

# Management Discussion & Analysis

FOR THE FIRST QUARTER ENDED 31 MARCH 2026



# FAB delivers strong Q1'26 results with a 6% rise in operating income to **₹ 9.34 billion** and a net profit of **₹ 5.01 billion**

Operating profit up 5% both sequentially and year-on-year  
Group total assets exceed USD 400 billion for the first time

**Hana Al Rostamani** | Group Chief Executive Officer

“Our Q1'26 performance demonstrates the strength of our diversified franchise, disciplined risk management, and strong credit profile, even amid a more volatile backdrop towards the end of the quarter. These fundamentals are reflected in our AA- or equivalent credit rating, the strongest combined rating among MENA banks and one of the strongest globally.”

Q1'26 Key Financials		Key Highlights	
<b>Net Profit</b> <b>₹ 5.01 bn</b> -2% yoy	<b>Operating Profit</b> <b>₹ 7.22 bn</b> +5% yoy	<ul style="list-style-type: none"> <li>Broad-based momentum across all businesses, resilient margins, and diversified income streams drive strong operating performance.</li> <li>Reported net profit includes AED 300 million of prudent management overlays in response to the evolving external environment.</li> <li>Solid returns delivered at scale, with RoTE above medium-term guidance.</li> </ul>	
<b>Operating Income</b> <b>₹ 9.34 bn</b> +6% yoy	<b>RoTE</b> <b>17.8%</b> Q1'25: 20.4%		
<b>Total Assets</b> <b>₹ 1.49 tn</b> +6% ytd	<b>Loans and Advances (net)</b> <b>₹ 668 bn</b> +8% ytd  <b>Customer Deposits</b> <b>₹ 871 bn</b> +4% ytd	<ul style="list-style-type: none"> <li>Broad-based balance sheet growth with total assets exceeding USD 400 billion for the first time.</li> <li>Strong lending volumes driven by sustained origination momentum.</li> <li>Deposit growth reflects the depth of FAB's franchise, supported by a diversified liquidity and funding profile.</li> </ul>	
<b>UAE Assets</b> <b>₹ 1.05 tn</b> 70% of group assets	<b>International Assets</b> <b>₹ 442 bn</b> 30% of group assets		
<b>NPL Ratio</b> <b>2.1%</b> Mar-25: 3.3%	<b>LCR</b> <b>145%</b> Mar-25: 132%	<b>CET1 Ratio</b> <b>12.8%</b> Mar-25: 13.5%	<ul style="list-style-type: none"> <li>Robust balance sheet fundamentals with liquidity and capital ratios well above regulatory requirements, supported by our AA- or equivalent credit rating.</li> </ul>

## Group CEO and CFO statements



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

“FAB has delivered a strong start to 2026, with first quarter Group revenue of AED 9.34 billion and net profit of AED 5.01 billion. Return on Tangible Equity remained solid at 17.8%, highlighting our ability to consistently deliver high-quality returns at scale, and across cycles.

Our Q1'26 performance reflects the strength of our diversified franchise, disciplined risk management, and strong credit profile, despite a more volatile backdrop towards the end of the quarter. These fundamentals are reflected in our AA- or equivalent credit rating, the strongest combined rating among MENA banks and one of the strongest globally, alongside consistent profitability, supported by a balanced revenue mix, disciplined cost management, and a prudent risk approach.

We continue to focus on our strategic priorities, leveraging our strong capital position, liquidity buffers, and diversified funding base to navigate the global environment from a position of strength. At the same time, we continue to invest in technology and AI to enhance risk management, improve decision-making, and elevate client experience.

We also recognise the UAE leadership's proactive and decisive measures supported by the regulatory oversight of the UAE Central Bank, which reinforce the stability and resilience of the financial system.

As the UAE's global bank and the largest bank in the region, we remain committed to supporting our clients, partners, and communities while maintaining a prudent and disciplined approach in a dynamic operating environment.”



**Lars Kramer,**  
Group Chief Financial Officer

“Our first-quarter performance demonstrates the underlying strengths of our diversified franchise, with consistent execution through a period of heightened regional tensions and market volatility, further reaffirming the Group's resilience.

Operating profit grew 5% both sequentially and year-on-year, driven by broad-based balance sheet momentum, resilient margins, and continued cost discipline. Our diversified business mix, combined with active portfolio management, delivered strong fee-based and trading performance, mitigating the impact of dampened client flows towards the end of the quarter.

FAB's structural strengths position the Group to perform consistently through cycles. Liquidity, funding and capital ratios all remained well above regulatory requirements at March-end 2026, with resilient asset quality metrics underpinned by a prudent and forward-looking provisioning approach.

Together, these inherent strengths, complemented by the UAE Central Bank's pre-emptive relief measures, reinforce FAB's through-the-cycle structural advantage to deliver sustainable returns at scale.”

## Delivering strategic priorities with discipline and client focus

### Driving broad-based momentum across the UAE and international franchise

- **Investment Banking & Markets** continued to leverage the scale and sophistication of FAB's diversified platform to deliver strong performance, with revenue increasing 10% year-on-year contributing 35% of Group revenue. Strong client engagement continued to underpin balance sheet momentum, driving over 20% loan and deposit growth year-to-date, healthy deal pipeline execution, and consistent top tier rankings across MENA Investment Banking league tables.
- **Wholesale Banking's** performance reflected the strength of FAB's integrated franchise bringing together financing, markets, liquidity, custody, and structured solutions into unified client offerings. Revenue grew 18% year-on-year driven by 8% lending growth year-to-date alongside enhanced value propositions. This was reinforced by first-in-market milestones such as becoming the first UAE local bank to clear trades for international brokers on domestic exchanges, and the first UAE bank to offer institutional-grade crypto custody.
- **Personal, Business, Wealth & Privileged Client Banking Group** continued to advance its growth strategy delivering revenues of AED 3.23 billion, underpinned by balance sheet expansion and a strong liability-led franchise. Retail CASA balances increased by 17%, while SME momentum was robust with new-to-bank client acquisitions up 80%, driven by digital-assisted onboarding and credit automation. Retail AUMs also grew, driven by net new money inflows, while the Group continued to advance its wealth strategy, strengthening capabilities across the franchise.
- **The international franchise** delivered double-digit lending growth year-to-date, contributing 24% to group revenue, leveraging its presence across over 20 markets while deepening client relationships in strategic corridors. This performance further reinforced FAB's standing as a trusted partner in landmark cross-border transactions, supported by targeted expansion across key markets.

### Scaling AI deployment to enhance franchise-wide productivity and client experience

- Continued to embed Agentic AI at scale across the organisation **delivering up to 20% efficiency and productivity gains** across a wide range of processes.
- **Advanced progress on foundations**, with over 95% of the bank's structured data now integrated into FAB's modern, agentic-AI-enabled platform.
- **Enhancing specialised AI talent pipeline and capability build**, underpinning responsible AI deployment at scale.
- **Strengthened ecosystem partnerships** through targeted collaboration initiatives, including hosting an Agentathon with Microsoft and Presight to develop state-of-the-art solutions to real banking challenges.

### Sustainable finance leadership delivering scale and impact

- FAB was ranked **first among UAE banks in the 'Forbes World's Best Banks 2026' rankings**, reflecting continued recognition for its customer offerings, service quality and digital capabilities.
- To-date, **FAB has facilitated AED 389 billion in sustainable and transition financing, achieving 78% of its AED 500 billion 2030 target** in line with our commitment to drive meaningful impact across the financial ecosystem.
- **ESG leadership in MENA**, with FAB holding the region's strongest combined ESG ratings with a MSCI ESG Rating of AA and Refinitiv ESG score of 78.

### Positioned for strength across market cycles

- **Strong financial position:** FAB continues to operate from a position of strength, supported by its scale, diversified franchise, and prudent risk profile. Balance sheet fundamentals remain robust, with liquidity and capital ratios well above regulatory requirements, reflected in an LCR of 145% and a Group CET1 ratio of 12.8% at March-end 2026, underpinned by disciplined capital allocation focused on risk-adjusted returns. These strengths support the Group's AA- or equivalent credit ratings, the strongest combined credit profile among MENA banks and among the strongest globally.
- **Operational resilience:** Against a more volatile backdrop towards the end of the quarter, FAB maintained stable operations across the franchise. Enterprise controls, business continuity and cyber risk frameworks remained effective, enabling continued service delivery with only limited disruption.
- **Economic and client support:** In parallel with the UAE leadership's swift and proactive policy response, and the Central Bank's support under the pre-emptive Financial Institution Resilience Package, FAB activated targeted client support across key segments, reinforcing its role as a trusted partner in maintaining financial continuity and supporting the broader economy across market cycles.

## Q1'26 Financial Review

Robust volumes, diversified income streams drive strong operating performance

Selected P&L items (AED mn)	Q1'26	Q4'25	qoq %	Q1'25	yoy %
Net interest income	5,612	5,040	11	5,006	12
Non-interest income	3,723	3,984	(7)	3,808	(2)
<b>Operating income</b>	<b>9,335</b>	<b>9,024</b>	3	<b>8,814</b>	6
Operating expenses	(2,111)	(2,126)	(1)	(1,965)	7
<b>Operating profit</b>	<b>7,224</b>	<b>6,898</b>	5	<b>6,849</b>	5
Net impairment charge	(1,100)	(949)	16	(724)	52
<b>Profit Before Tax</b>	<b>6,124</b>	<b>5,949</b>	3	<b>6,125</b>	(0)
Taxes and NCI	(1,113)	(857)	30	(1,000)	11
<b>Net Profit</b>	<b>5,011</b>	<b>5,092</b>	(2)	<b>5,125</b>	(2)
Basic Earnings Per Share (AED)	0.43	0.46	(7)	0.44	(2)

- **Q1'26 reported net profit** was AED 5.01 billion, 2% lower yoy, reflecting the impact of AED 300 million of prudent management overlays. Excluding these overlays, net profit grew by 3% yoy.

- **Operating profit** advanced 5% on both yoy and qoq, driven by healthy revenue performance.

- **Operating income** grew 6% yoy to AED 9.34 billion, driven by robust business volumes, resilient margins and diversified income streams.

- **Net interest income** rose 12% yoy to AED 5.61 billion, driven by robust business volumes, disciplined pricing and higher interest in suspense recoveries. NIM was 1.95%, widening 20 bps sequentially.

- **Non-interest income** was AED 3.72 billion, representing 40% of Group revenue, as higher fees and other income were offset by lower FX and other investment income.

Fees & Commissions grew 21% yoy marking a new high for the Group. This was primarily the result of strong client-led origination, execution activity and solid trade flows, alongside a growing contribution from advisory and asset management fees.

FX and other investment income was lower yoy with risk-off sentiment weighing on client flow activity and portfolio fair value movements, partly offset by a strong trading performance.

Other income rose 33%, supported by real estate-related gains.

- **Operating expenses** rose 7% yoy to AED 2.11 billion, reflecting franchise expansion and continued strategic investments in technology while AI-enabled efficiencies continue to scale. Cost-to-income stood at 22.6%.

- **Net impairment charges** increased to AED 1.10 billion, from AED 724 million in the prior year period, and included management overlays of AED 300 million in response to the evolving external environment.

## Balance-sheet strength enables continued growth and resilience

Balance Sheet - Summary (AED bn)	Mar'26	Dec'25	ytd %	Mar'25	yoy %
Total Assets	1,491	1,404	6	1,307	14
Loans & Advances (net)	668	616	8	548	22
Investments	283	269	5	263	8
Customer Deposits	871	841	4	839	4
Of which CASA balances	383	392	(2)	376	2
Liquidity Coverage Ratio (LCR %)	145	154	Large	132	Large

- **Total assets** reached AED 1.49 trillion (USD 406 billion), rising 6% ytd supported by broad-based momentum.
- **Loans & Advances (net)** grew 8% ytd, or AED 51 billion, reaching AED 668 billion driven by healthy origination momentum across divisions, economic sectors and geographies, and a 17% increase in Islamic financing.
- **Investment securities** were up 5% ytd to AED 283 billion, underpinned by a high-quality portfolio, predominantly fixed income, with over 73% of securities rated investment grade or above and 72% exposure to Sovereign and Public Sector entities.
- **Customer deposits** increased by 4% ytd, or AED 30 billion, to AED 871 billion, driven by strong UAE inflows, largely offsetting international outflows amid heightened volatility, underscoring the depth of FAB's deposit franchise.
- **NPLs (non-performing loans)** stood at AED 14.41 billion as of 31 March 2026, representing a 21% yoy reduction and reflecting sustained asset quality across the franchise. The gross NPL ratio improved 114 bps to 2.1%, while provision coverage strengthened to 110%.

CASA balances were AED 383 billion, representing 44% of customer deposits, while Islamic deposits rose 16% ytd.

## Robust liquidity and funding profile

- **The Group's liquidity profile remains robust**, with March-end 2026 Liquidity Coverage Ratio of 145%, well above regulatory requirements.
- During Q1'26, FAB raised **AED 8.6 billion (USD 2.4 billion equivalent) of senior wholesale funding at competitive pricing**, representing an increase in excess of 50% from Q1'25.
- **Key landmark transactions** included a USD 750 million 5-year bond priced at the tightest spread ever achieved by a CEEMEA bank in public format; a 5-year USD 750 million Formosa FRN bond priced at the lowest ever pricing achieved by a MENA bank in the Formosa market; and a GBP 450 million 5.5-year bond, marking the return of FAB to the GBP market since the last issuance in 2021.
- In March, FAB announced the **call of the USD 750 million Additional Tier 1 notes issued in 2020 at their first call date, demonstrating confidence in the Group's capital position.**

## Consistently strong returns supported by a resilient capital base

- **With a Return on Tangible Equity (RoTE)** at 17.8% for Q1'26, the Group is delivering robust returns at scale, above medium-term guidance of over 16%.
- **Total shareholders' equity** stood at AED 140 billion, up 10% yoy led by healthy earnings accretion, with the sequential decline reflecting the full year 2025 dividend distribution.
- **The Group's capital position remained comfortably above regulatory requirements**, with CET1, Tier 1 and Capital adequacy ratios at 12.8%, 14.2% and 15.8% respectively.

## Summary Financials

<b>Income Statement – Summary</b> (AED mn)	<b>Q1'26</b>	<b>Q4'25</b>	<i>qoq %</i>	<b>Q1'25</b>	<i>yoy %</i>
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<b>Balance Sheet – Summary</b> (AED bn)	<b>Mar'26</b>	<b>Dec'25</b>	<i>ytd %</i>	<b>Mar'25</b>	<i>yoy %</i>
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Customer deposits	<b>871</b>	841	4	839	4
<i>Of which CASA balances</i>	<b>383</b>	392	(2)	376	2
Equity (incl Tier 1 capital notes)	<b>140</b>	147	(4)	127	10
Tangible Equity	<b>106</b>	113	(6)	97	10
Risk Weighted Assets	<b>790</b>	735	7	680	16

<b>Key ratios (%)</b>	<b>Q1'26</b>	<b>Q4'25</b>	<i>qoq (bps)</i>	<b>Q1'25</b>	<i>yoy (bps)</i>
Net Interest Margin	<b>1.95</b>	1.75	20	1.97	(2)
Cost-Income Ratio	<b>22.6</b>	23.6	(95)	22.3	32
Cost of Risk (bps)	<b>67</b>	61	6	51	16
Non-performing Loans Ratio	<b>2.1</b>	2.2	(7)	3.3	(114)
Provision Coverage Ratio	<b>110</b>	108	164	98	Large
Liquidity Coverage Ratio (LCR)	<b>145</b>	154	Large	132	Large
Return on Tangible Equity (RoTE)	<b>17.8</b>	17.7	10	20.4	(260)
Return on Risk-weighted Assets (RoRWA)	<b>2.8</b>	2.7	3	3.2	(39)
CET1 Ratio	<b>12.8</b>	13.3	(53)	13.5	(79)
Capital Adequacy Ratio	<b>15.8</b>	16.9	(111)	17.2	(137)

### 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.
- Rounding differences may appear in above tables.

# ABOUT FIRST ABU DHABI BANK (FAB)

Headquartered in Abu Dhabi with a global footprint beyond 20 markets, FAB is the finance and trade gateway to the Middle East and North Africa (MENA) region. With total assets of AED 1.49 trillion (USD 406 billion) as of March-end 2026, 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 & 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)

To access our latest disclosures and presentations, please visit [www.bankfab.com/en-ae/about-fab/investor-relations](http://www.bankfab.com/en-ae/about-fab/investor-relations)

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

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## Recent Accolades



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**Lars Kramer**  
Group Chief Financial Officer

A handwritten signature in black ink, appearing to read "Lars Kramer".