



Q1'20 Earnings Presentation

27 April 2020

**Grow
Stronger**

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FAB

First Abu Dhabi Bank

Comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in the consolidated financial statements.

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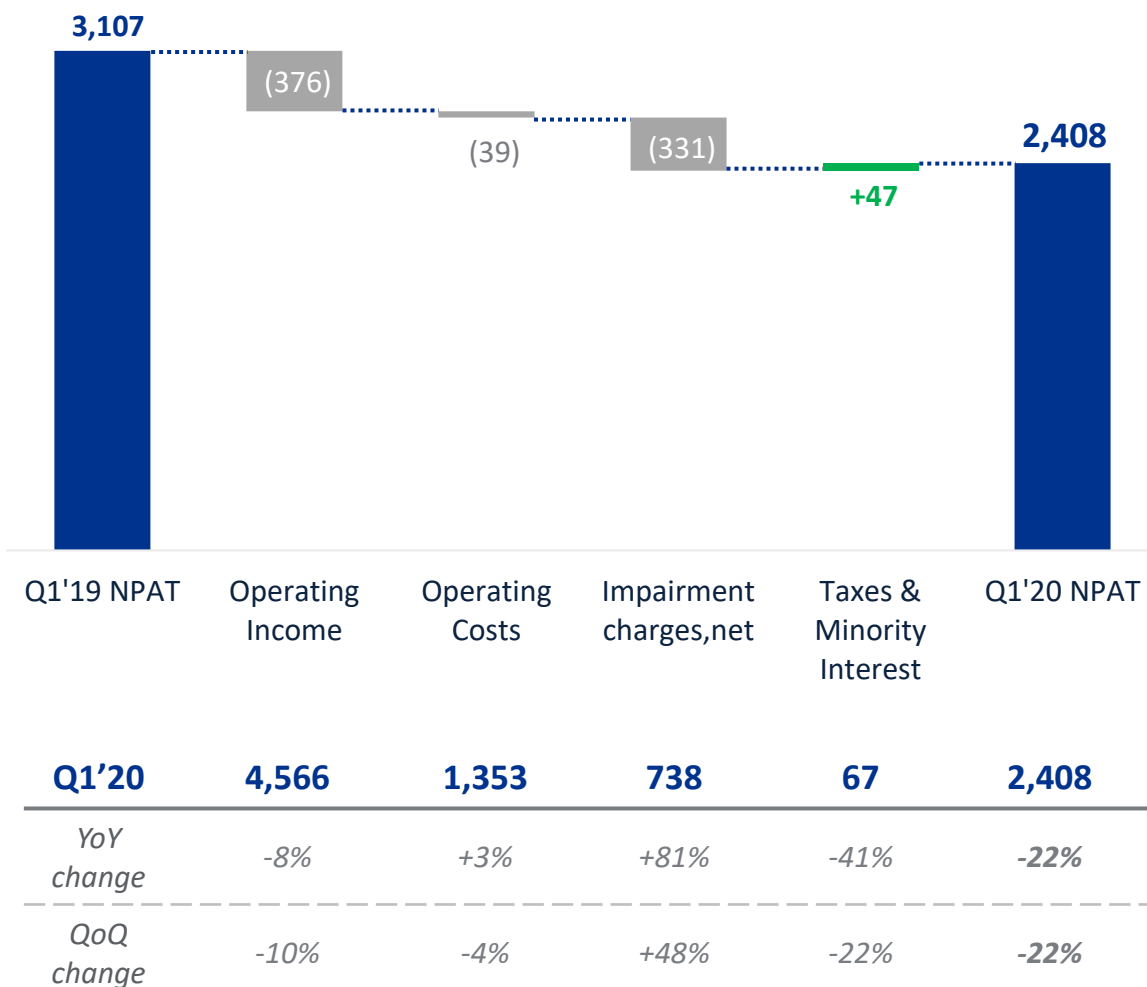
- We have witnessed **unprecedented market disruption** due to the COVID-19 pandemic
- **We delivered a resilient performance in Q1'20** with a net profit of AED 2.4Bn, despite rate cuts, adverse market conditions and prudent provisioning
- **We maintained a strong balance sheet**, with solid liquidity, funding, capital and healthy asset quality
- As the leading UAE bank, **FAB is taking decisive actions** in order to support its employees, customers, and communities navigate challenging times
- Our competitive strengths and strategy, position us well **to continue to deliver sustainable returns to our shareholders**

We delivered a resilient performance in Q1 2020

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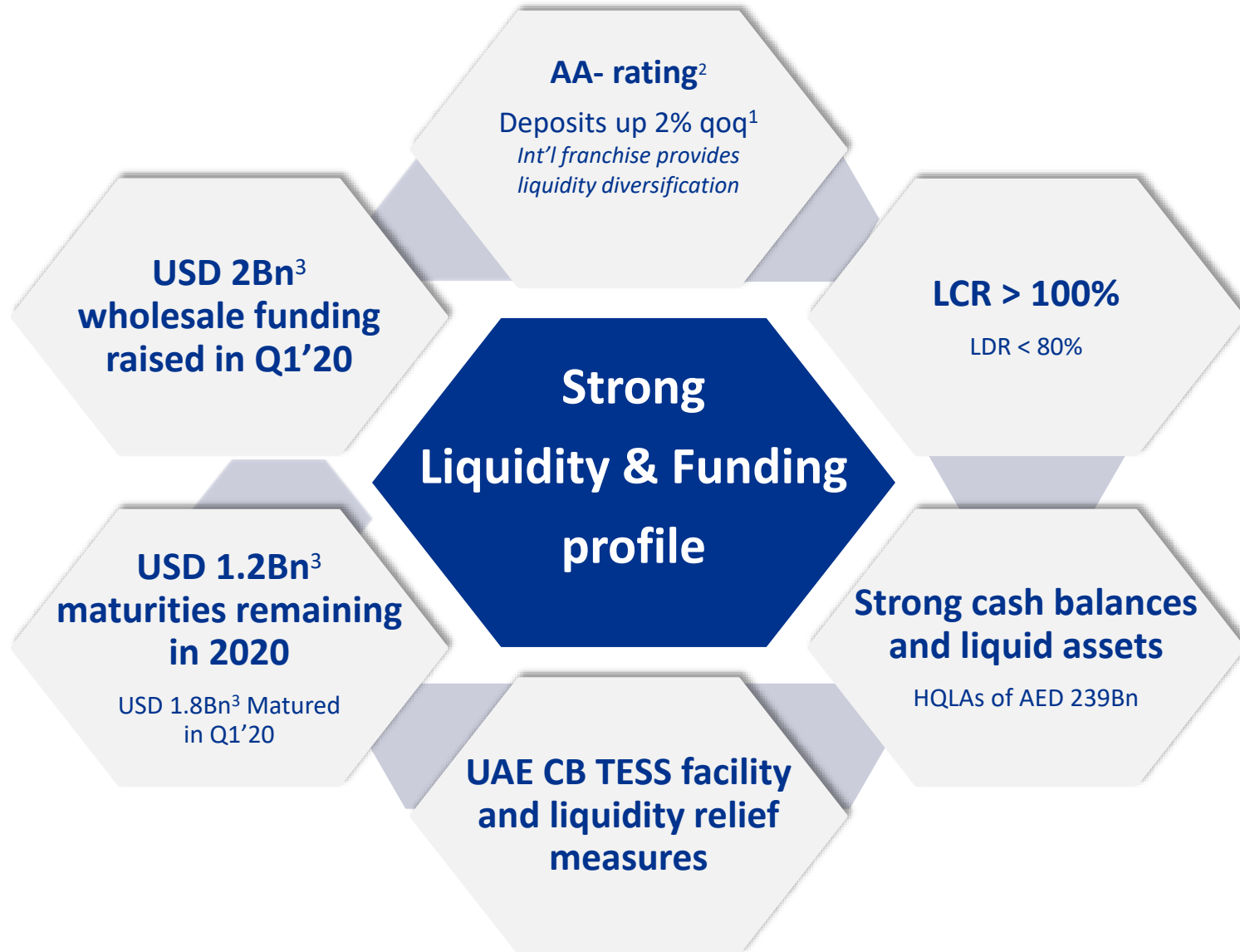


Net profit bridge (AED Mn)



NPAT was lower 22% yoy due to:

- **Lower revenue on the back of** rate cuts and adverse market conditions, partly offset by **continued momentum in PBG**, and **positive underlying trends in strategic areas**, particularly fee-generating businesses and flow products
- **Higher impairment charges** include management overlays in light of a more challenging operating environment
- **Cost discipline** despite ongoing investments in key strategic initiatives



1 Excluding short-term government outflows early in the quarter, deposits grew 2% qoq

2 Rated Aa3 / AA- / AA- by Moody's / S&P / Fitch

3 USD or equivalent

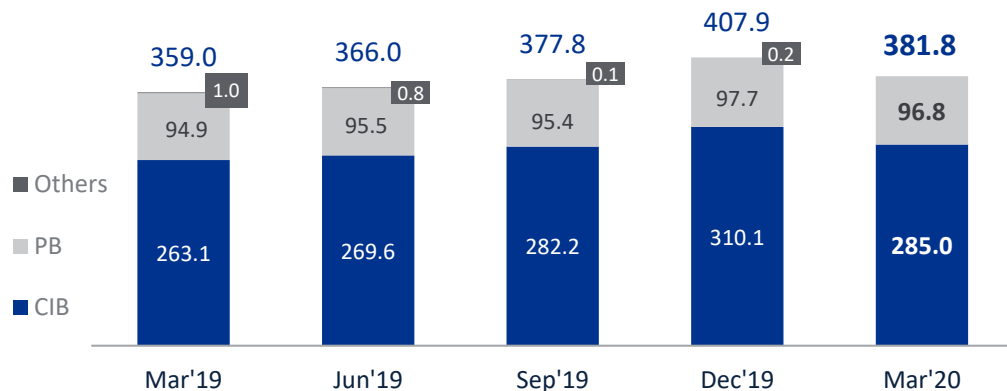
Underlying business momentum continues

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Loans and advances, net (AED Bn)

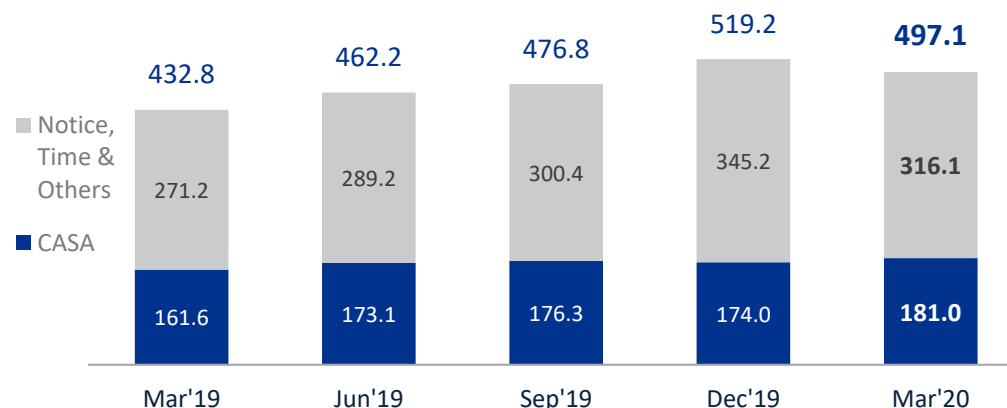
QoQ ↓6%, YoY ↑6%



- Loans and advances (net) were **up 6% yoy (+23Bn)**, down 6% qoq due to a large short-term facility which was fully repaid in early January. Excluding this one-off, loans and advances are up 1% reflecting **continued momentum across core businesses, despite COVID-19 disruption**

Customer deposits (AED Bn)

QoQ ↓4%, YoY ↑15%

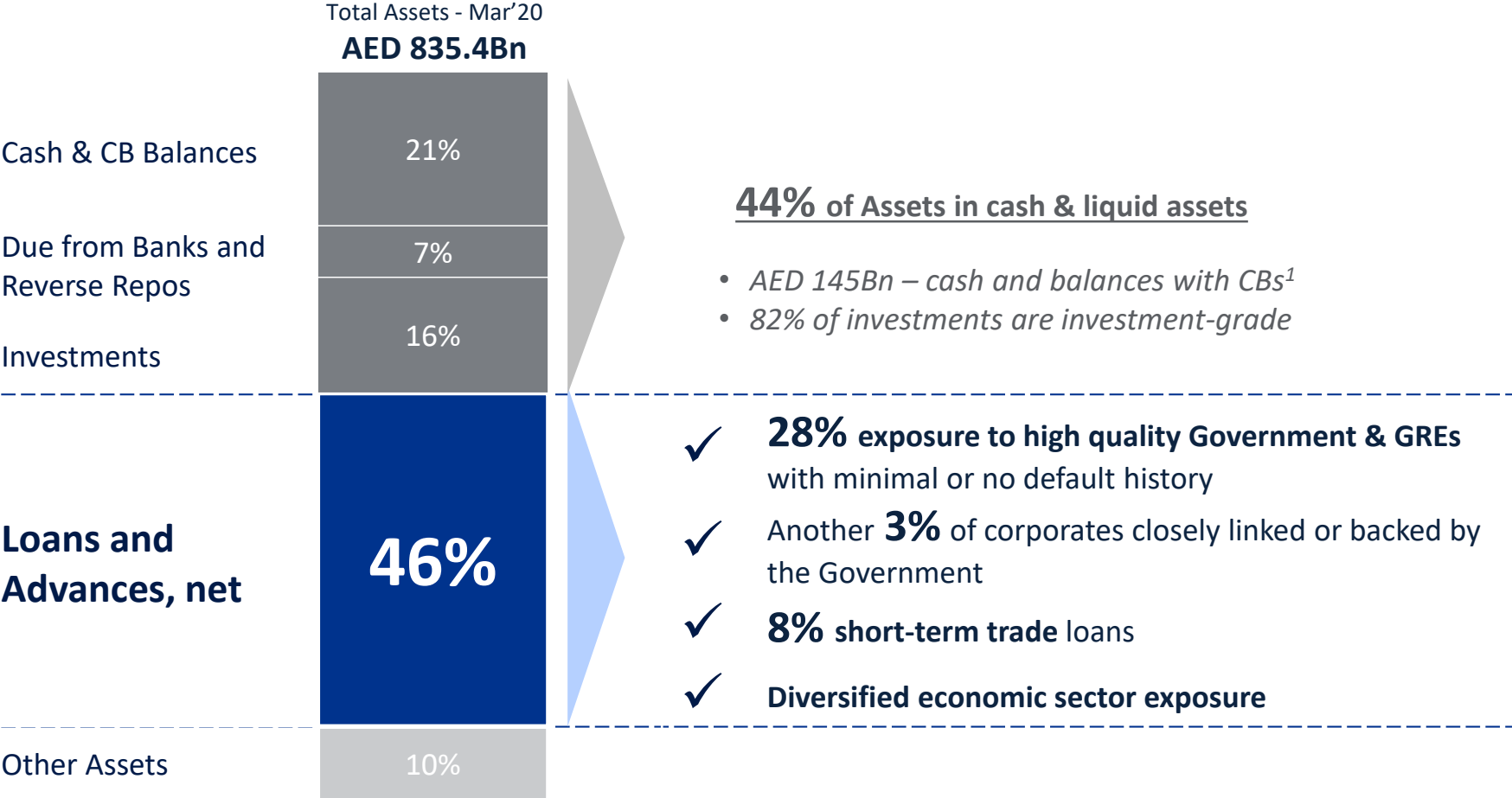


- Customer deposits were **up 15% yoy (+64Bn)**. They were down 4% sequentially due to short-term government outflows earlier in the quarter, however up 2% (+8Bn) on an adjusted basis driven by strong increase in corporate and private sector deposits
- FAB's International network is a key differentiator** to source liquidity and funding; international deposits were up 13% (AED 14Bn) qoq, and up 21% yoy
- FAB continued to attract liquidity from its global client franchise**, owing to its safe haven status and flight-to-safety in periods of market turmoil
- CASA balances grew 4% (+7Bn) sequentially and 12% (+19Bn) yoy to AED 181Bn, representing 36% of customer deposits

LCR (%)	117	137	146	129	110
LDR (%)	83	79	79	79	77

Minimum regulatory LCR requirement is 100% effective Jan'19; relaxed to 70% until 31 Dec 2020 under TESS by UAE CB

A high-quality and diversified asset mix



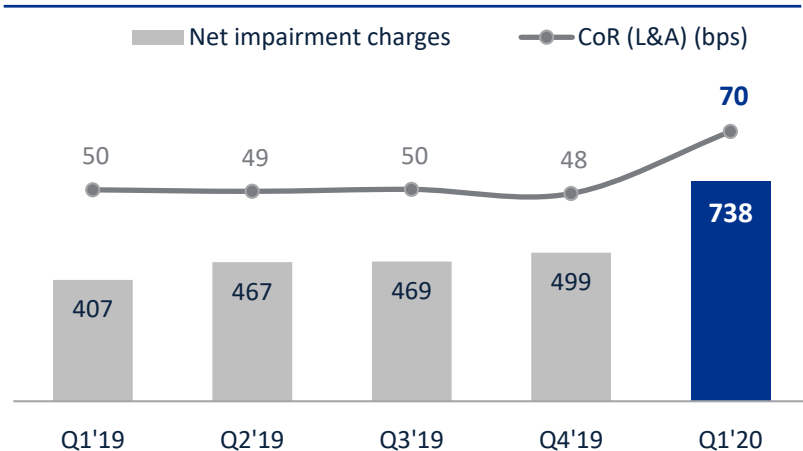
FAB is in a unique position in the UAE banking landscape with a loan portfolio geared towards high-quality assets in light of the bank's privileged position as the strategic partner to the Abu Dhabi government and related entities

¹ excluding cash reserve deposits

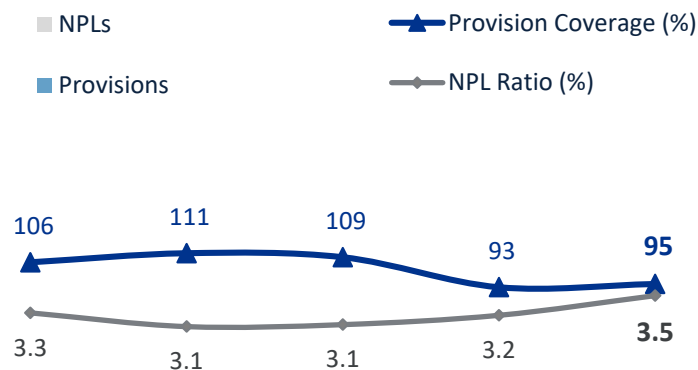
A more challenging credit environment

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Impairment charges, net (AED Mn) & CoR¹

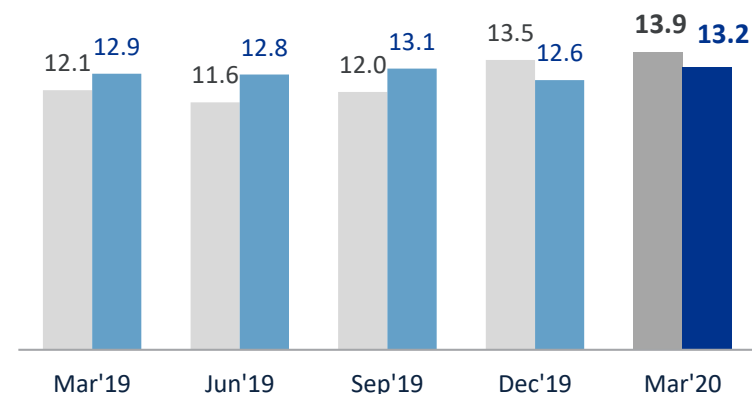


NPLs and Provisions (AED Bn)



Key highlights

- NPLs were AED 13.9Bn compared to AED 13.5Bn as of Dec-end 19, with no material deterioration in asset quality during the period
- Asset quality remained healthy with NPL ratio at 3.5%, stable sequentially, when adjusting for the large short-term facility in Q4'19
- Impairment charges of AED 738Mn include management overlays reflecting prudent provisioning in light of a more challenging operating environment
- Assessment of COVID-19 impact on SICR and ECL is ongoing in light of the high degree of uncertainty surrounding recent events²
- Annualised CoR stands at 70bps, up from 48bps in FY19; with provision coverage at 95%
- Our high quality portfolio, in addition to regulatory relief measures, underpin the resilience of our risk metrics in the current environment



- NPLs = Stage 3 exposure + adjusted POCI (Purchase or originally impaired credit) of AED 4,667Mn as of Mar'20 considered as par to NPLs, net of IIS
 - ECL/ Provisions = ECL on loans & advances (AED 11.6Bn) + ECL on unfunded exposures (AED 623Mn) + IFRS9 impairment reserve (AED 959Mn)

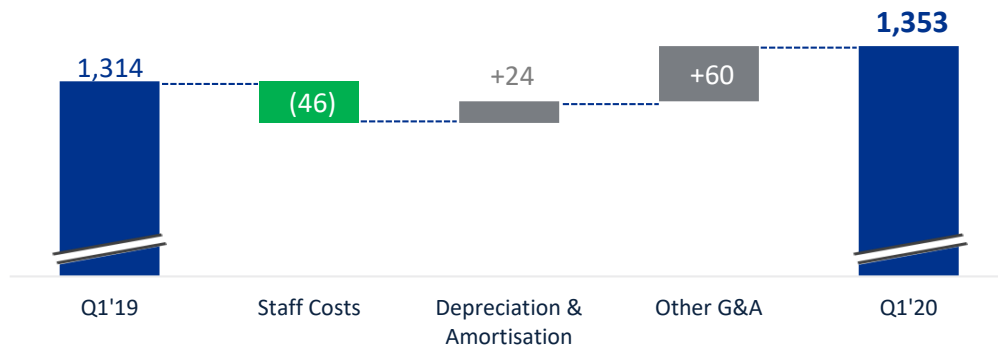
¹ Annualised

² For further details, refer to note #4 of Q1'20 financial statements Use of estimates and judgements – Impact of COVID-19

Note: Gross loans and advances and NPLs are net of interest in suspense; see Note #5 Credit Risk in financials for more details on IFRS9 exposures and ECL

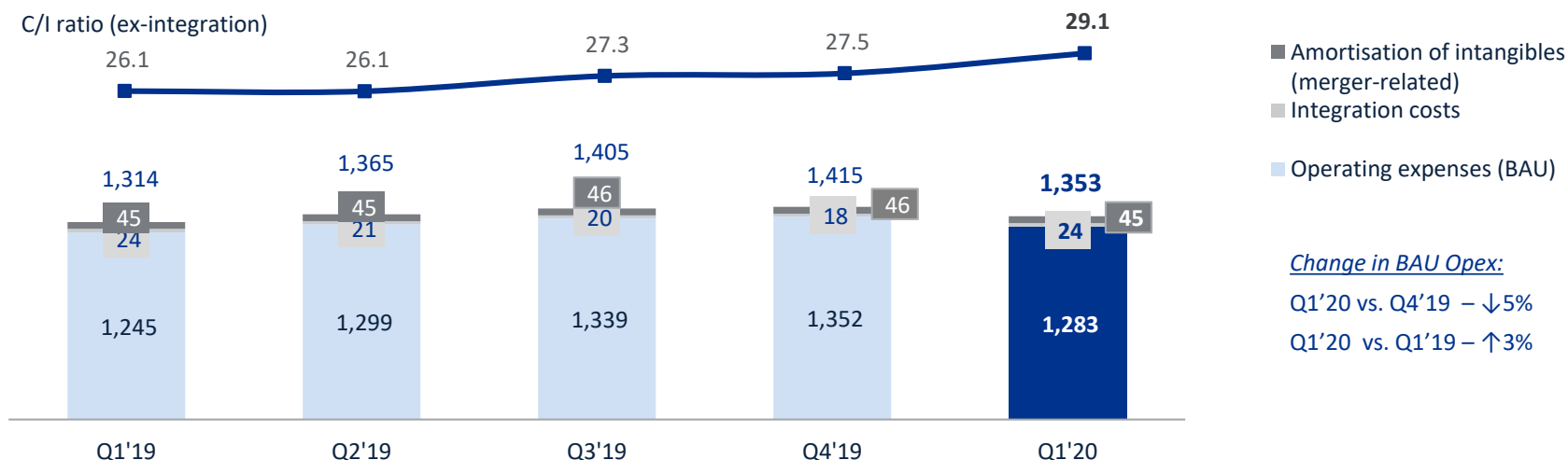
Cost discipline maintained

Opex drivers yoy (AED Mn)

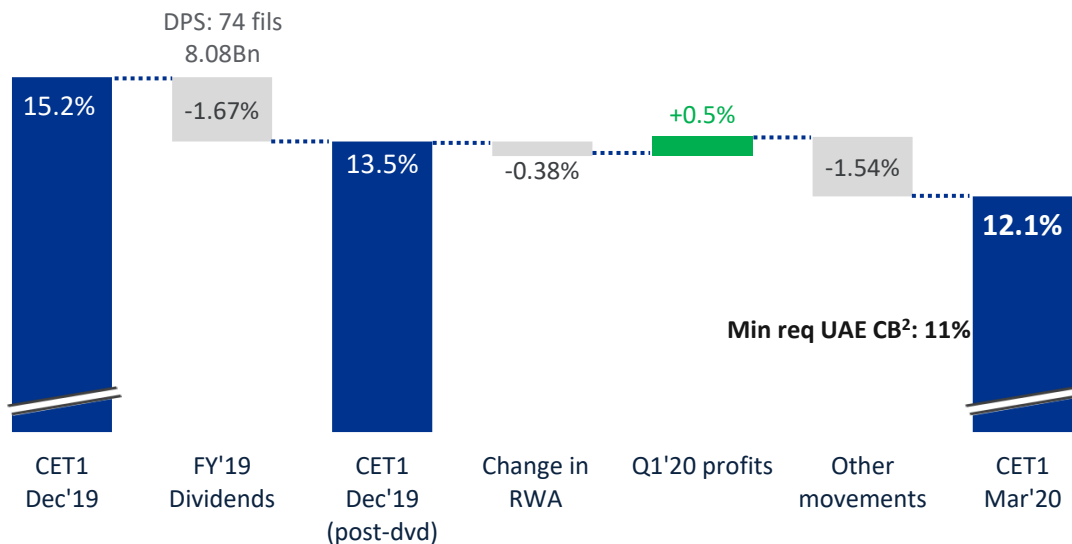


- Operating expenses well under control, **down 4% qoq (AED 63Mn)**, reflecting cost discipline amidst continued strategic and digital investments
- Q1'20 C/I ratio at 29.1% from 26.1% , mainly due to lower revenue
- AED 1.5Bn cost synergy run-rate was fully achieved in January, with further scope for future savings
- Cost discipline to be maintained through the cycle, with initiatives underway to partially mitigate revenue and risk headwinds

Operating expenses trend (AED Mn) and Cost-income ratio (ex-integration) (%)



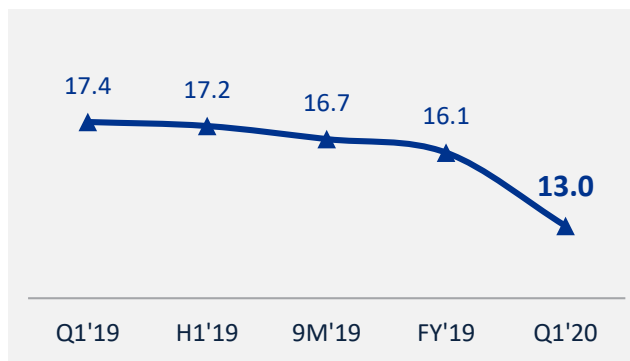
CET1¹ ratio progression qoq



- CET1 was 12.1%, 142bps lower sequentially mainly due to adverse movement in AFS reserves reflecting market dislocations
- CET1 comfortably above Basel III minimum regulatory requirement of 11.0%
- Temporary capital relief buffers prescribed by the UAE CB under TESS, allow banks to use up to 60% of CCB and up to 100% of D-SIB buffers until 31 Dec 2021, freeing up 3% of capital ratio requirement, if necessary²

	Dec'19	YoY change	Mar'20
CET1	AED 65.6Bn	-8.2%	AED 60.2Bn
RWAs	AED 485.1Bn	+2.6%	AED 497.4Bn
Tier 1	15.7%	-148bps	14.3% ²
CAR	16.9%	-148bps	15.4% ²

RoTE trend (ytd)



¹ Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl Tier 1 notes coupon

² UAE CB has reduced the minimum CET1, Tier 1 and CAR requirement to 8%, 9.5% and 11.5% respectively until 31 Dec 2021 under TESS (previous minima of 11%, 12.5% & 14.5%, respectively)

Despite downside risks in the near term, our strategic actions position us well to continue to maintain balance sheet strength in the current environment, and deliver sustainable returns

Our priorities	2020 Outlook	Expected outcome
<ul style="list-style-type: none"> • Protect and raise liquidity leveraging our competitive strengths and flight-to-safety status 	Loan growth	Economic slowdown to be mitigated by government spending and a pick-up in demand in a lenders' market
<ul style="list-style-type: none"> • Conservatively manage our balance sheet and deploy liquidity in a disciplined manner 	Revenue Growth	Mid/high single digit <i>ex. large one-off in Q4'19</i>
<ul style="list-style-type: none"> • Extend support to our customers inline with CB UAE TESS 	C/I Ratio (ex-integ. costs)	Downward pressure from rate cuts and markets, to be partially offset by continued momentum in strategic areas and other initiatives
<ul style="list-style-type: none"> • Leverage market-leading product capabilities to offer best-in-class advice and execution to clients in a uncertain environment 	Cost of Risk	Cost optimisation initiatives to support operating efficiency
<ul style="list-style-type: none"> • Ensure cost and risk discipline, and prudent provisioning in light of the evolving dynamics of COVID-19 	NPL ratio	Deteriorating operating environment to put pressure on risk metrics, partly mitigated by regulatory relief measures
	CET1	CET1 expected to remain above regulatory requirements Reiterating medium term CET1 floor guidance of 13.5% (pre-dividend)



Our Q1'20 performance reflects an **unprecedented environment**

We are focused on maintaining a robust foundation through solid liquidity, funding and capital ratios

Our competitive strengths, in addition to the various relief measures implemented by local authorities, underpin our **resilient profile in the current environment**

As the leading UAE bank, **FAB will continue to take decisive actions** in order to support employees, customers, and communities navigate challenging times

Despite significant headwinds in the near term, **we remain confident in our ability to deliver sustainable shareholder returns**

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Appendix

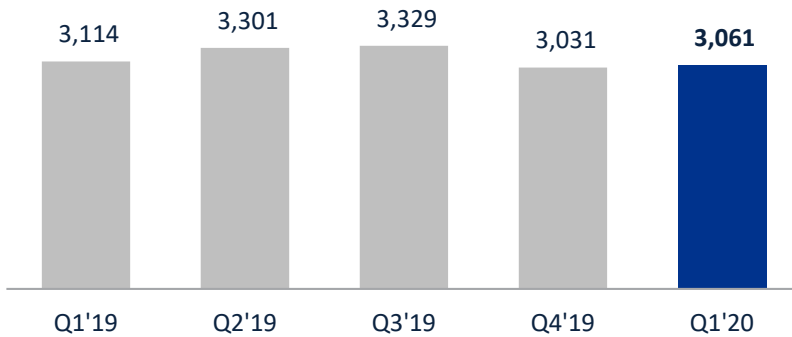


NII and margin trends

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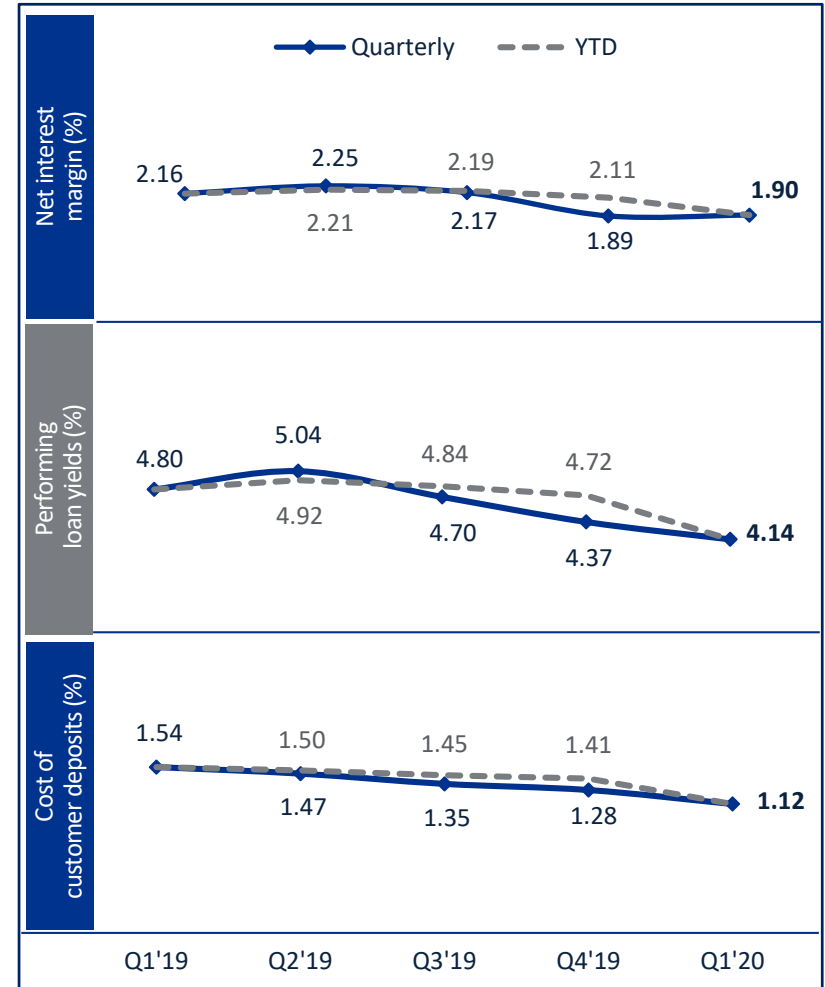
Net interest income (AED Mn)

QoQ↑1%, YoY↓2%



Key highlights

- Q1'20 NII was up 1% qoq driven by lower funding costs
- NIM is up 1bps over Q4'19 as headwinds from rate cuts in H2'19 were offset by the positive impact of lower placements with central banks (offering negative interest)
- P&L impact from a +/-25bps parallel movement in interest rates is estimated at ~+/-AED 270Mn¹, if no offsetting action is taken by management
- Rate headwinds to be partly offset by volume growth, loan repricing in a lenders market, and optimal balance sheet management

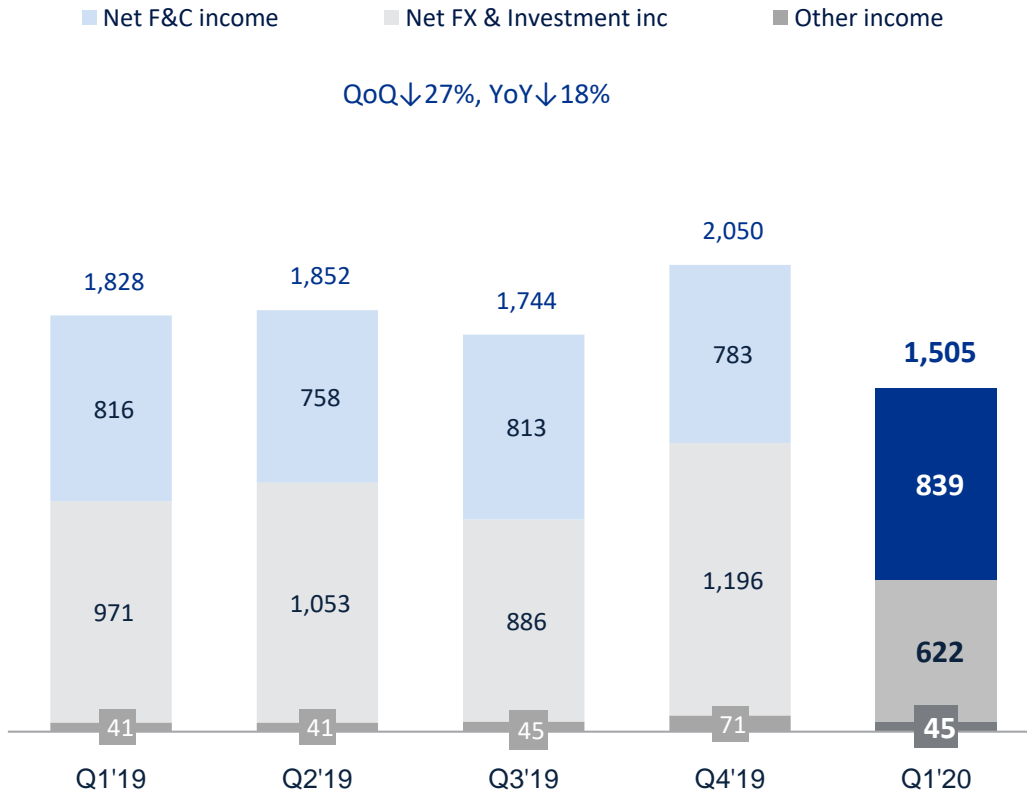


Note: All percentage figures are annualised

¹ For further details, please refer to Market Risk note 5(c) of FY'19 financial statements

Non-interest income

Non-interest income (AED Mn)



Key drivers

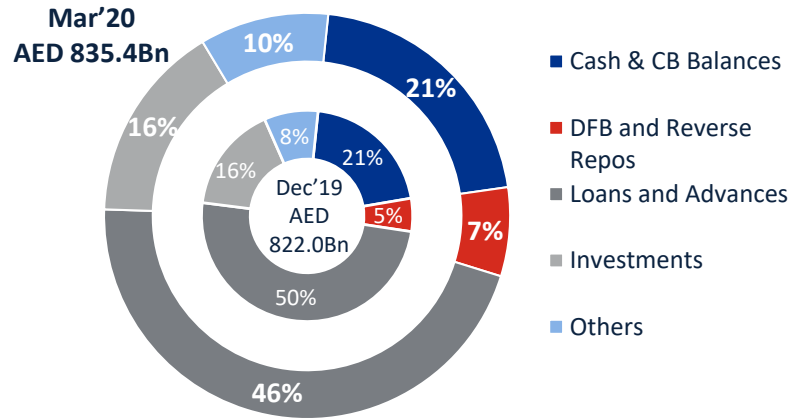
Fees & commissions up 3% yoy on the back of higher asset management-related fees; up 7% sequentially as a result of higher loan-related fees

FX & investment income down 36% yoy due to lower ALM revenue and negative MTM revaluations on investments and trading portfolios reflecting heightened risks and widening of credit spreads. This was partly offset by higher flow income as significant market volatility led to a spike in demand for hedging solutions across IR, FX and commodity space.

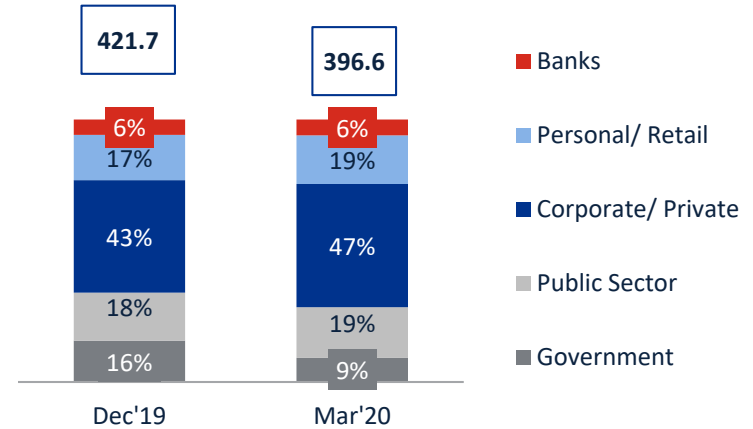
Non-interest income % (of Group revenue)

37%	36%	34%	40%	33%
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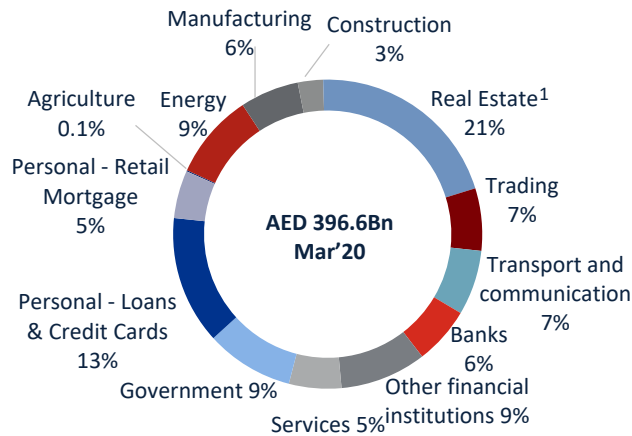
Asset Mix



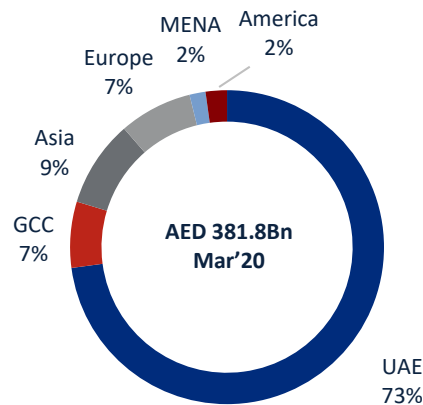
Gross loans by counterparty (AED Bn)



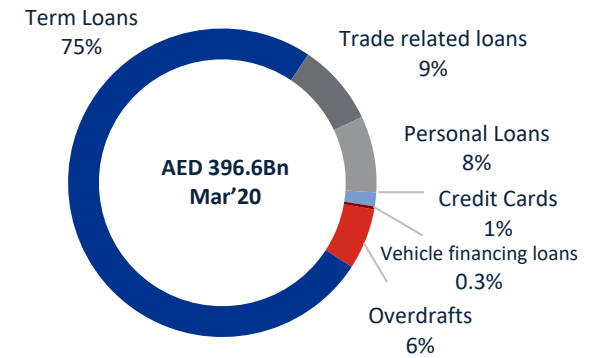
Gross loans by economic sector



Net loans by geography²



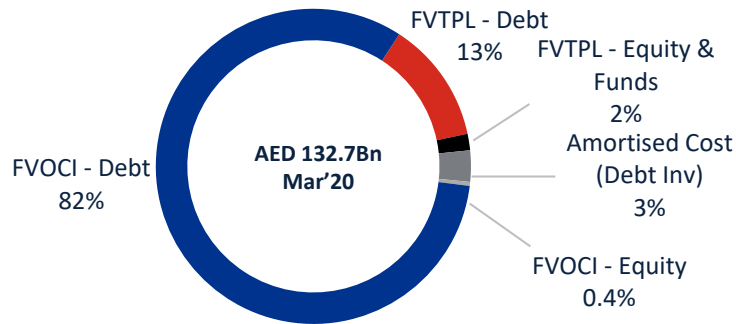
Gross loans by product



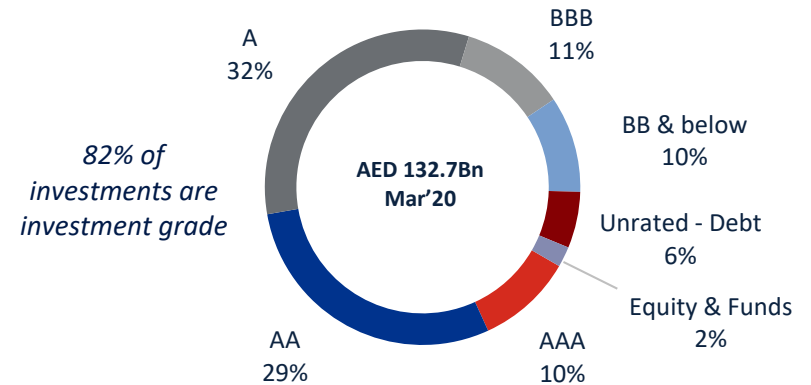
¹ Real Estate by geography: Abu Dhabi 45%, Dubai 26%, Other UAE 3%, UK 17%, Other Intl 9%

² Based on loan origination / coverage

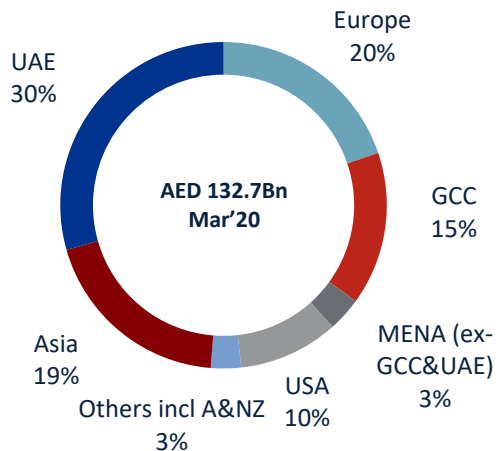
Investments by type



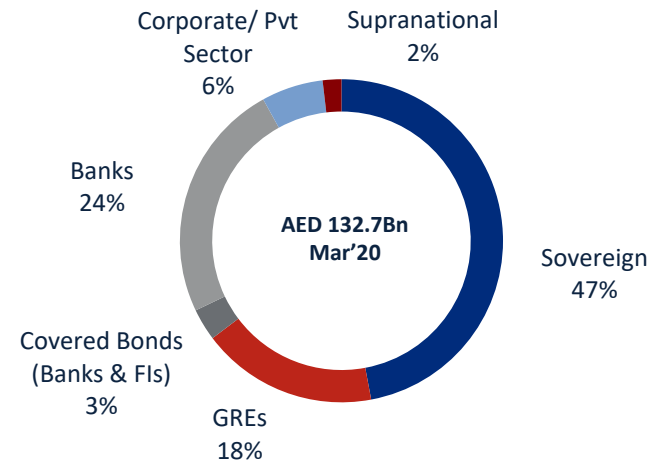
Investments by ratings



Investments by geography



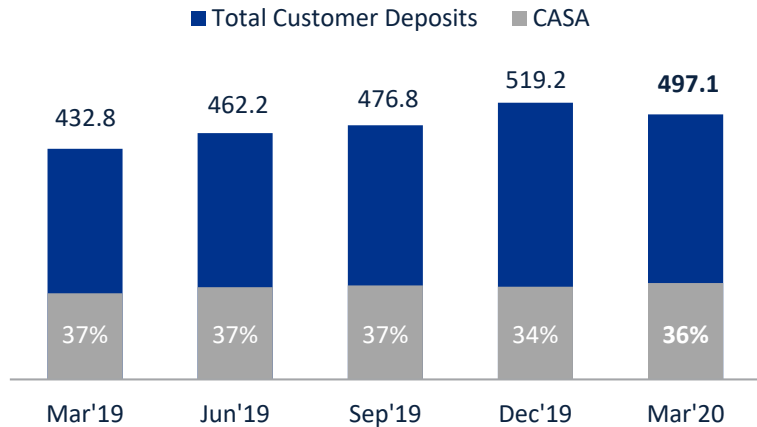
Investments by counterparty



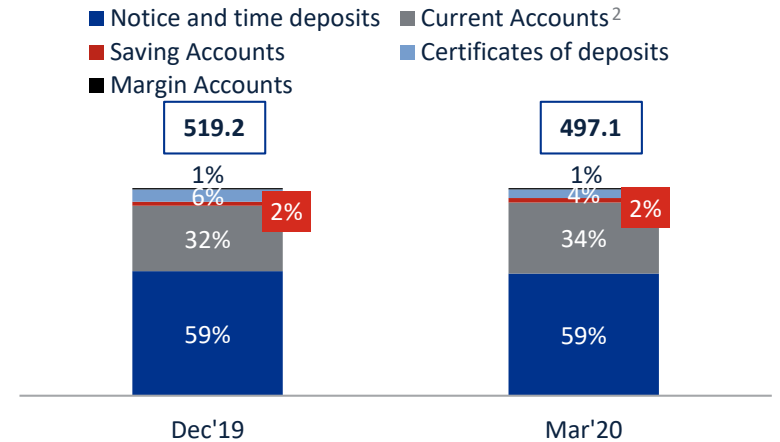
FVTPL – Fair value through profit or loss (previously HFT)
 Amortised cost – previously HTM
 FVOCI – Fair value through other comprehensive income (previously AFS)

Note: All totals are Gross investments before ECL
 Sovereign bonds include sovereign guaranteed bonds issued by GREs, banks & FIs

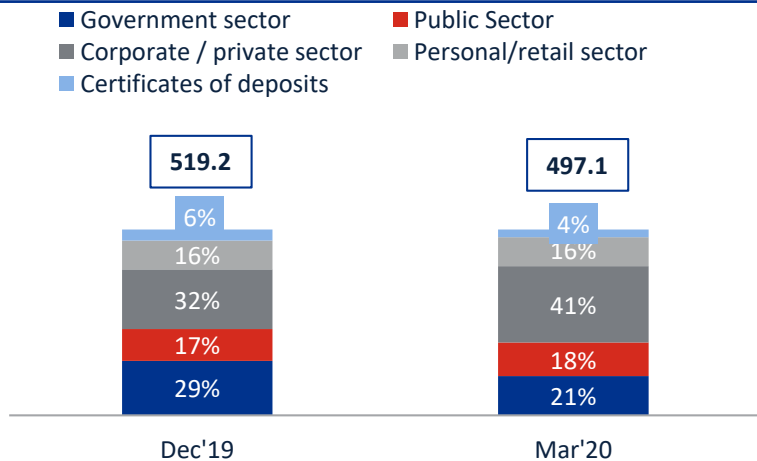
Customer deposits (AED Bn)



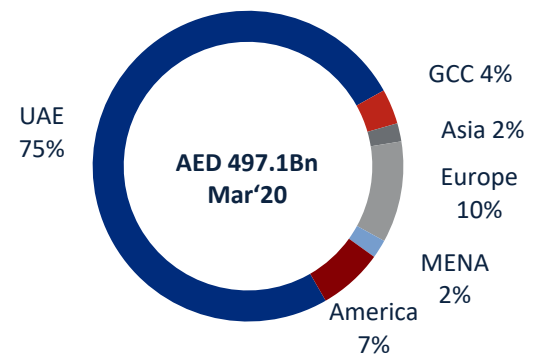
Customer deposits by account type (AED Bn)



Customer deposits by Counterparty (AED Bn)



Customer deposits by geography¹

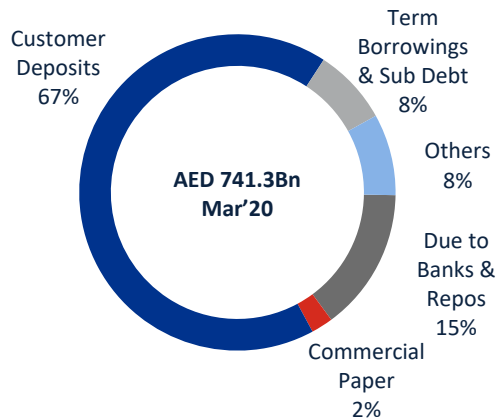


¹ Based on deposit origination / coverage

² Current, savings and call accounts; prior periods reclassified to include call accounts earlier grouped with notice and time deposits

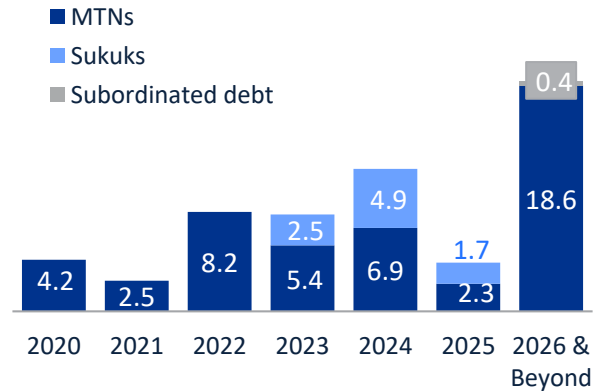
Liability mix and funding profile

Liability Mix



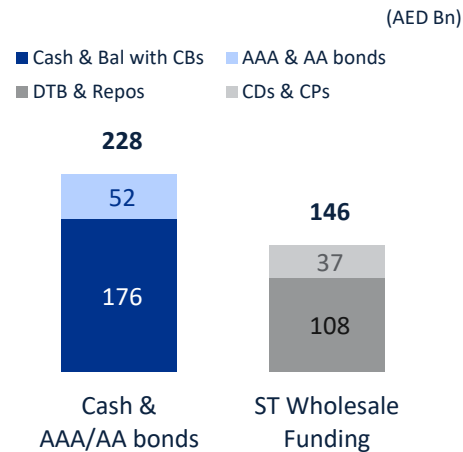
Medium-term wholesale funding (AED Bn)

Medium Term Notes	48.1
Sukuks	9.1
Subordinated debt	0.4
Total	57.6



Note: Debt at final maturity date rather than next call date

Cash & AAA/AA bonds vs. ST wholesale



Issuances
 USD equivalent
2.0Bn
 in Q1'20

- 30yr multi-callable USD 485Mn Formosa
- 5yr USD 500Mn public Sukuk at 2.5%
- 5yr AUD 350Mn public Kangaroo at BBSW +110bps
- 3yr GBP 450Mn public Sterling at 1.375%
- 2-5yr USD 190Mn equivalent of private placements

Maturities
 USD equivalent
1.8Bn
 in Q1'20

- 5yr USD 750Mn public bond at 2.250%
- 5yr USD 900Mn public bond at 2.625%
- USD 150Mn equivalent of private placements issued 2014-2018

* FAB has access to place deposits with ECB & FED

Segmental performance (by business)

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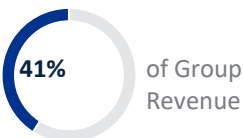
Corporate & Investment Banking (CIB)



In AED Mn	Q1'20	YoY %
Revenues	2,423	(13)
Operating expenses	(541)	9
Impairment charges, net	(177)	(47)
Profit after taxes	1,657	(13)
Loans (AED Bn)	285.1	8
Deposits (AED Bn)	402.7	20

- CIB Revenue delivered a resilient performance during an unprecedented period marked by heightened volatility that also saw erosion of market liquidity and widening of spreads across asset classes. CIB revenue was down 13% yoy driven by:
 - › **Global Markets (-5%)**, on the back of negative MTM revaluations, offset partially by higher trading gains and increased client activity and cross-sell; GM sales revenue +16% yoy
 - › **Global Transaction Banking (-11%)**, primarily due to rate cuts in H2'19; partly offset by higher CASA balances; non-interest income was nevertheless up 1% yoy
 - › **Global Corporate Finance (-16%)**, performance was impacted by rate cuts, subdued market volumes and margin compression; robust balance sheet growth yoy led by Govt/GRE lending in UAE, and strong liquidity position

Personal Banking Group (PBG)



In AED Mn	Q1'20	YoY %
Revenues	1,864	7
Operating expenses	(738)	4
Impairment charges, net	(351)	169
Profit after taxes	751	(15)
Loans (AED Bn)	96.8	2
Deposits (AED Bn)	91.7	(2)

- PBG delivered a resilient performance in Q1'20 growing balance sheet and revenue in a competitive market
- Operating income grew 7% yoy on the back of higher non-interest income, driven by 36% increase in net fees and commissions from higher lending related fees and asset management fees
- Enhanced product offerings, new partnerships and ongoing process improvements supported business growth in Q1'20, although sales were partially impacted due to COVID-19 towards the end of the month
- Increase in loans and advances yoy in Q1'20 was mainly driven by growth in mortgages

Segmental performance (by geography)

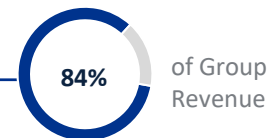
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UAE

In AED Mn	Q1'20	YoY %
Revenues	3,836	(9)
Operating expenses	(1,068)	↔
Impairment charges, net	(641)	86
Profit after taxes	2,127	(25)
Loans (AED Bn)	278.3	8
Deposits (AED Bn)	374.0	13

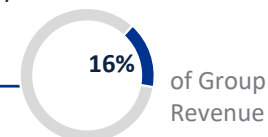
- Revenues were significantly impacted due to rate cuts in H2'19 and negative MTM revaluations in the AFS portfolio
- Revenues declined 9% yoy, contributing 84% to Group revenue, while operating expenses were flat you on the back of cost discipline and synergy realisation
- Impairment charges, net increased 86% yoy as the Bank took pre-emptive provisions in light of a more challenging environment
- Loan book grew faster than market, led by government/ GRE lending and highlighting FAB's position as the preferred banking partner to the Abu Dhabi Government and GREs
- Liquidity position remains strong, with customer deposits inflows up 13% yoy



International (Europe, Americas, Middle East & Africa and Asia-Pacific)

In AED Mn	Q1'20	YoY %
Revenues	730	3
Operating expenses	(285)	16
Impairment charges, net	(97)	53
Taxes	(76)	7
Profit after taxes	272	(18)
Loans (AED Bn)	103.5	3
Deposits (AED Bn)	123.1	21

- FAB's international business remains a key differentiator supporting revenue and risk diversification, contributing 16% to Q1'20 Group revenue (14% - FY'19)
- International revenue grew 3% yoy, led by higher contributions from Saudi Arabia, Egypt, Hong Kong and India
- Increase in expenses reflects growth initiatives in targeted markets
- As of end-Q1'20, international loans and deposits represent 27% and 25% of Group loans and deposits, respectively



P&L summary

<i>In AED Mn</i>	Q1'20	Q1'19	YoY%	Q4'19	QoQ%
Revenue	4,566	4,942	(8)	5,081	(10)
Operating expenses	(1,353)	(1,314)	3	(1,415)	(4)
Impairment charges	(738)	(407)	81	(499)	48
Net profit (after minority interest)	2,408	3,107	(22)	3,081	(22)

Balance Sheet summary

<i>In AED Bn</i>	Mar'20	Mar'19	YoY%	Dec'19	YoY%
Total assets	835	733	14	822	2
Loans and advances	382	359	6	408	(6)
Customer deposits	497	433	15	519	(4)
Equity (<i>incl Tier 1 capital notes</i>)	94	98	(4)	108	(13)

Key ratios

%	Q1'20	Q1'19	YoY%	Q4'19	QoQ%
C/I ratio (<i>ex-integ costs</i>)	29.1	26.1	299	27.5	159
RoTE	13.0	17.4	(445)	15.5	(258)
NPL ratio	3.5	3.3	26	3.2	30
Provision coverage	95	106	<i>lge</i>	93	175
Liquidity Coverage Ratio (LCR)	110	117	(751)	129	<i>lge</i>
CET1 ratio (post dividend)	12.1	12.7	(61)	13.5	(142)

FAB is taking decisive actions in response to COVID-19

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We activated a robust Business Continuity Plan, enabling the bank's functions to operate with speed and efficiency while limiting exposure

- **Activation of Work From Home** in UAE and across international locations for 80% of our staff (ex critical functions)
- Use of **cloud based virtual desktop capabilities**
- **Restrictions on travel**
- **Limiting physical meetings**, availing video and tele-conferencing
- **IT infrastructure scaled up** to accommodate WFH
- Enhanced **cybersecurity**, fraud prevention and monitoring

We took care of our employees, to safeguard their health and safety

- **Extensive internal communication**, health tips reminders
- **Tele/Video doctor consultations**
- **Employee wellbeing** programmes
- Medical/testing support for reported cases
- **Extensive sanitisation** measures across our facilities
- Front line staff provided with **masks, gloves, thermal scanning, etc**

As the leading UAE Bank, it is our duty to support our customers and communities through these challenging times

- **Financial relief measures** for individual, SME and corporate customers inline with TESS¹ (payment deferments, reductions of charges, fee waivers etc.)
- Leveraging our digital platform to deliver **uninterrupted banking services**, with a multitude of products and services accessed through online and mobile channels and available 24x7
- **31 branches** (40% of UAE network) **remained open with reduced hours** for essential banking needs
- **Continued to actively engage with clients** and support their specific needs while conservatively managing liquidity
- **Facilitated UAE's first ever virtual General Assembly Meetings** (6 conducted so far)
- **AED 1Mn to the Emirates Foundation** to provide food boxes to people in need during the Holy Month of Ramadan
- **AED 2Mn to Emirates Red Crescent (ERC)** to provide meals for frontline health professionals and meal boxes to support people in need to safely break their Ramadan fasts
- **AED 5Mn to provide laptops to students** for distance learning, in partnership with the Ministry of Education

THANK YOU!

For more information, please visit
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