



Management Discussion & Analysis

FOR THE FULL YEAR ENDED
31 DECEMBER 2023

FAB achieves record 2023 with **net profit of AED 16.4 billion**, proposes AED 7.8 billion cash dividend representing a 50% payout

HH Sheikh Tahnoon Bin Zayed Al Nahyan | Chairman

“FAB’s outstanding performance in 2023 marks the third consecutive year of improved RoTE driving higher cash returns to our shareholders.”

FY 2023 Key Financials

Net Profit	Total Income
AED 16.4 bn	AED 27.8 bn
+56% yoy ¹	+32% yoy ¹

Return on Tangible Equity	Proposed Cash Dividend Per Share
17.6%	71 fils
2022: 15.7%	2022: 52 fils

Cost/Income Ratio¹	Non-interest Income
25.9%	34% Op. Income
2022: 31.6%	2022: 32%

Total Assets	Loans:	+5% yoy
AED 1.2 tn	Deposits:	+8% yoy
+5% yoy	incl. CASA:	+21% yoy

Liquidity Coverage Ratio	Common Equity Tier 1 Ratio
145%	13.8%
2022: 154%	2022: 12.6%

Key Highlights

- **Outstanding three-year returns trajectory, at scale:** Double-digit growth in revenue and net profit resulting in robust RoTE performance on an expanded asset base.
- **Board recommends highest cash dividend payout since 2020:** a total of AED 7.8 billion (71 fils per share²) representing 50%³ of net profit.
- **Achieved remarkable scale** with total assets reaching AED 1.2 trillion, and loan and deposit growth above industry average⁴.
- Performance emphasizes **FAB’s status as the regional financial institution of choice** powering cross-border trade, economic growth and transition to a low-carbon future.

1. On underlying basis excluding gains on sale of stake in subsidiaries.
 2. Subject to shareholders approval at the upcoming General Assembly Meeting on March 5th, 2024.
 3. Cash dividend payout as a % of group net profit available for distribution.
 4. Over the (2020-2023) period based on UAE Central Bank statistics as of November 2023.



His Highness Sheikh Tahnoon Bin Zayed Al Nahyan, Chairman

2023 was an outstanding year for First Abu Dhabi Bank. We further consolidated our leading position as one of the largest global banks, with total assets increasing to AED 1.2 trillion. **2023 also represented the culmination of a three-year journey of accelerated business momentum and outstanding returns as the region's financial institution of choice.**

FAB's performance in 2023 marks the **third consecutive year of improved RoTE driving higher cash returns to our shareholders.** This demonstrates consistent strategic execution and our relentless focus on serving our clients across our global franchise.

In line with our commitment to enhance long-term sustainable shareholder value, the Board of Directors recommends **total cash dividends of AED 7.8 billion for 2023. This represents a cash dividend per share of 71 fils and the highest payout since 2020.**



Hana Al Rostamani, Group CEO

FAB's outstanding performance in 2023 marks the **third consecutive year of higher profits**, driving greater cash returns for our shareholders.

During that time, we have been focused on diversifying our global franchise both internationally and across business lines, products, funding sources and income streams. **Simultaneously, we have facilitated over AED 125 billion sustainable finance projects to date.** These strategic achievements will enable us to keep developing our business further, while capitalising on new sources of value creation.

A particular highlight this year was the UAE's hosting of COP28 on the "Year of Sustainability". FAB was pleased to play an active role, committing to lend, invest and facilitate over AED 500 billion in sustainable and transition financing by 2030. This represents half of the UAE banking sector's pledge and the largest commitment made by any MENA bank to date.

The UAE economy continues to be a compelling story of growth and diversification, with deepening trade ties and economic relationships. **As the UAE's leading bank and a regional banking powerhouse, we have a clear strategy to deliver for our shareholders while supporting the UAE building on its position as a recognised international financial centre, a global trade hub, a nexus of innovation and advanced technology and a thriving business environment."**

We have built a strong platform for future growth, one that is ideally placed to facilitate the growing trade and investment flows that support our clients' ambitions, leaving us well placed for continued growth, while enhancing sustainable returns to our shareholders. **We are determined to be the regional financial institution of choice to current and prospective clients."**

A JOURNEY OF SUSTAINABLE VALUE CREATION

- **Grew market share and strengthened global client franchise** through new relationships, enhanced offerings, and strategic partnerships.
- **Leveraged extensive scale, strategic presence, and deep expertise** to foster economic progress and advance the UAE's agenda in various strategic areas including the energy transition.
- **Drove innovation and operating efficiencies through continued technology investments** while championing digital banking.
- **Maintained robust fundamentals and superior credit ratings**, which underpin the Group's foundation.

- Global footprint **across 20 markets**
- **AED 125 billion** sustainable finance projects facilitated to-date (25% of 2030 target)
- **Substantial growth in digital acquisitions, users, and transactions**
- **Strongest combined credit rating** among MENA banks at **AA-** or equivalent, **highest ESG score**

These achievements uniquely position FAB to sustain strategic, business, and financial momentum against a relatively favourable regional backdrop underpinned by continued economic strength and ongoing structural reforms.

Looking ahead, the Group will continue to capitalise on its scale and differentiated strengths to sustain its track record of superior and sustainable returns and deliver a RoTE above 16% over the medium-term. This will be achieved by continuing to build on its momentum of business growth and diversification and to strengthen and expand its leadership position in the UAE and its international operations.

In addition, the Group will continue to invest in technology and innovation to drive further productivity and efficiency gains while reinforcing our leadership in sustainability in the UAE and broader region.

2023 FINANCIAL REVIEW



Lars Kramer | Group CFO

“These are a very strong set of results. Group revenue and net profit reached new record highs and performance was consistent across our core business segments.

We achieved this while managing capital efficiently and costs prudently, maintaining our superior credit ratings profile and delivering attractive returns to our shareholders.

The strength of our franchise, rock-solid capital base, leading liquidity position, and high-quality risk profile, bolster confidence in our outlook for 2024 and beyond”.

Operating Performance

Selected P&L items (AED Mn)	Q4'23	Q3'23	qoq %	Q4'22	yoy %	FY'23	FY'22	yoy %
Net interest income	4,693	4,577	3	4,175	12	18,102	14,217	27
Non-interest income	2,240	2,399	(7)	1,737	29	9,370	6,623	41
Operating income	6,933	6,976	(1)	5,911	17	27,471	20,840	32
Gain on sale of stake in subsidiary	284	-	na	-	na	284	3,094	(91)
Total Income	7,217	6,976	3	5,911	22	27,755	23,934	16
Operating expenses	(1,900)	(1,806)	5	(2,000)	(5)	(7,125)	(6,705)	6
Net impairment charge	(999)	(605)	65	(1,106)	(10)	(3,078)	(2,839)	8
Non-controlling interests and taxes	(308)	(309)	(0)	(343)	(10)	(1,146)	(979)	17
Net Profit	4,011	4,255	(6)	2,462	63	16,405	13,411	22
Basic Earning per Share (AED)	0.36	0.36	0	0.22	66	1.43	1.18	21

Note: a full summary financials table is available at the back of the report

- **FY'23 reported net profit** was AED 16.4 billion, improving 22% compared to 2022, or 56% on an underlying basis when excluding gains from the sale of stake in subsidiaries. Q4'23 net profit was AED 4.0 billion, up 63% yoy and 6% lower sequentially on a reported basis.
- **Operating income** grew 32% yoy to AED 27.5 billion, driven by business volumes, improved margins, and broad-based, diversified growth across businesses, products and geographies. Non-Interest income contributed 34% to Group revenue, up from 32% in 2022. Q4'23 operating income was AED 6.9 billion, 1% lower sequentially and up 17% yoy.
- **Net Interest Income** was AED 18.1 billion, up 27% yoy, supported by strong business volumes and the benefits of higher benchmark rates. Net Interest Margin (NIM) was 1.80% improving 21bps from 1.59% in 2022. Q4'23 Net Interest Income improved 3% sequentially with quarterly NIM at 1.89%.

- **Non-Interest Income** grew 41% yoy to AED 9.4 billion, underlining strong momentum across fee-generating businesses, a healthy sales and trading performance and strong client activity across FX, derivatives and commodities.
- **Operating expenses** were AED 7.1 billion up 6% yoy. Ongoing investments continued to deliver efficiency and productivity gains, as evidenced by the uptick in sales momentum and digital acquisitions during the period. Cost-to-income ratio was 25.9%, notably improving from 31.6% the prior year.
- **Net impairment charges** were AED 3.1 billion, up 8% yoy, helped by higher recoveries. FY'23 cost of risk was 63bps, broadly inline with the prior year. Q4'23 impairment charges were up 65% sequentially with the increase primarily attributed to the downgrade of Egypt's credit rating.

Key Ratios (%)	Q4'23	Q3'23	qoq (bps)	Q4'22	yoy (bps)	FY'23	FY'22	yoy (bps)
Net Interest Margin	1.89	1.81	8	1.67	22	1.80	1.59	21
Cost-Income ratio	27.4	25.9	148	33.4	(604)	25.9	31.6	(568)
Cost of Risk (bps)	79	52	27	86	(7)	63	62	0
Return on Tangible Equity (RoTE)	16.5	18.5	(201)	11.1	538	17.6	15.7	192
Return on Risk-weighted Assets (RoRWA)	2.7	2.9	(18)	1.7	102	2.8	2.3	50

Balance Sheet Trends

Balance Sheet - Summary (AED Bn)	Dec'23	Sep'23	qoq %	Dec'22	yoy %
Loans, advances and Islamic financing	484	478	1	460	5
Investments	226	215	5	206	10
Customer deposits	760	785	(3)	701	8
CASA	361	352	2	297	21
Total Assets	1,169	1,186	(1)	1,110	5

- **Total assets grew 5% yoy** to AED 1.2 trillion (USD 318 billion), led by sizeable deposit inflows deployed across loans, investments and central bank placements.
- **Loans, advances and Islamic financing** were up 5% yoy to AED 484 billion, and up 8% on average over the past 3 years, outperforming the UAE banking sector and demonstrating market share gains across segments and geographies.
- **NPLs (non-performing loans)** were AED 19.6 billion as of December-end 2023, implying a **Group NPL** ratio of 3.9%, stable compared to the prior year underlining a prudent approach to risk. **Provision coverage** remained adequate at 95% with total ECL/ provisions at AED 18.6 billion.

Key Ratios (%)	Q4'23	Q3'23	qoq (bps)	Q4'22	yoy (bps)	FY'23	FY'22	yoy %
Non-performing loans ratio	3.9	3.9	5	3.9	3	3.9	3.9	3
Provision coverage	95	97	(235)	98	(351)	95	98	(351)
Liquidity Coverage Ratio (LCR)	145	146	(53)	154	(823)	145	154	(823)

- **Customer deposits** were up 8% yoy to AED 760 billion driven by diversified growth in wholesale and retail CASA balances which reached an all-time high of AED 361 billion, representing 47% of total customer deposits.
- The Group continues to present a robust and diversified **liquidity profile** with December-end 2023 LCR at 145%, comfortably in excess of the Basel III minimum regulatory requirement of 100%.
- **During 2023, FAB raised AED 7.7 billion (USD 2.1 billion equivalent) of senior wholesale funding** at a competitive pricing of which **AED 3.5 billion (USD 950 million equivalent) was in Green format.**
- **Landmark transactions** included a USD 500 million 5-year Sukuk; a 5.25-year USD 600 million conventional bond; a 5-year USD 600 million Green bond, and the first-ever AED denominated Green issuance (AED 1.3 billion 3-year Green Sukuk), issued at the lowest spread ever achieved by a bank in the AED market.
- To further enhance its robust capital position, **FAB also issued a USD 1 billion Tier 2 bond** in October, the largest-ever Tier 2 conventional bond issuance from a MENA bank.
- With **Green Bonds outstanding of over USD 3.2 billion** (equivalent) across 15 issuances and six different currencies, FAB further reaffirmed its position as a regional and global leader in the Green Bond market.

Equity, Capital and Returns

- **Total shareholders' equity** stood at AED 125 billion, up 9% yoy, driven by earnings growth. Capital accretion was strong during the period with Basel III Common Equity Tier 1 (CET1) ratio strengthening to 13.8% as compared to 12.6% at December-end 2022. Capital adequacy and Tier 1 capital ratios were 17.4% and 15.7%, versus 15.6% and 14.5% respectively as of December-end 2022.
- **Return on tangible equity (RoTE)** improved to 17.6% from 15.7% the prior year comparative period on an underlying basis, while annualised return on risk-weighted assets (RoRWA) stood at 2.8%.

Business Performance

(AED Mn)	Q4'23	Q3'23	qoq %	Q4'22	yoy %	FY'23	FY'22	yoy %	FY'23 Contr%
Operating income	6,933	6,976	(1)	5,911	17	27,471	20,840	32	100%
<i>Operating income by business segment</i>									
Investment Banking (IB)	3,182	3,211	(1)	2,824	13	12,011	8,874	35	44%
Corporate & Commercial Banking (CCB)	1,695	1,721	(1)	1,511	12	6,867	4,960	38	25%
Consumer Banking (CB)	954	962	(1)	835	14	3,795	3,634	4	14%
Global Private Banking (GPB)	298	304	(2)	271	10	1,178	1,031	14	4%
Head Office (HO)	805	778	3	471	71	3,620	2,340	55	13%
<i>Operating income by geography</i>									
UAE	5,582	5,724	(2)	4,127	35	22,179	16,057	38	81%
International	1,351	1,252	8	1,784	-24	5,293	4,784	11	19%

Business Performance (Continued)

Investment Banking

delivered 35% revenue growth yoy to a record AED 12 billion, contributing 44% to Group revenue, fueled by broad-based growth across all product lines.

- Strong deal pipeline execution resulted in 23% NII growth and a robust 74% increase in fee income.
- Loans and deposits up 7% and 4% yoy respectively. Strong liquidity position through diversified funding sources and 43% growth in CASA balances.
- Maintained dominant position in MENA IB league tables for FY'23: #1 Loans Bookrunner, #1 Loan Agent, #3 in ECM, #6 in DCM.
- Extended over AED 88 billion (USD 24 billion) of sustainable financing, ranking among the top 15 banks for Green Loans globally.
- Other key achievements include strong growth in Securities Services, various strategic partnerships including in the AED Sukuk market, and the launch of MENA's first carbon trading desk.

Corporate & Commercial Banking

achieved 38% yoy revenue growth to AED 6.9 billion, contributing 25% to Group revenue driven by strong business volumes, improved margins helped by higher benchmark rates, and increased client activity.

- Positive trends across loans and deposits (up 1% and 16% yoy respectively) on the back of new customer acquisitions, an expanding share of regional project financing and a focus on growing CASA balances through new cash management mandates.
- Continued to demonstrate commitment to the regional SME ecosystem by extending over AED 3 billion new lending to SMEs during 2023.
- Leveraged strategic partnerships to drive growth and innovation in several areas including cross-border payments, supplychain financing and liquidity management.

Consumer Banking

revenue grew 4% yoy to AED 3.8 billion, generating 14% of Group revenue.

- 34% growth in fees as a result of increased sales, an expanded customer base and digitally-enhanced operations.
- Consumer loans up 9% yoy reflecting strong sales momentum in mortgages, credit cards and personal loans. Customer deposits up 19%, driven by digital offerings and a strategic focus on growing primary relationships.
- Solid digital progress: over 30% increase in both digital and Payit wallet users, over 96% of transactions conducted digitally, and the launch of an IPO subscription feature on FAB Mobile raising AED 1.4 billion.

Global Private Banking

revenue grew 14% yoy to AED 1.2 billion, contributing 4% to Group revenue.

- Strong results led by a significant increase in fee income and sustained growth in Assets Under Management (up 22% yoy), driven by accelerated client acquisitions.
- Private banking launched new investment products and signed successful partnerships with leading institutions to give clients access to a range of sophisticated private market opportunities.

Revenue from International Operations

grew 11% yoy to AED 5.3 billion, generating 19% Group revenue.

- Positive revenue momentum across all regions including MENA (+12%), APAC (+11%) and Europe & Americas (+6%) driven by growth in key strategic markets.
- International loans and deposits up 7% and 2% yoy respectively, contributing 19% and 20% to the Group.

SUMMARY FINANCIALS

Income Statement – Summary

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Operating expenses	(1,900)	(1,806)	5	(2,000)	(5)	(7,125)	(6,705)	6
Profit before net impairment charge and taxation	5,317	5,169	3	3,911	36	20,630	17,229	20
Net impairment charge	(999)	(605)	65	(1,106)	(10)	(3,078)	(2,839)	8
Non-controlling interests and taxes	(308)	(309)	(0)	(343)	(10)	(1,146)	(979)	17
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Total Assets	1,169	1,186	(1)	1,110	5
Equity (incl Tier 1 capital notes)	125	120	4	115	9
Tangible Equity	94	89	6	84	12
Risk Weighted Assets	587	586	0	572	3

Key P&L ratios (%)

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Liquidity Coverage Ratio (LCR)	145	146	(53)	154	(823)
CET1 ratio	13.8	14.2	(40)	12.6	122
Capital Adequacy ratio	17.4	17.2	25	15.6	181

Notes:

- Cost-income ratios for 2023 and 2022 exclude gains on sale of stake in subsidiaries in both periods.
- Comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in the consolidated financial statements.
- Ratios for the quarter are annualised, where applicable, except for Basic EPS; Rounding differences may appear in above table.
- For further details on calculation of the ratios, please see the [Quarterly Series](#) on FAB IR website's financial reports page.
- To view key figures in USD, please refer to: [bankfab.com > investor relations > reports & presentations > key quarterly figures](#).
- NIMs for current and prior periods have been restated following the reclassification of interest income on FVTPL securities from Net Interest Income to Net Gain on Derivatives and Investment inline with IFRS.

ABOUT FIRST ABU DHABI BANK (FAB)



Headquartered in Abu Dhabi with a strategic global footprint across 20 markets, FAB is the finance and trade gateway to the Middle East and North Africa region (MENA). With total assets of AED 1.2 trillion (USD 318 billion) as of December-end 2023, FAB is among the top 50 banks globally by market capitalisation and one of the world’s largest banking groups. The bank provides financial expertise to its wholesale and retail client franchise across four business units: Investment Banking, Corporate and Commercial Banking, Consumer Banking, and Global Private Banking. FAB is listed on the Abu Dhabi Securities Exchange (ADX) and rated Aa3/AA-/AA- by Moody’s, S&P and Fitch, respectively, with a stable outlook. On sustainability, FAB holds an MSCI rating of ‘A’, also ranked among the top 10% of banks globally by Refinitiv’s ESG Scores and the best performer in the MENA region.

For further information, visit: www.bankfab.com

For investor-related queries, please contact FAB Investor Relations team on ir@bankfab.com

Recent Accolades



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