

# Management Discussion & Analysis

FOR THE FIRST QUARTER  
ENDED 31 MARCH 2024

# FAB delivers robust first quarter with total income of AED 8.0 billion and Net Profit of AED 4.2 billion

## Total Assets cross AED 1.2 trillion threshold

Hana Al Rostamani | Group Chief Executive Officer

*"FAB continues to deliver robust performance, reflected in double-digit growth in revenue year-on-year, supported by strong business momentum. This further strengthens our fundamentals, including our total asset base crossing the AED 1.2 trillion threshold. We remain focused on accelerating our growth strategy, building efficiencies and delivering sustained shareholder value."*

### Q1'24 Key Financials

Net Profit	Total Income
AED 4.2 bn	AED 8.0 bn
+6% yoy, +4% qoq	+18% yoy, +10% qoq
Total Assets	Loans: +5% ytd
AED 1.24 tn	Deposits: +6% ytd
+6% ytd	

### Key Highlights

- **Strong set of results with consistent growth across revenue and profits amid continued business momentum and expanded scale.**

Cost/Income Ratio	LCR
24.0%	150%
Q1'23: 25.1%	Q1'23: 151%
NPL ratio	Provision coverage
3.7%	99%
Q1'23: 3.8%	Q1'23: 101%

- **Maintained robust fundamentals through solid asset quality, strong liquidity profile and outstanding operating efficiency.**

RoTE	Common Equity Tier 1 Ratio
17.4%	13.7%

- **Group remains focused on delivering sustained shareholder value.**



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## Hana Al Rostamani, Group Chief Executive Officer

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“FAB continues to deliver robust performance, reflected in double-digit growth in revenue year-on-year, supported by strong business momentum. This further strengthens our fundamentals, including our total asset base crossing the AED 1.2 trillion threshold. We remain focused on accelerating our growth strategy, building efficiencies and delivering sustained shareholder value.

In 2024, we continue to demonstrate the same strengths that led to our exceptional performance in 2023, with growth in profits and revenues, backed by operational

efficiencies and financial resilience. Our performance is anchored in the strength of the UAE economy, and increasingly backed by the dynamism of our international operations.

We keep our customers and clients at the centre of everything we do, integrating cutting-edge technology and innovation, diversification, and financial sustainability, as we respond to the rapidly evolving needs of regional and international markets.”



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## Lars Kramer, Group Chief Financial Officer

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“FAB has started the year strongly with double-digit growth in revenue, while we continued to deliver positive jaws during the quarter. The strong revenue performance was driven by balance sheet growth, higher NIMs and robust non-funded income.

The growth in non-funded income, in particular, has been pleasing as we continue to leverage our region-leading capabilities, diversified business model and sophisticated Global Markets platform to further deepen client relationships.

The strong revenue growth also enabled us to largely offset the impact of the UAE corporate tax and to maintain robust provision coverage levels particularly in the context of a global environment marked by continued uncertainties.

We have achieved our stellar Q1’24 performance while maintaining a strong balance sheet, rock-solid capital base, leading liquidity position, and high-quality risk profile. We also continued to make excellent progress against our sustainability agenda with the issuance of the first-ever Social Bonds from the UAE.

We remain committed to delivering above 16% RoTE over the medium term, as evidenced by our Q1 outcome of 17.4%.”

# ADVANCING OUR GROWTH AND SUCCESS JOURNEY

As the region's banking powerhouse, FAB continued to grow market share across key segments, while strengthening its global client franchise

- **Expanded scale with total assets, loans and deposits crossing historical thresholds of AED 1.2 trillion, AED 500 billion and AED 800 billion, respectively.**
- All businesses maintained strong momentum, delivering **broad-based growth in balance sheet, revenue and profits yoy.**
- Maintained **dominant position in MENA IB league tables** for Q1'24: #1 Agent and #3 Bookrunner for MENA Borrower Loans & #5 in MENA ECM.
- **Strong sales momentum** across multiple retail products helped by market-leading pricing and marketing campaigns while leveraging enhanced digital capabilities.
- **AUMs grew over 30% yoy** driven by accelerated client acquisitions and new mandates.
- Global Markets continued to enhance existing offerings while **expanding new core capabilities**, particularly in Secured Financing & Client Solutions and Commodities & Energy.
- **International franchise expanded further** with positive revenue momentum delivered across all regions, reaffirming FAB's strategic position as a facilitator of global trade, liquidity and investment flows.

We continued to drive innovation and operating efficiencies leveraging technology, strategic partnerships and championing digital banking

- Continued to strengthen the digital proposition, with **improvements in NPS scores** across all channels.
- **27% yoy growth in customers registered for digital channels** while logons increased by 30% yoy.
- Announced **landmark strategic partnership with Microsoft** and launched **AI Innovation Hub** to shape the future of financial services globally, and to develop new AI-based banking capabilities focusing on innovation, sustainability, and customer experience.
- **Expanded long term partnership with MasterCard** to drive payments innovation in the Middle East.
- **Launched first-in-market digital multi-product offers journey for conventional customers**, offering a Credit Card, Account and iSave product in a simplified easy journey.

The regional pace-setter in ESG, aligned with the UAE's agenda

- Additional AED 26 billion (USD 7 billion) sustainable financing projects facilitated in Q1'24, that is **AED 150 billion (USD 41 billion) facilitated to-date or c.30% of 2030 target of AED 500 billion (USD 136 billion).**
- **Affirmed leadership in UAE carbon market** becoming the first regional bank to offer carbon-linked notes and forward carbon credit purchase-structured solutions.
- Continued focus on Green and Sustainable-linked funding activity with the **first-ever Social Bond issuance from the UAE.**
- **Undisputed regional leader in the Green and Social Bond market** with Green and Social Bonds outstanding of AED 12.1 billion (USD 3.3 billion equivalent) across 17 issuances and six different currencies.
- **Market-leading ESG ratings** with best Refinitiv ESG score among Middle Eastern banks.

## Operating Performance

Selected P&L items (AED Mn)	Q1'24	Q4'23	qoq %	Q1'23	yoY %
Net interest income	4,854	4,693	3	4,391	11
Non-interest income	3,117	2,240	39	2,339	33
<b>Operating income</b>	<b>7,971</b>	<b>6,933</b>	<b>15</b>	<b>6,730</b>	<b>18</b>
Gain on sale of stake in subsidiary	-	284	na	-	na
<b>Total Income</b>	<b>7,971</b>	<b>7,217</b>	<b>10</b>	<b>6,730</b>	<b>18</b>
Operating expenses	(1,916)	(1,900)	1	(1,688)	14
Net impairment charge	(1,025)	(999)	3	(798)	28
<b>Profit Before Tax</b>	<b>5,031</b>	<b>4,319</b>	<b>16</b>	<b>4,244</b>	<b>19</b>
Non-controlling interests and taxes	(879)	(308)	185	(315)	179
<b>Net Profit After Tax</b>	<b>4,151</b>	<b>4,011</b>	<b>4</b>	<b>3,929</b>	<b>6</b>
Basic Earning per Share (AED)	0.35	0.36	(3)	0.34	4

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

- **Q1'24 reported Net Profit After Tax** was AED 4.2 billion, rising by 6% yoy and 4% qoq, despite the impact of the recently implemented UAE corporate tax over the quarter. **Profit Before Tax** was up 19% yoy and 16% qoq, driven by strong revenue of AED 8.0 billion, well-managed expenses and robust asset quality.
- **Net Interest Income** was AED 4.9 billion, up 11% yoy and 3% qoq, supported by strong business volumes across sectors, products and geographies. Net Interest Margin (NIM) was 1.92% widening 18bps yoy reflecting higher rates and discipline on both asset and liability pricing. On a sequential basis NIM was 3bps higher.
- **Operating expenses** were AED 1.9 billion, up 14% yoy and 1% qoq. Ongoing investments continued to deliver efficiency and productivity gains. Cost-to-income ratio was 24.0%, improving from 25.1% in the prior year comparative period.
- **Non-Interest Income** grew 33% yoy and 39% qoq, to AED 3.1 billion, underlining strong momentum in fee-generation from trade, loans, credit cards and expanded partnerships, a healthy sales and trading performance in Global Markets backed by strong client activity. Non-Interest income contributed 39% to Group revenue, up from 35% in Q1'23 and 32% in Q4'23.
- **Net impairment charges** were AED 1.0 billion, up 28% yoy, supporting strong provisioning levels.

Key Ratios (%)	Q1'24	Q4'23	qoq (bps)	Q1'23	yoY (bps)
Net Interest Margin	1.92	1.89	3	1.74	18
Cost-Income ratio	24.0	27.4	(337)	25.1	(104)
Cost of Risk (bps)	77	79	(1)	62	16

## Balance Sheet Trends

Balance Sheet - Summary (AED Bn)	Mar'24	Dec'23	ytd %	Mar'23	yoY %
Loans, advances and Islamic financing	508	484	5	473	7
Investments	235	226	4	209	12
Customer deposits	803	760	6	781	3
Of which CASA	341	361	(6)	316	8
Total Assets	1,235	1,169	6	1,185	4

- **Total assets grew 6% ytd and 4% yoY, crossing AED 1.2 trillion (USD 336 billion), led by substantial deposit inflows deployed across high-quality liquid assets and loans.**
- **Loans, advances and Islamic financing** were up 5% ytd and 7% yoY to AED 508 billion, reflecting market share gains across key segments and geographies, and growth in trade finance lending.
- **NPLs (non-performing loans)** were AED 19.1 billion as of March-end 2024, implying a **Gross NPL** ratio of 3.7%, lower by 13bps yoY and 28bps qoq. **Provision coverage** improved to 99% sequentially with total ECL/ provisions at AED 18.9 billion.

Key Ratios (%)	Q1'24	Q4'23	qoq (bps)	Q1'23	yoY (bps)
Non-performing loans ratio	3.7	3.9	(28)	3.8	(13)
Provision coverage	99	95	383	101	(267)
Liquidity Coverage Ratio (LCR)	150	145	457	151	(141)

- **Customer deposits** crossed AED 800 billion, adding AED 43 billion sequentially from diversified sources, emphasizing FAB's role as an aggregator of regional and international liquidity. CASA balances were at AED 341 billion, up 8% yoY.
- The Group continues to present a robust and diversified **liquidity profile** with March-24 LCR at 150%, comfortably in excess of the Basel III minimum regulatory requirement of 100%.
- **During the period, FAB raised AED 9.2 billion (USD 2.5 billion equivalent) of senior wholesale funding** at a competitive pricing.
- The Group continued to focus on its **Green and Sustainable-linked activity** by issuing its first bonds in social format, which were the first-ever Social Bond issuances from the UAE.
- FAB remains a regional leader in the Green and Social Bond market with **Green and Social Bonds outstanding of AED 12.1 billion** (USD 3.3 billion equivalent) across 17 issuances and six different currencies.

## Equity, Capital and Returns

- **Total shareholders' equity** stood at AED 120 billion, up 7% yoy, driven by earnings growth. Capital position remained strong with March-end Basel III Common Equity Tier 1 (CET1) ratio at 13.7% compared to 13.8% as of December-end 2023. Capital adequacy and Tier 1 capital ratios were 17.1% and 15.4%, versus 17.4% and 15.7% respectively as of December-end 2023.
- Annualised **Return on tangible equity (RoTE)** stood at 17.4% in the first quarter, on track with 2024 and medium-term guidance of over 16%.

Key Ratios (%)	Q1'24	Q4'23	qoq (bps)	Q1'23	oy (bps)
Return on Tangible Equity (RoTE)	17.4	16.5	92	18.5	(113)
Return on Risk-weighted Assets (RoRWA)	2.8	2.7	8	2.8	(0)

## Business Performance

(AED Mn)	Q1'24	Q4'23	qoq %	Q1'23	oy %
<i>Operating income by business segment</i>					
Investment Banking (IB)	2,769	2,463	12	2,195	26
Corporate & Commercial Banking (CCB)	1,773	1,700	4	1,678	6
Consumer Banking (CB)	1,095	953	15	799	37
Global Private Banking (GPB)	308	298	3	274	12
Global Markets <sup>1</sup> (GM)	1,946	1,754	11	1,507	29
<i>Operating income by geography</i>					
UAE	5,935	5,592	6	5,196	14
International	2,035	1,341	52	1,534	33

<sup>1</sup> Starting Q1'24, the Group's Global Markets (GM) division is being reported as a separate segment. GM includes revenue from GM trading which is reported separately in the Financial Statements, and revenue from GM Sales which is allocated within the other divisional business lines. For further information about the Group's operating structure, please refer to note 29 of FAB's financial statements as of March-end 2024.

## Business Performance (Continued)

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### Investment Banking

- IB delivered 26% revenue growth yoy to AED 2.8 billion driven by strong business momentum across the franchise.
- Strong deal pipeline execution resulted in 27% growth in NII yoy and 24% growth in NFI.
- Balance sheet is robustly positioned with loans and deposits up 13% and 5% yoy respectively.

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### Corporate & Commercial Banking

- CCB achieved 6% yoy revenue growth to AED 1.8 billion driven by increased client activity.
- Broad-based revenue growth is reflecting heightened client engagement, consistent growth in new-to-bank clients, and expanded offerings.

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### Consumer Banking

- CB revenue grew 37% yoy to AED 1.1 billion.
- Double-digit growth in loans and deposits was fueled by new customer acquisitions, enhanced digital service and compelling product offerings.

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### Global Private Banking

- GPB revenue grew 12% yoy to AED 308 million.
- AUMs grew over 30% reflecting accelerated client acquisitions and new mandates.

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### Global Markets

- GM revenue<sup>1</sup> grew 29% yoy to AED 1.9 billion, with strong contributions from both sales and trading.
- GM Trading revenue was up 31% yoy, driven by strong performance across FX & Rates and Securities Financing. GM Sales revenue was up 29% yoy, backed by strong client activity.

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### International Operations

- Revenue from international operations grew 33% yoy to AED 2.0 billion, generating 26% of Group revenue, driven by positive revenue momentum across all regions.
- International loans and deposits were up 11% and 2% yoy respectively, contributing 19% and 24% to the Group.

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# SUMMARY FINANCIALS

Income Statement – Summary (AED Mn)	Q1'24	Q4'23	qoq %	Q1'23	yoY %
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<i>Of which CASA</i>	341	361	(6)	316	8
Total Assets	1,235	1,169	6	1,185	4
Equity (incl Tier 1 capital notes)	120	125	(5)	112	7
Tangible Equity	89	94	(6)	81	9
Risk Weighted Assets	609	587	4	568	7
Key ratios (%)	Q1'24	Q4'23	qoq (bps)	Q1'23	yoY (bps)
Net Interest Margin	1.92	1.89	3	1.74	18
Cost-Income ratio	24.0	27.4	(337)	25.1	(104)
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Return on Risk-weighted Assets (RoRWA)	2.8	2.7	8	2.8	(0)
CET1 ratio	13.7	13.8	(16)	13.2	47
Capital Adequacy ratio	17.1	17.4	(28)	16.2	93

## Notes:

- Effective 1st Jan 2024, UAE corporate tax of 9% is applicable to net profit on FAB's UAE operations. Please refer to note 4 in Q1'24 financials for further details.
- Cost-income ratio for Q4'23 excludes gain on sale of stake in subsidiary.
- 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](#).

# 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 1.24 trillion (USD 336 billion) as of March-end 2024, FAB is among the world's largest banking groups. The bank provides financial expertise to its wholesale and retail client franchise across five business units: Investment Banking, Corporate and Commercial Banking, Consumer Banking, Global Markets 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 ESG 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](http://www.bankfab.com)

For investor-related queries, please contact FAB Investor Relations team on [ir@bankfab.com](mailto:ir@bankfab.com)

## Recent Accolades



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