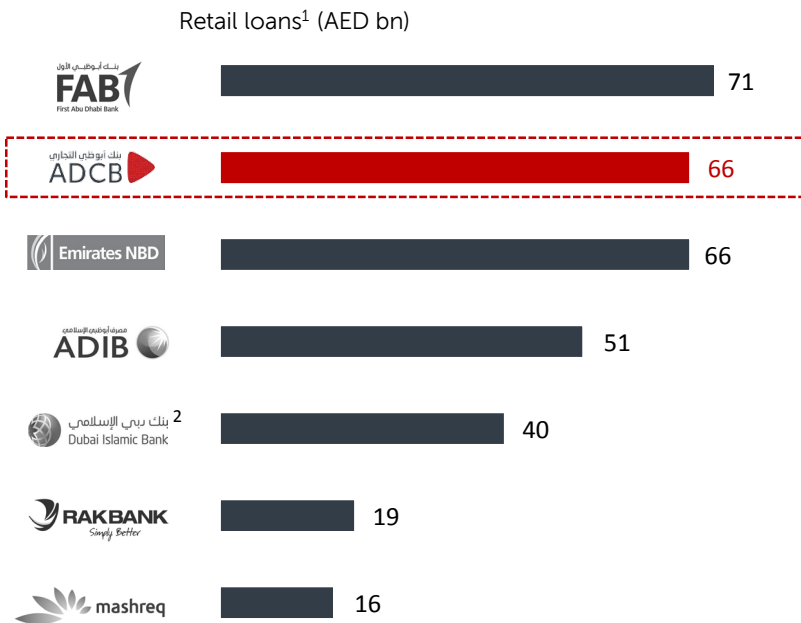
Exchange rates from local currencies to USD as of 28 March 2019 for Q1 2019 numbers (reflected in ranking by total assets) and as of 21 July 2019 for ranking by market capitalisation

¹ Provisional March 2019 data for the UAE; Qatar banking assets figure does not include assets of specialised banks ² Based on total assets of US\$ 788 bn as of Mar 2019, as per the UAE Central Bank;

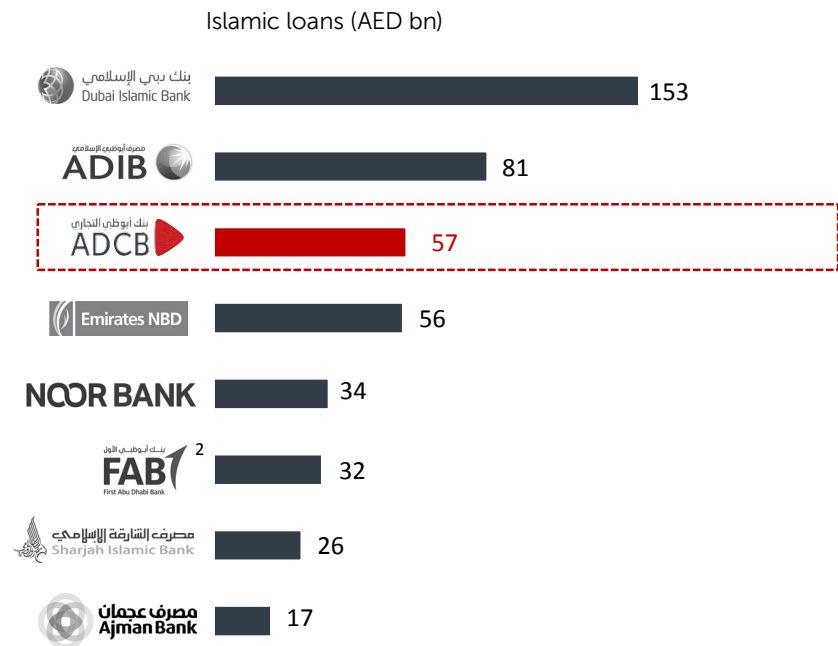
Source: Capital IQ, Bloomberg, Abu Dhabi Securities Exchange, Central Banks of GCC countries. Pro forma preliminary financials for ADCB+UNB+AI Hilal Bank take into account intercompany eliminations and adjustments relating to fair valuation of net assets of UNB and Al Hilal, based on ADCB's initial assessment

Solid market position: ADCB is the 2nd largest retail lender and the 3rd largest Islamic banking franchise in the UAE

Ranking of UAE banks in retail loan size, Q1 2019



Ranking of UAE banks in Islamic loan size, Q1 2019



¹ Group level numbers as per financial statements. Economic sector breakdown has been used to estimate gross retail loans. Personal, individual, consumer, retail have been considered as part of retail loans. If breakdown by economic sector has not been reported, product breakdown has been used to estimate the retail loans. Loans below AED 15 bn have not been included in the rankings

² December 2018 financial statements

Source: Financial statements. Pro forma preliminary financials for ADCB+UNB+AI Hilal Bank take into account intercompany eliminations and adjustments relating to fair valuation of net assets of UNB and AI Hilal, based on ADCB's initial assessment

Resilient Bank: Reaffirmation of ratings reflects the combined entity's strong business proposition and solid financial profile

**Fitch
Ratings**

02 May 2019

A+ / F1

Stable
OUTLOOK

"ADCB's VR after the merger is driven by its solid domestic franchise, which has further strengthened as a result of the merger, adequate capitalisation, low level of reported impaired loans and reasonable performance."

"The affirmation of ADCB's IDRs, Support Rating (SR) and Support Rating Floor (SRF), which are at the level of the other Abu Dhabi domestic important banks (D-SIB), reflects the bank's high systemic importance, which has increased as a result of the merger, but not to the extent that this would justify rating the bank above its current IDR."

VR: Viability rating
IDR: Issuer default rating

**STANDARD
& POOR'S**

27 June 2019

A / A-1

Stable
OUTLOOK

"Our ratings on ADCB reflect the bank's well-established franchise, stable management, and its predictable and balanced earnings generation across different business segments. We believe that the ongoing merger between ADCB, UNB, and AHB will further strengthen ADCB's already strong franchise in the United Arab Emirates (UAE), particularly in the retail and Islamic banking segments."

"We regard ADCB's capital and earnings as strong. This reflects the bank's high level of capital, its strong core earnings generation, and manageable dividend payout policy, which enables it to maintain its capitalisation."

"We expect ADCB will continue to enjoy sound access to long-term funding. It is one of the few banks in the region with well-established, long-term funding programs and access to hard currency, overseas funding at strong rates."


MOODY'S

Unsolicited

3 February 2019

Aa3 / A1

Stable
OUTLOOK

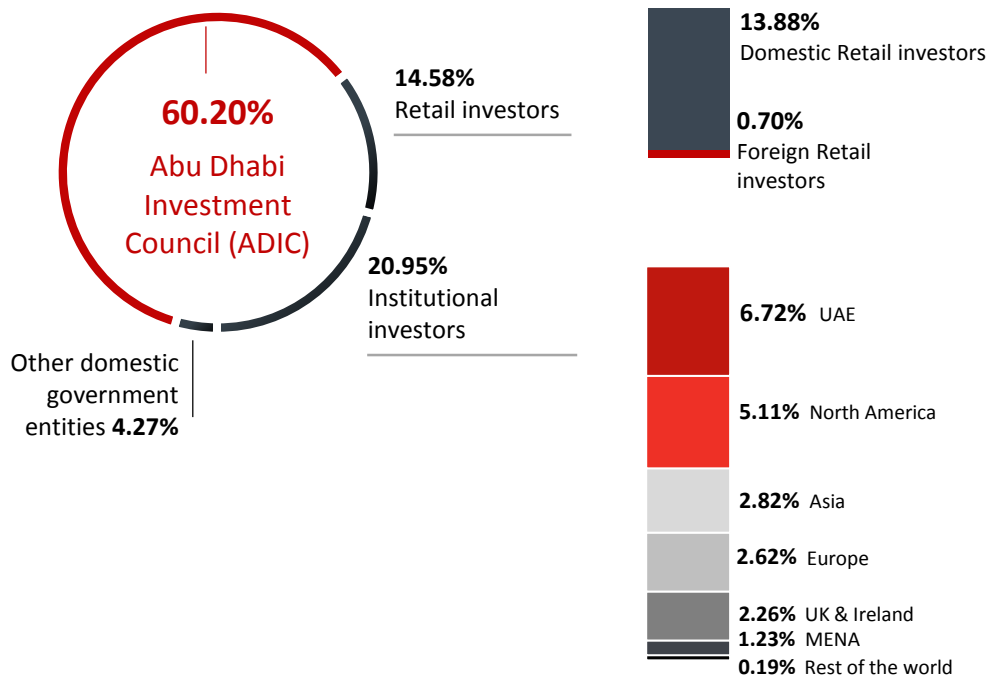
"We assign A1 long-term deposit ratings to Abu Dhabi Commercial Bank (ADCB). These ratings are underpinned by the bank's baa3 standalone baseline credit assessment (BCA) and our expectation of a very high probability of support from the Government of United Arab Emirates (UAE, Aa2 stable), if needed."

"ADCB's baa3 BCA is driven by the bank's (1) solid asset quality, (2) sound capitalisation and profitability, and (3) robust liquid asset buffers. These strengths are moderated by the bank's high credit concentrations and increasing funding costs. We also assign a Counterparty Risk (CR) Assessment of Aa3(cr)/P-1(cr) to ADCB."

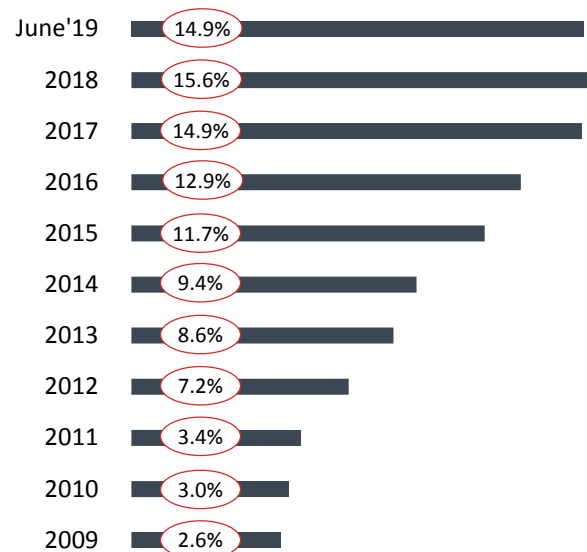
Note: These quotes are excerpts from Fitch's, Standard & Poor's and are qualified by the full reports which investors should refer to. Credit ratings may not reflect all risks and are subject to change at any time.

Diverse institutional ownership: ~60% ownership of the Abu Dhabi Government coupled with growing share of foreign institutional shareholders

Strong share holding structure (As at 30 June 2019)



Growing foreign shareholder ownership




June'19 reflects the foreign ownership level of the combined entity, while prior years reflect the foreign ownership levels of the standalone ADCB entity

14.93%
Foreign ownership

39.80%
Free float

Shareholders from
78 countries

Distinctive customer-centric proposition offering to a unique larger and more diversified customer base

 Boosted by UNB



- ▶ Extensive branch network with strong presence in strategic locations
- ▶ Strong retail operations in the UAE and selective international presence
- ▶ Track record in serving government and GRE clients
- ▶ Diverse customer base
- ▶ State-of-the-art award-winning cash management proposition and leading trade and FX offering
- ▶ Sizeable access to wholesale funding
- ▶ Recently revamped top notch IT systems providing an ideal platform for a cutting edge digital transformation



- ▶ Strong brand equity in Islamic banking in the UAE
- ▶ Wide range of Shari'ah-compliant products set up to scale catering for Islamic customers

Reputable leadership: Reputable Board of Directors to guide the newly combined entity



Eissa Mohamed Al Suwaidi

Chairman of Abu Dhabi Commercial Bank, Chairman of Emirates Telecommunications Group Company, Vice Chairman of Maroc Telecom, Chief Executive Officer of Abu Dhabi Investment Council and Board Member of Emirates Investment Authority



H.E. Mohamed Bin Dhaen Al Hamli

Vice Chairman of Abu Dhabi Commercial Bank, Member of the Supreme Petroleum Council Advisory Committee, Vice Chairman of the Abu Dhabi National Chemicals Company, Board member of Cosmo Oil in Japan, Chairman of the Internal Audit Committee of ADIC, Chairman of the Internal Audit Committee of the Abu Dhabi National Oil Company



Ala'a Eraiqat

Group Chief Executive Officer of Abu Dhabi Commercial Bank, Chairman of Al Hilal Bank, Board Member of Abu Dhabi National Hotels Co. PJSC, Member of Mubadala Infrastructure Partners Advisory Board



Aysha Al Hallami

Board Member of Abu Dhabi Commercial Bank, Research Specialist in the Real Estate and Infrastructure Department at the Abu Dhabi Investment Authority



Khalid Deemas Al Suwaidi

Board Member of Manazel Real Estate Company, Vice Chairman of Abu Dhabi National Takaful Company, Group Chief Executive Officer of Das Holding



Khalid Haji Al Khoori

Board Member of Abu Dhabi Commercial Bank, Chairman of Orient House for Development & Construction, Member of the NCHR Committee and Board Executive Committee of Abu Dhabi National Hotels (ADNH)



Abdulla Khalil Al Mutawa

General Manager of the Private Office of Sheikh Suroor bin Mohammed Al Nahyan, Board Member of Bank Al Falah Limited, Chairman of Makhazen Investment Company, Board Member of ADNHC, Non-Executive Member of EFG Hermes Board



Mohamed Hamad Al Mehairi

Board Member of Abu Dhabi Commercial Bank, Board Member and Chief Executive Officer of Aabar Investments PJSC, Board Member and Vice Chairman of Arabtec Holding, Board Member of UniCredit SpA in Italy, Executive Director - Financial Institutions of Mubadala Investment Company



Saeed Al Mazrouei

Board Member of Abu Dhabi Commercial Bank, Board Member of Modon Properties, Board Member of Mubadala Medical Company, Board Member of CEPESA Holding LLC, Group Deputy Chief Financial Officer and head of Mergers and Acquisitions in Mubadala Investment Company



Carlos Obeid

Board Member of Abu Dhabi Commercial Bank, Board Member of Cleveland Clinic Abu Dhabi, Board Member of Global Foundries, Board Member of Waha Capital; Chairman of Mubadala Infrastructure Partners, Board Member of Bank Audi SAL in Lebanon, Board Member of Mubadala Petroleum PJSC, Board Member of Abu Dhabi Future Energy (Masdar), Group Chief Financial Officer of Mubadala Investment Company PJSC



Hussain J. Al Nowais

Board Member of Abu Dhabi Commercial Bank, Chairman of AlNowais Investments, Chairman of AMEA Power, Chairman of Sheikh Khalifa Fund for Enterprise Development, Director of Rotana Hotels & Real Estate Investment and One of the Founders & Board members of Sandooq AlWatan

Reputable leadership: An integrated organisation structure led by the existing leadership of ADCB



Ala'a Eraiqat
Group CEO



Deepak Khullar
Group Chief
Financial Officer



Arup Mukhopadhyay
Group Head of
Consumer Banking



Colin Fraser
Group Head of
Wholesale Banking



Siddiqa Abbas
Group Chief
Operations Officer



Kevin Taylor
Group Treasurer



Tilak Silva
Group Chief
Credit Officer



Paul Keating
Group Chief
Risk Officer



Ali Darwish
Group Head of
Human Resources



Abdirizak Mohamed
Group Chief
Internal Auditor



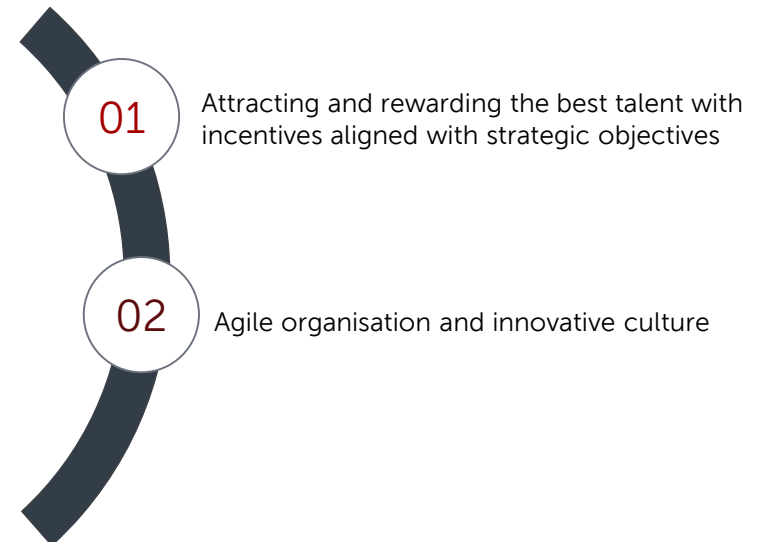
Simon Copleston
Group General Counsel
and Board Secretary

Clear strategic focus: Continued focus on ADCB's successful strategy

Strategic pillars



Enablers



Clear strategic focus: With the strategic intent to continue creating value for stakeholders by pursuing profitable growth

Strategic businesses

Wholesale Banking

- ▶ Increase wholesale financing to large and growing corporate clients by leveraging larger balance sheet and competitive cost of funds in the steady state
- ▶ Boost deposit and CASA business by delivering the bank's distinctive cash management proposition to a wider base
- ▶ Support UAE SMEs and Mid Caps by cross selling our capabilities, especially digital, across a larger market share

Consumer Banking

- ▶ Consolidate the leading retail bank's position by offering innovative products, superior customer experience and omnichannel access
- ▶ Expand loan, card and deposit market share using data-driven customer insights and digital delivery

Islamic Banking

- ▶ Consolidate the leading retail bank's position by offering innovative products, superior customer experience and omnichannel access
- ▶ Expand loan, card and deposit market share using data-driven customer insights and digital delivery

Strategic functions

Finance

- ▶ Value addition through financial analytics such as return on capital employed by segment, net interest margin analysis and customer profitability to identify opportunities for enhanced profitability
- ▶ Capital management to ensure compliance with all regulatory and internal hurdles
- ▶ Ensure compliance with all banking, tax and other corporate regulatory requirements
- ▶ Proactive cost management through price negotiations and demand management

Governance, Risk, and Compliance

- ▶ Instill robust group corporate governance practices
- ▶ Elevate risk management practices (risk-based pricing, concentration management, etc.)
- ▶ Follow a disciplined and stringent compliance approach

Technology and Operations

- ▶ Integrate systems, applications and back-office operations to the largest extent allowed by regulatory and Shari'ah requirements
- ▶ Invest in new technology and infrastructure to support the digital transformation

People and Culture

- ▶ Embrace and deepen a performance-oriented and merit-based culture
- ▶ Further invest in capability building and people development programs

Centre of excellence for talent: Differentiated culture with strong focus on corporate values

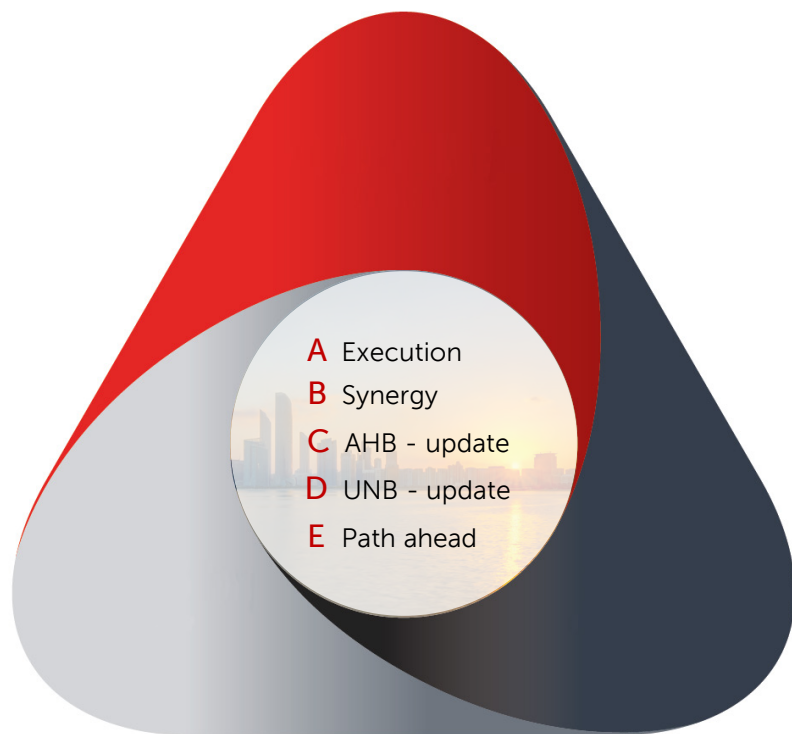
These cornerstone values guide our actions every day



Section 2

Integration update

Key updates on the integration



- A Integration **execution** is **proceeding well** and **ahead of schedule**
- B **Synergy** potential is **on target**
- C Most of Al Hilal Bank's (AHB) **integration has been completed** in **the first six months** since the announcement of the transaction
- D Union National Bank (UNB) integration is being executed according to plan and includes a comprehensive **organisational** and **cultural health assessment**
- E Clear view on **next steps** and what **integration success** looks like

Despite a complex transaction – 3 way merger – ADCB’s expected integration timeline is more ambitious than those aspired for by industry peers



Banks

Merger timelines



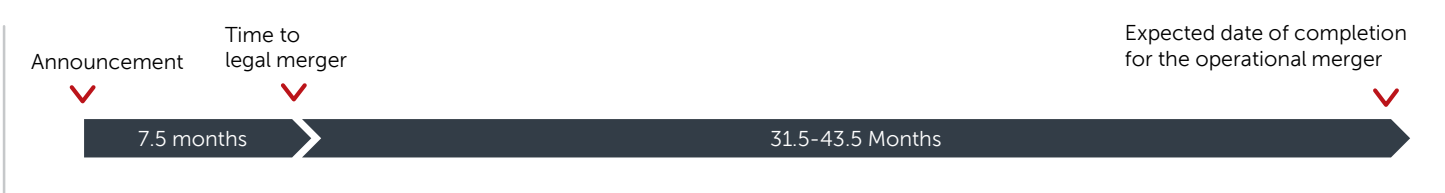
Regional peer benchmark 1



Regional peer benchmark 2



Regional peer benchmark 3



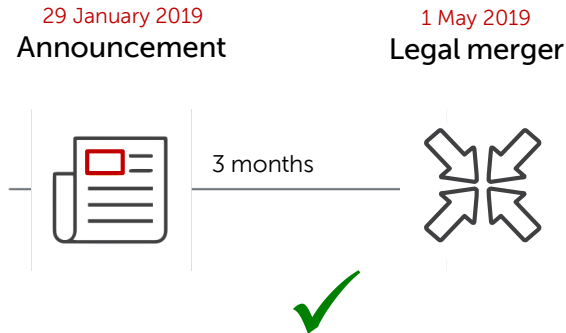
Integration timeline and milestones



... is progressing faster than expected

✓ Completed
 ✓ Ahead of plan and largely completed
 ✓ Ahead of plan

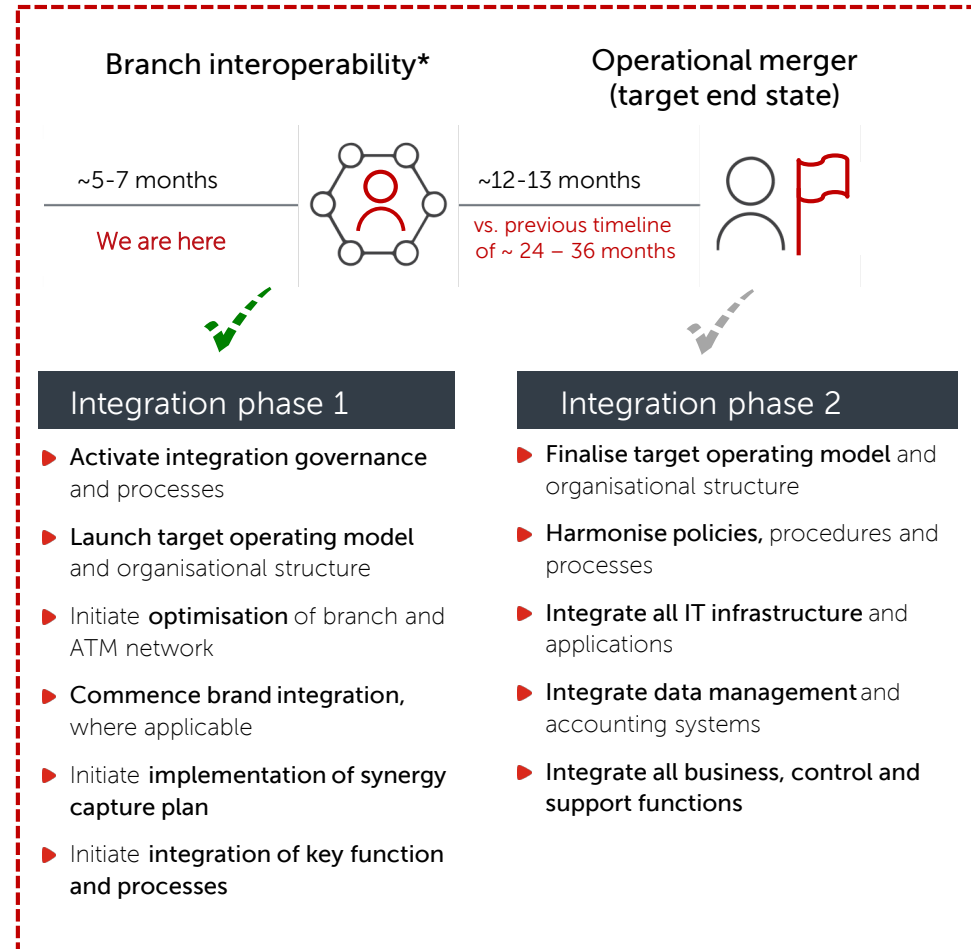
Proposed timing



Key high level integration elements

Pre-closing

- ▶ Appoint merger integration teams and set up interim governance mechanism for the integration process
- ▶ Define target operating model and design detailed organisation structure for the combined entity
- ▶ Construct comprehensive communication plan for all stakeholders
- ▶ Design detailed integration plan and roadmap, including synergies capture
- ▶ Pre-closing estimate of cost and revenue synergies



* Branches and ATMs/CDMs are interoperable and functioning under the ADCB brand

Institutionalised solid integration governance to ensure flawless execution



- ▶ Established integration governance structure in line with international best practices
 - Established central **Integration Management Office** to orchestrate different activities, track progress, update stakeholders and keep the pace of the integration
 - Operationalised **19 workstream** across strategy & business continuity, control & support functions, IT & Operations
 - Institutionalised a **weekly Integration Steering Committee**, to review and challenge progress across ADCB, UNB and AHB, **chaired** by the **Group CEO** and consisting of **members** with **M&A experience** in the **region** and **internationally**
 - Activated a weekly **workstream leaders meeting**, to ensure direction is adequately cascaded down the entire organisation, as well as **7 permanent working groups** across the three banks
 - Provided **updates** to **ADCB** Board every **6-8 weeks**
- ▶ Developed an **integration masterplan** with **milestones**, **critical path**, detailed **implementation plans** and **interdependencies** by workstreams
- ▶ Deployed a **customised project management tool**
- ▶ Held **regular meetings** with **UAE Central Bank** to provide **updates** on the **status of the integration**

Synergy targets are higher than regional & global merger announcements



¹ Similar size domestic deals

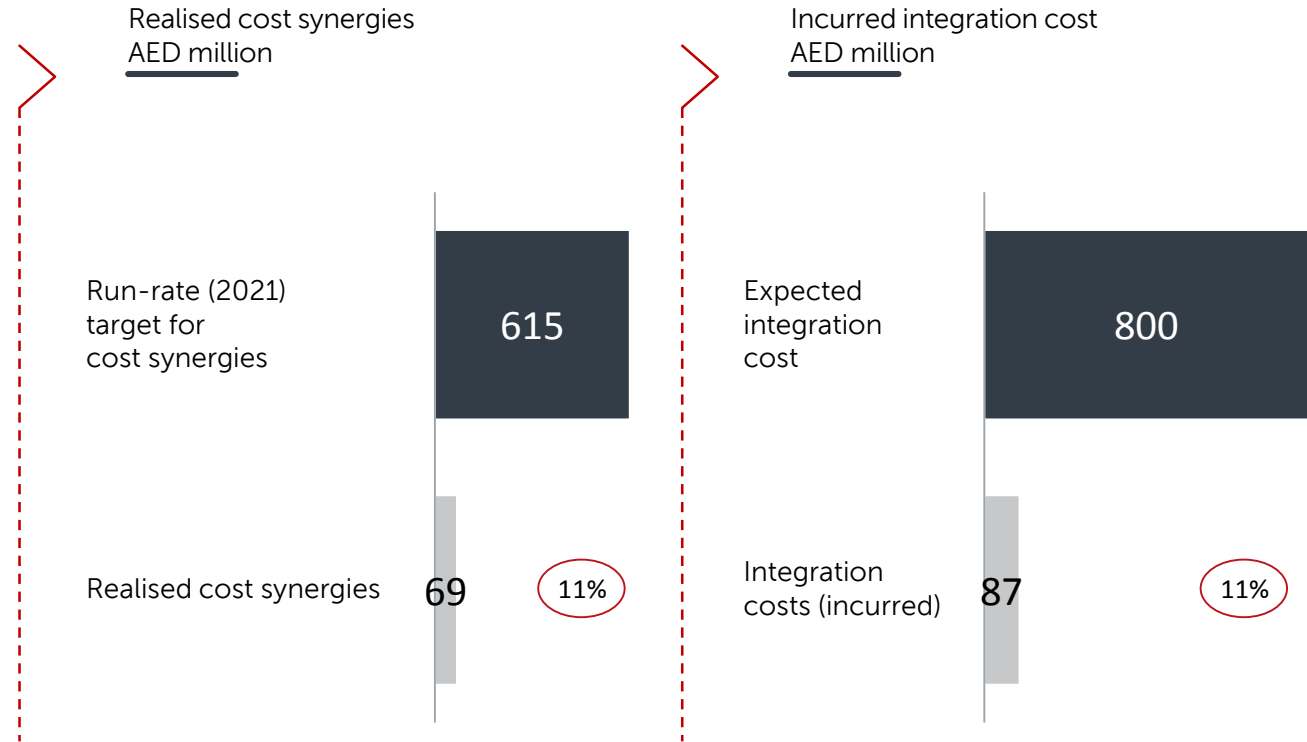
Source: Publicly available information in investor presentations; annual reports

Making solid progress on cost synergy realisation



Major synergy drivers

- ▶ **Manpower:** Cost efficiency gains achieved through manpower optimisation, productivity enhancements and economies of scale
- ▶ **IT:** Cost efficiency and higher stability of IT landscape through IT integration
- ▶ **Physical channels:** Improved coverage and customer service achieved in a more efficient manner through branch and ATM optimisation



■ Run rate targets ■ Realised to date ○ % of total

Key achievements on Al Hilal Bank integration – integration mostly complete in less than six months



Fast-tracked integration into ADCB

- ▶ New Board appointed
- ▶ Completed 98% of the wholesale portfolio migration to ADCB in order to:
 - Provide wholesale clients with best in class services and products by leveraging ADCB's capabilities, e.g. state-of-the-art-award-winning cash management proposition, leading trade and FX offerings
 - Increase focus on serving retail customers through digital channels
- ▶ Activated target operating model and organisational structure leveraging the strengths of ADCB:
 - Completed integration of Treasury functions, including centralisation of liquidity and funding
 - Outsourced AHB back office functions to ADCB to ensure best practice sharing, higher efficiency and customer service levels
- ▶ Established a leaner franchise with a focus on promoting local talent – 50% of all employees are UAE nationals, amongst the highest in the UAE banking industry
- ▶ Harmonised credit policies across all entities and enhanced AHB risk profile

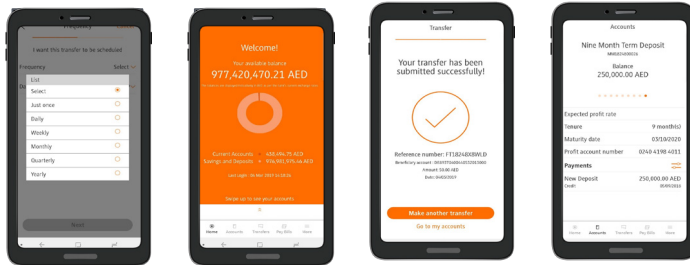
Optimised customer channels

- ▶ Enabled primary acquisition and sales through digital channels:
 - Revamped the existing mobile internet banking application to provide an enhanced customer experience
 - Launched a new mobile application 'Ahlan' to fully digitise customer acquisition
- ▶ Optimised physical customer channels (ATMs/branches)

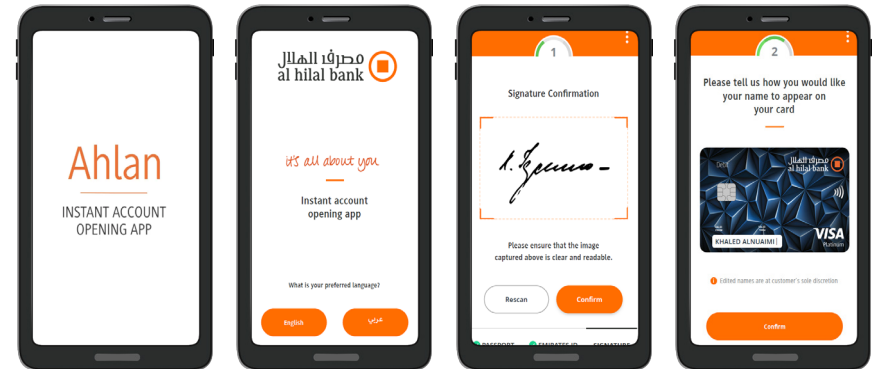
Enabled primary acquisition through digital channels for Al Hilal Bank



Revamped the existing mobile app



Launched a new mobile application 'Ahlan' to fully digitise customer acquisition



Customers are positive about the revamped mobile app¹

“ The new update is faster & more efficient. I love it

“ One of the best in the market

“ This application is fast and user-friendly

“ The look & feel is great. Keep it up guys

¹ Customer comments are sourced from social media activity on the application

Key achievements on Union National Bank integration to date



Fast-tracked integration into ADCB

- ▶ Activated **integrated organisational structure** on Legal Day 1*, and operationalised updated **delegation of authorities across all relevant business functions**
- ▶ Completed **100%** of the **treasury portfolio migration** to ADCB within **1 month** from Legal Day 1
- ▶ Triggered operational and infrastructural changes to provide **interoperability of branches¹** and **ATMs to all customers** – Q4 2019
- ▶ Developed and activated a detailed roadmap to **rebrand both physical and digital channels** under a **unified ADCB** branding – Q4 2019
- ▶ **Removed ATMs withdrawal fees** across the 3 banks to provide access to a **wider ATM network**
- ▶ Produced **consolidated financial statements** for the ADCB group within **2 months** from Legal Day 1
- ▶ **Harmonised credit policies** across all entities

Prioritised culture and people

- ▶ Ran a comprehensive **organisational and cultural health survey** across ADCB and UNB, with high participation rates, and registered **robust outcomes on all fronts**
- ▶ Leveraged findings in the **refinement of the integration plan** and in the process of developing additional initiatives to **further boost the health** of the combined entity

* Legal Day 1 is the completion of the legal merger (1 May 2019)

¹ Branch interoperability means that UNB customers will be able to use ADCB branches and ATMs to perform business as usual activities, and vice-versa

The integration plan is building on the robust organisational and cultural health outcomes of the combined entity



Strong organisational health & cultural compatibility

Over 80% of employees participated in the survey assessing the corporate values, practices and culture at ADCB and UNB

Both banks exhibited strong organisational health compared to global benchmarks - ADCB showcased superior health, ranking in the survey's top decile globally

Both banks shared common healthy values, indicating organisational culture compatibility

are being built on to optimise integration

Assessment outcomes were leveraged to develop the "human" aspect of the integration

A new set of initiatives is being developed to further improve organisational and cultural health within the combined entity

Key next steps



A trademark owned by Abu Dhabi Commercial Bank PJSC
علامة تجارية مملوكة لبنك أبوظبي التجاري ش.م.ع.

- Finalise re-branding as well as product, process policy and systems harmonisation
- Complete implementation of target end-state organisation



- Finalise integration by completing SME migration
- Activate digital strategy

How we will judge integration success

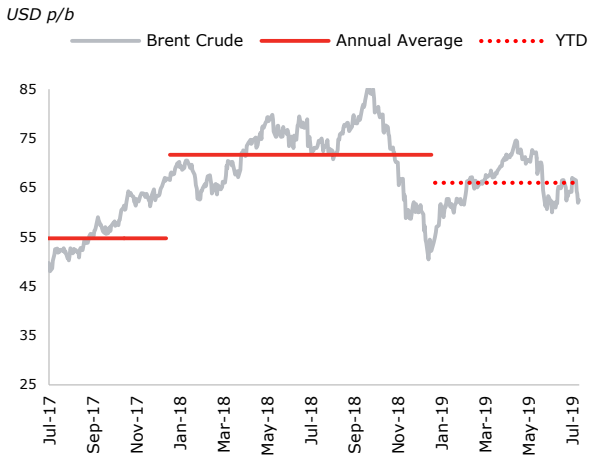
- ▶ Ensure **seamless customer integration** and best-in-class **customer experience** under one brand
- ▶ Complete realisation of **run-rate synergy**
- ▶ Maintain the **integration costs** within the committed limits
- ▶ Strengthen ADCB's position as a **pre-eminent UAE centric bank**
- ▶ Establish Al Hilal Bank as a **leading digital first Islamic bank** in the UAE
- ▶ Achieve complete **cultural harmonisation** and **improve overall organisational health**

Section 3

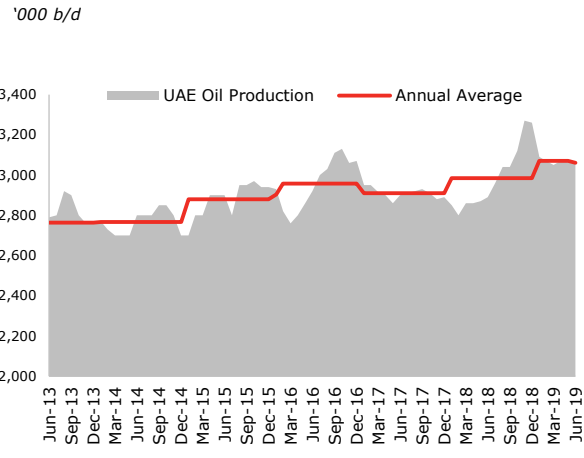
Operating environment

Economic activity

OPEC + production cuts looking to rebalance the oil market, demand concerns remain

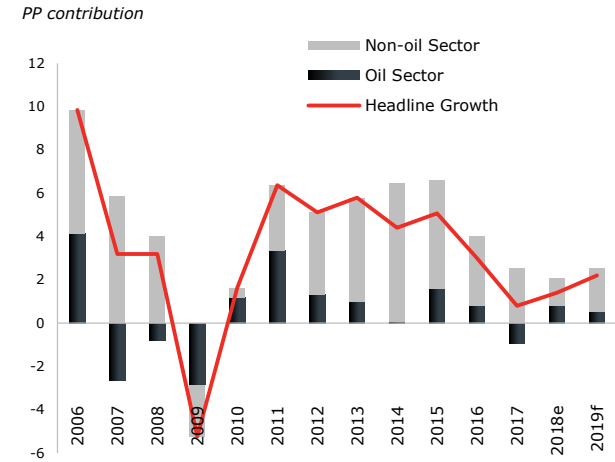


Source: Bloomberg, ADCB estimates



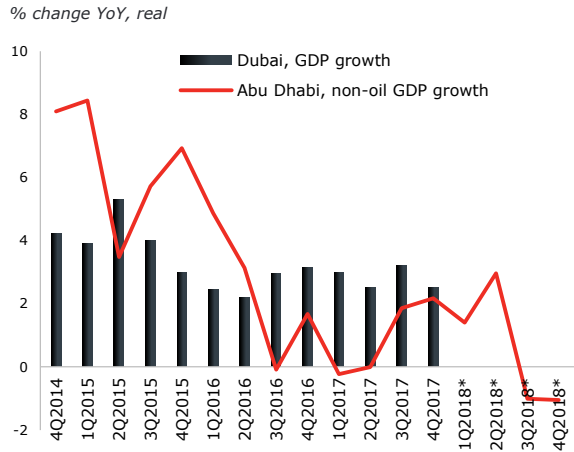
Source: Bloomberg

Real GDP growth to strengthen gradually in 2019



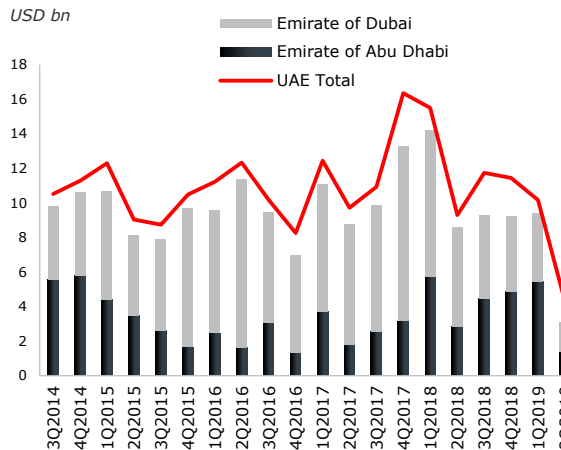
Source: UAE National Bureau of Statistics, ADCB estimates

Real GDP growth by Emirate



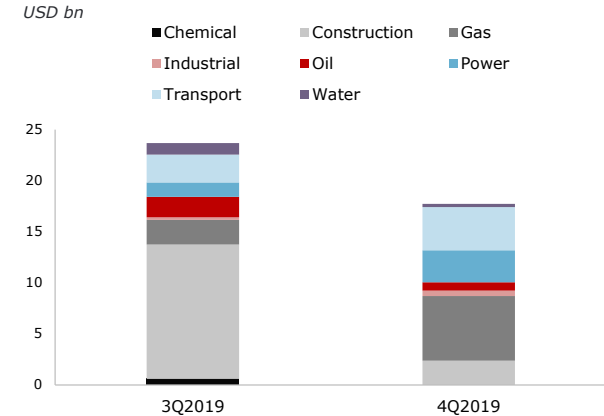
* Dubai Q1'18 to Q4'18 GDP data is yet to be released
Source: Statistics Centre Abu Dhabi, Dubai Statistics Centre

Project awards by Emirates



Source: Meed projects, ADCB estimates

Outlook for project awards



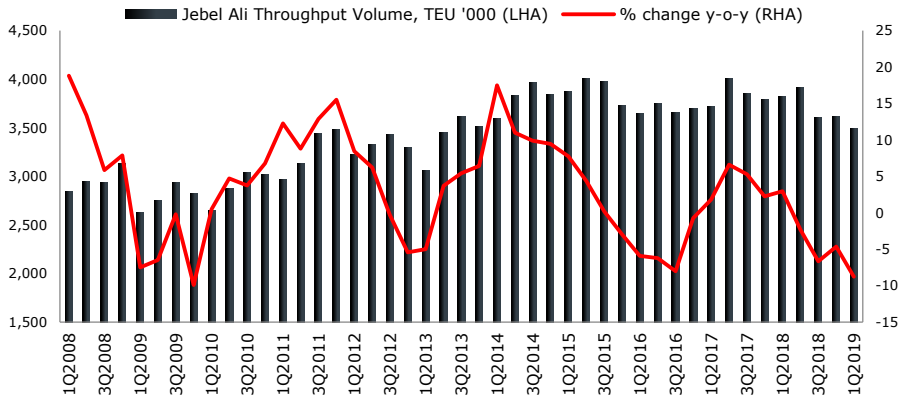
Source: Meed projects, ADCB estimates

Moderate acceleration in real GDP growth forecast for 2019

External sector

Challenging macro and global growth backdrop

TEU '000 (LHA); % change YoY (RHA)

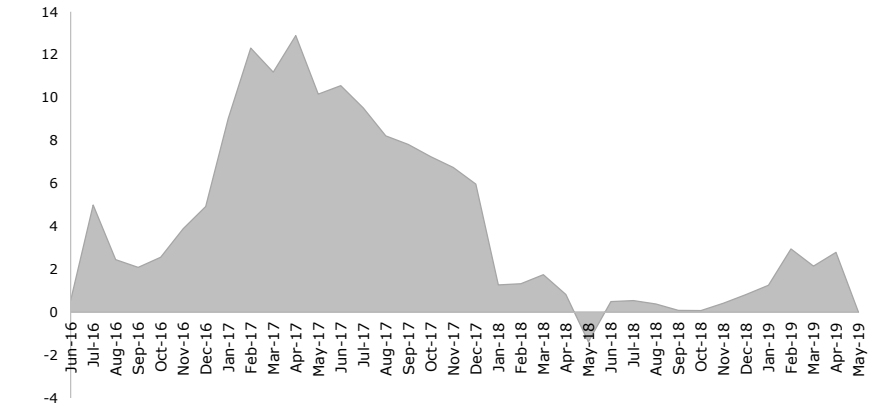


* TEU: Twenty-foot equivalent units

Source: DP World

Dubai visitors growth seeing a gradual up-tick in 4M, May data reflects Ramadan

% change YoY, YTD



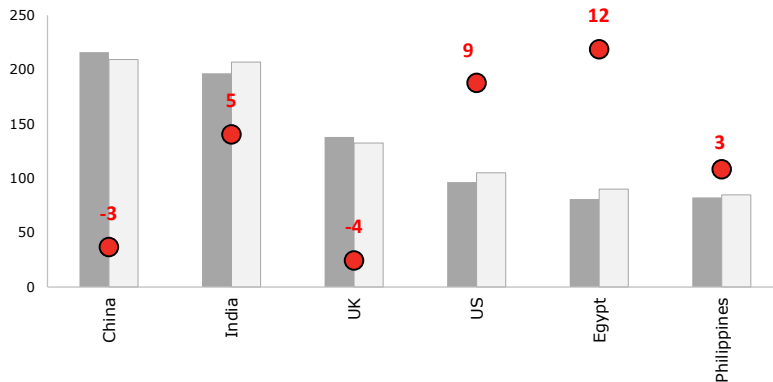
Source: Dubai Department of Tourism and Commerce Marketing

Strong USD impacting tourism – Ongoing price discounting by hotels

Hotel guests by nationality, '000

Abu Dhabi

■ 1H2018 (LHA) □ 1H2019 (LHA) ● % change y-o-y (RHA)

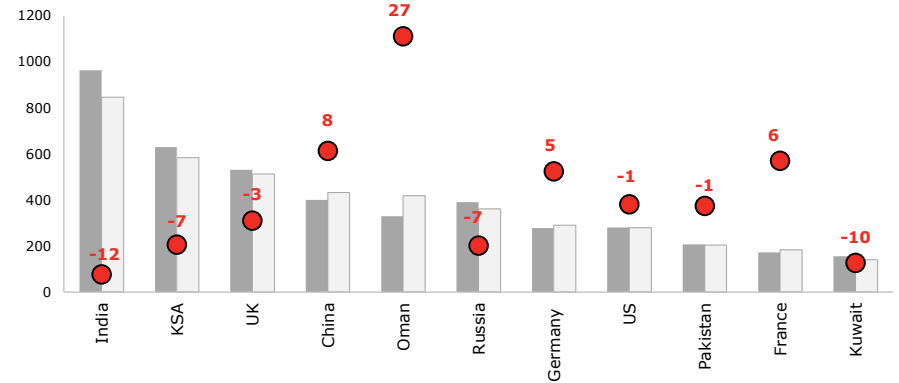


Source: Abu Dhabi Tourism and Culture Authority, ADCB calculations

Tourist numbers, '000

Dubai

■ 5M2018 (LHA) □ 5M2019 (LHA) ● % Change, y-o-y (RHA)



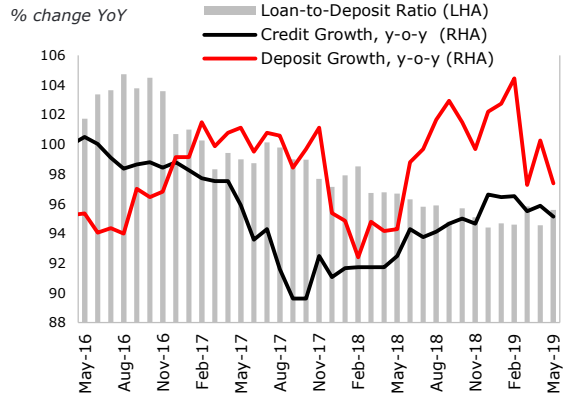
Source: Dubai Department of Tourism and Commerce Marketing, ADCB calculations

External headwinds in 2019

Banking sector overview

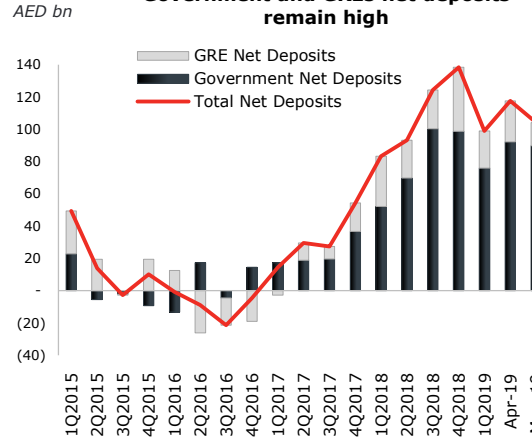
Banking sector liquidity remains comfortable

Deposit growth stronger than credit growth



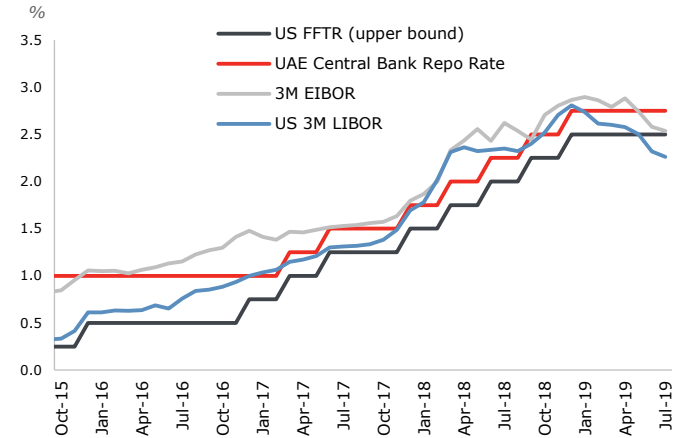
Source: Central Bank of the UAE

Government and GREs net deposits remain high



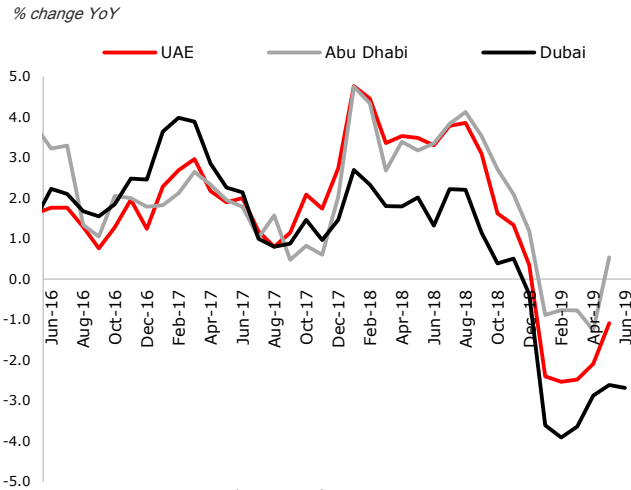
Source: Central Bank of the UAE, ADCB calculations

Eibor moderating from mid-April'19 as market pricing in a Fed rate cut



Source: Central Bank of the UAE, Bloomberg

Deflation continues in UAE



Source: UAE National Bureau of Statistics

Economic indicators

UAE	2014	2015	2016	2017	2018e	2019f	2020f
Average Brent Crude Spot Price, USD p/b	99.5	52.3	43.7	54.7	71.7	70.3	68.2
Average Oil Production, mn bpd	2.77	2.9	2.96	2.91	2.98	3.06	3.07
GDP at Current Market Prices, USD bn	355	373	384	388	445	447	450
Real GDP Growth Rate, %	4.4	5.1	3	0.8	1.4	2.2	2.0
Real Non-Oil GDP Growth Rate, %	6.4	5.0	3.2	2.5	1.3	2.0	2.6
CPI Inflation, % average	2.3	4.1	1.7	2.0	3.1	(2.0)	0.3
Budget Balance, USD bn	7.7	(12.1)	(7.2)	(1.0)	12.9	4.9	(0.1)
Budget Balance, % of GDP	2.2	(3.2)	(1.9)	(0.3)	2.9	1.1	(0.0)
Trade Balance, USD billion	108.4	76.6	65.0	76.1	96.2	90.1	86.7
Current Account, % of GDP	15.1	4.5	2.2	4.0	7.2	5.7	2.8
Growth in Credit to the Private Sector, %	8.0	7.7	5.5	3	3.5	3.7	4.0

Source: UAE National Bureau of Statistics, UAE Central Bank, IMF, ADCB estimates

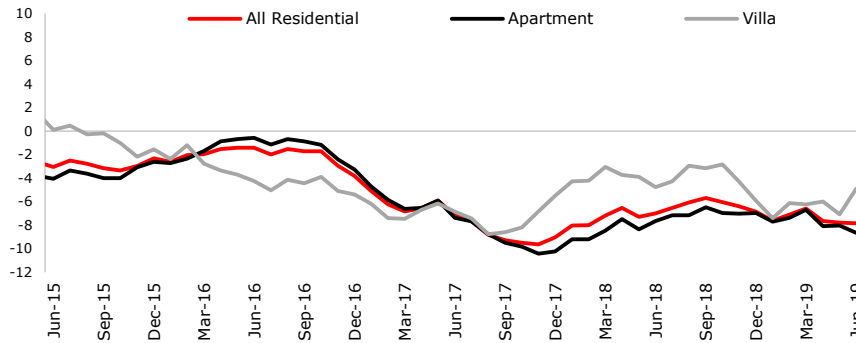
Banking sector liquidity remains comfortable

UAE property overview

Abu Dhabi rental and sale prices continued to contract in 1H 2019

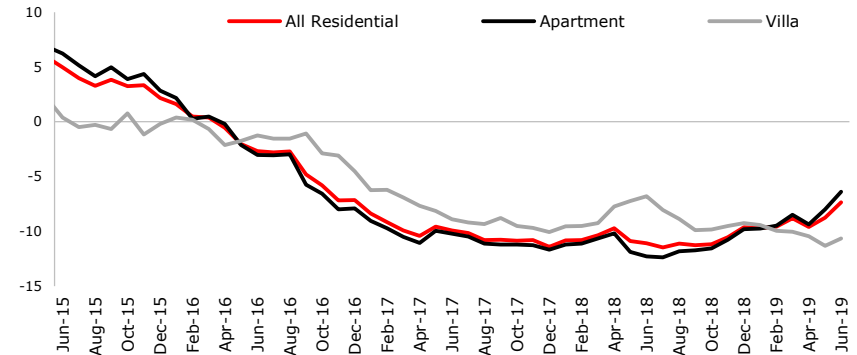
% change YoY

Abu Dhabi sale prices



% change YoY

Abu Dhabi rental prices



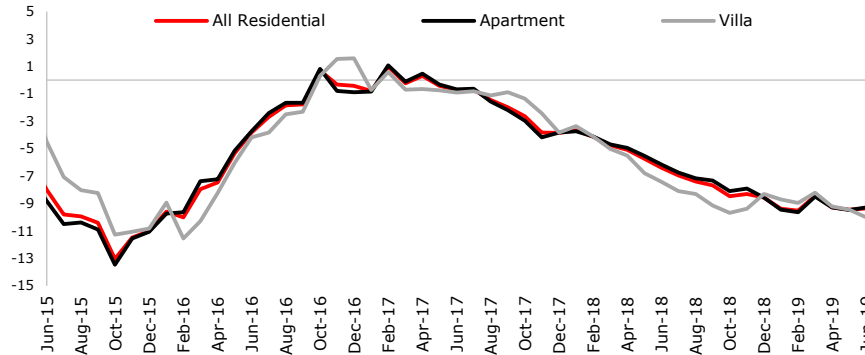
Source: Reidin, ADCB calculations

Source: Reidin, ADCB calculations

Fall in Dubai property sale prices, apartments driving down rental prices

% change YoY

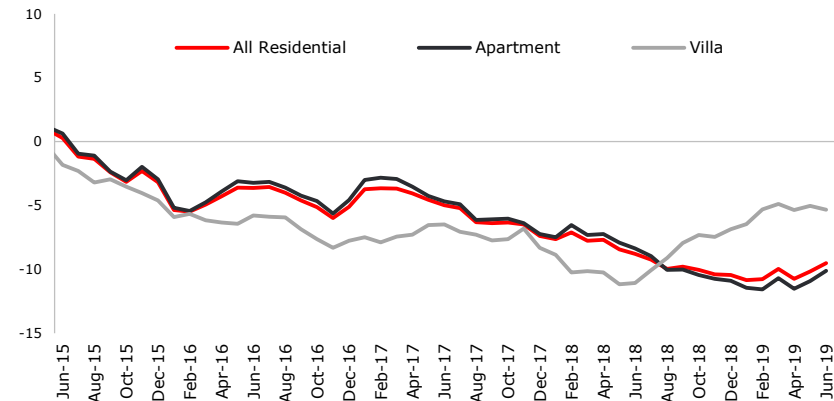
Dubai sale prices



Source: Reidin, ADCB calculations

% change YoY

Dubai rental prices



Source: Reidin, ADCB calculations

Supply growth in housing continuing to outstrip demand growth

Section 4

Key financial highlights

Financial highlights (Based on pro-forma numbers)

The pro forma financial information consists of the *unaudited* pro forma condensed consolidated statement of financial position of ADCB, UNB and AHB (together referred to as “the Group”) as at 30 June 2019, as if the merger has taken place as at 1 January 2018, and its *unaudited* pro forma condensed consolidated income statement for the six months ended 30 June 2019, and notes to the *unaudited* pro forma financial information.

The purpose of the pro forma financial information is to show the material effects that the merger of ADCB and UNB with subsequent acquisition of AHB would have had on the historical consolidated statement of financial position if the Group had already existed in the structure created by the combination as at 1 January 2018 and on the historical consolidated income statement for the six months ended 30 June 2019.

The presentation of the pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the pro forma condensed consolidated statement of financial position and condensed consolidated income statement addresses a hypothetical situation and, therefore may not give a true picture of the financial position of the Group. Furthermore, the pro forma financial information is only meaningful in conjunction with the historical consolidated financial statements of ADCB, UNB and AHB as at and for the financial period ended 31 December 2018.

As would be expected, certain matters arose during the due diligence process associated with the transaction. ADCB Group will carry out a thorough assessment of the probable impact, which will be fully quantified and reported at the year end.

H1'19 key highlights

✓ High shareholder value creation potential



417

AED bn
Total assets



2.8

AED bn
Net profit

✓ Resilient bank with measured growth



251

AED bn
Net loans and advances



273

AED bn
Customer deposits

✓ Strong metrics



Over
1mn

Number of customers



615

AED mn
Annual run-rate cost synergies

Balance sheet highlights

Balance sheet (AED mn)	Year to date		Change %
	Jun'19	Dec'18	YTD
Total assets	416,967	423,419	(2)
Net loans and advances	250,964	260,340	(4)
Investment securities	72,830	73,942	(2)
Deposits from customers	272,976	285,417	(4)
Borrowings (including ECP)	57,384	53,512	7
Total shareholders' equity	52,508	51,020	3

Components may not sum exactly to totals because of rounding

H1'19 highlights (YTD comparison)

- ▶ Total assets declined 2% to AED 417 billion and net loans to customers declined 4% to AED 251 billion, primarily on account of corporate repayments
- ▶ Deposits from customers decreased 4% to AED 273 billion, in a drive to exit expensive time deposits
- ▶ CASA deposits increased by 4% to AED 98 billion and comprised 36.0% of total customer deposits compared to 33.1% as at 31 December 2018
- ▶ Loan to deposit ratio of 91.9% compared to 91.2% at year end

Loan to deposit ratio maintained,
improvement in CASA ratio

Income statement highlights

Income statement (AED mn)	Half-yearly trend		Change %
	H1'19	H1'18	YoY
Total net interest and Islamic financing income	5,219	5,551	(6)
Non-interest income	1,428	1,518	(6)
Operating income	6,647	7,069	(6)
Operating expenses	(2,671)	(2,519)	6
Operating profit before impairment allowance	3,976	4,549	(13)
Impairment allowances	(1,174)	(1,254)	(6)
Net profit for the period	2,782	3,259	(15)

Income statement (AED mn)	Quarterly trend		Change %
	Q2'19	Q2'18	YoY
Total net interest and Islamic financing income	2,596	2,786	(7)
Non-interest income	656	718	(9)
Operating income	3,252	3,504	(7)
Operating expenses	(1,366)	(1,267)	8
Operating profit before impairment allowance	1,886	2,236	(16)
Impairment allowances	(429)	(602)	(29)
Net profit for the period	1,448	1,622	(11)

Components may not sum exactly to totals because of rounding

Highlights (H1'19 vs. H1'18)

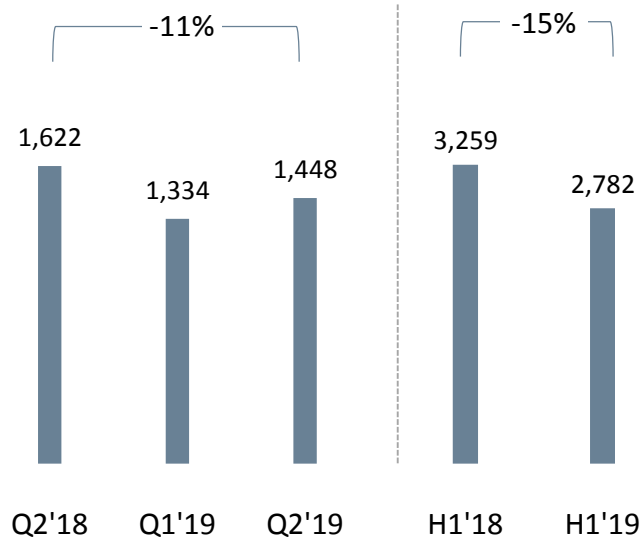
- ▶ Net profit of AED 2.782 billion was 15% lower, bottom line impacted by higher cost of funds and lower non-interest income
- ▶ Gross interest and Islamic financing income of AED 9.611 billion was up 11%
- ▶ Net interest and Islamic financing income of AED 5.219 billion was 6% lower, mainly on account of a change in the composition of the liability base and intense competition on loan yields
- ▶ Non-interest income of AED 1.428 billion was down 6% on account of lower net fees and commission income and trading income
- ▶ Operating expenses of AED 2.671 billion were up 6%, mainly attributable to integration-related expenses and ongoing investments in digital transformation initiatives
- ▶ Impairment allowances of AED 1.174 billion were down 6%

Positive momentum in gross interest income,
bottom line impacted by higher cost of funds and lower non-interest income

Key performance indicators

Net profit

(AED mn)



Return on average equity* (%)

13.7% 10.9% 12.4%

12.9%

11.6%

ROATE*
H1'19
12.2%

Return on average
tangible equity

Return on average assets* (%)

1.52% 1.12% 1.33%

1.49%

1.24%

Earnings per share (AED)

0.23 0.17 0.20

0.44

0.37

Q2'18

Q1'19

Q2'19

H1'18

H1'19

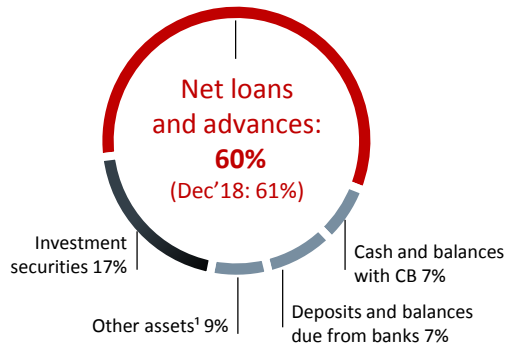
* For ROATE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting interest expense on Tier I capital notes

Challenging operating environment impacting the profitability ratios

Balance sheet metrics

Loan portfolio breakdown

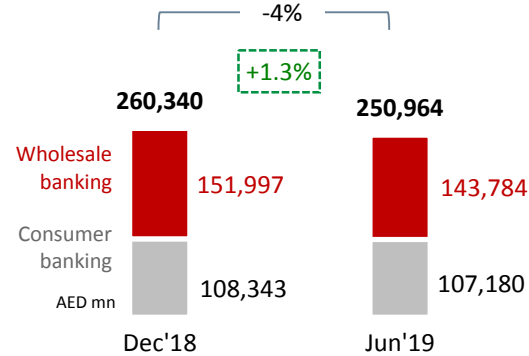
Asset mix AED 416,967 mn



¹ Other assets include derivative financial instruments, investments in associate, investment properties, property and equipment (net), intangible assets, reverse repo placements and assets held for sale

Net loans

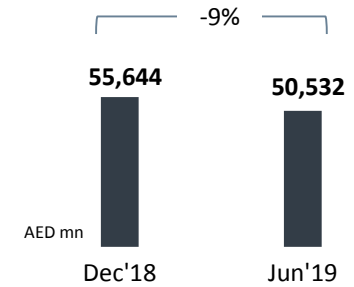
AED 250,964 mn



UAE Banking industry average as at 31 May 2019

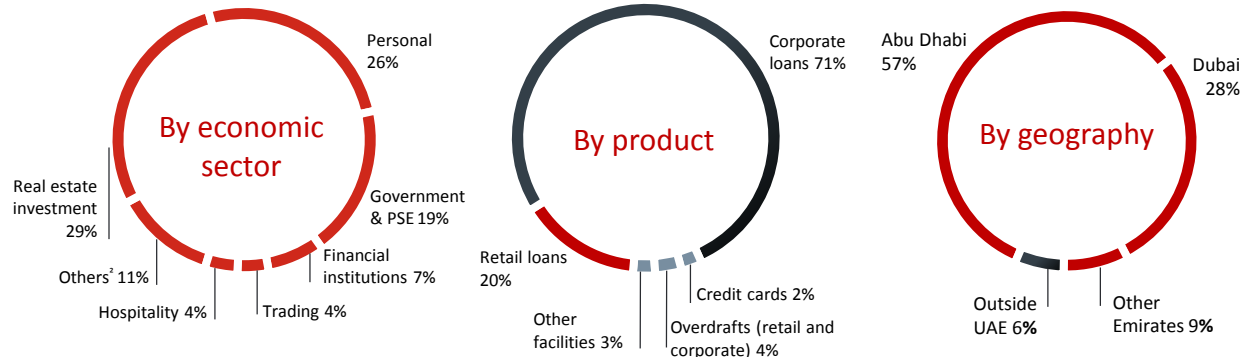
Islamic financing assets comprised 20% of net loans and advances to customers

Net Islamic financing assets



Gross loans

AED 257,805 mn



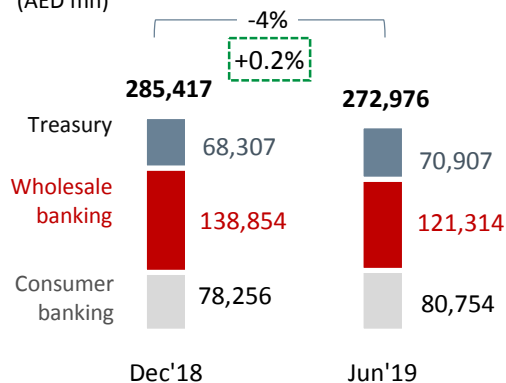
² Others include: Agriculture, Energy, Transport, Manufacturing, Services and others

- ▶ YTD net loans declined by 4% compared to industry average growth of 1.3%
- ▶ Wholesale Banking loans declined 5% YTD, mainly on account of corporate repayments
- ▶ Consumer Banking loans and Wholesale Banking loans comprised 43% and 57% of net loans and advances respectively

Deposit base breakdown

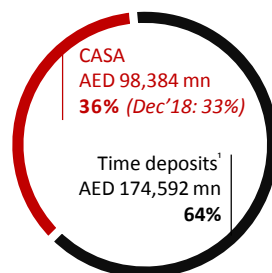
Deposits

(AED mn)



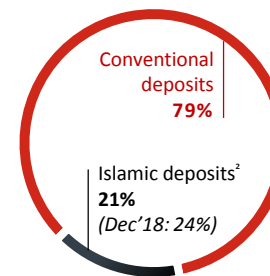
UAE Banking industry average as at 31 May 2019

CASA contribution



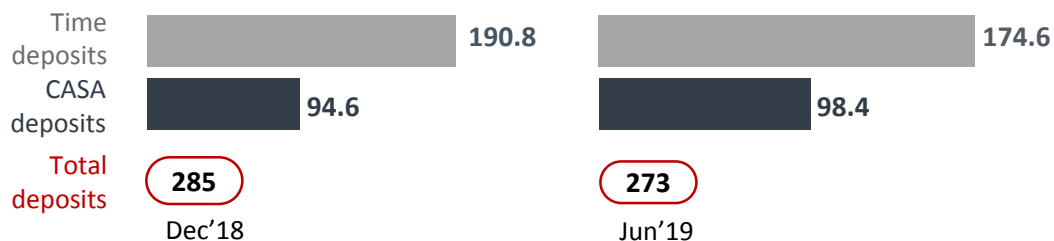
¹ Time deposits include long-term government and Murabaha deposits

Islamic deposits contribution



² Islamic deposits include Murabaha deposits

Customer deposits (AED bn)



Islamic deposits

(AED mn)



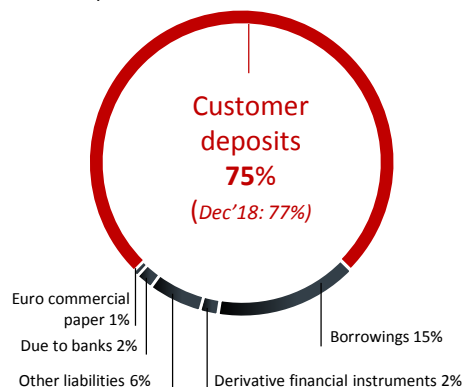
Islamic deposits comprised 21% of total customer deposits

- ▶ YTD customer deposits declined by 4% compared to industry average growth of 0.2%. Consumer Banking and Treasury deposits increased by 3% and 4% respectively, whilst Wholesale Banking deposits declined by 13% led by the conscious decision to exit expensive deposits
- ▶ Consumer Banking, Wholesale Banking and Treasury deposits constituted 30%, 44% and 26% of the total customer deposits
- ▶ YTD CASA deposits increased by AED 4 billion (+4%), while time deposits declined by AED 16 billion (-9%)

Wholesale funding and maturity profile

Liability base

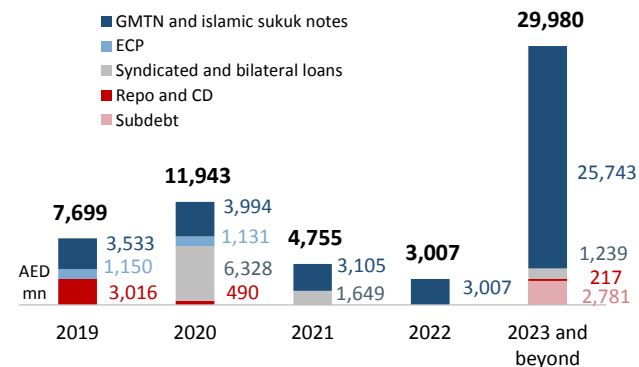
AED 364,308 mn



Wholesale funding

As at 30 June 2019	AED mn
Global medium term notes (GMTN)	37,190
Islamic sukuk notes	2,192
Subordinated debt	2,781
Euro Commercial paper	2,281
Repo	218
Bilateral loans	6,190
Syndicated loans	3,027
Certificate of Deposits	3,506
Total	57,384

Maturity profile



Comfortable liquidity position

Liquidity ratio¹

28.5%

Liquidity coverage ratio

163.1%

UAE Central Bank requirement 100%

Loan to deposit ratio

91.2%

91.9%

Dec'18

Jun'19

Average system LDR for 2019: 88.0%

Net lender in the interbank markets

AED 23 bn²

Main issuances in H1'19

- ▶ 6 year CHF 200 mn with coupon of 0.51% p.a.
- ▶ 10 year IDR 1.4 bn with coupon of 8.16% p.a.
- ▶ 5 year USD 518 mn with coupon of 3M Libor + 1.10% p.a. to 1.55% p.a.
- ▶ 30 year USD 350 mn interest accreting notes, interest rate between 4.61% to 5.79% p.a.
- ▶ CD Issuance of USD 432 mn with maturity ranging from 3 months to 1 year with cost ranging from 2.55% to 3.72% p.a.

Main maturities in H1'19

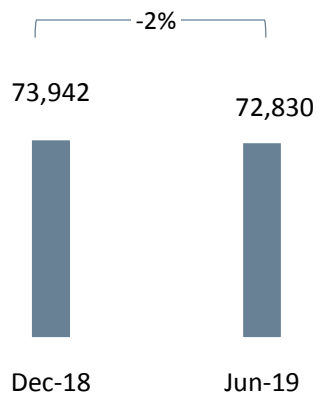
- ▶ USD 750 mn issued under Bank's GMTN issuance programme with a coupon of 3% p.a.
- ▶ AUD 250 mn issued at coupon of 4.75% p.a.

¹Liquidity ratio: liquid assets/total assets. Liquid assets include cash and balances with Central Banks, deposits and balances due from banks (excluding loans to banks), reverse repo placements, trading securities, and liquid investments (excluding unquoted investments)

² Includes AED 8.9 bn of certificate of deposits with central banks and AED 2.6 bn of reverse-repo placements

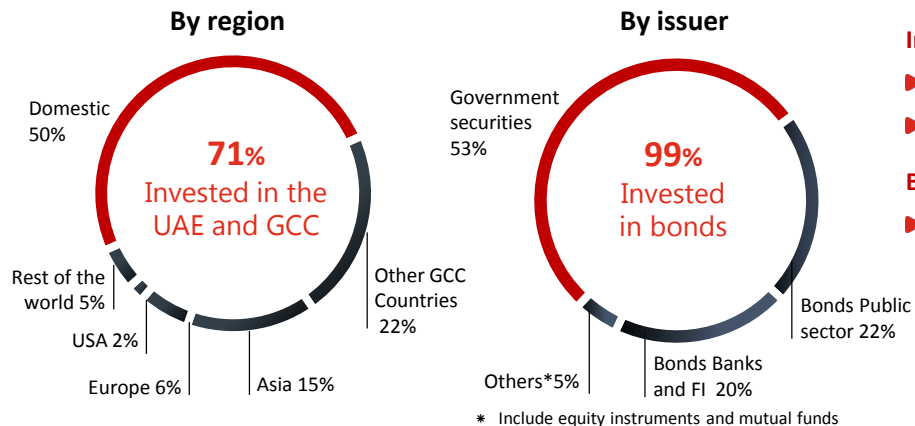
Investment securities

Investment securities (AED mn)



Investment securities

AED 72,830 mn



Non-Government bond portfolio

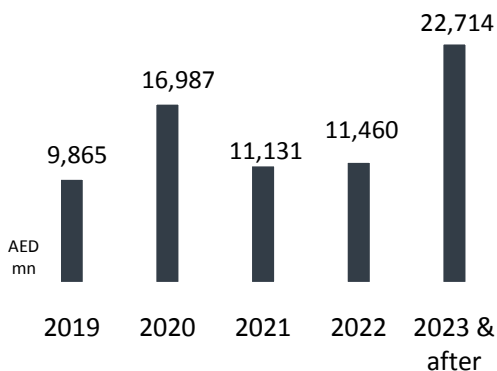
Investment grade:

- ▶ Rated A- or better: 73%
- ▶ Rated BBB+ to BBB-: 23%

Below investment grade:

- ▶ Rated BB+ and below including unrated: 4%

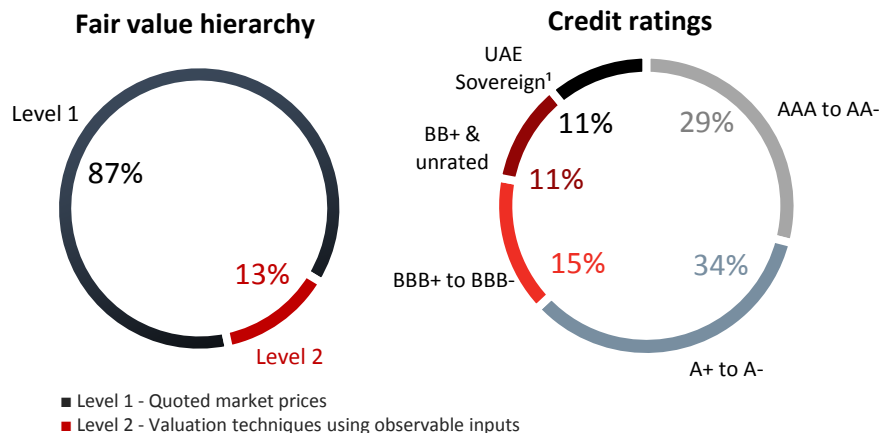
Maturity profile*



* Excluding investments in equity and funds

Total bond portfolio

Government and Non-Government bond portfolio: AED 72,159 mn



Credit ratings:

Standard & Poor's, or equivalent of Fitch or Moody's. Issuer/guarantor's based ratings are used, where bonds are unrated

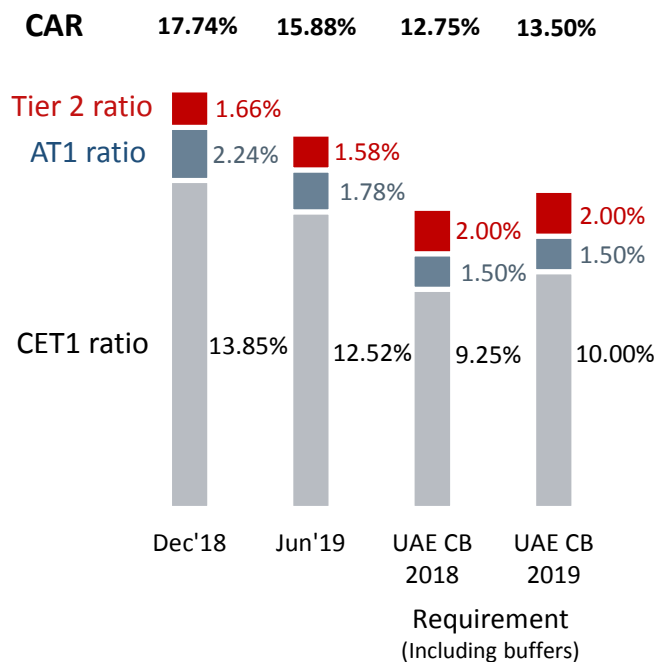
¹ UAE Sovereign internal rating mainly in Grade 2 to Grade 3 and maps to external rating between AA to A-

High quality investment portfolio, with 99% invested in bonds

Capital ratios

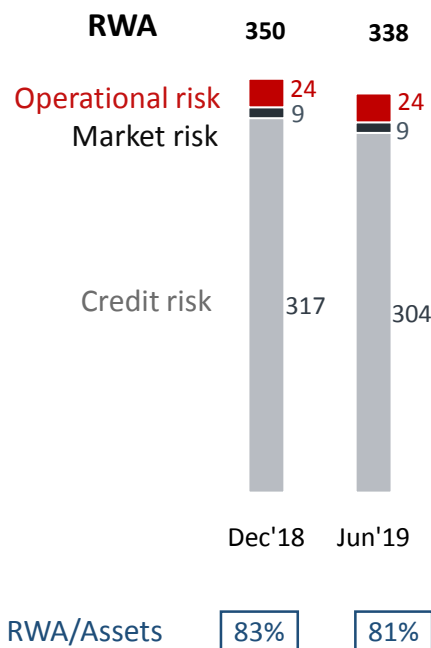
Capital adequacy ratio (%)

(Basel III)



Risk weighted assets

(AED bn)



Risk weighted assets declined by AED13bn mainly due to reduction in CRWA due to reduction in total assets

Variance analysis

Capital adequacy ratio movement	%
Dec'18 capital adequacy ratio	17.74%
Reduction in AHB capital due to FV adjustments	-0.89%
Goodwill deduction	-1.27%
Repayment of AHB Tier-1 capital	-0.54%
Decrease in CRWA	0.66%
Others	0.18%
June'19 capital adequacy ratio	15.88%

Others include increase in retained earnings due to H1'19 profit offset by dividend payout.

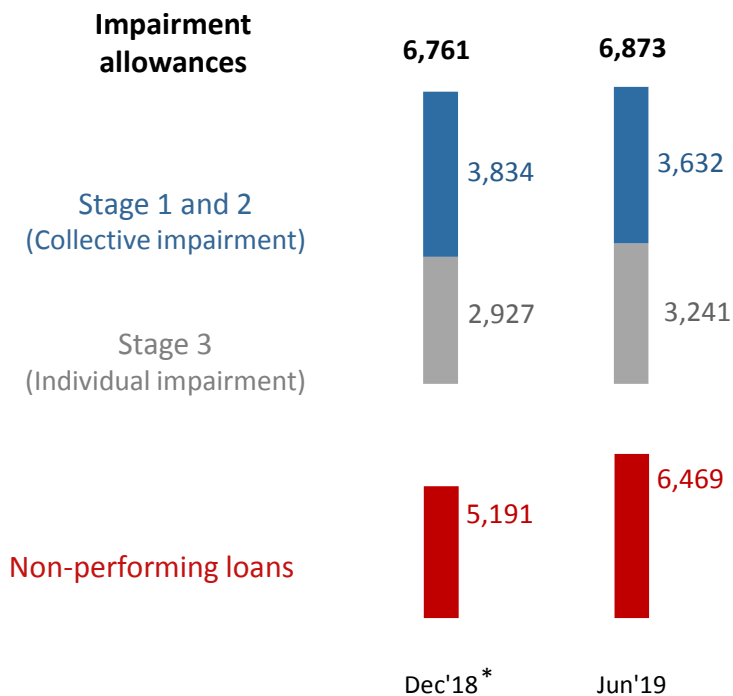
Components may not sum exactly to totals because of rounding

Capital ratios above the minimum regulatory requirements

Asset quality

Stage 3 (NPL) and impairment allowances¹

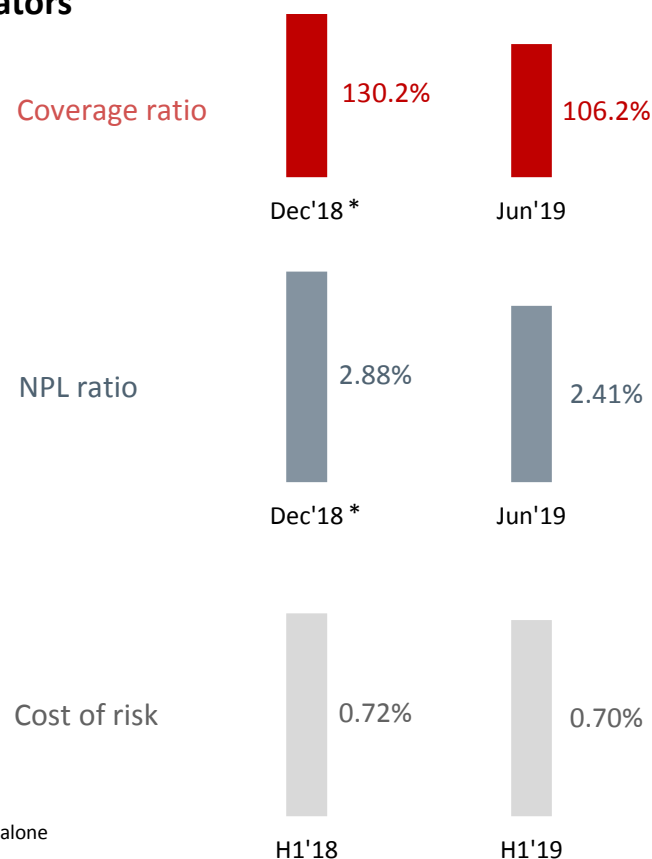
(AED mn)



* ADCB standalone

¹ Impairment allowances for loans and advances to customers and banks

Risk indicators



* ADCB standalone

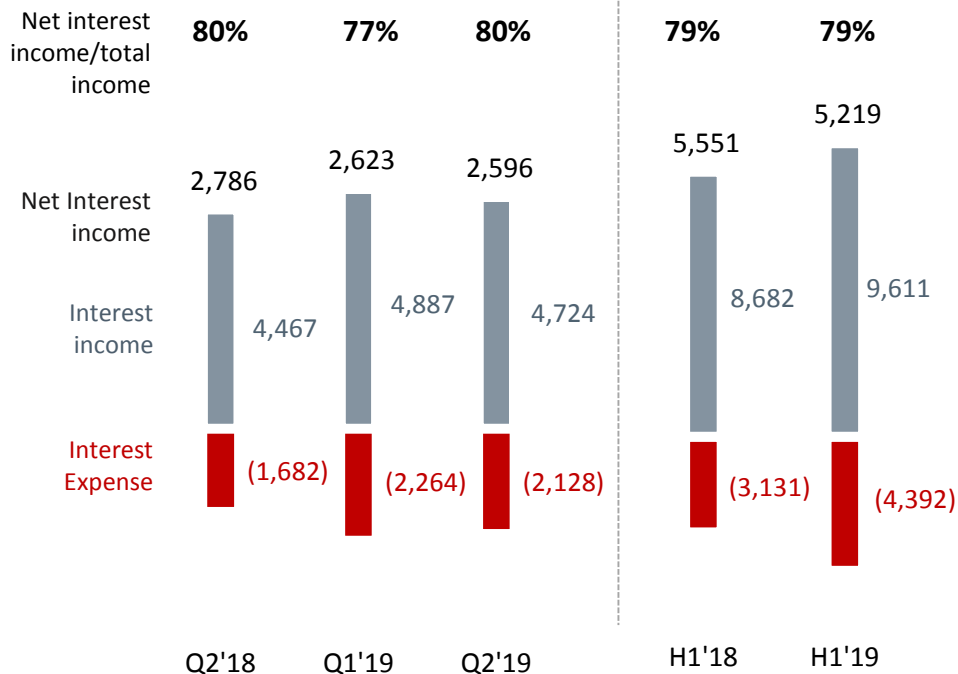
- ▶ Stage 3 (non-performing loans) increased to AED 6.469 billion, led by a few corporate accounts
- ▶ Stage 1 and 2 expected credit loss allowances were 1.74% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank

Income statement metrics (H1'19 vs. H1'18)

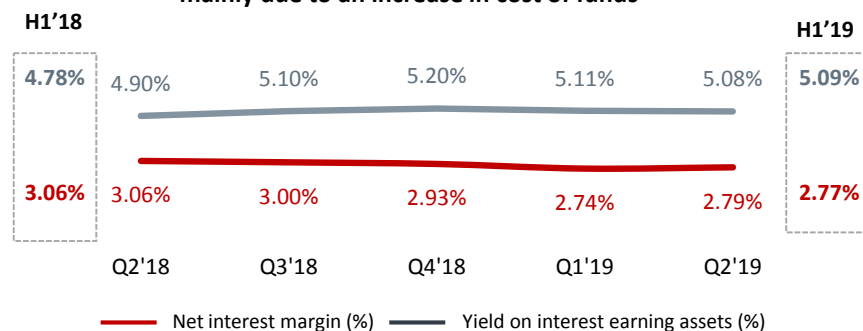
Net interest income

Net interest income

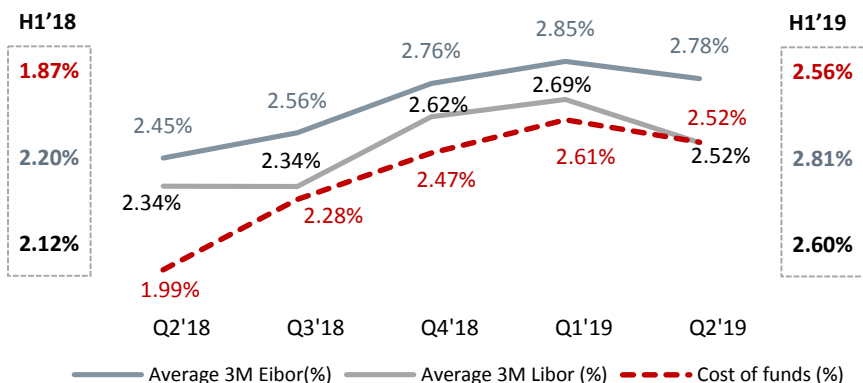
(AED mn)



Yield on assets +32 bps YoY, whilst net interest margin -29 bps mainly due to an increase in cost of funds



Cost of funds increased +69 bps due to an increase in benchmark rates and a change in composition of the liability book

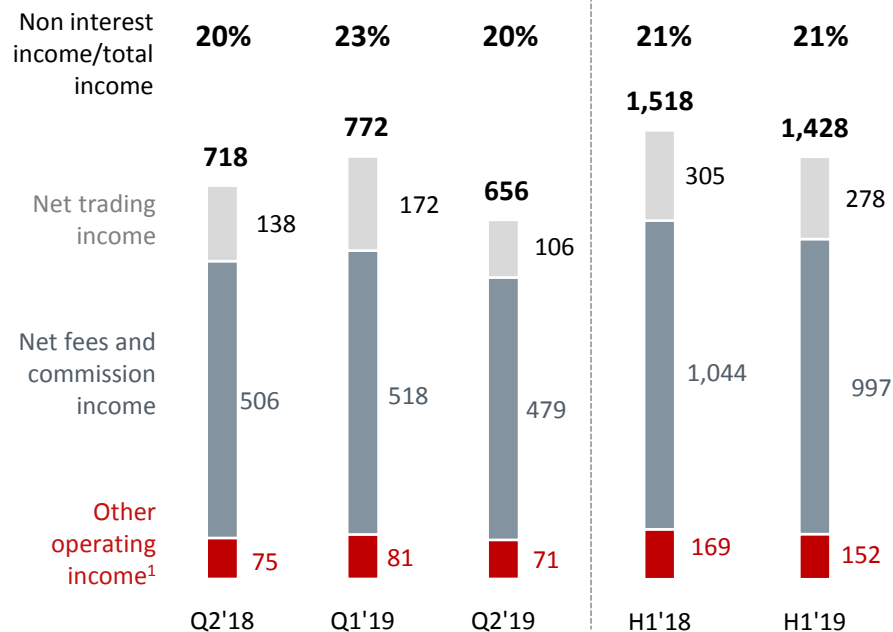


- ▶ Gross interest and Islamic financing income of AED 9.611 billion was up +11%, mainly on account of rising benchmark rates [3M average Eibor: 2.81% (+62bps); 3M average Libor at 2.60% (+48bps)] and higher volumes over H1'18. H1'19 average interest earning assets increased by 4% over H1'18 to AED 380 billion
- ▶ Net interest and Islamic financing income of AED 5.219 billion was 6% lower, primarily attributable to the harmonisation of the combined entity's liquidity management standards and intense competition on loan yields. H1'19 average interest bearing liabilities increased by 2% over H1'18 to AED 345 billion

Non-interest income

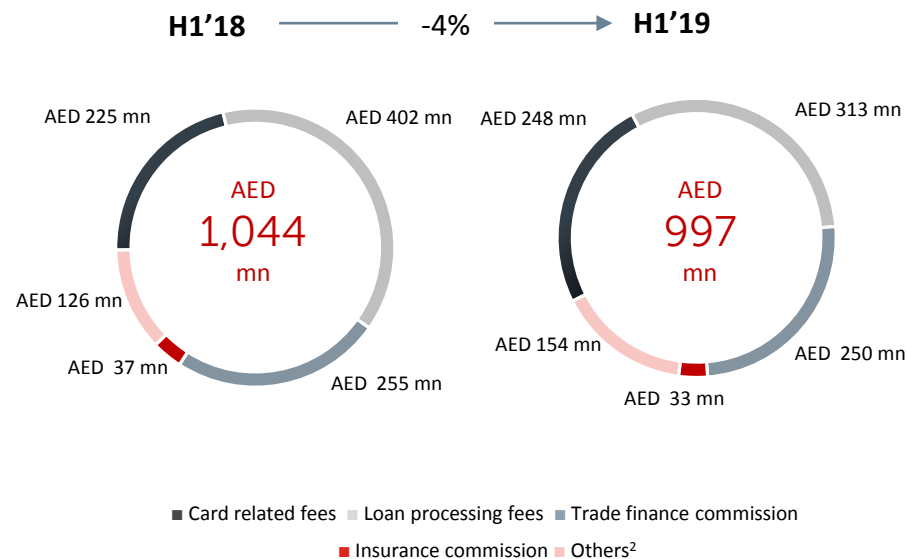
Non-interest income

(AED mn)



¹ Others operating income includes revaluation loss on investment properties

Net fees and commission income



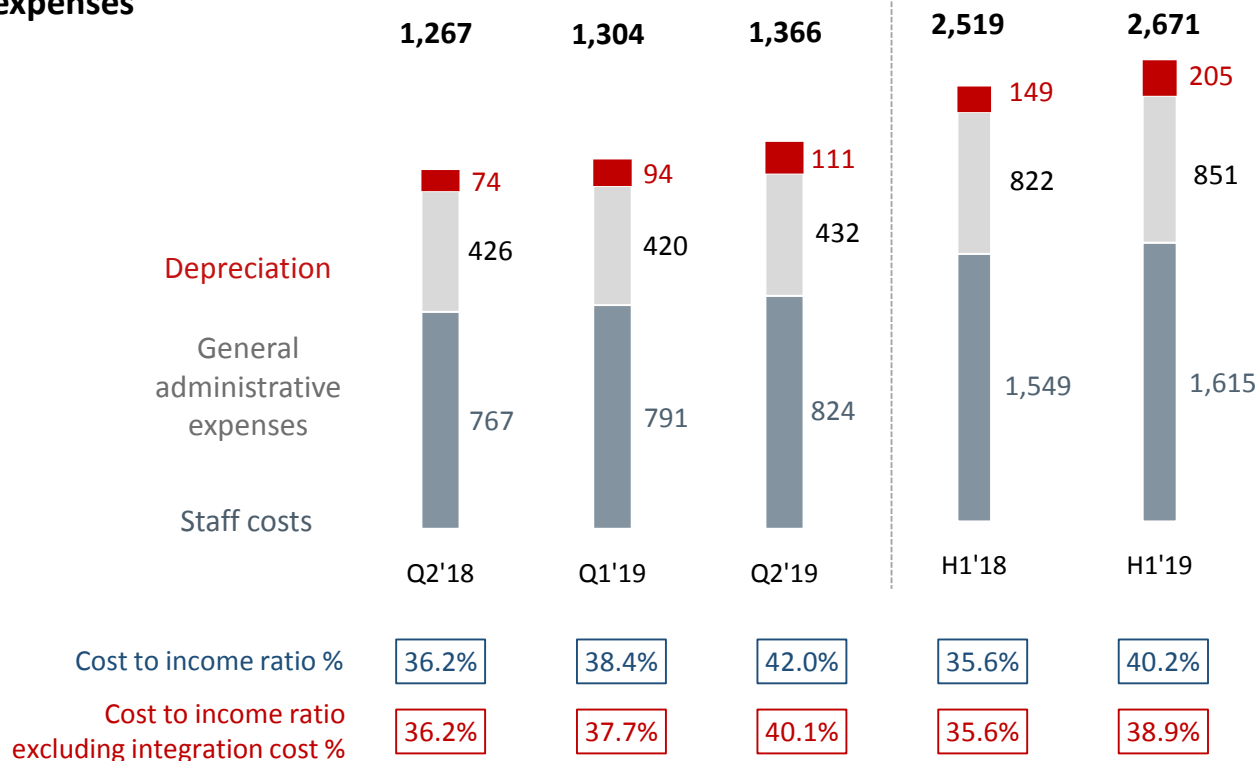
²Others include asset management, investment services brokerage, fees from accounts related activities and other fees

- ▶ Non-interest income of AED 1.428 billion was down 6% and comprised 21% of operating income at par with prior year
- ▶ Net fees and commission income of AED 1.044 billion was down 4%, largely attributable to lower loan processing fees, partially offset by higher card related fees of AED 23 million
- ▶ Trading income of AED 278 million was down 9%, on account of lower gains from dealing in foreign exchange of AED 45 million, partially offset by higher gains from dealing in derivatives of AED 16 million

Operating expenses

Operating expenses

(AED mn)



Components may not sum exactly to totals because of rounding

- ▶ Operating expenses of AED 2.671 billion were up 6%, primarily attributable to integration-related expenses and continued investments in digital transformation. Excluding one-off integration costs of AED 87 million, operating expenses were 3% higher over H1'18 at AED 2.584 billion
- ▶ Cost to income ratio of 38.9% (excluding integration costs) compared to 35.6% in H1'18
- ▶ The increase in the ADCB Group's pro-forma cost to income ratio compared to ADCB's stand alone cost to income ratio was primarily driven by higher cost to income ratios of Al Hilal Bank and Union National Bank. The Group's cost to income ratio is expected to improve as merger-related synergies are realised

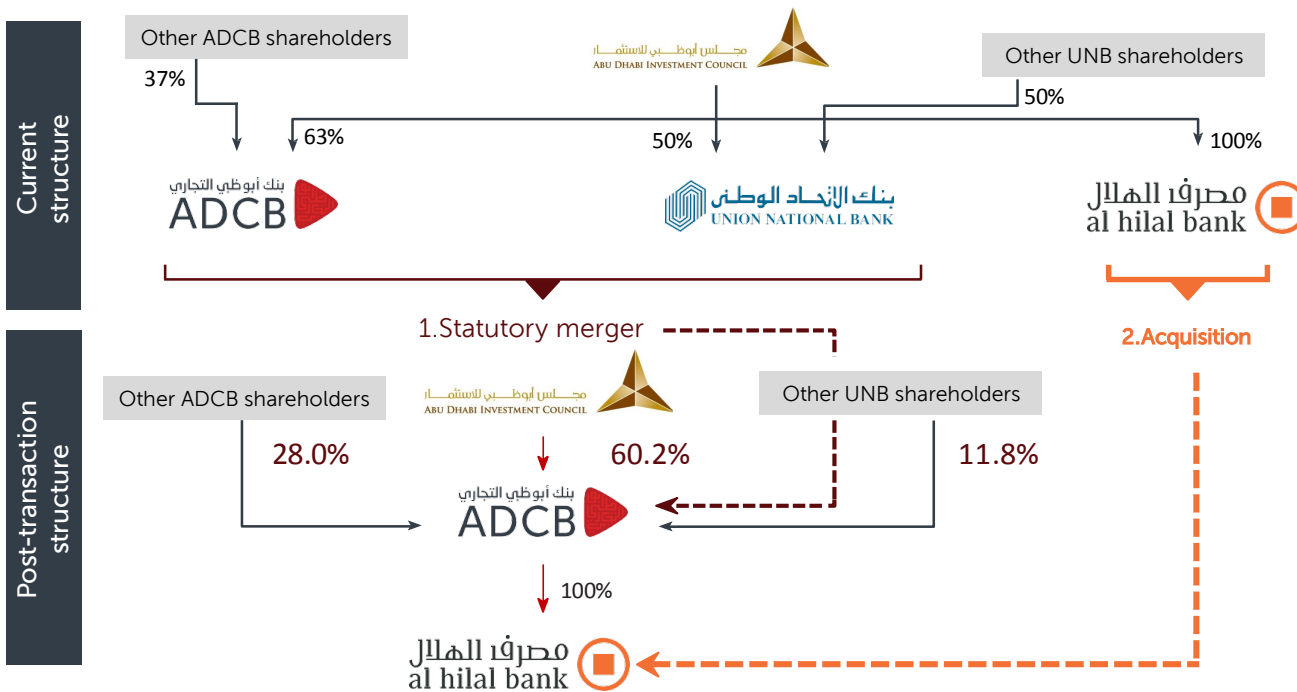
Key highlights of H1'19 pro-forma results

- ▶ Net profit of AED 2.782 billion and return on average tangible equity of 12.2%
- ▶ Net interest income of AED 5.219 billion, 6% lower primarily attributable to the harmonisation of the combined entity's liquidity management standards and intense competition on loan yields
- ▶ Non-interest income of AED 1.428 billion, down 6% YoY mainly on account of lower net fees and commission income and lower net trading income
- ▶ Impairment charges of AED 1.174 billion, 6% lower
- ▶ Net loans of AED 251 billion declined 4% YTD, primarily on account of corporate repayments
- ▶ CASA deposits of AED 98 billion increased 4% YTD, and comprised 36.0% of total customer deposits compared to 33.1% as at 31 December 2018
- ▶ Strong liquidity and healthy capital position, capital adequacy ratio (Basel III) of 15.88% and common equity tier 1 (CET1) ratio of 12.52%, whilst LCR stood at 163% compared to UAE CB minimum requirement of 100%

Section 5
Appendix

Transaction structure

ADCB and UNB merged through a statutory merger and together acquired Al Hilal Bank



Key steps

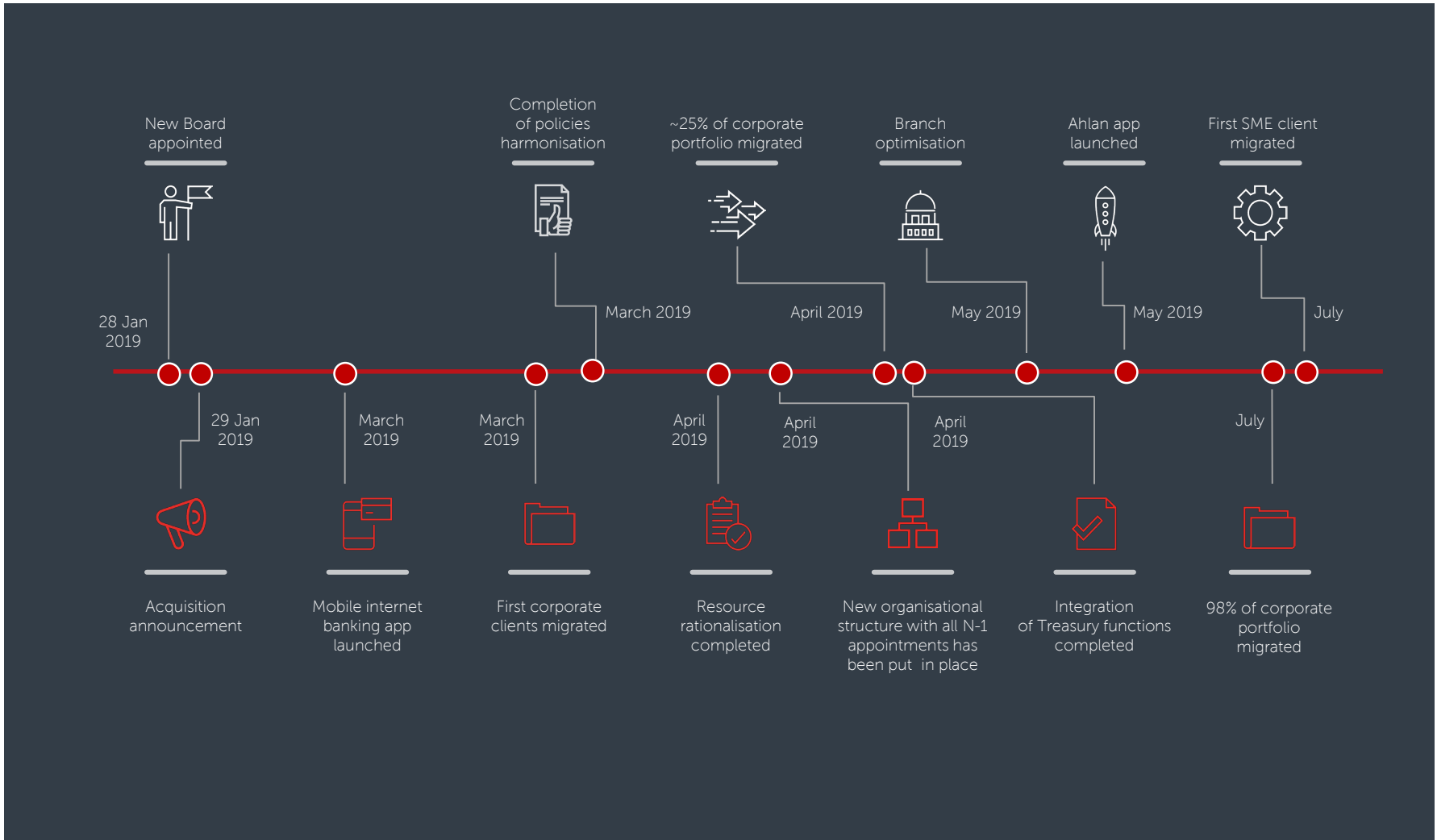
1- Merger of ADCB and UNB

- All-stock statutory merger between ADCB and UNB, with ADCB remaining the surviving entity
- Merger implementation governed by a merger agreement between both parties
- Merger received regulatory clearance, shareholder approval and creditors' no objection

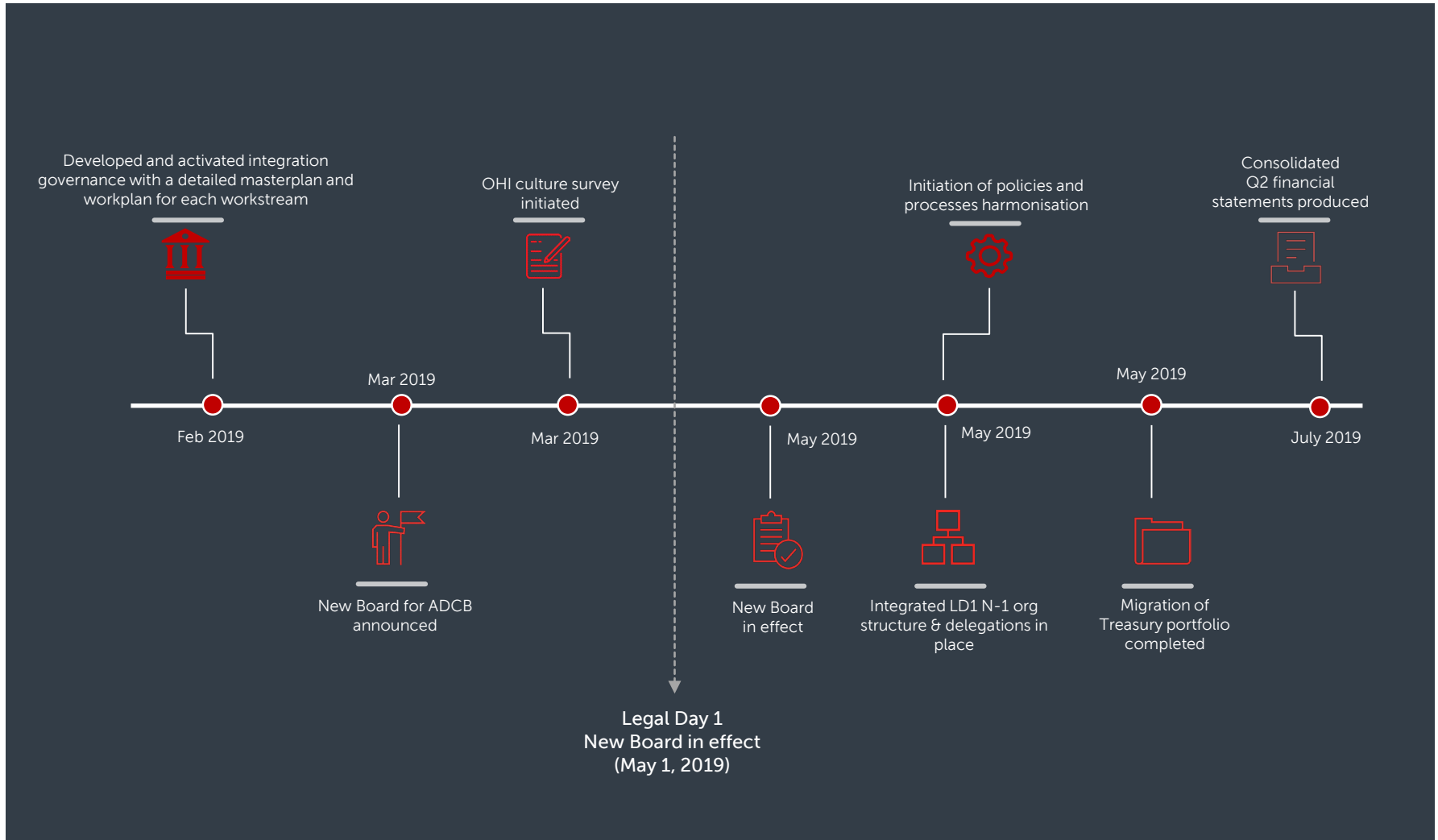
2- Acquisition of Al Hilal Bank

Al Hilal Bank was acquired by the combined ADCB/UNB entity for a consideration of approximately AED 1 billion, through issuance of a mandatory convertible note for up to 117,647,058 post-merger ADCB shares to ADIC.

Completed several major Al Hilal Bank integration milestones in the first 6 months



Completed several major UNB integration milestones in the first 6 months



Pro-forma financial statements

Pro-forma balance sheet as at 30 June 2019

AED mn	Actual Jun-19	(Proforma) Dec-18*	Variance %
Cash and balances with Central banks	31,105	33,317	(7)
Deposits and balances due from banks, net	28,404	26,942	5
Reverse-repo placements	2,605	2,204	18
Trading securities	(0)	377	NM
Derivative financial instruments	6,396	4,773	34
Investment securities	72,830	73,942	(2)
Loans and advances to customers, net	250,964	260,340	(4)
Investment in associate	391	394	(1)
Investment properties	2,540	2,528	0
Other assets ¹	15,235	16,032	(5)
Property and equipment, net	2,218	2,004	11
Goodwill	4,278	565	NM
Total assets	416,967	423,419	(2)
Due to banks	6,623	9,068	(27)
Derivative financial instruments	6,826	5,851	17
Deposits from customers	272,976	285,417	(4)
Euro commercial paper	2,281	3,279	(30)
Borrowings	55,103	50,232	10
Other liabilities ²	20,499	18,402	11
Total liabilities	364,308	372,250	(2)
Total shareholders' equity	52,508	51,020	3
Non -controlling interests	151	149	1
Total liabilities and shareholders' equity	416,967	423,419	(2)

* Pro- forma includes balance sheet of Abu Dhabi Commercial Bank, Union National Bank and A Hilal Bank PJSC for the period ended Dec 31, 2018

¹ Other assets include assets held for sale

² Other liabilities include liabilities directly related to assets held for sale

Pro-forma income statement for the six month period ended 30 June 2019

AED mn	2Q'19	2Q'18	Variance %	1H'19	1H'18	Variance %
Interest and income from Islamic financing	4,724	4,467	6	9,611	8,682	11
Interest expense and profit distribution	(2,128)	(1,682)	27	(4,392)	(3,131)	40
Net interest and Islamic financing income	2,596	2,786	(7)	5,219	5,551	(6)
Net fees and commission income	479	506	(5)	997	1,044	(4)
Net trading income	106	138	(23)	278	305	(9)
Other operating income	71	75	(5)	152	168	(10)
Non interest income	656	718	(9)	1,428	1,518	(6)
Operating income	3,252	3,504	(7)	6,647	7,069	(6)
Staff expenses	(824)	(767)	7	(1,615)	(1,549)	4
General administrative expenses	(432)	(426)	1	(851)	(822)	4
Depreciation	(111)	(74)	50	(205)	(149)	38
Operating expenses	(1,366)	(1,267)	8	(2,671)	(2,519)	6
Operating profit before impairment allowances & taxation	1,886	2,236	(16)	3,976	4,549	(13)
Impairment allowance charge on loans and advances	(429)	(698)	(39)	(1,315)	(1,457)	(10)
Recovery of loans	64	119	(46)	122	213	(43)
Other impairment	(64)	(23)	183	19	(10)	NM
Net impairment	(429)	(602)	(29)	(1,174)	(1,254)	(6)
Share of profit of associates	4	3	48	10	(2)	NM
Overseas income tax expense and loss from discontinued operations	(13)	(15)	(14)	(30)	(34)	(11)
Published profit	1,448	1,622	(11)	2,782	3,259	(15)
Attributed to:				-	-	
Equity holders of the parent	1,448	1,620	(11)	2,782	3,253	(14)
Non-controlling interests	1	3	NM	1	6	NM
Net Profit	1,448	1,622	(11)	2,782	3,259	(15)

Figures include the results of Union National Bank PJSC and Al Hilal Bank PJSC for the full mentioned period

Published financial statements

Published balance sheet as at June 30, 2019

AED mn	Published Jun-19	Published Dec-18	Variance %
Cash and balances with Central banks	31,105	19,590	59
Deposits and balances due from banks, net	28,404	19,627	45
Reverse-repo placements	2,605	2,204	18
Trading securities	(0)	60	NM
Derivative financial instruments	6,396	4,447	44
Investment securities	72,830	52,362	39
Loans and advances to customers, net	250,964	166,426	51
Investment in associate	391	205	91
Investment properties	2,540	577	NM
Other assets ¹	15,235	13,331	14
Property and equipment, net	2,218	983	126
Goodwill	4,278	19	NM
Total assets	416,967	279,830	49
Due to banks	6,623	3,071	116
Derivative financial instruments	6,826	5,696	20
Deposits from customers	272,976	176,654	55
Euro commercial paper	2,281	3,279	(30)
Borrowings	55,103	43,028	28
Other liabilities ²	20,499	15,297	34
Total liabilities	364,308	247,025	47
Total shareholders' equity	52,508	32,806	60
Non -controlling interests	151	0	NM
Total liabilities and shareholders' equity	416,967	279,830	49

* Published balance sheet as at Dec 31, 2018 is for ADCB only (as the surviving entity)

¹ Other assets include assets held for sale

² Other liabilities include liabilities directly related to assets held for sale

Components may not sum exactly to totals because of rounding

Published income statement for the six month period ended Jun 30, 2019

AED mn	Quarterly trends			Half yearly trends		
	2Q'19	2Q'18	Variance %	1H'19	1H'18	Variance %
Interest and income from Islamic financing	4,181	2,822	48	7,297	5,493	33
Interest expense and profit distribution	(1,880)	(1,038)	81	(3,289)	(1,881)	75
Net interest and Islamic financing income	2,301	1,784	29	4,008	3,612	11
Net fees and commission income	439	358	23	818	708	15
Net trading income	80	98	(19)	213	230	(7)
Other operating income	63	48	32	118	93	28
Non interest income	583	504	16	1,149	1,030	12
Operating income	2,884	2,288	26	5,157	4,643	11
Staff expenses	(693)	(444)	56	(1,148)	(912)	26
General administrative expenses	(370)	(289)	28	(651)	(548)	19
Depreciation	(98)	(42)	133	(155)	(85)	83
Operating expenses	(1,160)	(775)	50	(1,954)	(1,545)	26
Operating profit before impairment allowances & taxation	1,724	1,513	14	3,204	3,098	3
Impairment allowance charge on loans and advances	(539)	(445)	21	(969)	(889)	9
Recovery of loans	53	78	(32)	95	129	(27)
Other impairment	(56)	(23)	146	3	(10)	NM
Net impairment	(541)	(390)	39	(871)	(770)	13
Share of profit of associates	2	3	NM	5	6	(11)
Overseas income tax expense and loss from discontinued operations	(6)	(1)	NM	(7)	(1)	NM
Published profit	1,178	1,125	5	2,331	2,332	(0)
Attributed to:						
Equity holders of the parent	1,177	1,125	5	2,330	2,332	(0)
Non-controlling interests	1	0	-	1	0	-
Net Profit	1,178	1,125	5	2,331	2,332	(0)

Current period's results include the result of Union National Bank PJSC and Al Hilal Bank PJSC for the month of May'19 and June'19, whereas prior year has only ADCB results. Therefore, meaningful comparisons are not possible.