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# Management Discussion & Analysis

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FOR THE FIRST QUARTER ENDED 31 MARCH 2025





Abu Dhabi, 29<sup>th</sup> April 2025

# FAB delivers record Q1'25 results with total income of AED 8.81 billion, 23% rise in net profit to AED 5.13 billion

FAB accelerates AI deployment and becomes first bank in the region to use AI Agent Board Observer

Hana Al Rostamani | Group Chief Executive Officer

*“FAB’s performance in the first quarter of 2025 reflects strong business momentum in its operations in the UAE and across the international franchise.”*

Q1'25 Key Financials		Key Highlights
<b>Net Profit</b> AED 5.13 bn +23% yoy	<b>Profit before tax</b> AED 6.13 bn +22% yoy	Outstanding results supported by broad-based activity across the Group’s diversified franchise.
<b>Operating Income</b> AED 8.81 bn +11% yoy	<b>RoTE</b> 20.4%	
<b>Total Assets</b> AED 1.31 tn +6% yoy	<b>Loans and advances</b> AED 548 bn +8% yoy <b>Deposits</b> AED 839 bn +4% yoy	Enhanced scale with Group total assets at AED 1.31 trillion.
<b>UAE Assets</b> 70% of group assets	<b>International Assets</b> 30% of group assets	Double-digit balance sheet growth in the international franchise, a key contributor to the group.
<b>NPL ratio</b> 3.3% Mar-24: 3.7%	<b>LCR</b> 132% Mar-24: 150%	Strong balance sheet fundamentals across asset quality, liquidity and capital.
<b>CET1 Ratio</b> 13.5% Mar-24: 13.7%		



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## **Hana Al Rostamani,** Group Chief Executive Officer

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“FAB delivered a strong performance in the first quarter of 2025, achieving an operating income of AED 8.81 billion and a net profit of AED 5.13 billion for the group, up 23% year on year, supported by sustained growth momentum across our business segments and our international franchise.

We continue to execute on our strategic priorities capitalizing on the growth of the UAE economy and across the international footprint. We expanded our business in Investment Banking & Markets, in Wholesale Banking, in Personal, Business, Wealth and Privileged Client Banking Group, as well as in our international branches. FAB maintains its leading position as the UAE’s global bank with a robust balance sheet and total assets now over AED 1.3 trillion.

Our return on tangible equity increased to 20.4% and remains consistently focused on value creation across the cycles. The bank remains well-capitalized, with strong liquidity and asset quality supporting our long-term resilience.

We continue to leverage innovation and AI technology to enhance productivity, predictive analysis and customer experience and service. In the first quarter of this year, we have taken further steps to embed AI in our board engagement, by introducing an AI agent to our first board meeting of the year.

FAB’s Q1 2025 performance positions the bank for sustainable growth. As we look to the future, we will continue to leverage our strengths to drive innovation and customer experience and remain focused on delivering consistent value to our clients and strong, sustainable returns to our shareholders.”



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## **Lars Kramer,** Group Chief Financial Officer

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“In the first quarter of 2025, FAB delivered very strong financial performance and returns, with operating income growing 11% to AED 8.81 billion, largely offsetting the impact of the increase in UAE corporate tax during the period.

Strong commercial momentum, resilient margins, robust fee and trading performances and enhanced revenue from flow products, all contributed to this strong set of results. Notably, our performance reflects strong client engagement across segments, disciplined strategy execution, as well as ongoing operating efficiencies and a prudent approach to risk.

With the strongest combined credit rating among any other bank in MENA (of AA- or equivalent), FAB continues to operate from a relative position of strength. This is supported by a robust capital base, ample liquidity, high-quality portfolios, and a diversified business model – all of which reinforce our resilient profile amid evolving market dynamics and heightened uncertainties.”

## Operating Performance

Double-digit profit growth driven by strong revenue momentum

<b>Selected P&amp;L items</b> (AED Mn)	<b>Q1'25</b>	<b>Q4'24</b>	<i>qoq %</i>	<b>Q1'24</b>	<i>yoy %</i>
Net interest income	5,006	4,936	1	4,859	3
Non-interest income	3,808	2,768	38	3,112	22
<b>Operating income</b>	<b>8,814</b>	<b>7,704</b>	<b>14</b>	<b>7,971</b>	<b>11</b>
Operating expenses	(1,965)	(1,970)	(0)	(1,916)	3
Net impairment charge	(724)	(1,095)	(34)	(1,024)	(29)
<b>Profit Before Tax</b>	<b>6,125</b>	<b>4,638</b>	<b>32</b>	<b>5,031</b>	<b>22</b>
Non-controlling interests and taxes	(1,000)	(449)	123	(879)	14
<b>Net Profit</b>	<b>5,125</b>	<b>4,189</b>	<b>22</b>	<b>4,151</b>	<b>23</b>
Basic Earnings per Share (AED)	0.44	0.36	22	0.35	26

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

- **Q1'25 reported Net Profit After Tax** was AED 5.13 billion, rising by 23% yoy and 22% qoq, despite higher corporate tax requirements effective 1<sup>st</sup> January 2025.
- **Profit Before Tax** was AED 6.13 billion, up 22% yoy and 32% qoq, driven by strong revenue of AED 8.81 billion, and lower impairment charges reflecting our high-quality portfolio.
- **Net Interest Income** was AED 5.0 billion, up 3% yoy and 1% qoq, led by healthy origination across divisions and geographies, driven by diversified sectors and retail lending. **Net Interest Margin (NIM)** was 1.97%.
- **Non-Interest Income** grew 22% yoy and 38% qoq, to AED 3.8 billion. Fees & Commissions grew 23% yoy and 35% qoq from strong origination and deal execution, while FX & Investment income grew 14% yoy and 35% qoq benefitting from enhanced client flows and monetization driving record performance in markets. Non-Interest income contributed 43% to Group revenue, up from 39% in Q1'24 and 36% in Q4'24.
- **Operating expenses** were AED 2.0 billion, up 3% yoy and stable sequentially reflecting ongoing operating efficiencies amid continued investments. Cost-to-income ratio was 22.3%.
- **Net impairment charges** were AED 0.7 billion, down 29% yoy and 34% qoq, reflecting strong asset quality across the portfolio.

## Continued diversification across the FAB franchise

(AED Mn)	Q1'25	Q4'24	qoq %	Q1'24	yoy %
<i>Operating income by segment<sup>1</sup></i>					
<b>Operating Income</b>	<b>8,814</b>	<b>7,704</b>	<b>14</b>	<b>7,971</b>	<b>11</b>
Investment Banking & Markets	<b>3,064</b>	2,502	22	2,664	15
Wholesale Banking	<b>1,437</b>	1,515	(5)	1,288	12
Personal, Business, Wealth and Privileged Client Banking Group	<b>3,145</b>	2,931	7	2,829	11
Head Office (HO)	<b>1,168</b>	755	55	1,190	(2)
<i>Operating income by geography</i>					
UAE	<b>7,315</b>	5,874	25	5,849	25
International	<b>1,499</b>	1,828	(18)	2,122	(29)

- FAB continued to show leading rankings across MENA IB league tables. **Investment Banking & Markets** delivered a strong performance, with revenue growing 15% yoy and 22% qoq. ECM and DCM franchises helped clients raise USD 29 billion in Q1'25, up 56% yoy.
- Wholesale Banking** revenue grew 12% yoy underlining strong activity and business momentum across our client franchise, with loans and deposits up 13% and 18% yoy, respectively.
- Personal, Business, Wealth and Privileged Client Banking Group** revenue was up 11% yoy and 7% qoq, driven by strong retail momentum, customer acquisitions, and enhanced customer experience leveraging advanced technology and AI. FAB's wealth and private banking franchise continued to expand, with assets under management growing 57% yoy.
- The international franchise** saw significant balance sheet growth, with loans and deposits up 19% and 13% yoy respectively from broad-based geographies.
- Continued to leverage technology to enhance customer experience and drive efficiencies**, through rapid deployment of AI and accelerated digital transformation across the business, leading to a significant increase in new to bank customers, improving Net Promoter Score and increased digital engagement, including mobile wallet *Payit* crossing the 1 million customer milestone. FAB became the first bank in the region to use AI Agent Board Observer.
- Sustainable and transition financing facilitated to-date rose to AED 284 billion**, or 57% of the Group's 2030 target of AED 500 billion. FAB issued the first nature report aligned with the Taskforce on Nature-Related Financial Disclosures (TNFD) framework by any MENA bank and continues to have the leading ESG ratings in MENA with the Best Refinitiv ESG Score (top 6% worldwide) and the best MSCI ESG Rating (AA).

1) During the period, the Group reorganized its business lines into 3 core divisions. For more information, please refer to note 28 of FAB's Q1'25 Financial Statements and the [Quarterly Series](#) file on FAB IR website's financial reports section.

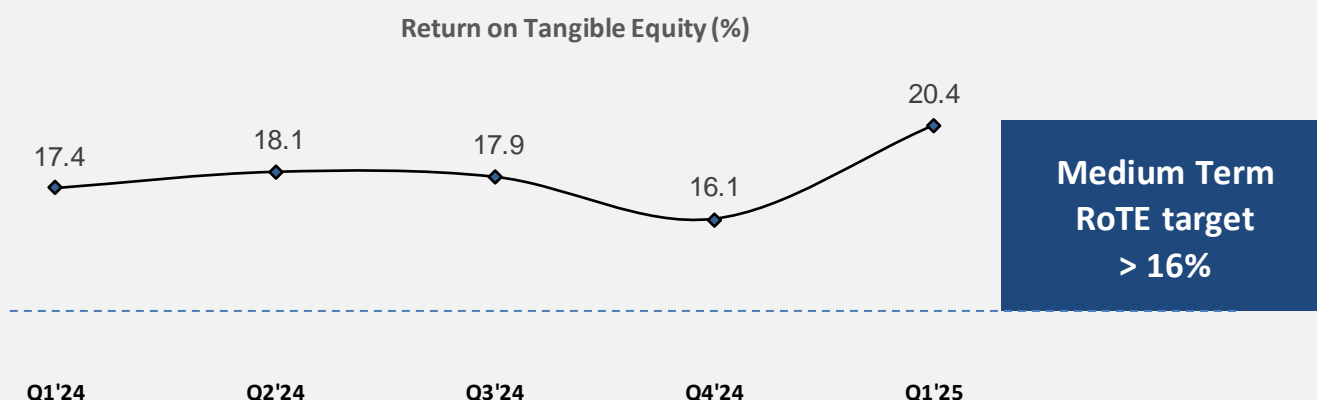
## Robust balance sheet foundations

Balance Sheet - Summary (AED Bn)	Mar'25	Dec'24	ytd %	Mar'24	yoy %
Loans, advances and Islamic financing (net)	548	529	4	508	8
Investments	263	248	6	235	12
Customer deposits	839	782	7	803	4
Of which CASA	376	360	5	341	10
Total Assets	1,307	1,213	8	1,235	6

- **Total assets** grew 6% yoy and 8% ytd to AED 1.31 trillion.
- **Loans, advances and Islamic financing (net)** grew 8% yoy and 4% ytd to AED 548 billion reflecting healthy origination across divisions and geographies, driven by diversified sectors and retail lending.
- **Investments** grew 12% yoy and 6% ytd to AED 263 billion, driven by greater deployment into fixed income instruments and balance sheet management activities. FAB maintains a high-quality investment portfolio, with over 70% of securities rated 'A' and above.
- **Customer deposits** grew 4% yoy and 7% ytd to AED 839 billion from sizeable inflows across both wholesale and retail, reflecting diversified sources of liquidity. CASA balances grew 10% yoy and 5% ytd, reaching AED 376 billion representing 45% of group deposits.
- **NPLs (non-performing loans)** were AED 18.3 billion as of March-end 2025, implying a Gross NPL ratio of 3.3%, lower by 40bps yoy and 15bps qoq. **Provision coverage** improved to 98% sequentially with total ECL/provisions at AED 18.0 billion.
- During the period, FAB raised AED 5.3 billion (USD 1.45 billion equivalent) of senior wholesale funding at a competitive pricing.
- Key landmark transactions included a USD 600 million 5-year Sukuk priced at the tightest spread ever achieved by a MENA bank in public format; and a 5-year USD 750 million Formosa FRN bond at the lowest ever pricing achieved by a MENA bank in the Formosa market.

## Capital position remains robust, focused on generating shareholder value

- **Total shareholders' equity** rose 7% yoy to AED 127 billion led by growth in earnings. Capital position remained strong with March-end 2025 Basel III Common Equity Tier 1 (CET1) ratio at 13.5% compared to 13.7% as of March-end 2024. Capital adequacy and Tier 1 capital ratios were 17.2% and 15.1%, versus 17.1% and 15.4% respectively as of March-end 2024.
- Annualised **Return on tangible equity (RoTE)** stood at 20.4% in the first quarter, improving from 16.1% in Q4'24 and 17.4% in Q1'24, driven by strong earnings and a lower equity base primarily due to the 2024 dividend payment. FAB remains firmly on track with 2025 and medium-term RoTE guidance of over 16%.



# SUMMARY FINANCIALS

<b>Income Statement – Summary</b> (AED Mn)	<b>Q1'25</b>	<b>Q4'24</b>	<b>qoq %</b>	<b>Q1'24</b>	<b>yoy %</b>
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<b>Balance Sheet – Summary</b> (AED Bn)	<b>Mar'25</b>	<b>Dec'24</b>	<b>ytd %</b>	<b>Mar'24</b>	<b>yoy %</b>
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Investments	263	248	6	235	12
Customer deposits	839	782	7	803	4
<i>Of which CASA</i>	376	360	5	341	10
Total Assets	1,307	1,213	8	1,235	6
Equity (incl Tier 1 capital notes)	127	131	(3)	120	7
Tangible Equity	97	100	(3)	89	9
Risk Weighted Assets	680	640	6	609	12

<b>Key ratios (%)</b>	<b>Q1'25</b>	<b>Q4'24</b>	<b>qoq (bps)</b>	<b>Q1'24</b>	<b>yoy (bps)</b>
Net Interest Margin	1.97	1.93	4	1.92	5
Cost-Income ratio	22.3	25.6	(329)	24.0	(174)
Cost of Risk (bps)	51	84	(33)	77	(26)
Non-performing loans ratio	3.3	3.4	(15)	3.7	(40)
Provision coverage	98	96	264	99	(37)
Liquidity Coverage Ratio (LCR)	132	142	(971)	150	large
Return on Tangible Equity (RoTE)	20.4	16.1	432	17.4	301
Return on Risk-weighted Assets (RoRWA)	3.2	2.6	57	2.8	36
CET1 ratio	13.5	13.7	(14)	13.7	(12)
Capital Adequacy ratio	17.2	17.5	(30)	17.1	4

## Notes:

- 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.
- 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](#).
- Rounding differences may appear in above tables.

# ABOUT FIRST ABU DHABI BANK (FAB)



Headquartered in Abu Dhabi with a 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 1.31 trillion (USD 356 billion) as of March-end 2025, FAB is among the world's largest banking groups. The bank provides financial expertise to its wholesale and retail client franchise across three business units: 1) Investment Banking & Markets, 2) Wholesale Banking, and 3) Personal, Business, Wealth and Privileged Client Banking Group.

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 'AA', and is also ranked among the top 6% of banks globally by Refinitiv's ESG Scores and ranked the Best diversified bank in MENA by Sustainalytics ESG Risk Rating.

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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Lars Kramer  
Group Chief Financial Officer