Beyond Ambition
Transaction Presentation

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

29 January 2019
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Disclaimer
Agenda

1. Overview
2. Transaction details
3. Strategic rationale
4. Ambition for the combined bank
5. Integration process
6. Key financial highlights
7. Summary
A transformational transaction

**Today**

- Leading UAE bank with strong profitability and access to capital markets
- Solid capital position and strong track record in serving government, GREs\(^{(1)}\) and retail clients in the UAE
- Strong Islamic banking franchise with a recognised brand

**Combined bank**

- Strong value creation potential to shareholders through synergies
- Greater scale to support the UAE economy
- Leading Islamic banking franchise
- Robust and resilient combined bank
- 60.2% owned by the government of Abu Dhabi\(^{(2)}\)

**Ambition**

- Continue to create value for our shareholders
- Achieve strong profitable growth
- Maintain a leading position in the UAE market
- Sustain best in class customer services, products and digital offering
- Continue developing a strong Islamic platform
- Nurture our talents

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\(^{(1)}\) Government related entities.

\(^{(2)}\) Through Abu Dhabi Investment Council (ADIC).

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A **transformational transaction** to benefit all our stakeholders including shareholders, customers and employees.
The combination of ADCB, UNB and Al Hilal Bank will reinforce the position of ADCB as a preeminent bank

- High shareholder value creation potential
- Leading UAE-centric bank
- Resilient bank
- Distinctive customer-centric proposition
- Centre of excellence for talent

Source: Company information as of 30 September 2018 and annualised for net profit. Preliminary pro forma financials for ADCB+UNB+Al Hilal Bank take into account intercompany eliminations.
**Transaction structure**

ADCB and UNB to merge through a statutory merger and together acquire 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 is subject to regulatory clearance, shareholder approval and creditors’ no objection

2. **Acquisition of Al Hilal Bank**
   - Al Hilal Bank will be acquired by the combined ADCB/UNB entity for a consideration of approximately AED 1 billion, by issuing a mandatory convertible note for up to 117,647,058 post-merger ADCB shares to ADIC after the completion of the statutory merger

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Source: Company information.
Growing but highly competitive UAE banking market...

A growing UAE banking market

Total assets, UAE banks, AED bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets, AED bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,305</td>
</tr>
<tr>
<td>2015</td>
<td>2,478</td>
</tr>
<tr>
<td>2016</td>
<td>2,614</td>
</tr>
<tr>
<td>2017</td>
<td>2,694</td>
</tr>
<tr>
<td>Sept ’18</td>
<td>2,838</td>
</tr>
</tbody>
</table>

CAGR: 5.7%

A fragmented market dominated by few large players

Around 60 banks operate in the UAE, with the top 3 banks accounting for more than 50% of the total banking assets.(1)

Number of challenges facing the UAE banks

- Slower economic growth
- Regulatory changes
- Higher operating costs
- High degree of competition
- Digitisation disruptions

Source: Company information, UAE Central Bank data and statistical bulletin as at 30 September 2018.

(1) Based on banks’ Q3 2018 total assets (numerator) and Q3 2018 total banking assets for UAE banks of AED 2,838 bn as per the UAE Central Bank (denominator).
73% of the UAE listed banks’ asset growth came from large banks between 2014 and Q3 2018

Large UAE banks benefit from economies of scale

Large UAE banks have a lower NPL ratio than medium and small banks

Source: Company information as of 30 September 2018, except for Invest Bank figures which are as of Q2 2018 (latest available).

Note: Large banks include: ADCB, FAB, ENBD, DIB. Medium banks include: UNB, ADIB, Mashreq Bank, CBD. Small banks include: EIB, NBF, RAK Bank, NB of UQ, SIB, UAB, BoS, Ajman Bank, CBI, Invest Bank.

(1) Cost/Income and NPL (Non-Performing Loans) ratios calculated as average for each group of banks. 2017 vs. 2014 NPL due to limited disclosure around this ratio in Q3 2018 financial statements especially for the smaller bank group.

(2) Operating expenses including D&A.
Section 2

Transaction details
Overview of the transaction and key terms

<table>
<thead>
<tr>
<th>1 TRANSACTION STRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Statutory merger of ADCB and UNB, with ADCB issuing new shares to UNB shareholders, and all assets and liabilities of UNB to be transferred to ADCB</td>
</tr>
<tr>
<td>- Subsequent acquisition of Al Hilal Bank by the combined entity, with ADCB issuing a mandatory convertible note to the shareholder of Al Hilal Bank</td>
</tr>
<tr>
<td>- New bank to retain the ADCB brand. Al Hilal Bank will retain its name and brand and will continue to be run as a standalone subsidiary</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2 FINANCIAL TERMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- ADCB will issue 0.5966 ADCB shares for every UNB share, corresponding to a total of 1,641,546,697 new shares issued to UNB shareholders. The exchange ratio implies a premium to UNB shareholders of 0.6% vs. previous trading day(^1) and 13.7% vs. the pre-leak share price(^2)</td>
</tr>
<tr>
<td>- Al Hilal Bank will be acquired by the combined ADCB/UNB entity for a consideration of approximately AED 1 billion, by issuing a mandatory convertible note for up to 117,647,058 post-merger ADCB shares to ADIC after the completion of the statutory merger</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 SHAREHOLDERS POST-TRANSACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Mubadala Investment Company (&quot;Mubadala&quot;), through the Abu Dhabi Investment Council (&quot;ADIC&quot;), will remain the majority shareholder with a pro forma ownership (following the merger of ADCB and UNB and the acquisition of Al Hilal Bank) of 60.2%</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>4 GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Chairman Designate: Eissa Mohamed Al Suwaidi</td>
</tr>
<tr>
<td>- Vice Chairman Designate: H.E. Mohamed Bin Dhaen Al Hamli</td>
</tr>
<tr>
<td>- CEO Designate: Ala’a Eraiqat</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5 REQUIRED APPROVALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- ADCB and UNB shareholders to approve the transaction (minimum 75% vote)</td>
</tr>
<tr>
<td>- Approval of the UAE Central Bank, and of international regulators</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6 TIMING</th>
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</thead>
<tbody>
<tr>
<td>- Shareholder meetings expected to occur mid-March 2019</td>
</tr>
<tr>
<td>- The transaction is expected to complete by H1 2019, following the receipt of all necessary approvals</td>
</tr>
</tbody>
</table>

Source: Company information.

\(^1\) 28 January 2019.
\(^2\) As of 2 September 2018, adjusted for ADCB share price increase since leak.
Best in class corporate governance

Eissa Mohamed Al Suwaidi
Chairman Designate

Eissa Mohamed Al Suwaidi was appointed by the Abu Dhabi Investment Council (ADIC) to join the ADCB Board of Directors and was elected as Chairman of ADCB in September 2008. At ADCB, he is additionally the Chairman of the Risk & Credit Committee and a Member of the Nomination, Compensation & HR Committee.

Eissa Mohamed Al Suwaidi has more than 20 years of experience in asset management and banking. He holds a Bachelor of Economics from Northeastern University, USA.

ADDITIONAL POSITIONS:
- Chairman - Emirates Telecommunications Corporation (Etisalat Group)
- Vice Chairman - Maroc Telecom
- Chief Executive Officer - Abu Dhabi Investment Council
- Board Member - Emirates Investment Authority

H.E. Mohamed Bin Dhaen Al Hamli
Vice Chairman Designate

H.E. Mohamed Bin Dhaen Al Hamli is the Vice Chairman of the Board of Directors of UNB. From 2004-2013, he was the UAE Minister of Energy.

H.E. Al Hamli obtained his Higher National Diploma in Business Studies from Portsmouth University (UK), Association of Chartered Certified Accountants (Level 3) and completed the Advanced Management Program at Harvard Business School.

ADDITIONAL POSITIONS:
- Member - Supreme Petroleum Council Advisory Committee (SPC)
- Vice Chairman - Abu Dhabi National Chemicals Company (ChemaWeyaat)
- Board Member - Cosmo Oil, Japan
- Chairman - Internal Audit Committee, Abu Dhabi Investment Council
- Chairman - Internal Audit Committee, Abu Dhabi National Oil Company

Ala’a Eraiqat
Group Chief Executive Officer Designate

Ala’a Eraiqat joined ADCB in January 2004 and since then has held various senior posts before taking over as Chief Executive Officer and also becoming a member of ADCB’s Board of Directors in February 2009.

He previously held senior positions at Citibank and Standard Chartered Bank, amongst others.

His responsibilities extend to chairing the following subsidiaries and committees of ADCB, amongst others: Abu Dhabi Commercial Properties, Abu Dhabi Commercial Engineering Services, the ADCB Management Executive Committee and the ADCB Management Risk & Credit Committee.
Transaction timeline

Indicative timetable

- **Q1 2019**: UAE Central Bank and other regulatory approvals
- **Q1 2019**: ADCB and UNB General Assembly Meetings
- **Q1/Q2 2019**: Creditor objection period (30 days)
- **Q2 2019**: Expected closing of the merger
- **Q2 2019**: Expected closing of the Al Hilal Bank acquisition
Section 3
Strategic rationale
Strong strategic rationale

**Key stakeholder rationale**

**A**
- **High shareholder value creation potential**
  - Additional value creation through significant synergy potential
  - Expected double digit-returns on equity

**B**
- **Leading UAE-centric bank**
  - Larger financing capacity to support the UAE economy, with selective international presence

**C**
- **Resilient bank**
  - Strengthened and optimised balance sheet to face regulatory changes
  - Robust corporate governance and disciplined approach to compliance and risk management

**D**
- **Distinctive customer-centric proposition**
  - Larger and more balanced customer portfolio
  - Innovative offering with upgraded customer experience
  - Identified cross selling opportunities between the three banks
  - State-of-the-art Islamic banking platform

**E**
- **Centre of excellence for talent**
  - Differentiated culture with strong focus on corporate values
  - Strong platform for talent development

**Supporting key highlights**

- Enhanced productivity, efficiency and economies of scale
- AED 615 mn expected annual run-rate cost synergies, representing 13% of the combined cost base vs. 8%-15% announced cost synergies for similar precedent transactions in the region
- 3rd largest UAE bank by assets with 15% market share (1)
- 3rd largest UAE Islamic banking franchise
- Pro forma capital ratios expected to be comfortably above regulatory minimum ratios
- 60.2% owned by the government of Abu Dhabi (2)
- Combined gross loans extended to a diversified customer base
- Simple, convenient and high quality products and services including cash management offering
- Omnichannel service, distinctive digital offering and extended branch network
- Performance-oriented and merit-based working environment
- Increased investment in capability-building programmes and employee development

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(1) As of Q3 2018
(2) Through ADIC
A. The combination will create additional value through enhanced productivity and economies of scale

**Synergy opportunities**

<table>
<thead>
<tr>
<th>Cost</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Cost efficiency gains achieved through enhanced productivity and economies of scale</td>
<td>- Product cross-selling opportunities through combining competencies and expertise of all three banks</td>
</tr>
<tr>
<td>- Improved coverage and customer service achieved in a more efficient manner through branch and ATM optimisation</td>
<td>- Leveraging scale to achieve improved investment returns and lower cost of funding</td>
</tr>
<tr>
<td>- Cost efficiency and higher stability of IT landscape through IT integration</td>
<td></td>
</tr>
</tbody>
</table>

- **~3 years** to complete integration and realise annual cost synergies of **~AED 615 mn**, with an integration cost of **~AED 800 mn**
- Cost synergies as % of combined cost base: **13%**
A. Synergy targets are higher than regional & global merger announcements

Cost synergies/combined bank cost

Regional benchmarks – first announcements

Regional benchmarks – first announcements

Global benchmarks⁽¹⁾
B. A UAE-centric bank with selective international presence

Source: Company information. Preliminary pro forma revenue for ADCB+UNB+Al Hilal Bank take into account intercompany eliminations.

Selective international presence allowing us to connect our UAE-based customers with key global markets
B. The combined bank will be the 3\textsuperscript{rd} largest bank by assets and the 2\textsuperscript{nd} largest by market capitalisation in the UAE

### Banking sector assets in the GCC

<table>
<thead>
<tr>
<th>Country</th>
<th>As of Q3 2018 (US$ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>773</td>
</tr>
<tr>
<td>KSA</td>
<td>622</td>
</tr>
<tr>
<td>QATAR</td>
<td>386</td>
</tr>
<tr>
<td>KUWAIT</td>
<td>215</td>
</tr>
<tr>
<td>BAHRAIN</td>
<td>193</td>
</tr>
<tr>
<td>OMAN</td>
<td>87</td>
</tr>
</tbody>
</table>

### Total assets top 10 UAE banks

<table>
<thead>
<tr>
<th>Bank</th>
<th>As of Q3 2018 (US$ bn)</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAB</td>
<td>199</td>
<td>26%</td>
</tr>
<tr>
<td>ADCB+UNB+Al Hilal Bank</td>
<td>134</td>
<td>17%</td>
</tr>
<tr>
<td>QNB</td>
<td>199</td>
<td></td>
</tr>
<tr>
<td>FAB</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>ADCB</td>
<td>13</td>
<td></td>
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<tr>
<td>Bank</td>
<td>114</td>
<td>15%</td>
</tr>
<tr>
<td>QNB</td>
<td>114</td>
<td></td>
</tr>
<tr>
<td>FAB</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>ADCB</td>
<td>13</td>
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</table>

### Market cap top 10 UAE banks

<table>
<thead>
<tr>
<th>Bank</th>
<th>As of 28 January 2019 (US$ bn)</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAB</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>ADCB+UNB+Al Hilal Bank</td>
<td>17(2)</td>
<td></td>
</tr>
<tr>
<td>QNB</td>
<td>199</td>
<td></td>
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<tr>
<td>FAB</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>ADCB</td>
<td>13</td>
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<td>Bank</td>
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</tr>
<tr>
<td>QNB</td>
<td>14</td>
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</tbody>
</table>

### 5\textsuperscript{th} largest bank in the GCC by assets

<table>
<thead>
<tr>
<th>Bank</th>
<th>As of Q3 2018 (US$ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADCB+UNB+Al Hilal Bank</td>
<td>234</td>
</tr>
<tr>
<td>QNB</td>
<td>234</td>
</tr>
<tr>
<td>FAB</td>
<td>199</td>
</tr>
<tr>
<td>ADCB</td>
<td>134</td>
</tr>
<tr>
<td>Bank</td>
<td>122</td>
</tr>
</tbody>
</table>

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Source: Company information, FactSet, Qanda, Central Banks of GCC countries. Preliminary pro forma financials for ADCB, UNB and Al Hilal Bank take into account intercompany eliminations. Rankings based on consolidated financials, including international subsidiaries and participations. Exchange rates from local currencies to USD as of 30 September 2018 for Q3 2018 numbers and as of 28 January 2019 for market capitalisations.

(1) Based on total assets of US$ 773 bn as of Q3 2018, as per the UAE Central Bank.
(2) Includes Al Hilal Bank at AED 1.0 bn.
B. The combination will also create the 2\textsuperscript{nd} largest retail lender and the 3\textsuperscript{rd} largest Islamic banking franchise in the UAE

**Ranking of UAE banks in retail loan size, Q3 2018**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Retail loans(^{(1)}) (AED bn)</th>
<th>Market share(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADCB+UNB+Al Hilal Bank</td>
<td>71</td>
<td>21%</td>
</tr>
<tr>
<td>ADIB</td>
<td>51</td>
<td>15%</td>
</tr>
<tr>
<td>Emirates NBD</td>
<td>40</td>
<td>12%</td>
</tr>
<tr>
<td>ADCB</td>
<td>38</td>
<td>11%</td>
</tr>
<tr>
<td>Finacebank</td>
<td>37</td>
<td>11%</td>
</tr>
<tr>
<td>Bank of Commerce</td>
<td>27</td>
<td>8%</td>
</tr>
<tr>
<td>Mashreq</td>
<td>20</td>
<td>6%</td>
</tr>
<tr>
<td>Bank of the Islamic Emirate</td>
<td>17</td>
<td>5%</td>
</tr>
<tr>
<td>ADIB+UNB+Al Hilal Bank</td>
<td>9</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Ranking of UAE banks in Islamic loan size, Q3 2018**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Islamic loans(^{(1)}) (AED bn)</th>
<th>Market share(^{(3)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADCB+UNB+Al Hilal Bank</td>
<td>123</td>
<td>26%</td>
</tr>
<tr>
<td>ADIB</td>
<td>82</td>
<td>17%</td>
</tr>
<tr>
<td>Mashreq</td>
<td>61</td>
<td>13%</td>
</tr>
<tr>
<td>Emirates NBD</td>
<td>57</td>
<td>12%</td>
</tr>
<tr>
<td>ADIB+UNB+Al Hilal Bank</td>
<td>32</td>
<td>7%</td>
</tr>
<tr>
<td>FAB</td>
<td>27</td>
<td>6%</td>
</tr>
<tr>
<td>mashreq</td>
<td>24</td>
<td>5%</td>
</tr>
<tr>
<td>Bank of the Islamic Emirate</td>
<td>23</td>
<td>5%</td>
</tr>
<tr>
<td>ADIB</td>
<td>12</td>
<td>3%</td>
</tr>
<tr>
<td>mashreq</td>
<td>8</td>
<td>2%</td>
</tr>
<tr>
<td>Bank of the Islamic Emirate</td>
<td>6</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Monthly Banking Indicators - UAE Central Bank, company financials.

\(^{(1)}\) Group level numbers as per Q3 2018 financial statements. 2017 year end numbers have been used where Q3 2018 financial statements are not available.

\(^{(2)}\) Market size based on Monthly Banking Indicators published by the UAE Central Bank. Total gross credit balance of Individuals as of 30 September 2018 considered as retail.

\(^{(3)}\) Total Islamic loans have been calculated based on the total loan size of Islamic banks in the Monthly Banking Indicators published by the UAE Central Bank (gross credit balance of Islamic banks), and Islamic loan size of conventional banks as per financial statements.
C. Larger, stronger and resilient bank better positioned to face regulatory changes

**Large capital base**

Capital and CAR ratio

<table>
<thead>
<tr>
<th></th>
<th>ADCB</th>
<th>UNB</th>
<th>Al Hilal Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR</td>
<td>16.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AED bn</td>
<td>35.8</td>
<td>20.2</td>
<td>6.1</td>
</tr>
</tbody>
</table>

**Diversified funding structure**

Funding structure

- AED 363 bn
- AED 273 bn

Customer deposits split

- CASA 35%
- Time deposits 65%
- Customer deposits 75%
- Wholesale funding 18%
- Other liabilities (1) 7%

**Self-funded balance sheet**

Net loans to deposit ratio

<table>
<thead>
<tr>
<th></th>
<th>ADCB</th>
<th>UNB</th>
<th>Al Hilal Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>97.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>94.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>96.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>96.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Strong credit ratings**

<table>
<thead>
<tr>
<th>Source</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Global Ratings</td>
<td>A-</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Aa3 Aa3 A2</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>A+ A+ A+</td>
</tr>
</tbody>
</table>


(1) Includes derivative financial instruments.

(2) Unsolicited rating of ADCB by Moody’s.
D. The combined entity will provide distinctive offering to a larger and more diversified customer base

Distinctive offering

- State-of-the-art award-winning cash management proposition and leading trade and FX offering
- Sizeable access to wholesale funding
- Large expat customer base
- Recently revamped top-notch IT systems providing an ideal platform for a cutting edge digital transformation

- Extensive branch network with strong presence in strategic locations
- Track record in serving government and GRE clients across loans and deposits
- Strong retail operations in the UAE and selective international presence

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

Gross loans by economic sector

- Personal (25%)
- Corporate (52%)
- Government and GREs (9%)
- Financial Institutions (14%)

Gross loans (conventional & Islamic)

- Islamic (78%)
- Conventional (22%)

Source: Company financials as of Q3 2018.
### E. Culture and talent development

#### Differentiated culture and excellence in people development

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Performance-oriented and merit-based culture with a focus on strong values</td>
<td><strong>4.</strong> Advancement of banking capability in the UAE financial sector at a larger scale</td>
</tr>
<tr>
<td><strong>2.</strong> Strong focus on compliance and regulation, including risk management practices</td>
<td><strong>5.</strong> Increased investment in capability-building programmes and employee development</td>
</tr>
<tr>
<td><strong>3.</strong> Expanded employees growth platform and opportunity for promotion</td>
<td><strong>6.</strong> Comprehensive developmental plans designed for career and leadership growth of both expats and UAE nationals</td>
</tr>
</tbody>
</table>

High performance and a **compliance-focused** culture combined with **enlarged investment** in employee development is central to our ability to maintain **sustainable growth**
Section 4
Ambition for the combined bank
Strategic intent of the combined entity – pursue profitable growth

**Ambition**
- Continue to create value for our shareholders
- Achieve strong profitable growth
- Maintain a leading position in the UAE market
- Sustain best in class customer services, products and digital offering
- Continue developing a strong Islamic platform
- Nurture our talents

**Strategic businesses**

<table>
<thead>
<tr>
<th>Strategic businesses</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale Banking</td>
<td>- Increase wholesale financing to large and growing corporate clients by leveraging larger balance sheet and competitive cost of funds in the steady state</td>
</tr>
<tr>
<td></td>
<td>- Boost deposit and CASA business by delivering the bank’s distinctive cash management proposition to a wider base</td>
</tr>
<tr>
<td></td>
<td>- Support UAE SMEs and Mid Caps by cross selling our capabilities, especially digital, across a larger market share</td>
</tr>
<tr>
<td>Consumer Banking</td>
<td>- Consolidate the leading retail bank’s position by offering innovative products, superior customer experience and omnichannel access</td>
</tr>
<tr>
<td></td>
<td>- Expand loan, card and deposit market share using data-driven customer insights and digital delivery</td>
</tr>
<tr>
<td>Islamic Banking</td>
<td>- Expand range of Shari’ah-compliant products for retail and corporate customers, with an emphasis on digital solutions</td>
</tr>
</tbody>
</table>

**Strategic enablers**

<table>
<thead>
<tr>
<th>Strategic enablers</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance, Risk, and Compliance</td>
<td>- Instill robust group corporate governance practices</td>
</tr>
<tr>
<td></td>
<td>- Elevate risk management practices (risk-based pricing, concentration management, etc.)</td>
</tr>
<tr>
<td></td>
<td>- Follow a disciplined and stringent compliance approach</td>
</tr>
<tr>
<td>Technology and Operations</td>
<td>- Integrate systems, applications and back-office operations to the largest extent allowed by regulatory and Shari’ah requirements</td>
</tr>
<tr>
<td></td>
<td>- Invest in new technology and infrastructure to support the digital transformation</td>
</tr>
<tr>
<td>People and Culture</td>
<td>- Embrace and deepen a performance-oriented and merit-based culture</td>
</tr>
<tr>
<td></td>
<td>- Further invest in capability building and people development programs</td>
</tr>
</tbody>
</table>
Section 5
Integration process
High level integration timeline and milestones

Around 2 to 3 years from announcement to achieve target end state

**Proposed timing**

<table>
<thead>
<tr>
<th>Announcement</th>
<th>Closing</th>
<th>Operational merger</th>
<th>Operational target end state</th>
</tr>
</thead>
<tbody>
<tr>
<td>~3-4 months</td>
<td>~5-7 months</td>
<td>~19-23 months</td>
<td></td>
</tr>
</tbody>
</table>

**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

**Integration phase 1**
- Activate integration governance and processes
- Implement target operating model and organisational structure
- Initiate optimisation of branch and ATM network
- Commence brand integration, where applicable
- Initiate implementation of synergy capture plan
- Initiate integration of key function and processes

**Integration phase 2**
- Finalise target operating model and organisational structure
- Harmonise policies, procedures and processes
- Integrate all IT infrastructure and applications
- Integrate all business, control and support functions
- Integrate data management and accounting systems

Around 2 to 3 years from announcement to achieve target end state
Throughout the integration, we will continue to protect our existing business and customer base, build on it, and expand into new profitable opportunities.

**Protect**
- Communicate pro-actively to all stakeholders throughout all stages of the integration
- Follow a clear path to closing to ensure a seamless customer experience
- Design the merger integration teams in an optimal way to curtail the impact on the business as usual

**Build**
- Extend comprehensive product offering from the combined entity to the entire client base
- Leverage the IT infrastructure and applications landscape to turbo-charge the digital transformation

**Grow**
- Actively pursue profitable growth of market share in wholesale and consumer segments by introducing an expansive set of digital products and services and seamless customer experience
- Pursue profitable growth in the Islamic banking segment leveraging the distinctive Islamic banking franchise
- Diversify income by identifying fee-based profitable opportunities
Section 6
Key financial highlights
Pre-transaction pro forma financials indicate strong combined financial metrics

The table below presents the Q3 2018 financial metrics for ADCB, UNB, Al Hilal Bank, and their combined figures:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>273</td>
<td>105</td>
<td>43</td>
<td>420</td>
</tr>
<tr>
<td>Net loans</td>
<td>165</td>
<td>69</td>
<td>29</td>
<td>264</td>
</tr>
<tr>
<td>Total deposits</td>
<td>170</td>
<td>73</td>
<td>31</td>
<td>273</td>
</tr>
<tr>
<td>Net interest margin(1)</td>
<td>3.1%</td>
<td>2.9%</td>
<td>2.9%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Cost/Income</td>
<td>33.8%</td>
<td>34.2%</td>
<td>57.0%</td>
<td>36.0%</td>
</tr>
<tr>
<td>Net profit 9M 2018</td>
<td>3.5</td>
<td>1.3</td>
<td>0.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Non performing loans ratio</td>
<td>3.0%(2)</td>
<td>3.7%</td>
<td>10.9%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Provision coverage ratio</td>
<td>133.0%(2)</td>
<td>131.2%</td>
<td>78.4%</td>
<td>115.9%</td>
</tr>
<tr>
<td>Net loans/deposits ratio</td>
<td>97.3%</td>
<td>94.8%</td>
<td>96.2%</td>
<td>96.5%</td>
</tr>
<tr>
<td>Tier 1 ratio</td>
<td>14.9%</td>
<td>18.7%</td>
<td>15.8%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Total capital adequacy ratio</td>
<td>16.9%</td>
<td>19.8%</td>
<td>17.0%</td>
<td>17.8%</td>
</tr>
</tbody>
</table>

Source: Company information as of 30 September 2018 and annualised for income statement figures. Preliminary pro forma financials for ADCB+UNB+Al Hilal Bank take into account intercompany eliminations.

Notes:
1. Annualised total net interest and Islamic financing income/average interest earning assets.
2. NPL ratio and impairment allowances for loans and advances to customers and banks.

Combined capital position excludes transaction impact.
A strategically important transaction for the UAE

Superior shareholder **value creation** through significant synergy potential

No. 3 bank in the UAE, well positioned to **support** the needs of the **UAE economy**

**Larger, stronger, resilient bank**, better positioned to face regulatory changes

Opportunity to provide wide range of **market-leading products** and services to a large customer base

**Strong Islamic banking platform** with high growth potential

**Larger scope for investment** in our people, technology and infrastructure

**A landmark transaction in the region’s banking industry**, beneficial to all stakeholders including shareholders, customers and employees
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Thank you