

Abu Dhabi Commercial Bank PJSC
ADCB Q4/FY 2019 Investor presentation

January 2020

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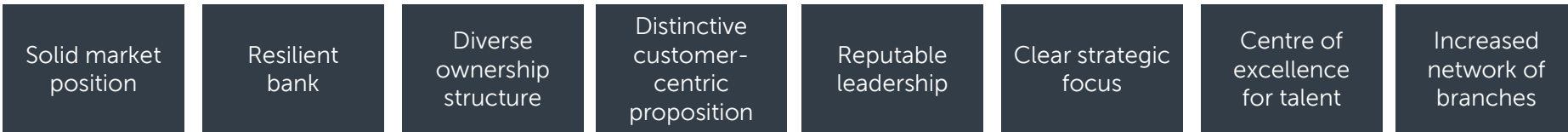
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Section 1

The ADCB Group

ADCB Group is a preeminent UAE-centric bank



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

- ▶ Resilient bank equipped for sustainable growth, efficiency maximisation, and navigation of regulatory changes
- ▶ Reaffirmation of credit ratings, reflecting the Bank's strong fundamentals

- ▶ 60% owned by the Abu Dhabi government through ADIC
- ▶ Growing share of foreign institutional ownership

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

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

- ▶ Continued focus on ADCB's strategy to create value for all stakeholders by pursuing profitable growth

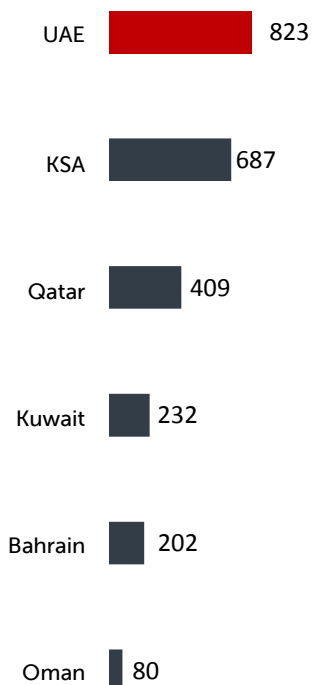
- ▶ Differentiated culture with strong focus on corporate values
- ▶ Strong platform for talent development

- ▶ Combined network of 72 branches and over 450 ATMs across the UAE

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

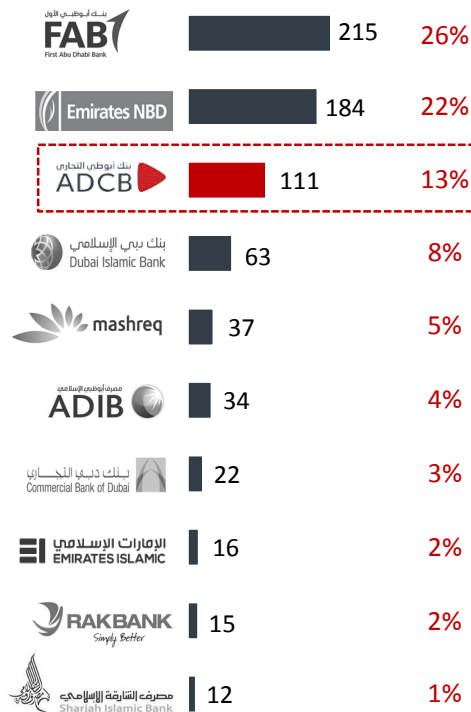
Banking sector assets in the GCC

As of September 2019¹ (US\$ bn)



Total assets top 10 UAE banks

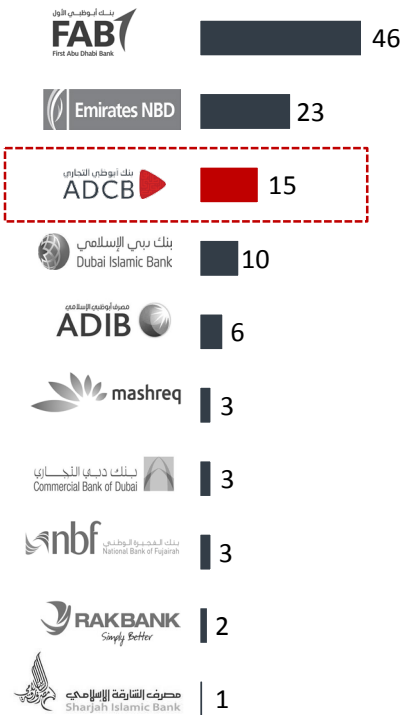
As of September 2019 (US\$ bn)



Market share² %

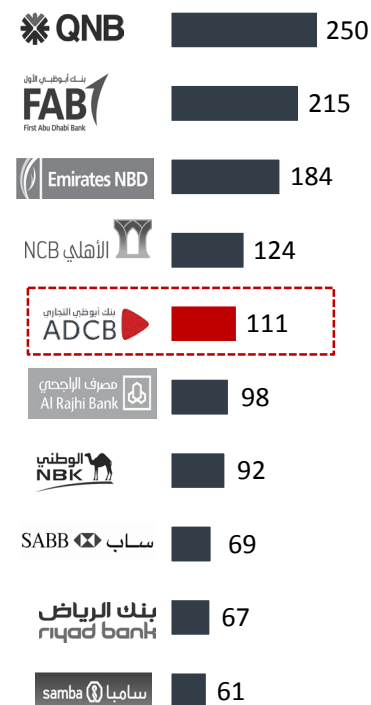
Market cap top 10 UAE banks

As of 22 January 2020 (US\$ bn)



Total assets top 10 GCC banks

As of September 2019 (US\$ bn)



Note:

Rankings are based on consolidated financials, including international subsidiaries and participations
Exchange rates from local currencies to USD as of 30 September 2019 for Q3 2019 numbers (reflected in ranking by total assets)

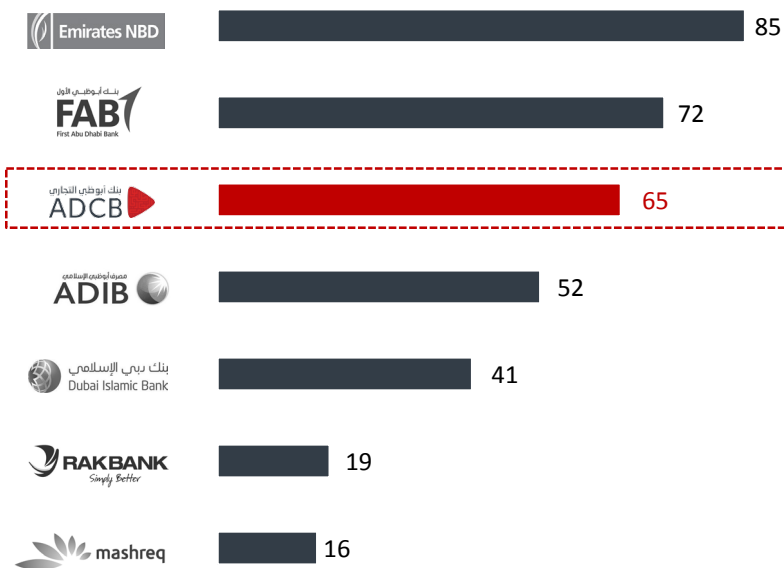
¹ September 2019 data for the UAE and Qatar. November 2019 data for KSA, Kuwait, Bahrain and Oman ² Based on total assets of US\$ 823 bn as of Sept 2019, as per the UAE Central Bank

Source: Capital IQ, Bloomberg, Abu Dhabi Securities Exchange, Central Banks of GCC countries, Pro forma financials for the ADCB Group

Solid market position: ADCB is the 3rd largest retail lender and the 4th largest Islamic banking franchise in the UAE

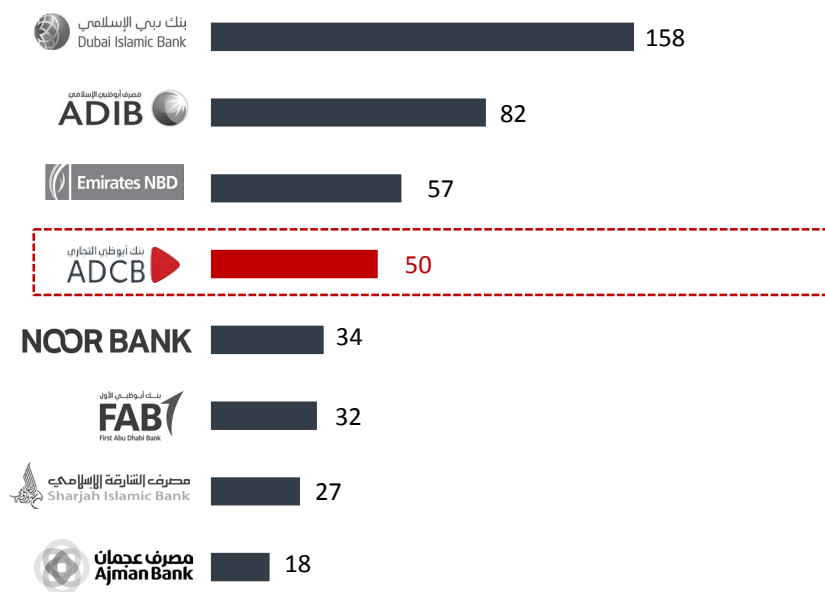
Retail loan size, as of September 2019

Gross retail loans¹ (AED bn)



Islamic loan size, as of September 2019

Gross Islamic loans (AED bn)



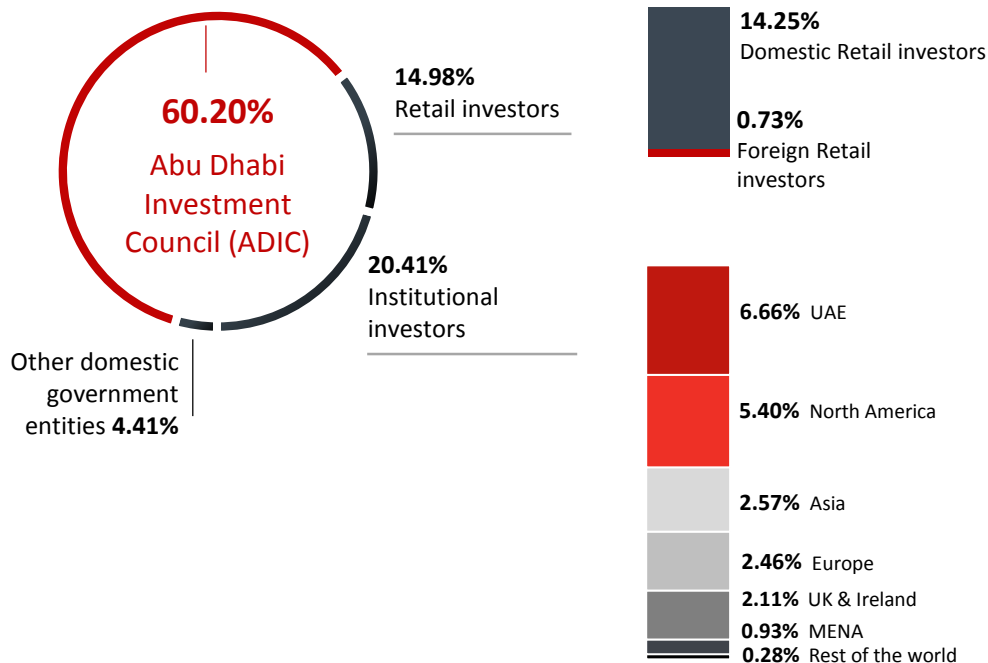
¹ Group level numbers as per financial statements. Economic sector breakdown has been used to estimate gross retail loans. Personal, individual, consumer, retail have been considered as part of retail loans.

If breakdown by economic sector has not been reported, product breakdown has been used to estimate the retail loans. Banks with loans below AED 15 bn have not been included in the rankings

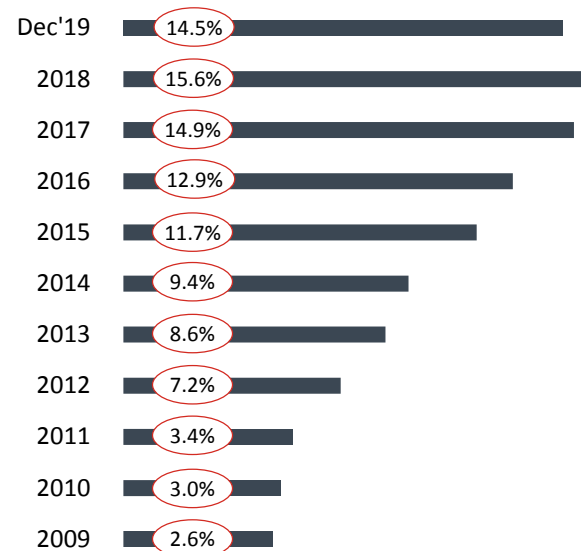
Source: Financial statements, pro forma preliminary financials for the ADCB Group

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

Strong share holding structure (As at 31 December 2019)



Growing foreign shareholder ownership



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

14.48%
Foreign ownership

39.80%
Free float

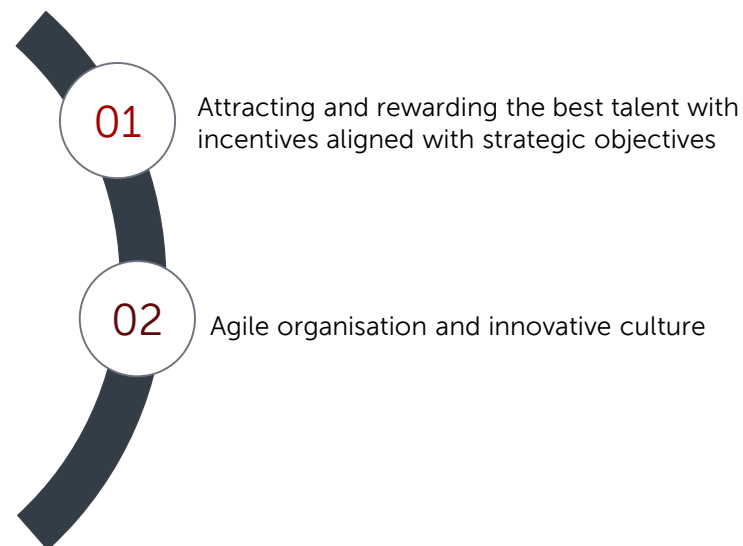
Shareholders from
79 countries

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

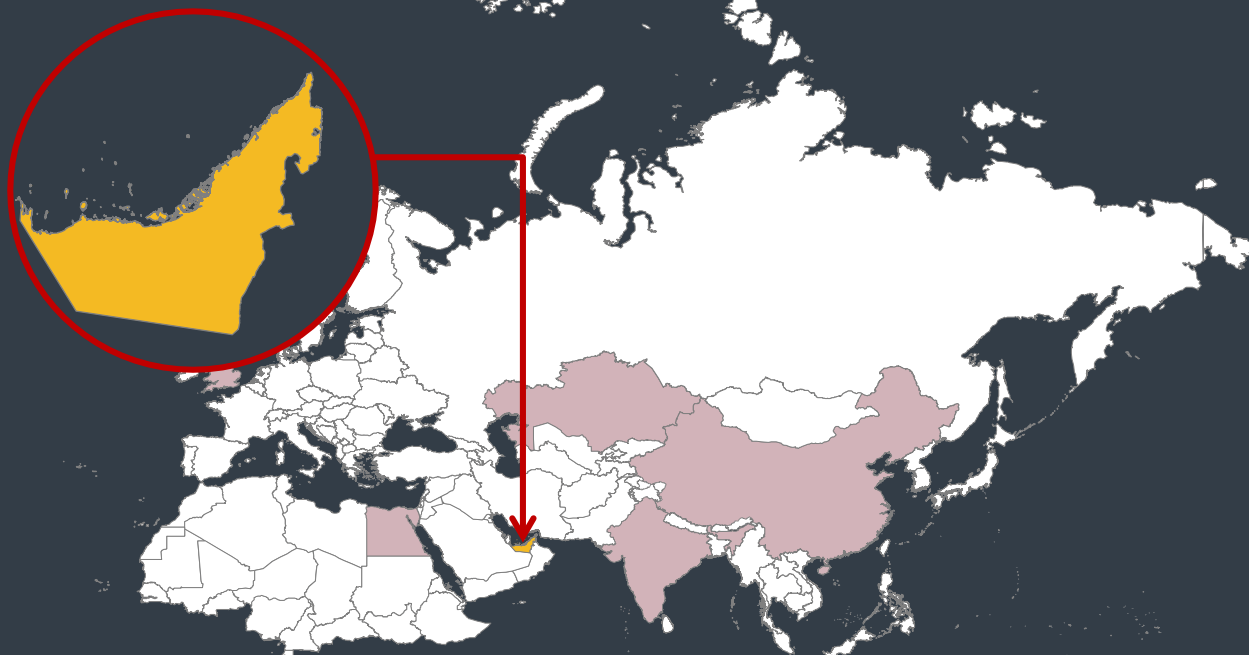
Strategic pillars



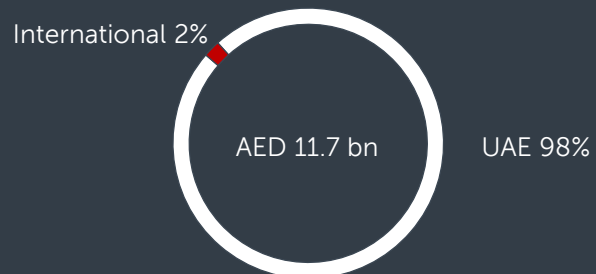
Enablers



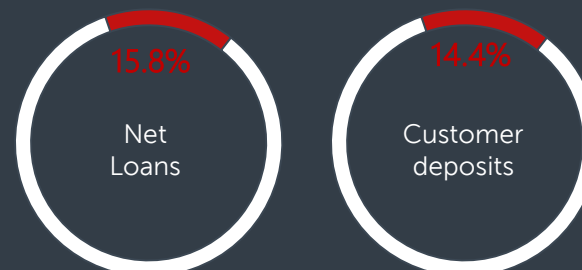
Clear strategic focus: Growing market share in our core market, the UAE



YTD'19 published revenue split



UAE market share by loans and deposits

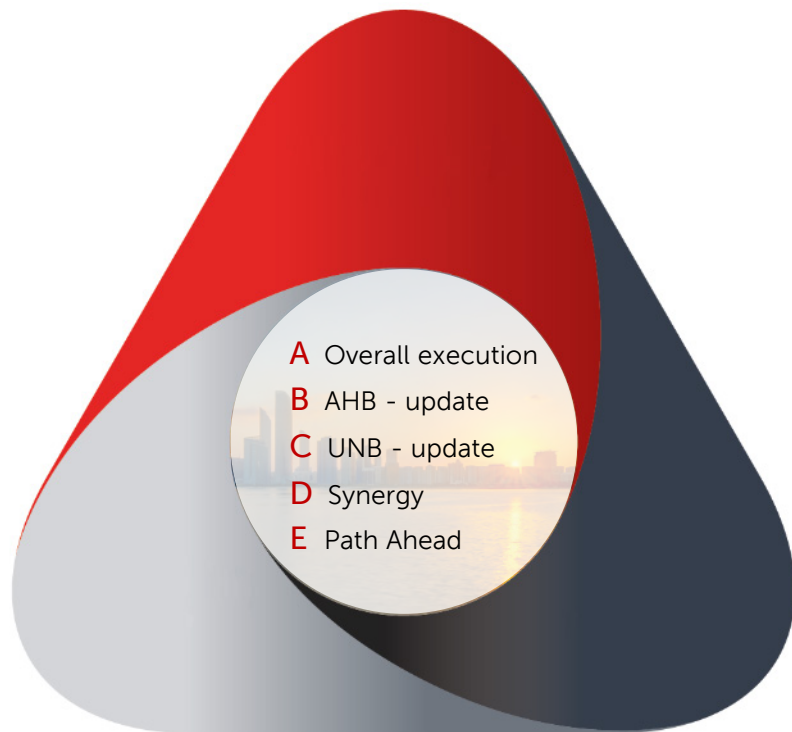


Source: UAE Central Bank data as at 30 Nov 2019

Section 2

Integration update

Key updates on the integration



- A** End-to-end **integration timeline reduced by half to ~17 months** from initial target. Integration currently in last phase

- B** Al Hilal Bank's (AHB) **integration 100% complete**, newly developed **digital strategy activated**

- C** Union National Bank's (UNB) **integration is running smoothly and ahead of schedule**

- D** Synergy potential revised upwards in October 2019 to AED 840 million from AED 615 million, **AED 350 million (42%) reflected on P&L to date**

- E** Critical milestones of **Operational Merger¹ completion on track to be finished by Q2'20**

¹Operational Merger entails the integration of ADCB and UNB's respective IT systems

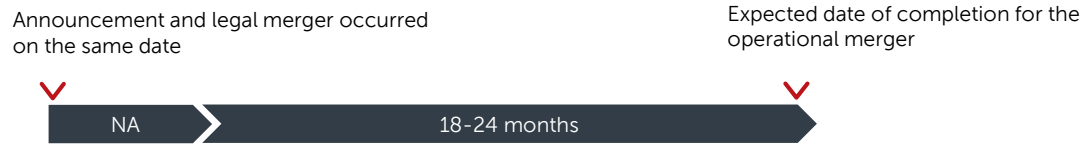
Beating peer benchmarks, end-to-end integration timeline reduced by half to 17 months from initial target

Banks

Merger timelines



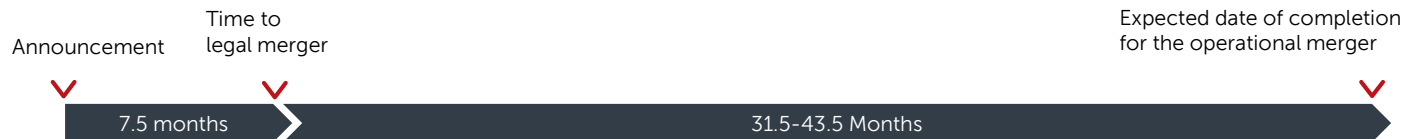
Regional peer benchmark 1



Regional peer benchmark 2



Regional peer benchmark 3



Source: Company investor presentations



We are in the last phase of the integration

✓ Completed ⚡ In progress

Timeline



Key high level integration elements

Pre-closing	Integration phase 1	Integration phase 2
<ul style="list-style-type: none"> ▶ 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 	<ul style="list-style-type: none"> ▶ Activate integration governance and processes ▶ Launch target operating model and organisational structure ▶ Initiate optimisation of branches and ATMs networks ▶ Activate branch and ATM interoperability¹ ▶ Commence brand integration ▶ Initiate implementation of synergy capture plan 	<ul style="list-style-type: none"> ▶ Reach end-state operating model and organisational structure ✓ ▶ Key policies harmonised ✓ ▶ Revision of procedures and processes ⚡ ▶ Integrate all IT infrastructure, applications and data management ⚡ ▶ Optimise network of subsidiaries and overseas branches ⚡

¹ Branch interoperability refers to any customer, whether ADCB or former UNB, being able to access the combined network of 72 branches and over 450 ATMs



Key achievements of Al Hilal Bank integration in 2019



Appointed new board



Appointed a new CEO, **Abdul Shakeel Aidaroos**, bringing **25+ years of banking experience** and deep expertise in **retail banking, digital innovation and risk management**



Finalised and activated **detailed digital first retail Islamic banking strategy**



Optimised **physical customer channels** (ATMs/Branches) and removed **ATM withdrawal fees** across three banks



Completed **100% of Wholesale and SME portfolio migration** to ADCB



Completed 100% of the treasury portfolio migration to ADCB (within 1 month from Legal Day 1)



Consolidated financial reporting, regulatory reporting and harmonised credit policies across all entities



Institutionalised **target end state operating model and organisational structure** leveraging the strengths of ADCB



Key achievements of Union National Bank integration in 2019



- Ensured a smooth launch of **Customer Day 1¹** without compromising customer experience:
- ▶ Rationalised the new Group's entire **branch and ATM network** and **activated interoperability**
 - ▶ Rolled out the **ADCB brand** across all physical and digital channels
 - ▶ Sent **communications informing customers** of relevant changes



Transitioned to end state organisation structure, establishing a **leaner franchise**



Completed 100% of the treasury portfolio migration to ADCB (within 1 month from Legal Day 1)



Migrated **~50% of former UNB Corporate portfolio** (approx. AED 18 billion of corporate portfolio)



Consolidated financial, regulatory reporting and **harmonised credit policies** across all entities



Ran a comprehensive **organisational and cultural health survey** across ADCB and UNB, with high participation rates, registering robust results

¹ Customer Day 1 refers to the first day that former UNB customers become ADCB customers from a branding perspective



Revised synergy targets are significantly higher than initial estimates, realised synergies of AED 350 million to date

Major synergy drivers

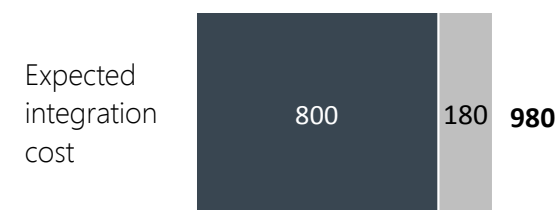
- ▶ **Manpower:** Cost efficiency gains achieved through **manpower optimisation, productivity enhancements and economies of scale**
- ▶ **Physical channels:** Improved coverage, customer service and efficiency through **branch and ATM optimisation**
- ▶ **IT:** Cost efficiency and higher stability of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

Realised synergies AED million



- ~46% of smaller banks' cost base
- ~18% of Group's cost base¹

Incurred integration cost AED million



- ~117% of cost synergies
- ~13% lower than first announcement

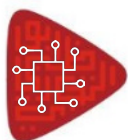
■ Previously committed ■ Revised additions in Oct'19 ■ Realised to date

¹ Increased from 13% since the transaction presentation



The full integration set to be completed by Q2'20

Key next steps for ADCB-UNB integration



Continue IT infrastructure and applications integration (building on existing momentum)



Optimise subsidiaries and overseas branch network



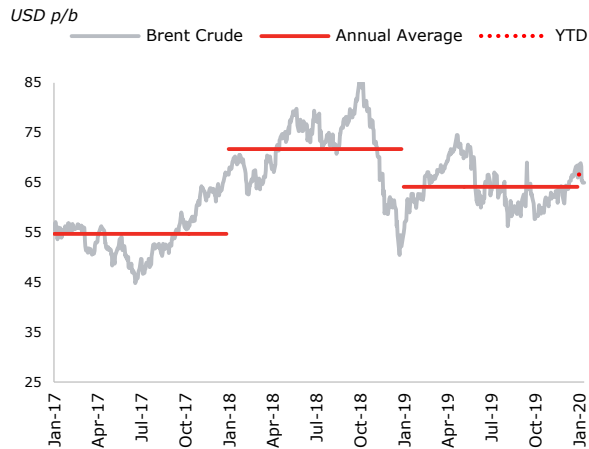
Continue implementation of cultural integration initiatives

Section 3

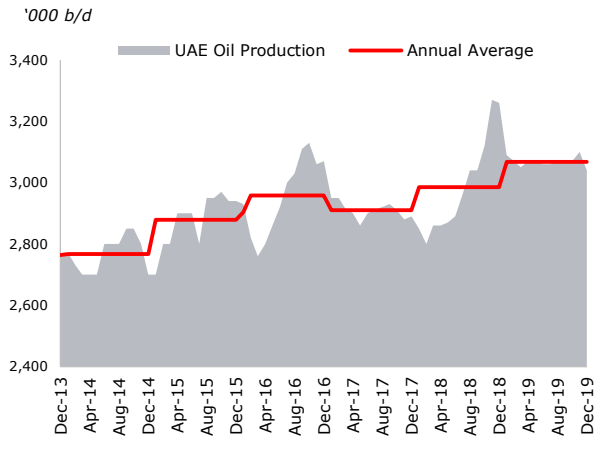
Operating environment

Economic activity

Crude prices have found some support since end-2019, with OPEC+ cuts and reduced global demand concerns

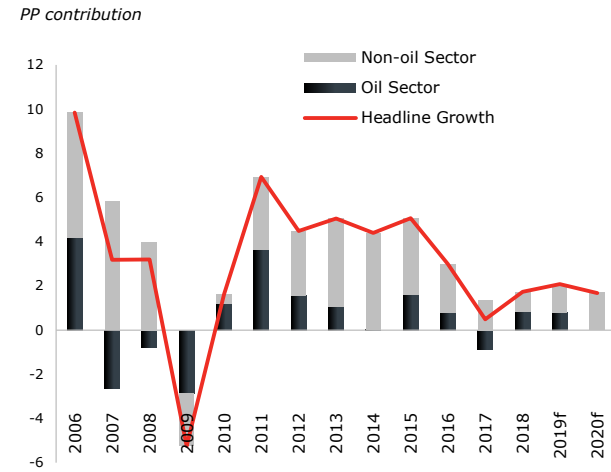


Source: Bloomberg, ADCB estimates



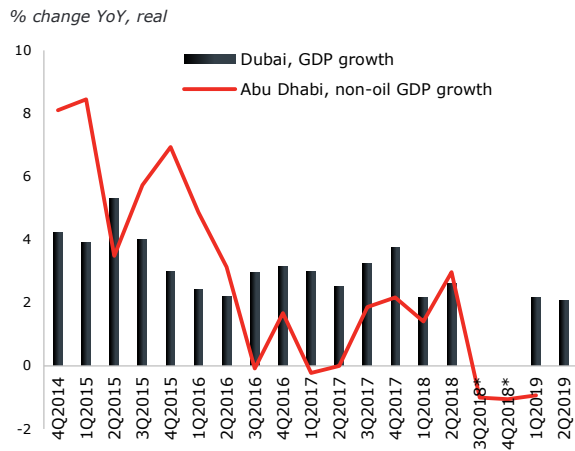
Source: Bloomberg

Non-oil activity to be the key driver of real GDP growth in 2020



Source: UAE National Bureau of Statistics, ADCB estimates

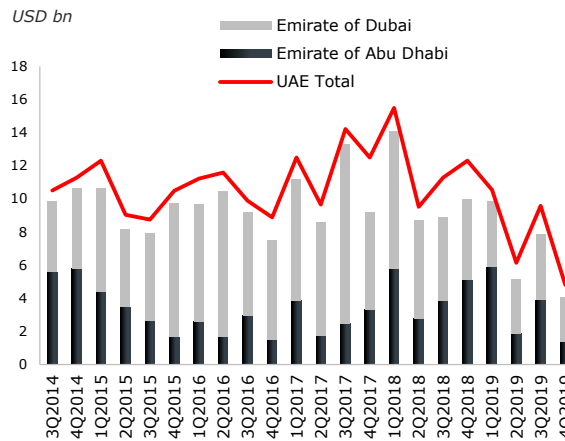
Real GDP growth by Emirate



* Dubai has not released quarterly data for 3Q and 4Q2018 but annual data published showed that real GDP growth slowed to 1.9% in 2018 from 3.1% in 2017

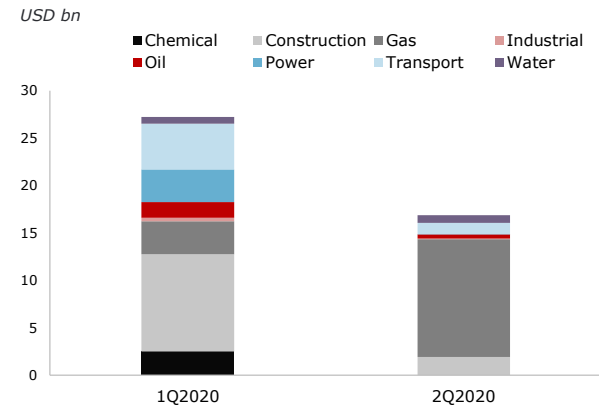
Source: Statistics Centre Abu Dhabi, Dubai Statistics Centre

Project awards by Emirates



Source: Meed projects, ADCB estimates

Outlook for project awards

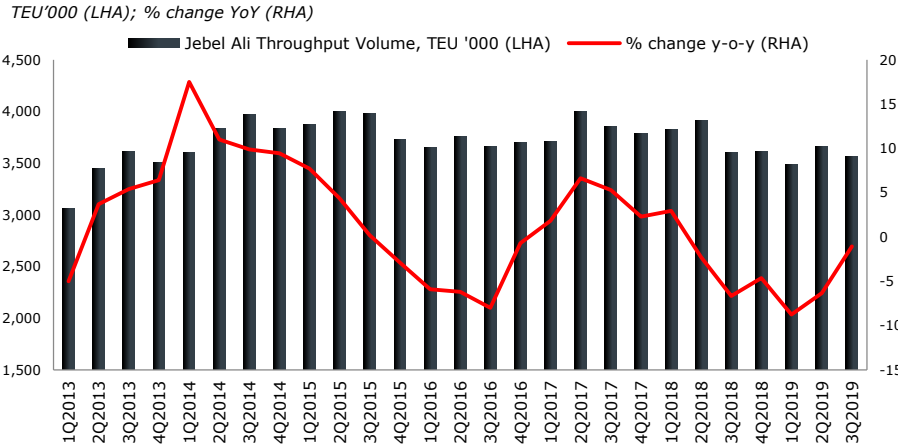


Source: Meed projects, ADCB estimates

Non-oil activity to be the key driver of real GDP growth in 2020

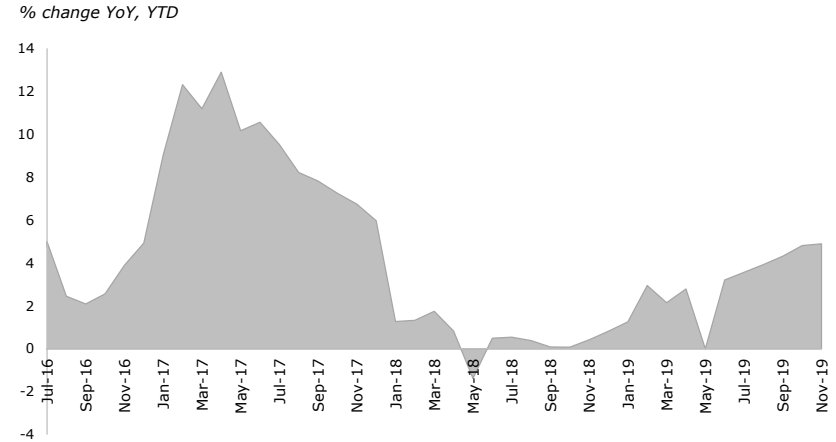
External sector

Challenging macro and global growth backdrop reflected in port volume data



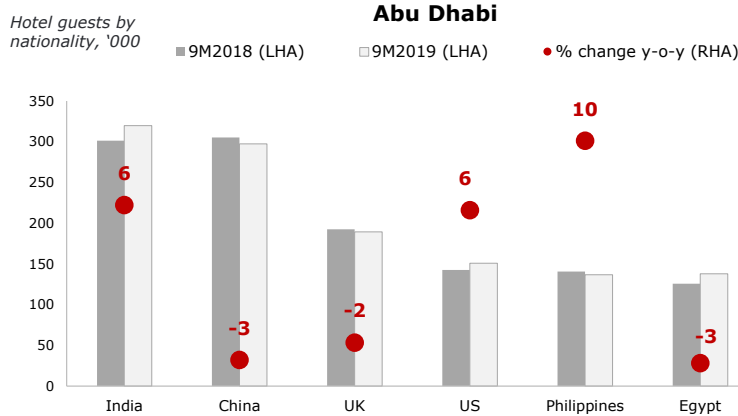
* TEU: Twenty-foot equivalent units
Source: DP World

Dubai visitors growth rising gradually in 2019, supported by price discounting

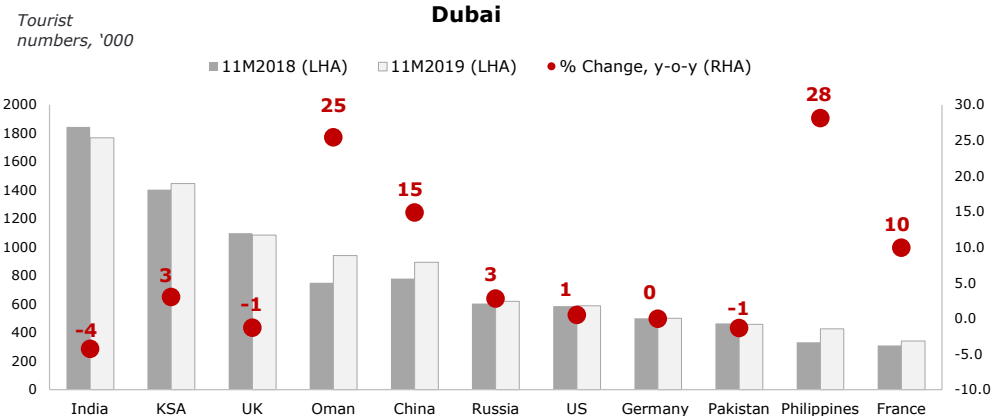


Source: Dubai Department of Tourism and Commerce Marketing

Strong USD impacting tourism – Ongoing price discounting by hotels



Source: Abu Dhabi Tourism and Culture Authority, ADCB calculations



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

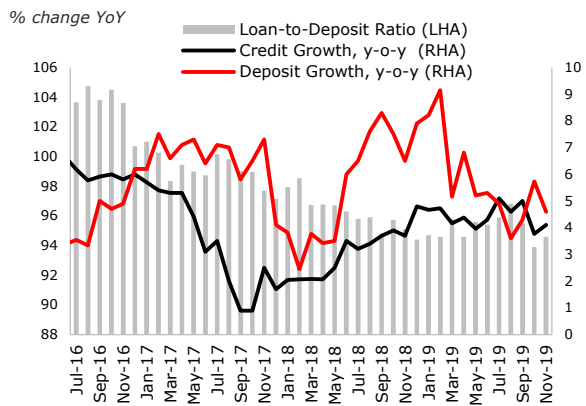
External headwinds continuing

Banking sector overview

Banking sector liquidity remains comfortable

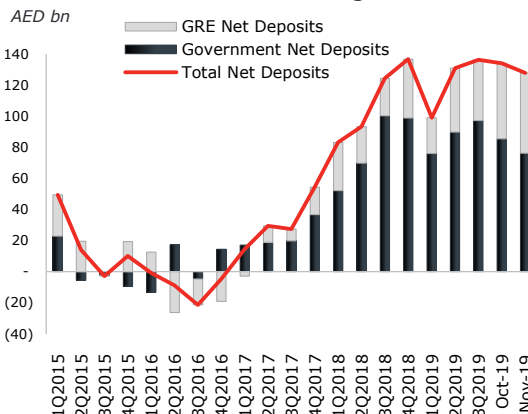
FED expected to remain on hold after 75bps cuts in 2019

Deposit growth outpaced credit growth in October & November

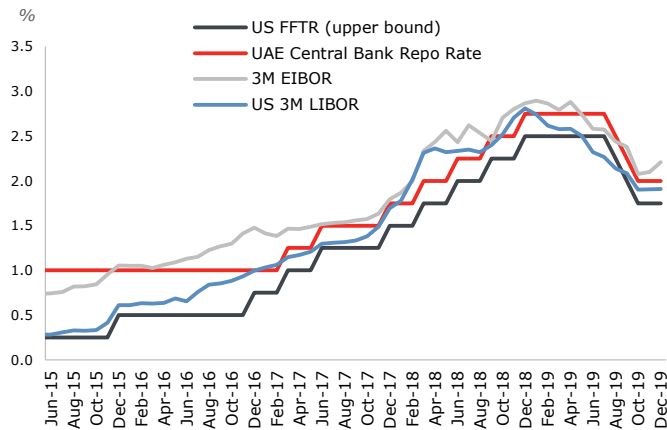


Source: Central Bank of the UAE

Government and GREs net deposits remain high

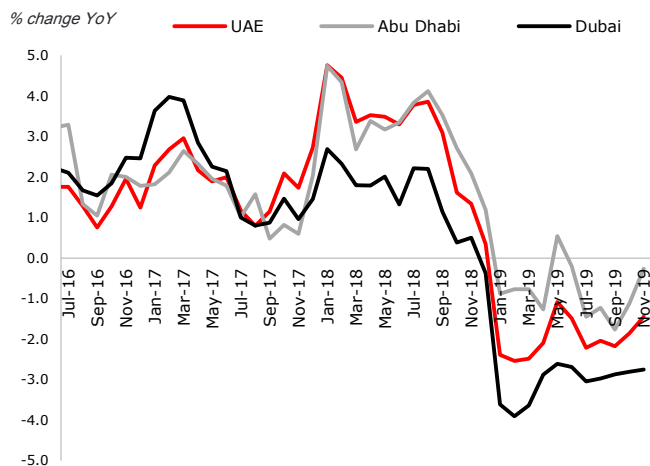


Source: Central Bank of the UAE, ADCB calculations



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	64.2	62.5
Average Oil Production, mn bpd	2.77	2.9	2.96	2.91	2.98	3.07	3.07
GDP at Current Market Prices, USD bn	403	358	357	378	415	406	412
Real GDP Growth Rate, %	4.3	5.1	3	0.5	1.7	2.1	1.7
Real Non-Oil GDP Growth Rate, %	6.2	5.1	3.3	1.9	1.3	1.8	2.4
CPI Inflation, % average	2.3	4.1	1.7	2.0	3.1	(2.0)	0.2
Budget Balance, USD bn	7.7	(12.1)	(7.2)	(6.2)	9.5	(1.4)	(6.4)
Budget Balance, % of GDP	1.9	(3.4)	(2.0)	(1.6)	2.3	(0.3)	(1.5)
Trade Balance, USD billion	108.4	76.6	68.4	79.2	90.9	84.7	80.9
Current Account, % of GDP	13.3	4.9	2.6	7.0	7.9	6.1	5.1
Growth in Credit to the Private Sector, %	11.7	8.4	5.5	3	4	1.0	1.5

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

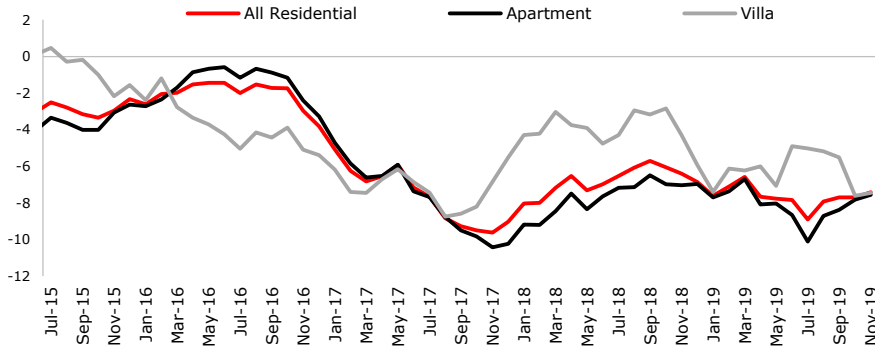
Banking sector liquidity remains comfortable

UAE property overview

Abu Dhabi sale and rental prices continued to contract in 11M 2019

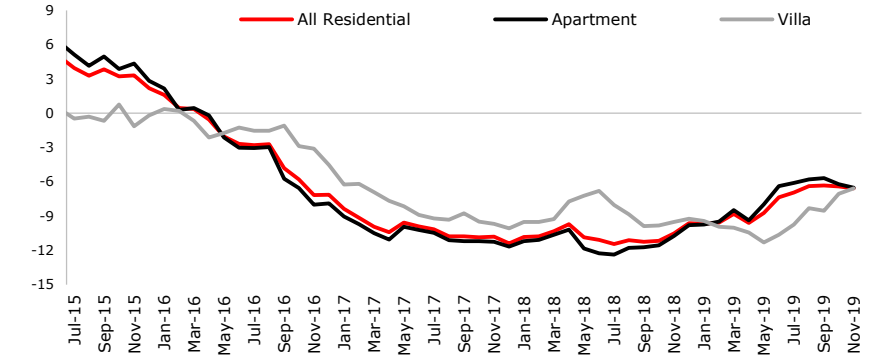
% change YoY

Abu Dhabi sale prices



% change YoY

Abu Dhabi rental prices



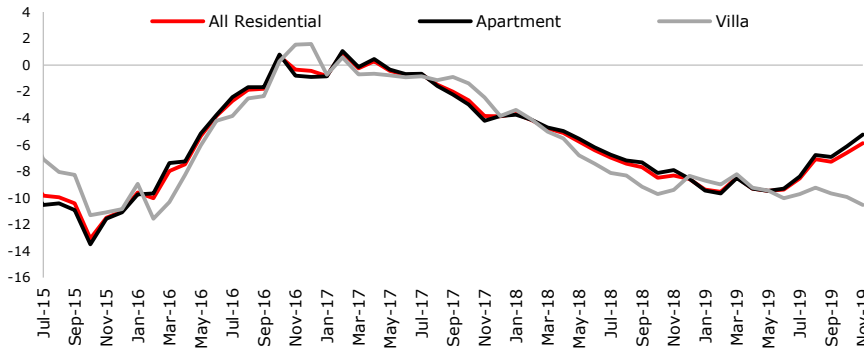
Source: Reidin, ADCB calculations

Source: Reidin, ADCB calculations

Fall in Dubai property sale prices showing signs of gradual moderation

% change YoY

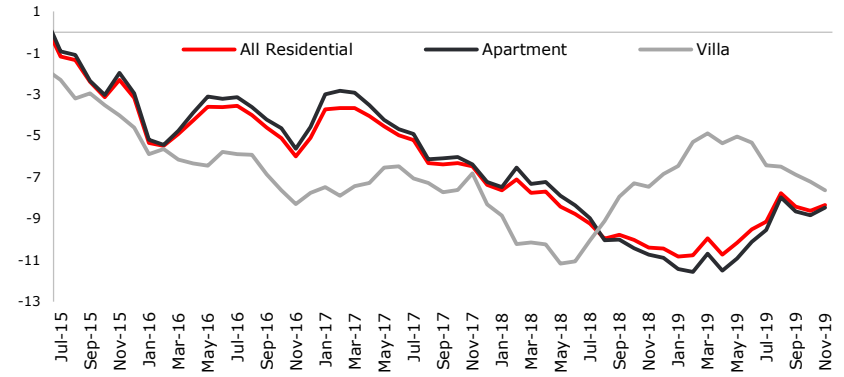
Dubai sale prices



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

Pro-forma financial statement are most relevant comparatives in the current scenario

Pro-forma financial statements are the only meaningful comparatives.

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 December 31, 2019, as if the merger had taken place as at January 1, 2018, and its unaudited pro forma condensed consolidated income statement for the year ended December 31, 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 January 1, 2018 and on the historical consolidated income statement for the year ended December 31, 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 December 31, 2018.

2019 key highlights

✓ High shareholder value creation potential



405 AED bn
Total assets



5.2 AED bn
Pro-forma net profit

✓ Resilient bank with measured growth



250 AED bn
Net loans and advances



262 AED bn
Customer deposits

✓ Strong metrics



Over
1mn
Number of customers



840 AED mn
Annual run-rate cost synergies

Balance sheet highlights

Balance sheet (AED mn)	Year on year		Change %
	Dec'19	Dec'18	YoY
Total assets	405,135	423,419	(4)
Net loans and advances	250,017	260,340	(4)
Investment securities	73,440	73,942	(1)
Deposits from customers	262,094	285,417	(8)
Borrowings (including ECP)	53,944	53,512	1
Total shareholders' equity	55,638	51,020	9

Components may not sum exactly to totals because of rounding

Key highlights

- ▶ Total assets declined 4% to AED 405 billion and net loans to customers declined 4% to AED 250 billion mainly due to corporate repayments and fair value adjustments
- ▶ Deposits from customers decreased 8% to AED 262 billion mainly due to the Bank's strategic decision to exit expensive time deposits and increase low cost CASA deposits

Resilient balance sheet, significant increase in low-cost CASA deposits

Q4'19 Income statement highlights

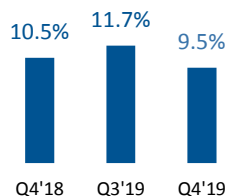
Income statement (AED mn)	Quarterly trend			Change %	
	Q4'19	Q3'19	Q4'18	QoQ	YoY
Total net interest and Islamic financing income	2,711	2,522	2,766	7	(2)
Non-interest income	583	749	444	(22)	31
Operating income	3,293	3,272	3,210	1	3
Operating expenses ¹	(1,285)	(1,279)	(1,314)	0	(2)
Operating profit before impairment allowances	2,008	1,993	1,896	1	6
Impairment allowances	(909)	(572)	(616)	59	48
Net profit for the period	1,048	1,413	1,244	(26)	(16)

Highlights (Q4'19 vs. Q4'18)

- ▶ Synergies and greater efficiencies resulted in a 2% decrease in operating expenses to AED 1.285 billion, and a decrease of 9% when excluding one-off integration related costs
- ▶ Operating profit before impairment allowances increased 6% to AED 2.008 billion, and increased 10% excluding integration related costs
- ▶ Net profit for the quarter was 16% lower at AED 1.048 billion and 9% lower excluding integration related costs, mainly due to higher impairment charges
- ▶ The one-off increase in Q4'19 impairment charges was primarily on account of a true-up on retail impairments post acquisition date after apportioning into fair value adjustments and impairment charges

Return on average tangible equity² (%)

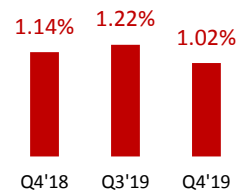
10.9% 12.7% 10.6%



Average tangible equity (AED bn)	Q4'18	Q3'19	Q4'19
	46	43	44

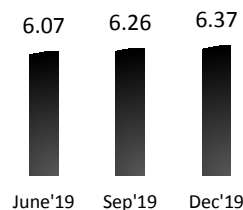
Return on average assets² (%)

1.18% 1.32% 1.15%



Average assets (AED bn)	Q4'18	Q3'19	Q4'19
	422	412	406

Tangible book value per share (AED)



Total number of shares
6.957 billion

Excluding one-off integration-related costs

¹ Operating expenses include non-recurring expenses pertaining to integration-related costs of AED 129 million in Q4'19, AED 107 million in Q3'19, AED 72 million in Q2'19, AED 38 million in Q1'19 and AED 46 million in Q4'18

² Annualised, 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

Merger benefits materialising in Q4'19 through sustainable reduction of cost base

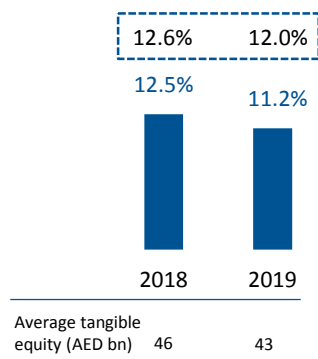
2019 Income statement highlights

Income statement (AED mn)	Yearly trend		Change %
	2019	2018	YoY
Total net interest and Islamic financing income	10,452	11,098	(6)
Non-interest income	2,760	2,687	3
Operating income	13,212	13,786	(4)
Operating expenses ¹	(5,235)	(5,126)	2
Operating profit before impairment allowances	7,977	8,660	(8)
Impairment allowances	(2,655)	(2,436)	9
Net profit for the period	5,244	6,126	(14)

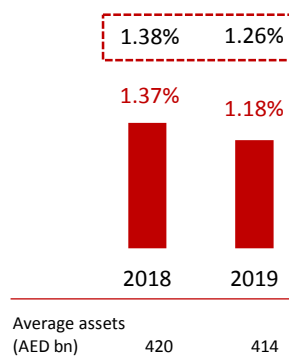
Highlights (YoY)

- ▶ Full year net profit was AED 5.244 billion, 14% lower. Net profit excluding integration related costs was 9% lower at AED 5.590 billion as improvements in operating expenses and higher non-interest income were offset by higher cost of funds and impairment charges
- ▶ Operating expenses were AED 5.235 billion, up 2%, primarily attributable to one-off integration-related expenses and continued investments in digital transformation
- ▶ Excluding one-off integration related costs, operating expenses decreased 4% to AED 4.889 billion

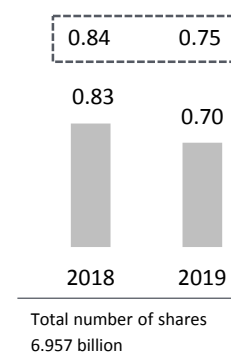
Return on average tangible equity² (%)



Return on average assets² (%)



Earnings per share (AED)



* Excluding one-off integration-related costs

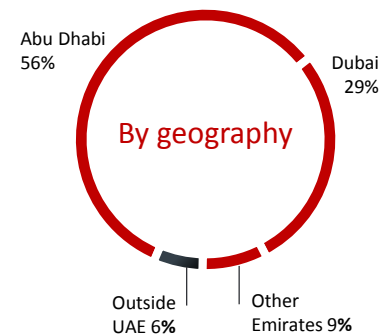
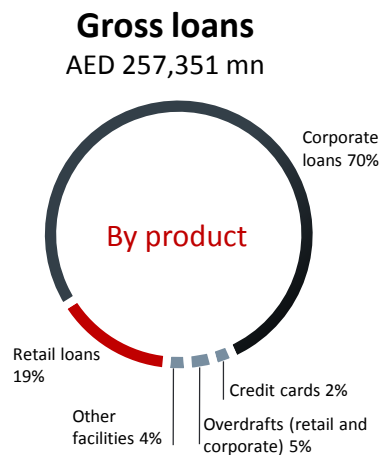
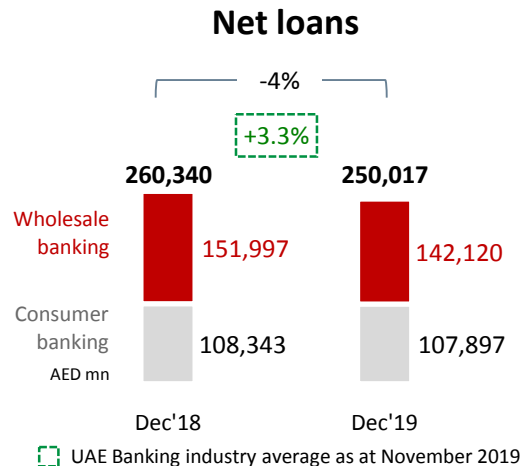
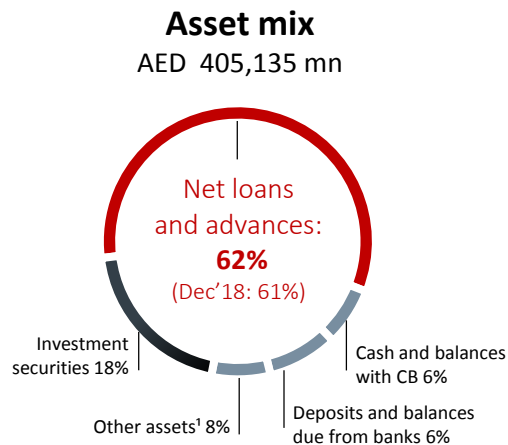
¹ Operating expenses include non-recurring expenses pertaining to integration-related costs of AED 346 million in 2019 and AED 46 million in 2018

² 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

Solid 12% return on average tangible equity* amid soft operating environment

Balance sheet metrics

Loan portfolio breakdown



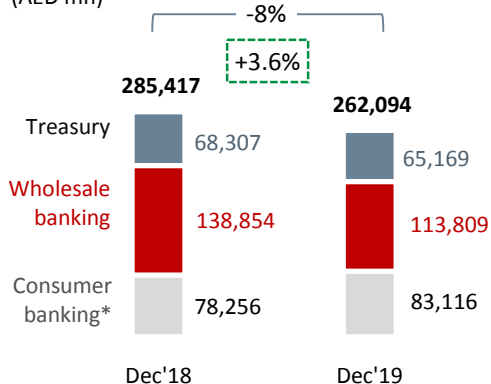
¹ Other assets include derivative financial instruments, investments in associate, investment properties, property and equipment (net), intangible assets, reverse repo placements and assets held for sale

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

Deposit base breakdown

Deposits

(AED mn)

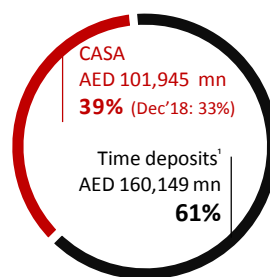


UAE Banking industry average as at November 2019

* Includes property management

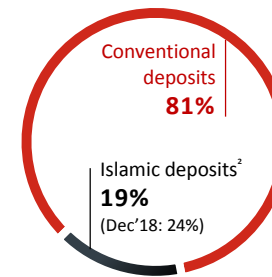
CASA contribution

Customer deposits: AED 262,094 mn



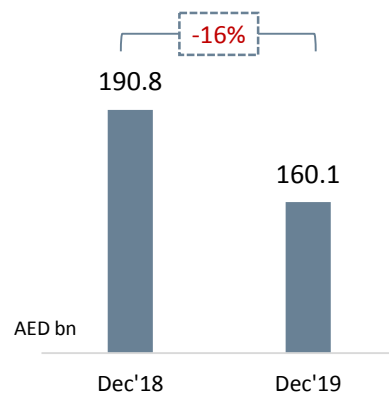
¹ Time deposits include long-term government and Murabaha deposits

Islamic deposit contribution

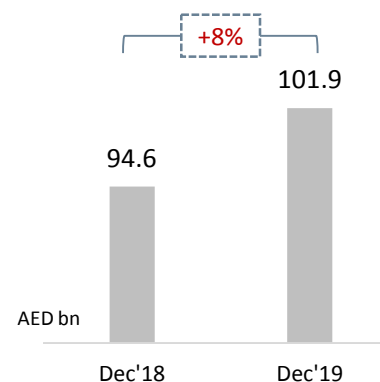


² Islamic deposits include Murabaha deposits

Time deposits



CASA deposits

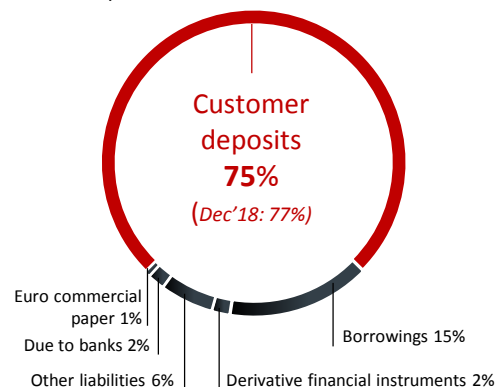


AED 7 billion increase in CASA deposits to AED 102 billion, a key achievement in a declining interest rate and highly competitive environment

Wholesale funding and maturity profile

Liability base

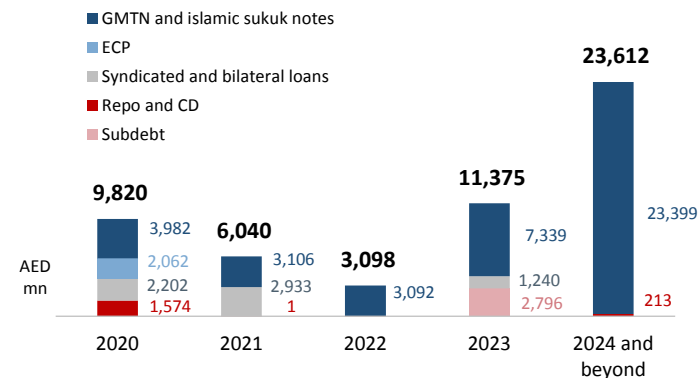
AED 349,437 mn



Wholesale funding

As at 31 Dec 2019	AED mn
Global medium term notes (GMTN)	39,039
Bilateral loans	5,640
Subordinated debt	2,796
Euro Commercial paper	2,062
Islamic sukuk notes	1,880
Certificate of Deposits	942
Repo	851
Syndicated loans	735
Total	53,944

Maturity profile



Net lender in the interbank markets

AED 10 bn²

Strong liquidity position

Liquidity ratio¹

26.1%

Liquidity coverage ratio

127.3%

UAE Central Bank requirement 100%

Loan to deposit ratio

91.2%



Dec'18

95.4%



Dec'19

Main issuances in 2019

- ▶ 6 year CHF 200 mn with coupon of 0.51% p.a.
- ▶ 10 year IDR 2.0 bn with coupon ranging from 7.5% p.a. to 8.16% p.a.
- ▶ 5 year USD 760 mn with coupon of 3M Libor + 1.10% p.a. to 1.55% p.a.
- ▶ 30 to 40 year USD 1.4 bn interest accreting notes, interest rate between 3.82% to 5.79% p.a.
- ▶ 3 year GBP 55 mn with coupon ranging from 1.95% p.a. to 2.03% p.a.
- ▶ CD Issuance of USD 542 mn with maturity ranging from 3 months to 1 year with cost ranging from 0.92% to 3.72% p.a.

Main maturities in 2019

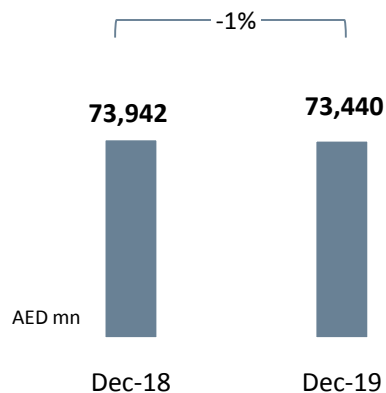
- ▶ USD 1.6 bn issued under Bank's GMTN issuances program with coupon ranging from 2.75% p.a. to 5.12% p.a.
- ▶ AUD 250mn issued at coupon of 4.75% p.a
- ▶ USD 100mn Islamic Sukuk Note at coupon rate of 3M Libor + 0.9 %p.a.
- ▶ CD issuances in equivalent USD 880mn with coupon rate ranging from 1.12 % p.a. to 2.88 % p.a.

¹ Liquidity 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 4.8 bn of certificate of deposits with central banks

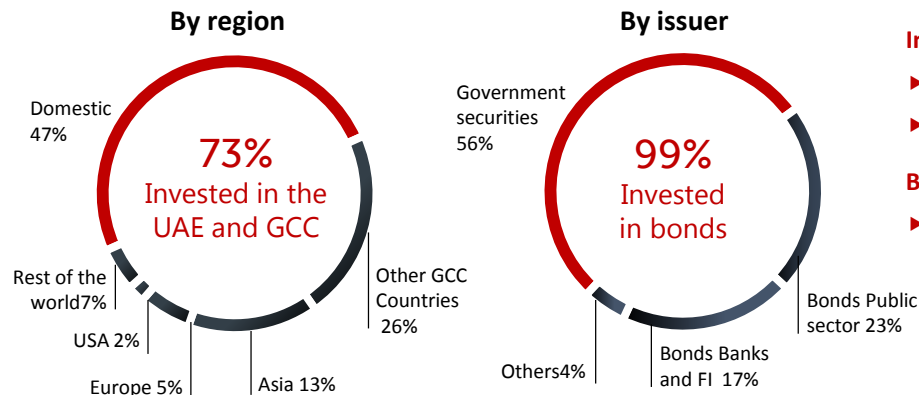
Investment securities

Investment securities



Investment securities²

AED 73,440 mn



² Include equity instruments and mutual funds

Non-Government bond portfolio

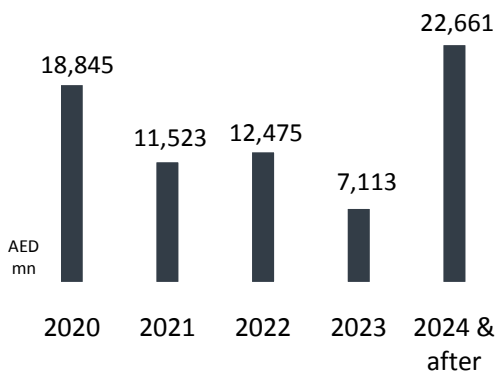
Investment grade:

- ▶ Rated A- or better: 76%
- ▶ Rated BBB+ to BBB-: 21%

Below investment grade:

- ▶ (BB+ and below including unrated): 3%

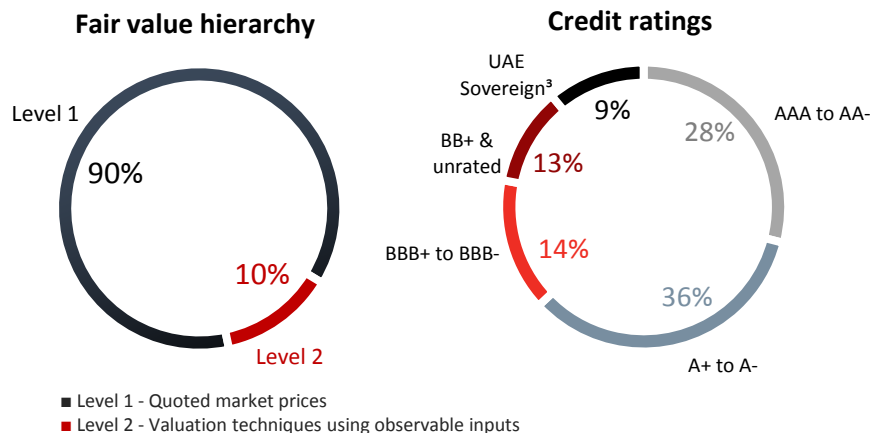
Maturity profile¹



¹ Excluding investments in equity and funds

Total bond portfolio

Government and Non-Government bond portfolio: AED 72,617 mn



Credit ratings:

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

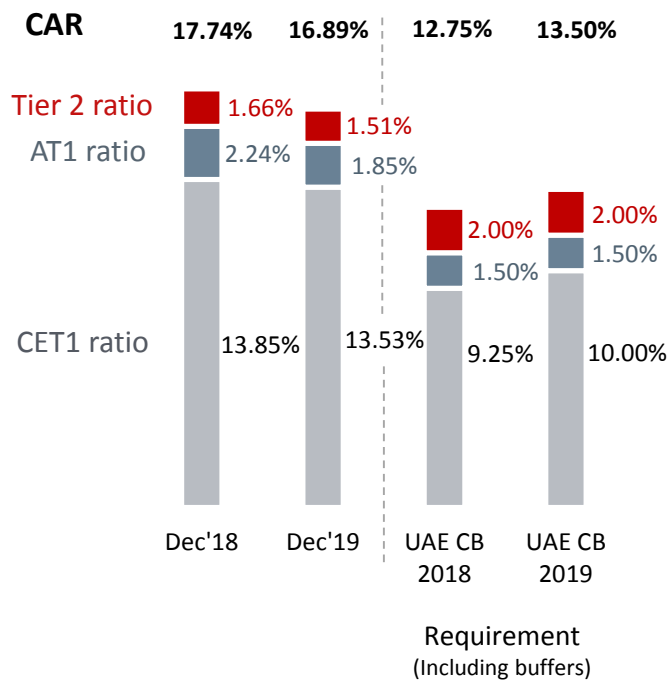
³ UAE Sovereign internal rating mainly in Grade 2 to Grade 3 and maps to external rating between AA to A-

High quality investment portfolio with 99% invested in bonds

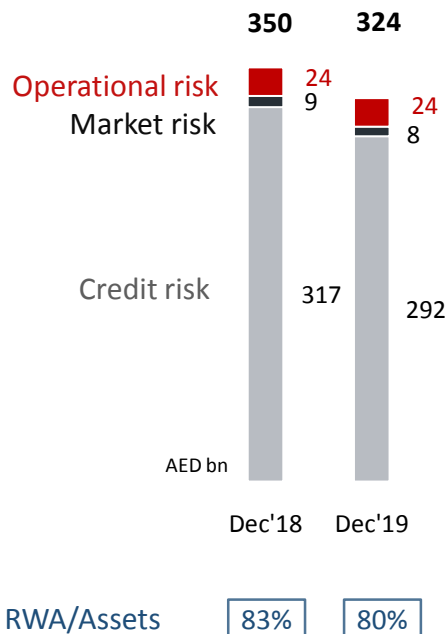
Capital ratios

Capital adequacy ratio (%)

(Basel III)



Risk weighted assets



Variance analysis

Capital adequacy ratio movement	%
Dec'18 capital adequacy ratio	17.74%
Profit for the period	1.43%
Other capital movements*	-1.26%
Dividend payment	-0.74%
Intangible deduction	-1.64%
Decrease in CRWA	1.36%
Dec'19 capital adequacy ratio	16.89%

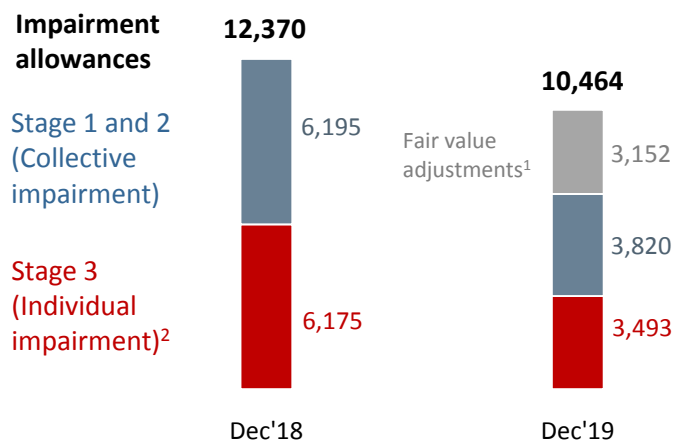
*AHB Tier 1 repayment, FVOCI reserve movement, Tier-2 amortisation, IFRS3 adjustments, etc.

Capital ratios above the minimum regulatory requirements

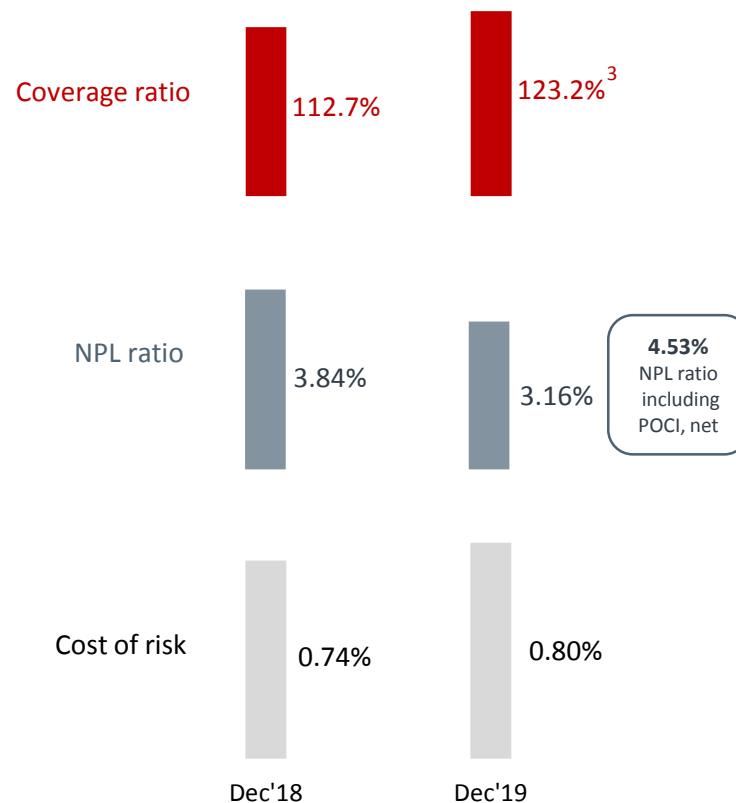
Asset quality

Stage 3 (NPL) and impairment allowances

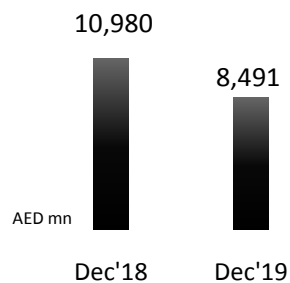
(AED mn)



Risk indicators

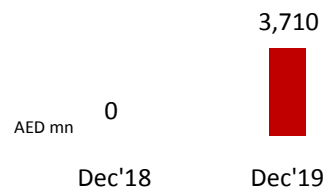


Non performing loans



POCl, net (loans only)

POCl: Purchase or originated credit impaired financial assets



¹ Fair value adjustments on loans include the historical ECL carried in books of AHB and Ex-UNB (excluding POCl)

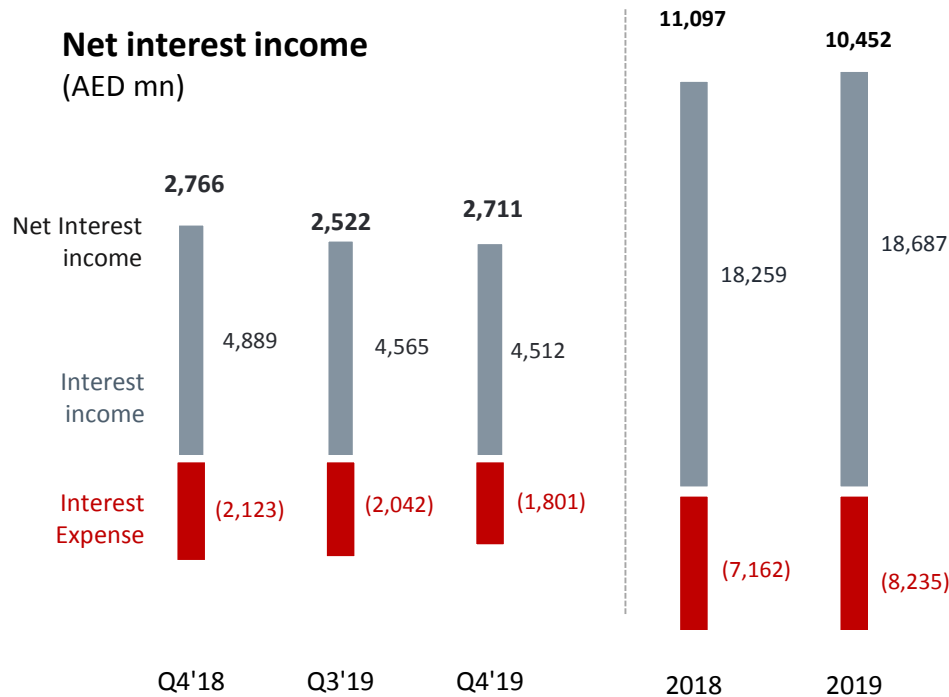
² Excludes AED 71 mn impairment allowances on POCl

³ Includes fair value adjustments on loans and advances of AED 3.2 bn for computing coverage ratio

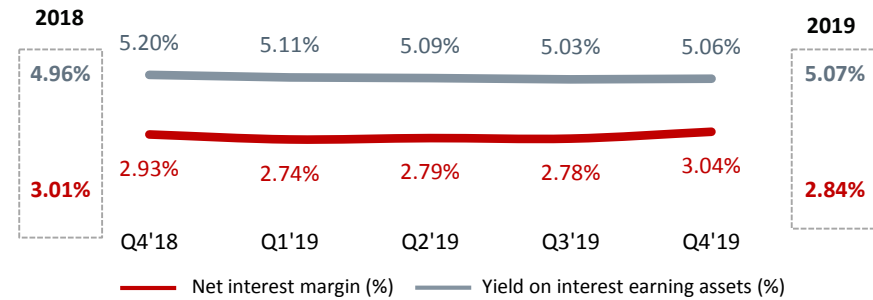
Income statement metrics

Net interest income

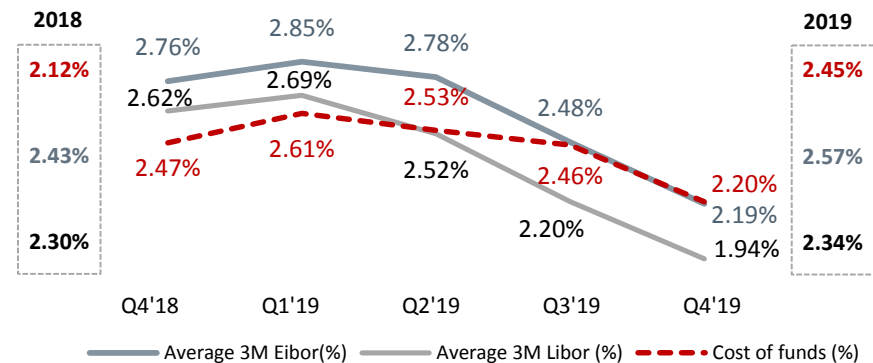
Net interest income (AED mn)



Evolution of net interest margin and asset yields



Evolution of cost of funds

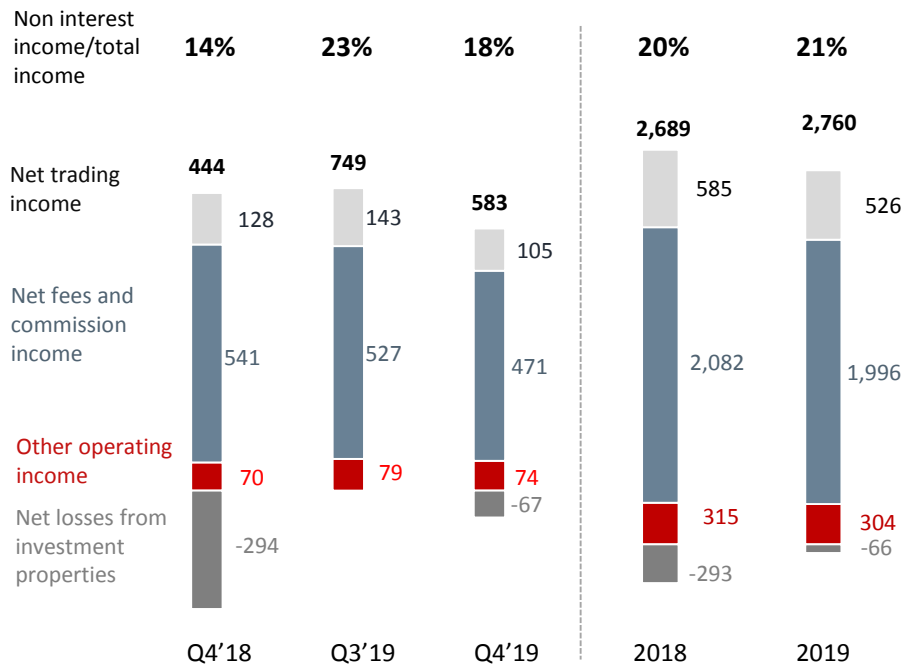


Improvement in cost of funds in the second half of 2019 due to CASA growth and declining benchmark rates, resulting in wider net interest margin and higher net interest income sequentially in Q4'19

Non-interest income

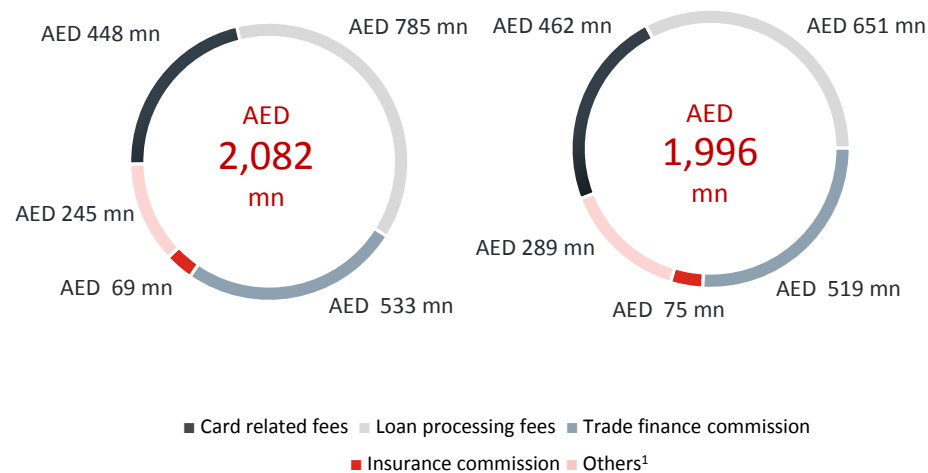
Non-interest income

(AED mn)



Net fees and commission income

2018 — -4% —> 2019



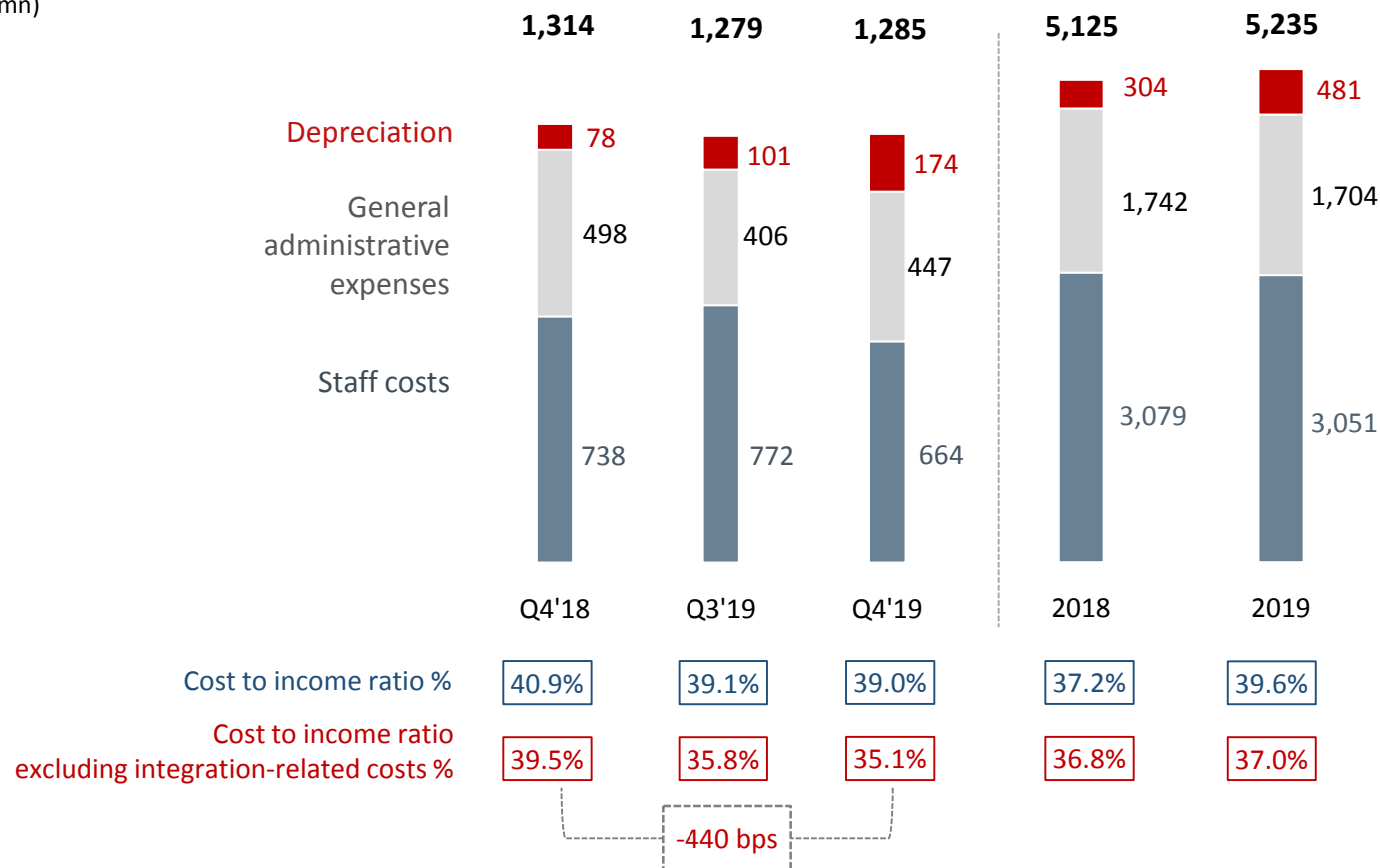
¹Others include asset management, investment services brokerage, fees from accounts related activities and other fees

- ▶ FY'19 non-interest income of AED 2.760 billion was up 3% year on year, largely due to a narrower revaluation loss through income statement on investment properties
- ▶ Net fees and commission income was 4% lower at AED 1.996 billion, primarily attributable to lower loan processing fees
- ▶ Trading income lower due to reduced gains from foreign exchange and securities trading

Operating expenses

Operating expenses

(AED mn)



Post-merger synergies and efficiencies drove 440 bps year on year improvement in

Q4'19 cost to income ratio to 35.1%

FY'2019 key highlights

- ▶ Integration moving at fast pace and on track for completion in Q2'20
- ▶ Strong progress on capturing synergies, AED 350 million realised to date
- ▶ Efficiencies resulting in sustainable improvement in cost to income ratio
- ▶ Improvement in cost of funds driven by significant growth in CASA deposits

Section 5
Appendix

2019 Awards

Best Trade Finance
Provider in the UAE

Global Finance

Best Service: Overall, Business Functions, Financial
Facilities, Personnel, Service, Tech Provisions in the UAE

Euromoney Cash Management Survey

Best Trade Finance
Service in the UAE

Euromoney

Best Trade Finance
Services in the UAE

Global Finance's 2019 World's
Best Digital Bank Awards

Best Service Overall and Market
Leader Overall in the UAE

Euromoney Cash Management Survey

Best Online Portal
Services in the UAE

Global Finance's 2019 World's
Best Digital Bank Awards

Trade Finance Market
Leader in the UAE

Euromoney

UAE Domestic Trade
Finance Bank of the Year

Asian Banking and Finance
magazine's

Best Islamic Banking
Window Award 2019

Islamic Retail Banking Awards
by Cambridge IFA, UK

The Middle East's Best
Bank for SMEs

Euromoney
awards for Excellence

The Most Recruiting Bank
Award in the UAE

Ministry of Human Resources
& Emiratisation

The Most Vacancy Offering
Bank Award in the UAE

Ministry of Human Resources
& Emiratisation

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

**Fitch
Ratings**

15 January 2020

A+/F1

Stable
OUTLOOK

"ADCB is funded by customer deposits (end-9M19: 79% of total funding) and benefits from its solid franchise (further strengthened by the merger), links to the Abu Dhabi government and ruling family and D-SIB status, in this respect."

"The liquidity coverage ratio was 121% at end-9M19, comfortably above CBUAE's requirement of 100%."

**STANDARD
& POOR'S**

31 December 2019

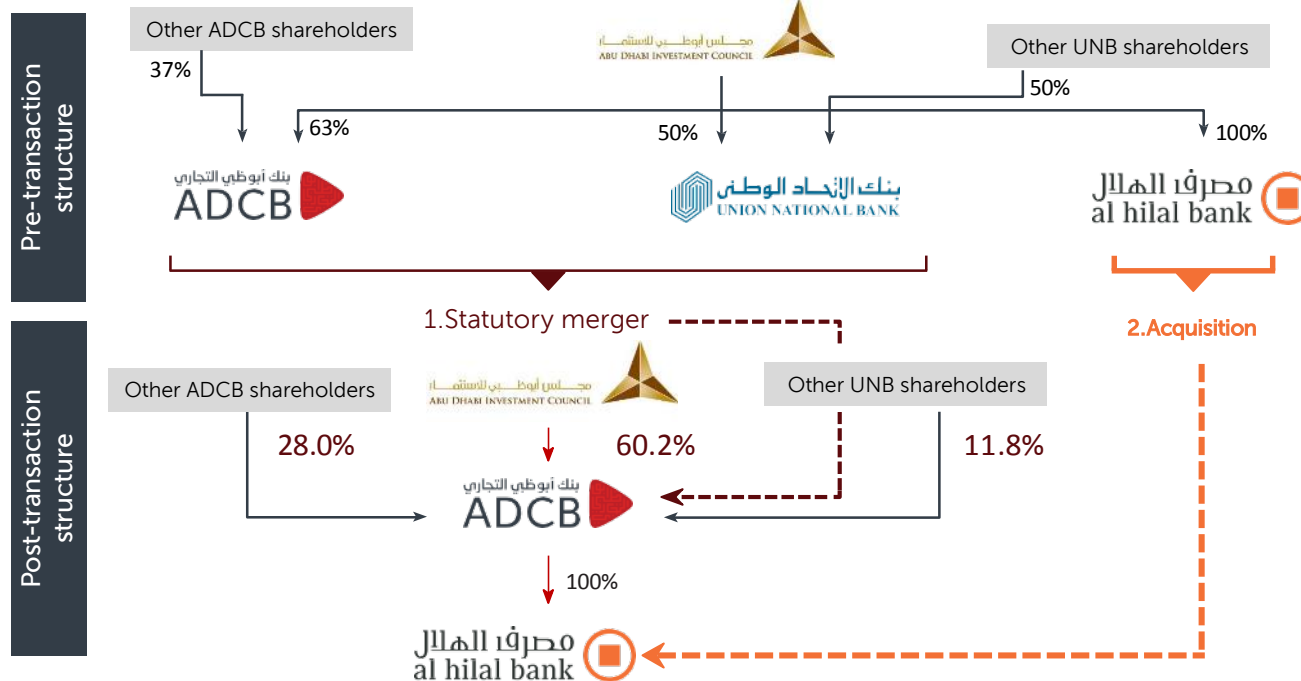
A/A-1

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. ADCB's merger with UNB and AHB is progressing ahead of schedule and with very little sign of customer attrition and no reported operational issues. We expect this merger will further strengthen ADCB's already strong franchise in the United Arab Emirates (UAE), particularly in the retail and Islamic banking segments."

Transaction structure

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



Key highlights

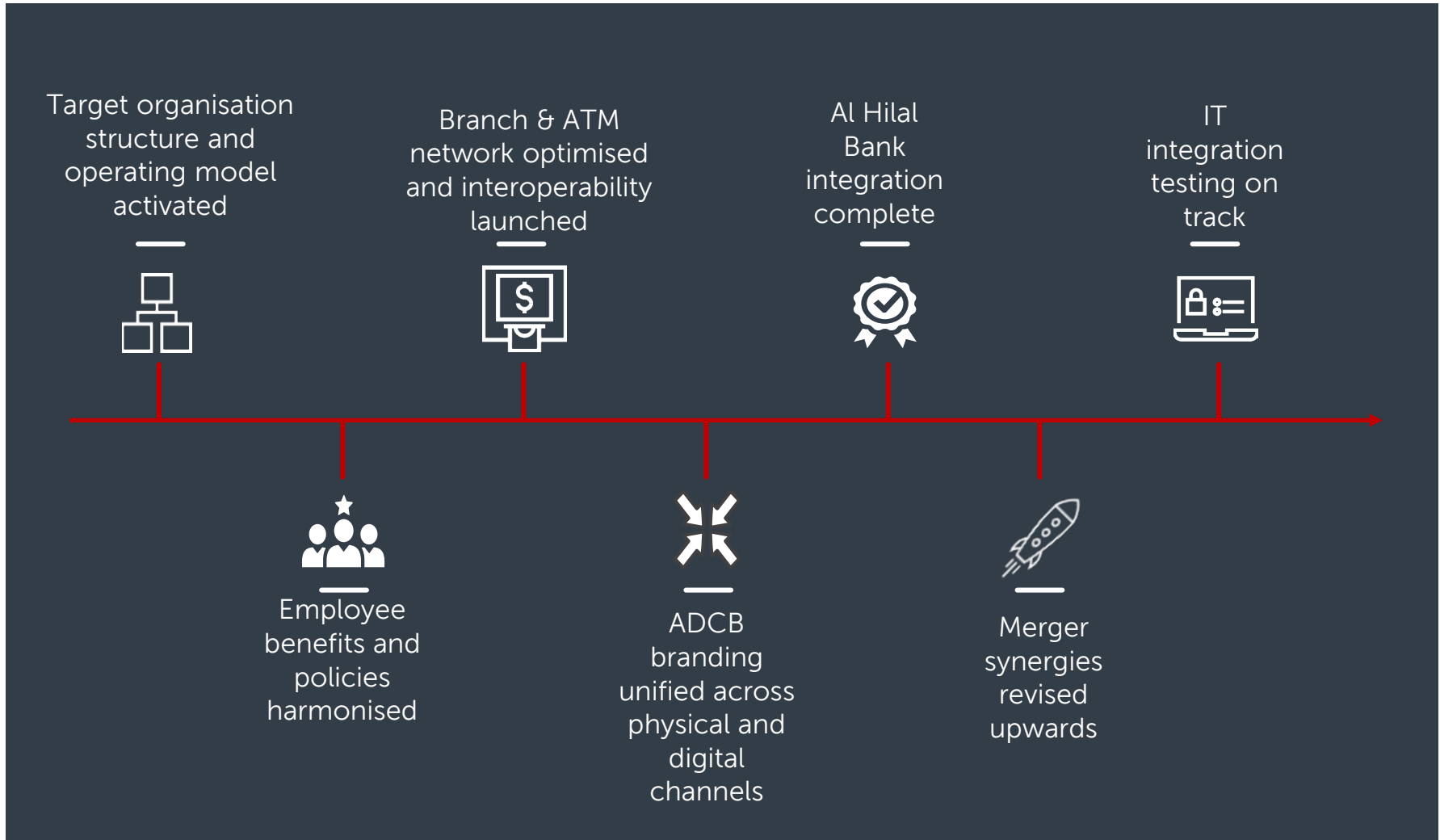
1- Merger of ADCB and UNB

- ADCB issued 0.5966 ADCB shares for every UNB share, which corresponded to a total of 1,641,501,087 new shares issued to UNB shareholders
- Based on ADCB's closing share price of AED 9.88 on April 30, 2019, this translated to a consideration of AED 16,218 million

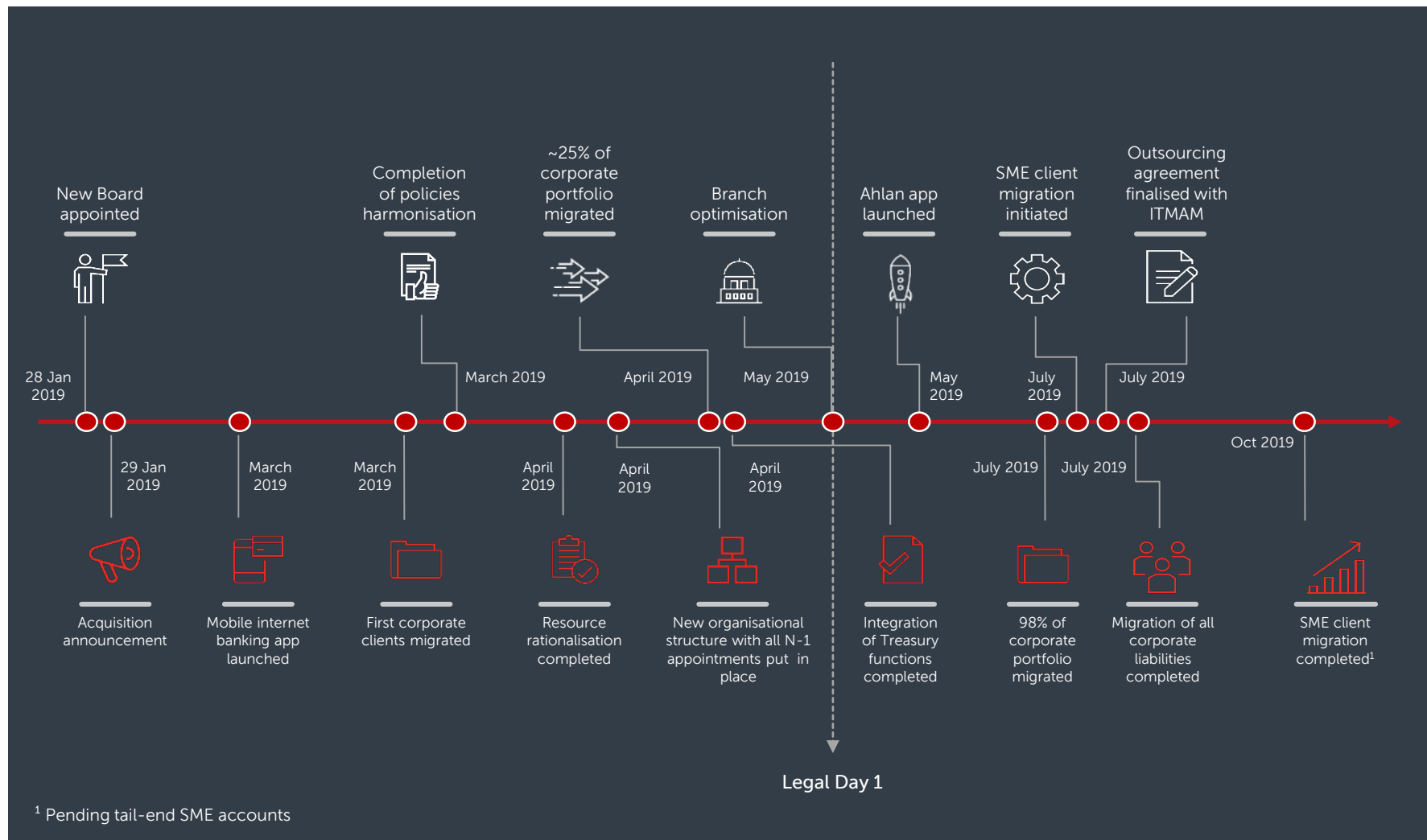
2- Acquisition of Al Hilal Bank

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


Recap of key achievements since legal merger



Completed major Al Hilal Bank integration milestones



Enabled primary acquisition through digital channels for Al Hilal Bank

 Revamped the existing mobile app




Customers are positive about the revamped mobile app¹

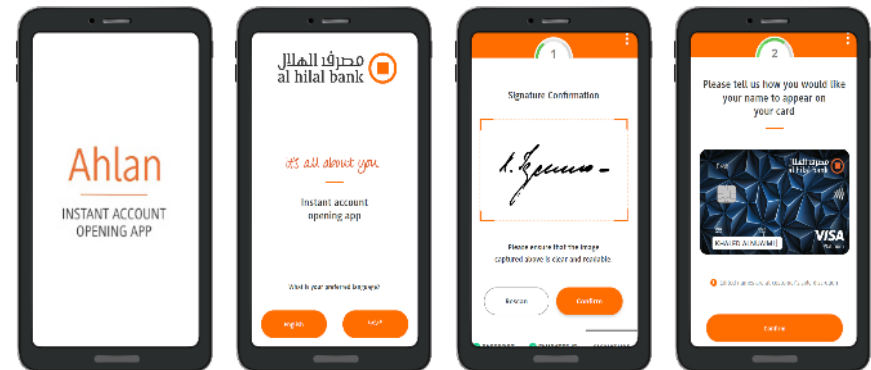
“ The new update is faster & more efficient. I love it

“ One of the best in the market

“ This application is fast and user-friendly

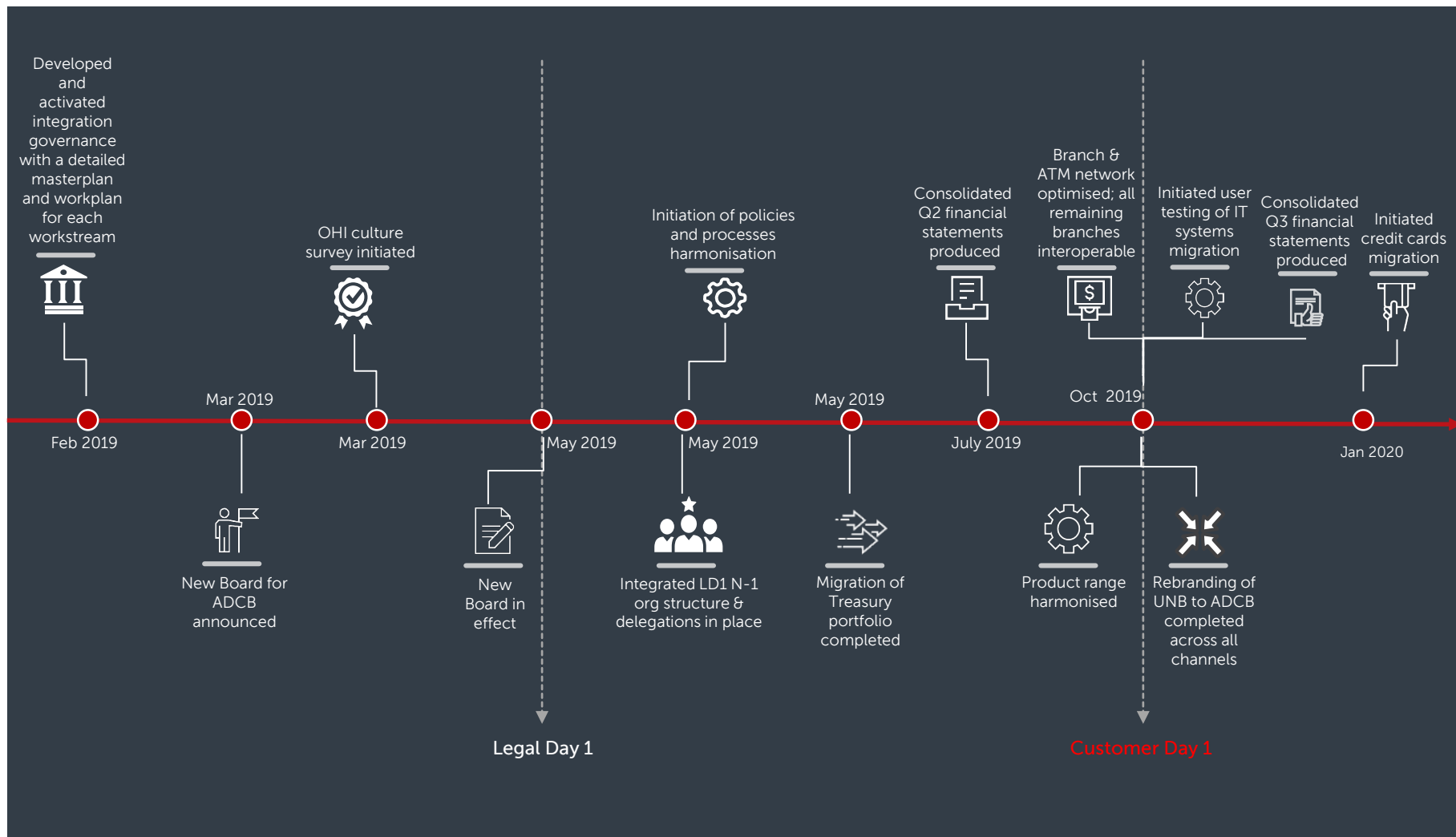
“ The look & feel is great. Keep it up guys

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



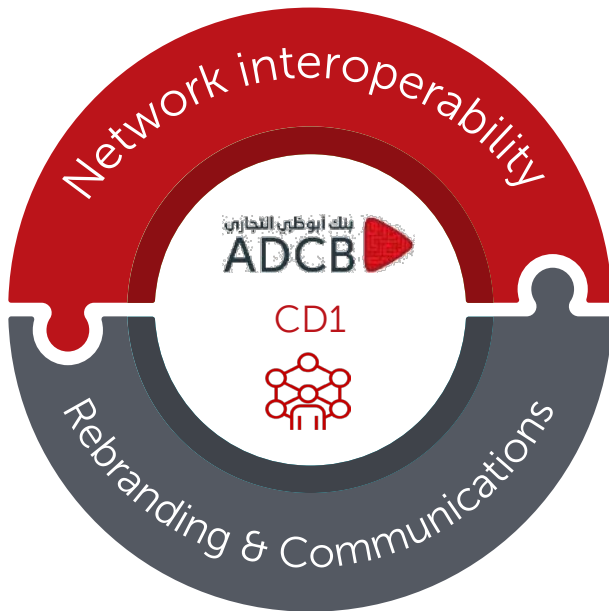
¹ Customer comments are sourced from social media activity on the application

Completed major UNB integration milestones

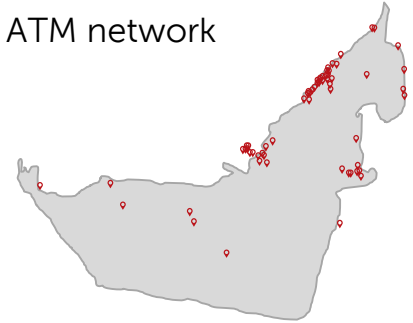


Customer Day 1 (CD1) was a major milestone for ADCB and former UNB customers

Activated interoperability of **72** Branches and **450+** ATMs serving all ADCB & former UNB customers



- ▶ Rationalised the Group's entire branch and ATM network
- ▶ Trained branch staff extensively and conducted system readiness tests to uphold service excellence
- ▶ Eliminated inter-bank (former UNB & ADCB) transaction fees



Unified all physical and digital channels under the ADCB brand

- ▶ Rebranded all retained former UNB branches, ATMs and physical collateral
- ▶ Rolled out ADCB branding across all digital channels
- ▶ Sent customers regular updates related to CD1 changes



Rebranded all physical channels over a span of 3 days

ADCB signage placed on retained former UNB branches



Internal rebranding of retained former UNB branches



Rebranded ATM/CDMs



Pro-forma financial statements

Pro-forma balance sheet as at 31 December 2019

AED mn	Dec-19	Dec-18	Variance %
Cash and balances with Central banks, net	24,905	33,317	(25)
Deposits and balances due from banks, net	23,065	26,942	(14)
Reverse-repo placements	0	2,204	NM
Trading securities	0	377	NM
Derivative financial instruments	6,790	4,773	42
Investment securities	73,440	73,942	(1)
Loans and advances to customers, net	250,017	260,340	(4)
Investment in associates	408	394	3
Investment properties	1,694	2,528	(33)
Other assets, net ¹	17,286	16,032	8
Property and equipment, net	2,198	2,004	10
Intangible assets ²	5,332	565	NA
Total assets	405,135	423,419	(4)
Due to banks	5,733	9,068	(37)
Derivative financial instruments	6,950	5,851	19
Deposits from customers	262,094	285,417	(8)
Euro commercial paper	2,062	3,279	(37)
Borrowings	51,882	50,232	3
Other liabilities ³	20,716	18,402	13
Total liabilities	349,437	372,250	(6)
Total shareholders' equity	55,638	51,020	9
Non -controlling interests	59	149	NM
Total liabilities and shareholders' equity	405,135	423,419	(4)

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

¹ Other assets include assets held for sale

² Intangible assets include Goodwill

³ Other liabilities include liabilities directly related to assets held for sale

Components may not sum exactly to totals because of rounding

Pro-forma income statement for the year ended December 31, 2019

AED mn	Quarterly trends					Yearly trends		
	Q4'18	Q3'19	Q4'19	Variance		2018	2019	Variance %
				vs. Q4'18	vs. Q3'19			
Interest and income from Islamic financing	4,878	4,565	4,513	(7)	(1)	18,259	18,689	2
Interest expense and profit distribution	(2,112)	(2,043)	(1,802)	(15)	(12)	(7,162)	(8,237)	15
Net interest and Islamic financing income	2,766	2,522	2,711	(2)	7	11,097	10,452	(6)
Net fees and commission income	541	527	471	(13)	(11)	2,082	1,996	(4)
Net trading income	128	143	105	(18)	(27)	585	526	(10)
Net losses from investment properties	(294)	(0)	(66)	(77)	NM	(293)	(66)	(78)
Other operating income	70	79	73	5	(8)	315	304	(3)
Non interest income	444	749	583	31	(22)	2,689	2,760	3
Operating income	3,210	3,272	3,293	3	1	13,786	13,212	(4)
Staff expenses	(738)	(772)	(664)	(10)	(14)	(3,079)	(3,050)	(1)
General administrative expenses	(498)	(406)	(447)	(10)	10	(1,742)	(1,704)	(2)
Depreciation	(78)	(101)	(110)	41	8	(304)	(417)	37
Amortisation of intangible assets	-	-	(64)	NM	NM	-	(64)	NM
Operating expenses	(1,314)	(1,279)	(1,285)	(2)	0	(5,125)	(5,235)	2
Operating profit before impairment allowances & taxation	1,896	1,993	2,008	6	1	8,660	7,977	(8)
Impairment allowance charge on loans and advances	(554)	(578)	(1,025)	85	77	(2,663)	(2,921)	10
Recovery of loans	77	70	69	(10)	(0)	378	264	(30)
Other impairment	(139)	(63)	47	(134)	(174)	(151)	3	(102)
Net impairment	(616)	(572)	(909)	48	59	(2,436)	(2,655)	9
Share in profit of associates	3	2	10	NM	NM	(6)	23	NM
Overseas income tax expense and loss from discontinued operations	(38)	(10)	(61)	58	NM	(91)	(101)	11
Published profit	1,244	1,413	1,048	(16)	(26)	6,127	5,244	(14)

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 31 December 2019

AED mn	Published Dec-19	Published Dec-18	Variance %
Cash and balances with Central banks, net	24,905	19,590	27
Deposits and balances due from banks, net	23,065	19,627	18
Reverse-repo placements	0	2,204	NM
Trading securities	0	60	NM
Derivative financial instruments	6,790	4,447	53
Investment securities	73,440	52,362	40
Loans and advances to customers, net	250,017	166,426	50
Investment in associates	408	205	99
Investment properties	1,694	577	194
Other assets, net ¹	17,286	13,331	30
Property and equipment, net	2,198	983	124
Intangible assets ²	5,332	19	NM
Total assets	405,135	279,830	45
Due to banks	5,733	3,071	87
Derivative financial instruments	6,950	5,696	22
Deposits from customers	262,094	176,654	48
Euro commercial paper	2,062	3,279	(37)
Borrowings	51,882	43,028	21
Other liabilities ³	20,716	15,297	35
Total liabilities	349,437	247,025	41
Total shareholders' equity	55,638	32,806	70
Non -controlling interests	59	0	NA
Total liabilities and shareholders' equity	405,135	279,830	45

* 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 Intangible assets include Goodwill

³ Other liabilities include liabilities directly related to assets held for sale

Published income statement for the year ended December 31, 2019

AED mn	Q4'19	Q4'18	Variance %	2019	2018	Variance %
Interest and income from Islamic financing	4,513	3,127	44	16,374	11,592	41
Interest expense and profit distribution	(1,802)	(1,324)	36	(7,133)	(4,373)	63
Net interest and Islamic financing income	2,711	1,803	50	9,241	7,219	28
Net fees and commission income	471	358	32	1,816	1,395	30
Net trading income	105	89	18	461	432	7
Net losses from investment properties	(66)	(56)	17	(67)	(56)	18
Other operating income	73	51	43	271	192	41
Non interest income	583	442	32	2,481	1,962	26
Operating income	3,293	2,244	47	11,722	9,181	28
Staff expenses	(664)	(445)	49	(2,584)	(1,838)	41
General administrative expenses	(447)	(249)	80	(1,504)	(1,069)	41
Depreciation	(110)	(46)	NM	(366)	(176)	108
Amortisation of intangible assets	(64)	-	NM	(64)	-	NM
Operating expenses	(1,285)	(740)	74	(4,518)	(3,084)	47
Operating profit before impairment allowances & taxation	2,008	1,505	33	7,204	6,098	18
Impairment allowance charge on loans and advances	(1,025)	(213)	381	(2,575)	(1,489)	73
Recovery of loans	69	49	43	237	218	8
Other impairment	47	16	NM	(13)	5	NM
Net impairment	(909)	(148)	513	(2,352)	(1,266)	86
Share in profit of associates	10	3	NM	18	10	76
Overseas income tax expense and loss from discontinued operations	(61)	(2)	NM	(78)	(2)	NM
Published profit	1,048	1,357	(23)	4,792	4,840	(1)
Attributed to:						
Equity holders of the parent	1,048	1,357	(23)	4,790	4,840	(1)
Non-controlling interests	0	0	NM	3	-	NM
Net Profit	1,048	1,357	(23)	4,792	4,840	(1)

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

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